

The Henry George News

Vol 44 #5

June/July 1980

Joint HG Conference Set for August 28

All of the Presidential candidates, including those of the Libertarian, Citizen's and Independent Parties have been invited to speak at a luncheon at the 1980 Joint Georgist Conference, to be held in New York, from Thursday, August 28 to September 1. Senator Jacob Javits of New York has also been invited along with the Democratic Candidate for his senate seat.

A tentative schedule has been proposed by the Committee of Philip Finkelstein, Robert Clancy, and Oscar Johannsen, based on responses from conferees of last year.

Registration will be held on the opening day, Thursday, at headquarters, and a wine and cheese reception will follow. Information will be available on cultural events, and bus and subway schedules will be provided.

A panel on Money and Inflation will begin the day's activities on Friday, and lunch with political guests will follow. The topic "Land Reform and New York City" will be presented in the afternoon. A boat ride around New York City will provide conferees opportunities to talk, relax, and take in the sights.

Steven Cord will present a talk on Graded Tax in Pennsylvania on Saturday morning, and Stan Rubenstein and Harry Pollard will discuss Education Developments in California and Long Island as part of the afternoon program. Time will be provided for meetings of the various Georgist organizations, and the evening will be free.

Robert Andelson will chair a panel on Critics of Henry George on Sunday morning, and the Council of Georgist Organizations will meet in the afternoon.

de Silfa Invited to DC

Lucy de Silfa, director of the Henry George School in the Dominican Republic, has been invited to attend the first White House Conference on the American Rural Woman, being held in Washington, June 23-24. The conference will be concerned with the role of women and the land, as it pertains to wealth, food production, and the family. A full report on the conference will appear in the next issue of the News.

The annual Banquet will be held in the evening at a ballroom of one of the major midtown hotels located close to headquarters, and possible speakers are being contacted by the Committee.

The last day of the Conference will be Monday, and wrap-up sessions will precede a walk up Fifth Avenue to Central Park to visit the Henry George Tree, and the conference will then be adjourned.

All programs will be held at Headquarters, unless otherwise indicated. There are a variety of hotels in the area, and a list will be made up shortly. Breakfast will be provided at headquarters before the beginning of each morning session, and cold lunch with beverages will also be available each day of the conference.

Finkelstein talks LVT to Carolina Officials

Philip Finkelstein met with North Carolina County and Municipal officials on May 21, in Raleigh, to discuss land value taxation as it could apply to that state.

Former Long Island Georgist Jerry Schleicher, now a Raleigh resident, arranged the meeting with Arnold Zogry, Assistant Secretary for Policy and Management for the state, who, in turn, invited the following officials:

Leigh Wilson, Executive Director, North Carolina League of Municipalities

J.D. Foust, Secretary, North Carolina Local Government Commission

Ronald Aycock, Executive Director, North Carolina Association of Country Commissioners

Jake Wicker and Joe Farrell, North Carolina Institute of Government

Billy Ray Hall, Assistant Director, Division of Policy Development

Ken Flynt, Governor's Economic Advisor

Mr. Finkelstein presented effective arguments for land value taxation, using recent developments with
(continued on page 6)

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NO GAMBLE IN LAND

It should come as no surprise to our readers that some of the bigger windfalls of Atlantic City are not made at the casinos. The disclosure that city officials and others are profiting from the extraordinary land boom underlines the fundamental corruption not of gambling as a means of supplying public revenue but of allowing the profits of land speculation to escape public control. The added twist of planning, zoning, and other officials lining their pockets with the proceeds of higher land prices as a result of their own manipulations of local land use regulation suggests only that the public as well as the private sector knows how to multiply its unearned increment.

In the dormant decades between its heyday as a glamorous resort and the new gaming glitter, that narrow island off the Jersey shore suffered a decline in land prices, reflecting the decline in its fortunes. Those in the know, however, found they could afford to hold or even acquire whole chunks of valuable property, playing the game of Monopoly which is, after all, based on Atlantic City real estate, with real money. The poor, who remained in the city, and those who still came for the pleasures of the past, were no beneficiaries of the new bonanza. Anyone may theoretically win at gambling but profiting from the monopoly control of land is no gamble. It is a sure thing, and despite the legalization of craps, roulette, and blackjack and other games of chance, the only game in town the smart money plays.

Localities looking to gambling for fiscal salvation ought to beware not just the influence of organized crime in this, one of its traditional enterprises, but the corruption of the very fabric of society, including government, in the scramble to get something for nothing, the popular term for the unearned increment.

WEALTH FOR ALL

By contrast with Atlantic City, Alaska is taking steps to return some of its natural resource wealth to the people. The rebates announced in the form of payments on the basis of years of residence in the state acknowledges the principle that all should share in the value of natural resources.

