The Henry George News

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Panel Focuses on Tomorrow's Cities

The Henry George School co-sponsored a two-day conference on the "Future of the Metropolis," with the City University of New York Graduate Program in Political Science, on February 13-14, 1980, at the Graduate Center of the University, in New York City.

Henry George School Director, Philip Finkelstein, chaired a panel on urban political economy that included the former mayor of New York City, John V. Lindsay, Professor Seymour Mann of John Jay College, Walter Rybeck, Special Assistant to Rep. Henry Reuss (D.-Wisc.), whose talk appears in this issue and Professor Narayan Viswanathan of Adelphi University's School of Social Work, who compared the various schools of political economic thought.

The Uncertain Future of the Metropolis

by Walter Rybeck†

I learned about this conference on the "Future of the Metropolis" just after returning from the ruins of ancient Greece. I could not help but visualize future people, two or three centuries from now, wandering through the ruins of our cities. Would they be puzzling over the eclipse of a great civilization, as I was at the haunting temples of Delphi and the cyclopean walls at Mycenae?

These unsettling thoughts are not mere metaphor. Pessimism intrudes insistently on anyone who tries to project the future from current trends. Most signs of our times add up to a grim forecast of what tomorrow holds.

The single element that makes me apprehensive about the future of our cities is our land system. Tentacles of our misguided land policies are choking almost every vital aspect of metropolitan life. This is doubly worrisome, because the full dimensions of the land problem have barely surfaced in the public consciousness. To put it in the vernacular, most of us don't know what's eating us.

We have scarcely begun to identify the causes of today's city land problems. This is not to denigrate the legions of good folk—officials and citizens alike--who are trying desperately to cope with the daily disasters. But without a better notion of what is producing these disasters, we are unlikely to stem the flood.

A major problem, certainly, is our distorted land system that operates around the clock and around the calendar, and under the full sanction of the law. It

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Urban Political Economy

by Philip Finkelstein*

Political economy has had something of a rebirth in these post-keynesian times. The macro-folk, with their equations, and the value-free researchers with their abstractions, are still very much part of the economic scene, but there is some evidence of renewed respect for, and an interest in, a more discursive form of economics, ranging from our most

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New Trustees Announced

Jacob Himmelstein and Sydney Mayers were elected to fill two vacancies on the Board of Trustees at the Henry George School in New York, during the annual members meeting on February 14th. Mr. Mayers, an attorney, is a long-time Georgist, and resident of New York City, and Mr. Himmelstein is a practicing accountant and an active member of the school in Philadelphia, who resides in Mount Airy, Pa.

At the trustees meeting, held the same day, the following were nominated to fill the vacancy created by the death of Arnold Weinstein, as a member of the corporation:

George Collins — Stanley Sinclair
Sydney Mayers — Si Winters

The election will take place during the March Board meeting.

The current Board of Trustees, elected to serve until February, 1981, comprises:

century of George. For those who would explore the ramifications of his work, this volume should provide a useful teaching tool. Its educational value is hardly surprising inasmuch as the contributors (save the lone journalist) teach or have taught at universities.

In conclusion (he insists it's not a summary) Andelson offers Neo-Georgism, writing in part:

> "The modern friend of George's thought who views the 'Prophet of San Francisco' as a profound and perceptive guide rather than as an infallible oracle, will find the majestic symmetry of his system vitiated somewhat by the qualifications and adjustments dictated by candid analysis in the light of changed circumstances and refinements in economic methodology. "Neo-Georgism" will be less satisfying than the original article from an aesthetic standpoint. But aesthetic satisfaction must yield to intellectual honesty, and the basic truth of George's central thrust remains, in any event, intact."

Stanley Sinclair

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popular writers on the subject, to the more recent Nobel Laureates.

The very notion of political economy assumes an intimate relation between the distribution of power and material goods. It is this very relation which poses such problems for the political economy of the metropolis. For there is a terrible mismatch between the economic vitality and the political impotence of cities, now that they are no longer nation-states unto themselves. New York, Tokyo, London, Bombay, or any other world-class city, would be hard put to maintain its standing on the performance of their respective municipal machineries. The really significant things take place not in City Halls, but in the markets of commerce, the arts, or of ideas in most countries, city politics are a mere extension of the national, with few stakes and less attention paid to local officials. Our federal system lends some illusion of political power to the local level. But even home-rule is a creature of the state and even our own city is subject to a kind of veto power of the Mohawk Valley and beyond.

To correct this mismatch, we have had a range of nostrums, from the extension of the political jurisdiction to match the might of the metropolitan economy, to the shrinking of political responsibility to conserve municipal resources. Some of our more avid urbanists will argue for both at the same time, like extending the tax base to a tri-state region, while assigning the funding of all H.E.W. functions to other levels of government.

