

# HENRY GEORGE NEWS

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## George tax proposals need lobbying effort

by KIRK L. BJORNSGAARD  
Reporter Staff Writer

*(This is how a friendly observer saw our Conference. Kirk Bjornsgaard is a Philadelphia newspaperman.)*

A group of academicians closeted over the weekend in Bryn Mawr are formulating what could be an answer to Pennsylvania's search for reform of the state's property tax system.

The Henry George Society, meeting at the Main Line campus Saturday and Sunday, called for lobbying efforts for state SBs 1014-1020, which would begin to implement the 19th century economic theorist's dream of a single land tax to replace the present regional land taxes.

The bills, introduced by area state Sen. H. Craig Lewis, D-6th, and now being studied in the Senate's Local Government Committee (chaired by Lewis), represent a compromise for the society on several levels, according to two key members contracted after the conference.

From Harrisburg, Al Hydeman, state Secretary of the Department of Community Affairs and keynote speaker at the conference, said the group was new to the lobbying business.

"They are mostly academicians," he said. "It hasn't been an overwhelming lobby group."

Hydeman, whose department helped write the package of bills now before the State committee, said there has been talk of the

George proposals with legislators all along.

"We have made our position known through our legislative liaisons and let them know how we feel; whether that does any good is questionable," he said.

Hydeman, in remarks to the Society said he "told friends about the land-value tax, They listened politely. Some even showed enthusiasm. But very few came back for more. Finally, seven years ago,

when I began working in state government, I found a publication which couldn't turn me down — the magazine put out by my own department.

The George proposals, capsulized, proposed that an individuals land should be taxed at an equal assessment with his neighbor's, and that the buildings on that land — and the improvements made to them — should not be taken into the formula.

*(cont'd on page 4)*

### INTERSTUDENT IN NEW YORK

The INTERSTUDENT Program has been well received in New York by high schools that participated in the pilot project with Harry Pollard of Los Angeles. A number of schools will be using the Program this Fall. Among those involved are Martin Luther King High School and Julia Richman High School in Manhattan; John Adams High School and Newtown High School in Queens; Samuel J. Tilden High School and South Shore High School in Brooklyn.

Philip Finkelstein, Director of the Henry George School of New York, and Stan Rubenstein, Director of the New York High School Program, appeared before the Association of Teachers of the Social Studies in July to talk about the INTERSTUDENT Program. This was part of a two-week Institute on Urban Affairs for social studies supervisors and teachers in preparation for curriculum development. The Institute was co-sponsored by the Joint Council on Economic Education, Open Doors, The Association of Teachers of Social Studies in New York City and the New York City Board of Education. Mr. Finkelstein and Mr. Rubenstein demonstrated the INTERSTUDENT structure. The Program has now been approved for the 'New York State Listing' of materials for schools.

## 'Plus ca change . . . .'

Our problem is that even if we have thought out a beautiful and possibly correct theory of the complex phenomena with which we have to deal, we can never ascertain all the concrete specific data of a particular position, simply because we do not know all that which the acting people know. But it is the joint results of those actions which we want to predict. . . . .

There are two possible ways in which economists have endeavored at least partly to overcome this difficulty.

The first, represented by what today we call microeconomics, resignedly accepts the fact that because of this difficulty we can never achieve a full explanation, or an exact prediction of the particular outcome of a given situation, but must instead be content with what I have occasionally called a "pattern prediction" or, earlier a "prediction of the principle." All we can achieve is to say what kinds of things will not happen and what sort of pattern the resulting situation will show, without being able to predict a particular outcome. . . .

I still believe that this is the only approach which is entitled to regard itself as scientific. Being scientific involves in this connection a frank admission of how limited our powers of prediction really are. It still does lead to some falsifiable predictions, namely what sorts of event are possible in a given situation and which are not.

It is, in this sense, an empirical theory even though it consists largely, but not entirely, of propositions which are self-evident once they are stated. Indeed, I doubt whether microeconomic theory has ever discovered any new facts. Decreasing returns, decreasing marginal productivity or marginal utility, decreasing marginal rates of substitution were of course all phenomena familiar to ordinary people even if these did not call them by that name. In fact, it is only because ordinary people knew these facts, long before economists discovered their importance, that they have always been among the determinants of how the market actually function. What the economic theorists found out was merely the relevance of these particular facts for the decision of individuals in their interactions with other persons.

