

HENRY GEORGE NEWSLETTER

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HGS CELEBRATES 60TH ANNIVERSARY IN STYLE

Friends, students, staff and Trustees of the Henry George School gathered to celebrate Henry George's birthday on the evening of September 2nd. The occasion was doubly auspicious, because it also marked the school's 60th anniversary. Proclamations commemorating the event, and lauding the school's educational work, were issued by Mayor Dinkins and City Council President Peter Vallone.

Bob Clancy, President of the Henry George Institute and former HGS Director, was the featured speaker, and Prof. William Vickrey, President of the American Economics Association, also gave a brief, thoughtful talk on the relevance of George's remedy today.

The evening provided all those who give their time and effort to the school a chance to reflect on their shared endeavor, share comments and congratulations, and get to know each other a bit better. There was an ample spread of tasty treats, provided by students and friends, and even a birthday cake - a splendid time was had by all.

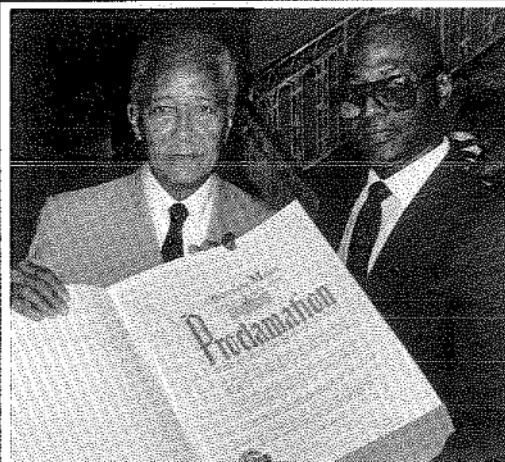
Excerpts of Remarks

by Prof. William Vickrey

Well, as one of those much-maligned professors of economics...I know that economists are fond of saying, "If only we had a lump-sum tax, which people can't avoid...." Such taxes come, basically, in two types: the poll tax, which most reject on the grounds of regressivity, and the land tax....

Economists are almost unanimous in conceding that the land tax has no adverse side effects - yet they don't seem to want to go with it.... Especially in older countries, such as England and the United States, the long-standing vested interest in property rights has ensured a real estate lobby that is very powerful. In younger countries, such as Australia and New Zealand, the land tax can be applied from something resembling the start, and can therefore have a chance to catch on.

I think, however, that landowners ought to look at both sides of the coin. Applying a tax to land values also means removing other taxes. This would so improve the efficiency of a city that land



You know these two gentlemen! Mayor David Dinkins poses with HGS Director George Collins and the Mayor's Henry George Day proclamation. photo by Joan Vitale Strong

values would go up more than the increase in taxes on land.... Landlords ought to be in favor of this proposal. If taxes on structures were removed, land values in New York City would go up much more.

There is also a strong equity argument in its favor. Consider the example of a tennis court.

Even though people playing tennis have no use for electric, water and communication facilities, these services must be provided anyway.... In effect we have

to pay for utilities twice: once to the provider and once to the landowners who benefit by them. And, although this goes, perhaps, a bit beyond Henry George, I believe that the land tax ought to be used not only to pay for the government, but also to pay a good deal of the costs of electric, phone, water, and other services. That's something we should think about.



William Vickrey

Excerpts From

Bob Clancy's Remarks

The 60th anniversary of the School is also my 60th anniversary in the Henry George movement.... I was just out of high school in 1932, and it was the worst part of the depression: the depth of the depression, as I call it. None of the subjects I had in high school prepared me for what I would find: a rat race for the most menial jobs.... This perplexed me. Why should a person who is fairly fit, and willing to work, be unable to find a job? I kept seeing flyers for the Henry George School, and I ignored them for a while, but they promised an answer to my question - so I finally broke down and attended a lecture, at a little rented room in the Pythian Temple, uptown.

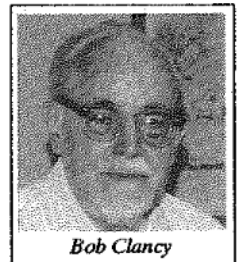
One lecture did it for me. Oscar Geiger explained the whole thing.... I really haven't found anything that overturns the Georgist explanation for economic problems. I haven't found a better answer, although I have listened to many....

One recent phenomenon is the wave of auto thefts in New Jersey. Youths not only steal cars, but they drive these stolen cars recklessly; they confront the police.

Their response when caught is, "So what?" They have no better prospects; they seem not even to have any concern for their own lives. This is their answer

to the restricted and diminished opportunities that keep them unemployed.

One question I have not yet been able to answer is, "Why is it so difficult to explain this?" Why is it so tough to get people to see that access to the basis of all economic opportunity is restricted...that the government must, in turn, pick our pockets with taxes that have become an inquisition. My family and friends gave me a blank look, saying, "Oh, there are lots of other causes - and anyway, people can't go back to the (continued on page five)



Bob Clancy

IN THIS ISSUE: Dominican Republic Moves Toward LVT Implementation · Social Science Forum Poised to Forge New Links · New Course Examines Origins of Land Tenure · Land Trust Update · How Do the Candidates Compare on Urban Revitalization?

