

# The Henry George News

Volume 44, Number 2

March 1980

## Panel Focuses on Tomorrow's Cities

The Henry George School co-sponsored a two-day conference on the "Future of the Metropolis," with the City University of New York Graduate Program in Political Science, on February 13-14, 1980, at the Graduate Center of the University, in New York City.

Henry George School Director, Philip Finkelstein, chaired a panel on urban political economy that included the former mayor of New York City, John V. Lindsay, Professor Seymour Mann of John Jay College, Walter Rybeck, Special Assistant to Rep. Henry Reuss (D.-Wisc.), whose talk appears in this issue and Professor Narayan Viswanathan of Adelphi University's School of Social Work, who compared the various schools of political economic thought.

### The Uncertain Future of the Metropolis

by Walter Rybeck†

I learned about this conference on the "Future of the Metropolis" just after returning from the ruins of ancient Greece. I could not help but visualize future people, two or three centuries from now, wandering through the ruins of our cities. Would they be puzzling over the eclipse of a great civilization, as I was at the haunting temples of Delphi and the cyclopean walls at Mycenae?

These unsettling thoughts are not mere metaphor. Pessimism intrudes insistently on anyone who tries to project the future from current trends. Most signs of our times add up to a grim forecast of what tomorrow holds.

The single element that makes me apprehensive about the future of our cities is our land system. Tentacles of our misguided land policies are choking almost every vital aspect of metropolitan life. This is doubly worrisome, because the full dimensions of the land problem have barely surfaced in the public consciousness. To put it in the vernacular, most of us don't know what's eating us.

We have scarcely begun to identify the causes of today's city land problems. This is not to denigrate the legions of good folk—officials and citizens alike—who are trying desperately to cope with the daily disasters. But without a better notion of what is producing these disasters, we are unlikely to stem the flood.

A major problem, certainly, is our distorted land system that operates around the clock and around the calendar, and under the full sanction of the law. It

*continued on page 7*

### Urban Political Economy

by Philip Finkelstein\*

Political economy has had something of a rebirth in these post-keynesian times. The macro-folk, with their equations, and the value-free researchers with their abstractions, are still very much part of the economic scene, but there is some evidence of renewed respect for, and an interest in, a more discursive form of economics, ranging from our most

*continued on page 7*

## New Trustees Announced

Jacob Himmelstein and Sydney Mayers were elected to fill two vacancies on the Board of Trustees at the Henry George School in New York, during the annual members meeting on February 14th. Mr. Mayers, an attorney, is a long-time Georgist, and resident of New York City, and Mr. Himmelstein is a practicing accountant and an active member of the school in Philadelphia, who resides in Mount Airy, Pa.

At the trustees meeting, held the same day, the following were nominated to fill the vacancy created by the death of Arnold Weinstein, as a member of the corporation:

George Collins	Stanley Sinclair
Sydney Mayers	Si Winters

The election will take place during the March Board meeting.

The current Board of Trustees, elected to serve until February, 1981, comprises:

Paul S. Nix, President	Mitchell Lurio
Oscar B. Johanssen,	Sydney Mayers
Vice President	Jerome Medowar
George Collins, Secretary	Dean Meridith
Lancaster Greene, Treasurer	Fryda Ossias
Steven Cord	Leonard Recker
William Davidson	Stanley Sinclair
Jacob Himmelstein	Si Winters

\*Director, Henry George School of New York

†Special Assistant to Rep. Henry Reuss (D-Wisc), Chairman, House Committee on Banking, Finance, and Urban Affairs.

# EDITORIAL

## **The Henry George News**

published monthly by  
Henry George School  
of Social Science

50 East 69 Street  
New York, N.Y. 10021

Lancaster M. Greene  
Chairman  
Publications Committee

Philip Finkelstein  
Director

Louise R. Pulini  
Assistant

Volume 44 Number 2

Subscription \$5 per year  
For change of address:  
HGN 50 East 69 Street  
New York, N.Y. 10021

*Application to mail at Second  
Class Postage Rates is pend-  
ing at New York, N.Y.*

