

HENRY GEORGE NEWS

"We have a long and a hard fight ahead of us. Possibly, probably, for many of us, we may never see it come to success. But what of that? It is a privilege to be engaged in such a struggle. This we may know, that it is but a part of that great, world-wide, long-continued struggle in which the just and the good of every age have been engaged....."

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Pittsburgh breakthrough — Part 2

THE GEORGISTS DID IT

by STEVE CORD

Pittsburgh, Queen City of the Incentive Tax, will almost double its tax rate on land for 1979 without increasing its building rate at all. And Georgists led the fight to support Councilman Bill Coyne — prime mover of the campaign.

The Georgists of Pittsburgh are few but active. We peppered the newspapers with letters to the editors. In this, John Weaver was our leader with three letters published (and it was he who had first made contact with Bill Coyne and who has been the moving force behind the Graded Tax League for nearly three decades).

Among others were Robert Kennedy, William Schlenke, Marian Hahn, Daniel Sullivan and the Schoyer brothers. We also supported Bill Coyne at public meetings, and provided advice and statistics upon request.

The fact is that the only letter writers supporting the land tax were from us Georgists! In truth, there was not much public discussion of the huge tax increase but whatever public outcry there was came to the support of the wage tax over the land use tax!

"Councilman Bill Coyne, the real hero of this story, has been a frequent visitor to our Graded Tax League meetings and was the first to notice this new possibility. Coyne is young, courtly in manner, and the councilman who had received most votes in the recent council election; he was elected chairman of the Democratic Party in Pittsburgh this past summer."

Never mind our arguments that a 1.5% wage tax would have cost the average wage-earner \$240 a year while a 70 mill land tax raising the same amount of revenue would have cost the average homeowner only \$80 (and some families have two wage-earners).

Many taxpayers didn't really believe such cold facts and said that anyway they'd prefer to pay a higher wage tax than a land tax — it was more convenient since it rose and fell with income—while the land tax was a huge annual expense which had to be paid whether there was income on hand or not.

In addition, it is payroll-deducted and so the worker is not

very conscious of having paid the tax at all. (This points up an important moral for us: the land tax should be deductible from wages just like the wage or income tax is. Also, the land tax should be deferrable for poor people against the future sale of their property. These changes will make the land tax more convenient to pay and more politically acceptable.)

Then our opponents raised the poor widow issue: what about those poor elderly people on fixed incomes? They don't pay a wage tax but would pay a land tax, either as homeowners or as tenants.

To which we replied: there were many more poor wage-earners than poor on fixed incomes and they would suffer more from a wage tax.

We didn't even try to present the involved argument about how a land tax cannot be passed on to tenants. We merely pointed out that the 48 mill increase could result in a 2%-5% increase for apartment renters at the most, which is a much less onerous burden than a 1 1/2% tax on gross wages. (cont'd on Page 4)

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We also pointed out that the elderly poor are entitled to a property tax refund of up to \$400 from the State Lottery Fund.

Our opponents also claimed that the tax would hurt business in town and burden real estate developers with a sudden heavy tax burden. To which we replied that it was just the reverse.

A tax on land is not a tax on productive business enterprise and would make poor land use uneconomic, since an inefficient land user could not make enough income to pay the tax and earn a fair return on his building.

The 48 mill tax would not be onerous to business: Kaufmann's Department Store, for example,

would pay only about \$6,900 additional land tax from gross annual sales of \$88 million (0.000009%!).

Besides, taxes on business are even higher in the surrounding suburbs and also much of the land value in Pittsburgh is owned by out-of-towners: why not tax them? (This last argument can be used in most every city and has political pow!)

And so the Georgists in Pittsburgh, so few in number (and only a minority have ever attended national conferences) can legitimately claim that our presence made a difference, although to be sure — without Bill Coyne we would still be howling in the wilderness.

About ten years ago, we were able to stop a rescinding of the 2 : 1

(see Page 3 for the background to the Pittsburgh story)

Incentive Tax. Without us now, there would have been no land tax increase to 3.94 : 1. But we must hold classes in Pittsburgh to strengthen our flagging forces.

Maybe we'll get our bandwagon moving yet, when we see the impact of the 48 mill tax in a year or so.

We now have our best opportunity to measure this impact ; a 48 mills increase is plenty big enough for that. If the study shows what we expect it to show — an increase in building permits — maybe than city governments across the nation will sit up and take notice.

The figures from Australia very clearly show that land taxation brings economic development, but similar figures from an American city may seem more real to American politicians.

(cont'd from Page 3)

impropriety in giving political advice to this successful politician while he quoted moral arguments to me, and so ceased my doubtings.

Finally, the Mayor, Richard Caliguiri, formally proposed to raise the bulk of the deficit with an additional 1.5 % wage tax. (This tax has the distinctly uneuphemistic name of "earned income tax".) He also proposed to raise some additional funds

with a 7 mill tax increase on land only, plus some other nuisance taxes.

The City Council cut his budget request to \$23 million, and with Coyne's leadership, they proposed to raise this by a 70 mill increase on land tax only; no other additional taxes! The measure passed 5-4 in council.

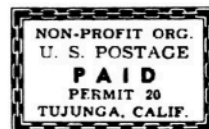
The ill-advised mayor threatened to veto this. A two-thirds override, meaning six votes, would have been required, so

under this pressure Council voted 8-1 to increase the wage tax by 1/4% and to increase the land tax 48 mills. In effect, the land tax would have raised about 80% of the additional revenue needed.

In a surprise move, the mayor vetoed this compromise, but after much dickering, at 6 pm on Monday, December 31st, the City Council met and overrode his veto by a 7-2 vote. After an exhausting week of hope and despair — victory!

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