

LAND VALUE TAXATION & POVERTY



MITCHELL S. LURIO
Boston, Massachusetts

War against poverty has been declared. Just as we predicted a few weeks ago the basic cause of poverty is to be disregarded. Only the symptoms are to be treated. This is par for the Washington course!

We who believe in Land Value Taxation, that is the placing of the entire real estate tax on land value and the untaxing of all improvements, are used to such evasions by whatever party happens to be in power.

Obviously one of the requirements for the holding of high office in America is NOT to know the real cause of poverty. Just knowing would disqualify anyone on the way up. No one who understood has ever reached the summit.

Poverty begins to manifest itself when population pressure pushes up the demand for and the price of land. When men find themselves shut out from good productive land and well located land sites the economic erosions of life begin.

Good productive land is plentiful. But all desirable land is made artificially scarce because the traditional tax on land is so light that those who hold title to land are enabled to keep the choicest sites out of use until an exploitive price is met. If the land is in use they can claim in rent a large portion of the rightful earnings of all engaged in whatever the business happens to be.

By placing a higher tax on land, whether unimproved or in use, and by untaxing the improvements produced by labor, we do two very important things. First, we diminish the power of the landowner to claim exploitive prices, thereby making good land sites available to all for homes, shops, stores and factories; second, we remove the penalty, now

everywhere imposed, for producing wealth in the form of homes, stores or manufacturing plants and the things produced therein.

It should be the function of good government to see that all who need land for productive purposes are enabled to secure land and to work on it without having to pay tribute to anyone; also, to see that no unnecessary hindrances be thrown up which might make the producing of wealth more difficult.

Some people will cry, "Confiscation". But by taxing land according to its true value, even though the higher tax does lower the price of land, the accompanying untaxing of improvements tends to soften the blow and to offer great advantages for future use and development. If the title holder does not choose to use the land he can avoid the tax by placing the land on the market.

A great wrong has fastened itself on our people. It has made the struggle of daily living unnecessarily severe. It has produced obsolescence and decay. It has bred poverty, crime and disease. It has divided men into classes and made the spirit of brotherhood more difficult to achieve. The gulf between the haves and the have-nots has bred cynicism and encouraged sharp dealing among the nimble witted and just plain crime on the lower levels.

So far-reaching and fundamental are the possible advantages of Land Value Taxation that it is little wonder that those who understand it are inspired with a religious zeal to share their understanding

This advertisement was paid for by Mitchell S. Lurio of Boston, Massachusetts, who visited in Erie this week and was thrilled at the prospect of an American city adopting Land Value Taxation.

**ERIE LAND TAX ASSOCIATION—2217 PENINSULA DRIVE
PHONE TE 3-0229**

"My original interest in Land Value Taxation grew out of my concern for central city blight. Later I came to realize its many advantages. Study it. Erie needs it badly."

Robert D. Meyer, Engineer,
General Electric Co.
And E.L.T.A. Director



WAR ON POVERTY?

A new catch phrase has just come out of Washington. Our president has "declared war on poverty". Suppose we all draw up our chairs and watch. How will he mobilize his forces?

Listen carefully and see if anyone in Washington ever mentions LAND. Don't bet it will happen before you eat again. You will starve to death. Don't offer to "hold the breath" until someone in Washington mentions Land Value Taxation.

To us of the Erie Land Tax Association this is a heartbreaking situation. In recent months we have come into collision with the facts. We know now that poverty will never be dealt a lethal blow until LVT has been applied. It is the primary antidote.

This is how we see it. Poverty is born when men are shut off from land. As long as there was good land to be had for the taking poverty never had a prayer. Production may have been slow but there was no poverty and no indigent class. Everybody worked who wanted to work.

When all the good land was taken up and the landowners and the speculators were able to claim high prices our troubles began. Rents increased, living costs soared and the burdens of taxation grew. Nobody suspected that all this was related to the local policy of taxing real estate. Nobody realized that the lower land is taxed the higher in price land becomes. The land speculators laid the founda-

tions for each successive depression as local governments fell into the practice of taxing everything in sight except land. With this policy of sheer ignorance poverty was born.

Poverty is not something that can be destroyed by the upper echelons of government. It is born back where the local governments establish their tax policies on land.

There is one thing that the leaders in Washington could do. If they only understood the problem in the first place they might launch an educational campaign to make clear the meaning of the phrase, "Collect the publicly created value of land into the public treasury to bear the public expense." When this is understood and done our battle against poverty will have been won.

Because we know these things are so, we say, "Let us stop looking to Washington. We have the right to tax land value here and now. This is the best way to deal with poverty. This alone will raise wages, lower rents, decrease living costs, encourage industry, rebuild our city, wipe out slums, create jobs and keep freedom and opportunity alive".

Give us a chance to prove that we are right. Plan to attend our five week course in Fundamental Economics at the Central Y beginning next Tuesday, Jan. 28 at 7:30. Buy a book worth ten dollars for \$2.00, and the course is yours, "for free".

Call the Y or ELTA for particulars. ELTA, 2217 Peninsula Dr. TE 3-0229.

