

Henry George News

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July - August 1995

1995 CGO Conference in Chicago: Continuing the (Evolving) Revolution

The 15th Conference of the Council of Georgist Organizations, hosted by the Chicago Henry George School, was held at the Holiday Inn in Evanston, Illinois from June 29th to July 4th.

The chosen theme, "Continuing the Revolution" occasioned some pre-conference puzzling. But as the conference progressed — especially as Dr. Jack Schwartzman gave the keynote address on Friday afternoon — the meaning became clear: what is to be continued is the democratic, egalitarian progression of the Physiocrats, Paine, Jefferson and George — on down to those working for a just and prosperous economic order today. Dr. Schwartzman's talk, "From Thomas Paine to Henry George," summarized his forthcoming book on the many forerunners of Henry George, both celebrated and unknown.



Fannie DeNoto and Jack Schwartzman

Our movement may toil through periods of obscurity, but our ideals are in the main stream of civilization's finest, stubbornest truths. There was considerable discussion and debate, both at this conference and during the months of planning, over the goals of Georgist conferences in general. Some questioned the need for annual meetings — which get more and more expensive — that only serve the internal needs of our movement. Others felt that recent conferences had abandoned, more or less, the tried-and-true format of a Georgist conference, in favor of outward-directed attempts to court academic or media attention. Many called for more affordable conferences. At an impromptu meeting, called by CGO Vice President Mark Sullivan, colleagues from across the continent considered how best to fulfill the goals of our annual conference. Again and again it was brought out how important annual conferences are to those of us who labor in (relative) obscurity for a vitally important cause. Efforts to make our conferences into media events in their own right have been unavailing. Many Georgists cited similar reasons for attending conferences: to "recharge the batteries," renew old friendships, hear of the year's progress, exchange news of research and innovation. By the 4th of July, the general opinion was that the 1995 conference succeeded admirably at those basic goals — and scored some modest, but substantial, outreach points as well.

The four main days of the conference were divided by theme. Friday, June 30th dealt with "The Philosophy of Freedom" and the day's sessions were chaired by CGO President Dr. Drew Harris. On Saturday June 1st, "Education for a Free Society" (continued on page three)



Scott and Sue Walton

21st International Conference in Denmark

July 22nd-
29th, 1995

Some 75 Georgists representing 15 countries met in the historic town of Roskilde, 45 minutes west of Copenhagen, to discuss ideas and recount actions taken toward universally legislating the reform described by the title of this conference: "The Missing Clause in the Bill of Rights: Land for the People"

Roskilde seemed the appropriate venue for this meeting in Denmark. A royal city and resting place of ancient kings, it celebrates its millennium in 1998. The Danish Constitution of 1849 was written here, and it was a stronghold of the Justice Party, which enacted far-reaching land value tax legislation as part of a coalition government in the 1950s. Today it is a charming city of 52,000 people, home to universities and research centers, and the site of many conferences.

The Georgists first gathered for a pleasant reception at the conference site, the Scandic Hotel, on Saturday evening and then visited one of Copenhagen's major attractions, the world famous Tivoli Gardens. On Sunday morning we saw some of the rich history of Roskilde at visits to a Danish church, where the service was conducted in English in honor of our presence, and to the centuries-old cathedral where the nation's Kings lie in repose.

Ole Lefmann opened the conference on Sunday afternoon on behalf of the Danish Henry George Society with a general welcome to the delegates. Bjorn Dahl, Deputy Mayor of Roskilde, extended the official welcome of the city and paid due respect to the Georgist history in Roskilde, stronghold of the Justice Party.

Five parties are represented on the 25-member City Council. The Mayor is a Social Democrat, and the Deputy Mayor is a member of the Liberal Party. Neither subscribe to the tenets of rent as public revenue to the exclusion of other taxes on wages and interest — although taxation currently eats up 67% of individual income.

However, the residue of the land tax still has some weight and obvious effect on the economy and the society. Taxes on land in Roskilde support three levels of government. A rate of 3.05% is levied for the city; 1% supports the region (county) and 2.35% goes to the federal government. This 6.4% levy is applied to full value assessment. The rates are lower in farming areas.

In addition, the annual land value increase on each parcel is taxed as imputed income to the titleholder in the administration of the national income tax. Although land speculation is not eliminated, this level of rent collection obviously (continued on page four)

Part I

by George Collins



IU President
Godfrey Dunkley

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Try Something...Anything...Even Henry George!

Across the country, governments at every level are in a public-revenue crisis. Evidence of it is everywhere, in dwindling school budgets, dilapidated public transit systems and blighted downtowns. Even so, we can see unprecedented levels of desperation in some recent public-revenue schemes. The absurdity has gotten so pervasive that otherwise sensible pundits are actually re-examining Henry George's remedy.

New York City's parks policy in 1995 follows Mayor Guliani's calls for "privatization" with some considerable confusion about the nature of public and private property. One splendidly enviable thing about New York City, after all, is its sublime public space of Central Park. "There is nothing like it, anywhere in the world," rhapsodizes Russian urban planner Yuri Bocharov — and indeed, there are few land parcels anywhere that are more desirable than those bordering the park. The Great Lawn in July is a nonstop festival of New Yorkers of all colors and tongues...

