

The Henry George News

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May 1980

Pittsburgh Has Building Boom

For the first two months of 1980, Pittsburgh experienced a significant surge in building activity. New building permits were way up in number and value and permits for additions and extensions and alterations were up as well. *January and February figures for 1980 exceed comparable figures in all categories for the past five years.*

Even housing—the hardest hit segment of the construction industry—is doing better for the first two months of 1980 than for 1979. It isn't much of a statistic, as there has been very little private housing built in Pittsburgh, but the first two months of 1980 show 13 one-and-two-family homes, where the same period for last year shows only 4.

Pittsburgh's effective tax rate on property improvements is 1% of market value, and likely to stay at that figure or even decrease. On the other hand, Pittsburgh's land is taxed at 4.4% of market value, a figure that is likely to continue to increase. Tax-wise, building in Pittsburgh is as good a deal as anywhere, but speculating against a 4.4% land tax can be dangerous.

When Pittsburgh's City Council raised the land tax for 1979, and again for 1980, advocates of the land tax claimed that it would stimulate growth in Pittsburgh. Opponents of the tax (notably the Mayor and two real estate company executives) charged that it would interfere with development.

Certainly there is sufficient evidence from Australia to indicate that a shift from property tax to land tax consistently causes substantial increases in building activity, but that was not the case in Pittsburgh.

Here, the land tax came as a tax increase, pure and simple. There was no decrease in improvement taxes, wage taxes, or any other taxes. There was not even an upgrading of city services, as the land tax increase was spent mostly to offset cutbacks in federal money upon which Pittsburgh had been dependent. In fact, city services were curtailed for 1979, although a few programs cut in 1979 were restored for 1980.

This would be a difficult test for the land tax, not
(continued on page 3)

Winters Named Member

The Board of Trustees, at the April meeting, elected Si Winters to serve as a life-time member of the corporation.

The nine members are:

Paul S. Nix - President	Mitchell Lurio
Oscar B. Johannsen, Vice-President	Jerome Medowar
William Davidson	R. Dean Meridith
Lancaster Greene	Leonard Recker
	Si Winters

Si Winters replaces Arnold Weinstein, who was a member for many years until his death. In addition to the nine members, six trustees serve annual terms.

'Land is Basic,' Assembly Says

"Land is the basic resource" was the conclusion of the American Assembly of Columbia University, following a three-day conference on the Farm and the City, sponsored by the Lincoln Institute.

Among the sixty-three conferees at Arden House, in Harriman, New York last month, were Philip Finkelstein, Walter Rybeck, Special Assistant to Rep. Henry Reuss (D.-Wisc.), and Arch Woodruff, President Emeritus of the University of Hartford, and Former Director of the Lincoln Institute who chaired the conference.

The final summary report stated, "The health,
(continued on page 5)

The '80 Conference

The 1980 Georgist Conference will be held in New York City from Friday, August 29 to Monday, September 2. Now that the date is fixed, plans are under way to arrange for programs, speakers and activities suggested by those recently polled.

Please notify the school at once if you have plans to attend, and if you will need accommodations.

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Bailing Out the Big Boys

Shunted off Page One by the tragedy and horror of Iran, the story of how government protects the big and powerful continues to unfold with startling absence of public outrage.

First there was Lockheed, already a major recipient of federal largesse, which somehow needed even more help than payment for some of the biggest cost overruns in the history of public spending. Next comes Chrysler, also a major national contractor, but stuck with products few want, a line made obsolete by changes in the economy of energy. It is curious that the highly paid management of the auto industry fail to foresee what every foreign competitor and domestic consumer has known for a long time. Now it is the Hunts who need a helping hand.

At least with Chrysler and Lockheed, the bail-out is motivated, in part, by a concern for the many jobs that would be lost in the collapse of such industrial behemoths (although no amount of loan guarantees will stem the disemployment of tens of thousands of American auto workers). What kind of excuse could there be for the frantic attempts to shore up the financial empire of the Hunt brothers, in their failure to corner the silver market?

