

# PART VII

## RECLAIMING AMERICA

PUBLIC COLLECTION of land values to replace taxes that suppress the economy is a strategy that for too long has been missing in action from the American policy agenda. Without substantial taxation of socially created land values, many public and private remedies for treating social ills are rendered impotent.

Famous architect Frank Lloyd Wright agreed. "Why not make more free to 'the poor' the land they were born to inherit as they inherit the air to breathe and daylight to see by and water to drink? Henry George clearly enough showed us the simple basis of poverty in human society. Some organic solution of this land problem is not only needed, it is imperative."<sup>1</sup>

To get from here to there, Henry George offered the following advice: "Social reform is not to be secured by noise and shouting; by complaints and denunciation; by the formation of parties, or the making of revolutions; but by the awakening of thought and the progress of ideas. Until there be right thought, there cannot be right action; and when there is correct thought, right action will follow."

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### NOTE

1. Frank Lloyd Wright, *The Disappearing City*, FLW Collected Writings, Vol. 3, Rizzoli International, New York, 1932, reprinted 1993.

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## Ten Vital Paths

FOLLOWING ARE TEN MAJOR policy directions that can bolster America's economy. If followed, they can help make our nation once again a role model for people throughout the world who are struggling to overcome grinding poverty and exploitation.

### **I. Create Abundant Jobs at Living Wages**

#### **Substitute land taxes for taxes on wages and sales**

Obviously, real wages are higher if fewer taxes are taken out of people's earnings, and wages retain more buying power if fewer taxes are imposed on people's spending.

Less obvious is that affordable land opens the door to jobs and businesses. Opportunities for employment and enterprises arise when people have places to function. When they can't afford land, their opportunities are constricted. Every official and designer of job creation programs should be cognizant of this critical fact: *idle lands equal idle hands*.

A beauty of land taxes is that they bring down the rents or prices people pay for work sites. Most taxes have the opposite effect, raising the prices of the things that are taxed. This counter-intuitive behavior of land taxes may be illustrated as follows:

A shopkeeper decides to buy a nearby parking lot he's been renting for \$10,000 a year. The owner asks \$200,000 – what he has

to invest elsewhere, assuming a 5 percent interest rate, to get his same annual return ( $\$200,000 \times .05 = \$10,000$ ).

Imposing a 1 percent property tax of \$2,000 on this reduces the owner's *net rent* to \$8,000 a year. To maintain that yield if he sells, the owner drops his asking price to \$160,000 (\$8,000 divided by .05). If the tax is 2 percent, or \$4,000, the net rent becomes \$6,000 and the selling price is \$120,000. *The higher the tax, the lower the selling price.*

Can't the owner sell the lot for \$200,000 and let the buyer worry about the land tax? He would like to. But other landholders, also faced with the higher tax, unload sites they have been keeping off the market. Competition from all sites being sold or rented checks the ability of any one owner to shift the tax cost to buyers. And the shopkeeper, aware of the \$2,000 tax, would find \$160,000, not \$200,000, an acceptable price.

Officials and many economists insist employment is a "lagging indicator", that joblessness will persist until a depressed economy picks up. This is backward thinking. Jobs can and should be a *leading indicator*. If land prices are brought down to enable vigorous job creation, the resulting earnings of workers and enterprises will create an immediate demand for goods and services and get the wheels of production whirring.

## **2. Assure Affordable Housing for All**

### **Stop taxing houses and apartments and tax the land under dwellings**

America has *no housing problem*. This is no misprint, despite the story drummed into the public that the economic meltdown stemmed from *housing* prices which inflated until the bubble burst. Not so. Runaway *land* prices and mortgages based on them became chips in a gambling binge that led homeowners and the credit industry on a ride that was bound to crash.