Uhh, well, except for this July, when the city rented out the Great Lawn — the entire Great Lawn, mind you — to Disney for the premiere of *Pocahontas*. Now, many concerts and other public events have been held here. But this premiere was **not** public. It was by invitation only. There were 10,000 assigned seats, and security was very tight.

What did the city get for rendering the Great Lawn off limits to its citizens for more than five weeks? Well, after Disney quite graciously fixed the fencing and reseeded the turf, New York reportedly cleared about \$1 million. Compared to the untaxed land rents along Central Park West (or to the profits from *Pocahontas* and its many tie-ins), that's not a lot.

Nor is New York City getting all that much, really, for leasing out DeWitt Clinton Park, in the working-class neighborhood called Hell's Kitchen, to an exclusive, \$100-a-plate cotillion known as Pomp Duck. As the deal is currently structured (neighborhood residents are resisting), Pomp Duck would commandeer the park from September through April. It would leave the dilapidated park with many refurbishments, and leave the city with an undisclosed bit of change — a "win-win situation" for an enthusiastic Parks Department, who has done no fixing of DeWitt Clinton's equipment in over fifteen years.

Hell's Kitchen residents have far to walk to any other park. But it's not far at all — only five short blocks uptown — to the abandoned Penn Central rail yards, fifty-odd acres which have been fenced in and

gathering value, under the controlling interest of Donald Trump, for more than a decade.

Meanwhile in the state of Washington, yet another casino referendum is making the news. The initiative, which is backed by three American Indian tribes and Ballys, maker of slot machines, and would allow unrestricted gambling in the state, is unremarkable in itself. The newsworthy thing about it is a novel voter-motivation strategy. The promoters have promised to pay every Washington citizen who votes — either way — an annual dividend of a share of ten per cent of the profits from slot machines. According to the *New York Times* on August 18th, supporters claim they are "cutting out the middleman — the tax collector — and offering to give a chunk of their revenue right back to the people." Apparently the strategy was inspired by polls noting high levels of "voter cynicism and distrust of government."

There is a palpable sense of casting about for a solution, any solution. This plaintiveness would be more persuasive if no one were actually proposing a suitable remedy — but we know otherwise. Little by little, people are starting to notice.

Investor's Business Daily published an article on the front page of its "Economics" section on August 8th called "Flat Tax, by George." The writer of this good-sized article has read about Henry George and endorses his remedy, albeit tepidly. The jumping-off point is the current debate on various forms of flat tax. "If Congressional reformers really want to change things, they might look to a man who had some really radical ideas about taxes, namely George."

The article goes on to describe the negative effects of land speculation, allowing that "the idea has a certain logic: Why should a landowner be penalized for developing and keeping up his property and rewarded for leaving it idle and vacant?"

Unfortunately, the article leaves the clear impression that Henry George was out to tax vacant land only, implying that developed land would be essentially tax-free. George made it clear, of course, that **improvements** should always be tax-free, and location value should go to the community.

In its last paragraph, the article gives a hint about why it is finally occurring to *Investor's Business Daily* to examine George's remedy: "At a time when Congress is talking about abolishing federal taxation and other previously heretical ideas, not even the wildest reform can be dismissed." Let's hope not!

-Lindy Davies

Continuing the (Evolving) Revolution *(continued from front page)*

was spotlighted, chaired by Chicago HGS Director Sam Venturella. Sunday the 2nd was our day to get acquainted with our host city, dubbed "Chicago Style." Monday the 3rd was devoted to "New Ideas and Methods" presided over by HGS-Chicago Board and Faculty member Chuck Metalitz.

The Philosophy of Freedom

After a hearty welcome from Evanston Mayor Lorraine Morton, who seemed much impressed with the social justice focus of our agenda, the conference got down to business with an address by Prof. Nicolaus Tideman on "The Ethics of Geo-Economics." Prof. Tideman believes that it is important to begin the formation of an ethical system based on the tenets of self-ownership (thus the unrestricted private ownership of the products of labor), and common property in the gifts of nature. They are the ground for such rights as privacy, free speech and free association, as well as the community's right to safeguard the environment. In Tideman's view, they also have some slightly more controversial implications, such as society's right to "use market incentives directly to control population." Parents could be compelled to pay for the right to have children "because those children crowd people out." This proposition was hotly rebutted by many conferees, citing the synergistic potential of growing population, as well as the tremendous disparity in the amount of "crowding out" caused by poor children, compared to wealthy ones.

Prof. Tideman stressed, however, that the ethical principles he was developing depended on the adoption of the basic Geo-nomic principle of common property in land, and thus may seem inapplicable to current reality. In this vein, he concluded his talk by asking, "Among what group should the rent of land be shared?" and answering, "The whole world." Anything less would violate our common right to the gifts of nature.

HGS President Ed Dodson hosted a panel on "The Democratic Imperative." Rather than merely deliver a paper, Dodson made his views available (via electronic mail) in advance, and then engaged in a

panel discussion with respondents from other organizations. Declaring that his paper could not do more than introduce the variety of issues that are vital to the creation of "the just society," Ed invited all to participate in that task.