Speculation in natural resources, whether land, fuels, or the metals and minerals they produce, is the one form of human greed governments should be ready to regulate and curb. The monopolies of privilege would not exist in the economic democracy of Henry George and they should not be supported by any government based on equal opportunity for all.

We recall the heated national debate on the loan guarantees to New York City and the grudging grant which is since being repaid on time and with interest to the Treasury. Is it worse for Government to support big government than big business? Many enterprises fail, individuals go bankrupt and are forced to liquidate assets, without any props from the public till. By bailing out the big boys, Government is moving down the path of welfare for the wealthy that makes economic and ultimately political freedom a more distant goal.

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Siphoned Urban Land Values

by Edith S. Capon

By way of supplementing Walter Rybeck's excellent article in the March issue, here are a few specific cases that illustrate just how urban land values, due to public spending, activities, and population growth, are being siphoned under present assessment practices into private hands, instead of back into the public till:

1. Congress almost approved the expenditure of \$4 million for a four-acre tract, assessed at \$351,000, for a park in Washington, D.C., when a member of the House subcommittee objected due to the great disparity between that price and the assessed value, which was then increased to \$1.1 million, (think of the tax money lost in previous years) and the price lowered to \$1.6 million. (*Washington Post*, March 23, 1978)

2. When the Balston, VA station of Washington's Metro opened in November 1979, a prominent North Virginia developer stated, "There is more money to be made in that corridor than in any other part of the United States." (*Washington Post*, November 19, 1979) The Metro will cost around \$7 billion when completed, most of it federal money.

3. Near the Bethesda, MD Metro Station, yet to be opened, a property which cost \$18,500 in 1948, sold for \$189,000 in September, 1979, and six months later was on the market for \$417,000, being billed as the "perfect spot for a McDonald's." (*Washington Post*, March 6, 1980)

4. Fifty-four small and supposedly "low-cost" homes were constructed on 1.2 acres in Washington. The land was purchased by a H.U.D. agency for \$755,000 from a London corporation which had paid \$398,260 for it in 1963. Total cost of each unit was \$76,000, including \$13,963 for the land, and the London corporation's nearly 100% profit. (*Christian Science Monitor*, March 18, 1972)

5. In Newton, Massachusetts, where most land has not been reassessed since before 1946, and the real estate tax provides 74% of its revenue, there are some vacant lots assessed for \$1,000 with market values of around \$15,000. In the case of developed land, higher assessments have been placed on the buildings.

It is very rare to find in news accounts of property transactions assessed values as well as sales prices given as in #1 above, but it can be safely assumed that in cases of high land-sale prices, the assessed values are unrealistically low and not increased unless someone with sufficient clout is willing to do battle with City Hall.

The above information has appeared in widely read newspapers. People either do not read the articles, do not understand the implications, do not know the solution, or do not care, preferring instead to accept higher income, sales, taxes, and even reduced services.

Pittsburgh from page 1

only because it was an application of the stick without the carrot, but because it was coming at a very difficult time. The building industry in Pittsburgh and in the whole Northeast, has been stagnant since 1974, and was receding in 1978. Pittsburgh had a very active building year, however, in 1977 due largely to federally subsidized projects. In 1979, the mortgage rates began to get out of hand, and it

looked like the cause was lost. Land tax or no land tax, building activity was almost certain to decline.

Actually, the only decline in 1979 was in the number of new buildings, the value of new buildings was almost twice that of those built in 1978. While money was tight for home improvements, 1979 saw smaller improvements. All told, 1979 finished slightly ahead of 1977, and far ahead of 1975, 1976 and 1978. The story is now just beginning to appear.