Japan's earlier economic collapse should have forewarned us. Land values in the city of Tokyo escalated to such a frenzied point that they exceeded the land values of the entire United States before they brought Japan's economy to its knees.<sup>1</sup>

## HERZL'S HOUSING VISION FOR ISRAEL

Half a century before Theodore Herzl's dream of a Jewish state would be realized, he was thinking ahead about how to provide housing. The following are telegram-like notes he wrote to himself:\*

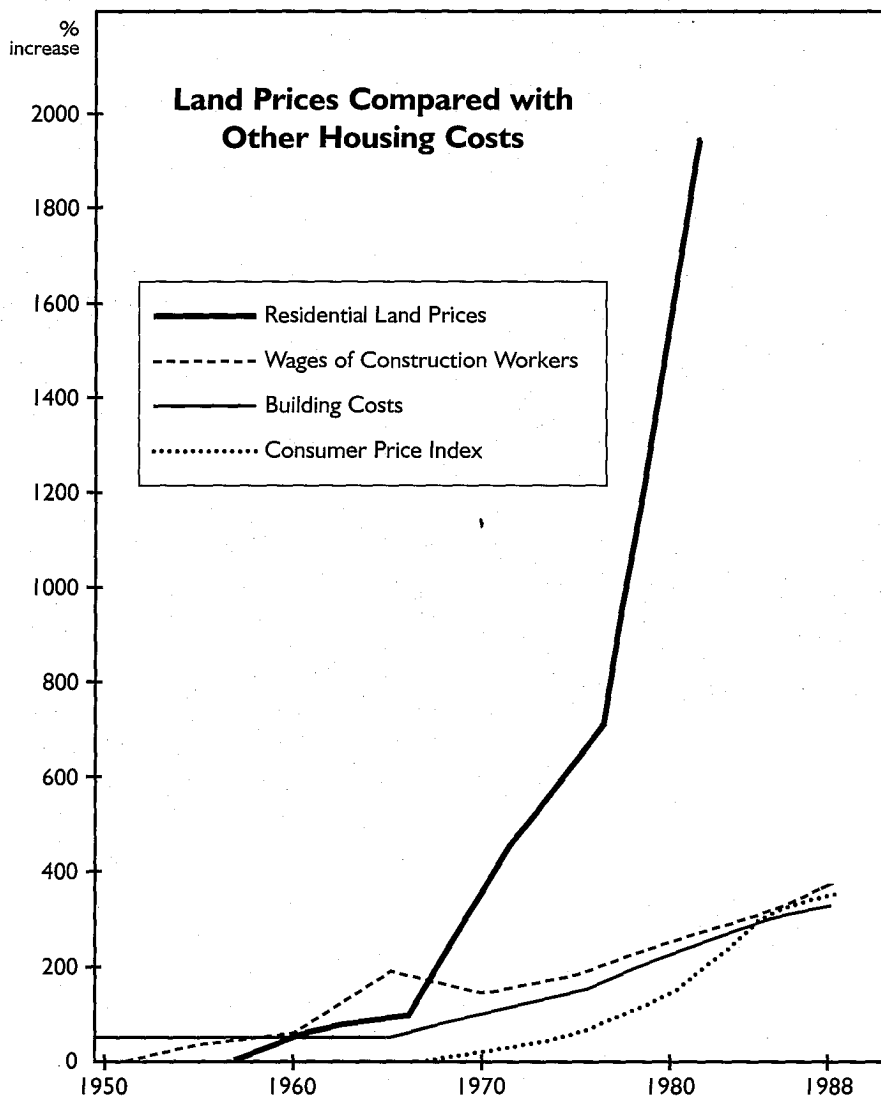
**June 12, 1895.** *Everyone, if possible, to attain a little house of his own. Rental and amortization for these houses. In the construction industry (whether for housing, railroads, highways, or the like) we will materially aid private enterprise by the grant of wholesale credits. The Society [Herzl's proposed governing body] will profit only through the increase of land values. Construction is to be cheap, because building enhances the value of the land.*

**November 25, 1895.** *I stand suddenly in another world... A good idea ... to levy a progressive tax on landed property. Henry George!*

One wonders, since fights over land and water rights are a big part of the ongoing Middle East struggles, if Herzl's vision had actually been applied, whether it would have enabled the Palestinians and Israelis to find a satisfactory way out of their conflict.

