

Land&Liberty

putting people at the heart of economics

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IU news

London conference

The 25th international conference of the International Union for Land Value Taxation is being held in London in July. On the theme of *The Economics of Abundance*, the five-day event features renowned speakers from around the world. The keynote paper will be presented by government economics guru Dr Rana Roy.

The conference includes three days of speakers and participatory events. It aims to uncover how the economics of destitution seem to rule the world today, and to set out how tomorrow must be ordered by the economics of abundance. The whole week-long event includes one day of IU members' business and one structured 'leisure' day giving international delegates an opportunity to see the capital.

The conference hopes to attract professionals, academics and interested lay people, as well as members of the Union.

Tickets are available on a daily or whole-event residential basis. For more information go to www.EconomicsofAbundance.info or telephone 020 7377 8885 and ask for the IU conference organisers.

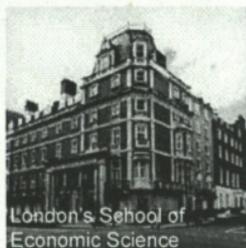
Bermuda easy peasy!

Bermudans have it easy: the sun, the beach, no income taxes - and the ability to pay land tax online! *The Royal Gazette* reports that payments can now be made before the March deadline through the Government website, at ATM's, and through banks.

HGF news

Decentralisation

The Henry George Foundation's library and historic archive is to have a permanent new home in central London. Several offers from friendly organisations are being considered. One option is



London's School of Economic Science

to create a special section within the library at the School of Economic Science in Mandeville Place. The proposal would allow full public access to the Foundation's valuable collection, by prior arrangement. The Foundation's Council of Management intends to decide on the matter at its next meeting.

The transfer of the Foundation's activities and management from a small band of paid employees to a larger number of volunteer members has been completed. David Triggs, the Foundation's Executive Chairman now heads up a dedicated group of volunteers undertaking key executive and management functions. Member Tommas Graves has come on board to take on the audit function as 'independent accountant'.

Attention is now being directed at developing a more pro-active plan of outreach activities. Proposals are currently being drawn up for a new programme of educational and advocacy work. Whilst much of this will be centred on London it is hoped and expected that the Foundation will be able to develop a more active engagement with its champions throughout the UK. The Foundation is seeking to identify individuals and small groups who will be active in promoting its ideas within their local areas of interest.

With a view to both this new more-evenly dispersed approach to its work and use of resources, and the limit of available funds, the decision has been taken to close the Edinburgh premises at the end of March. The Foundation's activities in Scotland will continue, as elsewhere, on a voluntary basis.

Championing local activity



L&L news

a benefactor steps in

An anonymous benefactor has stepped in with a gift which will re-fire **L&L's** on-line magazine. Since the loss of its staff last summer, the amount of content published on-line has fallen. Hopes that previous levels of activity could be sustained by voluntary effort alone have proven optimistic.

The gift will allow the reappointment of the magazine's editor part-time for a year. Priority action will address the quality and dynamism of the functioning of the website, the richness of the public user experience, and the site's purposefulness as one of the Foundation's educational tools.

The gift will mean greater capacity to generate and publish in-house content, in obtaining and managing content by third parties, and in engaging in out-reach and active promotion of the stories carried by the online magazine.

In a parallel initiative, ongoing technical problems with the site will also be resolved. **L&L Communiqué** continues to be published quarterly on a voluntary basis.

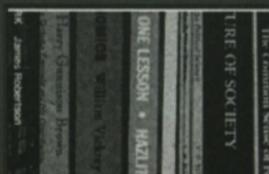
Visit www.LandandLiberty.net

OECD US, Korea, UK highest property taxers

Among the advanced economies the US is the country most-favouring property taxes, according to OECD's annual Revenue Statistics. 12% of its total tax revenue comes from property taxes. South Korea and the UK follow on with 11.8% - still more than twice the OECD average of 5.6%. Next up come Japan at 10.3%, Canada at 10%, and Australia at 9.5%.

Fabled land taxers' haven Denmark does rather poorer. Property taxes account only for some 3% of its revenue. Experts calculate that total resource rents taken for public revenue in Denmark are a fraction of those in some other countries. In addition, Denmark collects a world record setting 60% of its revenues from personal and corporate taxes.

the newsletter of the Henry George Foundation



A georgist book review special



Scots finance Review hears a few truths

breaking ground

Land reformers say their piece

Sir Peter Burt's Scottish Local Government Finance Review – the Scottish equivalent of the Lyons Review – has taken evidence from several parties advocating land value as the proper base for public revenue.

At one Review Committee hearing witnesses Peter Gibb and Fred Harrison appeared for the Henry George Foundation. They argued that “the evolution of the Council Tax and Non-domestic Rate – *inter alia* to base them on land values – would convert them into ‘good’ taxes in terms of their beneficial effect on the wider Scottish economy”.

The witnesses presented calculations – using what they pointed out were over-cautious Treasury formulae. These led them to predict that the opportunity cost to the Scottish economy of failing to evolve the system of local government finance “is an ongoing massive £569m every year. Such an evolution of the current system” argued the witnesses “is the only policy option before the Committee which delivers the economic growth sought by its terms of reference.”

The Review's remit could lead it to a broader examination of the fiscal landscape – onto national Scottish as well as local taxation policy. The witnesses pointed out that the Scottish Parliament's use of its powers to vary the rate of income tax could be used to *reduce* the tax burden on work, and transfer it onto land values. The result of doing so, according to Gibb and Harrison's calculations, would be a yearly gift of £189m to the Scottish economy. The witnesses told the Committee that, in fact, the total figure of some “£8bn in foregone wealth & welfare” was “the measure of the test that challenges the Local Government Finance Review Committee.”

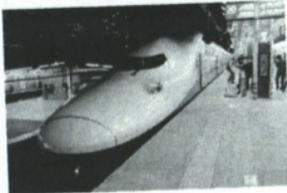
And the imperative for change was not only dryly economic, the witnesses said – there was a broad case for reform. “The evolution of Scotland's wider tax system would bring even greater dividends for society and the environment.”

A subsequent hearing took further supporting evidence from Mark Ballard MSP, Scottish Green Party Finance Spokesperson, Professor Roger Sandilands of Strathclyde University, and Toby Lloyd of the London Rebuilding Trust. See *Fresh Thinking*, p 10-11

Biting the land value bullet

The Scotsman reports that transport experts are calling for a 200mph bullet train between Edinburgh and Glasgow to be funded by the residents and businesses who would benefit from the new service.

“If plans for a high-speed link between the two cities are announced,” says the paper, “properties are likely to soar in value – but only owners and landlords would make a profit. If the extra cash was instead pumped directly into the



ambitious project, it would help towards paying the multi-billion-pound budget.”

Chris Green, a former head of Virgin Trains

and ScotRail, believes that

land value capture should be encouraged, the report said. “This would be a very logical way of financing the project. Otherwise, most property prices will shoot up in value, but the person who built the railway won't make any profit. If we can lock in the benefit of schemes like this, there will be far more transport projects in place.”

The bullet train could almost halve the current 45-minute journey between the cities. The existing service has long come under criticism. As the paper's Bentley-driving motoring correspondent pointed out only last week – comparing the present train and car journey times between the cities – “you don't need extreme speeds and the finest car in the world to beat a train of any colour.”

