

SANTO DOMINGO HGS CELEBRATES 25TH ANNIVERSARY



A special report by George L. Collins

The Santo Domingo extension of the Henry George School celebrated its 25th anniversary in September with a series of programs and conferences which have paved the way for another quarter century of important advances. Under the energetic leadership of its founding director Lucy Silfa, the school has educated thousands of Dominicans in every sphere of life on the virtue of Georgist land reform. And it shows. Everywhere around the town, people know who Lucy is and what she is about - land value taxation. It becomes immediately evident that good seeds have been planted on fertile ground.

A devoted core of volunteers have reached out from the Santo Domingo School in every direction. Some date back to her early classes 20 or 25 years ago; others are active current students. They planned three major events in observation of the anniversary. On Friday September 26th, a group of 35 teachers and close supporters gathered at the director's home to discuss the work of the school with me. Topics ranged from the changes in the Soviet Union to opportunities and impediments facing the school in the Dominican Republic. The evening was capped with a delightful performance by the youthful members of a *Ballet Folklorico* troupe headed by an HGS student.

On Saturday the 27th, a meeting at the Lena Hotel marked the public observation of the anniversary. I was billed as the main speaker, but the parade of testimonials from students old and new, some not yet 25 years old, far overshadowed the high commendation and spirited encouragement that I gave the 120-strong audience.

A dinner in my honor, the night before

my departure on October 2nd, was the final anniversary event. In what I can only describe as an example of the typically gracious spirit of Latin American generosity, they presented me with a handsome plaque on the occasion of their 25th anniversary. This evening of warmth and affection concluded with me joining my wonderfully talented hosts in poetry and song.

There was a lot more that revealed the accomplishments of those 25 years. Two daily and Sunday newspapers heralded the achievements with feature articles, editorial comment, interviews, and news coverage. Lucy, two other Georgists, and myself appeared on a total of five television programs. Numerous meetings took place with individuals occupying influential positions.

The first meeting Lucy arranged for me was with Dr. Pedro Gil Iturbides, Minister of Education, Fine Arts & Religion. Dr. Iturbides expressed high regards for the Henry George School. He has read *Progress and Pov-*

erty, and has spoken at a school graduation. His ministry, he told us, has received a total of six buses from Japan, which are outfitted with video equipment, able to be taken anywhere around the country. It will provide extra-curricular programming for adults; our *Understanding Economics* (Continued on page six)

THE DOMINICAN REPUBLIC: POVERTY AMID NATURE'S BOUNTY

The Dominican Republic occupies the eastern half of the island of Hispaniola, which it shares with Haiti on the west. Although its political life is not as turbulent as its neighbor's, there is nearly as much despair over its worsening economy. The country is beset with massive economic problems. Compared with other places, though, the poverty of this country shows some striking, ironic differences. Many of the unemployed "employ" themselves selling something. Unlike New York, where your car is approached at intersections by people seeking handouts, here you are approached by vendors selling a variety of ripe, enticing home-grown fruits.

In this country where people are close to the land, this reflects a hopeless attempt at making a spare living. Those who can afford to buy, already have these things. Although much of the country is monopolized by native land barons and foreign corporations - Gulf & Western being a major holder, and the government itself - the tropical climate and rich soil support a profusion of food-producing plants.

The grounds surrounding Lucy's house, in what she calls "my barrio", a residential section of this bustling city, are laden with fruit trees, sprouting bananas, breadfruits, oranges, mangoes, tangerines, grapefruits, herbs from which to make exotic teas, and other tropical fruit unfamiliar to North American palates. There should be enough to eat. The basics for survival may be literally at hand, but for many people, it is beyond their reach. The vast majority have almost nothing.

The shops and stores are another matter. The items are there - but prices are high. The country is in deep debt. But International Monetary Fund loans (continued on page seven)

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EDITOR'S NOTES

This issue concludes our 1991 observation of the centenary of Henry George's *The Condition of Labor*, his reply to Leo XIII's papal encyclical, *Rerum Novarum*. See the article on Jack Schwartzman's paper delivered this past summer on this topic. Among our other items is a new travel narrative by Director George Collins, this time on his trip to the Caribbean.

We continue to document the continuing efforts of Georgist economists and advocates in the Soviet Union. And a new writer makes his debut in these pages, David Domke, former Chicago journalist who works at the New York headquarters.

The recent Oakland fire, according to *Newsletter* reader Richard Pensack, started and burned in the area where Henry George had his flash of insight into the cause of poverty with progress, which was to lead to the writing of *Progress and Poverty*.

Professor Yuri Bocharov has been a regular presence at the New York school since early Spring 1991. In addition to using the School's research library, Dr. Bocharov gave a presentation on Soviet cities, rode up with George Collins, Bob Swann (E. F. Schumacher Society), Philip Wallace (former HGS extension director in Jamaica) and this writer to attend the 1991 Georgist conference at Lafayette College in Easton, Pennsylvania. (and he got a first-hand American experience of the old wisdom that "the map is not the territory.") Dr. Bocharov recently was a panelist at the Schumacher Society (in Great Barrington, Massachusetts). Most recently, he has visited the west coast where he was hosted by the Henry George Schools of Northern and Southern California.