\* Marvin Lowenthal, ed., translator, *The Diaries of Theodore Herzl*, Dial Press, New York, 1956.

An alleged housing crisis in the mid-1980s led me to analyze three and a half decades of data. I found that the labor, management, and building material costs affecting housing simply kept pace with inflation, rising about 200 percent over 35 years, closely tracking the Consumer Price Index. Residential *land* costs during the same period skyrocketed close to 2,000 percent! (See chart on page 194



from *Affordable Housing: A Missing Link*, W. Rybeck, Center for Public Dialogue, Kensington, MD, 1988.)

The focus on affordable *housing* when the problem was affordable *land* led to fallacious policymaking. Rent subsidies, vouchers, rent controls, builder incentives, mortgage rate adjustments, and so forth, all related to housing, were tried. Some of these “solutions”

exacerbated land price escalation, yet the behavior of the land market that lay at the core of the problem was totally ignored.

Substantial land taxes will hold land prices at realistic levels and keep housing costs within reach for almost everyone. Housing can then resume its proper and traditional role as *a place to live*, not as an investment or get-rich-quick machine. A mortgage can then resume its role as a means to spread out housing costs during a family's working years, not as a stake in a gambling spree.

### **3. Let Infrastructure Be Self-Financing**

#### **Governments should recapture the value that infrastructure creates**

Repairing the nation's unsafe bridges, crumbling roads, bursting water mains, decrepit schools, and other failing facilities will cost an estimated \$1.6 trillion.<sup>2</sup> To proceed with this, it is commonly assumed, will require deep deficits at a time when further deficits are taboo.

Here's good news for a change. The cost to the government could be minimal. Infrastructure creates its own *revolving fund* in the form of the land values it generates, and governments have the means to recoup these values.

The Metro subway system in the Washington, D.C. region is a case in point. As noted in Chapter 16, it spawned billions of dollars of new land values along its route, enough to cover its construction and operating costs.<sup>3</sup> Similarly, in New York City, the Verrazano Narrows Bridge caused land values on the Staten Island side alone to increase by double the bridge's cost.<sup>4</sup>

Unfortunately, the revolving funds are not revolving. If a worker turned down his paycheck while his family went hungry, he would be considered soft in the head. Yet governments act this way, failing to pick up their legitimate earnings and letting owners of lands adjacent to public works pocket the bulk of these values. Private gain from public investments is an old story in America. But that is no reason for perpetuating this practice. An enlightened value-capture policy will enable the nation to wipe out its infrastructure backlog.

#### **4. Stop Sprawl and Urban Decay**

##### **Resolve these interrelated problems in one blow by taxing land values**

Sick cities and sprawl are opposite sides of the same coin. People and businesses fleeing cities invade surrounding farms, forests, and scenic areas. To halt this exodus and protect the environment depends on making urban areas more appealing and more affordable. This cannot happen when significant portions of cities' desirable sites are over-priced and kept in cold storage by land speculation, forcing people and firms to move out in search of cheaper land.

Some development interests advertise this sprawl as the flowering of the American Dream. It has become an American Nightmare. Scattershot growth patterns waste farmland and energy, magnify traffic congestion, and boost taxes to pay for duplicating public works.

Blight and crime give cities a bad name. Media exaggeration of these defects can make people forget the positive qualities of cities. At their best, towns and cities are seedbeds of culture, science, and the arts. They foster face-to-face relationships that generate cooperation, neighborliness, and mutual trust. They facilitate commerce and production. Giving up on cities would be a grave mistake.

Land speculation erodes many plans and efforts to reinvigorate cities. This speculation takes various forms – slums, porn strips, surface parking lots, derelict boarded-up stores and apartments, and empty lots. Their owners invest little, waiting to cash in after public agencies and productive neighbors make these properties worth more.

