HENRY GEORGE NEWSLETTER

Volume 56, Number 1 | January - February, 1992

A Message from the President

A few days ago the PBS television stations broadcast an hour-long discussion among former recipients of the Nobel Prize. The individuals represented all the scienes and humanities. They were asked to consider one question: whether science and technology have advanced or thwarted the general well-being of mankind during the twentieth century. The question was put in the form of a resolution, and a distinguished panel debated for and against. After an hour, and only by a small majority, the assembly voted that science and technology have had a positive impact on humanity.

Among the points made by the participants, one of the most telling is that none of the scientists present thought science could solve the problem of widespread poverty. If any consensus arose, it was that the growth in the population of mankind is placing demands on the earth - and on science - that cannot be met. One panelist suggested that unless we consciously take steps to drastically curtail the birth rate, nature would solve the problem for us.

Virtually nothing was said during this debate about replacing the socio-political arrangements and institutions to which poverty (and high reproductive rates) can be traced.

What we know about human reproductive behavior is consistent with common sense. People who must struggle daily for survival are sociologically trapped. Few are able to rise above their circumstances, and most view children as both an opportunity for status and the source of their security in old age. In many societies around the globe, the very poor have been concentrated into sprawling urban ghettos where all the ills of their condition are magnified. Or, they have migrated to the least productive and most environmentally sensitive land in a desperate effort to survive. In both instances, however, the effects have spilled over into the world of the more affluent, whose reactions range from enlightened assistance to genocide.

The condition of the poor is a serious human tragedy. Equally tragic is that among our best minds there is so little understanding of the fundamental causes and what must be done to eradicate poverty and human suffering.

We who have learned from Henry George understand that poverty arises when human beings are denied their birthright of equal access to the earth.

Where the majority denies a minority, the poverty is concentrated and somewhat mitigated by the welfare state. Where a minority denies the majority, poverty is widespread and looked upon by behaviorists as a population problem. Monopoly is the root cause of poverty, and the monopoly privileges inherent in the sanctioning of titleholdings to nature without just compensation to society are the most egregious of all.

The population problem will not and cannot be solved without an end to land monopoly. In this year of continued political upheaval, we must do all we can to spread the knowledge and understanding we possess. Our responsibility is moral and fundamental to our survival as a species.

- Edward J. Dodson, President, Henry George School

"SEX & THE SINGLE TAX" - A Conversation With Heather Remoff

Newly-elected HGS board member Heather Remoff is an anthropologist and author from Eagle's Mere, Pennsylvania. She has been active with HGS in Philadelphia for some years, and she co-chaired the strategy session on educational priorities at the 1991 Georgist Conference at Lafayette College. She has also been instrumental in forging connections between American geocrats and reform-minded economists in Russia. Lindy Davies caught up with her early in the new year for this conversation.

HGN: How did you get involved with the Henry George School?

HR: It must be a bit more than five years now. I was working on a book about reproductive strategies, and I became convinced in doing the research that economic behavior and reproductive behavior were closely entwined. It became clearer and clearer to me that reproductive behavior is essentially economic behavior - and this is a vital connection which has not received enough attention.

But I started taking courses at the school by sheer fortuitous chance. I came across the flyer, right by the checkout counter in the Philadelphia library. I felt like it was destiny grabbing me by the hair - because I had already concluded that a better understanding of economic principles had become vital for my research.

*HGN: Tell us a little more about the explorations that led to your book, **Sexual Choice** (published in 1985 by E.P. Dutton).*

HR: I have always been fascinated with the area of how people deal with sexual and reproductive choices. Of course, reproductive behavior starts with individuals. It translates into societal trends as well, but I'm convinced that as we come to understand the personal, psychological aspects of reproductive behavior, we become better able to grasp the societal trends.

For example, in researching the book, I surveyed women about contraceptive behavior. The assumption had been that women were careless contraceptors with men who they felt would make good fathers - but research proves the opposite to be true. Then, I began looking at population statistics, and realized that birth rates tend to drop, once people have fairly predictable control of resources.

I'm anti-Malthus, so Henry George and I immediately had a bond when I read *Progress and Poverty.* But I was up against Darwinian theory. Charles Darwin had always been a hero of mine. My only quarrels with Darwin stem from his agreement with Malthus.

HGN: What convinced you so strongly against Malthusianism?

HR: My own research into how women choose mates. According to Darwin, the pressure to survive shapes behavior. However, Darwin himself was troubled about *(continued on page eight)*

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published by

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A MODEST PROPOSAL *by Lindy Davies*

Congress tends to pass a great deal of legislation in the last-minute scramble before a Break; one of the biggest bones of contention prior to the year-end congressional hiatus of 1991 was, of course, the Banking Crisis. But it is a complicated issue, and no deal was struck on any new initiatives for enhancing the competitiveness (?) of commercial banks. In the absence of any groundbreaking or even newsworthy new law, Congress just appropriated another ho-hum sum for the S & L bailout and promised to deal with the commercial banking thing later. The figure of $150 billion was mentioned.