A detailed itinerary was sent to us of activities planned for Dr. Bocharov in Los Angeles, including meeting Professor Samuel Aroni and others on the UCLA faculty. School associates, including real estate assessor Ted Gwartney, Marion Sapiro, David Byrnes, Margil Wadley, David O'Brien, and Charles Haughey took turns showing the visiting urban planner from Moscow the highlights of this major metropolitan area in the United States. Dr. Bocharov, who has also graced us with his own watercolor drawings, including ones of the New York and Philadelphia schools, will soon be returning to Russia, his home country. We will miss his presence at 121 East 30th Street - and, speaking personally, his weekly visits to read the latest issue of *The Economist*. Bon voyage, Yuri, and may we soon meet again!

Ronald Coase, 1991 Nobel Prize winner in economics, was the subject of media attention when the prize was announced in October. The *New York Times*, in its October 16th issue, wrote that Coase's "idea that access to the airwaves was a form of property was decades ahead of its time. Economists now believe that Washington's failure to treat the radio spectrum as a scarce resource, to be allocated via markets to those who value it most, is reducing national productivity by billions of dollars." Of course, it is unlikely that you'll read or hear any major media company suggest that the airwaves be rented to the highest bidders with the proceeds going to reduce the high taxes paid by the middle and lower classes in this country.

Coase first earned notice in 1937. His paper on "The Nature of the Firm" shows why, based on "transaction costs", individuals form firms, instead of contracting among each other, to provide services "in-house."

Other Coase contributions to economics include his idea that transferable property rights can be the key to solve problems, such as pollution, that other economists thought only government regulation could handle. As Henry George could argue, however, since transferable property titles are valuable, the social institutions that service (and even create) these titles with various legal protections, ought to be able to collect their share of the values they help to produce.



A BRACE OF VOLUNTEERS

For the second year in a row, the New York school had a pavilion at the Second Avenue Street Fair (on Sunday, October 20th). Using boxloads of materials gathered by the School staff, George Collins was assisted by a goodly number of student volunteers, helping him transport the materials and set up the booth. We'd like to take this opportunity to publicly thank those who helped out:

Vandana Chak	J. R. Mitchell
Jerry Corichi	Chris Netey
Raphael B. Diaz	Lauren Pipkorn
George Jackson	Roland Rakotonirainy
Tony Lee	Douglas Salter
Jorge Marrero	Leah Spiro
Kathleen McMahon	Phil Spiro

We'd also like to thank our stalwart weekly volunteer, *Morris Stoller*, whose work in the library and mail room has been invaluable. Morris is happy with the arrangement, he says, "as long as the pay stays the same."

SCHOOL NOTES

Los Angeles: The second of the advanced Occasional Seminars in the Philosophy of Henry George met at Ray Kornfeld's offices on Wilshire Boulevard near Beverly Hills on Saturday, September 28th. The theme was business cycles & the all-devouring rent theory. John Wiggins, a long-time member of the LA school, described the seminar as "the best philosophical discussion I've had in six months." A third in the series is expected sometime before Christmas, on a date to be announced.

Marion and Stan Sapiro met with HGS-LA board to discuss the 1993 Georgist conference, to be held at Pepperdine University in Malibu. Ms. Sapiro reported that costs would probably be about \$50 per person per day, including meals. While dates have not been set, the conference is expected to be held in the summer and will probably follow a Tuesday to Saturday schedule. A mix of educational and political sessions are planned for the program.

Philadelphia: The Henry George Birthplace was written-up as one of thirty-three chapters in *Philadelphia: Beyond the Liberty Bell: A Guide to the Little-Known, Hidden Treasures of the Delaware Valley*. This is a large-format 159-page book with four pages devoted to "Henry George House" which includes photographs as well as text introducing the activities, philosophy and history behind the school. Also mentioned briefly is the single-tax community of Arden, Delaware, where Philadelphia HGS director Mike Curtis makes his home.

Another chapter in the book is devoted to Bryn Gweled Homesteads in southern Bucks County. Founded in 1940 by Georgist-decentralist thinker Ralph Borsodi, the community is described as a utopian living experiment that actually works, with seventy-five homesteads. Borsodi also founded the School Of Living, which continues teaching Georgist economic principles. Although this chapter does not mention Henry George, Bryn Gweled's land-trust arrangement, in which the land is communally owned while houses are occupant-owned, is based on the earlier generation of single-tax communities which include the surviving Arden, as well as Fairhope, Alabama.

New York: "Tibet In Exile" was the subject of a full-house presentation by Mr. Rinchen Dharlo, head of the Office of Tibet and the Tibet Fund, which aids Tibetan refugees in India and Nepal. Mr. Dharlo gave an overview of Tibetan history, followed by a videotape and a discus-

Schwartzman Declares the Case of George & Leo XIII "Unsolved" at Congress of Social Economics

As noted in our last issue, 1991 is the centenary of Leo XIII's papal encyclical *Rerum Novarum: De Conditione Opificum*. It is also the centenary of George's reply, *The Condition of Labor*. While some attention has been paid to the encyclical, much less has been accorded to George's response. One of the few to address this particular work of George is Dr. Jack Schwartzman, who delivered a paper on August 10th at the Sixth World Congress of Social Economists, held in Omaha, Nebraska, under the auspices of Creighton University. Jack's paper, "Henry George, *Rerum Novarum*, and the Controversy Concerning Private Property in Land", will be a chapter in a book to be published in 1992 by the University.

