

HENRY GEORGE NEWSLETTER

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SAM VENTURELLA: Fifty Years a Georgist

The Henry George School of Chicago held its annual holiday party on December 3rd, 1992 at the home of Sam and Dorothy Venturella. The party celebrated a house-warming for Sam and Dorothy's new apartment - and the first graduation ceremony for HGS-Chicago since its reactivation in 1987!

The highlight of the evening was the awarding of a certificate of appreciation, signed by all present, to Sam Venturella on the occasion of his fiftieth year as a Georgist. Letters of congratulation were read from CGO President Richard Noyes, New York HGS Director George Collins, Steve Cord of the Henry George Foundation, Mike Curtis of HGS-Philadelphia, and New Yorkers Mark Sullivan, Susan Klingelhofer, Pia DeSilva and Lindy Davies.

Sam is not one to say much about his own accomplishments - but his students and fellow teachers unanimously praise his gifts as an educator and speaker. And nobody is in greater demand in the Georgist world when there are ideas to kick around, and problems to solve!

(Please see Sam's essay on the history of the Chicago HGS on page four -L. D.)



Sam Venturella

NEW YORK STATE CONFERENCE DEBATES INCENTIVE TAXATION

by Al Hartheimer

Albany, NY - January 12, 1993. Incentive Taxation was explored in depth here today by experts from New York State and around the country, at a unique conference sponsored by the Government Law Center of the Albany Law School of Union University. This organization, under the direction of Patricia Salkin, is looked to by legislators and legislative staff for sound, well-rounded expositions of topics of current interest. In attendance were mayors, assessors, school board members, planners, architects, legislators, economists, and land conservationists. And although there were some Georgists there, most of the eighty conferees had only the vaguest acquaintance with the topic.

In 1986, a New York Temporary State Commission on Real Property did not recommend Incentive Taxation for New York at that time. In his presentation to this conference, Albert Hartheimer generally introduced the subject of incentive taxation and pointed out some of the fallacies of the 1986 report. He noted that in 1986 there were seven Pennsylvania cities using Incentive Taxation; now there are seventeen, *prima facie* evidence of its growing acceptance. Larry Farbstein, 1986 Director of the State Commission, followed; he defended the report, but endorsed the taxation of land values under the present system.

The positive Pennsylvania experience with the incentive taxation principle was detailed for the conference by Joe Bendel, member of the City Council of McKeesport, PA, and Prof. Steven Cord. Both cited overwhelming evidence for the economic benefits of collecting more public revenue from land and less from improvements. Dr. Cord also gave an international perspective based on his experience in Estonia and Russia. (For reports on the prospects for Georgist land reform in the former Soviet bloc, see our Newsletters of July-Aug. and Sept-Oct. '91. - L. D.)

Dr. James F. Dunne, Director of Real Property Tax Research, New York State Division of Equalization and Assessment, told of his experience of the last two years, working on the development of a land use plan for the watershed of Lake Baikal in southern Siberia. Dr. Dunne, who worked with a team of Russian and American scientists, underscored the vital importance of this largest freshwater lake in the world, and its grave ecological damage: a crucial test for new Russian land policies. He indicated that the Russians are interested in (continued on page 3)

SWISS VISITORS DISCUSS MONEY & SOCIETY

Report from Mark A. Sullivan, Robert Schalkenbach Foundation

It began with a letter from Switzerland received by a small number of Georgists in the United States, including Ed Dodson in Philadelphia, Mitch Chanelis in Boston, and Oscar Johannsen and myself in New York. The letter was from Nicolas Wirz, Brigitte Brodman, and Olivier de Marcellus, founders of the *Institut Argent et Societe* (Money and Society Institute). The personal connection was Theo Megalli in Munich, co-founder, with Sigfried Schwenke in Berlin, of the Monetary Freedom Network. On his first visit to the United States in 1985, Theo, already a friend of mine, was put in touch with several Georgists, decentralists, libertarians, and anarchists who were all looking for alternatives to economics as usual.

The *Institut Argent et Societe*, like the Monetary Freedom Network, is looking for new monetary models free from both private and state monopoly. Members of both organizations are also aware that land ownership is a key factor, there having been a strong land-reform movement in Germany that included individuals such as scholar Franz Oppenheimer, communitarian Gustav Landauer, individualist John Henry Mackay, and reformer Silvio Gisell. Today, the Greens have taken up the land reform banner.

At the request of Ed Dodson, I replied with an invitation to meet in New York on January 14th, when (continued on page 5)



Standing: Mark Sullivan, Nicolas Wirz, George Collins
Seated: Ed Dodson, Brigitte Brodman, Dr. Oscar Johannsen

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HENRY GEORGE NEWSLETTER

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by Edward J. Dodson

The Henry George School is about two things, really. The first is truth. The second is empowerment. We have dedicated ourselves and committed our resources to education because we believe that knowledge is, indeed, the source of great power. We are all the beneficiaries of Henry George's lifetime of investigation and study, reflection and expression more than a century ago. The continuous operation of our school since 1932 is evidence of the timeless relevance of the scientific information he accumulated and the socio-political philosophy he espoused. Many talented and dedicated people have made the school and its work an important part of their lives.