Arkansas flurry

A population explosion in Northwest Arkansas is driving up land prices, to the point that “housing there has become too expensive,” a local estate agent told the Missouri daily *The Joplin Chronicle*. But the trend pushes back the way, too. Ken Schroader is among those who have packed up and left. “First,” Schroader claimed, “land values have gotten to the point where the land is too valuable for farming and agricultural purposes. I sold the farmland I purchased seven years ago at Siloam Springs for three times the value of what I purchased it for. Second,” Schroader worried, “is that it is almost impossible to find a sizable piece of land. Anything over 100 acres is nonexistent down there.”

letter from the editor

The UK government's plans to introduce a Planning Gain Supplement do look as if they are doomed. If the powerful range of interests set against the proposal doesn't ensure its pre-legislative demise, then the idea's very nature will ensure for it a short and unhappy life on the law books.

PGS would impose a charge on the granting of planning permission to develop. Its supporters – the government – argue it recoups some part of the incremental uplift in land value unlocked by the public consent to develop.

The proposal's detractors come from all sides. They argue, among other things, and it's a long list: it is too insignificant a tax capture; it is too bureaucratic; it ignores on-going land value gains not associated with ‘development’ requiring consent; it leaves alone associated value uplifts around the development site; it ignores all pre-existing land values; it serves as a deterrent to desirable development, being a development-triggered tax; and as a once-and-you're done payment it lets owners off the hook for their on-going obligation to compensate the community for the benefits provided to their site by the surrounding infrastructure and services on hand day on day, year on year.

The reason for the government's interest in the idea of PGS is clear. It has recognised the propriety and worth of the principle which underlies the scheme. The government has begun to understand that land values are created by the presence and economic activity of society at large. It is also coming round to seeing that the exchequer should have the call on that value, to defray the community's costs in providing the public infrastructure and services which create the value. So far so good.

But the government has also seen something else, and seems over-sensitive to it: the political power of a really good idea. Unfortunately, the louder voices in their internal debate so far are those troubled by the risks and threats to their own hold on power that the idea may pose. And that's a shame, and a lost opportunity for us all – not least for the longer-term interests of this would-be reforming radical-thinking government. Maybe the Tories or the LibDems under their new leaderships will turn out stronger.

The government could have responded to its new political insights with wisdom and strength and leadership, and gone on with a well-spun story to enjoy the electoral glory which it could fairly expect. It has instead chosen to bumble down a wandering policy path which it seems to have hoped would be one of least resistance.

Planning Gains Supplement is surely doomed. It is an idea based on sound principles, but it is wrong headed. It will not work, and its opponents are unlikely even to let it try to work. History – amazingly four times – shows us it will not work. And those who do not know that history can buy the book from the Henry George Foundation.

It is to be hoped that before too long the government will recognise both its own wisdom and its mistake. And that it will announce its intention to develop, out of its *initial, outline* ideas, a more meaningful, a more sound, and a more acceptable public policy proposition – land value taxation.

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The much bolder option

David Curry MP is someone else who just can't believe the Planning Gains Supplement

Here we go again! Some ideas keep turning up like winter sore throats. This one has been round the course four times already. Now it is in its fifth manifestation. According to its enthusiasts it is a revelation. For others it is closer to *Apocalypse Now*.

The little number in question is the land value uplift tax. It springs from Kate Barker's 2003 report on housing. Gordon Brown has rechristened it the Planning Gain Supplement and sees it as a key instrument in the government's drive to deliver an extra 50,000 houses (to 200,000) a year by 2010. The main claim made for it is that it will jolt local authorities into a pro-development frame of mind and out of their current mindset hostile to development.

The idea is simple enough. Land values rise massively when planning permission is granted. The government estimates that mixed agricultural land is worth some £9,287 per hectare. Endow it with planning permission for industrial use and the value rises to £750,000. Hit the jackpot — residential use — and the value rockets to £2.5m. This huge windfall occurs simply at the stroke of a pen. So shouldn't society gain some benefit from the profits so painlessly created?

A tax would be levied on the gain in value of land when development began. It would be small - at least at first - so as not to frighten the horses and a significant amount would go back to the council to finance infrastructure.

Finally, it is argued, it should replace the notorious s106 agreement - an arbitrary mechanism stained with the risk of corruption. In fact, the government has

already said it will keep some form of s106 after lobbying from the social housing sector.

The critics are equally adamant in their scorn. This is not a way of accelerating development, they cry, it is a way of stopping it in its tracks. Landowners will sit on their property, the supply of land for housing will diminish, prices will rise in response and fewer houses will be built. Urban authorities will lose out, given that the really big money would come from the designation of agricultural land rather than in urban areas with a much smaller uplift value on brown-field sites. A huge incentive for green-field development - and a wonderful advertisement for the government's environmental credentials!

And just how do you work out how much of the increased value of the land is due to a change in planning designation? And what about multi-phase developments? When would the tax be levied and how often? The only certain beneficiaries from a planning gain tax would be tax lawyers.

Creating such a tax would require cross-party support. Otherwise landowners would put development on hold until a change of government brought cancellation of the levy. What puzzles me is why, if he really wants a radically energised planning system and is prepared to have a huge fight to get one, Mr Brown has not gone for the much bolder option - a tax on the value of the site itself.

This tax would take the form of an annual charge on the value of a site, levied according to its status in the local plan, whether or not it was developed. Its advocates claim that it would

bring idle land into the best use for it, leading to an increase in supply and a decline in price.

Rather than capturing planning gain on one site at one moment, a land value tax would also recover value from neighbouring sites that had benefited from the development. Local authorities would collect more tax by the mere act of designating (or zoning) suitable land for industrial or residential development, thereby increasing its value even if no development took place. Landowners would have no incentive to hold sites back from development. Councils, by contrast, would have an incentive actively to pursue re-zoning.

The links between this proposal and Sir Michael Lyons' work into local government finance are obvious - though to what extent the two processes are 'joined up' is not clear. What is certain is that the fifth version of the betterment levy already has a huge coalition arrayed against it. Stand by for an unexpected outpouring of admiration for the charms of s106. Better the devil we know...

(published by kind permission of the Local Government Chronicle)

Mr Curry is the Conservative MP for Skipton and Ripon and was Minister of State with responsibility for Local Government, Housing and Urban Regeneration under Prime Minister Major



Licencing the use of our seas

The Government overlooks the haemorrhaging of the value of the sea, claims Jo Stocks

The Government recently launched a public consultation in England and Wales on licencing access to marine resources.

The review centers on the charging system for marine industry environmental licenses. The Government says that "action is needed because the cost of regulating industries like dredging and marine construction is not being fully recovered through the licensing system."

The present 'cost based' system requires an authority to charge for the 'reasonable expenses' of processing a licence and regulating its subsequent operation. According to the Department for Environment, Food and Rural Affairs, when it itself does so, it "pays special regard to the need to reduce the burden for industry as far as possible". The consequence of this approach is two-fold: an effective disregard for the need to reduce the

burden on the environment; and a failure to capture for the public purse the full value of the common resource being alienated.

The marine environment and its capacity to absorb waste are natural, common resources. We all have equal claim to their value. The government holds and manages these assets in public trust. Licenses are the limited transfer of public value into private hands.

Might it be more appropriate for licenses to be charged for on the basis of the benefit received by the licensee - the benefit foregone by the rest of us - rather than on 'cost'?

The present approach means that those costs which arise as 'externalities' - including many 'environmental' costs - are not paid for by the licensee. They're paid for by the rest of us, and by the environment, by way of a degraded resource.