A remarkably diverse panel was on hand to take up Ed Dodson's challenge. Discussants included Don Torgeson, Director of United We Stand-Illinois, Joe Bast, President of the Heartland Institute, John Kelly, an Investment banker from Peoria, Illinois, and Eric Sandheusen,

the midwest representative for the World Federalist Organization. Even if few minds were changed in the discussion, all became aware of corresponding concerns and shared frames-of-reference. The panel served as an introduction between groups for whom democratic reform is a paramount concern.

Friday afternoon's panel focused on research efforts. Prof. Nic

Tideman, who has been creating a list of research objectives for Georgists, discussed the progress that has been made and the immediate need for more work in this area.

Dr. Michael Hudson followed with a lavishly illustrated presentation of the statistical work he has done in the last year as

Director of Research for the Henry George School. Working with the National Income Statistics, Dr. Hudson showed the various ways in which land rent is disguised, and made to appear a much smaller part of national income than it really is. His research shows that the majority of rental income from real estate is consumed by mortgage interest, generating very little active income for investors. Why are

they willing to invest in it? It can only be for capital gains, which are disproportionately (if not completely) due to land-value appreciation. According to Hudson, real estate owners use highly generous capital depreciation rules to hide their land value gains. This feature allows them to drastically reduce their tax liability and increase their net "capital" gain.

Although one of the goals of his research was to estimate the aggregate land rent in the U.S. economy, Hudson reported that the data needed to do that could not be found in the statistics that are currently available; it would have to be imputed, using relevant pieces of the available data to create

a model. Also absent from his figures are data on other forms of land monopoly, such as mineral holdings and various forms of air and broadcast rights, all of which would be necessary, Hudson cautioned, to form an accurate estimate of

the share of rent in today's economy. Hudson reiterated both the importance and the difficulty of his task. Those who collect and publish economic statistics simply do not use the definitions and the categories that are so vital to Georgists. If we are to make sense of the available data, he argued, then we must find the means to translate it into terms that illustrate, rather than obfuscate, the true distribution of wealth.

Finally Dr. Polly Cleveland, economist and Robert Schalkenbach Foundation Board Member, called for a return to the once-standard movement practice of creating land-value maps, to display the effect of real-estate machinations on the overall economy, and to provide a database for many research needs. This vital work, she pointed out, could be done with a very modest investment in equipment, and could make use of the data-gathering input of volunteers, such as HGS graduates.

Education for a Free Society

Methods of Georgist education, from the traditional to the cutting-edge, were the focus of Saturday's sessions. In the morning, HGS Executive Director George Collins chaired a panel on which representatives of the various Henry George Schools detailed a wide range of educational strategies. George Collins reported on the extensive adult-education program at the NY-HGS, and offered course materials developed there to all who wished to use them. Two other panelists were from New York: Michael Hudson discussed ways to upgrade the school's curriculum with specific research information. Lindy Davies outlined ways to use the internet to broaden our educational offerings, both as a publishing medium and as an interactive educational tool.

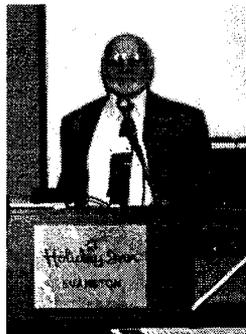
Although the adult-education approach is successful in *(continued on page six)*



John Fisher and Jeff Smith
at the ECTV studio



Matt and Drew Harris



Sam Venturella

1995 International Conference in Denmark: "The Missing Clause in the Bill of Rights"

dampens it — contributing considerably, I would think, to the beneficial economic climate often described as the Scandinavian model welfare state.

Small-town Roskilde and big-city Copenhagen (480,000 pop.) exhibit old world charm with an abundance of well-maintained buildings dating back to the last century and before. No wholesale demolition for replacement by skyscrapers is in evidence, a phenomenon that would surely have accompanied spiraling land prices in the decades of economic growth that preceded the current slowdown. But costs are high and a great deal of housing has to be provided by the government. New social housing will rent for 6,000 Krone per month (\$1,138 at the current exchange rate).

The first speaker was Ib Christensen, former Member of the Danish Parliament, Chairman of the Justice Party, 1968-79 and 1982-83, and Member of the European Parliament, 1984-94. In his "Global Perspective," Mr. Christensen was unequivocal in his assertion that Georgist principles are more important than ever. "The effects of the denial of these essential requirements for freedom and justice can be seen from the crippled infrastructure of megacities to the depletion of the rain forest." Capitalism is offered as a prescription for the social ills of post-communist nations, but what is seen is "unemployment, unproductive speculation, enormous social disparity and waste of resources wherever we look." What about the welfare state, the so-called Scandinavian model? It can, said Mr. Christensen, avoid great disparities with social services and large-scale income transfers. But it is expensive, inefficient and unhealthy. In Denmark, "more than one million people out of five million inhabitants are dependent on public income transfers, without being pensioners or public servants."

Hope may be found in the fact that everyone in political circles now agrees that the resources of nature are limited and that taxation may be used to limit their abuse. Yet Mr. Christensen still finds it hard to comprehend why even they fail to see that the land on which we all live is unreproducible and should be similarly taxed.

