

## NIX NAMED PRESIDENT

Paul S. Nix was elected president of the Henry George School and Oscar B. Johannsen, vice president, by the Board of Trustees at its January meeting. Thomas A. Larkin remains as treasurer of the School and George Collins its secretary.

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January- February 1977

## NEW HEAD OF SCHOOL SEES TWOFOLD TASK AHEAD

The presidency of the Henry George School carries with it two interrelated tasks: 1) to bring seemingly disparate views into cooperative effort toward our common goal; 2) to assure the most effective allocation of the School's limited funds.

It is characteristic of those involved in the furtherance of George's ideas and ideals to have widely divergent views as to the best way to achieve the ends we seek. Lack of unanimity is to be expected because there is no way of quantifying achievements in this area, and, therefore, no way of measuring the relative effectiveness of different approaches.

Each of us must be careful, however, not to become so emotionally attached to his own particular approach that he cannot see the merits in others' opinions--either those of individuals or groups within the Henry George movement. Especially, we should avoid becoming so enamored of our views that we come to question the motives of those who differ with us.

Naturally, I have my own ideas as to the

direction I should like to see the School take. But I don't consider that the presidency authorizes me to impose my ideas on the Board of Trustees or on the School. Rather, I consider it my responsibility to guide the Board's discussions so that all relevant proposals are examined fairly, and then to execute faithfully its decisions.

The most critical decision confronting the Trustees is how to allocate the School's limited funds among the several activities that appear worthy of support. Lacking a quantitative measure of the effectiveness of past programs--and not likely to find such a yardstick--the basis for funding decisions will necessarily be highly judgmental. Nevertheless, these judgmental decisions should be made only after weighing as much information as we can obtain. Hence, I shall ask the Board to endorse a thorough review of all activities supported by the School so as to make our total program as effective as possible.

Paul S. Nix

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## FINKELSTEIN ASKS CONGRESS FOR 'TRUTH IN TAXATION'

A plea for "truth in taxation" was entered by Philip Finkelstein, director of the School's research arm, the Center for Local Tax Research, before the House Banking Committee last September.

"There is no reason," he told the members of the congressional panel, "why a local jurisdiction that understates its tax base by land assessments so low as to allow a few wealthy owners to control the jurisdiction should receive the same level of Federal aid and services as those localities that tax themselves to the hilt.

It is absolutely unfair for the profits of land speculation in such jurisdictions to end up in private hands, while public needs go unmet or require taxpayers from elsewhere to support them through Federal programs."

In language that Congressmen understand, Mr. Finkelstein was educating House members in the realities of land economics. He was testifying at hearings of the full Committee on Banking, Currency and Housing on "The Rebirth of the American City."

Citing the School's research findings,

he pointed out that "when we talk about declining tax base, we are really talking about what local jurisdictions assess their tax bases at. I daresay if we use full value of land as a measure, we would find no declining tax bases in even the big cities that are suffering the worst economic decline right now.

"The incentive alone could create new inner city construction development or rehabilitation of existing improvements and could further enhance locational values so that all local revenue could soon be derived that way."

While no one was asking the Federal Government to intrude on local process, Mr. Finkelstein said that there are many programs in the Federal Register that have a good deal of impact on local land use policy. He suggested the Federal Government require that the tax base of a locality be stated in terms of its full value and not in terms of its assessment rolls, which do not mean anything. He made particular reference to the use of the true value yardstick in calculating the burden of shared programs that is to be borne by a locality. This is some-

thing, he said, "that ought to be generally recognized and could be rather quickly and painlessly done."

There are very few strong downtown areas, he observed, but while properties have deteriorated and buildings are abandoned, downtown sites in our cities have not declined in value. Hence, if we let the tax on run-down buildings go while upgrading sites to full value assessment, we will not be decreasing the tax base.

Mr. Finkelstein and others on the panel were responding to legislators' questions about the economic effects and political feasibility of shifting tax incidence from improvements to site.

Appearing with the Center director were Arthur Becker, economics professor of the University of Wisconsin; Lowell Harriss, economics professor of Columbia University, and John Shannon of the Advisory Commission on Intergovernmental Relations. George Peterson of the Urban Institute was the principal witness at the hearing devoted to "Reforming Local Taxation as an Aid to Municipal Finance."

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## Letters

### FORCE OF HISTORY

Syndicated columnists William Buckley and James Kilpatrick--writing in the recent political campaign--grouped together "gun nuts, food nuts, single-taxers, anti-flouridationsits, and a hundred passionate fellows who write in capital letters with red typewriter ribbons.

That Georgists should be labeled or associated in the public's mind with that calibre of mentality is some measure of what we must overcome.

The crisis of our movement is one of identity. Georgists find themselves aligned with almost every economic/political school of thought. Clearly, the first responsibility of our membership in New York is to define: What we are. Who we are. What we stand for.