## **AFFILIATES**

### **Long Island**

63 Cedar Drive  
Plainview, N.Y. 11803

### **Pennsylvania**

#### **Philadelphia**

413 S. 10 Street  
Philadelphia, PA 19147

### **California**

#### **Southern**

Box 655  
Tujunga, CA 91042

#### **Northern**

833 Market Street  
San Francisco, CA 94103

5616 Fernwood Way  
Sacramento, CA 95841

### **Canada**

#### **Schools of Economic Science**

#### **Alberta**

3017 25 Street  
Calgary 7

#### **Ontario**

344 Willard Avenue  
Toronto M 65 3R2

*The following editorial appeared in the January 8, 1980 issue of the Scranton Times, and is being reprinted with the permission of the publisher:*

As the dust settles on the municipal budget-making process across Pennsylvania, it turns out that five communities have decided to either adopt a graded system of real estate tax levies, or increase the ratio between millage on land to that on improvements.

Pittsburgh and Scranton were the only cities with differing rates on land and buildings for some sixty years. Harrisburg, a few years ago, recognized the value of taxing land at a higher rate than improvements as a means of encouraging development—a theory advanced a century ago by economist Henry George.

In drawing up 1980 budgets last month, McKeesport and Allentown joined the growing list of cities with graded real estate taxes. Pittsburgh, Scranton and Harrisburg increased the ratio of taxes on land to that on improvements. Pittsburgh's land tax is five times that of its improvement tax. Scranton's is about 3.7-to-1, and Harrisburg's approximately 3.4-to-1. The ratio had been 2-to-1 in Scranton and Pittsburgh, until Pittsburgh, last year, pioneered an increase in the land tax only.

Other statistics gathered by John M. Kelly, a realty executive who espouses the Henry George theory, show that McKeesport went all-out in adopting graded tax levies for the first time. The ratio in McKeesport is some 4.5-to-1. Allentown's first-time trial was more modest with a 1.7-to-1 ratio.

For years, the advantages of a graded real estate tax plan have gone unnoticed. Even when the property owners sought reductions in the assessed valuations upon which the taxes were levied, only the improvements portion was usually appealed, not the land valuation. As a result, downtown property owners find themselves with what they regard as excessive land valuations, considering the lesser role the downtown plays in the life of the city—even though the value on improvements has been consistently reduced on appeal.

If the Henry George theory continues to hold true, as it has in the past, the higher taxes on land can be expected to discourage land speculation, and to motivate owners of vacant land to develop income-producing developments.

**CITYSCOPE**, a public affairs TV program in New York, features Philip Finkelstein, in a panel discussing the future of state and local government. The show will be telecast three times over Channel 31 (UHF) and Cable #3, in Manhattan, on 3/10, at 9:30 P.M., 3/12, at 7:30 P.M., and on 3/14 at 12:30 P.M.

Henry George News 50 East 69 Street New York NY 10021

Enclosed is my check for \$5.00. Please send the Henry George News to me for one year.

Name \_\_\_\_\_

Address \_\_\_\_\_

Zip \_\_\_\_\_

# George In The News

## Some Good Tax News at Last

Report says the 'effective tax rate' is declining for homes in Nassau and Suffolk

By Bradford W. O'Hearn

Homeowners in Nassau and Suffolk can take heart from a recent study showing that, while they still pay among the highest property taxes in the nation, taxes as a percentage of their homes' value are beginning to decline.

The fifth annual report by the Center for Local Tax Research in New York City shows a definite downward trend in what it calls the "effective tax rate" for homes in Nassau and a lesser dip for homes in Suffolk. For homeowners in Queens—who have had exceptionally low rates for years—the news is not so sanguine: The city's fiscal problems are steadily driving the rate higher.

According to Philip Finkelstein of Valley Stream, assistant professor in Adelphi University's School of Social Work, the effective tax rate is a simple way of comparing the tax loads in communities where the actual tax rates vary widely. The effective tax rate is found by dividing the total taxes into the price paid for a home.

Although Finkelstein said that effective tax rates for homeowners "are beginning to stabilize and that's good news after some of the sharp increases we saw a few years ago," he also warned, "We shouldn't be too prideful because our taxes are already among the highest in the area."

The effective tax rate for homes in Nassau during 1978, the last year studied, was \$3.54 for each \$100 of market value, down from \$3.90 in 1975. The rate in Suffolk was \$3.16 in 1978, down from \$3.21 the previous year. "That's still way above alot of other places in the metropolitan area like Jersey and Connecticut," Finkelstein said. The 1978 rate for Greenwich, Conn., for instance was \$1.14 and in Bergen County, N.J., it was \$2.30.