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(403) 242-4291**New Discovery Advances Dominican Republic Land
Tax Timetable - Cadastre Eliminates First Steps**

by George Collins

The 1992 C.G.O. Conference, hosted by the Santo Domingo extension of the Henry George School under the Directorship of Lucy Silfa, was an unparalleled success.

At the 25th anniversary of the school in September, 1991, Lucy and her lieutenants promised to put on a conference that would capitalize on those twenty-five years of work - and they did, in ways that we could not have anticipated.

News coverage - the lack of which is always lamented at Georgist conferences - was overwhelmingly abundant at this event. But the most noteworthy aspect of our gathering in the Dominican Republic was the opportunity it created - one that was readily seized upon - to set the direction and agenda for the next phase of the Henry George School's work. Last September, when I spoke to Nelson Frias, President of the Santo Domingo

City Council, and to the leaders of the four parties that make up the council, he asked me to come back and conduct a seminar on land value taxation for the entire Council. I said I would, and the Conference trip offered me the opportunity to fulfill that pledge. And when I did, there was no quibbling about the conclusion that land monopoly was the essential cause of the disparity

between great wealth and hopeless poverty in the country. These municipal legislators, who have no independent revenue source at their disposal, warmly received the land value tax remedy.

However, this multi-party support for land value taxation in the Dominican Republic is something more than an improbable anomaly occasioned by the fiscal limitations imposed on a City Council without money. As *Henry George Newsletter* readers already know, support exists for the reform at higher levels in the Dominican government. In another event unprecedented at a Georgist conference, a delegation of the leaders of Georgist organizations met with the president of the country. The keynote speaker at the conference, Pedro Bretón, Director General of the *Banco Agrícola*, arranged the meeting with President Joaquín Balaguer at the National Palace.

Balaguer commended Doña Lucy for the work she had done over the years, saying that he had been taking note of it all along - and he stated, without prompting, that it is very important that the idea of raising public revenue from land values be better known. But the unanticipated, almost unimaginable conclusion of our interview was his unsolicited offer to give any assistance we required to have a land cadastre developed and a general appraisal conducted - the steps needed to introduce land value taxation. He backed up the offer then and there by appointing Pedro Bretón to be the liaison with his office as the project goes forward.

The choice of Don Pedro was fortuitous, or perhaps wise. The Assessor General at Bretón's bank, Dario Bencosme, is a long-time student of Lucy Silfa's and a committed Georgist. As the man who conducts appraisals of farm land for bank loans, he will undoubtedly have an important role in the appraisal process. This on-the-ground linkage between philosophical Georgism, technical expertise and official sanction is irresistibly promising.

Since we left the Dominican Republic, work has been done that offers even more hope. Documents and records have been unearthed which reveal that following the land value taxation conference in the Dominican Republic in 1981 (which was spearheaded by then-HGS Director Phil Finkelstein and jointly sponsored by the HGS and the Lincoln Institute for Land Policy), a land cadastre was developed for the entire country. It was never released to the public - and it would appear that its existence was unknown to everyone except those who worked on it. Each page of the cadastre is headed "Joaquín Balaguer, Presidente de la República Dominicana." Along with it is a booklet documenting the legal basis for establishing the cadastre. The availability of this material will significantly reduce the amount of basic groundwork required to arrive at current values on which an equitable land tax can be imposed.

But, the political question still must be resolved: will the data be made officially available for this purpose? In this, Sr. Breton is on the answer seat (continued on back page)

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Editor's Notes

This issue of the *Henry George Newsletter* observes a couple of notable changes in the staff of the Henry George School. Mark Sullivan, our estimable librarian and *Newsletter* editor, has moved on to take a position at the Robert Schalkenbach Foundation. Mark's vast store of knowledge and experience regarding the Georgist movement and its friends, as well as his wit and comradeship, will be missed indeed.

The bad news of Mark's departure is tempered, though, by the knowledge that he is not leaving the movement, or even leaving town (a confirmed New Yawkah, Mark once joked that "If I have to cross a river for it, it had better be worth seeing.") He continues to serve as an officer of the Henry George Institute and of the Council of Georgist Organizations, and will continue to write for the *Newsletter*.

Mark's work as Editor has been vital to the *Newsletter's* expansion and revitalization over the past three years. The new editor (me) is someone who has worked closely with Mark on that project (through, for instance, many seemingly-endless late worknights of layout-bickering,) and shares his commitment to making the *HGN* the very best it can be.

Our sadness at Mark's departure turns to joy as we welcome Pia Francesca

DeSilva as the school's new librarian. As New York HGS regulars needn't be told, Pia is an HGS alumnus, teacher, indefatigable volunteer, and Force To Be Reckoned With. A well-connected native of the Big Apple, Pia brings many valuable assets to her new job: an extensive list of profes-



Pia DeSilva

sional and volunteer library/research experience, a thorough grounding in the Georgist philosophy, and a tremendous vitality and charm.