During George's life one of the questions he continuously faced was how to best introduce what he had learned to others. As a journalist and editor, he understood the power of the printed word. His early career was one of constant struggle against the monopolistic power of politically-connected competitors. As he fought for what he believed were his rights, rights shared by all individuals, he evolved into one of humankind's greatest communicators and teachers. We are fortunate that he chose to develop a systematic presentation of his ideas in book form. Later, when Oscar Geiger, founder of the Henry George School, devised a three-part program on *The Science of Political Economy*, his books served as texts. Literally tens of thousands of people have completed that program since the school's humble beginnings. Updated to include discussion of the issues of today and the various **schools of thought** in economic science, this program continues to attract large numbers of students.

Our mission is, and has always been, empowerment through education. Education is how people can gain a more complete understanding of human behavior, and how specific socio-political institutions advance or thwart our right to liberty and equal opportunity.

We continue to do our work. Each of you will, we hope and trust, respond in a way that is uniquely meaningful. Each of us has influence. Each of us is extended by friends, family and colleagues. The number of individuals reached by the school is very heartening to me. You, however, have the power to enrich the lives of countless others, by conveying to them the knowledge you have gained through us.

In our own efforts we are also reaching out beyond the classroom. The school's high school program, under the direction of Stan Rubenstein, is bringing to thousands of students a new appreciation for the importance of land and natural resource ownership, both in our history and in the present day. One of our trustees, Si Winters, has developed a new program, the Social Science Forum, that seeks to bring important scholarly research to the attention of educators, public officials, journalists, economists and others. Our extensions and affiliates across the country are involved in equally creative programs.

The year past was one of considerable successes, and I congratulate everyone who has given of themselves as members of the teaching and administrative staff and as volunteers. I also thank each of my fellow trustees for their contributions of time, energy and ideas.

If the Henry George School has added something important to your life, I would very much enjoy hearing from you about how you have been touched. Equally important, let me know about your successes in reaching out to others.

Editor's Notes

Sometimes we find that the philosophy of Henry George is better known than we thought! In *The Torah: A Modern Commentary* by Bernard J. Bamberger (1979, Union of American Hebrew Congregations, New York), Henry George is quoted at length. The volume of commentary on the Book of Leviticus quotes from George's speech *Moses*, and gives the address of the Robert Schalkenbach Foundation. Henry George's theory is summarized in Bamberger's commentary on the influence of Jubilee Law, and *Progress and Poverty* is cited as a modern interpretation in the spirit of Biblical economic laws. Thanks to Dr. Michael Hudson for bringing this to our attention.

A Correction: In the October-November 1992 Newsletter, Constance Weinstein is listed as one of the trustees having been elected to a new one-year term. In fact, Mrs. Weinstein is a permanent member of the Board of Trustees. Our apologies for this error.

This issue includes articles by Al Hartheimer, David Domke, Ed Dodson, Sam Venturella, and Mark Sullivan. It is very gratifying to have so many writers contributing to the Newsletter, and I hope it will continue!

Thanks to Pia DeSilva for research help with the article on Rev. Herbert Bigelow on P. 8!
-L. D.

Our mission is, and has always been, empowerment through education.

BOCHAROV ASSESSES THE NEW RUSSIA

by David Domke

At a time of massive capital flight from the country and wholesale smuggling of its natural resources, Russia remains the largest piece of land in the world still owned entirely by the state. Recent reports in the daily newspapers have estimated the loss of capital from Russia as ranging anywhere from \$4 billion to \$15 billion. As the Russian economy enters hyperinflation there is a widespread fear that the government will impose harsh and authoritarian measures to combat the drain of capital. In 1992 Russian security forces tried to track and trace raw materials leaving the country illegally. The numbers of materials they found leaving the country are impressive in themselves - 650,000 tons of oil and 17,000 tons of metal, including 3,740 tons of gold, silver and platinum - but officials acknowledge that those numbers represent only a small portion of what actually leaves the country through smuggling. In addition, according to business experts, the flow of raw materials from Russia has played a strong role in depressing world prices for commodities like nickel, aluminum and copper. This massive asset stripping would seem to belie deep-seated anxieties about the future of land tenure and the ability to produce wealth effectively.



Prof. Yuri Bocharov. In the background: a portrait of George Collins painted by Yuri

In a seminar given at the School on January 15, Professor Yuri Bocharov, President of the Russian Society of Urbanists and Senior Research Fellow of the Institute for Town Planning, Moscow, addressed the issues and problems facing Russia since the collapse of the Soviet bloc, especially the many-faceted problem of land tenure. Prof. Bocharov began by saying that many of the problems facing Russia today are similar to those faced by the Soviet Union - low productivity, weak incentives and ethnic tensions. Also similar is a faltering infrastructure and an arbitrary and inefficient distribution network caused by central planning.

Added to these problems of similar-

Albany Conference Debates Incentive Taxation

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private ownership of land, but they want to avoid land speculation; therefore, they are considering the use of a land tax. He thought it unlikely, however, that they would attempt to collect the entire economic rent of land.