Granted, the Savings & Loan scandal lacks the skullduggery of Iran-Contra (which we've pretty much forgotten about anyway) or the weirdness of Michael Jackson's plastic surgery; It is not that flashy a story. It's all about numbers. But what numbers! We have become accustomed, in a very short time, to flushing vast amounts of money down the drain: $150 billion is roughly equivalent to the gross national product of Mexico.

Add to that the $70 billion being proposed to shore up the FDIC insurance fund, and pretty soon you're talking real money.

> ***...Congress just appropriated another ho-hum sum for the S & L bailout and promised to deal with the commercial banking thing later. The figure of $150 billion was mentioned.***

In the early 80s, the Savings & Loan industry was on the ropes, because of inflation and high interest rates in the late 70s made other investments, such as money market funds, so much more attractive than S & L's with their fixed rates. The moves that were made to "deregulate" and "enhance the competitiveness" of the S & L's were in response to a genuine need, but they were the wrong response. The Savings & Loan industry had served an important function, in a quiet way, for many years: enabling millions of Americans to buy homes. Its interest rates were low, and its risks were low; a steady, stodgy rate of profit was almost guaranteed.

The S & L industry was not simply reformed in the 80s, it was changed, changed utterly - and a terrible profitability was born. Insured deposits were raised from $40,000 to $100,000; interest caps were removed; rules prohibiting direct investment by S & L's were rescinded, and rules requiring local control and management of S & L assets were removed. The result was a risk-free orgy of questionable - often downright silly - investment, and a bonanza for land speculators. In moments of calm reflection - apparently such moments were few in the 80s - everyone knew that this bubble had to burst eventually. The S & L's, however, and their friends in Congress, didn't worry about that, because their depositors were insured.

Unfortunately for everyone, the average depositor in a Savings & Loan was no longer a regular working American. In a time of brokered deposits and Pyramid schemes, institutional and speculative investors made up the majority of S & L assets (a term which, in this context, takes on a certain postmodern haziness). And more assets could always be found, simply by offering ever-higher interest rates, and loaning money to ever-riskier speculative ventures.

Enter the Resolution Trust Corporation, the final act of a grand tragic song & dance. The RTC's mission is to liquidate the assets of seized S & L's. However, unloading billions of dollars worth of overvalued real estate onto a recession-softened market is no way to make money. **"Revision of Deals in S & L Bailout Drawing Criticism,"** headlined the *New York Times* on October 7th, **"Terms Called Generous."** Indeed; they would almost have to be. In this instance, a concern called Patriot American Investors was offered a package "that would let the investors buy a $500 million package of buildings - sometimes for as little as 60 percent of appraised value - with $400 million in government financing and no interest for seven years." The deal has gone through; the only revision is to entitle the government to a fraction of any profit Patriot realizes. Only fair, really, because the deal also allows Patriot to abandon any properties that go sour. And remember, no interest is being charged for seven years! This deal, which the Bush Administration has called a "model" for the disposing of S & L properties, was characterized by a Jan. 2 Congressional Report as "wasteful, uncompetitive, and plagued with financial uncertainties."

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The entire S & L debacle was a boon to land speculators; the "resolution" (here comes the postmodern haze again) is its culmination. The amount of wealth being transferred is staggering. Writes Curtis J. Lang in the *Village Voice* (Aug. 7, 1990), "George Bush's home state of Texas will benefit from a massive transfer of wealth...in which some $80.2 billion will be infused into the Lone Star State - a **gain** of $4775 per

EDITOR'S NOTES

Our first issue of the new year contains more than the usual share of opinion pieces, since we were able to sum up most of 1991 in our last issue. We include our annual message from the School president, on page one. The discerning reader will also notice a few changes in graphic style. And we hope the quality of articles continues to improve throughout the coming year.

Henry George Institute announces the launching of its correspondence course in *Human Rights*. This is one of four courses offered by the Institute, the other three constituting the sequence on *Principles of Political Economy: Fundamental Economics, Applied Economics,* and *Economic Science.* This new course is based on an earlier version developed at the Henry George School by then director Robert Clancy, who now heads the Institute. *Human Rights* examines American, French and United Nations declarations on the subject, papal encyclicals on social issues, and several works by Henry George *(A Perplexed Philosopher* on Herbert Spencer, *The Irish Land Question, Property in Land,* and the *Open Letter to Pope Leo XIII on the Condition of Labor.)* As pointed out by HGI, this course goes to the heart of the Georgist philosophy, which is built upon a vital concern for social justice. Those interested may contact the Institute at 121 East 30th Street, New York, NY 10016 (212-689-0075).

New Visions for a Fragile Planet is a series of five lectures offered by The New York Botanical Garden in the Bronx, New York (212-220-8747). Presented in cooperation with other environmental organizations as part of the Earth in Rebellion series, these lectures are held at 6 PM on Thursdays beginning January 16th at Chemical Bank, Third Floor Auditorium, 270 Park Avenue at 47th Street, Manhattan. Costs are $64/series; $14/individual session.

