

CONSERVATIVE JOURNALIST "SEES THE CAT"

Cartrell Gore, a journalist and a Republican district leader in Brooklyn, enrolled in Fundamental Economics this spring at the New York School. Mr. Gore was sufficiently persuaded by Henry George's ideas to write and publish a two-part series of articles on Georgist economics in the *New York Tribune* in May.

The first part, titled *Henry George's Theory of Economics a Boon to Cities*, gave an overview of the basic tenets of George's economic theory: the factors of production and their returns, the source of unearned land rent, its destructive effects on the economy, and George's remedy.

Mr. Gore is a conservative writer, writing for a conservative paper. His remarks on ideology were revealing, and show how Henry George's ideas cut across fixed political positions: "Does any of this sound socialist to you? Perhaps it does. However, when supply-side economics was first advocated, it was the British Labor (Socialist) Party that championed the cause....Regardless of your political perspective, economics is the science of allocating limited resources to unlimited demands. Both the left and the right originate at the same point."

The second article, titled *Theories of Henry George Go Far to Explain Property Tax Repercussions*, brings theory into the real world, spicing it with pertinent statistics: "The Japanese boast that they are the wealthiest nation because of their soaring land values. Of course their land values are soaring. They have half the population of the United States crammed into a land mass only the size of Montana. The total value of Japanese land is estimated at \$14 trillion. Though 25 times larger, the total value of American land stands at about \$7 trillion. See how population increases land values?"

There is little else but good news to report, as Mr. Gore turns his attention to property tax reform in Pennsylvania. Discussing Pittsburgh: "To help things along, the city adopted a three-year exemption of all new buildings but not the land. [an old supply-side trick!] Slums disappeared as construction continued. Why were builders building so much? Because they were saving money."

Clearly, Cartrell Gore's series shows how, unavoidably, the cat is still the cat, whether seen from the right or the left.

The School now has available for its friends a card which offers you another means of spreading our name, acknowledging your friends, and adding to your contributions, all at the same time. It is an attractive note card with a line drawing of Henry George on the front, and on the back the popular quotation from his book Social Problems which ends "...whoever he may be and wherever he may be placed, the man who thinks becomes a light and a power."

The card may be used to inform friends, relatives, co-workers, neighbors, or just anyone whom you need to recognize, that you have made a contribution to the Henry George School in their name. This may be done in memory, honor, or celebration, as the occasion requires. The donation you make is, of course, tax deductible.


For information on how you may obtain a supply of these useful cards, please call Marissa De Luna at the New York School, (212) 889-8020.

OUR TOWN PUBLISHES SERIES ON PROPERTY TAXES

Editor Kalev Pehme first read *Progress and Poverty* more than twenty years ago. Recently, his memory was jogged when the New York HGS began running a series of display ads in his newspaper. He met with director George Collins, who brought him up to date on the School's current projects, and presented him with a sheaf of information on land value taxation and a current edition of *P & P*. Mr. Pehme responded with a series of articles about the mess of property tax policy in New York City, entitled "Untimely Thoughts About Real Estate Taxes."

The first article, which appeared in the June 24th issue of *Our Town*, analyzed "The Chaos of Assessments". It has long been known that real estate assessment in New York, as in many other cities, is extremely inaccurate. Pehme cites numerous cases of wildly incongruous assessed values. In particular, he cites a 1988 study by Douglas W. Henkin which proves false the city's contention that all properties are assessed at 45% of market value. In reality, Henkin discovered, "the properties fall into two quite distinct groups; the majority of the properties had the ratios of their assessments to their sales prices fall far below 30%. The majority of the rest...had ratios far above 100%." According to Henkin, the average price-to-assessment rate is 18.8%. But many properties, writes Pehme, particularly on the East Side of Manhattan, are overassessed, effectively subsidizing the rest of the city.

The second article details the disincentive effects of conventional property taxes and their effects on markets, consumers, and the homeless. This is more familiar territory for Georgist readers, but Pehme does cite some sobering facts. A typical apartment dweller, making \$30,000 a year gross income and paying 40% of that, or \$1000/month, in rent, is actually paying 10% of gross annual income in real estate taxes! The effect of this situation is that without massive subsidies, there is no market for low- or middle-income housing construction. And the effect on the poor is devastating. With regulated rents, building owners in marginal neighborhoods have no incentive to maintain their buildings. "The social cost of the lack of housing development," Pehme concludes, "is then heaped on the financial cost."

The third installment in the series, in which Pehme plans to discuss the real solution to the property tax mess, is due in late July. 



On Friday, May 18th, four poets read from their works before a receptive audience at the New York School: (l to r.) Jamal Joseph, Sanjoy Bhattacharyya, Jane Isabel Springer, Lindy Davies. Their diversity of backgrounds and variety of styles made it a most memorable evening. Another Poetry Night is planned for next Spring.