Table #1--February Comparative (Numbers)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
New Buildings	22	20	21	23	6	23
Additions & Ext.	18	23	10	18	22	29
Alterations	275	347	305	240	348	504
TOTAL	315	390	336	281	376	556

Table #2--February Comparative (Dollar Values)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
New Buildings	4,505,390	1,774,990	2,538,300	1,851,100	260,305	2,607,500
Additions & Ext.	614,050	2,686,005	162,500	570,087	344,800	1,891,558
Alterations	2,665,520	1,753,092	1,797,502	2,238,656	3,257,800	8,561,563
TOTAL	7,785,500	6,214,087	4,498,302	4,659,843	3,862,950	13,060,621

SCHOOL NOTES

Philadelphia

Progress and Poverty Centennial School Library Project Continues:

The Henry George School in Philadelphia has continued its award-winning School Library Project into 1980, with three members of the school donating Centennial editions of *Progress and Poverty* to their respective high school alma maters.

Jack Himmelstein, Chairman of the Advisory Board of the Philadelphia school, and a Trustee of the Henry George School in New York, presented a copy of *Progress and Poverty* to Central High School, which was also the last school Henry George attended. Linda Marucci, who taught a course during the Fall semester, presented the book to St. Maria Goretti High School, where she also showed the film, "For the Land is Mine" to an economics class. David Zwanetz, an attorney and member of the Board of Assessment, who is also involved with the Incentive Tax League of the Delaware Valley, presented an edition to Lincoln High School.

The program has received media coverage in the local newspapers, and is proving to be an informative way to introduce high school students to the works of Henry George.

Mayor William Green of Philadelphia, after receiving a copy of *Catalyst* from Richard Biddle, of the Incentive Tax League of the Delaware Valley, which was acknowledged on February 4, said in a major televised speech, "I am not going to let the politician, the union leader, or the land speculator run away with the treasury of the city."—from Philadelphia Extension Annual Report, 1979-1980.

San Francisco

As part of the new focus on the need for land reform, Bob Scrofani of the Henry George School in San Francisco recently wrote to Mrs. Jimmy Carter with regard to the crisis in South America and El Salvador.

Scrofani wrote:

"I am writing to you because of your deep interest in what is happening in Latin America. I am deeply concerned that the recent revolutions and coups in Central America may lead to further repression and strife rather than stability and a secure future for the people.

"Most of the people of Latin America and Mexico are still agricultural. In many nations an elite group of families dominate most of the resources needed for survival. Access to land is non-existent or very limited. The peasants, without much hope for the future, often identify with left-wing personalities or groups who promise 'land to the tiller'."

Since the new junta declared that agrarian and

financial reforms were key to their new government, Scrofani pointed out that "the records of most land reform attempts have not been impressive. Mexico's land reform has been called a "castastrophe." Land reform in Iran was unfinished. In countries like Chile, it has been aborted."

He points out the need for success of any land reform program, for "A poorly conceived or executed land reform program which frustrates the peasantry in their legitimate demands often undermines the government even further. It is our government's desire to stabilize the countries of Central and South America while proving opportunities for all classes in society to participate in an equitable distribution of wealth."

Scrofani pointed out some of the "cogent lessons and reasons for hope from the Taiwan experience."

Some of the key lessons are:

1. A land reform system which upgrades the economic condition of the peasantry and provides the government with an important political power base.
2. Land reform must be imposed by a central government strong enough to do it.
3. To prevent the land from reverting to the old landlords, the government must supply marketing, supply and credit facilities.
4. Agricultural labor should not be displaced until the industrial sector is developed enough to demand it.
5. When there is a proper allocation of resources and a diligent working force, the economic circumstances of the bottom quintile is greatly improved.

"In the past," Scrofani pointed out "our aid contributed to a tight concentration of control over food producing resources by a small group of families. Riot control material sent to El Salvador or more weapons to the military do not solve the land reform problem. An elite land reform team to aid the nations of Latin America might be more useful than more military training for national guards."

