

INSIGHTS

Sept-Oct, 1997

Volume IV, No. 11

Published by **Common Ground-USA**

Address communication to **Stanley Sapiro**, writer or **Marion Sapiro**, editor

24677 Royale Ridge, Laguna Niguel, CA 92677 Phone: (714) 495-3805 Fax: (714) 495-3809 E-mail: mesapiro@aol.com

We can presume to forget—or we can heed the most searing lesson of this century, which is that evil, when unopposed, will spawn more evil. Madeline Albright, U.S.A. Secretary of State

JAPANESE RULING PARTY SET TO ELIMINATE LAND TAX BASED ON RECOMMENDATION MADE BY "THINK TANK" FUNDED BY LINCOLN FOUNDATION ?

Japan's venal ruling Liberal Democratic Party stated its intent to eliminate Japan's insignificant land tax, based on the recommendation we suspect to have been made by the Lincoln Institute of Land Policy (LILP). LILP is funded and wholly controlled by the Lincoln Foundation. What is extraordinary about that? What is extraordinary is that the articles of incorporation of the Lincoln Foundation mandate that all of its funds be used to teach and expound the ideas of Henry George as set out in *Progress and Poverty*. A comparable situation would arise if our Federal government enacted a bill eliminating our army and navy on recommendation of the American Legion, or a program urging the smoking of cigarettes based on the recommendation of the American Medical Association.

The *Daily Yomiuri*, Tokyo's English language newspaper reported on October 16, 1997 that the Liberal Democratic Party was poised to prepare measures to suspend the Japanese land value tax. This was reported to us by Fred Foldvary and Richard Biddle who pulled this information from the Internet.

The report indicated that the Liberal Democratic Party was relying on a private "think tank". We suspect that this "think tank" was the LILP and the report was prepared by Professor Koichi Mera, a virulent opponent of the ideas of Henry George. Mera wrote a report, subsidized by the Lincoln Foundation, which was published and promoted by LILP. This appears to be a flagrant violation of the Lincoln Foundation charter, and of Federal and State laws forbidding such activity in support of proposed legislation by charitable corporations.

For those of you who did not read our previous article on Mera's mischievous

activities, he was described by LILP as being a "Lincoln Resident." His article was entitled, "The Failed Land Policy, a Story From Japan." You can order it from LILP for \$7.00. In his treatise, Mera asserts that the economic problems in Japan were all caused by the imposition of its minuscule tax on land, its land assessment reforms, and its capital gains tax. According to the Lincoln Institute's booklet, "The mere fact that the price of land went down implies that the asset value of the people in Japan was reduced, as land is an important component of the total assets." Prof. Mera added that "the economy was stagnated" by decreased land values caused by these measures which decreased land prices, which in turn led to serious economic slowdown, a reduction of "the wealth of the nation," shook trust in banks, and lowered spending on "consumer durables." Mera concluded that land taxes "caused a virtual collapse of the real estate sector," and lowered investment because of "uncertainty about the economy."

The *Daily Yomiuri* article stated:

"The Liberal Democratic Party is poised to propose measures to facilitate property transactions in an effort to revive the stagnant economy, including a de facto suspension of land-value taxes, sources said Wednesday.

The measures, which are set to be finalized on Monday, after coordination with the government, include the abolition of an additional tax on capital gains from the sale of land kept under corporate ownership for a long period. They also include the expansion of a tax deduction on housing loans and a corporate tax exemption for special purpose companies (SPCs) intended to promote the securitization of real estate.

The sources said the LDP plans to compile a supplementary budget to support farmers in connection with the Uruguay Round agree-

ment, under which Japan is committed to gradually allowing foreign agricultural producers access to the domestic market.

Business circles have strongly demanded abolition of the land-value tax, currently set at 0.15 percent, which is imposed on companies and individuals with holdings of more than 1,000 square meters of land.

A special LDP panel received a report from a private "think tank" that the abolition of the land-value tax would result in a revenue loss of about 152 billion yen, but would increase the gross domestic product by about 240 billion yen three years later.

The LDP's Research Commission on the Tax System is to take charge of revising the tax system, but the sources said there are strong views within the party that the land-value tax has completed its function as a measure to deal with soaring land prices during the bubble economy,

Thus, they are expected to propose a suspension of the tax.

The sources said the income limit of those eligible for a tax deduction would be raised from 20 million yen to 30 million yen.

The said final adjustments on the matter are being made and that a system enabling those who incur a loss in the sale of their homes to get a tax deduction even after the following fiscal year might be introduced.

The sources said the LDP decided to exclude profits from the sale of land held by corporations longer than a certain period."

It is disgraceful that persons with a fiduciary obligation to so manage the Lincoln foundation that it will effectively teach and expound the Single Tax should allow funds of that corporation to be used to help destroy those concepts and steer the administration of one of the great industrial nations of the world into political inequity and economic degradation