Ernie Bryan of British Columbia has been sending us a regular series of letters on interesting themes. Mr. Bryan is a very individualistic Georgist who is quick to criticize the encroachments of the group whenever and wherever he finds it: From politics and economics to education, philosophy, and even the sports arena. For example: "We are told in school that we send a person to Parliament, not with fixed instructions how to vote, but to ponder on our behalf all measures brought before the legislature. This representative will vote after mature consideration that we in the boondocks could not possibly give. Somehow this rep. will acquire a higher intellectual status that those who voted for him or her. He or she will be a sublimation of the voice of the people; - the kind of sublimation that results in belief in such fanciful things as the Divine Right of Kings; the Social Contract; or the existence of leprechauns." Mr. Bryan's address is: 46129 Lewis Ave., Chilliwack, B.C. Canada V2P 3E2.

Modest Proposal *(continued)*

person - while New Yorkers will lose over $17 billion in the process." No wonder poor Cuomo and Dinkins can't balance their budgets.

My modest proposal is this. Let's not pay off every single S & L depositor. Everyone knows that most of the bailout amounts to a huge transfer of wealth from working taxpayers to high-flying venture capitalists. This evil seems necessary, for how can we distinguish the parasites from the deserving, small-time depositors? Well, to do that, I suggest we ask the people who worked in S & L's prior to 1980. Community people, who know who is who, can go case-by-case through the portfolios. You'd hear things like, "Oh, this is Max & Maxie Schmoo, they've been with us for years, we'd better pay 'em..." It would be more fair than the current scheme, and far less expensive. And as for the approximately $175 billion in real estate the RTC still owns, I suggest not selling it. Selling that much real estate in this market is simply not sensible. I suggest the RTC lease out the land instead, at its current annual rental value, and then sell the improvements. This would have two tremendous advantages: 1) It would make the properties so inexpensive that they would stand a good chance of being put to productive use; 2) It would be a laboratory test, a regular photo-opportunity for Georgist reform.

Do we expect this to happen? No. It would make too much sense. The rent-collectors will, most likely, continue to make out like bandits. Everyone should be hopping mad, livid, fit-to-be-tied about this, but Georgists particularly.

FREE ACRES - FREE SPIRITS

Free Acres, New Jersey was the subject of a November 17 lengthy feature by reporter Mark Di Ionno in the *Sunday Star-Ledger.* Entitled "A place for free spirits", the article says this "Single-tax community was a mosaic of artists, writers and average Joes." Mr. Di Ionno gives an informal history as seen through the eyes of current Free Acres residents Joe Romano ("one of the unofficial historians of Free Acres."), Marion Conner, and Laurel Hessing. Ms. Conner is the daughter of Thorne Smith, who wrote the "Topper" series, and lives in the house her father owned in Free Acres. Land in Free Acres is owned by the community in land-trust fashion. One of the rules, that trees could not be cut down, led to "a few trees growing up through the (roof overhang of the) house."

The author gives background on Free Acres including a short history of the career of Henry George and the founding of the community by Bolton Hall. "The first group of Free Acreites met in the Greenwich Village apartment of theatrical designer Amy Mali Hicks in early 1910 to take applications for the leaseholds. By spring, they were taking the train from New York to the area, where a local farmer named Bob Rogers would meet them and bring them by wagon up to Free Acres. The 30 people who spent that first summer at Free Acres camped in tents. Water was drawn from a spring, and the Green Brook was used to keep food cool and for bathing."

"Even today, Free Acres residents do not own the land, they buy 99-year leaseholds. 'The theory is that more people could own their homes if the didn't have to pay for land,' said Romano. 'That makes some people uncomfortable, but it shouldn't. The fact is, if you keep the property for 99 years, you can renew the lease at no charge." And the community spirit is still very much alive: monthly residents' meetings are still held in the farmhouse which holds the community center, library, and children's play group. Town clerk Geraldine Runfeldt keeps the community records and handles complaints and suggestions. Residents also continue to share in the communal expenses. According to Laurel Hessing, "You get to know people. You get to know what they believe in. You get an idea on how to form consensual opinions as a community. And you know what? It works."

A smaller article by Mark Di Ionno accompanies his main *(continued on page 5)*

"SLAVERY IN MORE CONVENIENT FORM"

by Pauline Juckes

Orlando Patterson, author of the book, *Freedom,* (a study of the Western passion for freedom despite, or even because of, its history of slavery) was quoted in the *New York Times* as saying he was struck by the line in the song "Rule Britannia" that "Britons never, never, never will be slaves!"

"Why did they have to be so absolute about it?" he wondered, deciding that the only meaningful way of saying you're free is to say you're **not** a slave!

I wonder whether Professor Patterson has ever read Henry George's *Social Problems,* (1883), which states:

> *Chattel slavery is, in fact, merely the rude and primitive mode of property in man. It only grows up where population is sparse; it never, save by virtue of special circumstances, continues where the pressure of population gives land a high value, for in that case the ownership of the land gives all the power that comes from the ownership of men, in more convenient form.*

Henry George makes the point that where land is cheap and labor valuable, slavery as an institution can function, but where land is valuable and labor cheap, a slave would only be a burden. What person in his right mind would buy a slave today, only to have to feed, house and clothe him, and care for him when he was sick? It is George's contention that people can be enslaved just as effectually by making property of their lands as by making property of their bodies.

