

## Letter to the Editor

Sir, It is fine to hear that Simon Winters endorses my research on behalf of the Henry George School of NY (Open Forum: Winter 1997). He and then-president Ed Dodson were my two strongest supporters. But they were out-voted, under conditions that need to be set straight.

In 1994 I signed a two-year contract to create a computer model of rent's magnitude in the U.S. economy. The contract included \$20,000 for expenses. But the School's director, George Collins, repeatedly refused to release the funds to purchase the computer hardware to calculate and chart the data. When I made an initial computation by hand, my statistics offended Mr. Collins and School trustee Steven Cord. They claimed that my methodology conflicted with Mr. Cord's earlier efforts (which was why Mr. Dodson proposed that I be hired in the first place).

Mr. Collins forbade my research summary to be published in the *Henry George News*. He recalled all the issues that had already been printed but not mailed out, and trashed them. He forbade me to teach a scheduled course on the methodology of national income and flow-of-funds analysis, or to train School staff and advanced students in basic economic statistics. He also refused to give me permission to publish an advance report on this research when I was invited to do so by the *Wall Street Journal*.

With no adequate computer facilities, I was not able to produce a computer model and chartbook. In March 1995 I requested a meeting to ask the Trustees to direct Mr. Collins to release the funds. As Mr. Winters' letter points out, the key question is the timing: "Why the Trustees who supported Hudson's research for over a year would end it?"

First item on the agenda was the Plotch Report. It enraged the Trustees, first for revealing that the majority of Georgists surveyed refused to contribute to the School until it stopped its self-dealing with board members. Secondly, it showed that few Georgists felt that they were getting much out of the "two-rate" tax program.

Almost as infuriating was Mr. Plotch's finding that what Georgists *did* want was research into the magnitude of rent. In the

absence of such a calculation, the School talks about taxing land rent without any idea of how large a magnitude this is, or how large land-value gains are, or how these sums compare with federal, state and local tax collections. We are left only with the evangelical "Henry George Lite" (10 Easy Lessons), with nowhere to go from there to interest professionals, academics and policy-makers in the ramifications of land's economic role in the economy and in tax policy. Mr. Winters informed me that rather than leading the Trustees to be glad to be financing this research, the report had just the opposite effect. Mr. Cord saw that continued support for my project would deflect the focus of Georgist economics away from him. He asked to be appointed director of research himself. The vote went against me.

Oscar Johannsen said that my research was the kind that the Lincoln Institute should be financing, not the School. As treasurer, he pointed out that the School already had fully allocated all its net income (after meeting its fixed carrying charges) to Mr. Rubinstein, Mr. Cord and Mr. Winters for their own programs and personal remuneration. He said that the School's budget was in deficit even before voting on my contract.

Mr. Winters has not come to terms with the fact that his Board has behaved irresponsibly. Its self-dealing pushed the School budget so far into deficit as to leave no room to fund a research program. A conflict of interest rule is needed. Mr. Winters warns of "a disciplined minority, willing to procrastinate and delay decisions, to take control of the board." I fear that this may be just what has happened!

The School's endowment has been decoupled from the needs and opportunities of the land-value tax movement. In my case, the School tried to pay a tiny sum to send out ineffective press releases, and then tried to brag that it had played an important role in funding research. Such characterizations seem designed to distract attention from the vast amounts of money that are being spent without much visible effect.

Matters can be clarified by two simple steps. First, make public the School's financing. Secondly, publish the Plotch

report. Give the public access to this service which the School has performed for the movement.

Regarding the School's love/hate behaviour towards my statistical model, perhaps the real problem is reflected in Mr. Winters' repetition of Mr. Cord's claim to have collected "\$65 million in land rent." It is my understanding that hardly a penny of real estate taxes has been added. The overall tax rate has not been raised. All that has occurred is a re-classification from "column A" to "column B", that is, from the building component to the (still under-assessed) land component. The marginal inducement to build instead of to hoard vacant land has no more effect than a half-percentage point change in the mortgage interest rate. It hardly seems important enough to get excited about.

The School did not finance my historical research. My *Bronze Age Finance* manuscript on land redistribution and debt cancellations in antiquity was completed before I met Mr. Winters. It is incredible that he claims that the \$500 or \$800 he paid me to write a press release covers a decade of work.

From 1992 until June 1994 I received about \$3,500 from the School to develop a college course syllabus on land tenure and to write press releases. During this period, Mr. Winters tells me, he received about \$25,000 annually for himself for "expenses".

As for the 1994 NYU conference on land privatization, Mr. Winters asked the School Board to cover the costs of editing and typesetting the proceedings, but was turned down. So I underwrote the costs. Mr. Collins told people that the meeting was a waste of resources, and he forbade School staff to attend them. The School chose not to contribute to the follow-up conference on the role of land-rent in urbanization in antiquity.

I never received payment from the School for writing my Notre Dame paper (the School did pay a part of my travel costs to deliver it) or the paper that Mr. Winters mentions on Wilhelm Roscher, delivered in Germany. All this was done on my own time and expense.

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