The failure to bring fully to account the users of the marine resource for the effects of their activities, lies at the root of the ongoing decline of our seas. According to the EC's Marine Strategy Directive, "Europe's oceans and seas are under threat, in some cases to the extent that their structure and function is being jeopardised." A new approach to licencing could help reverse the current trends.

Currently the value of the sea is given away, gratis, with the issuing of the license. The present system allows the haemorrhaging of public value onto the balance sheets of private enterprise.

Readers wishing to learn more or to respond to the consultation should visit www.mceu.gov.uk/MCEU_LOCAL/FEPA/whatsnew.htm.

Georgism: a reality check

The International Union for Land Value Taxation is about to enter a new and more active phase of its existence. In this paper prepared for his fellow trustees, **Fred Harrison** argues that the time has come to review and learn the lessons of a history of failure, and to chart a new course.

What's your reaction to my claim that an intellectual screening process exists that monitors and sanitizes talk involving georgist fiscal reform? If I said the screening is like the virus checker on your computer, would you recoil in disbelief?

How, otherwise, do we explain the fact that, since 1914, the world has passed georgism by? It is as if Henry George never existed, as if land taxation was not enshrined in law in the UK in 1910 or adopted by Denmark, Australia, New Zealand and South Africa.

The time has come to pose tough questions. Could the surreal history that banished georgism have been otherwise? Could georgists have made a difference? What should be done now? This review is a contribution to the International Union's deliberations on how best to promote georgism on the global scale.

My experiences have led me to some potentially unpopular conclusions. In 1968 I embarked on a systematic study of history that continues to this day. I burrowed deep into anthropology while straining at the political coalface for most of this time, including 10 years of continuous campaigning in Russia. In 2002, I stepped back and began to reflect on this accumulated knowledge and experience.

My conclusion is that our society is programmed to eviscerate any direct charge on the value of land. Georgists are on to

a hiding for nothing unless we adopt new strategies that can smash the intellectual screening process that separates us from the collective consciousness of the majority.

Henry George ducked under the screen. How did he do it? Between 1879 and 1914 Europe was undergoing profound economic and political change. Civil discontent was expressed in the vocal demands for an extension of the franchise. And the British colonies had the practical problem of funding infrastructure. *Progress and Poverty* came at the right time. Its arguments resonated with the mass of people. Alas, in the US, the project barely got off the ground (a few Single Tax colonies put the virus in quarantine).

Since 1918, it has been downhill all the way. In Britain, landowners used the law courts to thwart the Finance Act 1910. In the Commonwealth countries, the wisdom of using land rents was systematically demoted.

Outcome: according to the OECD, between 1965 and 2003 the share of taxes on property and wealth was reduced from 8% to 6% of total tax revenue (*see also front page news item - ed*). Governments legitimised the privileges of land by arguing that taxes should be levied on a broad base. Georgist advocacy of a narrow tax base flew in the face of conventional wisdom, one reason why georgist policy is disparaged as unrealistic; and why presentations of our case are

received, by and large, with incomprehension.

Put bluntly, 'they' just don't know what we are talking about, and they couldn't care less.

The screening process reached every corner of the world. Some random examples -

In the 21st century (2004), South Africa's local authorities abandoned the land tax in response to advice from Western agencies.

In the 20th century (1961), Brazil's State of São Paulo enacted a rural land tax to encourage owners to bring their idle acres into cultivation. The Federal Congress intervened with a constitutional amendment. Jurisdiction over rural property taxes was transferred to municipalities. The law was not implemented: local governments could be relied upon to avoid land taxation.

In the 19th century (1824), Argentina introduced a land policy to settle vast territories, requiring the users to pay rent to the State. The land grants turned a few people into barons - and they refused to pay more than paltry sums into the public purse.

Society is hostage to a philosophy - buttressed by institutions tailored to guard it - that is driving the world to social and ecological crises of epic proportions, and georgists have contributed little to the understanding of how this has happened. Past strategies failed. We need to chart a new course.

If history is to be reversed, we need a

realistic appreciation of both the scale of the problem and the timescales for effective action.

The starting point is the realisation that the Western mind has been locked into a set of values and beliefs that is designed to exclude the acceptance of land rents as the community's income. This is the result of the social contract school of philosophy beginning with John Locke and consolidated by the Enlightenment thinkers who are celebrated as the founders of reason-based civilisation.

The legacy is a collective amnesia about the traditional values and practices that shaped property rights into their private and common spheres. One awesome challenge is to indict the forces that abuse our collective consciousness. But time is short. We face

- *Migration*: as the industrial epicentre shifts to China, jobs are becoming scarce and in-migration is brewing a lethal cocktail of urban discontent.
- *Fiscal exhaustion*: taxes take up to 50% of GDP, yet governments are still short of funds.

The crisis of the environment is symptomatic of the poverty of conventional philosophy. Global warming is near to being irreversible. And yet the ecology movement is exhausted. Signs of this include the new book by Jonathan Porritt, who chairs the UK government's advisory committee on sustainability. "Capitalism," he now says, is "the only game in town." If he's right, there is no hope for the environment, because the present brand of capitalism is rigged to deliver ecological chaos.

Environmental campaigners generally accept the property rights that underpin pollution-curb trading permits, which turn corporations into free riders.

The world desperately needed the georgist paradigm, but the georgist movement failed to rise to the challenge. We could have done much more, if only to prepare for the day when events would force open people's minds.

What must we do? A fatal blow has to be struck at the intellectual superstructure that has our collective consciousness in its grip. None of the strategies that we have used until now had the remotest chance of delivering that blow.

Strategies that have not worked need to be honestly evaluated. Since 1945, the only new case of land taxation that is worth citing is Taiwan; and that was not the product of enlightened wisdom, but the act of desperation by nationalists who fled the Communists.

Publications: In the past 30 years, I contributed more than any other person to the writing, editing and publishing of georgist materials. In terms of volume, especially in books, these three decades were the peak of production. But our approach was never

going to persuade people of influence to change their minds. I made the mistake of assuming that we could negotiate change on the basis of reasoned argument.

Lobbying: Throughout the world, activists engaged politicians, policy advisors, academics and journalists to explain the wisdom of the georgist paradigm. This effort did not bring us one step closer to reducing taxes on people's wages, savings and investments. Politicians were unwilling to incur the risks of departing from the script into which their minds were schooled.

Local Taxation: Nowhere has the local approach to fiscal reform delivered a result that remotely resembles the project described in *Progress and Poverty*. Opponents, such as the Tories who fought the land tax legislation in Britain in 1910 and 1931, declared that one of their tools for resistance was to downgrade property taxation to the municipal level. What ought to be the best empirical evidence - from New Zealand, Australia and South Africa - is now a gift for those who oppose us. They use the historical record to demonstrate that land taxation is a trivial instrument in the fiscal toolbox.

That's why the British Property Federation opposes a national land tax, which it claims would "slow down development". If there must be a charge, they prefer a locally administered occasional tariff linked to the planning system (*Financial Times*, 3rd December 2005). Landowners do not want a general reform that reduces taxes on wages and savings.

Russia: why did we fail?

