

HENRY GEORGE NEWSLETTER

Volume 56, Number 6



November - December, 1992

LAND, FREEDOM & SOVEREIGNTY: Seminar Examines Reform Prospects in Pakistan and Estonia

The New York HGS held a special globe-trotting seminar on November 20th, in which two experts acquainted their American audience with the real prospects for land value tax reform in two very different nations.

Javed Malik, a staff correspondent with the News International of Rawalpindi, Pakistan, came to New York to cover the U.N. General Assembly session. Having enriched his understanding of the land-struggles in his native country through correspondence courses with the Henry George Institute, Mr. Malik contacted HGI President Bob Clancy and offered to speak on Pakistan's land-tenure systems during his visit.

Serendipitously, Mr. Olaf Klasen arrived in New York at the same time. Mr. Klasen is an emigré Estonian, a real estate

assessor in Vancouver, B.C., and a Georgist who has participated in advisory visits to Russia and eastern Europe over the last two years. Of all those meetings, the greatest receptivity and chance of success came in Estonia. Mr. Klasen's speaking engagement at the school was facilitated by Prof. Steven Cord, who also participated in various East-European advisory teams.

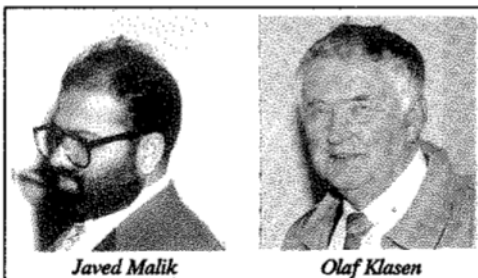
The economic situations of Estonia and Pakistan probably resemble each other as little as either resembles our own, but the fascinating subtext of the evening's presentations was that the vitality of Henry George's insight is being recognized in both places. People in wildly disparate circumstances are coming to the conclusion that public revenue ought to come from land values. A most thought-provoking evening! - L.D.

Pakistan: Survival of Feudal Serfdom in the 20th Century

Incredible as it may seem, reported Javed Malik, "In Pakistan we still have a feudal system. It has suffered setbacks, but the process of change has been very slow." Land ownership is exceedingly concentrated, and landowners wield the lion's share of political power. This, in turn, is the major factor which inhibits both social reform and industrial development.

Pakistani landlords got their land in three distinct historical waves. The first large landholdings were accumulated by Islamic clerics who migrated to the country from central Asia. Local rulers and even common people donated lands to religious leaders, to provide them with a means of support that was free from secular concerns. Land was plentiful in fourteenth century Pakistan, and large tracts were given. Over the years, large Islamic schools became established and ran on income from these lands. But in modern times, Mr. Malik reports, "There is a strong paradox: most of the people who have inherited the lands are not holy men; they do not even practice religion."

The second wave of landownership came when local agents were given land in exchange for services under British rule. The British had authority to cede lands to whomever they wished, as long as only peasants were displaced. The third, and somewhat smaller, class of landlords emerged when elite military and civil servants were rewarded with land after independence in 1947. (continued on page 6)



Javed Malik

Olaf Klasen

LVT in Eastern Europe: Prospect or Pipedream?

Olaf Klasen began his remarks by asking how many in his audience knew Estonia's location; a surprising percentage (he thought) of this audience did know. Nevertheless, it does not surprise Mr. Klasen that Americans know little about Estonian history; like so many other nations, his native country was subsumed by the Soviet state for most of the 20th century.

In fact, Estonia has known foreign domination for a very long time. Over the years, its land has been held by Danes, Swedes, Finns, Germans and Russians. The name of its capital, Tallinn, means "Danish City." In World War II Estonia



This fall brought to a close a long and fruitful collaboration between the school and Dr. Albert Alexander, who, along with Stan Rubenstein, ran the High School Urban Workshop. Al, a retired New York City high school teacher of economics and Executive Director of the New York City Council of Economic Education, which co-sponsored the Workshop, retired after 20 years.

The High School Urban Workshop is a venue for young adults to learn about college opportunities and the job market. Those attending the workshop leave with a more comprehensive idea of the "real world" and are better equipped to enter it. Every Workshop has had one or more guest speakers from the professional world and a speaker from the Bureau of Labor Statistics. The Workshop, which for the last five years has been held in conjunction with Baruch College, has provided a valuable place for students to make contacts with the world of business and get an accurate reading of the economic climate.

During the last Workshop, held at the school on December 10, Stan Rubenstein, who, besides co-chairing the Workshop is also a board member of the Henry George School, presented Al with a plaque honoring his many years of service and dedication. "Al has been one of the most cooperative individuals I've ever worked with. His general knowledge and contacts with speakers throughout the city has given the Workshops the success they have had over the years", said Stan. - David Domke

fought against both the Nazis and the Soviets. Nevertheless, Mr. Klasen stressed that all the ethnic groups in Estonia (many of whom represent former occupying forces) live peaceably together, all participating in free public education, and even in the tense present climate, there have been no abuses of human rights there. Out of a population of 1.6 million, Estonia is home to about half a million ethnic Russians. While it is true that the Russians are currently denied suffrage, the only requirement for gaining the right to vote is to learn the Estonian language. This makes perfect sense, Mr. Klasen asserted, considering Estonia's beleaguered history. For the most (continued on Page 7)

PAKISTAN (continued from first page)

Although Pakistan is nominally a democracy, the influence of the landed class virtually removes everyone else from the political process. Two-thirds of both houses of Parliament are holders of large estates. (Former Prime Minister Benazir Bhutto is from one of the top landowning families.) The landlords exercise such control that the major political parties are essentially interchangeable; indeed, wealthy Pakistani voters often switch their party affiliation many times over.