New York

by Khana Chakraborty, Librarian

These books are a sample of recent publications on Land and Property Taxation, available in the library:

Amborski, David P. *An examination of the administration of the property tax in metropolitan Toronto*. Toronto, Ontario: School of Economic Science, 1979.

Cord, Steven. *Catalyst: How a reform of the property tax can revitalize our cities and counter inflation and recession*. Indiana, Penna.: Henry George Foundation of America, c1979.

League of Women Voters, California. *Let's look at the property tax.* San Francisco, California: League of Women Voters of California, c1976.

Seminar on Property Taxation, Washington, D.C., 1970. *Property taxation, housing and urban growth, with attention to tax reform and assessment modernization.* Washington, D.C.: Urban institute, 1970.

Seminar on the Property Tax, Washington, D.C., 1973. *Property tax reform: the role of the property tax in the nation's revenue system.* Chicago, Illinois: International Association of Assessing Officers, c1973.

Tolbier, Emanuel. *Aspects of the New York City property market: a study of trends in market values, assessments, effective tax rates and property tax delinquency.* New York: Citizens Housing and Planning Council, 1975.

Woodruff, A.M. & J.R. Brown (eds.). *Land for the cities of Asia.* Hartford, Connecticut: John C. Lincoln Institute, Univ. of Hartford, 1971.

Los Angeles

Harry Pollard, Director of the L.A. area H.G.S., has submitted two abstracts on papers he will be presenting at the Pacific Division, A.A.A.S. Annual Meeting in Davis, California, from June 22-27.

1. Land Speculation and Ecology: How and Why Environmental Policies Fail.

The environmental objectives of conservation and enjoyment of natural resources-along with the less often mentioned improvement of urban habitats-cannot be effective during widespread speculation in land values. Economic Rent can be expected to rise in a developing economy. The normal action of the price mechanism is for a rising price to stimulate supply, which lowers the price. In the case of land, no fresh supply can arrive to affect the price, so it continues to rise. This upward movement is recognized by the astute and land tends to be kept out of use, further restricting its availability and increasing market prices. When the retainable market rate of increase moves ahead of actual interest return, there is no point to selling and re-investing. At this time a market paralysis occurs, in which land changes hands more in response to speculative pressure than productive needs. The unused and underused areas force urban sprawl, with its attendant heavy gasoline usage, smog, and underfinanced transit systems; cities become unattractive and less useful to civilized uses; the countryside becomes prey to the normal desires of the land speculator whose actions, while contextually sensible, can be disastrous when general human environmental improvement is the goal.

2. Communication-The Principal Economic Problem.

The science of economics suffers from a communications problem mainly because careful atten-

tion has not been given to the simplest terms of the discipline. Without a common and precise language, the advances made at the frontiers of the study tend to trip over the ill-defined basic terminology. Problems of inexactitude stem from several sources, including a tendency to use terms as they are used in ordinary and non-scientific currency (profits): concepts that are defined less by the boundaries of pertinent classification than by their ease of measurement, and terms that achieve a disciplinary meaning by custom rather than definitional decision (inflation). To these problems must be added the proclivity to amend without explanation a previously determined meaning so that it fits a new hypothesis. This last underlines a further problem. Any criticism tends to be muted among economic scientists (except at an advanced level often involving political shading). An economist stumbling over an inadequate term is less likely to spend time correcting it than use the term after noting his particular contextual meaning. In this fashion, a single term may name several defined concepts any of which may be chosen to strengthen an economic contention.

Land from page 1

safety and welfare of Americans depend fundamentally on food and shelter. Land is the basic resource. America's farm production has allowed us to:

- satisfy our own food needs
- help to alleviate world hunger
- export food to help pay for imports, particularly energy.

But population growth and sprawling cities encourage continued conversion of rural lands to urban uses. In recent years, significant amounts of our croplands have been annually urbanized by 'leapfrog development'.