We have an economic system in place that forces workers to compete for scarce jobs, renders millions without work at all - witness the thousands on the streets of New York City - and simultaneously favors the landowner. In effect, we all have a spurious claim to freedom, and can only **deny** that we are slaves.

Don't Blame the Japanese For America's Trade Deficit

by Mike Curtis, Director, Philadelphia HGS

The choice was ours. Americans have sold, to people of foreign nations, billions of dollars worth of things that aren't counted as exports. Our government sold bonds at interest rates they couldn't resist. And, American land owners sold our natural assets. If the Japanese were just saving up their American dollars, papering their walls or stuffing their mattresses with them, it would be wonderful: the U.S. Government could continue printing and spending money without any inflationary effect! It would be like an interest-free loan. But that's not how it works.

Some of the trade surplus is spent for government bonds - loaned, in essence, back to the U.S. Government. And, though taxes are raised to pay the interest (and one must ask whether the interest paid out is worth the advantage of time), in the end, the interest as well as the principal must be spent on something of American value.

STRANGER THAN FICTION:

- President George Bush travels to Japan, along with the CEO's from the Big 3 American Automakers, whose average salary is more than eight times that of the CEO of any Japanese auto company. They demand that the Japanese buy more American cars.

- Meanwhile, one US car company announces plans to build one model of car with the steering wheel on the right side (where Japanese drivers want it), which will burst upon the Japanese market in 20 months!

The other important thing that foreigners buy which is not counted in the balance of trade is real estate. Although buildings aren't exported, they are certainly an American product. And, unlike exported cars, buildings remain and are continually maintained by American workers.

There is only one thing that Japanese and all other foreign buyers buy with American money that is not produced by American workers: the land. They buy mineral land, farm land, and the sites on which we work and live. In effect, through a multitude of exchanges, the people who own America's land have traded part of it for cars, TV's and all the other products that have come into this country in excess of the products exchanged for them.

Keep in mind, the only reason to own land in a foreign country is to take the products of the labor of the people of that country without giving them an equal value of products in exchange. Imperialism once came from the barrel of a gun; now it comes from purchase of land.

If the U.S. wants a balance of trade, it can have it. We must think of our land, with all its natural resources, as a commonwealth - as the birthright of all Americans. By simply collecting for public purposes the annual value of each parcel of America's land, we will all enjoy our equal rights to the bounty of nature, and we will insure a balance of international trade.

Unlike products, which have a cost of production, the value of land is the value of opportunity: what people are willing to pay to monopolize nature. When this value is taken for revenue, there will be nothing for foreigners to buy, and nothing for Americans to sell, except American products.

"By restricting trade, we do to ourselves in time of peace what we do to our enemies in time of war," wrote Henry George. Restricting trade will only divert labor and capital to less efficient productions, thereby making the recession more severe. Unemployment is not caused by a deficit in trade but by speculation in land.

If our nation were to collect the value of its land, then no one would hoard it. We would have full employment and no trade deficit. In the absence of this most essential reform, our only hope is for technology to somehow keep ahead of both our foreign competitors and the speculative price of land.

What price free land?! An "interesting sight on the way home from Arden" from Pat McFarland.

HOUSING CRISIS IS REAL, AND GETTING WORSE

by Sam Venturella

Also published by the Ulinas Chapter of the American Planning Association, and in the News Star, Chicago. Sam Venturella is a retired city planner and President of the Chicago HGS.

Is the plight of the homeless a result of Reaganomics - the shifting of responsibility for welfare of the poor from the federal government to the states and cities? Or is it a symptom of a greater, more serious problem? Who or what is responsible?

Isabel Wilkerson, of the *New York Times*, dates awareness of the homeless to the beginning of the 1980s. That may be true for journalists, but others were aware of the condition sooner, very much sooner. The city of Chicago, for example, initiated public housing way back when Edward J. Kelly was mayor. Kelly's reign began in 1933.

> LESS INVOLUNTARY POVERTY MEANS LESS TAXES NEEDED FOR WELFARE FOR THE POOR. WE CAN THEN TURN OUR ATTENTION TO REDUCING WELFARE FOR THE RICH.

And Mayor Kelly was a "Johnny come lately" in this game. Private philanthropists had already built rental apartments for the poor.

What Wilkerson brings to our attention is that popular reaction is moving from empathy to intolerance. She might have said fear; for fear is the motivation for laws that ban panhandling in the subways, or ban (homeless) sleeping in parks and other public places. It is disconcerting - frightening, even - to be confronted by a disheveled, smelly person asking for money.

The fact that homeless people are real enough and scary enough to cause politicians to enact laws to keep them out of sight doesn't faze the likes of Carl F. Horowitz of the Heritage Foundation.