Pia's major goal as the new librarian is "to make the Henry's George School Research Library more user-friendly." She is out to ascertain what the real-world research and information needs of our library are, and to organize the collection in an environment best suited to fulfilling them. And since the HGS library offers students access to history as well as current data, Pia intends to devote the

THE SOCIAL SCIENCE FORUM

Simon Winters, a member of the Board of Trustees of the Henry George School, has inaugurated a long-range, broad-based educational initiative aimed at galvanizing the spread and dissemination of Georgist land-reform ideas. Implementing what he calls a "synergistic" approach, Si has formed an Advisory Committee of distinguished scholars to "promote interdisciplinary scholarship and advanced research" in an effort to establish "an integrated Multi-Media Communication Program." Using an "activist educational approach," the Forum has been geared to engage "leaders in Business, Education, Government, Economics, Religion, the Media and Arts," as well as the community-at-large, in a sustained discourse on the ideas of Henry George.

That the Social Science Forum has been formed in the wake of the collapse of the Eastern-bloc and during a time of great uncertainty and decline in Western economies gives it a unique opportunity to both broaden the scope and convey the special relevance of the Georgist agenda. The Forum sees the synthetic approach as the best way to seize this historical imperative lest we, as Si puts it, lose "the precious currency of our concern."

The scholars associated with the Social Science Forum have served with distinction in academia, research, and as government officials and advisers on public policy questions. They include Robert V. Andelson, Professor

Emeritus of Philosophy at Auburn University; Steven Cord, Executive Director of the Henry George Foundation and a Trustee of the HGS; C. Lowell Harriss, a long-time professor of Economics at Columbia; Jerome Heavey, member and past Chair of the Department of Economics at Lafayette College; Dr. Michael Hudson, a scholar of financial history as well as consultant to the United Nations Institute for Training and Research; Nicolaus Tideman, Professor of Economics at Virginia Polytechnic Institute and State University; Prof. William Vickery, President of the American Economic Association; and Gene Wunderlich, a Senior Agricultural Economist of the Economic Research Service, U.S. Dept. of Agriculture. They have all published extensive research and theoretical work within their fields of expertise.

Over the next few months the Social Science Forum will be increasing its outreach endeavors - including an effort to bring together Henry George School alumni, pooling its physical and intellectual resources in an integrative encounter with the social problems of our times. The multimedia aspect of the project - the "integration of library, college, school, home and office via an integrated infrastructure of telecommunication technologies", as the Forum phrases it, - the commissioning and distribution of articles, scholarly papers and videos will ensure that "students and the public always receive the best, most informative and convincing material" the School can produce.

- David Domke

needed care and attention to the school's long-neglected archives. Because of the ravages of time on high-acid paper (which was, alas, used extensively in Henry George's day), much unique and valuable material is now in danger of crumbling into nothing.

Using as a guide an excellent report on the preservation and storage of archival materials, prepared by former HGS staff member Robert Hawes, Pia is taking the first steps toward stabilizing and preserving the archives before it's too late. And we're glad.

Taking up the slack on *Newsletter* production will be Chicagoan-turned-New-Yawkah, philosophy buff, cat advocate and occasional poet David Domke, whose press relations work helped to raise

the public profile of last Spring's conference with Russian economists. David contributes two articles to this issue.

Congratulations on the Henry George School's 60th anniversary have come in from some well-placed friends. Gracious letters have come in to George Collins from former New York Police Commissioner Lee Brown, Joseph Fernandez, Chancellor of the NYC Board of Education, and Lee Blake, First Deputy Mayor in charge of the New York Office of Education Services.

"Are you looking for a paladin?" asks the fall flyer from the Chicago HGS, "Do you believe that there is a super-smart person who can solve our social and economic problems?" (continued on next page)

Editor's Notes (continued from page 3)

The flyer goes on to quote Henry George, in an apt statement of the school's educational philosophy: "Human wit has not yet been able to devise any scheme by which any intelligence can be secured in a parliament or congress superior to that of the people it represents." Provocative stuff. The Chicago HGS began classes in *Fundamental Economics* on Monday and Wednesday afternoons at 2:30, and on Tuesday and Wednesday evening at 7:00, during the week of September 21st.

The latest published work of Rev. Wylie Young has been some time in coming, as Rev. Young admits in his covering letter. "I didn't just knock it off in a long weekend. At 94 the ideas just don't come that fast."

The 16-page booklet, *The Key to Social Splendor*, however, is worth waiting for. His preamble states: "This fifteen-page booklet has been written to explain, simply and clearly, why the American Dream is turning into a nightmare, and what must be done, as quickly as possible, so we can all breathe sighs of relief and face new days with confidence and faith. Suspicious? Give it a try."

Those who do will find an eminently readable summary of The Land Question, with background on the Physiocrats and other influential early thinkers. Young explains the philosophical and economic conditions that led to an untenable property tax system being fossilized in U.S. law, and the mechanics of land speculation and frontier settlement in early America. Finally, Young elucidates how a tax on land value can erase the distortions caused by taxes on wealth. In doing so he presents one of the most lucid explanations I've ever seen of one of the most elusive points for students: why the landowner cannot pass on the land tax to consumers.