While some might prefer a beneficial public ownership that goes beyond the state line, there has been at least a lowering of other state and local taxes in an economy already hurting. The model of Alberta's heritage trust fund, which provides a future resource for the people out of mineral wealth, is likewise caught up in the Canadian tussle between national and provincial forces. In either case, a forthright taxation of land values might be a better way of collecting the economic rent. It is still better to collect some of it for the people than to let it all be converted into higher and higher prices for land and all natural resources.

Debate with The Times ---

The following editorial, entitled "Threat to Homeowner Taxes," appeared in the April 28, 1980 issue of *The New York Times*. On May 17, the *Times* published Philip Finkelstein's reply. Both pieces are being reprinted with permission of *The New York Times*:

Threat To Homeowner Taxes:

For more than a century, New York State law has required local governments to tax every kind of private real estate at full market value. Instead, they tax family homes at a lower percentage of their true value than, say, department stores or apartment houses. Five years ago, the state's highest court ruled that tax law must mean what it says, a decision that has panicked homeowners who understand it. They recognize that court-ordered full-market valuation will impose much heavier tax bills on most homeowners, while business properties will get tax reductions. Albany legislators, sensitive to the political liabilities and social problems posed by such a tax shift, are seeking ways to offset the court ruling.

A state commission recommended keeping the present law but adding protections for homeowners who could least afford higher taxes. The Legislature considered that insufficient. Some legislators hope to nullify the court ruling by repealing the law that mandates full-market valuation. Others urge a new law permitting localities to tax different classes of property differently. That approach seems most likely to offer permanent protection against a sudden, violent tax change.

Assemblyman John Esposito of Queens leads the fight for repeal of the the present law requiring equal treatment of all property. The simplicity of the suggestion appeals to many homeowners. But the Democratic majority in the Assembly believes, with most tax lawyers, that the courts would invalidate a repeal because it would allow each state district to make its own rules and thus deprive property owners of the constitutional right to be treated equally under state standards.

Speaker Stanley Fink believes it futile thus to invite another correction by the courts. He would repeal the full-market valuation rule statewide but would then define nine different categories of property that local governments could tax differently much as they now do illegally. Each category—business, farm or residence—could be appraised at a different percentage of full value, or taxed at a different rate.

The Fink bill assumes that local governments would continue to favor owner-occupied homes. To make it easier to distinguish between them and apartment houses, it would permit local government to set up two sub-classes of residential property that could be treated differently. The unusual complexities of New York City housing would be dealt with by permitting four such residential sub-classes.

No classification system will prevent a tax increase on homes that have not been sold or significantly revalued for a long time. So the Fink bill also provides that tax increases resulting from a general revaluation need not be paid until the home is sold.

Any bill that creates a single legal standard and yet distinguishes among different kinds of property is sure to be as complicated as the baseball rule book. But the Speaker's proposal seems sound even if it is harder to understand than Mr. Esposito's bill. The Court of Appeals is not about to reverse its 1975 decision. Mr. Fink offers the most realistic way of living with it.

Put The Realty Tax Burden Where It Belongs

by Philip Finkelstein,
The New York Times, May 17, 1980

You were right to note that State Assembly Speaker Fink's bill to preserve current taxes on homeowners is hard to understand. In your support for this legislation, you apparently misunderstood it too.

The Fink bill would simply legitimate the status quo, as if the only thing wrong with the assessments was their illegality, as ruled by the court. But assessment policy throughout New York State, and especially in New York City, is also inequitable, inefficient, irrational and economically disastrous. All these evils would be locked into law if the state adopted a remedy that is no reform at all.

Not all homeowners benefit from current tax assessment formulas. Outside the city, suburban homeowners are among the highest-taxed in the world. Even in New York City, homeowners suffer from assessment disparities within the same class that are at least as great as those between classes. No amount of classification could correct such inequities, as admitted by the Fink proposal itself, which throws that problem right back to the appellate process.

Assessments now fall heavily on properties that are well developed, maintained and utilized but deal kindly with neglected, abandoned and vacant parcels. Thus, city and state reward speculators and slumlords, and punish investors, decent homeowners, and neighborhoods.

Fortunately, there are better alternatives to protect the city homeowner without penalizing everyone else, including the renter who pays more in taxes without any other benefits.

One such remedy would be to provide a homestead exemption to help balance the shift to full-value assessment. We would go even further toward genuine reform by exempting improvement together, so long as we assess and tax the full value of land. City homeowners who typically have a valuable improvement on a very small lot would benefit

(continued on following page)

greatly from such a reform. So would all those who use valuable land wisely and well.

Only those who profit from urban deterioration, suburban sprawl, and real estate speculation would bear a heavier burden. We need no legislation to protect them.