Firms that would prefer to locate in town become refugees of a sort, driven to search for affordable suburban or exurban sites. There they confront further speculators who block compact growth and force development to scatter inefficiently across the landscape. Land speculation is rampant, not because of evil people, but because an incoherent tax system makes it remunerative. Communities can take the profit out of it. Replacing taxes on enterprise with robust taxes on land gives land speculators a gentle push into productive activities. This encourages infill growth in towns and cities and

relieves the pressure on developers to invade farmland and scenic areas.

## 5. Rationalize the Nation's Tax System

### **Substitute beneficial land taxes for injurious taxes through five bargains**

All taxes are not created equal. A mistaken view that all taxes are detrimental, necessary evils at best, has gained currency. Public finance professionals, seeking to minimize the harm from any one tax, promote a "balanced" tax approach with a mix of taxes for cities and states.<sup>5</sup> This is like trying to reduce the danger of a car's poor steering by "balancing" it with a bad engine, bad tires, and bad brakes. Bargains therefore need to be struck to elevate constructive and beneficial taxes and to phase out detrimental ones.

*Bargain #1 – Abolish most exemptions, deductions, credits and other IRS loopholes in exchange for greatly reduced personal income tax rates.* An early appeal of the "progressive" income tax was the Robin Hood principle, taking from the wealthy to aid the poor. Voters and legislators failed to foresee that high-powered lawyers and lobbyists would fashion endless ways to shelter incomes of the rich and shift tax burdens back to poorer people. A tax code that spawns a huge industry dedicated to disguising the earnings of the affluent is clearly out of control. Big tax rate reductions would increase compliance and minimize the billions now lost from both illegal tax evasion and more or less legal tax avoidance.

*Bargain #2 – Greatly reduce taxes on business profits in exchange for taxes on the unimproved value of locations and raw materials used by businesses.* It is hard to justify funding government by seizing sizeable shares of the profits of production when that slows down the economy. It is hard *not* to justify governments' right to recoup values created by *nature* and *society*. Businesses should welcome a chance to keep their gains from enterprise in exchange for reimbursing governments for all the amenities that give value to their lands – nature's raw materials, advantageous locations, and all the public facilities and services they enjoy.



*Bargain #3* – Abolish property taxes on improvements in exchange for taxes on socially created site values. Unpopularity of the property tax stems largely from the part that penalizes people for improving homes and other structures. Many states and localities abolished the *personal* property tax imposed on furnishings, inventories, and machinery.<sup>6</sup> The next logical step is to remove the tax on improvements that discourages care of the built environment. The property tax will then be a pure land tax that embraces all of its constructive features.

Assessments form the foundation of property tax administration.<sup>7</sup> Enlightened localities assess all parcels reliably and fairly. They assess land and buildings separately. They value land according to what buyers are currently paying for sites, not according to the use or non-use of the sites. They re-assess annually or every few years to account for market changes. They maintain open books so neighbors can easily check if they are being treated uniformly. They provide easy appeals machinery for correcting errors and keeping assessors on their toes. And they state valuations at 100 percent of market value, avoiding fractional assessments that hide errors, confuse taxpayers, and camouflage favoritism.

*Bargain #4* – Greatly reduce sales and excise taxes in exchange for setting public domain leases for mineral extraction, grazing rights, and so forth at current market values. Value added taxes, favored by many income tax opponents, are a variety of sales tax. The difference between taxes on sales and earnings is largely a matter of timing. A payroll tax reduces people's wages before they get them; sales taxes shrink wages after they are in people's pockets. It is widely recognized that sales taxes hit lower income people hardest. The dampening effect of sales taxes is readily illustrated by sales tax holidays that unleash buying binges.

The federal government should make it a priority to correct the scandalously low rents for leasing grazing, timber, and mining rights on public lands. Auctions and frequent re-evaluations would halt a continuous raid on our national treasures. The government should also halt the giveaway of the public's airwaves and internet spectrum. Leasing this common property would produce revenue, strike a blow against special privilege, and revive media competition.