Lee Koppelman, executive director of the Long Island Regional Planning Board, said, however, that the downward trend in Nassau and Suffolk is "a healthy sign."

Koppelman and Finkelstein differed on whether Long Island's high tax rates were a deterrent to business and industry. "It's definitely a deterrent to income-producing activity of all kinds, including new business, the growth of existing business and the building of new homes," Finkelstein said. But Koppelman said a planning commission study of why businesses moved to Long Island showed, "Taxes, if they appeared on the list of considerations at all were at the very bottom of the list."

Leonard Braun, president of the Long Island Area

### Effective Property Tax Rates

(For each \$100 of market value)

	Residential				Commercial			
Nassau	3.90	3.74	3.67	3.54	5.69	6.67	6.53	6.62
Suffolk	3.06	3.09	3.21	3.16	3.98	4.15	4.31	4.60

Development Agency, agreed with Koppelman, but noted that business and industry are paying a much larger share of the tax load than homeowners. He said that when commercial property is reassessed, the shifting of the tax burden to homeowners "could be a very severe economic blow to the people of Long Island."

Calling the downward trend in effective tax rates for homes "a ray of sunshine," Mervin Schapiro, head of the Suffolk County Builders Association, said, "Taxes are still one of the major factors that are hurting the area. My personal opinion is that something drastic has to be done, such as getting the school taxes off the real-estate base."

*Reprinted from NEWSDAY, January 23, 1980 page 3, with permission of the publisher.*

### New SF Director Plans Earth Day Events

Alanna Hartzok, teacher and counselor, has been appointed Education Director of the Henry George School in San Francisco, succeeding Charles Turner. Ms. Hartzok has been associated with Friends of the Earth, and has been actively involved with the school since she first took a course in Georgist economics there over two years ago.

Among her first projects will be the school's participation in the Tenth Anniversary Celebration of Earth Day, which originated in San Francisco. "Earth Day is a tremendous opportunity to communciate George's ideas", Ms. Hartzok said. "Our involvement with a network of active organizations will help to give us greater visibility and recognition throughout the area".

Earth Day will be celebrated nationally on April 22, with conferences, seminars, and environmental happenings from California to Maine. The concept of the earth and its natural resources as a common heritage of all mankind, to be held in perpetual trust, is seen by many as a central theme in Henry George.

# SCHOOL NOTES

## Sacramento

In a recent Henry George School Newsletter, Robert Goodier, a teacher, and President of the Modern Transit Society on Sacramento, reported on progress being made to improve transportation problems in the Sacramento area:

"Graduates of the Henry George School understand the impact of transportation on land values. Free-ways have granted enormous values to adjacent-land owners. Similar values will result from public transit facilities, especially those with fixed guideways, such as light rail facilities.

A light rail vehicle differs from the old streetcar in that it has its own right of way so that it will not be blocked by automobile traffic. The vehicle itself is larger, quieter, and more comfortable than a streetcar, and it can form a train of up to three or four cars. It is not as expensive as heavy rail rapid transit such as BART.

Members of the Modern Transit Society of Sacramento are working to improve public transit in Sacramento by the introduction of the light rail facilities in both the Folsom and I-80 Corridors. The Society also envisions future expansion of light rail facilities extending beyond these corridors. As such facilities develop, opportunities for denser land use for commercial and residential development will result. This of course, will enhance land values. The concept of utilizing these values to aid in financing the system makes sense to alumni of the Henry George School. To those in the transportation field, this process is known as "value capture".

A definition of value capture policy by the United States Department of Transportation is that it is a means whereby the land adjacent to transportation facilities (primarily transit stops) is purchased, managed, or controlled in order for the public to share in potential financial and community development benefits from the facilities not otherwise possible. While not clearly stated, the definition is assumed to include the taxation of those values.

We of the school need to alert the public and public officials that various positive techniques can be readily applied with the development of light rail facilities."

Graduates of the three Creativity and Control classes held in the Fall term were honored at a dinner on February 22, 1980 at the Incredible Edible Place in Sacramento. The speaker was John Schumann, Senior Planner with Sacramento Regional Transit, currently serving as Study Manager for the Folsom Corridor Rail Transit Feasibility Study.

