

## Sullivan Defends Georgist Perspective at Libertarian Greens Panel

Dan Sullivan, a past Chairman of the Greens Party and Chairman last year of the Allegheny County (PA ) Libertarian Party, responded at the August CGO conference in Portland to John Charles, Director of Environmental Policy of the Cascade Policy Institute, Portland.

Mr. Charles argued that there is no sprawl crisis. Oregon is now celebrating its 25th year of top-down state-mandated land use planning within urban growth boundaries. After 150 years of Oregon statehood, the Willamette valley is only 6% urbanized. Forest land and agricultural land predominate in Oregon, and that is mirrored in the United States. There is no reason to impose taxes or user fees or land taxation to allocate land resources more efficiently to make people live closer together, he observed. The cost has been plummeting of the most sprawl inducing technologies of the 20th century (automobiles/gasoline, computing, electricity, and telephone), so cost of living 40 miles from city on a 3-acre lot has been dropping. Why encourage people to do something other than what they want. Only 12 percent of Oregon's gross state product is derived from agriculture and wood, including processing. For the last 50 years we have been growing more trees than we are harvesting. There is no particular need to force people to

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live a certain lifestyle on economic grounds.

Mr. Charles argued for user fees because they are voluntary and a tighter fit between what you pay for and what you get. The fee provides market discipline in that the cost of the product has to relate to what the market will bear. Since the government got into transit subsidies in a big way in the 1960s, the cost of transit has skyrocketed. No private firm can compete with transit monopolies run by the government, subsidized whether or not they provide good service. Oregon has a regional payroll tax, more than \$129 million a year. We could lower the payroll tax which is Tri-Met's cash cow by 80% and transfer that directly to poor folks in the form of vouchers and let them pick among privatized users, he commented.

Taxes are coercive, Charles argued, and you are helping some paternalistic politician do things for you and set a tax rate at some arbitrary level. People have a hard time with user fees because they get hung up on low income things. The University of Oregon did a 1994 survey and found that most Oregonians of low education level don't use the public library. Nearly half of the adults below the poverty level who never set foot in a library are paying through their taxes for this library that mostly rich people use; it is a reverse subsidy. If you want to help poor people, the best way is direct assistance, a voucher program. The worse way to fund things is with a tax on everybody and transfer it through an inefficient government monopoly, he remarked.

Charles' concern is that once "my money is surrendered to the government,

they don't have a very keen interest in spending it wisely. We know that schooling can be provided in the private market. There are countries all over the world that have privatized Social Security. There are privatized fire bureaus around the country that do a great job. If we can get government out of those things and down to the two or three things that they have a legitimate reason to do, I don't really care how you collect the remaining taxes."

Mr. Sullivan commented that the roots of the Libertarians and the roots of the Greens are very similar. Thoreau had basically a very Green and a very Libertarian outlook. When they formed, the left wing was in shambles as the left wing realized nobody was interested in socialist nonsense any more, and they got on the bandwagon, and the Green party ended up with a lot of pink.

When the Libertarian party formed, mostly because they were really disgusted with Richard Nixon, they brought with them a few right wing notions. One is that a title says nobody in the whole world has a free right to step on this piece of earth. When the King said that to a fiefdom, it created a government exclusive right, and that is wrong. But when he gives it to an individual and creates a property right, they just let that go. That creates an inconsistency.

There are two conditions for the free market to work. There has to be freedom and there has to be a market. In a society where a person has to come up with some tribute to give to somebody as the official landholder, is that person free? While he is coming up with the money to pay tribute to that landholder, he is taxed every step of the way.

Let's look at the land value tax as a user fee. Let's look at whether the land value tax is coercive. If you don't have any land and you want some land, you have to pay somebody for that land, whether or not there is a land value tax. Apparently if I pay a landlord, that is not coercive. But if the landlord happens to be incorporated as a municipality, apparently that is coercive. If the landlord is not coercive, how is the municipality coercive? In a municipality you get to vote and have your democratic process that charges you and uses the money for what you voted for.

There is a relationship between taxes paid and services provided. When government paves my street, land values go up.

There is a political force that subsidizes transit companies; it is not bureaucrats but landowners out in the suburbs. The driving force behind big government is land speculation. It is the aristocrats, the landlords and landowners out in the suburbs, that want highways.

The whole municipality of Castle Shannon (PA) was owned by Castle Shannon railroad company. They built a private access street car line to Castle Shannon and then proceeded to sell off lots over a number of years in Castle Shannon. The reality is that the Castle Shannon railroad lost money on the railroad every year but they made a fortune selling land in Castle Shannon that was more valuable because the Castle Shannon railroad would get you there.

The six percent urbanized land figure skyrockets when you consider land bought up by speculators that aren't farming, in anticipation of housing projects some day. Actually people are packed close together

because of a lot of land speculators hold inner city land that they would love to be on. We don't need government-run municipal transit systems, but we do need land use patterns that will allow them to work.

Mason Gaffney has done great studies on comparing production per acre for the large corporate farmers compared with per acre with the family farm, and production per acre in states that have a high property tax compared with production in states that have a low or no property tax. And all the places that have a high land value tax or a high property tax that falls on the land have higher yield per acre and higher yield per dollar of farm land than the other states.

Mr. Charles said if you got rid of Portland's taxes and went to user fees, people would come flooding in and the economy would be great. Sullivan noted that is what California and Massachusetts did. Now they are rated 49th and 50th in creation of new jobs. People did come to California and Massachusetts and they bought it. The amount of foreign owned land after Prop. 13 doubled in 18 months. The mortgage payments and rent payments went outside of California.

Pittsburgh increased the tax on land and lowered the tax on buildings and went to \$600 million of construction the third year. Fortune Magazine wrote about it. There are 16 cities in Pennsylvania that have gone to the land value tax, and all of them have had a building boom. So empirically you have evidence that doesn't jibe that this is a tax like all other taxes. This is not a tax like other productivity taxes; it is a tax for payment for privilege.