Jack told the *Newsletter* that not one of the economists or theologians he talked to at the Congress had heard of Henry George's reply to the Bishop of Rome. His paper, part of a session on Labor and Land: the US and Global Economies, contributes to correcting this academic amnesia.

Jack begins by giving a brief exposition of *Progress and Poverty* and George's notoriety as a reformer, connected as it was with the career of Dr. Edward McGlynn, a Roman Catholic priest who defied the church hierarchy to support George (see our September-October issue). Jack points out that George himself was a hard critic of the organized churches, as in a letter to a Roman Catholic priest: "It is very sad to see all clergymen... avoid the simple principle of justice. As Tolstoi has put it, they are willing to do anything for the poor, except get off their backs." Still, George acknowledged, in his *Open Letter* to Leo XIII



sion with the audience. Among the issues covered included a proposal by His Holiness the Dalai Lama that Tibet be made into a "zone of peace" for the benefit of the whole world. Tibet was invaded by China 40 years ago, and has been under occupation ever since. In spite of an ongoing blatant policy of genocide on the part of the Chinese government, as well as human rights violations in China itself, the Bush administration has resisted pressure from some members of Congress to withdraw favored nation trading status from China. The discussion was followed by refreshments which included Tibetan appetizers from a neighborhood restaurant, the Tibetan Kitchen.

that the Pope was "animated by a desire to help the suffering and the oppressed."

George's contention, that *Rerum Novarum* was directed against his own views, without outright stating such, was echoed by his opponent, New York Archbishop Corrigan, as well as by Cardinal Manning. The pontiff's solution, to both the exploitation of labor and state socialism, was not the single tax of Henry George, but an endorsement of charity, labor unions, and private property in land. George, convinced that the pope had not only ignored the single tax, but opposed it, penned a reply that, comprising 25,000 words, was twice the size of the encyclical.

There is no evidence that Leo XIII ever read George's *Open Letter* to him. Recently, one scholar, C. Joseph Neusse, could not find even a copy of George's reply in the Vatican archives. Yet the Vatican had been aware of George, having put *Progress and Poverty* on its Index of forbidden books in 1889 - but refusing to promulgate the condemnation. This quiet damnation was a compromise between Archbishop Corrigan, who petitioned for the indexing, and Baltimore's Cardinal Gibbons, who opposed the measure. Just as curious, Dr. McGlynn's doctrinal statement, for reinstatement as a priest, was found to be in contradiction to Roman Catholic dogma - yet it proclaimed the single tax philosophy of Henry George. McGlynn was reinstated on Dec. 23, 1892.

Jack presents the confrontation between the pope and the economist in his inimitable dialogue style, quoting the actual words of the protagonists in an imagined exchange of views. He writes, "It is amusing to note that both the Pope and George, on opposite sides of the argument, called their respective opponents 'socialists.' Where Leo XIII relied on classical Catholic philosophy, which limited the right to the accumulation of wealth, George begins with John Locke's defense of unlimited accumulation of the fruits of one's labor - but not of land.

It is possible that George's work had some influence on Rome, which reopened the McGlynn case leading to his reinstatement but one year after the encyclical and George's reply. Leo XIII was known as a liberal, broad-minded man, and so may have proved himself in this case. As Jack also notes, years later, the second Vatican council came out in support of land reform in its *Constitution on the Church in the Modern World*. Nevertheless, there is no hard evidence of George's influence on the church hierarchy, and so, the author concludes, "The matter remains unsolved."

MOSCOW ENDORSES REVENUE FROM LAND: Television Coverage Reaches 100 Million Viewers

As George Collins reported in our last two issues, advocates of Henry George's economic ideas have been engaged in serious dialogue with economists and other professionals in Russia and Estonia. One fruit of these efforts is the October 11th passing, and signing by Boris Yeltsin, of a law by the Russian Soviet Federated Socialist Republic "On Revenue from Land."

A few weeks later, a new Georgist delegation made a ten-day tour, launching what Jeffery J. Smith calls "the second October Revolution." In addition to Mr. Smith (who serves as president of the Institute for Geonomic Transformation, Santa Barbara), members of the delegation were Dr. Steven Cord (Henry George School trustee, Henry George Foundation president), economics Professor Nicolaus Tideman (Virginia Polytechnic Institute and State University), Melville Forde, Eugene Levin, and Pat Surbrook (all three from Seattle), and Ben Sevak (Canadian Research Committee on Taxation, Montreal). Both Mr. Smith and Dr. Cord gave reports to the *Newsletter*.

Meanwhile, Back in New York...

The exchange of visits between economic and urban experts in Russia and US Georgists is steadily increasing. HGS trustee, Prof. Steven Cord and a delegation of Georgists from the US and Canada have just returned from a highly successful two-week trip to several cities in Russia and Estonia. In November, the HGS played host Serge Mityagin, Deputy Director of the St. Petersburg Institute of Urbanism. Mr. Mityagin, an architect and city planner, was in New York to meet with the leadership of the Robert Schalkenbach Foundation and the Henry George School to discuss his Institute's plan for a two-week course in 1992 on Georgist economic analysis and tax reform.