Richard Campbell, head of Public Relations for the school, reports that TV Station KVIE recently showed "For The Land is Mine." The program chief said: "You couldn't have come at a better time!" The film

## Pollard Exhibits

Harry Pollard, Director of the Henry George School of Los Angeles, will be making presentations and exhibiting at two major professional conferences for teachers in the next few weeks. Over 2,000 teachers are expected to attend The California Social Studies Conference, and a large turnout is also expected for the California Association for the Gifted's meeting.

is being shown in conjunction with Milton Friedman's impressive series, "Free to Choose".

The school's current Directors are: Patricia Scanlan, President, Richard Campbell, Public Relations, Francis Christian, Treasurer, William Dixon, Fernon Felkey, Charles Tulley, Membership, Maxine Nitz, Classes, Carol Weilgart.

## San Francisco

The San Francisco Henry George School is holding a Wednesday Luncheon Discussion Series, at its Market Street headquarters. Terry Newland, former director of land, Equality, and Freedom (LEAF) was the guest speaker on February 13th. Future Wednesday sessions will feature discussions of nuclear energy, California tax initiatives, and Indian-American rights. The public is invited to bring lunch and participate.

## Long Island

Stan Rubenstein reports on the program in Long Island:

"This has been our third year of adult education classes, after a hiatus of six years. The climate appears to be changing, concerning an interest in economics, due in part to our limping economy. Larger classes and increased enrollments for the Long Island extension are part of the results of these conditions.

As in the past, all classes were held in conjunction with Adult Education programs in various school districts. Bulletins sent out from these districts are becoming more effective, but it is still vital to supplement them with additional advertisements.

Thirty-seven thousand triple cards were mailed out to six school districts, and announcements also appeared in local newspapers. Responses were the heaviest yet, with a return of over one and a half percent. Economic conditions plus a mandated assessment on Long Island are part of the reason for the high returns.

All registrants were called three or four days



before classes began—a sizeable task but necessary, because of the differences in starting dates. As a result of these efforts, four hundred and fifty students enrolled on opening night, with class sizes ranging from fifty to one hundred and six. Large sizes are necessary at this point, because of a limited teaching staff, but as more teachers are developed, class size will increase.

Although the traditional *Progress and Poverty* course has been taught nation-wide for the past thirty-five years, changes are necessary. In revising the course, we have attempted to maintain the flavor and philosophy of George. Rather than rewrite the course, we have changed the logical developments of the course, based upon the book. Social and philosophical aspects of George are discussed during the opening sessions, and the pure economics towards the middle and end.

In restructuring *Progress and Poverty*, the importance of land to the economy and the solution are presented within the first three sessions, enabling the instructor to emphasize the relevancy of the material within those early meetings. Since the book is not updated, outside sources are used quite effectively. When the various economic laws are studied, students have already been attuned to the frame of reference.

All of the classes were held in Nassau County:

Class	Opening Night	Completions
Valley Stream	90	30
Herricks	106	32
Sewanhaka	70	15
Bellmore-Merrick	50	22
Hicksville	50	10
Levittown	90	32
Total	456	181

Drop-outs were heaviest after the first session, and levelled off during the following three sessions. Additional work is required for the opening lesson, in order to retain more students, rather than generalize, as has been done in the past.

It is difficult, at this point, to ascertain statistically the results of one approach over the other due in part to the nature of the instruction. Valley Stream, Herricks and Sewanhaka were taught in the traditional approach, by veteran teachers. The other courses were taught by a relatively new teacher, plus myself. However, subjectively speaking, the discussion was more enlivened with increased motivation. Students came away with a better understanding of the message than with the traditional approach. This, in the final analysis, is of the utmost importance.

After reviewing our experiences this Fall more revision is needed. This is not the answer, but only the beginning. Based on our initial results, we do not intend to revert to the traditional method".

## Letters

January 15, 1980

to: Mr. William F. Buckley  
c/o Firing Line

Dear Mr. Buckley:

On a recent Firing Line, you referred to yourself as "one of the few surviving Georgists" (January 6th broadcast with Chairman Charles Ferriss, of the F.C.C.).