"We should avoid, and where necessary reverse, those features of taxation controls and zoning that stimulate dispersion. We should follow a policy of filling in by-passed city and suburban lands which have access to public services. In a balanced land use, we should also examine marginal and difficult city lands. Neighborhood preservation and housing revitalization programs should be encouraged. The recent tendency to move back to the city should also be encouraged.

"As cities become more compact, public policies of land use control, taxation, credit, and capital investment must be guided by the fundamental principle of equal opportunity."

A number of participants objected to the failure of the report to address urban problems in land use as specifically as those favoring farm land. In partial recognition of that concern, the following statement was included to introduce the recommendations:

"Public policies and private decisions must accept all land, urban and farm alike, as a unique and irreplaceable resource and our common heritage."

Pittsburgh's Tax Reform Movement

by Dan Sullivan

(This is the first in a series of articles by this author.)

Few are aware that Pittsburgh was the site of the first tax revolt in the United States. Still fewer realize that Pittsburgh today has a unique property tax system—a tax system which saves money for homeowners, workers, and active businesses, but penalizes those who hoard land and keep it out of use. How this system came about is the subject of our first report on the Pittsburgh Tax Reform Movement.

Pittsburgh's Struggle Against Land Monopoly

Land Monopoly Takes Hold

Pennsylvania had been given to William Penn, solely as an individual, by Charles II of England, in payment of a debt of about 16,000 pounds owed to Penn's father. Much of this land was taken by the Pennsylvania government with the "divesting acts" of 1779. However, the Penn heirs were paid 130,000 pounds (a tidy profit) and allowed to retain possession of several "manors."

What is now the Golden Triangle of Pittsburgh was once just a small part of a Penn manor. The Penns had it subdivided and sold shortly after the revolution.

Great fortunes in land began with purchases from Penn heirs for nominal considerations. General James O'Hara, Pittsburgh's first great real estate operator, made millionaires of some of his descendants through "judicious investment in land."

In addition to a number of strategic downtown parcels, O'Hara purchased from the Penns a large tract extending from the Allegheny River to the Monongahela. He also bought lots on the North Side and South Side, and in the Allegheny Valley near the present boro of Aspinwall.

His granddaughter, Mary E. Croghan, inherited a third of the O'Hara estate. At the age of 16, she eloped with Captain Edward H. Schenley of the British army. They moved to England and became Pittsburgh's first great absentee landlords.

Most of the lands of Pittsburgh were grabbed up by army officers who had come west on British expeditions ahead of the civilian population. John Ormsby, who came to Pittsburgh with General Forbes in 1758, bought almost all of the South Side between the Smithfield Street Bridge and Beck Run. His son Oliver (for whom Mount Oliver is named) used the rents from South Side properties to buy up more land. The site of the Oliver Building downtown was purchased by Oliver Ormsby in 1800 for \$170.

Land is the foundation on which most of Pittsburgh's great fortunes were built. General O'Hara himself became Pittsburgh's first great industrialist when he began manufacturing glass in 1795.

Pittsburgh landowners were very hospitable to industry, for it attracted workers from the settled Atlantic Coast and immigrants from abroad. Even when infant industries were losing money, landowners

were reaping windfalls in rent from the workers. They often invested portions of this rent money in losing industries "for the good of the local economy."

By keeping most of Pittsburgh's land idle "for future development," giant landowners were able to create a shortage of available land, and to extract artificially high rents from workers and businesses alike.

This anti-development policy was reinforced by a property tax system designed to punish landowners who developed their property. Under this system, land was classified as "urban," "rural" and "agricultural." Urban land, where the working people lived, was assessed at 1.5 to 2 times the rate of underdeveloped or vacant lands. It was a speculator's dream come true.

Opposition to the Landowners Grows

After the Civil War, the problems of land monopoly and the plight of working people became increasingly important issues nationally. But in Pittsburgh, land ownership was so concentrated, and property tax laws so unfair, that progressive politicians were openly hostile to the landed estates. In 1872, Henry W. Oliver, President of common council, referred in a public speech to "the great landholders and speculators, and the great estates which have been like a nightmare on the progress of the city for the past thirty years."