Earlier in the month, newly-elected HGS trustee Heather Remoff, brought Dr. Alexi Slepukhin to the school. Dr. Slepukhin is an economist with the Institute of World Economy and International Relations in Moscow. He was one of the hosts to a group of American CEOs in Russia last fall. Dr. Slepukhin has had a Georgist article by Ms. Remoff published in two Russian newspapers and has requested other pieces for publication.

Communism is regarded by most people as irrelevant, Dr. Cord told us. All the people he met were pro-American. "We didn't meet any communists (maybe ex-communists - they were brought up on that and it was the only way to have a successful career). We met plenty of anti-communists, but the whole subject seems irrelevant (or embarrassing) to them." He also saw much evidence of the revival of religion and found Russians to be "naturally religious." They also have a great interest in their culture. Most people like to live in the city of Moscow, a cultural center.

Along with Russian culture, unfortunately, Dr. Cord also found Russian hunger in the streets. There are already bread, milk, and other food shortages. The food just isn't making it into the city of Moscow. According to Dr. Cord, direct humanitarian aid to Muscovites is the only solution right now, for the sake of both the Russians and the rest of the world. The possibility of a food-shortage-driven second coup attempt, and a nuclear-armed Russian republic in crisis, is not a pleasant one - nor the misery and death which is inevitable if the West does not come to the aid of the Russian people.

"Jeff was great. He handled all the logistical matters with aplomb (and with the help of a free-enterprise tourist company)," said Dr. Cord. Jeff Smith was the organizer of this latest (and certainly not his first) journey to the East. Jeff's friend, Marina Pavlova, daughter of a Russian ambassador, translated the recent law of the Russian Republic "On Revenue From Land."

Not only Russian legislators, but even a film producer, Radi Kushnerovich, was inspired by the idea of public ownership of land rent. So inspired was he that he invited Eugene Levin and Pat Surbrook to Kazan, capital of the Tatar Republic, a thirteen-hour train ride due east of Moscow. There Gene gave a talk to 50 members of the Ministry of Finance including the Chief of Staff Mahail Saifundinov, Tax Inspection Chief Shami Budochov, and Prime Minister of Foreign Affairs Mohammed Sabirov. Gene and Pat are considering the invitation they received to live there for a few months next year to help institute needed tax reform.

Also very enthusiastic was a philosophy and ethic professor, who used her contacts to arrange a fifteen-minute interview with Dr. Cord, Mr. Smith and Dr.

Excerpts From the Law of the Russian Soviet Federated Socialist Republic On Revenue From Land (11 Oct. '91)

1. Using land...must be paid for. The forms of payment are: land tax, rent, and normative price of land....
2. The purpose of collecting revenue from land is to stimulate: rational use, protection and improvement of parcels, increasing the fertility of land, equalizing the socio-economic conditions of using land of different quantity, insuring the development of infrastructure in populated areas....
25. Normative Price of Land - is an indicator of the value of a parcel of land of certain quality and location, according to its potential profit for a given period of paying-for-itself....

Ed. Note: the full text of this translation by Marina Pavlova is available upon request from the New York HGS.

Tideman on a morning television talk show that regularly has 100 million viewers. Jeff told us "how disconcerting I found the bright lights, the import of the moment, the odd sensation of simultaneous translation in his left ear, the realization that I would be telling a nation addicted to taxes and subsidies to abolish both." Jeff consoled himself, "If the medium is the message, 100 million Russians et al did hear the two most popular morning talk show hosts say, several times, the word 'geonomics.' Perestroika has catapulted the economics of sharing Earth into the limelight." **Geonomics** is the term Jeff coined for his synthesis of Georgist economics and Green politics, and literally means "proper planet management." (See article on page five.)

Between the afternoon taping of the TV program, and its broadcast the next morning, Tideman, Smith and Cord testified before the new Supreme Soviet ("of Russia not the old USSR of whose existence we found scant evidence," said Jeff. "Uniformed guards on the borders of the Baltic Republics helped bring home this fact.") The hearing, on taxation, was chaired by the Green People's Deputy from St. Petersburg, Petr S. Filippov. One concern, expressed by the assistant to the PD from Karelia, Alesander Kaimin, was how to keep their natural resource rent out of the hands of the central government in Moscow. Even so, before returning to the US, papers were left with one of the tours

hosts, Dr. Alexander Sagaidak, secretary to Russian Vice President Rutskoi, who took them to personally deliver to Mr. Rutskoi. Highlights from Jeff Smith's talk are also to be exhibited at the Museum of the Revolution, promised its curator.

In the Baltic Republics, our travellers found Sweden to be a popular economic model, with the accompanying willingness to tax land - along with everything else! But as Smith observed, the Nordic states with high tax rates today had low rates when they were young and growing. "Living off the largesse may soon be over. Inflation, unemployment, crime, and nationalism are rising. The tax-and-spend Greens were recently booted out of parliament in Germany and Sweden." Having to present Georgist ideas as both an alternative to communism and as superior to the Scandinavian praxis, "We could not present our ideas as another tax, merely a minor tinkering with capitalism. We had to package abolishing taxes and sharing Earth's worth as a new system, a new kind of market that works right for everyone, a part of the global paradigm shift."