Between 1992 and 2002 we secured the general support of Russians in the street (cf. public responses to our radio phone-in shows); extensive invitations to publish articles in the print media; close collaboration with the pro-LVT Russian Academy of Sciences; and regular seminars and congresses co-organised with the federal Duma (Parliament). All to no avail: Western pressure to privatise land and natural resources and adopt the conventional property tax was irresistible. Vladimir Putin persistently and publicly advocated resource rents as public revenue, but his government - active exponent of the 'Washington Consensus' doctrine - ignored the President.

What's to be done? Lobbying agencies at the global, national and local levels has not worked.

Fact: in 1976, UN-Habitat endorsed LVT. In the last 30 years it did not do anything to promote the policy. Until a couple of years ago, its staff did not even know the policy existed, let alone understand how it would solve the global housing problem.

That's why I believe that new approaches are needed to shatter the screen that closes people's minds. We must take four essential steps.

First, relocate the georgist paradigm in a language that resonates with people's needs and sympathies. This part of the new project has already begun.

Material must be disseminated widely. The internet is a powerful tool for us, but beware: do not confuse the medium with the message. There are no short cuts to rescuing the minds of the masses.

Second, offer a vision of the future. We have failed to offer a compelling prospectus that would encourage people to put at risk the comfort they feel with the devil they know. Georgism would deliver an economy of abundance, culturally, materially and ecologically. That claim would attract supporters, if we can prove it.

Third, analyse how we get from here to there. People not only fear change. They also fear being out of step with the mainstream - that's one lesson that we learnt in Russia (*see box*).

Fourth, people need to understand why, en masse, they think and behave in ways that subvert their best interests. Such cathartic experiences preceded all the great acts of social reform in the past. So to move into the future, we must set new priorities for action based on

- research into global problems, conducted to scientific standards, written with lay readers in mind;
- reflection, to plumb new depths of understanding of how 'capitalism' really works - and how it might be evolved to become part of the solution; and
- redefining georgism in language that persuades social scientists and civic leaders to try harder for the common good.

The IU is not itself a charity. Intellectually speaking, it is free to develop the capacity to demolish the escapist ideas and institutions that underpinned the 20th century's substitutes for georgism.

To achieve this, however, and to give the tax reform agenda a new lease of life, we have to constantly remind ourselves of one harsh fact. As georgists, we allowed ourselves to be co-opted into tinkering at the edges of current ideas and institutions. That doomed our efforts. If we continue along that course, we will not be able to forestall the hazards that will wreak havoc with the lives of many millions of people in the 21st century. **L&L**

Thomas Paine and the times that try men's souls

Ed Dodson reviews *Thomas Paine and the Promise of America* by Harvey J Kaye

Professor Harvey Kaye provides us with a stimulating and enjoyable examination of, first, the life and times of Thomas Paine, and, second, the influence of his words and deeds on events to come. The very fact that this book has been written speaks volumes. The thoughtful reading public has a desire to learn about the author of *Common Sense* and his contributions to history, moral philosophy, political philosophy and political economy. As someone who has studied much of the available material on Paine and provided my own assessment of Paine's contributions, I found Professor Kaye's treatment valuable and unique.

This book is less about the details of Paine's life. It is more about the influence his ideals and writings had on the thinking and behaviour of others. These were the people who came to share Paine's passion for justice - and for bringing to an end the entrenched privilege that produces the division between haves and have-nots in our societies. Professor Kaye joins others in recognising Paine's pivotal role in igniting and keeping aflame the revolutionary torch. "Paine saw all of history turning on the outcome of the American colonies' conflict with Britain," writes Kaye. Coming so soon from Britain, where the "rights of Englishmen" were quite narrowly enjoyed, Paine realised that North America could become the safe haven for the oppressed and enslaved of the Old World. The key was not just independence, but the establishment of a democratic republic.

I am reminded of Peter Drucker's book *The Future of Industrial Man* (1942). In it he describes the early phase of the uprising against British authority as a conservative counter-revolution. The landed and other conservative elements in the colonies, Drucker said, were demanding a return to the long period of "salutary neglect" under which they had acquired their wealth and social positions. Paine, to their chagrin, called attention to all of the inequities characteristic of colonial society. Now was the time for the creation of a new societal structure. "Paine," observes Kaye, "called upon Americans to make a true revolution of their struggles."

Paine's idealism was clearly ahead of its time. The blueprint he provided, in *Common Sense*, first, and then throughout his later

writings, certainly called for a "revolution in the state of civilization." But it was a blueprint shared by few others. With independence secured, the natural inclination of those in power to do whatever they could to entrench themselves and their positions, again arose. As Professor Kaye observes, not even Thomas Jefferson possessed anything close to the deep faith in participatory democracy that stood at the heart of Paine's political philosophy. Yet, Jefferson proved a more accurate forecaster of the immediate future than Paine. Their contemporaries saw to it that the new United States of America was established as a republic. The most hated elements of Old World political and economic power - monarchy, hereditary aristocracy,

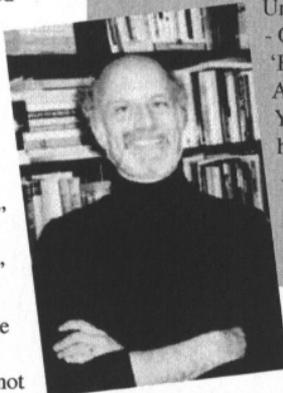
government should refuse," he declared.

Despite the protections individuals gained under the first constitutional amendments, very little time passed before widespread disillusionment began to set in. Many of the disillusioned found inspiration and passion for righting wrongs by absorbing Paine. Professor Kaye's research reveals that even those who were repulsed by Paine's Deist spiritual beliefs and his attacks on mainstream religion, found solidarity with his positions in the socio-political arena.

In my own writing, I describe Paine as the "architect of cooperative individualism," a set of moral principles upon which the just society - one that secures and protects equality of opportunity - is established. With Paine's death, the torch of cooperative individualism nearly went out. None of those who followed Paine in the nineteenth century fully grasped the depth of his principles, nor adopted them as their own. Not until Henry George emerged in the last two decades of the century was the torch again raised, its flame ignited. Professor Kaye writes briefly about Henry George as a reformer whose "plan to re-create American equality and democratic life descended directly from *Agrarian Justice* and clearly reflected Paine's spirit." Henry George never referred to himself as a Paineite or as having been strongly influenced by reading Paine. That said, they clearly came from the same mould. And, as Paine's success came after coming to America, George's occurred after serving as a correspondent of the *Irish World* covering the Irish resistance to British rule.