Jacques Delors, former President of the European Commission, wrote in his so-called Green Book that "one could consider measures against speculation in real estate and land and also against speculation in exchange rates." But, the Council of Ministers in the European Union rejected his ideas. Political implementation is required, Mr. Christensen said. Our views will prevail only if we can threaten a resisting politician.



Bente and Per Möller Andersen

Success will not come from persuading politicians but from persuading those who elect politicians. To do so, and to win elections, we must convince the people that our ideas will help to improve their lives.

With an introduction from Per Möller Andersen, the seemingly inexhaustible organizer of the conference, Godfrey Dunkley of South Africa, President of the International Union, delivered his welcoming address on Monday morning. He described the policy of Apartheid as an "idiology." Among the miracles that have occurred in our time have been the ending of that practice, free and peaceful South African elections that elected a black man president, and the end of the East-West confrontation. Georgists are custodians of a valuable principle, and although it may seem remote now, with unity and rationality in our presentations, the world will yet experience another miracle.

Jan Pott, our elder statesman from Holland who announced that this would be his last conference, delivered a paper which specified the conference theme: "The land to those who pay the market rent to the common treasury." The rent of land is created by the people. They own

that value and it should be shared out to them after public needs have been met. Mr. Pott declared that to best redirect the rent to the public treasury, it should be taken all at once, not in gradual steps.

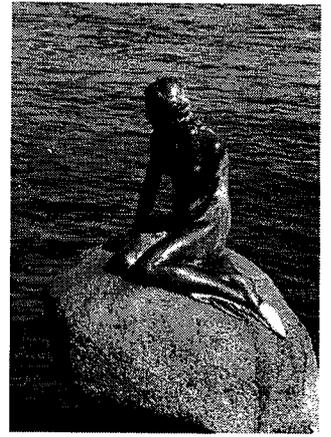
Although the American Declaration of Independence has come to convey the high ideals of rights and liberty, it did not evoke those sentiments with such force when originally written, according to Stan Rubenstein, High School Program Director at the New York HGS. He makes the case that the ringing anthem, "We hold these truths to be self-evident..." was not the most important to the revolutionaries. It was the emotion-packed and practical-minded recitation of grievances against the King, calculated to win the support of Spain and France, that garnered most attention. The unsettled philosophical concepts of natural law and natural rights were not galvanizing. Nevertheless, the Declaration stands as an eloquent and noble expression of the common humanity of all people.

Richard Noyes, former IU President and member of the New Hampshire Legislature, commenting on his paper "Property Rights: a Common-Sensism," said, "As an IU member I think globally. As a New Hampshire legislator I act locally." People's concerns are summed up in the phrase, "I own what's my own." The theft of personal property is at the very crux of the issue. Taxes on labor and capital are destroying our western society. New Hampshire, he said, is the most nearly Georgist state in the US because labor and capital are taxed more lightly than in any other — and, consequently, more revenue is derived from land values. His continuing challenge is to move his colleagues toward the new common-sensism that land is a public good and its rent is common property.

From Norway, Even Lorch-Falek brought us the counsel that for the sake of our future man must take his place in the ecology of life. With economic advance producing social, spiritual and ecological destruction, we must liberate ourselves from false internal and external values. An important start is to understand money as only a symbol for real things, not a product in itself. Cash sums must be made to stand in relation to production and be written off in accordance with consumption.

Time was taken for committee, executive and general members meetings of the International Union. At the general meeting the members stood in silent memory of former President, the late Bob Clancy of New York. (Later, a memorial was held, at which many, many fond and even funny reminiscences were shared.) The organization, presided over by Godfrey Dunkley, decided to continue its current UN Non-Governmental Organization affiliation. The official representative, Pat Aller of New York, will continue in that capacity until January 1996. The next IU conference will be held in Brighton, England in July, 1997. Russia has been suggested for the year 2000; Korea has asked to be considered as well. The meeting approved a vote of thanks to Lindy Davies for assuming the editorship of the *Georgist Journal* following the loss of Bob Clancy.

The Danish Henry George Society maintained a booth and presented lectures at the UN NGO parallel conference on social development that was held in Denmark in April. Hundreds of people stopped at the booth during the ten days of the conference, and much literature was given out. Ron Banks, Chairman of the newly-formed Land Policy Council in England, delivered two lectures to large, interested audiences.



Ib Christensen



George Collins and Jan Pott

At the committee meeting, Jan Pott submitted his report and recommendation and a voluminous set of correspondence accumulated as chairman of the committee appointed to consider a change of name for the International Union for Land Value Taxation and Free Trade. A wide variety of suggestions for new names was received and Mr. Pott made a strong appeal for change. But in the end, the vote was to retain the name.



Tamara Chistyakova
and Tatyana Roskosnaya

Tamara Chistyakova and Tatyana Roskosnaya, founders of ECOGRAD in St. Petersburg, Russia have led a determined effort over the last three years to convince the Russian Government to base its emerging market economy on collection of land rent as public revenue with elimination of taxes on labor and capital. Substantial progress has been made at both national and local levels. Positive results for rental based revenue were obtained from a study conducted by ECOGRAD, in conjunction with the Ministry of Construction.