DOES LAND VALUE TAXATION REALLY WORK?

Forty-eight years ago they adopted Land Value Taxation in Sydney, Australia. All buildings and improvements were untaxed and the entire real estate tax was levied against land value.

Sydney was old. Blight and decay were rampant. The business district was obsolete. Slums were bad. Old shabby buildings were everywhere.

Today Sydney is beautiful. The business district is resplendent. Fine homes and large apartments house its two million people.

Gradually the idea has spread. Permissive legislation, such as we have in Erie, has paved the way for local authorities to adopt LVT. Today hundreds of cities and whole states in New Zealand and Australia tax land value, and buildings are all exempt.

Once such a tax policy is instituted there are never any returns to the old system. The people who own property like the system and protect their interests by refusing to allow selfish land speculators to talk the government into rescinding its action.

Statistics galore are available to any who might wish to check the facts. The facts are that in every community or state where the land tax policy is in force more houses are built, more stores are modernized, more factories are established, and the drift of population is always toward the LVT community and away from the communities that still use the old system.

But some people say, "But that is in far away Australia. How do we know it would work here?" To this we simply say, "Land is

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Call or write ELTA, 2217 Peninsula Dr., TE 3-0229



DR. H. G. BROWN

Dr. Harry Gunnison Brown, retired Professor-emeritus of Economics, Univ. of Missouri. Now living in Meadville. Available for conferences or lectures on LVT.

In his book "The Effective Answer to Communism" Dr. Brown has a chapter on "The Challenge of Australia Tax Policy" and gives many statistics on the effects of what is called site-value taxation in that country. We have ten copies of the book and will send complimentary copies to any who call TE 3-0229.

land and men are men everywhere. If land is bought and sold you may depend upon it that men will always behave the same, whether in 500 B.C. or 1964 A.D., whether in Paris, Manila or New York."

Real estate taxes in Australia are not used to cover as wide a range of community expense as they are in America. The federal government supports the schools. This means that they do not collect more than 50% of the full economic rent of land. However, they do collect more than is done in other countries and they never tax buildings at all. All told, the effects are highly beneficial.

LVT has been tested in the only laboratories available to the political economist. It has come through with flying colors. There is no longer any question that it will work. That has been demonstrated. Guinea pig cities are passe. Experiments have been completed. The findings are all positive.

Canberra, the capital of Australia has enjoyed LVT since it was established. The government leases all land sites. There never have been any taxes on buildings. Canberra is one of the most beautiful cities in the world.

WHY ELTA SAYS TAX LAND VALUE

There is nothing in all the world like LAND. It is unique. Yet, there is perhaps nothing in the world that is so little understood.

Public awareness of the importance of land in our economy is minimal. Seldom is it ever mentioned by those who grapple with economic problems or try to analyze economic conditions.

There is one fact about land that must never be forgotten. LAND is the one absolutely necessary factor, apart from which no wealth of any kind can be produced by anybody, anywhere. If land is not available to those who need food, clothing or shelter, none of these things can be produced.

Having stated thus categorically the unique importance of land we can see our fellow citizens employing the devil's own gesture, the shrug, and saying in careless incomprehension, "So what?"

This is "what." Every bit of good usable land is being held by someone. Some is in use and some is being held out of use "for a price." The point is that every bit of good usable land is being held by someone.

Taxes on usable land are minimal, whether it is being used every day as is the land under The Boston Store, or whether it is land such as the worshippers at The Cathedral see every Sunday as they leave the church. There it is, good, usable and very desirable land with a shanty in the center.

The Boston Store pays only one sixth of its enormous tax of \$115,746.00 on land. Under full LVT its tax bill would be about \$70,000.00, but it would ALL be on land. Then it would be free to do anything it might wish with the building without further tax penalty.

The point is this. The government now requires minimal taxes on land, whether the land is vacant or in use. For this tiny sum it agrees to protect all rights to exclusive possession. Most land is under-assessed to begin with. Then it is so flagrantly under-taxed that



MRS. JOHN D. FRIEDLANDER
Secretary to the Board
Erie Land Tax
Association

"Since learning about Land Value Taxation the word land has assumed a new significance in my thinking."

the government thereby grants a special privilege to a land holder by which he can hold society up at the edge of a title deed.

We believe all men should have the right and be protected in their right to hold land. We believe this is a primary function of government. What we object to is the disparity between what a landholder pays in taxes for his right of exclusive possession and what he demands from those who use his land or who want to buy his land in order to produce food, clothing and shelter.

Though there is plenty of land our present tax policy makes good usable land artificially scarce and forces the rent of land in use up so high as to make the justification for using the land a constant issue in the mind of the user.

There is only one cure. New deals, fair deals, new frontiers, "being willing to dream and dare," are all abortive. Nothing will work except a policy of Land Value Taxation.

Land is God's gift to man, not to one man or to a few men, but to all men. A good government will see to it that all its citizens have fair and equal opportunities to gain and hold exclusive possession of land.

Land is worth what men are willing to pay for it at any time and at any place. When land is assessed at its true market value and taxes are levied on land and land only, then, and only then, does the game of business and daily living become fair for everyone.

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