## BROADCAST SPECTRUM – PRIVATE OR COMMON PROPERTY?

The late William Safire got it right when he wrote, “In terms of ripping off the taxpayers with not a peep from the media, nothing compares with the broadcasters’ lobby. This phalanx of freeloaders has stolen the free use of great chunks of the most valuable natural resource of the information age: the digital television spectrum owned by the American people.”\* NBC, ABC and CBS won Safire’s ire because, when their old gift of the analog spectrum was being superseded by the digital bandwidth, they demanded and won a gift of that too. “When a few of us suggested that this national resource be opened to competitive bidding rather than given away, the broadcasters insisted that the airwaves were their entitlement,” he said. This “foolish and craven” giveaway by a Republican Congress and the Clinton White House to broadcasters is now worth many times the original \$70 billion cost to taxpayers.

\* *New York Times*, October 9, 2000.

*Bargain #5* – Abolish taxes on savings in exchange for eliminating preferential tax treatment of land value gains. Encouraging savings by freeing them from taxation would help counteract Americans’ growing tendency to dangerously overload themselves with debt. A sensible revenue alternative is to tax the gains in land value that are incorrectly termed “capital gains”. A low tax on capital gains is presumed to induce the creation of more capital. No amount of tax favoritism will add to the supply of land. In fact, encouraging investment in land will divert economic actors from the producing of goods and services to the destructive betting on land values.

In sum, one might think it is self-evident that an enterprise system should avoid taxes that suppress enterprise. However, since such taxes are used by federal, state, and local governments, it needs to be underscored that a pro-enterprise alternative is to rely primarily on taxing the value of land and raw resources, plus user fees.<sup>8</sup> Because land is out in the open, not readily hidden, billions in revenue will not be lost from an underground economy or other forms of tax evasion. The conditions that formerly undergirded America's dynamic economy – cheap land, minimal taxation of producers, and genuine competition – can be brought back to life with these reforms.

## 6. Maximize Public Transportation

**Public transit should be safe, cheap, convenient,  
and comfortable**

For inter-city transportation, America needs to restore and modernize its railroads. Funds for a world-class rail system can be offset to a significant degree by reducing the incidence and costs of congestion, auto accidents, and highway widenings. The chances to achieve major energy savings alone should dictate prompt action on this front.

To reduce the squandered hours and stress from gridlock, urban areas should make mass transit a top priority. Fares should be low to maximize transit use. Services should be provided mainly for the compactly developed parts of a metropolis. Extending bus or train routes to far-flung parts of a metropolis tends to give developers a green light to create more sprawl.

What if businesses absorbed the full costs of a form of urban transportation that brings people to their precincts? *They actually do this.* They offer a system for moving people that is free and on call within moments. This is *vertical* transportation. Elevators and escalators! No building or store owner would think of charging passengers for this service. High-rise properties would be worth little above the third floor if employees, customers, and tenants could not use this service to freely go up and down at will. Transit planners and merchants should take notice. If firms agree it is good business to give customers a free ride to the seventh floor, is it not equally good business to subsidize *horizontal* transportation

to bring customers seven miles to use their shops, cafes, or doctors' offices?

## **7. Equalize Educational Opportunities**

### **Shift school funding to states to treat kids in rich and poor districts equitably**

Widely disparate levels of per-pupil spending from one school district to another violate the promised guarantees of equal educational opportunity in most state constitutions. Courts in the 1970s found that reliance on *local* property taxes for school funding was unacceptable because it short-changed students in districts with low property values. However, the courts did not close the door to *statewide* property taxation or, better yet, statewide land value taxation. With the latter, states can distribute funds from the common wealth of the entire state according to formulas based on numbers of pupils and other demographics. Control of school administration can continue at the local level.

Equal spending is no guarantee of equal quality. But quality schooling is difficult to attain if funding for first-rate teachers is grossly inadequate. A high floor of funding should be set for all students in a state. Then, if a district wants to tax itself more heavily to provide a quality higher than the norm, they need not be precluded from doing so.

The anti-sprawl effect of state land taxes will spare schools from two costly matters. One is the present need to build new schools in outlying areas when inner-city schools close for lack of pupils. Another is the maintaining of large fleets of school buses to serve ever longer routes. Another virtue of statewide school funding is that it will relieve cities and counties from what is often their largest budget item, enabling them to more easily afford their other obligations.