We are judged within a framework of values delineated by the major concepts

of reality and interpretations of history that today contest for men's minds. The ascendant concept of history is Marxist. It is accepted by the public because the dominating intellectual communities (those that establish value criteria throughout the world) perceive the catalytic forces shaping society as confirmation of Marx's interpretation of history.

If we are to compete for men's minds effectively, we must recognize and accept that George's perspective is also an interpretation of history--one that is *more dynamic and more valid* than Marx's. Our socioeconomic postulations are really limited expressions of George's interpretation of history. The "fleeing out" and definition of that interpretation would be a monumental jog indeed, but the various public figures and intellectuals sympathetic to our views give us the capacity for such a definition.

We have made a start.

The most influential opinion molder of the nation, The New York Times, increasingly is quoting our research. This is symptomatic of our society's search for valid answers communicated in a meaningful and responsible manner.

This association with the media has been cultivated over a two-year period. It is the consequence of our research program. The basis for the program was agreement among Georgists to establish relevant dialogue with the influential elements of the community. The program evolved naturally and logically once we determined that objective.

There are other programs that can be developed and carried forward under the aegis of a Georgist historical perspective. Undoubtedly they would present fresh answers and insights to a responsive. In turn, these programs would substantially impact upon and improve the basic educational efforts of our school.

*Si Winters*

#### WITHER THE STATE

I have taken a few course at the Henry George School and have tried to read *Progress and Poverty*. Surely, it is a Christian idea that everyone is entitled to share the use of our God-given earth. But the clarity of George's economics and the details of his politics remain a bit beyond my grasp.

How do we translate his abstractions of "rent, wages and interest" in today's income and outgo business world without getting confused? Probably those who are smarter than I can untangle this, but unless it is straightened out, I and probably many others will have trouble following George's explanation.

Maybe it is not necessary to understand the economics to see the underlying justice in freedom of access to nature's gifts. We can take George's prescription for securing this freedom on faith. Suppose we do? Does this solve the political problem of our time? That problem is to find a way to prevent government, which is supposed to be the servant of the public, from becoming a parasitic bureaucracy encrusted on the community.

Perhaps George was more clear-sighted, or more honest, than Marx. George did not promise that "the state will wither away." He did, however, want the state to run utilities, railroads, and by extension we can assume telephones, radio, television and airlines, provide public baths and plant fruit trees with the tax-rent it collected.

Where then is the champion against the welfare state?

*James T. Malone*

#### ON BEHALF OF TRADE

The new Under Secretary of State for Economic Affairs has suggested that the US give up its efforts to negotiate an internationally agreed ban on many subsidies that governments give their exporters.

Former professor Richard Cooper, who now serves the Carter Administration, was expressing these ideas at a George Washington University meeting of European trade experts before he officially joined the Carter Administration. If his views are followed, they would bring about a major shift in US policy toward export subsidies and affect the current round of negotiations at Geneva.

Countries may be permitted to subsidize their exports to make themselves more competitive in world markets, but their introduction should be gradual, Mr. Cooper said. If a country were to subsidize its agricultural exports, he said in offering an example, its currency would strengthen on foreign exchange markets. This should result in an offsetting decrease in its exports of industrial goods because currency appreciation would have made them more expensive.

Few believers in free trade would object to buying farm commodities, for instance at a discount when the cut rates are financed by taxpayers of other countries. One cannot but wonder, however, why a country would be willing to give its farmers a boost if it has to take the benefit out of the hide of its manufacturers.

*Lancaster M. Geene*

CLASS SCHEDULE  
SPRING 1977

(all classes 6:30-8:30 p.m.)

Monday - (begins February 7)

Progress and Poverty - Mr. Sklar  
Mr. Ehrman  
Money and Banking - Mr. Johannsen

Tuesday - (begins February 8)

Progress and Poverty - Ms. Ossias  
Mr. Rubenstein  
The City, the State and the Region -  
Mr. Finkelstein

Wednesday - (begins February 9)

Progress and Poverty - Mr. Mayers  
Mr. Sinclair  
Man and his Land - Mr. Winters

Thursday - (begins February 10)

Progress and Poverty - Mr. Collins

(Program covers ten weeks.)

NOTEBOOK

The House Banking Committee hearing on Local Taxation (see page 1) is instructive about the way politicians view land value taxation. The question of impact on neighborhood integration seems to bear heavily on legislators' considerations.

The fear is that taxes in high-income areas will be greatly reduced and in low-income areas greatly increased. The example given is the under-utilized sites in central cities where removal of improvement levies is likely to bring rapid development. Will the long-time resident or shopkeeper no longer be able to "afford" the neighborhood?

Philip Finkelstein had the best word on the subject: "I have a theory that in most instances the increase in site value because of neighborhood improvement is going to be overwhelmingly welcomed by the person who had held on. The exceptional case where the person simply cannot make it in the neighborhood because the neighborhood has changed, I think he will move. I don't know that we need to worry about that any more than we need to worry about the rich person who is going to move out of a neighborhood that is deteriorating. We have to accept a degree of mobility in urban life."

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