**Friedrich A. Hayek - Hillsdale College, 1978 :: From *imprimis***

Although political economy deals with various and complicated phenomena, yet they are phenomena which may be resolved into simple elements, and which are but the manifestations of familiar principles. The premises from which it makes its deductions are truths of which we are all conscious and upon which in every-day life we constantly base our reasoning and our actions. Its processes, which consist chiefly in analysis, have a like certainty, although..... it can never predict exact results but only tendencies. . . .

My object is not to lead you to conclusions. All I wish to impress upon you is the real simplicity of what is generally deemed and abstruse science, and the exceeding ease with which it may be pursued. For the study of political economy you need no special knowledge, no extensive library, no costly laboratory. You do not even need textbooks nor teachers, if you will but think for yourselves. All that you need is care in reducing complex phenomena to their elements, in distinguishing the essential from the accidental, and in applying the simple laws of human action with which you are familiar. Take nobody's opinion for granted "try all things: hold fast that which is good." In this way, the opinions of others will help you by their suggestions, their elucidations, and corrections; otherwise they will be to you but words to a parrot. . . .

**Henry George - UC Berkeley, 1877**

## MERRIEWOLD: MERRY MEMORIES

The latest book by Agnes de Mille is **Where the Wings Grow** (Doubleday & Co., New York, 1978 - \$8.95) fourth in a series of autobiographical volumes. This one deals with life at Merriewold, a rural retreat in upstate New York discovered by Agnes' grandfather Henry George. A community of remarkable people developed there. Not the least remarkable was Agnes' mother, Anna George de Mille, remembered by old-time Georgists.

This "memoir of childhood" as it is subtitled, explores freshly and poignantly the happenings, memories and feelings encountered in Merriewold, and describes the different folks, sights, smells and sounds with a sharply clear style that brings one close to them.

This is the ninth book by the versatile Miss de Mille, who has gained fame as "the first lady of the dance" in America — choreographer, dancer, writer, lecturer, organizer. In all her biographical works she speaks of her illustrious grandfather and his philosophy. He would be proud of her.

**Robert Clancy**

## FALL PROGRAM AT THE NEW YORK SCHOOL

The fall term at the New York School began September 25th and will run until December 21st.

There are four courses of Fundamental Economics. Alexandra Holubowich is leading the Monday sessions; Si Winters is conducting the Tuesday group; Sydney Mayers is teaching on Wednesdays; and Matthew Ossias is conducting the Thursday class in French.

Advanced courses include **The Many Faces of Fascism** taught by Dr. Harry Fornari; **Urban Politics in the United States** conducted by Philip Finkelstein; **A History of Social Reforms: from Henry George to F.D.R.** with Professor Bernard Bellush; **Money and Banking** taught by Oscar Johannsen

## . . . and a SUMMER SEMINAR

Student requests stimulated a special summer series of Wednesday evening discussion groups at New York School Headquarters.

Mr. Kevin Radu, a member of the school's staff presided over the six sessions which included such guest speakers as Sydney Mayers, a member of the School's Board of Trustees; Glenn Weeks, former President in New York; and Philip Finkelstein, Director of the New York School.

The summer series proved to be so successful, plans are already afoot to produce another similar program for next year. Dates will be announced.

## Cogent Comment

Dr. Samuel Scheck answered a WINS radio editorial on California Proposition 13. Dr. Scheck is president of Homeowners Association for Lower Taxes.

"The WINS editorial that California's Proposition 13, while cutting taxes, may result in public dissatisfaction with cuts in services, stated that taxpayers cannot have it both ways: low taxes and lots of services. However, you can have low taxes to one class of property owner and high taxes to another and still maintain essential services. We've always had low taxes to owners of vacant land and high taxes to owners of improved land. Why not reverse the situation? Perhaps we will also reverse the evil effects of inept taxation: the high cost of building due mainly to speculatively high land costs, and the stiff taxation of business which drives business and jobs out of the state.

Taxing land will force the speculator to use or sell it. With an increased supply of land on the market, land prices will fall, making it easier to acquire sites for building and farming. Untaxing buildings will further encourage building and employment.

Different rates of taxation between land and buildings are being used successfully today in many places in the world. In some areas, buildings have been entirely exempted from taxation, leaving all revenues to be derived from land value taxation.

Yes, the taxpayer can have it both ways. Shifting the burden of taxation from buildings to land is the way to go. It is a giant step ahead of Proposition 13."

Dear Gov. Carey:

Your advertisement in the Times of 8/2/78 "NEW YORK STATE HAS STOPPED GIVING BUSINESS THE BUSINESS" is excellent!