Horowitz doesn't see people, he sees numbers. In this case, numbers from the Census Bureau and the Center on Budget and Policy Priorities. The numbers are in studies: one on home ownership, another on low-income rental units.

What do the numbers tell Horowitz? Why, they tell him that housing has become more affordable, not less so. No surprise that this is the opposite of the Census Bureau's study.

Horowitz plays by interesting rules. One rule - the most important - is to limit the population he talks about. In this case, the population is home buyers. Hold it, now. Let me repeat that. The numbers Horowitz talks about are **home buyers**. The **homeless** don't exist in his world.

Horowitz ought to read [a published] letter from Douglas A. Benson of Waukegan. Benson advises: Get out from behind your desk. Talk with people. Talk with wage earners trying to get by on the hourly rates of a factory job, or a store clerk, or a letter carrier. Talk with young marrieds with children trying to make ends meet on two paychecks or retirees existing on Social Security, life savings and a part-time job.

Benson points out first-time buyers need an income of $45,000 a year to mortgage a $106,000 house. How many families have incomes of $45,000 a year?

As Wilkerson mentions, solutions from conventional wisdom haven't made a dent in the problem. Frustration has replaced the optimism that more dollars for government programs would solve the problems of the poor. How unfortunate that this frustration does not lead to a demand to drop conventional wisdom.

Perhaps Horowitz can't help himself. He offers another dose of conventional wisdom: a war on unnecessary government regulation in housing construction. Isn't it time to look elsewhere? Maybe building site costs?

There is another dimension to the housing problem. It is the very real and present danger to continued widespread homeownership posed by the current form of the real property tax.

The real estate tax is actually two taxes. Real estate consists of disparate components: land and improvements, (and) taxation affects each differently. The tax on improvements tends to inhibit improvement and maintenance, while the tax on the site tends to stimulate improvement.

Have any of the think-tank pundits ever asked what would happen if taxes were to be removed from improvement value and increased on land value? I suggest such a change would increase employment, thus reducing the need for welfare for the poor. And, further, I suggest that any city that dares to try this change will experience an increase in the number of housing units.

More jobs at better pay will do more to remove panhandlers and reduce homelessness that a whole battalion of police. Less involuntary poverty means less taxes needed for welfare for the poor. We can then turn our attention to reducing welfare for the rich.

BOB BIANCO

Bob Bianco, a Georgist of long standing and teacher at the Henry George School for many years, died in his sleep on December 21st, 1991.

In addition to teaching for the School on Long Island and in New York City, which earned him many admiring students, Bob was an accomplished jazz musician, pianist and singer. In this field he was also a teacher and mentor. Many younger musicians whom he has coached have gone on the establish major international careers, including the group, Manhattan Transfer.

At the Henry George School Bob taught Fundamental Economics. He began in the 1960s when the School was on East 69th Street, continuing at the East 44th Street building, and during the School's first year, 1988-89, at 121 East 30th Street. Over these years he developed his own distinctive style and approach in explaining the science of economics and concepts of the Georgist philosophy to his students. He taped every session in order to perfect his technique. His wife Ann accompanied Bob and attended all his classes.

Although he had not led classes at the School in his last two years, Bob remained ever the teacher, espousing the primacy of community collection of land rent as the basis of freedom and economic justice, in his personal contacts.

FREE ACRES - FREE SPIRITS

(continued from page three)

story. This one recounts "the wild days of Cagney" and other early Free Acreites. James Cagney was one of several famous, and infamous, colonists. In addition to Thorne Smith, there was author McKinley Cantor, Upton Sinclair, artist Bill Crawford, nudist Ronald Hotson, socialist John Tucker and feminists Dr. Mary Hussey and Grace I. Colbron. The colony had a reputation as "a haven for revolutionaries and anarchists, a reputation that grew as the area around it became more populated." Laurel Hessing has documented this history in a 350-page compilation of writings and recollections of Free Acre residents - whom she says "would better be described as 'lyrical leftists'...intelligent, creative people" were not political but "believed in the rights of man and the golden rule." ❑

