

Henry George News

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THE EARTH IS THE BIRTHRIGHT OF ALL.

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ZIMBABWE FORUM

David Domke



Dr. Nibaldo Aguilera

In many African nations that have only recently begun to extricate themselves from the shackles of colonial rule, and most of those after long periods of struggle, the problems of land reform and distribution are only now being addressed. Lifting themselves up after centuries of foreign domination and exploitation,

the indigenous populations of those countries are demanding equal share in land ownership and equal access to the political structures of their governments and economies

In Zimbabwe, much of the anger and frustration have been expressed in acts of violence against white farm owners, who until recently owned most of the farms in that country. The forceful repossession of many farms by native Zimbabweans caught the attention of the world wide press, but the underlying dynamics of the centuries-old problems of

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PHILADELPHIA CONTROLLER TO PROPOSE A FORM OF LVT

David Domke

Philadelphia's Controller, Jonathan Saidel, has been said recently to be considering proposing a form of Land Value Taxation for that city. According to a recent article in the Philadelphia Inquirer, "flying under Philadelphia's political radar, City Controller Jonathan Saidel has been quietly collecting influential support for a radical overhaul of the city's tax structure. Local real estate agents and the Greater Philadelphia Chamber of Commerce are already backing the ambitious plan that includes the adoption of 'land-value taxation,' the

brainchild of Henry George, a 19th century native Philadelphian."

The article goes on to say that Controller Saidel has been working behind the scenes by briefing City Council members as to the merits of the proposal and garnering support among community groups and business associations.

The article explains the proposal: "George's theory holds that if taxes are raised on vacant, abandoned or underused land, the owners will

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One of many examples of Philadelphia's urban blight
photo by Mike Curtis



As we were going to press, we received the very sad news that Dr. Jack Schwartzman, Henry George School Member Trustee, passed away. See page 3 this issue for a remembrance of Jack and see next issue for a fuller tribute.

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develop the property to cover their higher costs. And, because taxes would be lowered on buildings, property owners would have an incentive to invest in homes and businesses."

Under the plan to be proposed by Saidel, the city would cease taxing land and buildings at the same rate and tax land at a rate 3.44 times the rate imposed on buildings. As a consequence, the article states, the city's property taxes would drop "by modest amounts" for over 70% of the city's homeowners but would "increase for 50% of the city's commercial and industrial property."

"Such a tax system is a way to raise tax revenue without hurting a local economy."

In addition, owners of less or non-productive properties, such as parking lots, car dealerships and businesses with large tracts of undeveloped land, would face higher taxes. Saidel also plans reductions in Philadelphia's business and wage taxes.

Allentown, Pennsylvania, adopted a similar land value system in 1996. According to Allentown Mayor William L. Heydt "it has proven popular with residents and has spurred development of vacant land," the article goes on to say. The measure proved so popular that despite two attempts to repeal it, it is still in force.

As we know, Pittsburgh had a similar LVT tax restructuring early in the 20th century. That city recently did away with its LVT system "after a controversial city-wide

From the Archives

Pro-Single Tax cartoon, 19th Century

Anti-Protectionist cartoon, 19th Century

reassessment that drove up taxes," the Inquirer says, and "to reduce taxes overall, local government moved toward an equalization of land- and property taxes."

The Inquirer article cites a University of Maryland study of Pittsburgh's land value system which concludes that the system "may have spurred a building boom in the 1980s."

tion of Realtors, is quoted as saying: "If you pay for the land and not the building, the land has

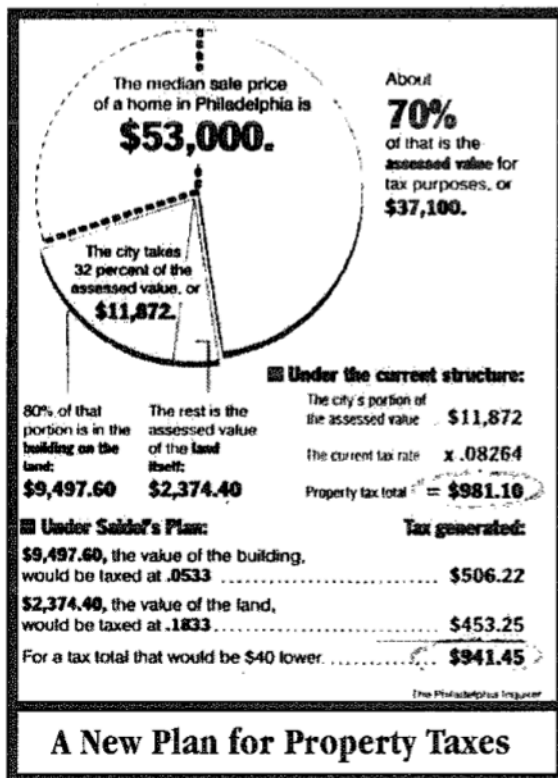
"Land Value Taxation provides city officials with a tax instrument that generates revenues, but has no damaging side effects on the urban economy."

The study further concluded that "such a tax system is a way to raise tax revenue without hurting a local economy." One of the authors of the University of Maryland study, Professor Wallace E. Oates, has said, "Land Value Taxation provides city officials with a tax instrument that generates revenues, but has no damaging side effects on the urban economy,"

the value, and it encourages you to improve the building . . . not hang on and let destruction come [by virtue of abandonment] . . . we believe this is better for homeowners and for the city." Of course realtors stand to benefit from the increased buying and selling of properties that would ensue once such a tax plan were enacted.

The president of the Philadelphia Chamber of Commerce is also quoted: "This approach . . . is really something we have been looking for and asking about over the past 12 years."

The Inquirer article concludes with a pithy summing up of Henry George's career: "Creating wealth for working people was George's goal. He left Philadelphia as a teenager, and after kicking around the world as a seaman in the Pacific and then as a printer and newspaper reporter in California, in 1879 he wrote a best-seller, *Progress and Poverty*, outlining his economic theory. He lectured around the world and, in 1886, was drafted to run for mayor of New York City as a third-party candidate. He lost, but he did manage to outpoll Theodore Roosevelt."



A New Plan for Property Taxes

also mentions that Philadelphia realtors are squarely behind the proposal. Anne M. Rubin, president of the Greater Philadelphia Associa-