GEORGIST MESSAGE COMES TO RHODE ISLAND

On Tuesday January 15, 1991, Mr. Hanno Beck of the Center for the Study of Economics made a presentation for land value taxation at a Fair Housing Conference held at Brown University and sponsored by the Providence housing Authority. The conference was attended by about 200; however, Mr. Beck's workshop was one of three scheduled late in the afternoon and was heard by about 20. That was unfortunate, because while other speakers offered detailed problems, Mr. Beck offered a solution -- one that can be started immediately, with no need for federal or state funds, no new layer of bureaucracy, and, best of all, no change required in the Rhode Island state constitution.

The Director of the Providence Housing Authority and one or two top aides were there. They appeared positively impressed with Mr. Beck's cogent presentation, asked good questions, and spoke later of pursuing the topic.

A Georgist reform could not come at a better time, because Rhode Island appears to be in an economic tailspin. The state was experiencing a "booming economy" during the period of 1985-90, which was really a land speculation bubble, as by Bostonians were locked out by high land prices in their area. They found it worth the hour's commute to come to "cheap Rhode Island" and receive at least 30% more for their housing dollar. During those five years the median selling price for a single family home in Rhode Island jumped from $67,200 to $127,000, a jump of 89%. In Providence, single-family home prices jumped 111% during the same period. Banks lent heavily on the ensuing building boom, especially in condos, and by the end of the period were teetering, with real estate loan losses causing massive red ink.

Worst among these were the state's credit union banks, insured only by a private state fund, which was largely unregulated, and whose directors were politically connected and themselves officers of the same credit unions. Some of these institutions had 94% of their loans in real estate, many of them "non-performing" by 1990. When the director of one credit union disappeared along with most of his bank's funds, the insurance fund rescued those depositors and became underfunded for continued operation. On New Year's Day the governor closed 45 credit unions. Many people do not have access to their life savings, and many businesses are in trouble as well. It will be miraculous if the state does not head into a full depression as a result.

Clearly, land prices have fueled all this. We learned at the housing conference that the cost of a building lot in the City of Providence had increased 300% between 1985 and 1990--much more than the figure cited earlier for land and buildings (111%). As a real estate appraiser, I came across a good example yesterday. In 1983, a family bought a spacious home on 2.5 acres in East Greenwich for $161,000. They sold it in December 1990 for $230,000. The home was well-maintained -- but based on MLS listings it was the same home with in-ground pool that was purchased. This 43% gain is the "typical" speculative gain seen on almost every resale in the past few years. However: this owner subdivided the land, and sold off two *additional* 30,000 square foot lots -- both affordable lots in the very desirable East-Greenwich-by-the-Bay. One closed at $80,000; the other will probably close closer to $70,000. The total sale price will then be $380,000; his net gain will be $219,000 or *136%!* The gold is in the land!

It was very appropriate that Hanno Beck came to Rhode Island on January 15th, the birthday of Dr. Martin Luther King, Jr. As these times are making painfully clear, the struggle for justice and full human rights must begin with equal rights to the earth itself. The taxation of land values would have prevented the speculative land fever that overtook the state with all its attendant misery. Let's hope it's not too late to begin. -- *Cathy Orloff*

ANIMAL RIGHTS IN L.A.

(continued from previous page)

The March 1st dinner was a departure from the HGS-LA tradition of *Final* Friday dinners, the last one having been held on January 25. The subject that evening was "Animal Rights: Do they include humans?" Speakers included Mike Greene, a regular participant and founder of the Albert Jay Nock Forum and Southern California Supper Club. Chris DeRose, the other speaker, founder of "Last Chance for Animals" and the Sunset Greens, has been arrested several times for non-violent civil disobedience. "Designated hitters" this evening were June Aserseng, Christine Bounce, Butler Shaffer and Bret Barker. Harry Pollard pointed out that of deeper import than statistics on animal testing (25% of young people oppose it) "is the philosophical question of rights - for humans as well as animals....for we are animals, too."

EDITOR'S NOTES

This issue devotes much of its space to two items of timely interest: the Persian Gulf war, which has aroused the concern of many people the world over; and two back-to-back Georgist conferences in June, which will occupy the attention of our readers, especially in North America. There are a few items of news and opinion which we have saved for our next issue.

Ruth Berling, we sadly note, passed away on Saturday, January 26th. Although she had a heart condition, she had been doing quite well, and her death was unexpected. We first knew Ruth as wife of CGO-founder Clay Berling, of the Northern California HGS. Later, Ruth volunteered her professional services in typesetting the CGO's *Introduction to Georgist Philosophy & Activity.* We will miss Ruth at our annual conferences, and extend our deepest sympathies to Clay and to all of Ruth's family and friends.

Toward a Progressive Municipal, State and Federal Housing Policy is a one-day workshop being held on Wednesday March 27, 1991, at Cityspace Conference Center, 275 Chestnut Street, Springfield, Massachusetts. Cost is $55 ($75 for governmental agencies). For further information, contact the sponsor: Institute for Community Economics, 57 School St., Springfield, MA 01105; or call Carrie at 413-746-8660.

Economic Intelligence is a four-page publication from England which provides economic data and analysis from a Georgist viewpoint. A recurring theme is that business cycles are caused primarily by land speculation. The February 1991 issue includes a "we told you so" article on "The Crash: *they* said it couldn't happen..." as well as articles on both the US and USSR economies. Edited by Fred Harrison, author of *Power In the Land,* it is an important resource for all serious Georgist analysts. Contact: Centre for Incentive Taxation, 177 Vauxhall Bridge Rd., London, SW1V 1EU, England (Tel: 081-943-1379).

Land Trust Proposal: Several families at Tolstoy Farm are engaged in setting up a land trust and would like to network with other individuals and groups who could offer help (legal, financial, spiritual). Their goal is "to establish a sustainable community that values ecologically sound land stewardship; social and economic justice; cultural, sexual and philosophical diversity; cooperation and global responsibility." Contact: Stephanie A. Kearns and Chrys Ostrander, Rt.3 Box 74-F, Davenport, WA 99122 (Tel. 509-725-1400).