SCHOOL NOTES

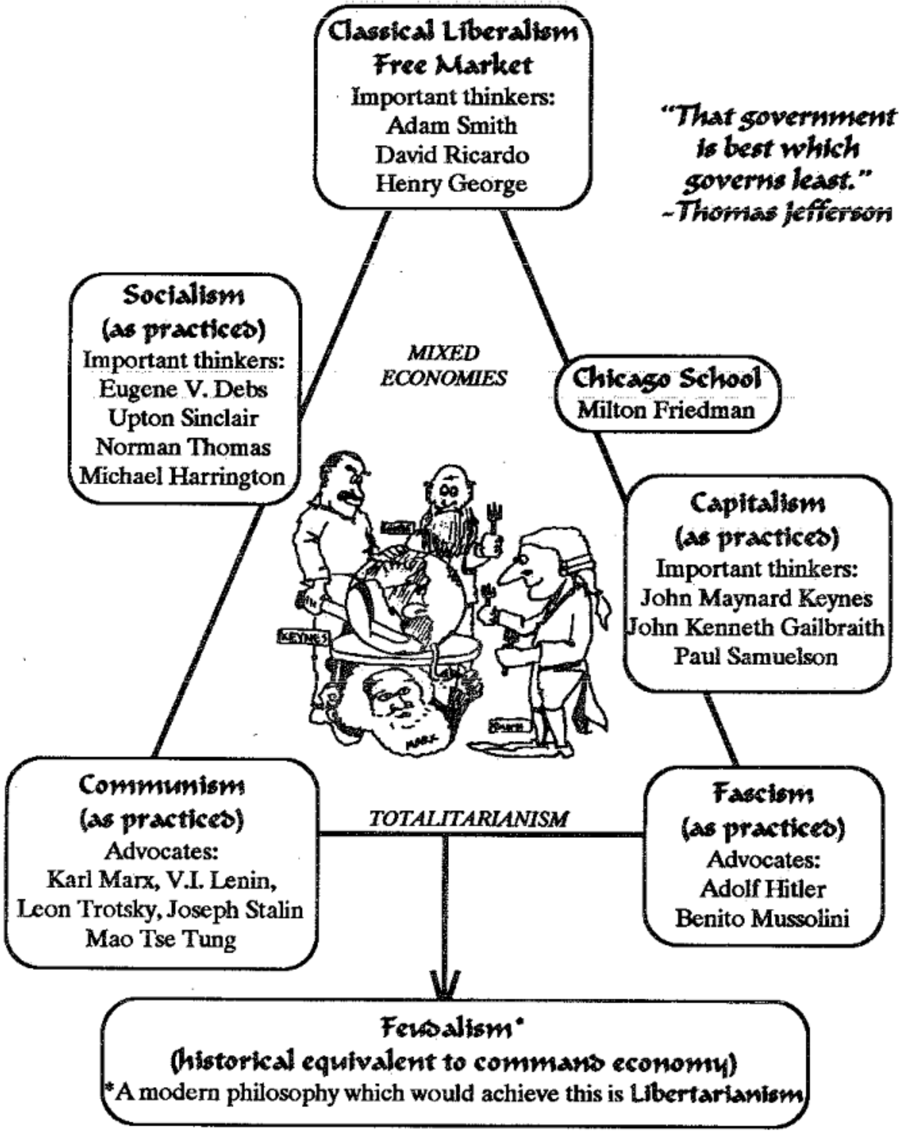
New York: Two new courses are being offered. *A Philosophy of Life* revives the course based on the ideas of School founder Oscar Geiger and developed by Robert Clancy (see Editor's Notes). The text is Mr. Clancy's work on Geiger, *A Seed Was Sown*. School director George Collins will teach the course this semester on Thursday evenings. *Liberty and the Just Society* was developed at the Philadelphia School by HGS president Edward J. Dodson (see our front page). This course takes an historical approach to issues of liberty, property, democracy and the ages-old struggle against tyranny and privilege. Mark Sullivan will teach the course this semester on Monday evenings. Both courses are for those who have completed at least one fundamental course in political economy at the School.

Chicago: Classes in *Fundamental Economics* using *Progress and Poverty* begin the week of January 6th. This basic course is offered Monday, Tuesday and Wednesday at 2:30 and 7 PM. Each section meets for ten weeks and is taught by School president Sam Venturella.

A new improved look was given to *The Illinois Georgist* with its Winter '92 issue (Vol. 4, No. 1) in a format similar to this newsletter's. Included in this issue are short articles on the School's new location, the '91 and '92 Georgist conferences, Chicago's Henry George Day celebration, "Odds & Ends" by Sam Venturella, and "An Equitable Solution" by John L. Kelly, first printed in Peoria's *The Community Word.*

In addition to their own efforts, the School received even more publicity, and in a major way. The Sunday, January 12th issue of the *Chicago Sun-Times* featured an article on the School by urban affairs writer Alf Siewers. Full coverage of this story will follow in our next *Newsletter.*

A Model of Political-Economic Systems



We've added a few embellishments to this diagram developed for high schoolers by Bret Barker of the Los Angeles HGS. The center figures are, counterclockwise from the bottom: Marx, Keynes, George, and Smith (Adam, not Jeff). You may find it curious to see Libertarianism as a form of Feudalism. But think of it, what would happen if all land and all government functions were to be privatized?

Prof. William Vickrey Assumes Post as American Economics Association President

William Vickrey, "a grand old man of public finance whose avant-garde ideas have influenced economists since the late 1930's," according to *The New York Times* (Jan. 4, 1992) has just taken office as new president of the American Economics Association, which boasts 20,000 members. Readers of this *Newsletter* will remember that Prof. Vickrey co-authored with Prof. Nic Tideman an "Open Letter to Mikhail Gorbachev" on the social collection of land rent last year. The letter

was signed by many economists including some Nobel Prize winners. As reported in previous HG Newsletters, Prof. Vickrey has attended Georgist conferences and functions in the past, including Henry George Institute dinners and a recent seminar on urban transportation which he led at the New York School. The Henry George School congratulates Dr. Vickrey, shown here at a 1990 Georgist symposium with Soviet economists. We wish him lots of success in his new office.