Here I digress momentarily to correct Professor Kaye's restatement of Henry George's proposal regarding landed wealth. George did not, as Professor Kaye writes, argue "that government should severely tax landowners' profits." Rather, George expanded on Paine's argument in *Agrarian Justice* that anyone who controls land owes to the community a ground rent for the privilege. George explained that every parcel of land yields a ground rent, the amount of which is determined as an outcome of market dynamics. If the community collects all ground rents via taxation, the landowner, as such, cannot sell land for profit. Interestingly, George later wrote approvingly of the pioneering writing on the land question by the French group of political economists known as the

Dr Harvey J Kaye is Rosenberg Professor at the history department of the University of Wisconsin - Green Bay. He received 'Best Book for the Teen Age' award from New York Public Library for his 2001 book *Thomas Paine: Firebrand of the Revolution*, a young adult biography on the reformer.



primogeniture and entail - were removed. With a huge and nearly empty

continent to subdue, and with fortunes to be made speculating in land, the framers of the Constitution compromised principle for expediency. They ignored both slavery and the land question. The more thoughtful among them hoped these and other issues could be resolved as the nation matured. As Professor Kaye reminds us, however, the new nation was seriously divided over unresolved sectional, territorial and financial interests. It is worth noting that neither Paine nor Jefferson participated in the Constitutional Convention. From Paris, Jefferson wrote favorably of the proposed constitution, but in a letter to Madison in December 1787 he expressed concern over the absence of a bill of rights. "A bill of rights is what the people are entitled to against every government on earth, general or particular, and what no just

Physiocrats. Paine was likely introduced to physiocratic ideals by their most important American adherent, Benjamin Franklin. And while in France during the early stages of the French Revolution Paine was undoubtedly warmly accepted within this circle of enlightened intellectuals, many of whom would meet their end during the Jacobin reign of terror. One of the leading physiocrats - Pierre-Samuel du Pont de Nemours - escaped France to establish what can only be described as an American dynasty of economic power. Only recently have the French people been re-introduced to the legacy of the Physiocrats, dismissed to a large extent by European intellectuals as irrelevant in a world where land and land ownership were thought of as minor concerns. The landed have certainly felt relief that their entrenched privilege was not jeopardised by the policies of social democrats during their periodic opportunities to hold political power. Paine was, to be sure, far more revolutionary in his thinking than the Physiocrats ever were; yet, in the realm of political economy what they offered was a deep insight into the causes of the maldistribution of wealth. I have long been convinced that Paine's *Agrarian Justice* came about as a result of his exposure to physiocratic principles.

Many of those who were first influenced, at least in part, by reading Paine, would later in life become admirers and supporters of Henry George. Samuel Clemens, who, Professor Kaye writes, "genuinely admired Paine," eventually met and befriended Henry George in California and accompanied him on a speaking tour of Australia. Clemens' essay 'Archimedes' is Henry George on "the land question" as interpreted by Mark Twain. Louis F. Post, also mentioned by Professor Kaye, became Henry George's most dedicated supporter, serving as editor of George's New York newspaper, *The Standard*, and carrying on George's work after his death in 1897.

Paine's influence on the thinking of leading socialists, such as Eugene Debs, should not be surprising. George Bernard Shaw and other Fabian socialists traced their commitment to social causes to lectures delivered in Great Britain and Ireland by Henry George during the 1880s. Clarence Darrow also shared a great admiration for both Paine and George. In 1933, Darrow actually delivered an address to the Henry George Congress, held that year in Chicago. In a very real way, Paine's writing - more than that of any other else (eg Herbert Spencer's *Social Statics*) - added legitimacy to what people heard from Henry George. They were both men of the people, from the working class, possessed of remarkable intellects and a commitment to truth.

As proponents of departures from tradition and long-established socio-political arrangements, both Paine and George have been discovered by the opposing political camps. Within the Henry Georgist community there has long existed a strong individualist-libertarian wing. It has developed its principles under the tutelage of writers such as Franz Oppenheimer, Francis Neilson, Albert Jay Nock and Frank Chodorov. Others in the community, many of whom worked in government or in the professions, sought an expanded role for government and looked to the societal 'rent fund' as the source of revenue for meeting societal needs.

The individualist wing never abandoned Paine nor his moral principles, as interpreted by their leading lights.

We need to understand that the structure

“Paine was, to be sure, far more revolutionary in his thinking than the Physiocrats ever were; yet, in the realm of political economy what they offered was a deep insight into the causes of the maldistribution of wealth.”

of social democracy that exists in the West today is a tenuous compromise between the entrenched privilege and justice; between what John Locke described as liberty and license. Professor Kaye's work makes an important contribution to this understanding. The economist John Kenneth Galbraith coined the phrase 'countervailing power' to describe this accommodation, characterised by big business, big government and big labor. Fourth and fifth legs have been added to this stool since the end of the Second World War - a big non-profit sector and a big NGO sector functioning on the international arena.

For those Americans who accept diligence as integral to our responsibilities as citizens, the intellectual and moral struggle has been to both preserve and protect what is good, and to remedy what is not good; to expand the democracy and to secure equality of opportunity. The deep disagreement is over the

measures required to do so. And, here, Paine is an attractive source of powerful rhetoric for statists and anti-statists alike. Even within ourselves, the contradictions can be ever-present. The mainstream conservative tends to argue against restrictions on activity in the realm of property, but for restrictions in the realm of individual behavior. The mainstream liberal tends to argue just the opposite. Yet, in terms of public policy, these arguments often come down to differences of degree rather than absolutes. Did Paine ever compromise principle in the interest of incremental change or progress? Yes, of course. How else does one explain his friendship with and support of slave-owning leaders such as Jefferson? Or his willingness to help the American cause for independence by soliciting financial and military assistance from a despotic French monarchy? Yet, he consistently stated his views openly for all to read, and exposed himself to very real personal dangers from those he attacked.

To fully appreciate Paine, one must study Paine at some depth. This, Professor Kaye appropriately concludes, is the last thing the proponents of entrenched privilege want to happen. "Paine's texts may be selectively read and variably interpreted, but as much as those on the political right can quote and try to command him, Paine himself was no conservative. He was a radical, a revolutionary democrat. He fought to liberate men and women from the authoritarianism of states, classes, and churches and to empower them to think and govern themselves."

The contradictions emerge even when intent is clearly sincere. Thus, we should not be surprised by the example of President Woodrow Wilson. He campaigned for a global vision of a remade postwar world based on "revived ideas Paine first advanced in *Rights of Man*". At the same time he was side-stepping the Constitution in order to suppress opposition to United States involvement in the First World War. As Professor Kaye recalls, "Wilson and his appointees ... would license authoritarian acts and foment a reactionary political climate that would outlast the war itself." Paine would have been appalled at the Wilson administration's attacks on the freedom of speech and of the press. He would have been in the forefront of those calling for Wilson's impeachment and affirmation of the Bill of Rights.

I am heartened to find Professor Kaye crediting Louis F. Post with using his influence to counter the Wilson administration's harsh treatment of "radical immigrants and aliens." Louis F. Post was, indeed, a staunch defender of individual liberties. Professor Kay might well have added the name of another Henry Georgist,

book reviews

Frederic C. Howe, to that of Post. Howe was instrumental, as Wilson's appointed Commissioner of Ellis Island, in humanising the treatment of immigrants coming through that facility. Howe had gained his political credentials working in the mayoral administration of the Henry Geogist mayor of Cleveland, Ohio, Tom L. Johnson. Howe's book, *The Confessions of a Reformer* (1925) is an extraordinary commentary on the Progressive era and the emergence of liberalism in the United States.

The one person who, in my mind, ranks close to Henry George as lifting Paine's torch of cooperative individualism is only alluded to in passing by Professor Kaye. This is the philosopher Mortimer J. Adler. Among his accomplishments over a life that spanned nearly a full century, Adler served with Robert M. Hutchins (Chancellor of the University of Chicago and later founder of the Center for the Study of Democratic Institutions) as co-editor of the *Encyclopaedia Britannica* and as creator of the Great Books reading programme that continues to this day. Professor Kaye notes that as the United States entered the Second World War "a radio series on the 'Great Books of Western Civilization' dedicated a program to contrasting [Edmund] Burke and Paine on liberty." Adler's book, *The Common Sense of Politics*, written in the 1970s, is well-described as an update on Paine's *Rights of Man*. I have long felt these two books ought to be required reading for

any student of the liberal arts.