The study was carried out with the assistance of a team of Georgist experts, from Britain, the US and elsewhere, assembled by Fred Harrison. Its results have been included in legal documents dictating the functions, rights and duties dictated by a switch to land rent at the various levels of administration. At the national level, Fred Harrison and his team have been invited (along with the IMF and other experts) to participate in the group commissioned by the central government to draft the laws which will govern land relations in the free market economy.

Novgorod, one of the cities included in the study, has taken the necessary steps to obtain national government permission to make the switch to a land tax. Chief among them was the method of determining land rent in the absence of a land market. What has been devised is a system called the "site-rating charge," based on the zoned valuations already existing in Russia. Starting with the most desirable locations, adjustments were made to fix the relative value of every other land site. Estimations were made for more than 1,000 registered land users. The Mayor of Novgorod, Alexander Korsunov, stated his personal conviction that the only hope for a successful transition to a market economy is a land-based tax appropriately adapted to Russian conditions.



Alexander Korsunov

The Honorable Alhaji Shaibu Itimu, Minister of Lands and Valuation in the East Central African country of Malawi, delivered a spirited and encouraging outline of the Land Policy Review and Reform Program he proposes to initiate. Minister Itimu and his Chief Administrator, Davis Kachimanga came to the conference at the invitation of IU President Godfrey Dunkley. They had been delighted to find in his book, *That All May Live*, a prediction that their reform efforts had already confirmed: when increased taxes are proposed on their holdings, some large landholders will offer to give up land they were not using.

Originally, all land in Malawi was communally owned with the right of use for a family or individual granted by the Chief or Village Headman. But this right of use still permitted others to gather firewood, pick the products of wild growing trees or even graze livestock on what was left after a crop was harvested. The British arrived in the 1880s, acquiring lands in exchange for gifts and claiming them in freehold. Orders-in-Council proclaimed by the British extinguished customary claims over unoccupied land, issuing it on leasehold or freehold terms. Headmen and Chiefs subsequently took up the practice of granting exceedingly favorable leasehold and freehold concessions. The three classifications that emerged were crown lands, now regarded as Public land, claimed land, now Private land and Native Trusteeship land, now classified as Customary land.

Freehold private land constitutes a small percentage of the total, but it is concentrated largely in the most densely populated regions — and pays no taxes. A considerable amount of Customary land has been converted to leasehold, greatly expanding the number of large estates devoted to tobacco production. But on these estates, no more than one-fifth of the land is in use, and "tenant workers live and work under appalling conditions." The resulting land shortage had produced a problem of encroachment by the landless, called "land invasion," on all three categories of land.

The challenge faced by Minister Itimu and the new democratically elected government, the successor to decades of one-man rule, is to relieve the poverty and land hunger without abridging tenure rights which underlay investment and economic growth, or becoming so politically vulnerable that its nascent democracy is threatened. Minister Itimu and Davis Kachimanga came to the conference to learn more about the Georgist philosophy and practical requirements for implementing its remedy. But the government has already put forth eight major points for consideration in the development of a new land policy. They include proposals to increase land rent to encourage greater land utilization, induce leaseholders to give up land for redistribution, and encourage development of idle lands, especially those with absent landlords.

The midconference tour of Danish castles in Copenhagen revealed more of the grand and brutal past that formed the historical treasures of today. Among the places we visited was Elsinore Castle of Hamlet's fame.

Two special guests at the midconference banquet were Mrs. Viggo Starcke, the widow of the late Parliamentary head of the Justice Party and herself a former Member of Parliament, and Mrs. Knud Tholstrup, widow of the industrialist and leading Danish Georgist. Delightful after-dinner entertainment was provided by a Danish folkdancing troupe. Impromptu musical renditions were coaxed from Tamara Chistyakova, Russia, and Norman Slater, England, in a duet. Toni McDonald of Australia played the violin, and George Collins sang.

Ian Lambert of Grand Cayman put forward the provocative theory that real tyranny is masquerading under the facade of "rights-speak." Rights are supposed to be a bulwark against the state's encroachment on individual freedom, not a prescription for individual conduct. Today, rights are most often evoked in the attempt to correct wrongs. To do so, the state must impose duties on others. The right to a job, to decent housing, health care, welfare subsidies and the rest of a long litany that could be cited are justifications for taking from some and giving to others.

Socialism asserted these "rights" as a reaction to capitalism, but they began in the declaration of, and defense against, fundamental wrongs. "I am the law," says the putative King, "and all this territory belongs to me." There is no natural justification for this. The doctrine of "the divine right of kings" is an attempt to create such a natural justification — to create a vested right in an obvious wrong. Such claims require force to impose and positive law to enforce. "When talk of rights arises it is usually the assertion of landowners who want to keep the privilege of landownership without the burdens of service." Such was the origin, Mr. Lambert asserted, of the English Magna Carta. Similarly, the US Constitution and Bill of Rights was "an assertion by ...the beneficiaries of expropriated land, that never was and never can be theirs, that all they want is 'to be left in peace.'"

