

## **WILL INDIA LEAD THE WAY (from page 14)**

hypothecated tax or benefit tax linking benefits to the community with the land taxes paid and demonstrating how the community or city development activities lead to land value uplifts for land-owners so that it is a win-win situation for all. Thus, I would like to suggest that, to start with, programs can be initiated under which land value taxation can be earmarked for infrastructure development which can be undertaken based on long-term loan, paid back through escrowed land value taxes/other sources linked to land. When land owners see that they benefit from the process they would support the same.

**SB:** Any final thoughts?

**PKM:** We would explore learning more about land value taxation and other land-based instruments. Land is a legitimate source of local public finance and can be used as a strong instrument of guiding city development, creating land value and benefitting both land owners and the society at large. George's theory and philosophy are clear. We have to interpret them depending on the changing realities and contexts.

Subsequent to this interview, I had dinner with Dr. Mohanty and Dr. Cay Hehner, Director of the Henry George School, here in New York City. We had a wide-ranging discussion, but here are some highlights:

Dr. Mohanty reminded us that India has a variety of local taxes and charges, because no single revenue source is enough for the needs of cities. Still, they do not tax the buildings directly, thereby avoiding that detriment to construction. The property tax consists of two taxes in most States: a general tax related to land value and service-related taxes geared toward meeting the costs of civil services. There is also a Vacant Land Tax, though it is not exploited by all cities. This allows for some land speculation still, but not as much as in the developed world countries. Dr. Hehner and I agreed that India, like most third world countries, is much more clear-headed about economic reform possibilities than America.

Infrastructure remains a top priority for India, which is building many roads, bridges, water supply and sewer systems, etc. for the first time. To facilitate this, there is an external development tax on new habitations/construction levied by some cities/city development agencies. For example, whereas in U.S. cities, a building may pay to simply hook up to existing power and sewer systems, in India, even in the cities, these things may have to be built well outside the building site, to connect to distant existent infrastructure. There is a tax or charge to do this. This can be seen as a hurdle, discouraging building, but the funds must come from somewhere, and at least it is not from general revenue, but from those who will profit from the development in the end. There are service charges for water, electricity, trash collection etc. all municipally provided. This too, is Georgist in the broader sense, discouraging profligate use of these necessities, while still providing the service.

The shantytowns, what Americans might regard as slums, exist in all major cities, and have grown up spontaneously over decades, or longer. Dr. Mohanty points out that a way must be found to include the small-time landlords on whose lands slums have come up in any future "verticalization" of the dwellings of the poor, or new developments cannot be done. No formalized workout to this problem has been found yet, but housing for the poor is proposed as part any new housing development as a policy. That the poor cannot be simply "swept aside" is testament to their participation in voting

where "The poor, who comprise the majority of the demographic, are more likely to vote than the rich and the middle classes, and turnout is higher in rural areas than urban areas" ([http://en.wikipedia.org/wiki/Voter\\_turnout](http://en.wikipedia.org/wiki/Voter_turnout)).

India, in short, faces many of the challenges of the West, but several unique challenges of its own, and Georgism, updated for that country, offers some solutions to the problems of urbanization. Dr. Mohanty says, "There is a general realization that urban land should be used as resource for planned urban development." We look forward to hearing from Dr. Mohanty and possibly others about this exciting opportunity. <<

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## **OBITUARIES**

### **FRED SPIES KARN, 1918- 2011**

Fred Karn died June 13, 2011 at the age of 93 in Ohio Twp. He was a member of the Board of Trustees of the Center for the Study of Economics, and also was vice president of the Pittsburgh chapter of Common Ground-USA. Fred Karn took the Progress and Poverty course from then Pittsburgh Mayor William McNair in the mid-1930s. He was a 50-year member of a Great Books discussion group. Fred was a 1939 graduate of Carnegie Institute of Technology, and a WWII veteran. He was a chemist with the U.S. Bureau of Mines researching conversion of coal to liquid fuels. An avid fisherman and hunter, he was a member of the Millvale Sportsmen's Club.

Fred was the husband of Gloria Stoll Karn; father of Vera (Tom) White, Shari (Frank) Mastalski, and Keith (Jill) Karn; grandfather of Erin Tetterton and Shawn Cregan, Alex and Adam White, Emma, Elijah, and Henry Karn. Fred was a member of Northway Christian Community, where a memorial service was held June 18. <<

### **JOHN A. MORALES, 1913 – 2011**

John A. Morales was born August 28, 1913 and passed away March 28, 2011. He has been a resident of California, MO. Common Ground-USA learned of his death when our Common Ground-USA Letter Lobby kit addressed to him was returned, marked "deceased" by Morales-Kuhn to whom it had been forwarded in Moberly, MO. Your GroundSwell editor had the privilege of meeting him at the CGO conference in Plainfield, NJ in 1997. He also attended the 1994 CGO conference in Fairhope, AL and the 1992 CGO conference in the Dominican Republic. His career was spent working in the Panama Canal zone. According to Georgist News editor Jeff Smith, he tried to recruit his family and for a private individual was very generous toward the Forum on Geonomics. <<