"BY GEORGE" MEDIA NOTES

ON THE EDITORIAL PAGES

Marvin Saillard of Olympia, Washington, a former New York HGS student, was published on the Opinion page of the Sept. 21 issue of *The Olympian*. Mr. Saillard, in responding to a comment by the chairwoman of the Washington Communist party, wrote: "The communistic system did not protect the workers in the Soviet Union, and the capitalistic system needs militant labor unions, because neither system understands the economics of worker exploitation. To understand this we must know what capital is, and how some people gain monopoly control of capital which allows them to take advantage of workers." Mr. Saillard continued with a capsule presentation of economic principles governing the production of wealth in "the natural order of things." The power of capital monopoly is rooted in land monopoly, Mr. Saillard concluded. "In the economics of land monopoly in which landowners can keep most of the rent-of-land as unearned income, the landowner launders his rent-of-land by buying capital and calling himself a capitalist."

A week later the *St. Louis Post-Dispatch* published a long letter by Janet Shipton who, by contrast to Mr. Saillard, had not studied the ideas of Henry George. Citing data from Aliquippa, PA, Ms. Shipton urged Missouri cities to follow the example of the several Pennsylvania communities that have adopted some form of land value tax "to slow the yearly increase in abandoned buildings and encourage redevelopment..."

KINSLEY ON GEORGE: RIGHT OR WRONG?

Michael Kinsley, well-known political commentator, has again mentioned Henry George - in *Time* magazine and once more in *The New Republic*. In an article on "David Duke and American Decline" (November 25th issue of *Time*), Mr. Kinsley considers Henry George's thesis in *Progress and Poverty* "that the empty West was responsible for America's egalitarian and optimistic spirit.... Henry George was wrong. Geography ran out but prosperity didn't." Mr. Kinsley's judgement comes in an article on American **decline!** One can dismiss George's frontier thesis only by ignoring all that occurred since George's death, including US expansion into the Pacific, two or more major wars and lots of little ones, a Great Depression, and lots of recessions, and the various government schemes to keep the game going!

While trying to explain the popularity of figures like David Duke, Kinsley concludes that this popularity will increase if "the general sense of national decline is not reversed." In this he certainly agrees with *Progress and Poverty*. George's vision of future "carnivals of destruction", tyrannical demagogues and "new barbarians" has proved to be, unfortunately, all too prophetic.

Mr. Kinsley gives George a better rating in the December 23 & 30 issue of *The New Republic*. He takes on another George (Bush), whose remedy for decline, and the expensive S&L bailout, is to raise real estate prices (via a capital gains tax cut). "But any increase in real estate prices as a result of a capital gains break would simply reflect the future tax savings (the technical term is 'capitalized present value').... the value of the break to any given property would exactly equal the cost of the break to the government." More importantly, "The country does not become richer in any real sense when the exact same stock of buildings and land trades at a higher price.

"As my favorite economist, the nineteenth-century autodidact Henry George never tired of pointing out, land is a dead asset," Mr. Kinsley writes. "A government subsidy to, say, computer chips will at least predictably produce more computer chips. A subsidy to land will not produce more land; it will just produce higher prices. Subsidies to houses and other buildings may produce a few more buildings. But at any given time, practically the entire real estate market (unlike the market for other products) consists of pre-existing stock. Most of any subsidy simply raises the price of this stock."

WORLD WATCH GETS IT

"City Limits" is an article by Marcia D. Lowe in the Jan.-Feb. 1992 issue of *World Watch* magazine. A senior researcher on transportation and land issues at World Watch Institute, Ms. Lowe gives a thorough exposition of the many methods that have been proposed to contain urban sprawl "by filling in underused and vacant spaces... promoting business development, easier commuting, and more affordable housing."

Among the methods she considers is land taxation: "By taxing vacant land according to its true worth in the market, cities can make these parcels less attractive as an investment vehicle. Local governments typically assess such properties at far less than their market value, effectively rewarding property owners for keeping their land idle.... Cities can further spur the regeneration of their blighted land through... levying a higher charge on land than on buildings." Ms. Lowe goes on to mention the fifteen-Pennsylvania cities that are taking this approach, and adds: "These property taxation strategies would be particularly valuable in East European cities to ensure that future private development is compact.

Other articles of interest in this issue include one on Middle East oil in light of the Gulf War, the now-expanding slave trade (which "occurs most frequently among landless people on the Indian subcontinent"), and mining companies that are "Free-Loading Off Uncle Sam."

Contact: Worldwatch Institute, 1776 Massachusetts Ave, NW, Washington, DC 20036 (Tel. 202-452-1999).

GEORGE & THE GURU

Susan Klingelhoefer of the Robert Schalkenbach Foundation has passed on to us a story sent to her by a man in Osaka, Japan, who had just learned about Henry George in an article in *Osho Times International*. Upon reading the article, he immediately contacted Ms. Klingelhoefer by telephone to order *Progress and Poverty*.