Those of us who are not yet ready for this utopia of broadened income and narrowed expenditures might borrow a phrase from the people who have been looking closely at the environment and economic development. Following the faddist reaction to waste, in which everthing small became beautiful, there has been a growing acceptance of "appropriate technology", an idea which admits the possibility that there are times when bigger may be better. In any event, size is not as significant as the fit and the rightness of the solution. Perhaps we have here a clue for an appropriate political economy at the urban level.

What kinds of things should cities do that are more appropriate than states, or the national government, or perhaps, even the private sector? What kinds of resources should be available to local governments not provided at the mercy of their political superiors? Should localities be in the redistribution business at all, either by taxing income, or by providing public assistance? What is the right way for a metropolis to hold on to its wealth and make it grow? These are the kinds of questions that need to be raised if there is to be a metropolitan political economy, or even a future metropolis.

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rips off the poor saps, small business, and deprives municipalities of their rightful revenue.

The people as a whole create land values, not only by their presence, but also through participation in government, as taxpayers. Schools, firehouses, streets, police, water lines--the whole gamut of public works and services that enhance a neighborhood are converted into higher land values. The taxpayers of the entire country, through federal aid for our multi-billion-dollar Metrorail project, have been boosting Washington, D.C. land values mightily.

Not all land values are manmade. Inherent qualities also give land special advantages: fertile soils in farming districts, scenic views in residential areas, subsurface riches of coal, oil, and minerals. None of us, as landlords, tenants, or governments, can lay claim to having created these values. The people who have been drawing up an international law of the Seas have characterized these natural endowments as "the common heritage of mankind". where no people, individually or collectively, produce these land values, it is difficult to argue with the conclusion that they belong to all people equally.

If the institution of private property has a sound foundation, and I believe it does, then it rests on the principle that people have a right to reap what they sow, to retain for themselves what they themselves produce or earn. Land values, produced by all of society, and by nature, do not conform to this prescription.

In the case of Washington, D.C., most landowners are petty holders. The biggest portion of their property value is in their homes or small shops, only 15 or 20% in land. Only five per-cent of the city's properties, land and buildings together, are valued over $100,000. Because the high peaks of land values are concentrated mainly in the central business district, those who walk away with the lion's share of the community's land values are a mere handful of owners.

Decade after decade, billions of dollars in urban land values are being siphoned off by a narrowing class that has no ethical or economic claim to them. To be outraged when a few ghetto dwellers, in an occasional frenzy of despair, engage in looting on a relatively miniscule scale, but to remain indifferent to this massive, wholesale looting, is worse than hypocritical. It is to ignore a catastrophic social maladjustment, more severe, I believe, than anything the U.S. has experienced since slavery.

Henry Reuss, Chairman of the House Committee on Banking, Finances and Urban Affairs, recently pointed out, that over the past thirty years, the Consumer Price Index rose 300%, the price of the average new home went up 500%, and the price of the land under that average new house went up 1,275%. "Ways must be found," he said, "to curb the tendency to invest more and more in land, a passive activity that adds not a single acre to the nation's wealth. Instead we must encourage investments in job-creating plant and equipment."

One optimistic note amidst the pervading pessimism is the work being done toward the creation of land price index. H.U.D. and the Urban Land Institute contracted with fifteen people to contruct land price indexes in selected metropolitan areas. Next month, this group will review what has been uncovered about the availability, reliability, and compatibility of various land price data, and they will spell out national needs and uses for a land price index. This index might serve as an alarm that goads us into examining phenomena that have been largely shielded from public scrutiny. This process could begin to inform a whole set of policies, starting people to think in new directions.

The land problem is far from the only important perspective from which to view cities. It looms in importance to me, not so much because of the dead civilizations I recently visited, but because the evils of landlordism were well-engraved in my consciousness during a year in South America. Compared to Ecuador, of course, the U.S. is almost utopia, in many respects. But I sense that we are drifting rapidly towards a landlord-dominated society.

Economic trends point toward bigger and bigger recessions. I do not expect we will ever have another 1930's-type depression. I doubt whether people will accept or tolerate such unemployment or misery. Instead, I believe they will demand the use of extraordinary governmental powers to tell us where to work, what wages to accept, what goods to produce--in short, a degree of regimentation that will threaten many cherished freedoms.

Before that happens, the opportunity awaits to see whether a reasonably free economy can still be made to work. Unless we tackle the land question, and the looting of America, that game may be forfeited.

The future of the metropolis is uncertain. The choice is ours. We can intervene in the way society is now headed, to preserve the American dream. Or, we can continue along the present path and await the American nightmare.

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