Lambert concludes that there are only freedoms, duties and privileges. Freedoms do not have to be enacted or enforced — only recognized. Positive duties are obligations voluntarily undertaken, and negative duties simply consist in refraining from doing harm to others. Privileges are "the imposition of duties not voluntarily consented to and are therefore an injustice."

(To be continued in our next issue.)



Hon. Alhaji Shaibu Itimu

1995 CGO Conference in Chicago

New York; other schools have not been as fortunate, for various reasons, and have turned to alternative approaches. The Chicago HGS, under the direction of Sam Venturella, holds classes in its storefront headquarters — but supplements its work by producing and video offerings for public-access cable TV. In Philadelphia, Mike Curtis has supplemented his course offerings at the Henry George birthplace by taking his show on the road, offering classes in churches and community centers, including a popular program at the Wharton Centre in one of the most blighted areas of North Philly. In Los Angeles, Harry Pollard and Bret Barker have achieved considerable success with their *Interstudent* high school program. In northern California, where Henry George Schools operate in both San Francisco and Sacramento, the schools' efforts have moved in the direction of networking and forging alliances with like-minded organizations. Sacramento President Ann Reeves reported on classes and seminars to targeted audiences. San Francisco Outreach Director Mary Rose Kaczorowski has been networking with progressive organizations, and presented a packet of materials designed as dialogue-openers.

Next up was Matt Harris from Austin, Texas, who recommended empirical techniques to sharpen the focus of educational efforts. We should identify our goals in as quantifiable a way as possible, he suggested, and then chart our tangible achievements.

On Saturday afternoon conferees were offered a tour of "ECTV," the studios of Evanston's public-access cable TV facility. There, two panel discussions were taped for presentation on local TV. One, on the free-trade imperative, was moderated by Hanno Beck



On Evanston TV: Frank Peddle, Nadine Stoner, Ken Ford and Ed Dodson

and included Harry Pollard, Jeff Smith (President of the Institute for Geonomic Transformation) and Dan Sullivan (President of Pennsylvania for the Commonwealth) on the panel. The other took on the theme of "The Democratic Imperative," moderated by Ed Dodson, and included Nadine Stoner (President, Common Ground—USA,) Ken Ford (Philly HGS faculty member,) and Frank Peddle, (of the Canadian Research Committee on Taxation, author of *Cities and Greed*.)

Chicago Style

Sunday's activities began with an ecumenical service, led by Mark Sullivan, in which all were welcome to speak, if moved to. Ian Lambert continued in a spiritual vein, offering a fascinating speech on correspondences between the Georgist philosophy and the Baha'i faith. The Baha'i prophet, Baha'u'llah, responded to conditions of the "gilded age" by creating a spiritual movement unique in its response to modern economy and technology and in its distinctive one-world emphasis. For Ian Lambert, the Baha'i faith completes a view of the kind of world community he is working to create. Baha'i archivist Robert Stockman, a special guest, was presented a set of George's books.

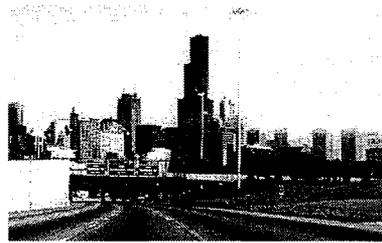


Don Hurford, Ian Lambert and Frank Peddle at the Baha'i Temple

Longtime British Georgist Ron Banks came to the States to discuss the largely successful effort, in which he participated along with Fred Harrison and Olaf Klasen, to convince city officials of Novgorod, Russia to adopt land-rent financing of public services. Banks and his colleagues are convinced that the best results can be achieved with top-down strategies, working to convince government officials of the benefits of implementing "incentive taxation."



On Sunday afternoon we all went on an "economist's bus tour" of Chicago. Scott Walton and Chuck Metalitz were the tour guides, and together they



are endeavoring to reprise a Chicago HGS tradition from the forties. This was more than just a sight-seeing tour. Scott and Chuck were prepared with assessment figures and historical insights on the

overdevelopment of some areas and the decay of others. They hope to continue these "edu-taining" tours after the conference.

New Ideas and Methods

On Monday morning the CGO held its annual business meeting, where Ottawa was chosen as the site of the 1996 conference. Then came a number of presentations that took Georgist analysis a bit further than had been done thus far in the conference.

Lindy Davies discussed his paper "The Closing of the Virtual Frontier," in which he noted that free access to the internet — to the net itself, that vast interconnected phenomenon that resides in no particular place — is still free, but will not be for much longer. Overcrowding of the internet's infrastructure is creating a rental value for the exclusive use of time on the internet. That rental value, created by all of the the internet's users, stands to be collected by businesses that can offer time-priority service. It ought to be collected by the community, and used to create enough network capacity for free access to be maintained. A Georgist interpretation of internet pricing policies, distinguishing between what is rightfully private and public property, can resolve nagging questions about how to create the vaunted "information superhighway."

