

Land-Value Taxation Around The World, *second edition, 1998*

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editor

(The editor of the second edition, Dr. Andelson, presented a review of it on August 1, 1998, at the Council of Georgist Organizations conference in Portland, OR. Following is a condensed version of that review.)

Have you ever looked at a familiar friend, and suddenly realized that he was old? And not just old, but losing his ability to function? Well, I did, slightly over three years ago. The friend was a book that I had long prized and often used — Land-value Taxation Around the World, published by the Robert Schalkenbach Foundation in 1955. When I realized that so much had transpired since 1955 that my friend was fast becoming little better than a useless relic, I approached my fellow board-members at the Foundation, and said: "This book should have been updated long ago. It's an essential tool that's become rusty and inadequate." They agreed, and persuaded me to undertake the task of editing a new edition. The contributors to the original edition were all dead, and finding individuals competent to update their chapters was anything but easy. Finding people to write totally new chapters on countries that had not had land-value taxation in 1955 was even harder. However, I am pleased to say that the second edition became a tangible reality in time for an advance copy to be officially presented at the international conference, "Henry George Reconsidered," held at Maastricht University in the Netherlands on October 29, 1997, the exact centennial of the date of George's death. That copy had neither a foreword nor an index, but both omissions have since been rectified.

The preface of the first edition opened with a descriptive statement, that applies equally to this second edition. "This book deals with the efforts made by various peoples to take for public purposes their geographically and socially produced land values, an object of which Henry George is universally acknowledged to be the most famous, elegant and thorough-going exponent." Thus land value taxation is

understood in both editions to encompass more than a literal construction that the term would indicate, for the capture of geographically and socially produced land values sometimes takes other forms. Since land in economics is a synonym for nature, severance taxes on extractive resources may be the most appropriate mechanism for such capture.

Where land is publicly held, its rent may flow directly into public coffers, without passing in the form of taxes through the hands of private owners. Some attention is paid to both of these alternative approaches in this volume, but the primary focus is on land value taxation in the narrower sense — in other words, site value rating. Over the more than two-score years that have lapsed since the publication of the earlier edition, so many changes have taken place that the present edition is of necessity essentially an entirely new book.

It begins with a foreword by Warren J. Samuels, Professor of Economics at Michigan State University, who has long had a sympathetic interest in the topic. This is followed by a fairly lengthy introduction by its editor.

Part One, The Ancient and Medieval World, is one of the new features introduced in this edition. The first chapter by Michael Hudson is on Mesopotamia and Classical Antiquity. As you know, Dr. Hudson left a successful career as a Wall Street bond specialist to devote himself to historical and economic research. Through his analysis of early Mesopotamia and institutions is raised a neglected issue that needs to be addressed today. That is the relationship between mortgage banking and the public capture of land values.

The other chapter in Part One is on European Feudalism. Its author is Sir Kenneth Jupp, a retired Justice of the British High Court. It concludes that "taken as a whole the number of days annually that the feudal tiller of the soil was obliged to work on his lord's domain is certainly no greater and may well have been considerably fewer than the 128 days that an American is obliged to work for Uncle Sam and his state and local uncles. For his labor,

the medieval peasant received, in addition to his protection, a cottage with garden field and access to the village commons. Although this system was far from perfect, it did represent a rough effort to make the tenure of land conditional upon the performance of public and social obligations. It was only when these two elements became severed that the injustices attributed to feudalism became rife.

The remainder of the book is organized into parts comprising major geographic regions, and within the parts chapters are arranged alphabetically by country.

Part Two, the Americas, begins with Argentina, a nation that actually implemented a measure of land value taxation before Henry George was even born. The tale of brief provisional success, abandonment, and unavailing attempts at restoration is arrestingly recounted by Fernando Scornik Gerstein, a lawyer who served as Special Chairman of a Commission on Land Taxation in the Ministry of Agriculture. A tragic highlight of this tale is the little known fact that General Pedro Aramburu who had restored civil liberties as provisional President for three years, shortly after the overthrow of Juan Peron, was preparing a decade later to seek election to the Presidency on a platform of land value taxation when his life was cut short by assassination.

Garry Nixon, head of a tax consulting firm with offices in Vancouver, British Columbia and Cork, Ireland, did the treatise of Canada, showing that its efforts at land value taxation, once trumpeted as Georgist triumphs, were at best half-hearted and feeble. This chapter deals mostly with mineral taxation.

John Strasma, Professor and Director of the Center for Development at the University of Wisconsin, contributed the report on Chile, where he taught economics for more than a decade. Since Chilean farmland is assessed at its potential production value, even the official tax rate of 2 to 2-1/2 percent could yield substantial public revenue if assessments were kept up to date, but they are not.

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tions and United Nations mandates, the system's effectiveness there has been vitiated by political instability.

Finally, Part Seven, The Antipodes, comprises chapters on Australia and New Zealand.

Geoff Forster, editor of scientific research papers and active in the Land Valuers Research Group in Melbourne, wrote the first of these. It contains, among other things, a discussion of a study published in 1960 by that body, under the direction of the late A. R. Hutchinson. It is a study that I mention particularly, because I believe that it has never been surpassed as a compelling brief for the practical social benefits to be derived from the public appropriation of land values. It is listed in the Schalkenbach catalog. What makes this work so compelling is that it compared the three Australian states where unimproved value rating is universal or predominant with three in which it is less common or non-existent. It does so not just in terms of the usual criterion, the easiest criteria - the number of building permits issued, but in terms of broad range of indicators, including land under cultivation, value of improvements, volume of retail sales, population gains through immigration from other states, etc. It was found that all indicators, without exception, varied according to the degree that the system was in use. This study could not be wholly brought up to date because a change in the government's methods in gathering and compiling statistics rendered much of the data no longer available. But to the extent that they were available, they confirm these facts.

It is fitting that New Zealand, the country described by the late Dr. Rolland O'Regan as country at the end of the world, be represented by a chapter at the end of the book. Its author is Robert D. Keall, whose background is in finance and investments and who served as the right hand of Dr. O'Regan, who handled New Zealand in the first edition. By 1985, 90 percent of all New Zealand municipalities had opted for site value rating, which supplied about two-thirds of local revenue. Its impor-

tance was never actually so great as might be supposed from this figure since local authorities there are responsible for only certain amenities and not for such essential functions as police and education. Nevertheless, at the time of the first edition, it seemed not only well established but also to be moving forward on its own momentum. At the decade's end, what Bob Keall described as "deviously contrived reversions" to capital value rating took place in the three main cities where it existed, Dunedin, Christchurch, and Wellington. This was done by the municipal authorities at the instigation of central government in such a way as to preclude a public referendum.

Because the degree of land value taxation in actual operation is usually too slight to provide definitive data that clearly outweigh other factors, there is a paucity for hard empirical evidence for its success in practice. Yet the evidence that does exist is consistent and its cumulative weight though not

entirely conclusive is at the very least impressive.

This system has worked wherever it has been given a fair trial to the extent that it has been given a fair trial. The evidence in those places where it has been given something of a trial demonstrates that it is deserving of a much fuller trial than it has yet been given. Let's keep on working on that end. In that direction lies the hope expressed in the Pledge of Allegiance, the hope of liberty and justice for all.

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