Paine's extensive body of work provides us with much to ponder. His willingness to seek truth and write objectively about what he found, regardless of the consequences to himself and his own standing in the world community, is a standard desperately needed today. Professor Kaye concludes that "conservatives do not - and truly cannot - embrace him and his arguments." Certainly, those who today call themselves conservative do not embrace the same moral principles as did Paine. Paine believed in universal moral principles. A world plagued by artificial scarcity continues to adhere to moral relativism - to the false principles of ethnic nationalism and pseudo-religious group sovereignty. Paine would certainly be dismayed that we have achieved so little after so much sacrifice.

Central to Paine's morality is the principle that the earth is our equal birthright; from that principle all law must arise. No person or groups of people have a greater claim to any portion of the earth - and its natural resources - than any other. Ground rent must be paid for the privilege experienced when the community (thought of in its universal sense) grants to some exclusive control over any portion of the earth. Absent this, those who labor - who produce goods and provide services - are at the mercy of the landed. Paine called for what I describe as a "labor and capital goods theory of

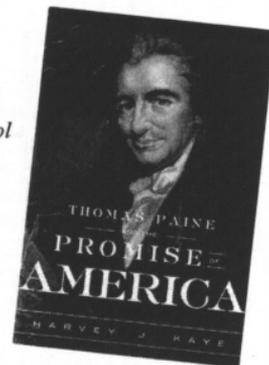
property" buoyed by public policies remedial in character (eg, inheritance taxes and the establishment of citizen trust funds). He put his faith in participatory democracy to allow citizens to decide the proper responsibilities of government; on what public goods and services ought to be provided out of the revenue raised by fair and equitable taxation. He is, without question, the father of cooperative individualism.

I join with Professor Kaye in hoping the expanding interest in Paine and his ideas will serve to stimulate a more sincere public discussion of what constitutes the just society. The revolution Paine helped to ignite is far from completed, and in many ways has been subverted beyond recognition. Despite what Paine wrote, the times that try men's souls have yet to come to a close. **L&L**

Harvey J Kaye: *Thomas Paine and the Promise of America* is published by Hill & Wang. ISBN

0 8090897 0 X.

Ed Dodson is the director of the School of Cooperative Individualism. He is the author of the three-volume work *The Discovery of First Principles*.



Plan B: try again, fail again, fail better

Geoffrey Lee is not convinced by Plan B2.0 and looks forward to its next version.

Plan B2.0 is subtitled *Rescuing a Planet Under Stress and a Civilization in Trouble*. The 2.0 indicates that this is an updated and expanded version of the 2003 edition. Plan A is, of course, the path on which we travel at the moment. We know where that

is leading us - to the day when the oil runs out; to global warming and rising seas; to dangerous climate change and to serious water shortages. One alarming picture the author paints is of the Aral Sea where the shoreline has retreated 165 miles from its original

ports, where ships lie stranded in the sands and the salt concentration in the shrunken sea has killed all the fish.

The Plan B solution includes wind power, gas-electric hybrid fuels, solar cells, reforestation, biomass, and stabilising population. Already, Brazil produces 40% of its automotive fuel from sugarcane-based ethanol, and China is the first country where fish farm output (*with its own issues - ed*) exceeds oceanic catch.

Although Plan B may alleviate our current and future global problems it is doomed to failure in its attempt to cure poverty and reduce the gap between rich and poor. The author estimates that Plan B requires an additional annual expenditure of \$161 billion. He points out that the world is now spending \$975 billion annually for military purposes. But if the

additional money is to come from governments under present arrangements, then the financial beneficiaries will be the landowners not the dispossessed poor.

Lester R. Brown, who is president of the Earth Policy Institute, seems never to have heard of Henry George or land value taxation. Unless he can write geogist economics into *Plan B3.0* we shall not be able to solve the fundamental problems that will undermine all his ecological and environmental proposals.

L&L

Lester R. Brown: *Plan B2.0* published by WW Norton & Co. ISBN 0 3933283 1 7

The author's organisation has concerns similar to the US-based Earthrights Institute to which the editor directs him: www.earthrights.net



An essential and enduring gift: Henry George's legacy in economic thought

Dr Alexandra Hardie reviews a book which maps out how the thinkers who came after George developed his ideas

This overview of Henry George's significant contribution to modern economics is in the form of eleven essays, each dealing with a particular aspect of the topic. The book is divided into three parts: historical background, theoretical issues and current debates.

Of the contributors - twelve members of faculty of economics departments around the world - seven are based in Australia. Compared with England, Scotland or Ireland - countries that Henry George visited several times, giving numerous speeches, yet having little immediate or lasting impact on policy - in Australia, the georgist message was accepted early on, and stuck.

The book's editor John Laurent describes how Henry George and his Australian-born wife, Annie, were warmly received in Australia on a lecture tour in 1890. Many leading Australians at the time were influenced by George's views, which chimed with national economic concerns - such as the need for agricultural efficiency. Land value taxes based on what George advocated were introduced in Australia. Up until 1952 such taxes were charged at all federal, state and local levels. However, the rates at which they were charged were relatively low.

The last chapter of the book, by Philip D Day, reviews the current situation in Australia and shows how, even now, the Australian tax system is influenced by georgist views. He remarks, however, that this fact is not well known. Day reflects on the problem which faces anyone who has been persuaded of georgist views. "For reformers," he says, "the essential practical target is the pervasive mindset, inadequately confronted by the Georgist movement, which so obdurately resists implementation of the logically irrefutable."

In the historical part of the book, Erin McLaughlin-Jenkins discusses the person of one particularly obdurate opponent of Henry George - Thomas Henry Huxley, 'Darwin's Dragon'. John Laurent shows how Henry George's ideas were influenced by the evolutionary theories of his times. These theories, with their emphasis on the struggle

for survival, had been inspired by the writings of Malthus. George, however, did not agree with Malthus over his concern about the limits of human population. George argued that human beings could use their intelligence to produce as much food as was needed.

Lawrence S Moss's examination of the 'Henry George Theorem' will repay careful reading. The Theorem was the work not of Henry George but of academic economists, from the 1970s onwards, who were influenced by georgist ideas. The Theorem shows how,

“The Henry George Theorem shows how, given a suitable land value tax, infrastructure improvements can be paid for out of the enhanced land values that arise directly from these improvements.”

to put it simply, given a suitable land value tax, infrastructure improvements can be paid for out of the enhanced land values that arise directly from those improvements.

The chapter by Terry Dwyer also considers infrastructure investment. It shows how georgist ideas can be used to counter the view, widely held at the present time, that the privatisation of natural monopolies is justifiable, even in the absence of firm regulation. Dwyer shows how the private sector can be encouraged to provide infrastructure even if it does not enjoy monopoly benefits.

What land ownership would mean if land values were to be taxed is dealt with by John Pullen: in effect, he argues, the result would

be a kind of restricted ownership. Elsewhere Pullen sets out how to deal with objections to land value taxation. For instance, the problem of the 'land-rich-and-income-poor', which he deals with, is nearly always raised in any discussion of georgist ideas. (One might imagine that all land is owned by poverty-stricken elderly widows!) His subject is well-worthy of the attention he gives it.