The Mayor of Amsterdam, New York, Mario Villa, said that he thinks

that lowering the taxes on buildings and increasing taxes on land would start Amsterdam on the road toward financial and economic recovery. He listed Amsterdam's all-too-familiar list of economic woes: industry has fled; the population has decreased from 30,000 to 20,000 over the last fifty years; the proportion of retired citizens, who contribute less in taxes but use more services, is increasing. In addition, the

city provides the surrounding county with 35% of its revenue, but gets very little in return; the city is, in effect, subsidizing its own demise. The money allows adjacent small towns to have well-provided police and fire departments with little or no town tax. This, in turn, lures people out of the city, which further erodes the city's tax base. Mayor Villa is looking to Incentive Taxation to help turn this around.

A dissenting view was offered by Bill Block, Esq., former New York City Deputy Commissioner of Finance for Real Property Assessments. Mr. Block said that the idea of lower taxes on buildings and higher taxes on land over an entire city is an idea "whose time should NOT come." The changes that this move would create in incentives, Block argued, would be chaotic; willy-nilly new development would swamp the city-planning apparatus.

ity are new problems that engender differences - there is a strong, seemingly centrifugal force at work as many of the nearly thirty national and ethnic districts are trying to become more independent entities. Prof. Bocharov warns that there are many dangers inherent in such destructuring, and he points to ethnic strife in Yugoslavia as an obvious example. Since many of the divisions of these national and ethnic enclaves were artificial ones devised by the Soviet state, sometimes involving

Instead, he favors targeted incentives for certain needy areas in the city, citing as examples various tax-abatement initiatives in New York City.

Professor Mason Gaffney of the University of California at Riverside countered that incentive taxation is an excellent idea for the self-renewal of a city. Land

values, and therefore tax revenues, are highest in the highest-traffic areas which need the most public services; incentive taxation is therefore a self-regulating source of public funds. Furthermore, if speculative pressures on land use were eased, existing zoning laws would be easier to enforce.

Gaffney cited Johannesburg, South Africa - which he recently visited - as a prime example. South Africa has been infa-

mous for its backward racial policies; its enlightened property tax systems have received little notice. Johannesburg, which has had no tax on buildings since 1909, "defies most laws of urban economics...it has no harbor, no water transportation, no sunburst of rail lines. It should have died when its gold mines played out; instead it remains the economic capital of its nation...." He attributes the growth and dynamism of Johannesburg to incentive taxation: a high rate of property taxation on site value alone.

The conference was sponsored by the Robert Schalkenbach Foundation, the Henry George School, Senator Owen Johnson of Long Island, the New York State Assessors' Association, The New York State Association of Towns, The Lincoln Institute of Land Policy, and the American Institute of Economic Research.



the transferring of whole peoples from one territory to another, the whole question of land rights may literally be up for grabs.

Another difficulty facing Russia today is that of the resettling of military personnel as they return from their former military bases inside eastern Europe and central Asia. These are people, many now being discharged from the military and facing unemployment, who believe that they are privileged (continued on page 5)

What Is Incentive Taxation?

Incentive Taxation is the title of a newsletter published by the Center for the Study of Economics in Columbia, Maryland. **Incentive taxation** - which seems to be an oxymoron; don't taxes **destroy** incentives? - is also the aptly chosen moniker for the reform strategy that is achieving such impressive success in Pennsylvania and elsewhere. As an acclaimed 1989 article in *Fortune* magazine made clear, there is only one tax which, when increased, actually increases economic activity: the tax on land values. Students of Henry George know this - but most local officials do not. Prof. Steven Cord and his intrepid corps of tax reformers have chosen a name sure to make people think beyond the conventional wisdom. - L.D.

A BRIEF HISTORY OF THE HENRY GEORGE SCHOOL OF SOCIAL SCIENCE - CHICAGO

by Sam Venturella

Formal classes in *Fundamental Economics & Social Philosophy* using Henry George's *Progress and Poverty*, unabridged, were begun in Chicago sometime in 1934. A gentleman, whom I believe was Francis Neilson, asked Henry L. T. Tideman to conduct a class in the offices of Swift & Co., meatpackers. The students would be employees of Swift. From then until 1936, the school was a vestpocket operation; that is, it was located wherever Henry happened to be.

Henry told the story of his first class session: when he arrived at the scheduled conference room, he faced a room full of hostile faces. He surmised these were middle-level executives who "willingly volunteered" to enroll for the class - of course, and pigs fly.

By the fourth session, hostility had turned to eagerness. By the sixth or seventh session, there were questions about what can be done to bring about George's reform.

In 1936, John Lawrence Monroe was sent back to Chicago by New York HGS Director Frank Chodorov to head up the Chicago extension. In Chicago, additional funds were raised from among the members of the Single Tax Club, from Francis Neilson and perhaps from Gustavus Swift. In 1939, Edith Siebenmann organized the Henry George Women's Club, which for some years made an annual money gift to the school. The Women's Club also organized volunteer work, and two major money-raising activities each year: a Christmas Bazaar and a picnic.

An exemption from the income tax under section 501 (c) (3) was granted the HGSSS in 1943.