Copies of *The Key to Social Splendor* can be had for \$2 from: Wylie Young, P.O. Box 383, Big Flats, NY 14814.

Yi Ming Shi, an alumnus and continuing student of the New York HGS, wrote and published an announcement of the fall term classes in *World Journal*, a Chinese-language newspaper in New York City. The paper is widely circulated, and many students have begun courses after reading Yi Ming Shi's announcement. "All residents of the New York area, with at least an intermediate level of English, can register and learn for free," it says. "Don't miss this excellent opportunity."

Practice random kindness and senseless acts of beauty.

Seminar Tackles North-South Environmental Issues

The New York School's Saturday Seminar on Oct. 3rd addressed the most difficult question: how can nations with vastly different levels of poverty and development agree on a collective response to the grave dangers that beset our global environment?

Jim Morgan, an architect and housing activist from Brooklyn, who traveled to Rio de Janeiro in June to attend the United Nations Conference on Environment and Development (UNCED) under the auspices of the Society of Friends, reported on his experiences there and assessed the potential for progress. Even though North-South economic conflicts (and what many would call the intransigence of the U.S.) resulted in few substantial accomplishments for the "Earth Summit," Mr. Morgan was eager to report that there is more to the story. "I return from Rio full of hope," he writes. "Despite the depressing official results, I bring good news, news of people - clever, committed and energetic... whose vision of a collaborative future will soon prevail...."

The foundation of this hope was laid in the "Global Forum", the alternative Earth Summit held that same week in Rio. According to Mr. Morgan, it was "as different from UNCED as a demonstration in Washington is from what goes on in the White House." Over 14,000 representatives from hundreds of organizations traded views and forged alliances, in 36 meeting tents and over 300 exhibition booths. "The opportunity for self-education was overwhelming."

The Non-Governmental organizations (NGO's) of the UN, seeing that little of value was coming out of the official conference, agreed on their own global environmental targets as an alternative to Agenda 21, "UNCED's watered down, underfinanced action plan." No, the Global Forum's documents have no binding authority on anyone yet, but Jim Morgan said that the process begun there can only grow in strength. "In twenty years, when the world's leaders are assembled, there's a good chance many of them will have gotten their start at Global Forum '92."

The key to the nascent power of the Global Forum is in its recognition that considerations based on "national interest" will inexorably have less power in the years ahead. "The insular perspective many governments took with them to Rio simply doesn't make sense anymore," said Jim. And he asserted that it is not, after all, so difficult for one's outlook to become globalized. "I grew up in Ohio," he said, "And I have come, now, to look upon the United States flag in much the same way as I see the old Ohio state flag - as a reminder of a bygone era."

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(Editor's note: The other scheduled speaker at this seminar, Mr. Georg Kell, regretted that a last-minute family obligation made him unable to appear. In his stead, your humble editor studied a great deal of material provided by Mr. Kell and his organization. Thus enriched, I went on to present a description of how global environmental cooperation may be shaped: not by restricting trade, but increasing it - by fashioning a system of tradable pollution credits. For more information on this fascinating idea, see "A Market for the Environment" in our May-June issue - and stay tuned! - L.D.)

His fence, my land

By Anders Corr

*i sleep with the land
there is a man somewhere
that thinks the land is his
that he owns the land*

*he is wrong
he owns the fence
which strangles the land
with sharp wire*

*his land is a piece of paper
a money figure on an LED screen
a chore*

*my land is the sun
it heats my face in the morning
it is the lunar light which guides me
it is the tall grass within which
is my sanctuary*

*his land is created by the state
my land is a gift of the unknown*

*what he calls land is a
real estate rape fantasy*

*for myself,
the land is a cradle
as i drift into a dream
without boundaries*

The poem above is by Anders Corr, a California "homeless activist". Mr. Corr shared the poem with Pat Aller, in a letter which also included a copy of an article from the *Santa Cruz Sentinel* describing how Mr. Corr and six other activists were arrested, in July of this year, for camping on a public park. He is currently working on an anthology entitled *Our Right to the Earth*, which contains writings in various genres on that most important subject. Mr. Corr reports that "I have become homeless this summer to save time (because I do not have to spend as much to pay for rent) so that I can do more work on the anthology." - Lindy Davies

Henry George Day: Excerpts from Bob Clancy's Remarks

(from first page)

land." Back to the land!" I would exclaim, "The land is right under your feet." But the blank looks continued.

Others, over the years, have been converted - but then they got discouraged and dropped out. Why have I stayed with it?

I think the reason is this: when I came into it, the Henry George movement was in a crucial transitional phase. Nothing like this [school] had been tried before. Setbacks and defeats had been going on since Henry George's day. Along with many others, Oscar Geiger participated in political activities; he wrote the platform for the National Single Tax Party. Nevertheless, the movement was in the doldrums by 1932. "Storming the gates of Heaven," as they were doing in those days, resulted in setbacks that were so bad, the movement was declining instead of advancing. It could have died - other movements did.

Oscar Geiger determined that it would be impossible to really get George's ideas across until there existed a group of people who really understand....

