

Philadelphia Foray

Josh Vincent talks to Land&Liberty about community level tax reform and how it's the coming thing in New York

L&L Tell us about your advocacy of land taxation and the conference that's brought you to the UK.

JV I'm over here to relate how the city of Philadelphia - the first major American city to have accepted the idea of land value taxation - is now beginning the process of implementation. We're at the point where the mayor has asked that the City Council introduce land value taxation in the fiscal year 2006. I'll be telling how the realtors association accept it is a necessary idea, and how we have the support of the faith community including the African American ministers, and that's a very strong contingency. Also the opposition in the city has now made itself known, which is useful to us, and I'm going to be speaking about that too.

L&L A good part of the experience you've had with reform has been at a local community level. How does that build up to success at regional and national community levels?

JV Our original successes with land value tax were at a very limited and local level: but small towns adopting it reduced the tax bills for working and retired and poor people. When the small towns started doing it, larger towns started to take notice - and Harrisburg and Allentown adopted land value taxation. About ten years later the city of Philadelphia, a major American city, started taking it seriously. This was simply because there were replicated results of greater construction and rehabilitation of derelict areas; and because working people, poor people and the lower middle class saved on their taxes, as did the most productive businesses.

And this in turn leads to New York. The very fact that Philadelphia is right now in the midst of learning how to implement land value tax is the reason that the City Council invited us to New York City to see what it could do for them. I think that once New York City does it - and it won't happen for years I'm sure - more and more notice will be taken of these ideas.

L&L The difficulty in the UK context of course is that government is very centralised and structured from the top down - with no provision for option in the way that local authorities raise their taxes: the same Treasury rules apply to one and all.

JV I know that the concept of a test case is not attractive to all-or-nothing types. And I

think land value tax people, such as myself actually over the years, have fallen into the all-or-nothing trap. I think the example of a laboratory being provided is probably the best way to get around it.

L&L One of the counter-arguments to smaller scale reform - Fred Harrison has spoken about this - is that a couple of the qualitative tests which a Treasury would apply to any potential new source of public revenue would be the tests of stability and buoyancy. That would require, in this case, land and housing markets to be much more constant than historically they have been. It's argued that such stability and buoyancy would only be delivered with land tax reforms of substantial effect.

JV I recognise the problem. But I think that a city such as Harrisburg, that really has studied land tax in the theory, knows that they have a resource that has barely been plumbed. I wish the city of Harrisburg would plumb the depths and see how much actual rent there is in land. They are starting to get a concept that what they have here is a revenue source that would more than make up for all their budgetary needs.

So it's not that I don't think it's a valid question. But I exist only in a very dull and grey and practical world and I can't worry about that at this point: I have to worry about a government just saying - OK I'll give it a shot. And that's really almost a self-limiting place that the Center and I have put ourselves in. We put ourselves in a very workaday world. So we haven't really approached that question yet. But yes I think it's valid.

L&L You've said that in that 'workaday world', when you doorstep people - canvassing citizens in the city - you can turn anybody's problems into a land tax solution.

JV I'm at this conference today talking transport. In Philadelphia there's a problem with funding what used to be - until about twenty years ago, like London - one of the best mass transit systems in the world. But every area that's served by mass transit in Philadelphia is surrounded by vacant lots and abandoned stores - and that's a pure example of land speculation. It's easy to walk a citizen through their experience in their neighbourhoods to see why holding land out of use and why having monopoly on land makes their own lives worse. And how if we tax the land more it will make their lives better.

And there are many more homely examples

that we can use. Why in the neighbourhood of Olney in Philadelphia are there so many arsons? The land right now is held by absentees - and it's a way of avoiding taxes by people that don't care about the neighbourhood!

L&L It's still early days, but one by one more Americans are deciding to shift their taxes to land. How many US citizens would you say are now benefiting from a split rate tax regime?

JV Well Philadelphia wouldn't adopt until 2006. But we have the cities in Pennsylvania that we've worked on, and there are the two of the four counties in Hawaii which use land value tax. I would say just under a full million US citizens.

L&L Citizens exercising grassroots democratic choice? You'd say that true democracy requires taxation democracy?

JV I think that we are starting to realise in the United States that something has to change. It sometimes surprises me, to think that people have it in them, but they really do.

People are realising that there are limits. And I think they realise it because of their own pocket books. Economics is what it always comes down to. And so I think we have a chance to start to maybe make a difference. But we have to be serious about our economics. I'm sure there will be increasing room for us and land tax ideas - just wait! **L&L**



Josh Vincent is the executive director of the Philadelphia-based think tank the Center for the Study of Economics. He was visiting London to take part in the conference Financing Transport Infrastructure Through Land Values. Read the full interview at LandandLiberty.net, where Vincent goes on to discuss bipartite American politics, Texas oilmen in Iraq, and the phenomenon of the yellow Hummer SUV.