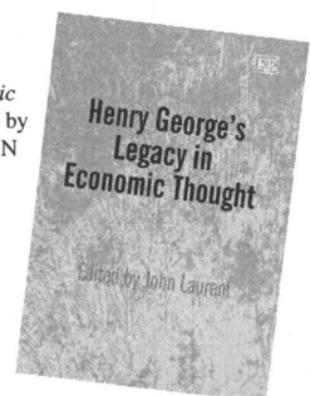
Those two contributions by John Pullen are particularly useful.

The breadth of coverage in this book is impressive. It ranges from a chapter by Rob Knowles on Leo Tolstoy's response to the writings of Henry George; through a chapter by Frank Stilwell and Kirrily Jordan on land taxes in Australia (which provides fascinating statistics on land values and on revenues from land taxes); to an equally interesting chapter (particularly from this reviewer's Scottish viewpoint) by Warren J Samuels, Kirk D Johnson and Marianne E Johnson, on the response by the Duke of Argyll to the arguments of Henry George.

A useful feature of this book is the provision of extensive bibliographies by the authors. Even someone well versed in this literature will find useful the lists provided here of material published on georgist themes.

John Laurent and his contributors have chartered the essential and enduring gift that is Henry George's legacy in economic thought. **L&L**

John Laurent, ed:
*Henry George's
Legacy in Economic
Thought* published by
Edward Elgar. ISBN
1 8437688 5 2



fresh thinking

Scotland's future - a dead loss?

In their second submission to the Scottish Local Government Finance Review, Fred Harrison and Peter Gibb set out something of the bigger picture for fiscal reform

Most conventional taxes impose a ceiling on economic growth. Wealth and welfare are damaged by the disincentive effects of taxes on earned incomes, on investments, and on people's savings. These taxes impose an 'excess burden' which inflict 'deadweight losses' on the wider economy. The UK Treasury's term for this loss of wealth and

(excluding North Sea oil) also contribute £5.2bn, which delivers a further deadweight loss of £1.6bn.

These five categories of taxation, therefore, deprive the people of Scotland, every year, of wealth and welfare equal to almost five and a half billion pounds.

If Scotland's revenue was raised with

the aid of public charges on the rental value of land, the economy would be free of deadweight losses. The academic literature is replete

with assurances that revenue collected from rents does not distort economic incentives. In other words, as Adam Smith noted in *The Wealth of Nations*, land value is "a peculiarly suitable" source of public revenue.

Consider, for example, what would happen if the Scottish Parliament exercised its powers to vary the basic rate of Income Tax by up to three pence. *Decreasing* the rate by that amount would reduce revenue from this source by £630m. To maintain public services, the sum could be raised instead by increasing the revenue collected from the rental value of land. The total tax take would remain the same. But this would not be a revenue 'neutral' shift. By reducing the Income Tax burden on Scottish wage and

salary earners, deadweight losses within the economy would be reduced. £189m is the additional wealth and welfare that would accrue to Scotland as a result of reducing in this way the damage that is currently inflicted on the national economy by Income Tax.

Using the Treasury's SOCEF measure, the deadweight loss of the current system of Council Tax and Non-Domestic Rates, alone, is estimated to be in the region of £569m. This is the opportunity cost to the Scottish economy of a halted evolution of its system of local government finance.

And the introduction of Local Income Tax, as some are advocating, would only further increase the deadweight burden on the Scottish economy caused by local taxation, to around £948m. These last two figures are likely to under-state the detrimental impact of LIT, as we discuss later.

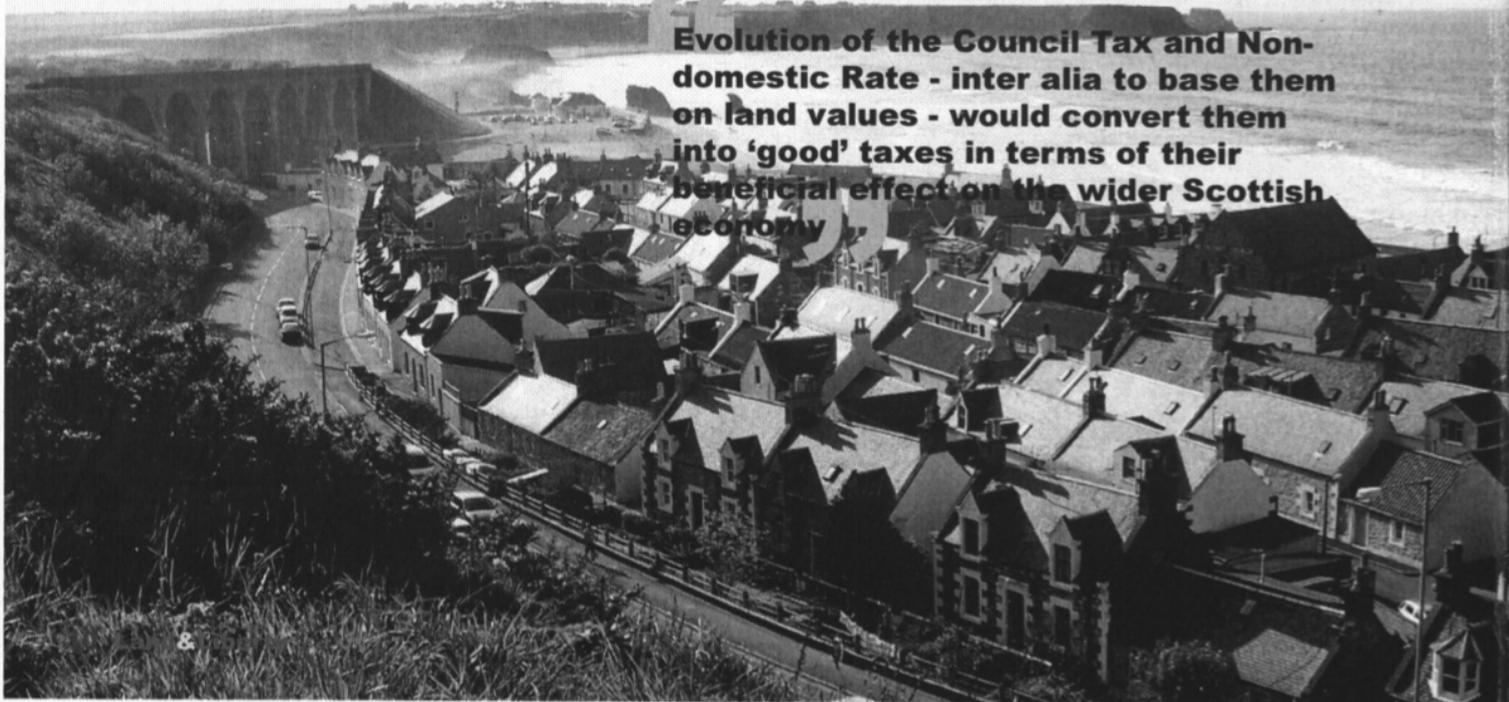
Scotland's fiscal contribution to Exchequer revenue is £31.4bn. It would not be correct to claim that 30% of this sum is a measure of the deadweight losses suffered by Scotland (£9.4bn). The total includes revenue from Council Tax and Non-Domestic Rates (£3.16bn). Some of this revenue is derived from the site-value of residential and commercial property. This sum, therefore, needs to be deducted from the contribution to the exchequer, to estimate the total loss of wealth and welfare. We also need to exclude revenue raised by local

The opportunity cost to the Scottish economy of failing to evolve our system of public finance is massive and ongoing

welfare is the 'Social Opportunity Cost of Exchequer Funds' (SOCEF). The measure of SOCEF which the Treasury uses is thirty pence in the pound. In other words, in the Treasury's own opinion and calculations, for every pound which it raises through a 'bad' tax, there is a loss of wealth and welfare to the wider economy of thirty pence that would otherwise have been enjoyed by people in Scotland.