Resistance to the land monopoly was bolstered in the 1880's by the growth of labor movements across the nation and by the writings of economist Henry George.

George became a hero of the Knights of Labor. His first major book, *Progress and Poverty* became the best selling economics book of all time. In it he showed how the monopolistic nature of capitalism and the exploitation of workers was due to the private monopolization of land.

"When non-producers can claim as rent a portion of the wealth created by producers," said George, "the right of the producers to the fruits of their labor is to that extent denied."

George went on to show how monopolization of land would lead to the systematic monopolization of industry. As a deterrent to land monopoly, George proposed a land value tax—a tax based on the market value of land. George wanted a land tax so great that land prices would be drastically reduced, and that all other taxes would be abolished.

Henry George's campaign for the "single tax" was viciously attacked, ridiculed and misrepresented by newspapers, politicians, and even university economists. But it was extremely popular with working people, especially people of Irish descent.

In 1886 Henry George ran for mayor of New York on the Labor Party ticket. Whether George won that race will never be known. The Republican courts

refused to hear charges that the Democrats had rigged the election by destroying ballot boxes wholesale. Later admissions confirmed that this was the greatest case of election fraud in American History.

Although George campaigned vigorously across the United States, his ideas were thoroughly rejected. His proposed land value tax was not tried, even on a modest experimental basis, anywhere in the United States...except in Pittsburgh.

The Land Tax Reform Passes

In 1906, a coalition of Democrats and Independents elected George W. Guthrie as mayor of Pittsburgh, breaking an era of Republican control that dated back to the Civil War. Guthrie immediately undertook to reform both the political system and the tax system.

The defeat of the Republicans weakened the grip of the old guard within the party. But Guthrie could not legally succeed himself, and the Democrats didn't have another candidate strong enough to beat the Republicans. Fortunately, Guthrie's successor was liberal Republican William A. Magee, who embraced Guthrie's popular reforms and saw them enacted.

In 1911, Mayor Magee and Pittsburgh's city council abolished the old property tax system and endorsed the Keystone Party's proposal to enact a new system...one that would tax land at twice the rate of improvements.

The obstacle was to get authority from the state legislature to make the change. The Single Tax Club launched an energetic campaign on behalf of the reform. They won endorsements from the Chamber of Commerce, the Hungry Club, the Allied Boards of Trade, the Pittsburgh Civic Commission, the Board of Realtors, and two small, progressive newspapers—the *Pittsburgh Press* and the *Pittsburgh Post*.

So many of the giant landowners lived outside the area that the reform passed before opposition to it could be mobilized. A repeal effort was launched in 1915 by Mayor Joseph Armstrong, with strong financial and vocal support from Frank F. Nicola, president of the Schenley Farms Real Estate Company, and Edward F. Duane of the Commonwealth Real Estate Company, agent for the Schenley estate.

The repeal was urged on the grounds that the land tax was discrimination against landowners and "a decided step toward the single-tax theory of Henry George." It was accused of benefitting "the money-powerful skyscraper barons." Opponents of the tax claimed that "unimproved landowners are the poorest of property owners," and that the land tax was "unlawful, unjust, and unAmerican."

Former mayor Magee replied to these charges before the legislature. Magee carefully explained how the small property owner would save more on his building than he would lose on his land, and expressed sympathy for his opponents, "who come here on a question about which they know so little." Pointing

out who his opponents represented, Magee fired a few blasts of his own. "They come here weeping and wailing, and you would think the small property owner would be wiped out of existence."

Both houses passed the repeal bill, but it was finally vetoed by Governor Brumbaugh. The veto was upheld, and the land tax survived its only serious challenge.

Effects of the Land Tax: 1913-40

Despite apprehension by the landowners, the land tax did not cause the price of Pittsburgh land to come crashing down. But it did have some very healthy effects on the local economy.

