

SADDLE-WISE



• COMMITTED: George Collins, left, James Tayoun, Dan Sullivan, Jacob Himmelstein, Steve Cord

By PETER POOLE

SEND me back my Four Horsemen, was the appeal from campaigning councilman James Tayoun when he launched a new bid to reform the property tax in Philadelphia.

The Pennsylvania city turned down a two-rate tax earlier this year, which would have reduced the tax burden on many owners of developed properties (see *Land & Liberty*, Sept-Oct, 1988, p.68).

Mr. Tayoun, a restaurant owner who is determined to keep the initiative, now wants to educate his fellow councilmen on the virtues of placing a higher tax rate on land values.

Addressing the Council of Georgist Organisations at Atlanta, Georgia, on July 29, he declared: "We are in economic chaos. We have a shortfall in the budget, which must finally be balanced. We will have to go back next year with another tax increase, and the year after that.

"Over the last seven years, property tax assessments were increased to the point that people who were paying \$400 for a small house in a dingy street are now paying \$800-1,200. These were hidden taxes paid each year."

Mr Tayoun informed the Mayor, W. Wilson Goode, that he was going to the Atlanta conference to lay his plans for a new campaign on the two-rate tax, and told him: "I am going to tell them that you are definitely

committed to this, and he said 'I am'." Said Mr Tayoun: "I honestly think we can do the job. We have got the information to sell the policy."

When the policy was debated earlier this year, Mr Tayoun received the support of four tax reformers: George Collins, Director of the city's Henry George School, accountant Jacob Himmelstein, Steve Cord, Director of the Center for the Study of Economics, and Dan Sullivan.

"Give me my Four Horsemen," appealed Mr Tayoun. "Give them the money to work with, and our first battle will be to get the school district squarely behind the two-rate tax. That would pick up four councilmen.

"We can take this city. You would not only be taking the city of the first class, you would be taking the entire state of Pennsylvania, because once Philadelphia goes the state goes.

"But I need my Four Horsemen. I don't want to go on radio and television shows, so I need their help. And we have got to stop the broad-brush smears against the land value tax.

"I want the Bill passed by the council before we get into serious discussions about the budget in January. I have no fear we can make it go."

• After the conference, Mr. Tayoun swung into action. The Bill to establish a two-rate tax which reduced the burden on buildings came before the council on October 15 as part of a 5-year financial plan for the city.

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ficult for first-time buyers to get a toe-hold in the property market. "We have already experienced a decline in home ownership among American families," Mr Riordan points out, "particularly in the prime home buying group of 25 to 34 years old."

In the 1970s, fraudulent appraisals were disguised by

the high rate of inflation.

If borrowers could not meet monthly payments, they could sell their homes at a profit and pay off the loan without suffering foreclosure. This was one reason why the climate of speculation in residential properties flourished: people "traded up" to higher-priced houses, all the time struggling to pay their mortgages which rep-

resented a growing proportion of their incomes. The struggle paid off: the investment return on their homes was enormous.

That stack of cards tumbled with the deflationary period heralded by Ronald Reagan. This gave rise to a phenomenon that has frightened the lending institutions: people literally walking away from their homes.

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