The school has had its ups and downs - there was a period when it seemed to be fading away. But like a very hardy plant, it has overcome all the setbacks and managed to move forward again. I am proud of George Collins and the work he has done. He has always been faithful to what I consider to be the real vision of the school.

George referred to me as his mentor, but he has been at it for quite a while himself. What keeps us going?

One reason is the philosophy behind the school, which harks back to what Henry George said, that social reform is accomplished not by noise and shouting, but by the awakening of thought and the progress of ideas. We are in the business of the slow progress of ideas. We have the experience and the satisfaction that people who stay with it see the truth.

The Henry George Institute makes slow progress indeed with its students, teaching them one by one through correspondence. But in these many years, almost none who made it through the course have dissented. I can remember two: one woman in California denounced it because it was "socialism"; one man in Michigan rejected it because it was not.

I do not say there has been no progress: there have been notable advances, particularly in Pennsylvania, and in some countries such as Denmark and Australia. Furthermore, I have noticed

Roots of Ownership, Enterprise and Debt

The ancient origins and development of economic institutions from the Bronze Age to the present is the subject of a fascinating new course taught at the School this term by Dr. Michael Hudson. Using an approach that has

been long neglected in the study of antiquity, Dr. Hudson challenges normative ideas about the origin of debt and the private ownership of land. Dr. Hudson claims "the archaeological record contradicts free-enterprise fables of how profit-seeking, private property and interest-bearing debt originated. Absentee

landownership and interest are not inherently natural and universal phenomena, but developed relatively late - in Bronze Age Mesopotamia, 3000-1600 BC under historically unique conditions." Cautioning against the modern tendency to read contemporary social structures back into history - retro-fitting the historical record to ideologically justify the status quo as part of some natural order - Dr. Hudson maintains that "privatization did not occur as a peaceful and planned policy, but as a byproduct of social breakdown." He goes on to say that the privatization of land was not the result of free enterprise but the result of two "levers": a society's internal debt strains and external military pressure.

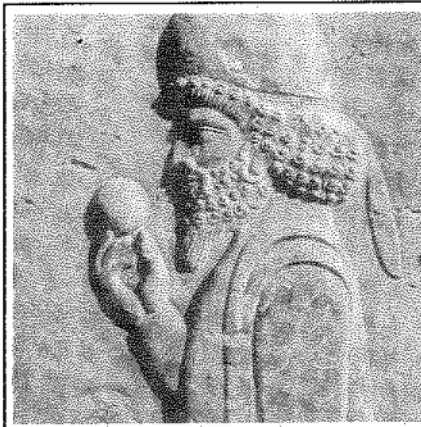
Dr. Hudson's basic premise, based on his archeological research, is that archaic communities differed substantially from our own in the way land was appropriated and used. Hudson says: "To preserve self-sufficiency for all their members, archaic communities typically restricted the alienability of subsistence landholdings." Enterprise in these communities was "interpersonal" - no one member of the community was able to

profit at the expense of another - and "tended to involve positive-sum activities such as hunting, gathering, planting or making things, rather than being at the expense of others. The first enterprise was public, not private." The rise

of land as private property can be seen as a sign of an economically dysfunctional society, Hudson says. "It was largely through debt foreclosure that land became privatized. These forfeitures occurred especially in times of flooding, drought, pestilence and, most importantly, war. Hitherto communal

lands passed into the hands of absentee owners, mainly creditors (public collectors and merchants) when cultivators ran into problems. At first, needy cultivators had little to pledge as collateral except for their family members as debt bond-servants. As an alternative to such loss of personal freedom, cultivators looked for something else that could be pledged." The alternative was, of course, land. The forfeiture of land for debt was not forever; the family retained residence on the land and "what was actually alienated was the land's usufruct, being taken by the creditor as interest." This state of affairs was temporary - archaic rulers saw the need to periodically cancel all debt, both to ensure the original tenants self-sufficiency and to prevent any one individual becoming wealthy at another's expense.

Dr. Michael Hudson teaches at NYU and has been a consultant to various groups including Chase Manhattan Bank, the National Science Foundation and the United Nations Institute for Training and Research (UNITAR). - David Domke



that the general tone of the professional world, of journalists and educators, is a little more receptive to Henry George than they were years ago.

Of course, those of us who really have got it in our bones would stay with it no matter what. It is just a larger, harder, slower job than was originally anticipated. But if we stay with this job, we will continue to see progress.

Trustees of the Henry George School

Permanent Members: Edward J. Dodson (President), Oscar B. Johannsen (1st Vice President), Fryda L. Ossias (2nd Vice President), Sydney Mayers (Treasurer), Steven Cord, William P. Davidson, Paul S. Nix, Simon N. Winters.
Elected Trustees, 1992-93: Richard Barbuto, Felice Gruskin, Herman Lazaar, C. Matthew Ossias, Heather Remoff, Stan Rubenstein, Constance Weinstein (Secretary)

FROM ARDEN TO DREAMTIME: Land Trust Update

Dreamtime Village, in Viola, Wisconsin, solicits various levels of membership, open to anyone outside the Village itself: "Our village is simultaneously local, regional & global." Like other Community Land Trusts (CLTs), the purpose of this Village is to effectively take "real estate off the market (& cut off private ownership) for the purpose of protecting it from both ecological & economic abuse - especially speculation. The land will be held in stewardship for the common good of those who use it, users paying an 'economic rent' (lease fee) equal to the annual value of the land." (For

further information, write to: Dreamtime Village, Rt. 2, Bx. 242w, Viola, WI 54464)

Dreamtime Village will actually be one of the lessees of the Driftless Bioregional Land Conservancy.

