

to 'the land problem'

honor of having gone into battle before me. When I spoke in Oxford, England, Mr Marshall, the Professor of Economics, declared that there was nothing in *Progress and Poverty* that was both new and true. I replied that I was quite willing to accept this characterization of my book, since what is true cannot be new. And that which gives me the certainty that the conclusions I have reached are essentially true is the fact that so many persons have independently reached the same ones.

In 1898, Adolf Damaschke, a keen follower of George, founded the Union of German Land Reformers. In the same year Wilhelm Schrameier, another Georgist, and Governor of Kiaochow, a large German colony in China, introduced Land Value Taxation. This continued until 1914 when the first World War put an end to German rule in China.

Perhaps the most remarkable story in this book concerns Hungary, where *Progress and Poverty* had not appeared in translation until 1914. There it was read by Julius J. Pikler, who had been a panel doctor but later moved into the Statistics Office in Budapest becoming Deputy Director in 1906. Single-handed, without the help of any movement, organisation or political group, he persuaded the Mayor, Deputy Mayor and head of the centre party to look at the merits of LVT. His senior position in the government and his being a Freemason no doubt helped. In November 1917 the Budapest City Council adopted an "ordinance for the city land value tax in Budapest".

Pikler then toured the country and within a year had encouraged seven other cities to adopt LVT. He went on to other countries, including Austria, spreading the Georgist word. In 1923 he spoke at the International Georgist Congress in Oxford and reported his activities in an article in *Land & Liberty*.

The Hungarian experiment with LVT was ended, as so often has been the case, by war and revolution. The LVT regulations were never rescinded but in 1921 the authorities suspended the collection of the tax for the time being. That, according to Michael Silagi, is the state of affairs today, the city agencies not having returned to the matter since.

This is an important book for anyone who wants to know how LVT was implemented in Europe and why, in so many cases, it failed. Often, apart from war, the reason was simply voter apathy. A warning that all Georgists should heed.

Henry George and Europe, Michael Silagi, New York: Robert Schalkenbach Foundation \$12

PERSONALLY SPEAKING

More Taxation, Please

KENNETH JUPP



LIBERAL DEMOCRATS and the left socialist wing of the Labour Party would both like to see taxes raised. They want to spend more on social services including health. Their object may be laudable, but the method they suggest for getting the necessary money is deplorable. LVT campaigners suggest a better way – the Single tax. To the man in the street, this is just as deplorable. "What, a tax on land? Although it might be a good idea to make those landowners in Scotland pay for their thousands of acres, you would hardly collect enough that way to pay the salaries of the MPs and the government ministers. And anyway, why tax the country people? It's the people who get their money in the City, and keep their Mercs and BMWs in their suburban homes, who are the rich ones."

The man in the street is right. "Land" to him means rural acres. Tell him that city land can be worth millions per acre, and he will reply: "Of course it can. Those huge sky scrapers must cost millions to build". Mention *urban land* and he will take it to mean playing fields, gardens, and village greens. If people are to understand the Georgist message, it must be conveyed in terms that can be understood.

A person will never understand that land "includes the whole external world accessible to man, with all its powers, qualities and products..." He will find it easier to stomach the idea that land "comprises all having material form that man has received or can receive from God". The metaphysical viewpoint is so often the simplest to explain. The individual is surrounded with the rest of creation, human and non-human. The ease with which he can reach what he wants to help him with his work, determines how much he can produce for a given effort. Placed among a throng of potential customers his shop is bound to prosper. So a High Street location is ideal, and will of course be costly. On a Welsh hillside keeping a shop will be impossible. Scratching a living from sheep will usually be the best. But the land will cost him very little. This is as it should be. But the question is – to whom should that cost be paid?

No wonder that tax is a dirty word. The

burden of tax placed on employers in every kind of business today is astonishing. The employer pays direct to the revenue a tax assessed on the employee's status in the complicated income tax rules. The amount depends on whether he or she is married, has children, receives other income and so on.

The employee only receives the net amount after tax, and is concerned only with what it will buy. And nothing he buys is free of indirect taxes. Most things are subject to VAT, and that is added automatically to the price. Even without VAT, there is the PAYE of all who worked to make the article. For example, the price of a loaf has to cover the PAYE of the farm workers who produce the corn, the millers who turn it into flour, the bakers who make it into bread, and those who serve the loaf at the shop where the wage earner finally buys it. No government statistician has ever been asked to calculate the tax element contained in the price of bread. And, of course, the huge excise duty on motor fuel in carrying the corn to mill, the flour to bakery, and the bread to the shop has to be covered by the price paid by the consumer. What is true of bread is true of everything we buy.

This may be known to quite a few sensible people, even though politicians are blind to it. What is known to very few is that the wage paid by an employer has to cover these hidden, indirect taxes. So the employer pays in respect to each employee: PAYE to the exchequer; and to the employee a wage sufficient to support the standard of living he expects, and that includes a considerable element of taxation which the employee will pay the exchequer through the various purchases he makes. If he drinks, smokes, or runs a car, which is by no means abnormal today, he will pay huge excise duty on all these things.

A recent report from the Research group of the School of Economic Science shows that for the lowest paid workers, the tax burden on employers amounts to 40% of the workers' gross pay. This rises to 90% when gross pay reaches a mere £12,000. Put another way, 90% of the nation's revenue is collected from businesses by the simple expedient of doubling the cost of employment.