My association with the school began inauspiciously in the fall of 1942. I enrolled in a class held in Des Plaines (Illinois), after a number of conversations with my brother Joe during the summer. He had attended the spring term class at the Englewood YMCA in Chicago.

The school prospered for some years, achieving a high point in 1948, when some ninety volunteer teachers helped get, and service, 100 class locations in Chicago and surrounding suburbs. Francis Neilson came to Chicago and delivered an inspirational oration at a supper for those volunteer teachers. He launched a fund-raising campaign with a promise to match donations dollar for dollar.

That was my one and only meeting with Francis Neilson. This one-time actor had lost none of his thespian's art. His opening line was that he thought there were not a hundred Georgists in Chicago, and he was amazed to be in a room with a hundred teachers of George's philosophy.

Imagine the English yeomen under the spell of Henry V hearing "into the breach for dear old England, St. George and Harry," and you'll have some idea how it felt to hear Neilson's "We can have victory if we will."

In the ensuing years, the Chicago HGS, like other Henry George Schools throughout the world, began to experience difficulty in getting and holding students. The expected post-WWII slump did not happen. A number of federal and local government programs had been initiated to subsidize education, job training, and housing. These programs added fuel to pent-up desires to resume such peacetime pursuits as completing education, getting jobs and starting families. It was an era of abundance. Who needed to learn about the causes of depressions and poverty? Anyway, who had time to read?

John Lawrence Monroe then embarked upon a series of experiments in getting students, and in presenting George's ideas. In 1962, Monroe changed the name from the Henry George School of Social Science to the Institute for Economic Inquiry. Under this name, he maintained the Illinois charter for some years afterward, possibly in anticipation of a promised bequest. That he

may not have been as successful as he hoped speaks more about the temper of the times than about John's program.

Efforts to revive the school's activities were made during the mid-sixties by New York HGS Director Bob Clancy, and a group of Chicago stalwarts including Mina Olson, Claire Menninger, Edith Seibenmen, Til Forte, and Harry Tideman. Unfortunately, however, the Illinois tax exemption was allowed to lapse, complicating their efforts - but a new not-for-profit charter was obtained in 1970. Classes were held through the 70s in various public library branches; Mina Olson and Claire Menninger were key figures in keeping the school alive.

Nevertheless there was, in effect, a hiatus in the operation of the Henry George School in Chicago from 1950 to 1988. John Lawrence Monroe took some records of graduates and donors with him to San Francisco in the early 60s; the rest were razed with the old Chicago school building. The only extant list in 1988 was Mina Olson's list from the Henry George Women's Club. The average age of Georgists kept rising, while their number kept dwindling.

Since 1988 the school's task has been to rebuild. The average age of the governing board has been lowered by twenty years; volunteers have been cultivated and contributions have increased significantly: a good beginning.

In 1990 the school hired Scott Walton as a part-time assistant; we hope to make him a full-time assistant, but we must increase the school's income to do so. During the summer of that year, we found a vacant store in an area that had appealed to me for some time as a location for the school - and we moved into our new quarters on September 24th. Inquiries are up - and enrollments are up; and the time has come to take the Chicago HGS to its next phase.

In 1986, when I undertook the task of directing the Henry George School in Chicago, I set for myself the goal of finding a candidate to assume direction of the school from among those who completed the three-course program of study. Not only has such a candidate come forward, but two of our board members have come from our current graduates. Now that there is some assurance that others beside myself will conduct the classes in our basic program, it is time to move into the next aspect of our educational program: engaging in the public dialogue on major issues. It is necessary to place examples of Georgist analysis before the public, and this is the area in which I had hoped to spend my time after I retired.

"People can learn

Benjamin Russell of Mountain Home, Arkansas, has been appearing in print quite often of late. He has a regular column in the North Arkansas View. Writing for the Council of Economic Inquiry, the Georgist Organization in Mountain Home, Arkansas, Mr. Russell offers incisive commentary on the causes and cures of our social ills. He has also published quite a few letters to editors. The sample below appeared in The Baxter Bulletin.

[A] recent letter, "Another senseless, violent act recalled." ...asked for an explanation and [said] there must be a way to live in harmony.

Many of us believe that this goal can be achieved, and that violence can be gradually eliminated from our society.

The first step is to identify the causes of this widespread senseless violence. Most observers attribute the violence to poverty and unemployment, and for years, attempts have been made and programs put in place to alleviate these problems, but without success. These failures were inevitable, and so, too, were the outbreaks of violence.

Whoever becomes imbued with a noble idea kindles a flame from which other torches are lit, and influences those with whom he comes in contact, be they few or many. How far that influence, thus perpetuated, may extend, it is not given him here to see.

- Henry George, Social Problems

Swiss Visitors Discuss Money & Society

(continued from front page)

the folks from the *Institut* had indicated they would be in the city. Friends from the School of Living in Pennsylvania and the E. F. Schumacher Society in Massachusetts were also invited, but were unable to attend. (We learned from our visitors that they had been able to meet with Bob Swann and Susan Witt of the Schumacher Society, and with Mitch Chanelis, a few days before.)