Although I have never heard you distinguish between natural resources and man-made wealth, we at the Henry George School would be delighted if you would discuss George's philosophy and its implications on the air, and/or in one of your columns. We could supply some qualified and entertaining spokesman for the Georgist position. The issue of ownership of the airwaves, which you raised, is an excellent place to start.

Sincerely,

Philip Finkelstein  
Director, HGSSS, New York City

Dictated in Switzerland  
Transcribed in New York  
February 18, 1980

to: Philip Finkelstein

Thank you so much for your note. I will look for an opportunity to do just that.

Sincerely,

William F. Buckley

### Philadelphia

"What should be done to save the U.S. economy from collapse in the 1980's?" This provocative question appears on a flyer sent to prospective students of the Henry George School in Philadelphia. Questions such as these and others can be answered during the 10-week course on Fundamental Economics which is held three nights a week from 7:00 p.m. to 9:00 p.m. and which began February 5th.

The course is free and open to the public, although a materials fee, which includes text and study materials, of \$15, will be charged. A certificate is awarded for satisfactory completion of the course, and students who have completed the course, and another on Applied Economics will earn a certificate as a graduate of the Principles of Political Economy. Some topics which will be explored include the origin and nature of wealth, the theory of value, cooperation and competition, money, the true meaning of civilizations, and contributions of the various schools of economic thought, all applied to local issues.

# Neo-Georgism Emerges from Survey of his Critics

CRITICS OF HENRY GEORGE, A Centenary Appraisal of Their Strictures on *Progress and Poverty*, edited by Robert V. Andelson, 224 pages. Fairleigh Dickinson University Press. \$18.

Beginning with Tolstoy's oft-quoted, "People do not argue with the teaching of George, they simply do not know it," Robert Andelson has put together 25 essays in which 15 writers run to ground the significant critiques of Henry George and concluded with a synthesis of concepts and goals he calls "Neo-Georgism."

The compilation begins with an even-handed recitation by Louis Wasserman (professor emeritus of philosophy and government, San Francisco State University) of "The Essential Henry George." Wasserman explains the basic logic of shifting tax incidence to site value as argued in *Progress and Poverty*, but his distillation goes too far. The full title of what Andelson in his introductions calls George's chief d'oeuvre includes "...an inquiry into the cause of industrial depression..." Presumably the essence of George should have included his observations on the role of land speculation in cycle activity.

Fortunately, this subject is not entirely overlooked. Steven Cord (professor of history, Indiana University of Penna), discussing the objections raised by Francis Amasa Walker, writes:

"Today's economists would stand with Walker in asserting that land speculation is not the main cause of depression; rather the main cause is sudden mass pessimism about short run future of business, or from mistaken government action (e.g. the constriction of bank credit from 1929 to 1931 by the Federal Reserve Board to such an extent that the money supply fell by two thirds).

"But that land speculation can be a cause, there should be no doubt, either logically or empirically. Logically, because increasing speculation increasingly withdraws one of the vital factors (land) from the productive process and imposes an ever-heavier speculative rent burden upon labor and capital, the active factors in production. Empirically, because land speculation has, in fact, preceded every depression in the United States."

This position is perhaps George's strongest. It alone among his assertions has empirical support. While other assets are always subject to speculative excesses prior to depressions in this and other developed countries, the record shows that land and mineral prices have almost invariably broken before the cyclical peak in business activity was reached, suggesting a more than coincidental relation between speculation in land and the debacles that followed.

To Cord's correct summary of conventional opinion, might be appended the questions: Why is there a "sudden mass pessimism about the short-run future"? Why did the Fed suddenly switch to a strangling tight money policy in 1928? Is it possible the conventional wisdom is concerned with only proximate causes and ignores the "great initiatory cause"?

In his essay dealing with "Gronlund and Other

Marxists." Fred Harrison (a reporter for the *London Sunday People*) cites the overproduction/underconsumption tautology and suggests:

"To judge by the vacillations of politicians today in industrial societies, the causes of economic depression are still not determined; this disagreement is reflected in ambivalent policy formation. It would therefore be useful to accord the problem an extended treatment, in the hope of clarifying live problems."