Jeff Smith, IGT founder and President, offered a fresh way of looking at (un)employment. Everywhere, he said, people are working harder and getting less for it. This social distortion creates, just as it did in Henry George's day, an unnatural emphasis on work. Work becomes a virtue in itself. But if the synergistic benefits of all this ever-more-efficient work went where it should, into the public treasury in the form of land rent, then everyone could get a share, a "land voucher." Work-for-its-own-sake would be a memory. People would have enough leisure time to make an informed citizenry, the key to effective democracy, a real possibility.

Dan Sullivan has decided to try to convince a new group: landowners. His idea is to sell the notion of the "high-growth private land trust" to people who seek to profit from real estate developments. In Dan's high-growth model, landowners would lease land to tenants on long-term, renewable leases; tenants would own their improvements. Some of the land rent would be used for "targeted tax relief," depending on what sort of businesses or residents the land trust wished to encourage. Such a model would create a community whose residents have the same (continued on back page)

Every *Fundamental Economics* class has one or two students who demand to get down to brass tacks: "How do you apply this remedy—in the Real World?"

We can perhaps be excused for dreading the question a bit, since the application of George's remedy over the years has fallen far short of what we recommend. But we bravely go ahead and inform the doubting student that Georgist reform has been hindered by political, not practical difficulties. "Applying the remedy is actually quite simple," we say. "It's a matter of using the existing mechanism of property taxation to collect the rent of land — the value of which is routinely assessed by local taxing agencies."

If that goes unchallenged, we breathe a sigh of relief. If not, we'll take a deep breath and deliver: "Of course, the current assessments might not be very accurate. But as land becomes a bigger and bigger portion of the revenue base, there will be more and more incentives to keep the assessors honest."

Hmmm. Sounds plausible. But: just how do we go about determining the rent of land, anyway?

A quick review of our basic definitions will bring to mind a number of ways that we don't do it. We can't look at the overall real estate value, naturally — the value of the capital has to be subtracted. And we can't trust figures on income actually collected from a piece of land, since the property might be held for speculation, generating little or no cash flow for years on end.

How about the selling price — can we work with that? At first glance, that seems to be the way to go. We know that selling price is derived from annual rental value through the process of capitalization. That is, the annual rent divided by the current rate of interest yields the value that one would need to have invested in order to yield the same income: the "capitalized" rental value. Couldn't we just

An approach to determining the rent of land

work backwards, multiplying the selling price (which is easy to determine!) by the interest rate to get the rental value?

Well, no. Don't forget that most landowners would not be satisfied to sell their land merely at the capitalized rental value! If they did, they would forego whatever increase in land value would come with time. A speculative premium is generally part of the selling price of land. It is not part of the annual rental value, though. Could we subtract it out? Well, there might conceivably be ways of estimating the willingness to bet on economic conditions by taking surveys, concocting stews of exotic indicators, etc. But such a mish-mash would neither inspire confidence nor support our claim that the remedy is easy to apply. The fact is that since the speculative premium is a bet on how much the land's value will increase in the future, there is no way to reliably gauge it in the present. So we can't derive our rental value from the selling price.

But there has to be a way. We know that people do make market-based decisions about how to use land sites. These profit-maximizing considerations must have quite a lot to do with rent, since rent is a sizeable portion of the income from real estate. Let's say you want to develop an urban site as profitably as you can in the present market. How do you figure out what the optimum amount of capital investment would be? What you would do, as the chart shows, is to continue adding increments of capital value until the marginal rate of return on the last increment is no more than the current rate of interest. Any more than that would be a bad investment, for you could get a better yield on that additional outlay somewhere else.

The total return on our profit-maximizing \$65,000 investment is \$10,400, quite a bit higher than the \$6,500 we would have gotten at the current rate of interest. Note that we are using the classical categories here; compensation for risk is not part of the payment to land or capital. A risky or exceptionally well-designed development might have yielded more profit; a shoddy or mismanaged building might have made no money at all. Risk, which tends to average out across the community, has no effect on our interest figures, or — most important — on the potential rent.

The higher income that we can expect from investing our \$65,000 worth of capital on this site, irrespective of risk, cannot come from anywhere else but the location value. That \$3,900 is, in fact, the annual rental value of the site.

\$5,000 Increment	Marginal Return	Total Investment	Profit		Total Return
			Increment	Total	
1st	22%	5,000	1,100	1,100	22.0%
2nd	21%	10,000	1,050	2,150	21.5%
3rd	20%	15,000	1,000	3,150	21.0%
4th	19%	20,000	950	4,100	20.5%
5th	18%	25,000	900	5,000	20.0%
6th	17%	30,000	850	5,850	19.5%
7th	16%	35,000	800	6,650	19.0%
8th	15%	40,000	750	7,400	18.5%
9th	14%	45,000	700	8,100	18.0%
10th	13%	50,000	650	8,750	17.5%
11th	12%	55,000	600	9,350	17.0%
12th	11%	60,000	550	9,900	16.5%
13th	10%	65,000	500	10,400	16.0%
14th	9%	70,000	450	10,850	15.5%

Above a certain point (a certain number of stories, say), additional capital investment would yield less return than the current rate of interest. At that point we have identified the "highest and best" use of land in the current market. Had we invested that amount (\$65,000) at 10% interest, we'd have gotten \$6,500. But on this site, we got a return of \$10,400. The difference (\$3,900) is the annual rental value.