The meeting was held in the conference room of the New York HGS, and was attended by Nicolas and Brigitte (Olivier de Marcellus having already returned to Europe), George Collins, Dr. Johannsen, Ed, and myself. We broke the ice quickly with a discussion of economic conditions in Europe and the United States. One of the more controversial features of the new United Europe, Nicolas said, was that its provision for a unified monetary currency undermines each nation-state's prerogative to issue and control their own currency.

Land monopoly and monetary control are the key elements that need changing if we are to have economic justice, Ed said. An effective monetary reform program would include the abolition of the government's ability to self-create credit. History, he said, shows that "every time, governments spend more than they earn." Government should not have the power to determine legal tender. Money should be created by the private sector, and not by any sort of monopoly.

George Collins stressed that the value of money should be based on the value of wealth produced, not the "value" of debt, as is now the case. Land value, he continued, is a major source of debt-value. Our current banking system is tied to real estate speculation, he said. Ed added that even under the new Savings & Loan regulations, S&Ls can lend up to 65% on the value of raw land, and 75% on the value of developed land (i.e., land with infrastructure).

Brigitte and Nicolas said that they had first read about Henry George in the writings of Gisell. They clearly understood George and the important role played by land tenure and taxation. The main purposes of their visit to the United States was to get an idea of how the US monetary system operates, and to learn how to explain it to others. This led to questions to them on how the system works in Switzerland, and how well it's doing (interest rates are rising). Dr. Johannsen, who wrote his doctoral dissertation on the monetary theory of the Austrian school of economics, voiced his judgement that Switzerland has the best monetary system currently operating.

The discussion continued to range over a variety of topics: the supply of money; the real bills doctrine; the mortgage and homeownership situation in the both countries (70% of the Swiss rent, not own, their homes); the pros and cons of fractional reserve banking; Silvio Gisell's attempt to "reverse" Gresham's Law (that bad money drives out good) and give money a "lifespan" and thus making it less desirable to accumulate compared to real wealth; American money-reformers E. C. Reigel and Ralph Borsodi; ESOPs (Employee Stock Ownership Plans); Swiss taxation

THE NEW RUSSIA

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and therefore entitled to large tracts of land, because of their service to their country.

In the midst of the diverse problems and profound choices facing Russia, the land question remains central. Last year, according to Prof. Bocharov, more than one million signatures were gathered in an effort to force a national referendum on the return of land ownership to the private sector. The present constitution gives contradictory indications regarding this question. In the main body of the constitution, private ownership of land is forbidden - but a small amendment inserted later allows for it. In April of this year the contradiction will be resolved one way or the other as the Russian Parliament will have to explicitly address this issue.

At the same time there is a movement to horizontalize city planning, in the hope of making the urban environment more productive. Previously, most Russian cities were built vertically, with huge apartment complexes designed to house the densest populations in the smallest spaces. To encourage a restructuring of urban areas, Prof. Bocharov says, private ownership of land is being discreetly permitted on a small scale, allowing single family units to be built on small plots of land. This will hopefully free up congested lines of distribution and create new ones.

There are now many different documents and studies being prepared in the eventuality of possible changes in land tenure policy, and many good ideas are being proposed. However, the bureaucracies in charge of these studies invariably contain provisions giving ultimate control of land decisions to a part of the bureaucracy, rather than to the people.

On a more positive note, Prof. Bocharov also said that because Russia is the largest land mass in the world still owned by the state, it is the best place to test various land reform proposals, including, and perhaps most importantly, Henry George's single tax. Prof. Bocharov stressed the important work being done by Georgist representatives in Russia and Eastern Europe. ☐

Library Hours at the New York HGS:

Monday, Tuesday, Wednesday: 4:30 - 5:45

Thursday: 4:30 - 6:00 Friday: closed

Also available by appointment:

Call Pia DeSilva at (212) 889 - 8020

(income is the main source); squatting in Geneva (in buildings left vacant due to speculation); land trusts as a way to help people have access to land today, while awaiting legal tax reform; Bob Swann's cordwood-based local currency; and the idea of an electronic credit-accounts system based on the value of all commodities.

While no conclusion was reached, or even expected, the meeting ended with a group photograph and a sense that something had been accomplished in the exchange of ideas and information. Threads of the discussion were picked up the next day at the Robert Schalkenbach Foundation, where Nicolas and Brigitte talked with myself and Susan Klingelhofer about what was available in print, or out of print, on economic and monetary topics. They gathered information for their ongoing bibliography, adding to what they had culled the day before with the help of Pia De Silva, head of library services at the School. The two days we spent in discussion lived up to the promise of the letter we received in December: "The struggle for theoretical clarity seems to us an inherent aspect of human action (and also a basic right and pleasure)."