In Vilnius, Lithuania, the delegation made a presentation that stressed untaxing labor and capital as well as taxing land value. Many Greens were in attendance, a member of parliament, a Vilnius city council deputy, a deputy minister of agriculture, and Kestutis Urba, former treasurer of Sajudis, the National Movement which received over 80% in the last election.

Urba told the gathering, "I have asked the Sajudis economic committee to adopt a resolution calling for maximal taxation on land - sites and resources - and minimal taxation on income, and to move this resolution at next month's plenary of Sajudis, which would then introduce it before the national Parliament for inclusion in our new Constitution." DEP First Deputy Director Kestutis Zala asked if Smith's Institute would be "willing to review our proposed legislation to ensure it attains the geonomic ideal." (You can guess Jeff's reply.)

Prof. Nic Tideman is returning to the East once again in late November. Future possibilities abound, some already being started: exchange of articles in Russian and American journals; seminars on economic theory and land assessment; publication of Henry George's works, and related titles, in Russian; exchange programs involving students and professors; reviewing proposed legislation; testifying before official hearings; contracting for land assessment services and for studies showing the efficacy of abolishing taxes on production; co-writing press releases and feature magazine

"SEEING THE CAT" IN RUSSIA: or Is Geonomy Inevitable?

Ed. Note: "Do you see the cat?" was an favorite expression of Single Tax advocates. It referred to the visual puzzle of discerning the figure of a cat disguised as other features in a drawing, such as tree branches. In Single Tax talk, it asks if you see the hidden cause - and solution - to poverty and inequity in society. The title of this piece is ours, the article itself is by our intrepid geotrotter, Jeffery J. Smith.

Probably, geonomics will not succeed without geonomists committing themselves to a major investment of time, money, love, and determination. But there are eleven reasons to believe that geonomics will almost inevitably succeed. Consider the following:

1) Russians are desperate to live in a functioning economy. Geonomics, to the extent it has been tried, has worked wherever so tried.

2) Russians seek a market economy. Geonomics gives market forces the widest possible play that is also fair, by making the distinction between private property and public "trusterty".

3) Russians have grown weary and wary of states: one politician gained prominence calling for an end to taxes; one calling for an end to subsidies (now Vice Premier Saburov). Geonomics cuts the power of government, replacing taxes with user-fees and subsidies with a citizens dividend.

4) Russians don't want total laissez-faire economics. Geonomics charges polluters, depleters, and users in general.

5) Russians know slavish mimicry will not work; they must come up with something new. Geonomics is the latest model of market economics.

6) Russians know that much work is waste, that jobs pay them to "hurry up and wait." Geonomics acknowledges this fact by creating two income streams: wages from work, and the citizens dividend from

the worth of the Earth.

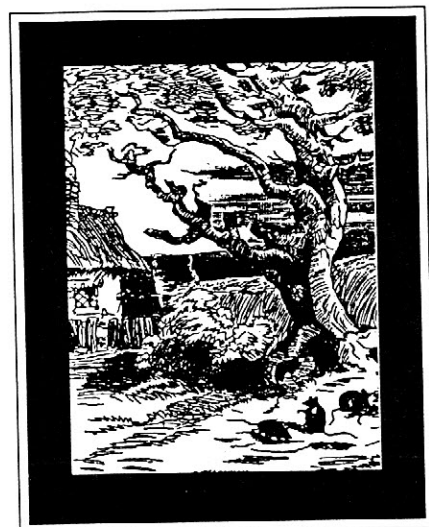
7) Russians see land as "Mother." Geonomics is nurturing, sharing fairly the advantages of nature.

8) Russians are not imperialists; they're not ashamed of losing the Baltics (unlike some American regarding "our oil" or the Panama Canal). Geonomics is decentralist, collecting revenue at the local level (and global, abolishing tariffs and quotas).

9) Russian women work hard for what's needed. Geonomics, so far, has inspired some very talented women, and could become an expression of the latent women's movement in Russia.

10) Russians are the most literate people in the world. Geonomics is a part of the paradigm shift that is best conveyed through reading.


11) Russians love cats. Every hotel's restaurant we visited had at least one. Our burly bus drivers competed with each other to be the next to pet the kitten. Geonomists, too, are cat lovers.



"Do you see the cat?"

articles; radio and TV interviews; co-producing a dramatic film documentary and an illustrated popular booklet explaining geonomics; and even more ambitious projects such as setting up tuition-free schools with the cooperation of the Soviet Town Planning Institutes.