We Only Want the Earth

Some men, faint-hearted, ever seek
Our programme to retouch,
And will insist, when'er they speak
That we demand too much.
'Tis passing strange, yet I declare
Such statements give me mirth,
For our demands most moderate are,
We only want the earth.

'Be moderate,' the trimmers cry,
Who dread the tyrants' thunder.
'You ask too much and people fly
From you aghast in wonder.'
'Tis passing strange, for I declare
Such statements give me mirth,
For our demands most moderate are,
We only want the earth.

Our masters all a godly crew,
Whose hearts throb for the poor,
Their sympathies assure us, too,
If our demands were fewer.
Most generous souls! But please observe,
What they enjoy from birth
Is all we ever had the nerve
To ask, that is, the earth.

The 'labour fakir' full of guile,
Base doctrine ever preaches,
And whilst he bleeds the rank and file
Tame moderation teaches.
Yet, in despite, we'll see the day
When, with sword in girth,
Labour shall march in war array
To realize its own, the earth.

For labour long, with sighs and tears,
To its oppressors knelt.
But never yet, to aught save fears,
Did the heart of tyrant melt.
We need not kneel, our cause no dearth
Of loyal soldiers' needs
And our victorious rallying cry
Shall be we want the earth!

Songs of Freedom, 1907

By James Connolly, Irish Socialist, who was executed for his part in the 1916 Easter Rising. It was probably sung to an old Scottish tune. (Thanks to William Kells)

Chicago

(continued from page six)

incentive as the landowner: to create the kind of prosperity that would maximize land rents. If this for-profit model were to catch on, no nonprofit foundations would need to sing its praises. It would not take us all the way to the single tax — but it would demonstrate the effect of land rent, and its disposition, on the economic health of a community!

Two panelists joined Dan Sullivan in exploring the "Single Tax Limited." Spencer MacCallum, grandson of Garden Cities prophet Ebenezer Howard, was thrilled to meet this Georgist group and speak on George's influence on the Garden City

Autumn in New York

Basic Courses

Fundamental Economics

Monday, Mr. Irving Kass, 5:30 - 7:30
Tuesday, Mr. Alton Pertilla, 6:30 - 7:30
Weds., Mr. John Alexander, 6:00 - 8:00
Thursday, Mr. Lindy Davies, 6:00 - 8:00

Understanding Economics

Tues., Ms. Vandana Chak, 12:30 - 1:30

Progress and Poverty (in Spanish)

Monday, Mr. Nibaldo Aguilera, 6:00 - 8:00

Advanced Courses

Applied Economics

Weds., Mr. Lindy Davies, 6:00 - 8:00
Weds., Rev. Elias Paulino (Spanish - Washington Heights), 6:00 - 8:00

Economic Science

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

Great Decisions '95

Weds., Mr. John Bruschi, 12:30 - 1:30

Classical Analysis I

Monday, Mr. Vesa Nelson, 6:00 - 8:00

Europe's Economy and History

Tues., Mr. Philippe Lambert, 6:00 - 8:00

Third World Issues (in Spanish)

Weds., Mr. Manuel Felix, 6:00 - 8:00

Public Speaking

Weds., Mr. Sydney Mayers, 6:00 - 8:00

Current Events

Thurs., Mr. Guillermo Herrera, 6:00 - 8:00

The Great Land Giveaway, A Special 3-week Graduate Class,
Ms. Vandana Chak, 6:00 - 8:00 pm, Sept. 29th, Oct. 6th & 13th

Friday Forums (7:00 to 9:00 pm)

Land in the Movies

Sept. 15th, A Good Man in Africa— Sean Connery, Diana Rigg & Louis Gossett, Jr. in a send-up of British colonialism.

Nov. 17th, Thunderheart — A fictionalized account of the 1973 Wounded Knee standoff, with Val Kilmer, Graham Greene and Sam Shepard.

The Income Tax and You

December 1st, Fred Kahn, CPA — What do you need to do before December 31st to hold down your '95 liability.

Saturday Seminars (1:00 - 3:00 pm)

Henry George Day 1995

Sept. 2nd, Robert Fitch, PhD — Our annual Labor Day celebration of the birth of Labor Party standard-bearer Henry George.

Hunger in New York City

October 14th, Wendy DeShong MSC and Pauline Juckes CSW — two social scientists interpret the causes and consequences of hunger in our city.

The Rent Regulation Trap

October 28th, Sid Miller and Dr. Polly Cleveland — Is rent regulation the bane of our economy, or is it a poor solution to a deeper problem?

movement. Dr. Fred Folvary was also on the panel, for it treated a very similar concept to that developed in his recent book, *Private Funds for Public Communities*.

Finally, at the conference banquet on Monday evening, the Honorable Dick Noyes, current member of the New Hampshire Legislature and past President of the Council of Georgist Organizations, gave the sort

of characteristically unhurried, meandering, classically embellished, thoroughly developed, illustrated and metaphorically decorated address to which short descriptions do no justice. Suffice it to say that Dick's speech, "The Lamb Idea," reminded us that a good idea is worth sticking to, no matter how long it takes to get a consensus in your favor.

- Lindy Davies

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