

TAX LAND RATHER THAN BUILDINGS, WAGES

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Public Opinion staff writer Sally Brady did a first class job with her 10/18 story on affordable housing entitled "Housing costs a stretch for minimum-wage earners." When a basic need like shelter takes more and more hours of hard work to procure, in the midst of a boom economy, it is time to question some basic fundamentals of how our economic system is structured. Middle and lower incomes have advanced little or nothing, while the wealth at the top levels has increased multifold. The top 1% of the American people now have more wealth than the bottom 93%. Why the growing rich/poor gap? Why does the market not work to provision affordable housing? Is there a better, fairer way?

I left Chambersburg as a young woman 25 years ago with such questions and concerns in mind. I came back 10 years ago with some answers. I had learned that the root cause of the problem in market economies which causes this maldistribution of wealth is the treatment of land and natural resources as commodities for speculation and profit. Since there is no "land supply factory" that can produce more land, land prices keep going up. To have a "fair" free market system, we need to eliminate speculation and profiteering in the land. This is really a very basic Judaeo-Christian ethic, that the land is God's gift to all. (see Leviticus 25:23, Eccles. 5:9 or Ezekiel 33:24, for instance.)

There is a way to structure our system of taxation so that workers can keep more of their earnings while land prices can remain affordable. This tax approach removes taxes from homes, buildings and wages and shifts taxes onto land sites to eliminate speculation and private profiteering in land. In essence, it is based on the ethic that the earth is the birthright of us all - equally. A land value tax is like a rental payment to the community as a whole, which then pays for services that the community needs. It puts land sites to good use to meet basic human needs like shelter.

This very practical tax reform has been making headway in Pennsylvania where eighteen cities have adopted it to some degree. Harrisburg taxes land values five times more than buildings and this has resulted in great improvements in that city which once had more than 4000 boarded up buildings and now has less than 400. Good jobs were created as people got to work building and repairing the housing and shops that they needed.

Several years ago I worked with Senator Punt to pass a bill which gave the boroughs of our state the option to implement this local tax reform. My colleague Joshua Vincent, director of the

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Center for the Study of Economics, did a study for the borough of Chambersburg which we presented in July of this year. We showed how this approach could stimulate economic renewal and development in Chambersburg and promote more affordable housing.

Sadly, I must report that there was very little interest shown by Chambersburg Town Council members. Several voiced concern that some vacant property owners would pay more under this system. But that is the point—to stimulate the market to produce what people need—namely, affordable housing and thriving business downtown. As in Harrisburg, when you tax land instead of buildings, property owners are encouraged to do what is needed to provide quality, affordable buildings for housing and business. Some of the Council seemed to be more interested in protecting land speculation than in getting really serious about solving the affordable housing problem in our community.

Some Town Council members have blasted the Franklin Coalition and those concerned about historic preservation for impeding development in town. And yet when we offered a proven approach to encourage development throughout the borough which at the same time allows for historic preservation, ears seemed to be deaf. Very disheartening.

My heart goes out to Maria Goode and all the other low-income wage earners in our community who work so hard for so little. I have been there myself. It stinks. It is the stench of a fundamental injustice. Let us begin to work together for a positive change.