Jeff Smith hopes two bi-lingual teams can be set up, one in North America, the other in Russia, to work to develop these programs to their fullest potential. Selling the complete message of geonomics is more likely to succeed than selling the land value tax on its own, he told us. Environmental concerns are big in Russia, re-

flected in the fact that the next land revenue law has been adopted, in part, for "the protection of nature," as well as for "the leveling of natural advantages." Funding will of course be needed, and he's working on that, too. Anyone wishing further information should contact Jeff at the Institute for Geonomic Transformation, PO Box 157, Santa Barbara, CA 93102 (phone 805-969-7024). Other participant-contacts in the US are: Dr. Steven Cord, Center for the Study of Economics, 2000 Century Plaza, Suite 238, Columbia, MD 21044 (phone 301-740-1177); and New York HGS Director George Collins. 

SANTO DOMINGO HGS CELEBRATES 25TH ANNIVERSARY (continued from first page)

video is adaptable for that program. Mr. Iturbedes has a cable TV channel, and the system with which to dub our video in Spanish. In addition, he will give Lucy a letter of authorization which she will use to encourage school administrators to use our materials.

Lunch with Pepe and Sasha Volman, a warm, friendly couple, was a pleasantly instructive midday interlude. They have been active in Dominican politics since the days of Raphael Trujillo's dictatorship, when they supported and advised exiles in New York. Lucy Silfa was prominent among the activists before and after her discovery of the Henry George School. When she was able to return home after Trujillo's death, Lucy did not forget Henry George, or the Volmans; she has maintained a lifelong friendship with Pepe and Sasha. Sasha Volman offered insights into Dominican politics and recommendations for effective promotion of Georgist ideas.

Sasha is a consultant and has been an advisor to heads of state in the US and elsewhere. He has worked in that capacity for many Dominican leaders, including John Bosch. Espousing land reform, Bosch was elected president in 1963 and held the office for seven months before being ousted by a military coup. During his brief leadership, however, he was able to do little more than exhort landowners to give up some of their land. He made weekly public announcements of how much land which company, or which individual, had surrendered for distribution.

Over the years Bosch has been friendly to Lucy and her Georgist ideas. There was a tentative appointment for us to meet, but Bosch, in his 80s an very much in demand as the leader of the most popular political party, was unable to work our rushed timetable into his busy schedule.

A reporter for *Listin Diario*, the largest-circulation daily newspaper, was to meet us at Lucy's house at 4 PM; at 4:20 the reporter was still waiting for transportation. Marcello Puello, Lucy's right-hand man, (and the chief economist for the Chamber of Commerce) suggested we go to the paper. We arrived there to find that the reporter, and everyone else, had been summoned to a meeting. After another seemingly endless wait, the Director, Don Rafael Herrera, extended a most cordial welcome to us.

José Diego Baez, the reporter assigned, conducted an extensive interview, which appeared with my photograph in the

Sunday, September 28th edition under the heading "**Director Escuelas Desplaza Predicando Justicia Social**".

Back in Don Rafael's office after the interview, there was pleasant conversation and picture-taking. I asked Señor Herrero for his prognosis of the Dominican economy. Quite amazingly, he said that with Dominicans in the US sending money home, tourists spending money in the country, and three or four well-established free trade zones, he saw big improvements ahead. It was hard to understand how someone who must certainly have his finger on the pulse of his ailing economy could find encouragement in these few positive facts.

Juan Bolivar Diaz and Pedro Caba conduct one of the most popular morning TV news magazines from six to nine AM. I



At the City Hall in Santo Domingo: José Alfredo Guerrero, Lucy Silfa, George Collins, Marcello Puello, Mario Mendez

was on with them from 8:30 to 9:00. Lucy served as the interpreter. In a genial manner, Juan asked me sharply incisive questions, while Pedro threw softballs. While my lack of Spanish made it difficult to fully appreciate the flavor of the show, the general impression it gave was of a serious interview in a relaxed, upbeat atmosphere. Engineer Pedro Breton, Administrator of Banco Agrícola, stated his strong agreement with the land tax reform during a very friendly meeting in his office. Two days later, *Listin Diario* ran an article entitled "*Afirma Reforma Tributaria Podría Afectar Producción*." The meeting and prior acquaintance with Georgist land reform within the bank was the work of its Assessor General, Dr. Dario Bencosme, who was a student of Lucy Silfa's. Since that meeting, an HGS class has been arranged within the bank.


Although Osvaldo Leger, the president of the Dominican Senate, had to miss an arranged meeting with me because of the press of business, I did see his assistant, Fernando Aquino, who has knowledge of the land tax ideas. Just upstairs, Eddie Pereira, Director of the Library of Con-

gress, and his assistant, Elena Hernandez, both graduates of the Henry George School, bade me welcome.

At the *Ayuntamiento* (City Hall), the leaders of four political parties represented on City Council and the President of the Council, Nelson Frias, engaged me in lengthy questioning about the potential of a land value tax for the city of Santo Domingo. At the present time the City Council raises no revenue of its own. The idea that the value of land in this populous city could provide a revenue sufficient to meet its many burning needs was met with undisguised fascination. The President extended an open invitation to return, indicating that he intended to make it specific at a later date.

José Alfredo Guerrero is a US-trained economist for the Foundation for Economy and Development, a business organization that has mounted a determined opposition to the country's high tariff. Through his auspices, an extensive article accompanied by a color portrait of Henry George appeared in the daily newspaper *El Siglo* on September 24th. Guerrero additionally organized a combined meeting with a number of members and an interview with Mario Méndez, economic editor of the newspaper *Hoy*. The three-hour interview produced a detailed story covering the major issues of the Dominican economic problem and the Georgist perspectives on their solution.

