

**LATIN BEAT: THE LTV DRUM IS  
HEARD IN COSTA RICA**  
By Tom Gihring, Seattle, WA

To ward off the post-election doldrums, my wife Celine and I flew south on a 2-week visit to Costa Rica. You have certainly heard of this country's stable democracy, pride of neutrality, and progressive conservation ethic. Because of its well-deserved reputation, millions of tourists make their way to this nature paradise from all parts of Europe, North America, and Asia to immerse in its bucolic beauty and friendly culture... not to mention the million immigrants who now reside here.

One of the most popular destinations is Monteverde, the crown jewel of the cloud forest reserves situated on a 3500' plateau in the Guanacaste region. Tucked in amongst a vertiginous network of bone-jarring roads is the village of Santa Elena, a community founded by Alabama Quakers who fled the draft in 1951. One of the leading residents of this community is Wendy Rockwell who was raised in Fairhope, Alabama, the Georgist enclave in Mobile Bay. Fellow Georgist Wendy lives in a modest compound with her husband Jim Brouillette and two teenage daughters. By fortuitous circumstance, the Fonda Vela Lodge where we were staying is located only a few minutes by bumpy taxi ride from their house.

Following a couple of days on the Sky-Trek in Reserva Bosque Nuboso Santa Elena, I seized the opportunity to learn a little about local Costa Rican politics from Wendy -- who is an elected representative on the district council. While the country has made marvelous progress in developing ecotourism and using the land wisely, its tax structure leaves something to be desired. Yielding to the temptation to capture tourist dollars, the national government imposes a 13% sales tax on all goods except food staples -- the largest revenue source. This funds schools throughout the country, but otherwise very little is returned to local communities. There is also a national income tax. Local governments raise a modest amount of revenue from a business tax, a 1% tax on new construction, and a property tax.

Now Wendy has come up with the idea of a non-revenue neutral land tax to replace the sales, construction, and business taxes. This will be locally administered, so that the lion's share of the revenue does not get 'lost' in San Jose. (And why not? Three former presidents have been indicted for corruption; two of them are already in prison.) The LVT is a visionary proposal that requires considerable salesmanship to achieve. Nevertheless, capturing surplus land values is not an entirely alien concept in Latin America. Some years back, Colombia instituted the Contribucion de Valorizacion, accounting for a growing proportion of local tax revenues. So, let's hear it -- "Three cheers for Wendy!" We all wish you well in your endeavors, and want to offer you our support.  
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