Unavoidably, works like *Critics of Henry George* reduce to a kind of verbal ping-pong: "He said" and "I said." Accepting the scholarship of the present contributors, the reader must assume they correctly interpret and accurately summarize the critics they are rebutting. Even so it is difficult to suppress suspicion that the original critique may have been filtered through the present writer's prejudices.

Repeatedly this book makes it clear that proponents and opponents in the great debate often were not talking about the same thing. Language is always a problem. George, careful as he was, never defined "poverty" and neither did his critics. The confusion between "wages" and "wage rates" led many fault-finders to accuse George incorrectly of claiming that advancing rent would reduce everyone save landlords to pauperism.

Even in the book being reviewed, the word "monopoly" is used in so many senses that it is robbed of meaning. Similarly, "land" sometimes represents the classicist's concept of all-things-in-nature; sometimes is used in the ordinary sense of ground surface, and frequently stands for site or location. When a writer shifts from one of these meanings to another within a paragraph, confusion is unavoidable. Thus, land monopoly cannot be taken to mean "land" in the classical or common sense because this side of the Iron Curtain it is neither held by a single owner nor controlled collusively by its several owners. Only in the sense of site or location is land held in monopoly. Robert Herbert (associate professor of economics, Louisiana State University) elaborates on this point in his valuable discussion of the Marshall vs. George controversy.

Not all criticism can be shoved aside as a carping, the result of misunderstanding, or emotional commitment to another ideal. Murray Rothbard is reported as crediting the self-interest actions of landowners to direct and to influence change with socially beneficial results. His stance prompts C. Lowell Harriss (professor of economics, Columbia) to wonder: "How much of the rise in land prices reflects the positive results of landowners' efforts to find the best uses?" He guesses it is more than George would have conceded, but for less than has been accorded them. He confesses, "I see no way to measure the relative impact of the two conflicting forces." It is strange that free-market proponents as typified by Rothbard appear to have little faith in letting market forces, unaided by landlords or bureaucrats, determine the best use of a site.

Andelson has erected a fitting monument to a

century of George. For those who would explore the ramifications of his work, this volume should provide a useful teaching tool. Its educational value is hardly surprising inasmuch as the contributors (save the lone journalist) teach or have taught at universities.

In conclusion (he insists it's not a summary) Andelson offers Neo-Georgism, writing in part:

"The modern friend of George's thought who views the 'Prophet of San Francisco' as a profound and perceptive guide rather than as an infallible oracle, will find the majestic symmetry of his system vitiated somewhat by the qualifications and adjustments dictated by candid analysis in the light of changed circumstances and refinements in economic methodology. "Neo-Georgism" will be less satisfying than the original article from an aesthetic standpoint. But aesthetic satisfaction must yield to intellectual honesty, and the basic truth of George's central thrust remains, in any event, intact."

Stanley Sinclair

## Urban

from page 1

popular writers on the subject, to the more recent Nobel Laureates.

The very notion of political economy assumes an intimate relation between the distribution of power and material goods. It is this very relation which poses such problems for the political economy of the metropolis. For there is a terrible mismatch between the economic vitality and the political impotence of cities, now that they are no longer nation-states unto themselves. New York, Tokyo, London, Bombay, or any other world-class city, would be hard put to maintain its standing on the performance of their respective municipal machineries. The really significant things take place not in City Halls, but in the markets of commerce, the arts, or of ideas in most countries, city politics are a mere extension of the national, with few stakes and less attention paid to local officials. Our federal system lends some illusion of political power to the local level. But even home-rule is a creature of the state and even our own city is subject to a kind of veto power of the Mohawk Valley and beyond.

To correct this mismatch, we have had a range of nostrums, from the extension of the political jurisdiction to match the might of the metropolitan economy, to the shrinking of political responsibility to conserve municipal resources. Some of our more avid urbanists will argue for both at the same time, like extending the tax base to a tri-state region, while assigning the funding of all H.E.W. functions to other levels of government.

Those of us who are not yet ready for this utopia of broadened income and narrowed expenditures might borrow a phrase from the people who have been looking closely at the environment and economic development. Following the faddist reaction to waste, in which everything small became beautiful, there has been a growing acceptance of "appropriate technology", an idea which admits the possibility that there

are times when bigger may be better. In any event, size is not as significant as the fit and the rightness of the solution. Perhaps we have here a clue for an appropriate political economy at the urban level.