This means, for instance, that the Scottish economy loses - every year - £2.25bn as a result of the £7.5bn raised from its citizens by means of Income Tax. Scottish people contribute £5.2bn to the national exchequer through VAT and Social Security contributions. This means there is a further loss of £1.6bn to the wealth and welfare of Scotland. Corporation and other tax revenues

Evolution of the Council Tax and Non-domestic Rate - inter alia to base them on land values - would convert them into 'good' taxes in terms of their beneficial effect on the wider Scottish economy



fresh thinking

authorities from sales, fees and charges (£1.96b), which do not entail an excess burden. Local governments also receive sums (such as from sales of fixed assets) that do not entail an excess burden.

For illustrative purposes

– and allowing for the deficiencies in the data – we assume that about £5bn raised by local government is free of excess burden. This means that Scotland contributes £26.4bn to the Exchequer by means of fiscal instruments that damage its economy. The SOCEF of this sum is £7.92bn. In other words, if all the ‘bad’ taxes were replaced, Scotland would be better off by about £8bn, year in, year out.

This £8bn in foregone wealth and welfare is the measure of the test that challenges the ongoing work of the Scottish Local Government Finance Review.

Can the people of Scotland afford to abandon the sum of £8bn this year – and another £8bn next year, and yet another £8bn the year after? How many additional schools and hospitals could be funded by the public sector’s share of windfall gains from tax reform?

Does any alternative tax reform deliver additional benefits of this magnitude? In fact, competing proposals, such as Local Income Tax, would increase deadweight losses. By eliminating Council Tax and Non-domestic Rates, the direct charge on site values would be diminished; so the excess burden again would be increased.

The empirical evidence leaves no doubt that site-value-based revenue is feasible at both the local or national levels. For an insight into how one state administration employs site-value tax, we recommend a visit to the New South Wales Valuer-General’s website www.lands.nsw.gov.au. This Australian state’s Land Tax (instituted in 1917) is fully explained on-line. Property owners can access a page that provides a land tax calculator and the downloadable *Land Tax Information Booklet*, which gives a full account of how valuations are made, how to lodge appeals against a valuation, and so on.

The practical nature of the ‘Rent-as-Public-Revenue’ policy cannot be seriously challenged. Should anyone

wish to take evidence from a European Union member that has employed Land Tax for eighty years, we recommend a

“Such an evolution of the current system is the only policy option before the Review which delivers the economic growth sought by its terms of reference”

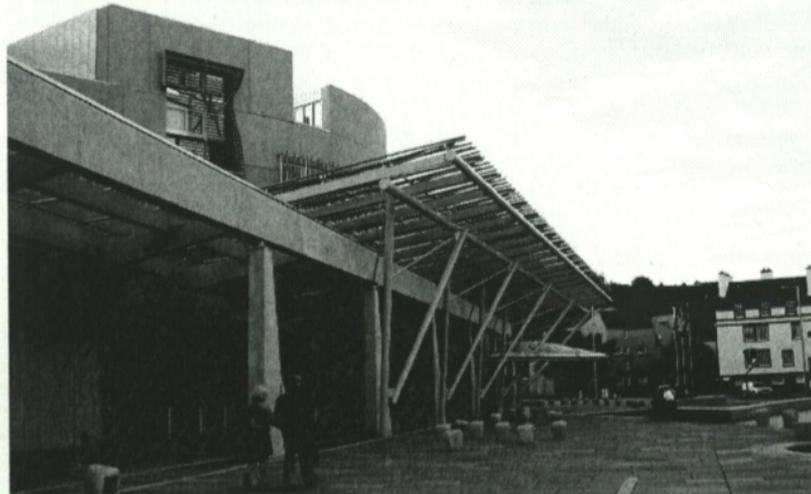
research trip to Copenhagen. There it will be discovered that appeals against land valuations for tax purposes are well below those directed at the Council Tax or its predecessor in the UK, the rating system. (We cite these examples not because we recommend the tax rates being used – which are inappropriately low, thereby depriving people of the potential social and economic benefits – but to demonstrate empirically the practicality of site-values-only as a revenue base.)

For our illustrative calculations, we have used the Treasury’s preferred measure of SOCEF: the loss of thirty pence-worth of wealth and welfare for every £ raised

by taxes that distort economic activity. However many distinguished economists report, in their academic literature, that the deadweight losses exceed such a measure by a considerable factor. One US professor of economics, Nicolaus Tideman, has specialised in measuring the impact of the shift from the ‘bad’ taxes to revenue derived from land rents. In his judgement, the loss of wealth and welfare is in fact closer to £2 for every £1 raised by harmful taxes.

The true scale of the fiscal damage inflicted on Scotland by its present systems of local and national taxation is actually considerably higher than the estimates that we have suggested above. Those charged with reviewing the present arrangements for paying for local public services and infrastructure may wish to take this matter into account when it formulates its recommendations to the Scottish Executive. **L&L**

“Evolution of the Council Tax and Non-domestic Rates is the policy option which would deliver optimal long-term political acceptability and public support”



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letter to the editor

Sir,

I read the article 'The New Council Tax' (L&L 1214) and believe that we will not sell land value taxation to the public unless there is built into the proposal a way of helping those who are in need.

The public is familiar with a plethora of benefits for those who cannot work, those in want of work and even those in work on low incomes. They will expect something similar in any direct tax policy. Explaining the benefits on their own will not sell it. People are used to a safety net being in place.

I suggest HGF tries to develop an off-peg policy for this perceived problem. One which could perhaps be phased out or just left unchanged and eroded by inflation. I do not believe people will accept the idea that the council would automatically take an interest in a property if the owner was unable to pay.

At present people who rent can get financial help if they are poor. It should be similar for those who own or are asked to pay a land value tax. Any scheme of assistance should be kept at a level based on a very modest property, or perhaps a minimum allowance, so that those in homes which are too large for them are forced to consider trading down into something smaller.

John James,
Washford, Somerset, UK

diary

22nd to 23rd February 2006, London

Conference **Regenex 2006 -**

Delivering Sustainable Communities

Labour Land Campaign will host a day-long seminar on the 23rd with several leading land reform speakers - go to www.regenex.co.uk

15th March 2006, London

Seminar **Housing Affordability: Tackling the Causes Not the Symptoms**

Land Research Trust Director Fred Harrison is among the speakers - go to www.thewaterfront.co.uk

15th to 16th March 2006, Morris, Illinois

Illinois Land Values Conference

Sponsored by the Illinois Society of Professional Farm Managers and Rural Appraisers and the Illinois chapter of the Realtors Land Institute - go to www.ilfb.org

4th April 2006, London

Conference **How Affordable Housing Can Add Value to Residential Developments**

Toby Lloyd, former HGF deputy chief executive, will be among the speakers - go to www.thewaterfront.co.uk

2nd to 8th July 2006, London

25th International Conference of the IU

See front page news item - go to www.EconomicsofAbundance.info

21st to 24th September 2006, Chicago

2nd Annual AMI Monetary Reform Conference

Among the speakers will be Steven Bohnsack, Dr Nicolaus Tideman and Dan Sullivan - go to www.monetary.org

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