Postscript:

The Assembly has since passed the Fink Bill, but the Senate has not. The Governor has proposed legislation that would allow exemptions only on homestead improvements, leaving a full value assessment on land. No final action is now expected until after Election Day.

The following correspondence resulted from the above exchange:

To the Editor:

That was a great letter by Philip Finkelstein in the *Times* of May 17 on providing "a homestead exemption to help balance the shift altogether, so long as we assess and tax the value of land." I have recently moved to New York from Pittsburgh, the city which has gone farther than any other in America—though several in Pennsylvania have gone a long way—toward shifting the tax burden from buildings to land. The ratio is now five on locations to one on improvements. Pittsburgh is never mentioned among the cities needing outside aid to avoid bankruptcy.

John C. Weaver
New York, N.Y.

May 27, 1980

Dear Mr. Finkelstein:

I read with interest your letter in the *New York Times*, of May 17, 1980. I would very much appreciate if you could send my any report you have regarding the proposal set forth in your letter.

Sincerely,

Franz S. Leichter
New York State Senator

June 6, 1980

To the Editor:

It isn't that Dan Sullivan's article in the latest newsletter isn't interesting. It's just that some of his statements are questionable. For instance, that George's "first major book, *Progress and Poverty* became the best selling economics book of all time." I would need to see some statistics on that. I find it hard to believe that George beat out Marx though I don't know how many copies of "Das Kapital" have been sold.

Similarly, the unsubstantiated claim that George's run for mayor of New York "was the greatest case of election fraud in American History." With all the crooked elections this country has known, some

research and figures should back up a claim like that. Otherwise a casual reader would think we weren't serious theorists.

Oddly enough, the day I read the *Henry George News* I came home to find a sheaf of papers under my door that brought some George theories unpleasantly home to me. I live in a co-op. There are a hundred apartments in the building and we maintain it well, making the West Side community a better and safer place to live. There is a proposal to increase the real estate taxes on co-ops only (not condos or other buildings) to reflect the sale price of the individual apartments. This would drive our maintenance up to thousands of dollars a month. Few in our building are rich people. Although our apartment prices might be driven down, all the moderate income people living in the house would be driven out. Would George have condoned that? Of course he lived in a time before people lived in a community like this and shared maintenance costs. A hundred years ago, people in a position to sell property for profit were wealthy.

Yours truly,

Nancy Lang

Note:

This letter was sent to Robert Scrofani pertaining to the letter he sent to Mrs. Rosalynn Carter, which was printed in the May issue of the Henry George News.

DEPARTMENT OF STATE

Washington, D.C. 20520

April 18, 1980

Mr. E. Robert Scrofani
Executive Vice President
Henry George School of Social Science
833 Market St.
San Francisco, Ca.
94103

Dear Mr. Scrofani:

I have read with interest your letter to Mrs. Carter concerning agrarian reform.

I was heartened to see that perhaps the Government of El Salvador has learned some of the lessons that you have pointed out from the Asian experience. Of course, the verdict on El Salvador is not in yet, but we are optimistic. Perhaps the greatest problem at the moment is that the extreme left sees the success of the agrarian reform as denying them the popular support that they need as a vehicle to power. The left is using violent tactics in an effort to provoke the failure of the reform effect.

Sincerely,

Arlen R. Wilson
Country Officer for
El Salvador

Report from Santo Domingo

by Fryda LaFond Ossias

It was with joy that I went to address the graduating class of the Henry George School in Santo Domingo on May 30th. The Director Lucy de Silfa had invited a member of the Board of Trustees of the New York School to participate.

The graduation ceremony almost did not take place because a thoroughgoing transportation strike had begun the night before and threatened to bring the nation to a standstill. But the determination and enthusiasm of 135 students were such that they managed to get there; the ceremony did take place with all its pageantry and was a great success! It was held in the beautiful auditorium of the new Biblioteca Nacional (the largest in the country's new Cultural Center). The program included a very moving recital of poetry and a drama-dance performance, rather controversial satire on Dominican modern history. Some of the important people portrayed in the drama, prominent political figures, were parents of graduates and, therefore, were in the audience as invited guests.

The valedictorian's speech was on freedom (economic and political) and the role that Georgist philosophy could play.

My short speech was in Spanish (my Spanish goes back to the days when my parents took me, as an undergraduate, to Havana for a summer vacation from my native Haiti.) I talked about the part new graduates will play in reaching and educating those not ready for our message in the classroom, and the task, a difficult one for the New Georgist, who must answer the questions: "Are you a Dreamer or a Realist" or "Is your message relevant for our time?" or "What does the gasoline situation have to do with land monopoly?" or "Where do you stand with regard to strikes?"