## **8. Stop Tax Evaders from Moving Capital Offshore**

### **Restore America as the world's premier business location**

To escape U.S. taxes, too many home-grown corporations move their headquarters to the Caribbean. Many wealthy citizens stash

their fortunes in overseas accounts. Calls for severely penalizing them reflect the anger of citizens who are taxed more heavily because tax evaders fail to pay their share. Yet, so long as taxpayers and businesses feel our tax system is confiscatory and unfair, halting this flight to tax havens is like trying to force water to flow uphill.

Companies and savings can be brought back from foreign shores by restoring integrity and justice into our tax system. Corporations will no longer flee when their best chance to thrive is right here. Nor will private money flee when savings and investments produce higher after-tax interest at home than elsewhere. If the words “tax haven” did not have such a negative connotation, one would be tempted to say that our national goal should be to “Make the U.S.A. the premier tax haven” with user-friendly taxes for people and for businesses.

## **9. Empower State and Local Governments**

### **Reform revenue systems so cities and states can control their own destinies**

Close-to-the-people governments can be a reality, not a distant memory of an era when independent localities were breeding grounds of innovation, training grounds for political leaders, and binders of personal relationships that built trust and integrity in business and social circles.

New York City some decades ago cried “Uncle” – meaning Uncle Sam – when it faced bankruptcy. The Big Apple pleaded poverty while it sat on the nation’s richest lode of urban land values. The city only lightly tapped that lode created by its own public works and by its millions of people vying for space. Instead, it relied on taxpayers elsewhere to bail it out.

In 2009 California suffered more than most states from the national fiscal collapse, in no small part because it had wrecked its property tax by enacting the infamous Proposition 13.<sup>9</sup>

Governors and mayors can revive their economies without repeatedly going hat in hand to Washington. They can tax their abundant land values, their greatest resource. This will free them from the federal rules and controls that are the price for accepting most federal loans and grants.

## 10. Foster a Sustainable Economy

### Eliminate barriers to healthy commerce, industry, and farming

Some have given up on America's ability to restore its industrial might, reinvigorate large and small businesses, or reverse the decline of family farms. Such pessimism is not warranted. These goals can be attained if we stop neglecting a prime factor in all production, the land. Noted briefly are examples of how land policy changes can substantially improve the economic landscape.

- Corporations often act against their own long-term interests in pursuit of tax advantages. Greatly reducing taxes on their profits means they will no longer shoot for short-term gains from strategies that are economically unsound. Taxing them instead on the land value of their real estate simply induces them to make optimal use of their landholdings and to get on with their basic production mission.
- Start-up businesses are hindered by high land costs. Land-based taxes not only reduce these costs but also open up for entrepreneurs many ideal locations that have been held off the market by speculators.
- Start-up farms are also hindered by high land costs. Real farmers are blocked out by absentee owners who are "farming" land values instead of crops. A robust land tax puts genuine farmers back in the driver's seat, or tractor's seat. Moreover, land taxation can open the quantities of lands well suited for agriculture that are now held fallow. This will avert farming in inappropriate arid areas requiring huge quantities of water for irrigation, or in denuded rain forests.
- Consolidations increasingly sap the vitality of the economy. Heavily taxing the value of natural resources makes it costlier to hoard and monopolize them. Freeing up these resources increases opportunities for competition.
- The economy is undercut by pursuit of land value gains – what economists aptly call *unearned income*. The time and energy devoted to this activity produce no land; in fact, they produce nothing, but they do impede job and commercial growth. Letting the public capture land value gains leaves to private

individuals and firms the pursuit of gains from their creation of goods and services. This is the reverse of current laws that make anti-productive land speculation more profitable than genuine production.