The DBLC is affiliated with a wide-reaching CLT organization called Fair Share Land Conservancy, started by Mr. Jubal Stucki. We had suggested last year that Dreamtime founders contact the School Of Living in Pennsylvania for information and assistance in setting up their CLT. In turn, SOL put the Dreamtimers in contact with Jubal. Information is available from Jubal at 3030 Sleepy Hollow Rd., Falls Church, VA 22042 (Tel. 703-237-7507).

"Noble Deeds" is the title of a lengthy article by Joel Russ in the April 1992 issue of *Harrowsmith*, a Canadian journal. Thyson Banighan recounts his spiritual awakening - in an encounter with a huge sea turtle: "It rolled sideways, and I looked into an eye that I will never forget. It was as ancient as ancient could be." Russ translates the experience into eco-ethics: "Nobody owns the Earth. We are mere stewards, with obligations to both the living planet and its creatures." "Noble Deeds" gives a good survey of the Canadian land trust scene, tracing the idea itself back centuries to most aboriginal peoples, and more recently, to Henry George: "According to Robert Swann, president of the E.F. Schumacher Society... the idea of community land trusts in the United States dates back to the civil rights movement in Georgia. The aim then was to provide farmland and housing for impoverished blacks. A critical early influence on the movement was the work of Henry George, who argued in *Progress & Poverty*... that the cost of land is a major cause of poverty. His solution? Tax the land but not the buildings on the land. Today, some 130 community land trusts in 38 American states deploy a version of that idea."

Russ also quotes Jean Hocker, president of the Land Trust Alliance in Washington, DC, that the land trust movement has doubled in the past ten years. In 1991 there were 900 land trust



societies in the US, over 800,000 supporters, and 2.7 million acres of land. The 1991 LTA conference drew 700 participants, 45 of which were from Canada.

These figures encompass both community and conservancy land trusts. As the article points out, for example, land trusts can be used to protect land for agriculture in some places like West Virginia, or from agriculture in other places like Iowa. The issue is "not unfettered

development vs. absolute protection" but "environmentally sound development - an interesting shade of grey."

The Canadian focus ranges from a neighborhood land trust on Ward's Island, off Toronto, to the work in British Columbia by Turtle Island Earth Stewards (Box 39077, Point Grey, RPO, BC, V6R 4P1 Tel. 604-736-9221). Thanks to friend Ian Young of Toronto, who sent the article to us from Banff.

Another magazine, *The Smithsonian*, in their May '92 issue, goes on at length about one particular land trust, the single-tax community of Arden: "Frank Stephens saw a vision of Utopia in the single-tax theory of Henry George and set out to make it come true in rural Delaware." Arden is named after the enchanted forest in Shakespeare's *As You Like It*. "It is a joyous spot on literature's map, and in the early 1900s a merry band of



American dreamers put an Arden on the map of Delaware. It is there today, tucked among the suburbs of Wilmington, an oasis of idiosyncrasy."

The "dreamers" who first peopled Arden sound very much like those who are now starting Dreamtime in Wisconsin: "Its citizens have been people of ideas - poets, novelists, playwrights and actors; painters, sculptors, metalsmiths and potters; Socialists, Communists, pacifists and anarchists; promoters of Esperanto, advocates of free love, and (in the words of one early resident,) conservatives who had no ideas at all."

Henry Wiencek has given us an intriguing story of the early history of Arden, enriched with many photographs of Arden throughout its history, and portraits of George, Stephens, and other notables. This is no dry history, either. We read about the interface of free love and



single-tax, and single-tax and pacifism. Frank Stephens was active in all three causes, and he and his son were even arrested for opposing US involvement in the First World War: "With the coming of World War I, Arden and the whole

single-tax movement were split on the issue of pacifism. Daniel Keifer Sr., an Arden resident and pacifist, was removed from the chairmanship of the national single-tax organization. Stephens' son Donald spent nine months in jail for refusing to serve. He was nearly joined by his father." Stephens had been tried for trying to interfere with the war effort when he verbally attacked a Liberty Bonds saleswoman: "You are sending our soldiers abroad to be murdered!" Stephens was acquitted.

Wiencek brings history up to date. He quotes Arden resident Mike Curtis, director of the Philadelphia Henry George School, and gives a few statistics on Arden. Annual land-rent, for example, is about \$720 for a quarter-acre lot, "subject to adjustments according to the desirability of the lot's location." With only two part-time employees, all community activities are run by well-organized volunteer committees. "In the words of one resident, 'It's the purest democracy you can get.'" - Mark A. Sullivan

(Editor's note: Drawings are from "The Arden Book", a booklet issued in 1975 for Arden's 75th anniversary celebration.)