Why not go one big step forward? I'd appreciate it if you would give some thought to the philosophy involved, which seems statesmanlike to me.

The real estate of property tax consists really of two parts. Stop taxing the IMPROVEMENTS on land (the buildings, swimming pools, factories, capital, whatever) Why penalize and fine people for putting up and maintaining those things? They are helping, not hurting, society. (One method might be not to include those things in the assessment of the property.)

On the other hand, the part of the property "tax" which is on the site or land itself (or, similarly, on natural resources, oil wells, mines, etc.), should be collected fully; it might well be argued that it is not even a tax - for it is the community's collection of the economic rent of land, it is simply the receiving of payment for a kind of privilege or monopoly that is possessed by landowners.

Not only would this be complying with justice, it would increase the incentive to produce, it would thus tend to lower inflation, it would increase the demand for labor, it would tend to increase the real wages of the whole working population, and it would tend to decrease unemployment.

Cordially yours,

Charles Matthew Ossias

### An Idea Whose Time Has Come?

"Proposition 13 is a loose cannon careening around the deck of the ship of state," Henry S. Reuss (Chairman - House Committee on Banking, Finance and Urban Affairs) told the National Association of Real Estate Investment Trusts.

He suggested some approaches to the problems of the Proposition 13 revolt, including, "rechanneling some of the money that is now bidding up the price of land . . . out of reach of a large part of our people. Some of this bidding-up comes from land speculators who buy the site for a freeway inter-

change or subway stop at bargain prices, and then hold it at low taxes until the time for an unconscionable killing. Up-taxing land and down-taxing homes and improvements is a reform whose time may be coming 100 years after Henry George."

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(cont'd from Page 1)

Hydeman said a land-value tax would realign tax burdens from those least able to pay to those most able; simplify and reduce the cost of tax administration; and would no longer penalize people who improve properties by placing higher assessments after the improvements have been made.

He said it would discourage land speculation because the mere ownership of land would up taxes. It might encourage the rebuilding of inner cities, he said, because it would not pay to allow land to lay vacant, and it would not penalize any improvements.

At present, he said, only second and third-class cities in Pennsylvania have the power to institute land-value taxes; Lewis' bill would enlarge that to include all classes of municipalities.

Hydeman, in his remarks to the George Society, said the group should concentrate on two areas - the "nuts and bolts" and on compromise.

The first, he said meant "it's not enough to tell people that the land-value tax is the fairest kind of property taxation. We've got to show them."

He said Harrisburg, Pittsburgh and Scranton have adopted the tax; it must be broadcast that it works. Studies have been done and these must be publicized showing the proposal works, he added.

The second point - compromise - he said, "will trouble many of you, but whatever we may feel in our hearts, I don't think we can afford, as a group, to remain single taxers or even land-value taxers."

He pointed out the three cities with the land-value tax had modified versions, so that a single tax is charged on land and a second lower tax is levied on buildings and improvements.

Steve Cord, President of the George Society, explained: "God bless Henry George, but no one is talking a single tax in one fell swoop. The single tax may be outdated, but we don't want to throw

out the good with the bad. We're putting forth a lot of good and that's what we want to stress."

Cord, a professor at Indiana University of Pennsylvania and editor of the group's newsletter - Incentive Taxation - said that the main point the "Georgists" are making was exemplified at the conference by city Councilman Ben Howells of Allentown.

Howells is introducing into city council an ordinance to lower the taxes on property and raise it on land, so that "rather than one tax as George proposed, we will have a gradual movement in this direction."

"A single tax now is not what modern Georgists are proposing," he said. "Rather, a gradual introduction of taxes based on the land, rather than on the buildings on that land."

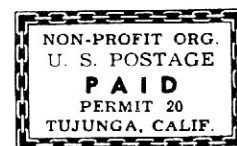
Cord said such a realignment would benefit between 70 to 80 percent of the country's homeowners, according to a study he has made for publication.

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Postscript: (from the Washington Monthly) "James A. Haught, the investigative reporter for the Charleston Gazette . . . has just come up with the all-time winner in the Assessors Who Love the Rich contest: In Braxton County, West Virginia, the mineral rights under a 10-acre parcel of land owned by Eastern Associated Coal Corporation were assessed at \$100 and the corporation was charged a tax of \$2. It sold one seam of coal under the parcel for \$108,465 . . . ."

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Box 655 Tujunga CA 91042



JACOB HIMMELSTEIN  
137 UNION AVE.  
BALA CYNWYD PA 19004