My visit was quite timely, for the strike focused the interest of everyone in the country on economics. Almost every TV and Radio program had something to do with problems of unemployment and inflation. The price of gasoline had jumped overnight from \$1.85 to \$2.39 (fixed by the government), and this triggered the strike. The newspapers dealt almost exclusively with the country's economic and political problems.

Matthew, my husband who accompanied me to Santo Domingo, and I were on a local TV Station and we were constantly questioned on the goals and purpose of the Henry George philosophy. The specific questions put to me were: "What is the purpose and What are the goals of the Henry George School in New York and the HGS in Santo Domingo?" I was granted an interview of one hour by the LISTIN DIARIO, one of the leading newspaper of the country. The editor in chief Don Rafael Herrera listened rather sympathetically and asked the usual questions we Georgist always face and resorted to the definition of land which of course stops most arguments. I was also interviewed on the School and its purpose, at

HGI invited to New HQ

The Henry George School has invited Robert Clancy to move the office of the Henry George Institute to the school's new headquarters opening this summer at 5 East 44th Street. The Institute will occupy offices on the third floor of the new building, the same floor as the library.

The Robert Schalkenbach Foundation will occupy the fourth floor of the new building, with the offices of the school on the fifth. This will place three of the national Georgist organizations in the new headquarters, with facilities for joint programs and activities throughout the year.

The 1980 Joint Georgist Conference will be the first major event in the new building.

the airport upon my departure for a radio program to be aired the following Saturday.

We travelled to the new HGS extension in Nagua on the North Shore, 3 hours from Santo Domingo, where a new class, in our Lesson V, that presumably had been cancelled because of the strike, was called to order within 15 minutes in spite of a torrential rain. This class had 92 enthusiastic students. Among them were young educators, farmers, lawyers, agronomers, some leaders of farmer's union, one or two radical journalists and one radio commentator.

I made some recommendations to Lucy de Silfa who in turn has some suggestions for the success of our philosophy in this land that is historically a land of opportunity. Santo Domingo is where Columbus put down his anchor and opened the new world. This is where, on the same island, slavery was later abolished for the first time in the history of the new world for a whole country, thus liberating one of the most important factors of production.

I have a vision of a New Economic Freedom: The Single Tax ... there! Where the land is so obvious and a lot less hidden than in the industrial nations, it could be there where the freeing of LAND, will bring about real freedom. And maybe once again this island will have another first and be an example for other nations.

Spancake Joins Research Center

Larry R. Spancake has joined the staff of the Center for Local Tax Research in a consulting capacity. Mr. Spancake, an instructor in Economics at Fordham University, has degrees in Economics from Pennsylvania State University and Yale University. He is writing his dissertation on the provision of housing services and the public sector, and collaborated on an article which appears in Volume 34 (1979) of *Public Choice*.

Both Mr. Spancake and George Kerchner, Senior Associate of the Center, are tabulating data for the sixth annual edition of "Effective Real Property Tax Rates," to be published in the fall.

Toronto Programs Successful

The Director of the Toronto School of Economic Science, Tim Fielding, has initiated two programs that have met with considerable success in reaching the desired target audiences.

On May 13, an Adult Education Class entitled "Current Economic Issues" was begun at a high school in North York. This course is being offered as part of the Board of Education Cooperative and Community Education Program, and will last ten weeks or more, depending upon class attendance and participation. Currently, twenty-five adults have attended the opening sessions. Invitations have been extended to local government and community tax experts to appear as guest speakers, which should bring in interested homeowners. Neil Stokes, a high school teacher and Educational Coordinator of the school, has assisted Mr. Fielding in setting up the curriculum for the course.

A recent program, entitled "Zimbabwe and Toronto," presented on a local cable television station as part of community affairs programming, was directed and produced by Tim Fielding. This program was one of a series of Monday features which Mr. Fielding has been involved in on the station. The result of the Zimbabwe program was a meeting with Canadian representatives of the new Zimbabwe government, including Robert Mugabe, Jr., nephew of the Premier, who showed interest in land value taxation and other

ideas of Henry George. The group will forward materials to Salisbury in hopes of getting the government interested in having studies done on the feasibility of land value taxation in Zimbabwe.

Carolina

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the graded tax in six Pennsylvania cities, including Pittsburgh and Harrisburg, as examples. A proposal for a formal study, to be made with the cooperation of the State House and Senate, was favorably received by the group.

Among the major issues raised was the effect of land taxation on rural areas as well as on population centers. It was pointed out that a fair land tax would help preserve farmland by directing development to urban areas and away from the countryside. It would also help farmers and other homesteaders by removing taxes on their improvements.

North Carolina enjoys one of the lowest tax rates in the nation but is now considering additional revenue sources for local government needs. The current property tax is levied on both real and personal property and administered at the county level. Some discussion also focused on shifting the administration of the tax to the state to make it uniform.

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