SOME THOUGHTS ON ENTERPRISE ZONES

In the wake of this spring's disastrous violence in Los Angeles, politicians on both sides of the aisle started to scramble for some sort of policy response. The Bush administration's strategies, outlined in its 1993 budget request, re-hash some of the "market-oriented" proposals that Republican administrations have been making for the last decade. In particular, the administration proposes to revitalize our urban economies through the use of "enterprise zones."

The basic insight here - that economic incentives are stacked against investment and development in inner cities and other poverty areas - is true, and needs addressing; the question is how to do it. The president's proposal includes three specific tax incentives to stimulate business formation in the "zones". Two things seem obvious about them: that, if enacted, they will provide some improvement over the absolutely abysmal state of affairs that prevails today - and that they aren't the right way to do it.

The proposals are: 1) A 5% refundable credit on personal income tax for the first \$10,500 of wages of Zone workers earning \$20,000 or less. 2) Deferral of personal income taxes for investors who purchase stock in Zone businesses. 3) A zero capital gains rate for real estate investment in Zones held for at least two years.

Here we go again: The 5% tax credit amounts to approximately \$525 a year per individual worker. This seems all right, if we recognize that it amounts to a tax break for employers, not workers. Workers making less than \$20,000 in urban settings (where the cost of living is higher-than-average) are marginal workers. They are secretaries, receptionists, waiters, janitors, etc. - relatively unskilled workers of whom a ready supply exists, and who are ready to go to work for what they can get. Would the tax break make it into their take-home pay? But, the proposal would slightly lower the cost of hiring such a worker, so it might create a few more jobs.

Deferral of personal income taxes for investors in Zone businesses: the proposal makes clear that these taxes are deferred, not eliminated. They will have to be paid eventually - but! If the Zone works out as intended, they will not have to be paid until the real estate values have increased, potentially, well beyond the tax liabilities. It's easy to see that this plan could stimulate investment in the Zones. However, how will this investment benefit the people who live in the distressed communities? Since the educational level of inner-city residents tends to be low, the main force of skilled labor these developments call for will have to come from outside the community. The residents will get the marginal jobs.

Zero capital gains rate for property in Zones: this is a clarion call to land speculators. Property values in these Zones are currently very low - in fact they probably include extensive tracts of city-administered properties with negative market value. If these initiatives bring about any increase in business activity, it will be reflected in property values, and all such gains in the Zones will be untaxed. The only question here is the magnitude of the windfall. Nevertheless, this is, like the income tax defer-

ment idea, a way to bring business activity into the Zones, so that, at least, more of the residents will be able to find some kind of work.

Not a very attractive plan, so far. Is there an alternative? Well: What are some of the reasons why it is so unattractive to invest in poverty areas? There are the various social problems to contend with: crime, despair, poor health, and poor education. There is the fact that the housing stock and public infrastructure are dilapidated. And there is the financial plight of cities which, needing to provide basic social services, are compelled to penalize businesses with taxes. The Enterprise Zone plan promises a "seed" to allow progress on the first two by focusing on the third. The problem is, though, that the E.Z. plan, in the name of relieving business taxes, promises yet another public financing of private windfalls.

The evident answer to all this is to find a revenue source that does not penalize business development, which is just what we have in the land value tax! By removing taxes from improvements we remove the inherent penalty that the property tax system imposes on development. A land value tax can actually stimulate development in two ways: by making it unprofitable to hold land out of use, and by decreasing (or even eliminating) destructive wage and sales taxes.

Everyone agrees that, in the current urban crisis, some federal aid to cities is called for. So here's a new spin on Bush's

"weed & seed" idea: Take a city that is in real trouble, say Detroit, or Philadelphia, or Camden, or New York (pick one). The federal government will offer this deal: if the city will quadruple its property tax rate on land only, and rescind all its other municipal taxes, the federal government will make up any budget shortfall that results. Eliminating local taxes on buildings and on consumer items will attract business and development to that city, and the federal outlay will decrease year by year until it is eliminated altogether.

There would be other benefits as well. By drastically reducing the incentive to keep land out of use, this reform will effectively increase the supply (and lower the cost) of land available for businesses to use. Many small businesses and private housing construction will become

feasible where they weren't before. By decreasing rents, and start-up costs of new businesses, there will be a greater potential for community and minority-owned businesses to get started - and therefore more people in depressed communities would have a chance to actually own a stake in the revitalized development going on there, rather than just getting a chance to wash dishes in somebody else's joint. Altogether a more healthy prospect.

Any careful reader of *Progress and Poverty* will note the Kafkaesque irony of the administration's proposal. We are going to bring cities back to life by turning selected pockets of them into enterprise zones? Is that not what cities are, in their very nature, until the cancer of land speculation starts eating at them, neighborhood by neighborhood?