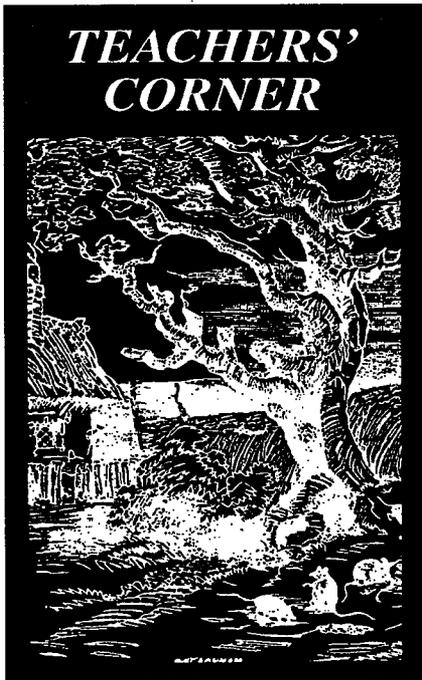
Those wishing to join in the ongoing dialogue and search for clarity may want to contact the *Institut Argent et Societe*, 3 Rue de Vermont, Geneva 1201, Switzerland (Tel. 4122-7330877). ☐

to live in harmony"

looting, and widespread destruction of property. This pattern of events will continue unless we find more realistic and less symptomatic, shallow and superficial methods of solving these problems.

Evidently, we must radically change our approach and get to the root of the problem. The knowledge of how we might eliminate poverty is available. An international Council of Georgist Organizations is a nonprofit, non-sectarian, non-political group whose sole purpose is education. For over 50 years, they have been working with students to explore socio-economic problems and to suggest ways of coping with them.

The results of their efforts may be seen and measured in hundreds of communities worldwide. Anyone who seeks to increase their understanding of the ills of our society and how to remedy them is invited to contact our local Council for Economic Inquiry. We can learn to live in harmony.



Every HGS teacher is painfully aware of the fact that getting people into the classes is as important - and as challenging - as keeping them there. It is not always so easy to pique people's interest in a class that does not offer academic credit, nor teach them how to make a million in stocks.

This issue, we recognize genius in the field of getting people in the door, in the form of a flyer devised by Evelyn Friend-Loomis and the Sacramento HGS. The flyer presents seven thought-provoking quotes concerning social problems, and quizzes the reader on which famous social reformer had said them. But: in reality it was not Gandhi, Martin Luther King, Susan B. Anthony or J.F.K. who said these things - they are all quotes from the writings of Henry George! At the bottom of the flyer, people are invited to a new class at 5216 Fernwood Way, Sacramento, CA 95841 (916-381-2027).

By the way: we are accepting submissions for *Teachers' Corner!* - L.D.

NEW COURSE EXAMINES ECONOMICS OF LIBERATION

The New York HGS is offering a brand-new course for its Winter 1993 term, based on the book by Robert Andelson and James Dawsey, *From Wasteland to Promised Land: Liberation Theology for a Post-Marxist World*. (See Alanna Hartzok's review in the July-Aug. '92 Newsletter.) The authors, both of whom are ordained ministers, note that the economic insight of Henry George is consistent with the economic wisdom expressed in the Bible. One venerable Biblical tradition is that of the Jubilee year, in which all debts and land titles are periodically rescinded to avoid a consolidation of power by a class of rent-collectors. This spiritual view of land ownership is made explicit in the book of Leviticus, "The land shall not be sold forever, for it is Mine; ye are all strangers and sojourners with Me." The scripture is clear both in its denunciation of "unearned increment" and its affirmation of the right of people to the fruits of their labor.

Liberation Theology is the name given to a movement which began in Latin America as a response to the insight that the church's mission cannot be fulfilled if it sanctions, or even merely ignores, a social order that condemns millions of people to exploitation and poverty. Identifying the ideologies of "capitalism" and "developmentalism" as ways in which the poor are made poorer, many liberation theologians have embraced analyses of class struggle which affirm - or at least borrow heavily from - the tenets of Marxism. Andelson and Dawsey, noting the widespread movement away from socialist economic systems in today's world, assert that the political economy of Henry George is the strategy that can truly achieve the social goals of the liberation theologians. The Biblical story of the Hebrews' exile in the wasteland as they sought for the promised land is used as the metaphor for the state of human society today, and the changes it must make to realize its hopeful destiny.

The study guide for the new course, which was developed by New York HGS Assistant Director Lindy Davies, aims to engage students in a personal as well as a factual encounter with the study. Discussion questions, in addition to covering the material presented in the text, invite individual reflection of various relevant passages from the Bible and other "wisdom texts" such as the sayings of Lao-tse. In addition, a series of short essays are offered on the meaning, both economic and spiritual, of certain central concepts. "The essays are intended as discussion-starters," says Davies, "I hope they'll inspire students to examine the pre-conceptions they brought in with them." A sample is presented on the following page.

"That justice is the highest quality in the moral hierarchy I do not say; but that it is the first. That which is above justice must first be based on justice, and include justice, and be reached through justice."

"The salvation of society, the hope for the free, full development of humanity, is in the gospel of brotherhood - the gospel of Christ."

"The main motive for the maintenance of our public schools is, that by far the greater part of our people find them the best and most economical means of educating their children."

The passions aroused by war,...dull public conscience, pervert the best social instincts,...deaden the love of liberty, and lead men to submit to tyranny..."

- a. Susan B. Anthony
- b. Mohandas Gandhi
- c. Henry George
- d. Oliver Wendell Holmes

"We cannot safely leave politics to politicians, or political economy to college professors. The people themselves must think, because the people alone can act."