What kinds of things should cities do that are more appropriate than states, or the national government, or perhaps, even the private sector? What kinds of resources should be available to local governments not provided at the mercy of their political superiors? Should localities be in the redistribution business at all, either by taxing income, or by providing public assistance? What is the right way for a metropolis to hold on to its wealth and make it grow? These are the kinds of questions that need to be raised if there is to be a metropolitan political economy, or even a future metropolis.

## Metropolis

from page 1

rips off the poor saps, small business, and deprives municipalities of their rightful revenue.

The people as a whole create land values, not only by their presence, but also through participation in government, as taxpayers. Schools, firehouses, streets, police, water lines--the whole gamut of public works and services that enhance a neighborhood are converted into higher land values. The taxpayers of the entire country, through federal aid for our multi-billion-dollar Metrorail project, have been boosting Washington, D.C. land values mightily.

Not all land values are manmade. Inherent qualities also give land special advantages: fertile soils in farming districts, scenic views in residential areas, subsurface riches of coal, oil, and minerals. None of us, as landlords, tenants, or governments, can lay claim to having created these values. The people who have been drawing up an international law of the Seas have characterized these natural endowments as "the common heritage of mankind". where no people, individually or collectively, produce these land values, it is difficult to argue with the conclusion that they belong to all people equally.

If the institution of private property has a sound foundation, and I believe it does, then it rests on the principle that people have a right to reap what they sow, to retain for themselves what they themselves produce or earn. Land values, produced by all of society, and by nature, do not conform to this prescription.

In the case of Washington, D.C., most landowners are petty holders. The biggest portion of their property value is in their homes or small shops, only 15 or 20% in land. Only five per-cent of the city's properties, land and buildings together, are valued over \$100,000. Because the high peaks of land values are concentrated mainly in the central business district, those who walk away with the lion's share of the community's land values are a mere handful of owners.

Decade after decade, billions of dollars in urban

land values are being siphoned off by a narrowing class that has no ethical or economic claim to them. To be outraged when a few ghetto dwellers, in an occasional frenzy of despair, engage in looting on a relatively miniscule scale, but to remain indifferent to this massive, wholesale looting, is worse than hypocritical. It is to ignore a catastrophic social maladjustment, more severe, I believe, than anything the U.S. has experienced since slavery.

Henry Reuss, Chairman of the House Committee on Banking, Finances and Urban Affairs, recently pointed out, that over the past thirty years, the Consumer Price Index rose 300%, the price of the average new home went up 500%, and the price of the land under that average new house went up 1,275%. "Ways must be found," he said, "to curb the tendency to invest more and more in land, a passive activity that adds not a single acre to the nation's wealth. Instead we must encourage investments in job-creating plant and equipment."

One optimistic note amidst the pervading pessimism is the work being done toward the creation of land price index. H.U.D. and the Urban Land Institute contracted with fifteen people to construct land price indexes in selected metropolitan areas. Next month, this group will review what has been uncovered about the availability, reliability, and compatibility of various land price data, and they will spell out national needs and uses for a land price index. This index might serve as an alarm that goads us into examining phenomena that have been largely

shielded from public scrutiny. This process could begin to inform a whole set of policies, starting people to think in new directions.

The land problem is far from the only important perspective from which to view cities. It looms in importance to me, not so much because of the dead civilizations I recently visited, but because the evils of landlordism were well-engraved in my consciousness during a year in South America. Compared to Ecuador, of course, the U.S. is almost utopia, in many respects. But I sense that we are drifting rapidly towards a landlord-dominated society.

Economic trends point toward bigger and bigger recessions. I do not expect we will ever have another 1930's-type depression. I doubt whether people will accept or tolerate such unemployment or misery. Instead, I believe they will demand the use of extraordinary governmental powers to tell us where to work, what wages to accept, what goods to produce—in short, a degree of regimentation that will threaten many cherished freedoms.

Before that happens, the opportunity awaits to see whether a reasonably free economy can still be made to work. Unless we tackle the land question, and the looting of America, that game may be forfeited.

The future of the metropolis is uncertain. The choice is ours. We can intervene in the way society is now headed, to preserve the American dream. Or, we can continue along the present path and await the American nightmare.

---

Henry George News  
50 East 69 Street  
New York, N.Y. 10021