-Lindy Davies

Meanwhile: The Democrats Propose "Conventionally Wise" Alternatives

The Clinton/Gore Campaign offers position papers on just about any issue the public can think of. It may be unfair to expect their recommendations to match the enforced specificity that the incumbents must present in a concrete budget proposal. But a little more definition - particularly of how they plan to pay for things - would help us to evaluate the Democrats' intentions.

Opportunity, Community, and Responsibility are Clinton's categories for rebuilding America's cities. None can argue that those aren't good things to have; but one suspects that the last two are there to soften the blow of the first, which promises to be expensive. Restoring our cities, states the Clinton/Gore campaign, demands "a new partnership committed to excellence and community service." Tax-and-spend welfare-coddlers are warned, though, that "we will make no (continued on back page)

Dominican Republic

(continued from page two)

- and he is already asking the questions. He and Lucy Silfa are putting together the strategies required to move ahead with what he considers to be a vitally important project. President Balaguer, as in all things great and small, must give his approval for its release. Here, then, is the first test of his generous offer.

When the data becomes available and up-to-date appraisal can begin, the Dominican assessors will need assistance with procedures that are beyond their experience. Establishing a land value tax department will also require the consultancy of someone with a solid background in land tax administration.

The good offices of the Henry George School are being looked to, and it can be counted on to continue its role in this phase of the important job of educating the public on the essentials of an equitable land tenure system - as it has been doing for twenty-five years in the Dominican Republic. It is just possible that common ownership of land, conformed to the needs of the twenty-first century, could return to the land in the Western Hemisphere in which it was first compromised five hundred years ago.



Meanwhile...

(from page 7)

progress unless individuals take responsibility for their own lives."

While the Bush administration plan consigns inner-city initiatives which might prove expensive to the limbo of "demonstrations" (small-scale pilot projects costing less than \$10 million), Bill & Al propose spending real money on things our cities really need. This kind of direct public investment, particularly in the areas of infrastructure and education, might do more to revitalize cities than other more sophisticated plans - but it is still, inexorably, a trickle-down process. Repairing bridges and highways, as everyone knows, is a good way to revitalize land values.

Even if we were to grant that inner-city dwellers would benefit from the proposed federal largesse, it is not realistic to expect such sums to be appropriated. Can we really expect tax-wary suburban voters to allow a deficit-spooked Congress to pay billions of dollars to aid the inner cities?

Clinton & Gore also propose enterprise zones. Although the position paper's lack of specifics denies us the luxury of lambasting the plan point-by-

AUTUMN IN NEW YORK

BASIC COURSES

Fundamental Economics
Monday, 5:30 - 7:30, Mr. Irving Kass
Tuesday, 6:30 - 8:30, Ms. Vandana Chak
Wednesday, 6:00 - 8:00, Ms. Lynn Yost
Thursday, 6:30 - 8:30, Mr. Tom Smith

Progress & Poverty (in Spanish)
Tuesday, 6:00 - 8:00, Mr. Nibaldo Aguilera
Wednesday, 6:00 - 8:00, Mr. Nibaldo Aguilera

Understanding Economics
Wednesday, 12:30 - 1:30, Mr. Lindy Davies

ADVANCED COURSES

Applied Economics
Tuesday, 6:00 - 8:00, Mr. George Collins

Economic Science
Wednesday, 5:30 - 7:30, Mr. Manuel Felix (In Spanish)
Thursday, 6:30 - 8:30, Mr. George Collins

Classical Analysis I
Monday, 6:00 - 8:00, Mr. Lindy Davies

Roots of Enterprise, Ownership, and Debt
Monday, 6:30 - 8:30, Dr. Michael Hudson

Great Decisions '92
Tuesday, 6:30 - 8:30, Mr. William Brown

History of Economic Thought II
Wednesday, 6:00 - 8:00, Mrs. Fryda Ossias

Current Events
Tuesday, 12:30 - 1:30, Mr. Lindy Davies
Thursday, 6:00 - 8:00, Mr. Sydney Mayers

FRIDAY EVENING FORUMS (7-9 PM)

Land in the Movies
September 18th, Burn

The Fever
October 16th, Ms. Carol Holmes

Colombian Poetry & Music Concert
October 23rd, Produced by Mr. Luis Fernando Diaz

The Quincentennial Celebration & The Other Story (in Spanish)
November 6th, Sr. Carlos Eden

The Income Tax and You
December 4th, Fred Kahn, C.P.A.

SATURDAY SEMINARS (1-3 PM)

After The Summit
October 3rd, Mr. Jim Morgan & Mr. Georg Kell

Immigration & Human Rights
October 31st, Ms. Vandana Chak & Mr. Cyrus D. Mehta

The Livable City
November 14th, Dr. Stephen Sussna

point, it is portrayed as a more humane version of the Republican proposal, promising to minimize business taxes and federal regulations "to provide incentives to set up shop." These incentives closely resemble the invitations to land speculators made in the Bush plan. However, Clinton seems to recognize that inner-city residents may

not automatically benefit from tax breaks for real estate developers. In return for generous enterprise-zone incentives, "companies will have to make jobs for local residents a top priority." Undoubtedly, large numbers of waitresses and dishwashers will be needed in Democratic E.Z.'s, too. -L.D.

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