Mr. Malik said that the control of the landed class over the economic and political life in his nation is nearly total, and this has disastrous effects on social and economic progress. There are still many families in Pakistan "who have only one room - for their family and their cattle!" Prior to independence, landlords were obliged to keep private armies and police forces to maintain control of huge estates. Now that "the landlords are the parliament," these services are provided by the state.

As in many third-world countries where landownership is highly concentrated, the ruling class in Pakistan has little interest in making agriculture or industry more productive. In fact, "deliberate efforts are made to keep large numbers of people illiterate." The government spends far more on universities than on primary schools. The over-riding incentive for Pakistani landowners is to suppress any working-class opposition; hence, access to press and media is strictly controlled. And finally, industrial projects only go ahead if they benefit the top landowners.

Part of the reason why this dismal state of affairs has persisted for so long is that the Pakistani constitution forbids any taxation of agricultural income. There are income and sales taxes, but the most popular "tax dodge" is to represent business income as tax-free agricultural income.

Recently, however, momentum has been gathering for some sort of a tax on the wealth of Pakistani landlords. Pressure has come externally from the I.M.F. and World Bank, because of the tendency of current economic realities to retard development. Another source of pressure is the urban intelligentsia, a growing class of people (owing partially to Pakistan's large investment in higher education). And, finally, a merchant class has emerged, despite enormous obstacles; small urban businesses have a wildly disproportionate tax burden. These factors ensure a market for a popular press which discusses economic reforms, despite the landlords' efforts to curtail it.

The remedy that this loose, fragile coalition has been advocating is a tax on

HGS Fall Seminars: Immigration to a Livable City?

IMMIGRATION AND HUMAN RIGHTS

This semester the school presented two seminars concerning the accessibility and desirability of living space in the United States. The first, entitled *Immigration and Human Rights*, addressed the problems of people coming to the United States - specifically the changes made in immigration laws in 1990. The seminar was chaired by Vandana Chak, an attorney and a member of the Harvard Human rights program and a teacher at the school, and Cyrus Mehta, an immigration attorney and pro bono counsel to the Lawyers' Committee for Human Rights. The seminar began with a discussion of the changes made in 1990 to the immigration law, which have made it harder for people seeking asylum for political reasons to come into this country.

According to Mr. Mehta, immigration law has become more "ideologically driven," creating strong class divisions in the type of people allowed to seek asylum. The law describes a political refugee as one who "has a well-founded fear of persecution because of race, religion, nationality, membership in a social group, or political opinion." In practice, however, the new immigration regulations make it much easier for people fleeing countries with a communist government, those leaving Cuba, and China after Tiananmen Square for instance, than for people fleeing repression in countries that have a different ideological agenda.

Another category of immigrants, one in which it is much easier to gain access to and residence in this country, is the business or employment category. This category provides a virtual open door policy for anyone who is considered "exceptionally qualified" or has \$1 million to invest. The quota for the business category is

land values. But although Javed Malik knows they are talking about Henry George's remedy, very few people in Pakistan know that. "This is a totally domestic idea," he said. The overwhelming power of the landowning class naturally suggests it, the constitution does not forbid it, and, in the end, a consensus is emerging that a tax on land values is the easiest way to remove the anachronistic ties that continue to bind Pakistan's economy. □

400,000 a year, as opposed to only 10,000 for those seeking political asylum. Mr. Mehta wondered if the phrase "give us your huddled masses" is losing its meaning. Ms. Chak concluded the seminar by expressing the hope that in the future there would be an "open market" for immigration because the movement of people across boundaries in search of new opportunities is "natural to the human species."

THE LIVABLE CITY

The seminar *The Livable City*, given at the school a few weeks later by Professor Stephen Sussna, a charter member of the American Institute of Certified Planners and a member of the law faculty at Baruch College, continued the theme of human habitat and accessibility, this time concerned with internal boundaries. Prof. Sussna, who has also chaired various American Bar Association land use com-

mittees, began by giving a brief history of urban zoning in the US. Prof. Sussna described how zoning began as "an exclusionary device" used to keep certain "undesirable elements" from moving freely and living where they want. For example, zoning was first implemented in New York City in 1916, as a way for those living uptown to keep the



Vandana Chak & Cyrus Mehta

workers in the garment district in place - to keep them from moving uptown. Zoning quickly turned New York City into "a municipal corporation" and was used to "legislate land use", usually for the vested interests of real estate interests and politicians.

By the 1920s, zoning existed in almost every major city in the US. On the positive side, zoning is a way of insuring and promoting "the public safety, public health and the general welfare." Zoning, when used properly, can help a city maintain its livability. On the down side, it is very difficult for ordinary citizens to effect changes in zoning laws.

Contrasting interests - Government policy makers, municipal engineers, city planners and real estate and corporate interests all represent different and competing sectors. For instance, affordable housing is very difficult to build in suburban sections due to because "excessive subdivision regulations" that are a way for a municipality to regulate who does or does not move into its area. Furthermore, the huge speculative profits to be had in real estate often ensure that equitable zoning rules can only be achieved in spite of formidable special interests. - David Domke