Osho Times International is the organ of the guru Rajneesh, now Osho, movement. On page 25 of the December 1, 1991 issue is "The New World and The Henry George Theory", a full-page story by Swami Anand Robin, shown with a copy of *Progress and Poverty* in hand. He writes about George's masterwork: "Thirty-five years ago I was given a book. It was written by someone I had never heard of, on a subject I was not interested in. To my surprise, I read it. I have never looked at it again, am still not interested in the subject and it's dogged my life ever since - because the awful thing is, it tells the truth." The Swami makes a distinction between "pure capitalism and the Monopoly Capitalism" of the West, and endorses George over Marx. It is somewhat intriguing to find this pro-George piece in a magazine with the anti-Christian, pro-Stalinist viewpoint (so-called "Zen Communism") of Osho, who is quoted on almost every page. Contact: *Osho Times* (USA), PO Box 318, Mill Valley, CA 94942 (Tel. 415-381-9861). ❑

A Conversation With Heather Remoff

(continued from first page)

human reproductive behavior--I discovered he was wrong about humans, because our economic behavior doesn't fit neatly into his model. I'm convinced that in humans it is functional for us to limit the number of offspring when we have control of resources. What Darwin left out of his equation was economic behavior - which didn't hurt his theory with any species except humans! Human economic behavior is really what sets us apart as a species - which has been neglected by most biologists.

I consider it a mission to make people understand the relationship between sex & economics. So, it's no surprise that the working title of the book I am writing with Fred Harrison is *Sex & the Single Tax.* (I didn't like the title at first, but it has grown on me; that is, after all, what I'm talking about!) My goal to finish by this summer--tying economic understanding to my earlier research.

But I keep getting knocked off the track by the Russians, whom I dearly love.

HGN: You have been forging some strong connections with Russian economists. How did that come about?

HR: My husband, Gene, was invited in October of 1990 by the Conference Board in New York, along with nine executives of American corporations, hosted in the (then) Soviet Union by the Institute of World Economics and International Relations. The conference was a joint undertaking by these two groups. Gene & the other American executives were invited because they were leading American businessmen, and they were talking about free market conversion.

I sat in on some sessions, but the women were not too involved. Wives were not allowed to attend one session that took place in the Kremlin. But we were there in Moscow, spending quite a bit of time touring the city. I quickly wrote up a little paper about land value taxation, which I gave to anyone who would take it, and we were captive on a bus with many members of this institute--so I was stumping for LVT.

I must confess I did a little black-market spending -everything is so underpriced; pricing nowhere near reflects the cost of production. This is still a big problem. To get competition in there is an awesome undertaking, and very frightening to people. The big challenge to us and others is to get in there and help, quickly. And - if it fails, it'll be because the economy hasn't come around quickly enough - if it does not, I believe the political push toward freedom will fail.

But, as a result of contacts made there, we were visited this fall by Dr. Alexi Slepukhin, economist with the Institute of World Economic & International Relations, who specializes in the American economy and banking system. Alex was here for three weeks. My article was published in a Soviet newspaper, and Alex translated it and published it also in his own newspaper.

HGN: And we hear that these connections are providing new opportunities...

HR: Yes, they are! 20 to 25 economists from that institute are being invited to come to the New York school to take classes in political economy. We hope this will be happening in early March.

The Institute of World Economics and International Relations is a very prestigious group - Gorbachev and Yeltsin have drawn many of their advisors from it!

HGN: How do you assess the school's educational program now?

HR: The initiative to the former Soviet Union is very important, I'm thrilled about that. As far as the school's program, the courses already offered are good--we should keep doing it. My experiences in Russia, among other things, have taught me that we never know where something will take root.

As a new board member, I want to get a sense of things before I make any evaluations. I feel privileged, though, to serve on the board of trustees. These folks really care about humanity; they are not in this endeavor for personal gain.

I do have one curricular suggestion, however. I would like to see the school offer a course in US tax policy. I, and many others, I guess, have lots of questions in this area: how much revenue is collected at each level, and where does it go? What kind of legislative changes are required to make a broad application of land value taxation in the US, how could federal taxes be reduced or eliminated by LVT?

HGN: Any final thoughts?

HR: I feel serene since I became a Georgist - my life has been enriched.

1992 North American Georgist Conference: June 17-22, Santo Domingo, Dominican Republic

This year's conference of the Council of Georgist Organizations is hosted by the *Escuela Henry George* headed by Ms. Lucy Silfa. Conference invitations to U.S. addresses are being sent out by Scott W. Walton & Assc., Ltd., 1111 Church St., Evanston, IL 60201 (tel. 708-475-0391; fax 708-475-3776). Invitations will be sent to members of the Council, and to those who attended any of the previous three conferences. If you're not sure if you're on one of these lists, or your address has changed since your last conference, please contact Sue Walton at the address above. You may also contact Ms. Lucy Silfa at *Escuela Henry George, Apartado Postal 758, Santo Domingo, Dominican Republic (tel. 809-565-6725).*

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