Protestant religious groups have grown considerably in the Dominican Republic as well as in Latin America in general. Alberto Martinez, a university professor of political science and philosophy, heads a country-wide Methodist group active in social change issues. Having explored European and North American religious activism for an economic philosophy, and found them lacking any, he outlined to be his aim to make Georgism the guiding principle of their economic liberation efforts throughout Latin America.

So many dedicated Georgists worked and contributed in so many ways to crowd that week of celebration with events to inform me and to prepare their country for a new phase of Georgist advance. There now exists an expectation that is energizing. When the North American Georgists gather there next June 17th to 22nd for the annual conference of the Council of Georgist Organizations, they will find a place well-prepared for Georgist reform and people working to bring it about. 

DOMINICAN REPUBLIC

(continued from first page)

and tourism provide enough foreign exchange to import needed items. However, an import duty of up to 120% (the rate for automobiles and electrical appliances) places virtually everything of that kind beyond the reach of even the small middle class.

But some favored few are - in whole, or in part - relieved of the tax burden. The telephone company, for example, pays no taxes on its equipment. Forty-six percent of revenue is derived from import taxes; personal income taxes provide 24%.

Unemployment in Santo Domingo is estimated - the country's statistics are not precise - to be approximately 30%. An income of 40,000 Pesos, which is considered very good, would not permit one to buy a house or a car. There are, though, lots of cars on the streets. Many of them are thought to be imported by politicians who get "exonerados" - exemption from taxation. Items imported in this way, it is said, are routinely sold at very handsome profits.

There are also immense problems with the city's infrastructure. The breakdown of old generating equipment leaves Santo Domingo, a city of over two million people, without electrical power for as many as twenty-two hours, some days. Large enterprises, such as tourist hotels, maintain their own generators, and are therefore able to provide uninterrupted service. But for most people, everything electrical stops - or reverts to highly inefficient methods.

A desperate push is underway to complete the replacement of water mains throughout the city before visitors arrive to celebrate the 500th anniversary of Columbus's arrival in 1992. So, today, there are trenches dug along virtually every street, and traffic can often be as maddening as it is in New York.

Little of these difficulties ruffle the generally tranquil Dominican demeanor, however. People are friendly and generous, far beyond any superficial display that might be expected to encourage tourist patronage. One senses a national pride free of self-centered bravado. And there are no sweeter friends than those who come to know you.

THE JAPANESE ECONOMIC MIRACLE: How Real Is It?

The Japanese economy has indeed made giant strides since the nation was devastated in the second world war, noted Professor Stephen Sussna at the New York school's Saturday Seminar on September 28th. However, Japan's tremendous production surge has resulted in a massive inflation of land values. Japan's land area is 4% that of the United States, but its total land value is more than four times greater!

Prof. Sussna who is a professor of law at Baruch College, and has worked as a land-use consultant to the American Embassy in Tokyo, noted that for all its mighty successes, Japan's economy has many fundamental problems, and the price of land is at the top of the list. This fact gives much insight into the Japanese economy.

The way toward Japan's current economic miracle was paved by two vital initiatives in Japanese history, both of which served to break down intense, counter-productive social stratifications, and provide the basis for modern industry. In 1867, the beginning of the modern age in Japan, the feudal Samurai landlord class was liquidated, and the rents taken by the Samurai were transferred to the development of industry. A heavy tax was levied on unimproved land, providing a stable base for public finance and an incentive to growth. Then, after World War II, US pressure pushed Japan further toward an egalitarian society, urging a progressive tax policy. In the push to rebuild Japanese society after the war, a permanent change came to Japan's social class structure; the new egalitarianism aided industrial progress.

Japanese emphasis on public infrastructure has been vital to its current success. Although huge land prices have frustrated infrastructure development, Japan is much further along than the United States in this area. Current plans earmark as much as 15% of GNP to infrastructure maintenance and improvement.

Prof. Sussna said that the unbelievably high price of land in Japan has created a peculiar set of social conditions. Few workers are able to buy a home; the cost of an average Tokyo residence is ten times the annual salary of the average Tokyo worker. Residences of every kind are cramped, and commutes are long. Because of all the crowding, the rate of population growth in Japan has slowed. Immigration is discouraged; so the government has turned to a policy of subsidies to promote more babies.

However, even though Japanese women are offered \$38 a month for each extra child, they resent the program, remembering the cannon-fodder policies of WWII.

But is there a lack of space? Although Japan certainly far more crowded than North America, it is afflicted with a familiar mix of special-interest politics and misguided tax laws that cause much inefficient use of land. In metropolitan Tokyo there are 88,000 acres of undeveloped farm land! Moreover, the average building in Tokyo is less than three stories.

Nevertheless, Prof. Sussna reported that although housing space per resident is much less, and the quality of Japanese housing tends to be poor by US standards, Japan has a far lower percentage of homeless people.