- Another diversion from a wholesome economy is a disproportionate attention to manipulating the supply of money and credit, plus exotic forms of IOUs and hedges. Of course government should use its power to assure the soundness of financial instruments because they lubricate the economy. However, money and credit are not wealth – we cannot eat them, drive them, or live in them. They facilitate trade, but that presupposes the existence of things to trade. An emphasis on basic land policies to create a favorable business climate will enable job creation and businesses and factories to be left largely alone so they may “come back home” like Little Bo Peep’s sheep.
- Strong public reaction against urban decay, demolition of architectural treasures, and a throwaway-cities mentality gave birth to a potent historic preservation movement. The buildings being saved represent only a partial victory when they are surrounded by a sea of blight. To complete the victory requires restoration of the *historic economic environment* that saw our cities thrive – an environment of high land taxes that fostered vibrant downtowns and attractive neighborhoods. Architect Hans Blumenthal saw this need when he wrote: “There is no doubt that the present real property tax ... contributes more to depressing the standard of housing than all government housing policies combined do to raise it.”<sup>10</sup> A classic instance of current property tax disincentives involved the stunningly beautiful 38-story Seagram Building erected in New York City half a century ago. Instead of assessing it at its \$17 million market value, the tax commission, upheld by the courts, assessed it at \$26 million because of its beauty and “prestige value”, as the court put it. An editorial in *Life* magazine called this a “tax formula to make certain that American cities stay ugly and get uglier”.<sup>11</sup>
- Population and immigration pressures are often cited as obstacles to economic upturns. The common belief that there is a direct correlation between high population density and poverty does not hold up. Think of the Netherlands with 1,034

prosperous people per square mile and Albania with 286 pitifully poor people per square mile. Comparisons showing the opposite can also be drawn. Thus what seems likely is that *population is a magnifier*. That is, population intensifies existing social conditions, good or bad. Crowd more people into places where exploitation and misery predominate and the situation will worsen. But add more people in places where equity and well-being flourish and they will boost the level of prosperity. To the extent this is so, it strengthens the argument for taking steps to assure a just and harmonious relationship between people and the land. Then the earth's cornucopia of resources and civilization's productive genius should combine to wipe out much of the poverty in the nation and in the world.

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#### NOTES

1. "Tokyo's real estate, once collateralized at the going rate of 80 percent of its market value, would be worth \$8 trillion – enough to buy *all* United States real estate and *all* U.S. companies on the stock exchanges." Kenichi Ohmae, *Washington Post*, January 15, 1989. Also, "At \$15 trillion, the 1988 market value of land in Japan was five times that in the U.S." Marcus W. Brauchli and Masayoshi Kanabayashi, *Wall Street Journal*, March 23, 1989. Land speculation became so all-consuming that the Japanese turned to spending billions in buying prime United States real estate such as the Rockefeller Center.
2. The American Society of Civil Engineers, after an inventory of the nation's infrastructure repair needs, reported in July 2007 that meeting the total cost would require expenditures of \$320 billion a year for five years.
3. W. Rybeck, "Metrorail Impacts on Washington Area Land Values," House Committee on Banking, Finance and Urban Affairs, January 1981.
4. A New York Plan Association study reported that increased accessibility of their sites gave Staten Island landowners a \$700 million windfall from the span which, at a cost of \$350 million, linked their island to Brooklyn.
5. *Principles of a High Quality State Revenue System*, National Conference of State Legislatures, John Shannon, Robert Klein, Steven D. Gold, 1st edition, 1992, updated 2007. The stated principles of a good tax system are exemplary, yet the specific taxes recommended fail to meet these criteria. Pertinent quotes: "All taxes have advantages and disadvantages, but reliance on a diverse assortment can cancel out their biases." Relying on numerous revenue sources can "keep rates low to minimize the impact on behavior" of any one harmful tax and "... avoid excessive reliance on any single revenue system."



