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Abating Mid-East Conflict

Territorial disputes and territorial conquests dominate the dynamics behind war

Fact: Civilization rests on mutual benefit based on these social principles:

- Equal rights, objectified by the non-aggression principle including freedom of expression, religion, and freedom of trade.
- Ownership rights of the people actualized by the shared custodial use of land and undeveloped resources.
- Individual ownership and property rights to value-added fruits of individual labor.
- **The Law of Equal Freedom: A man shall do what he wills as long as he infringes not on the equal freedom of any other man.. It is reflected in the Golden Rule and truths found in the great religions: Do not do to others as you would not have others do to you**

Whether or not the Middle East re-organizes with new boundaries and jurisdictions, old population displacement disputes can be defused by reducing land prices and locally sharing the implicit rental income to land in existing jurisdictions. Peace can be enhanced with inclusivity of all residents in benefits from applying the above principles.

Specifically:

- Announce a date certain future increase in tax rates on the land component of properties and a reduction in tax rates on buildings (improvements). The resultant decrease in land prices as well as lower cost of construction would work to undermine current economic restrictions on affordability of residential property for the now disenfranchised inhabitants of all backgrounds.
- Implement the property value reappraisals incrementally, including oil and gas reserves (to exclude improvements and buildings).
- Confine taxes to 2-3%/yr., for example, on the geographic situate marked-to-market thereby creating new affordably available building sites while encouraging urban infilling of underutilized locations.ⁱ

This would immediately de-emphasize benefits exclusive to entitled land ownership. Consequent reduced defense expenditures that could lower income tax burdens on residents, along with removal of unnecessary regulatory impediments to commerce, could allow for rapid progress in living standards.

These measures include a modified version of Henry George's single tax, especially applicable to regions with unresolvable territorial disputes. They require no additional resources or government revenue, only shifts in opinion and strokes of the pen.

ⁱ Currently, according to the Tax Foundation, Israel, for example, derives 10.1% of its tax revenue from property taxes. Concrete examples of shifting taxes from improvements to land by instituting a two tier tax rate protocol on local property amply demonstrate the effectiveness of this simple adjustment. Harrisburg Pennsylvania, for instance, successfully accomplished urban renewal through a two-tier approach, i.e. lower tax rates on improvements than on parcels of land.

This required no intrusive zoning ordinances. In Harrisburg the number of vacant structures dropped from over 4200 in 1982, to less than 500 in 1994. With a resident population of 53,000 in 1994 there were 4,700 more city residents employed than in 1982. The crime rate dropped 22.5% from 1981 and the fire rate dropped 51% from 1982 to 1994 (*The American Journal of Economics and Sociology*, April, 1997).

The overall effect of such a change decreases the incentive for developers to seek land in far-flung locations often in agricultural use, or in forests or pasture in search of lower land prices. It helps correct the tendency towards sprawl and towards unbalanced public spending on new infrastructure, and avoids uneconomically stimulating development away from centers of activity. In some cities 25% of the land goes underutilized with much of absentee ownership waiting for property value appreciation due to almost no holding costs.