Although it burdens Japanese citizens, it may be that massive land price inflation serves Japanese policy goals. According to *Harvard Business Review* analyst Robert Cutts, ultra-high Japanese land values "reflect policy decisions to inflate land values to result in the economic dominance of Japan. This has reshaped Japan's economy and the world's also. Land is not subject to the discipline of the international market." However, the collateral power of this land value can profoundly influence international markets. Thus, Cutts suggests, "Land value inflation has been an instrument of economic and political policy in Japan." Furthermore, much ink has been spilled over Japanese barriers to US business, but, according to Prof. Sussna, the number one barrier is land prices.

Reforms have been proposed that

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would recognize the special character of land in the market, and use taxation to encourage efficient land use and more residential develop-

ment. Nevertheless, barring a huge depression, Japan's status as an economic superpower, with stratospheric land values, is here to stay.

Prof. Sussna concluded his seminar with a cautionary note to US policymakers. The main lesson for us, in the story of the Japanese economic "miracle", is the tremendous importance of investment in public infrastructure. "The Japanese are investing 15% of GNP, while in the US, the federal government has shifted the burden to the cities, which are broke. Without adequate infrastructure investment, we will fall further and further behind."

VICKREY: ALL THE TRAFFIC WILL BEAR

TRAFFIC -- from the Latin *trafficare*, to trade. Originally, (a) transportation of goods for trading; (b) trading over great distances; commerce; (c) [Rare] merchandise; commodities for market. -- Webster's Dictionary

On Saturday, November 9th, Prof. William Vickrey, President-elect of the American Economics Association and Professor Emeritus of Economics at Columbia University, gave a seminar at the New York Henry George School entitled "Making the City Work." Prof. Vickrey began his remarks by keying the growth of cities to the development of "economies of scale" and the availability and diversity of goods and services that large urban areas provide. Inherent in any such growth, Prof. Vickrey said, are social costs - air pollution, traffic congestion and the strain on the efficient management of public services.

Taking the examples of traffic congestion and the consequent problem of air pollution, and saying that "public services, like the market, also have density and flow," Vickrey proposed a form of economic structuring of transportation in order to induce market corrections in the overall flow of traffic.

Using a bell-shaped curve, which to one member of the audience looked strikingly like the Behaviorist's reflex-arc, Vickrey proceeded to produce a model of the ideal traffic-market situation that would enable the modification of driving behavior. If the tolls collected for highway and tunnel usage were adjusted to reflect the time of day and "queueing weight" (the amount of congestion at any particular moment), for instance, a person driving to the city could wait for a "pricing signal", a rise or fall in the price of a toll, before deciding to proceed.

Citing the experimental use of urban entry and controls in Singapore, Hong Kong and Stockholm, the Professor went on to show how such pricing mechanisms might help alleviate the burdens on the infrastructures of cities and also make for a more equitable distribution of public funds. If the marginal cost of operating public transportation services were sustained by the collection of adjusted-rate tolls rather than taxes, the use of public monies would be more efficient and fair.

In his concluding remarks, Prof. Vickrey, referring to what he characterized as the "resistance of bureaucracy to new ideas," said "the prospects are woefully dim" for the adoption of his ideas "given the present political climate."

- David Domke

* * * Happy Holidays * * *
* * * and best wishes for the new year
from all of us
at the Henry George School!

NEW YORK HGS WINTER SCHEDULE

Classes begin the week of January 13th

BASIC COURSES

Fundamental Economics

Tues., Mr. George Collins, 5:30 - 7:30
Wed., Ms. Vandana Chak, 6:30 - 8:30
Thurs., Mr. Tom Smith, 6:00 - 8:00

Understanding Economics

Tues., Mr. Lindy Davies, 12:30 - 1:30

Classical Analysis

Tues., Mr. Mark Sullivan, 6:30 - 8:30

ADVANCED COURSES

Applied Economics

Thurs., Mr. Syd Mayers, 6:30 - 8:30

Economic Science

Wed., Mr. Lindy Davies, 12:30 - 1:30
Wed., Mr. George Collins, 6:00 - 8:00
Wed., Mr. Manuel Felix (in Spanish),
6:00 - 8:00

Great Decisions '92

Tues., Mr. William Brown, 6:00 - 8:00

A Philosophy of Life

Thurs., Mr. George Collins, 6:30 - 8:30

Practical Writing

Mon., Mr. Lindy Davies, 6:00 - 8:00

Liberty & the Just Society

Mon., Mr. Mark Sullivan, 6:00 - 8:00

FRIDAY EVENING FORUMS

(7:00 - 9:00)

Land in the Movies

January 17th - The Field

Understanding Financial Instruments & Markets

February 7th - Mr. Jack Driben

Poetry Night

March 6th - Ms. Sonia Usatch
& Mr. William Brown

SATURDAY SEMINARS

(1:00 - 3:00)

Sustainable Energy:

Pipe Dream or Necessity?

January 25th - Mr. Ashok Gupta
& Mr. Lindy Davies

The Property Tax Dilemma

February 22nd - Ms. Martha Stark,
Assemblyman Pete Grannis, &
Councilwoman Carolyn Maloney

The Banking Crisis of the 90s

March 14th - Mr. Michael Zamorski,
Mr. Roy Jensen, & Mr. Ed Dodson

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