"I believe that any great social improvement must spring from, and be animated by, that spirit which seeks to make life better, nobler, happier for others, rather than by that spirit which only seeks more enjoyment for itself."

"I am convinced that we make no greater mistake in depriving one sex of voice in public matters, and that we could in no way so increase the attention, the intelligence and the devotion which may be brought to the solution of social problems as by enfranchising women."

- e. John F. Kennedy
- f. Robert Kennedy
- g. Martin Luther King
- h. Horace Mann

WHO SAID THIS?

The problems mentioned in the quotes above - social reform, justice, war, education and women's rights - have been concerns for many years.

Way back in 1883 Henry George, to whom all of the quotes can be attributed, wrote a book called *Social Problems* which addressed these and other issues. What makes his book unique is that he also suggested solutions to the problems.

If you, too, are troubled by these ongoing problems in our world today, please join us for a class in which we will discuss George's book, his solutions, and what we might do to help bring about social justice.

The Moral Basis of Ownership

How does one get the right to own anything? Most people's intuitive answer would be that ownership in our society is a right which comes from producing something. And, economically speaking, since exchange is part of the production process, exchanging the products of one's labor (i.e., wages) for something is essentially the same as producing it oneself. Most people see this as perfectly fine as long as our things are legal to own and are purchased in a legitimate manner.

Such as - perhaps - the land that one has saved up for years, to purchase in a legitimate manner? But: it is not possible to produce land. We can improve land; we can build things on land; we can take entrepreneurial risks in putting it on the market or not - but we cannot produce the location. The title to a piece of land - even if it has been in private hands for a thousand years - did not originally come from production.

Most of modern-day economics glosses over or ignores this fundamental distinction, and so has little to say about the moral basis of ownership. But for Henry George the moral basis of ownership is clear: we have the absolute right to own what we produce, and no right at all to claim title to natural opportunities.

However, some students will want to go into the question more deeply. What is the moral basis of this seemingly inviolate right to keep what we produce? In fact, only people like Georgists and Libertarians hold this right to be inviolate; modern societies compromise it quite a lot. U.S. citizens work until mid-April, on the average, to pay their tax burdens. Most people accept, if grudgingly, the responsibility for paying public expenses out of the wealth that individuals have created. (They believe in taxation according to the principle of "ability to pay"). How else, they ask, can greed be reined in and an equitable distribution maintained?

It is true that letting everyone keep what they produce may allow some inequality of income in society. There are differences in people's innate capacities, and in the advantages they start out with in the world. For example, most people would agree that an honest storekeeper provides the community with a useful service and deserves to profit from the endeavor. However, the storekeeper (who may have inherited the business) will pay employees only as much as the prevailing labor market demands. And,

like it or not, IQ scores (which are thought to measure some form of innate mental ability)

tend to correlate strongly with earning power. Such apparent compromises to "equal opportunity" lead people to deny the justice of "just keeping what we produce."

The only alternative, however, seems to be the famous dictum of Marx, "From each according to ability, to each according to need." Here, the community has the right to all surplus and individuals have the right to have their needs met, even if their own production is insufficient to meet them.

Outlandish? Unthinkable? Well, no, it's quite thinkable, apparently. Compelled by a seemingly intractable boom-and-bust business cycle, as well as massive concentrations of wealth and deep poverty, modern liberal democracies have already gone quite a ways in the direction of socialism - for pragmatic reasons.

Such pragmatism has engendered resentment, however. Voters in the United States responded to Reagan's promise of tax cuts, and rejected Bush when his "read my lips" promise proved false! But can't this be attributed to mere selfishness and greed? After all, this is the lowest-taxed of the world's industrial nations. Everybody has to pay for the community's needs. Nevertheless, taxpayers are resentful. They don't understand why the community's needs must place such a huge burden on productive workers, while certain "fat cats" just seem to get richer and richer!

What a paradox! If we all have the right to own what we produce - our wages and interest - how can we quibble with the fact that those "fat cats" have produced more? Do we not all aspire to that level?

Some readers of Henry George's *Science of Political Economy* will have already seen the fallacy in all this. There are, after all, two distinct kinds of value. In the economic system currently practiced, we cannot assume that someone who receives income has produced the entire value of that income. This is because our system allows people to collect values from obligation. No one who collects the rent of land, or the income from monopoly privileges, produces that wealth himself. It is this conflation of legitimate wages and interest with rent and monopoly returns that complicates our perception of the moral basis of ownership.

The fundamental right to own what we produce with our own labor is based on our right to live, and to make our own living. Furthermore, we strive to accomplish more in our work that simply to feed ourselves; we also hope, in our work, to

make positive contributions to our community. But - those kinds of satisfaction can quickly erode, if we feel that we're being taken advantage of!

Much of the satisfaction that workers might have in their work is obviated by the competition for scarce jobs which pushes wages down. Spiritual satisfaction in one's work is a motivator, but it is hard to sustain, to say the least, when we watch others get rich without working. So, to equalize things, it seems necessary to impose a progressive tax on those who produce more, thus infringing on their fundamental right of ownership...around and around it goes.