During the twenties, America was caught in an orgy of land speculation. (Much of this was perceived as stock speculation, as investors were gambling on corporations which in turn were buying up land.) Land in many cities had tripled in price between 1913 and 1925. As a result, the American economy suffered from a general inflation of over 70% during those twelve years.

But land values in Pittsburgh went up only 20%, despite high economic growth in the city. Opponents of the land tax complained that it had made Pittsburgh land undesirable, and that progress came to Pittsburgh in spite of, rather than because of, the land tax.

But between 1930 and 1940, the land price bubble deflated. Land prices came crashing down in every major city except two; Washington D.C., (where big government represented the depression's only growth industry) and Pittsburgh, where land prices were already reasonable. Pittsburgh's land prices fell 11%. Washington D.C.'s dropped 12%.

A Radical Mayor Promotes Georgism

The coming of the depression meant the rise of organized labor and the overthrow of the Republicans by labor-backed Democrats.

The first Democratic mayor of Pittsburgh was William N. McNair, a radical, militant Georgist. For many years, when the Democrats had as much chance of electing a Pittsburgh mayor as Republicans have today, McNair would run for office...any office...for the opportunity to talk about Henry George and the land monopoly.

When the Roosevelt landslide of 1932 made him mayor, McNair tried to use his office to promote Georgism. He opened schools and other public buildings to the Henry George School of Social Science. He required city employees to take a course in *Progress and Poverty* as a condition of advancement. He launched a series of court proceedings against large landowners who were delinquent in their taxes.

But McNair was too fanatic, even for his fellow Democrats, many of whom liked the land tax themselves. Worst of all, he was a fellow traveller of

people like Frank Chodorov, the famous anarchist, and he was always doing things mayors aren't supposed to do.

Once for example, his opponents charged him with criminal conduct and obtained a warrant for his arrest, expecting him to post bail. But McNair put some apples in his pocket and put a copy of *Progress and Poverty* under his arm and had himself arrested. In jail, he made a speech to his fellow prisoners, explaining that they were not to blame for their predicament, as they were the victims of an immoral economy.

McNair got hit from so many directions there was nothing he could do. Newspapers ran accusations that McNair was nailing the small homeowner, based on actions his staff took against his will to sabotage his campaign; city council refused all his nominations for treasurer, bringing city government to a standstill; malfeasance charges were trumped up against him; and a "ripper" bill designed to abolish the office of mayor in Pittsburgh passed both houses of the Pennsylvania legislature. McNair resigned.

After the McNair episode, further advances in the land tax were not entertained, although every Democrat mayor except Flaherty and Caliguiri was openly supportive of the land tax.

In 1945, some real estate interests began talking about the possibility of repealing the land tax or

putting legal limits on land tax rates. City Council responded with a unanimous resolution that "this Council strenuously oppose any attempt to repeal this beneficial legislation."

Mayor David L. Lawrence enthusiastically endorsed legislation enabling other cities in Pennsylvania to enact land tax. When he became governor of Pennsylvania, Lawrence called for all of Pennsylvania's cities to examine the land tax as an alternative to property tax, claiming that land tax "has been a good thing for Pittsburgh. It has discouraged the hoarding of vacant land for speculation and provides an incentive for building improvements. In the distribution of the tax burden it is particularly beneficial to the homeowners."

Oddly enough, there was no significant advance in the land tax for almost 20 years after Governor Lawrence's hearty endorsement, despite recommendations for the tax from municipal experts all over Pennsylvania. Finally, in December of 1978, Pittsburgh city council rejected Mayor Caliguiri's call for a 1 1/2% increase in the wage tax, and instead called for a near doubling of the land tax.

That confrontation between the mayor and the council was the source of new life for the land tax movement. How it came about and where it has led is the subject of the next article in this series, "A Fair Deal for the Working Man."

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