6. The personal property tax became known as “a tax on honesty” because only the most conscientious and naïve individuals and firms revealed a full accounting of their assets or paid what the law required.
7. The late John Callaway, a Chicago broadcaster, pundit, and homespun philosopher, wrote: “Isn’t it true that any system as inherently, deliberately complicated as the property tax assessment system ought to be scrapped?” *The Thing of It Is*, Jameson Books, 1994, Ottawa, IL. Too many states and localities, unfortunately, deserved this criticism.
8. User charges help conserve scarce resources like water that are squandered unless they are priced high enough to restrain waste. In the case of specialized services like public golf courses, user charges target players rather than non-players to support the facility.
9. In late 2009 Frank Walker, an attorney in Chula Vista, formed Prosper California, an organization that planned to launch an initiative calling for a complete overhaul of California’s tax system, substituting land taxes for taxes that discourage productive activities. In short, it is a proposal designed along lines recommended in this book.
10. *Metropolis and Beyond*, Wiley, New York, 1979.
11. August 16, 1963.

# 32

## Recovery, Jobs and Social Harmony

IDEOLOGICAL RIFTS plague our legislative machinery and society at large. A just land policy has the potential to bridge these divisions because of its appeal to people of diverse philosophic leanings. It speaks to the many concerns of different groups.

- A land tax regimen strengthens the market system, ends excessive taxation of production, and limits government's role in the economy – results that echo cardinal issues voiced by conservatives.
- A land tax regimen minimizes special privileges, ends excessive taxes on wages, and calls for a firmer public role in guaranteeing equal opportunity for all – central results called for by liberals.
- Shifting taxes off production on to land values will result in full employment, healthier cities, a greener countryside, and elimination of a major cause of economic collapses – results yearned for by people of all political stripes.

The unifying effect of these social justice ideals is already foreseen in their advocacy by scientists and theologians, labor and business leaders, conservatives, liberals, and centrists. Rarely does one find a William F. Buckley, Jr, a Martin Luther King, Jr, a Winston Churchill, and an Albert Einstein all praising the same reform. All are on record as strongly favoring land value taxation. This approach to social equity and progress has for too long been

suppressed. Never timelier, it addresses victims of the last bust as well as those who want to prevent another binge of land speculation before it spirals out of control.

### **The Promise of Systemic Reform**

Measures cited in preceding chapters offer hope of fostering a stable and steady prosperity. They are designed to enable all the people – everyone able and willing to work – to participate in economic progress. Experience has shown that these measures lead to more plentiful jobs, more new and thriving businesses, more competition in the extraction of natural resources, and more affordable housing. Reliance on revenue sources that stimulate rather than depress the economy will, by greatly reducing the need for subsidies and welfare expenditures, help free America from its crushing national debt levels.

Skepticism about the potency of the land policy changes is understandable. The role of land has been AWOL, absent without leave, from the public dialogue for several generations.

The burden of proof, however, falls on those who favor the current tax system and associated policies. These have failed to generate a sustainable prosperity. They led to the gaping gap between the super-rich and the super-poor. They oversaw the decline in American production of consumer goods and heavy industry. They led to the deterioration of public amenities in cities and towns. It is against this state of affairs that any alternative approach must be measured.

Our present economic policies constitute a ticking time bomb as threatening to America as any external menace. It is tempting to think that tinkering with tighter regulations will keep “excessive exuberance” in check, but analysis suggests they will not suffice in the absence of systemic reforms.

A just social order cannot co-exist with an unjust tax system. People on the middle and lower rungs of the income ladder may not understand how they are being exploited. If told that their hardships stem from denial of their land rights, most would have no notion of what that means. Yet their dissatisfaction, frustration, and sometimes their violent lashing out are signs that America is in deeper trouble than we like to admit.

Preventing boom-and-bust cycles is a moral no less than an

economic issue. If a privileged class is getting something for nothing – enriching itself while producing nothing of value – then the underprivileged are to that extent being deprived of the fruits of their labor. As if this were not unfair enough, governments come along and, kicking someone who is already down, further diminish people's rightful earnings.

Overturning the inequitable and injurious treatment of common property will restore the proper treatment of and respect for private property. By so doing, we can usher in a new burst of freedom, a new era of prosperity that extends to all members of society, and a revived sense of trust in our democratic institutions. This will enable our country once more to be a light and a trailblazer among the community of nations. We can do it. It is time to reclaim America.