The right of owning what one produces has a concomitant responsibility - because production cannot be accomplished without land. If we do not own what we have not produced - the earth - then it is incumbent on producers to pay the community for the privilege of using it. And, if we own what we produce, it follows that we also bear responsibility for what we destroy in the process. If these two responsibilities were enforced, it would become possible to have a "capitalist" system that is not "inherently exploitative".

"Rich" and "poor" are relative things. A person may be considered dirt-poor in the United States and yet own a car, a TV, and two pairs of shoes - signs of opulence in other nations. Justice does not require that every worker be paid a lot; justice requires that workers not be paid a pittance while their fellows, who work less, live in luxury. More to the point: justice requires people who are willing and able to work not be denied the opportunity when useful resources are being held idle by their "owners". Henry George shows us that the former situation is, indeed, a consequence of the latter.

In the end, society has four options regarding property rights: 1) *private ownership of everything*; 2) *community owns the natural opportunities; individuals own the wealth they have created*; 3) *community owns all means of production and all surplus, wealth is doled out on the basis of need*; 4) *some mixture of the above*.

Henry George makes the case for a consistently moral basis of ownership: option #2. The other arrangements deny the legitimate rights of the community (#1), of individuals (#3), or, in the pragmatic rationale for modern "mixed economies" (#4), of both. Can we expect sanity from an economic system whose basic assumptions are so muddled?

- Lindy Davies

HERBERT S. BIGELOW

Rev. Edward McGlynn was the most celebrated clergyman to acquaint his congregations with the single tax message, but he was not the only one - nor was he the only one to get in hot water over it. In the 1890s a young pastor of Cincinnati's Vine Street Congregational Church so annoyed the moneyed members of his parish that he nearly starved. He saw - and expressed with force and humor - that one cannot call oneself a Christian and yet accept an unjust social order. He was an early Georgist liberation theologian, a direct ancestor of Andelson & Dawsey. Furthermore, Bigelow's delightful sermons, selections of which were published in 1916 by Daniel Kiefer, a prominent Cincinnati single taxer, are buried literary gems. The book was called *The Religion of Revolution*.

The dedication, "To all the unknown and unsuspected heroes of life", is ironically fitting now, because Bigelow's book has lain unnoticed for many years. That is unfortunate, because it is full of a wisdom. Bigelow's style is clear and direct - one is tempted to say strident, except that the uncompromising message is delivered with such wry humility and humor.

Bigelow was born in 1870 in Elkhart, Indiana. He attended Oberlin College and Lane Theological Seminary in Cincinnati. Near the end of his seminary career he received a call from the Vine Street Congregational Church. This parish, writes Mr. Kiefer in the *Single Tax Review* (October 1902), was an average city church whose "financial support was derived from wealthy members of the congregation and whose will was consequently law in the affairs of the church." It had not always been thus; the church was founded by abolitionists back in the 1840s and had been a station of the underground railroad. But after fifty years, the congregation's attitude had listed rightward; "its attitude toward the movement for industrial freedom was one of indifference, if not of hostility."

The new pastor began immediately to preach against complacency, exploitation and political corruption - but the unifying principle that galvanized his sermons came when a Mr. George Von Auer, an active single taxer in the congregation, put a copy of *Progress and Poverty* in Mr. Bigelow's hands. Now that he believed that a coherent, applicable remedy for economic ills was within society's grasp, Bigelow's sermons gained new force, and the discomfiture of his wealthy hearers grew. A move-

ment to get the congregation to dismiss him failed, in large part because Bigelow's message had swelled the church with new members. Kiefer describes what happened next:

"Defeated in their attempts to oust him, the opposing members withdrew their financial support from the church....As the new members were poor and in no way able to contribute the large amounts needed for the support of the institution, for many months the pastor received no salary, and only with the greatest difficulty could the ordinary running expenses of the church be paid. But during all this dark period....the preaching of the gospel of justice continued with unabated vigor."



Herbert S. Bigelow

At the time of the *Single Tax Review* article (1902), Rev. Bigelow was beginning to become involved in Cincinnati politics, starting a campaign with Tom L. Johnson to rescue the local Democratic party from the control of corrupt bosses. He ran for

secretary of state in that year, and put both his oratorical skills and his enthusiastic following to good use in Johnson's successful campaign for mayor of Cincinnati.

Very little else has been published concerning the life and escapades of Rev. Herbert S. Bigelow, but his legacy is his sermons, which deserve to be remembered and read. The goal of modern liberation theology is to accomplish the saving mission of the church in this world, so that all people may enjoy their right to the fruits of the earth. To accomplish that we need will and courage - but we also need a strategy. Andelson and Dawsey have argued convincingly in 1992 that such a strategy is available in the political economy of Henry George. Rev. Bigelow made the same argument - with skill, and wry wit - back at the turn of the century. ☞

Destitution with sobriety may be quite as merciless a form of misery than poverty with drunkenness, for a man would be denied even the consolation of the Scripture which said, "Let him drink and forget his poverty, and remember his misery no more."

This is the great paradox. Just as the owner of the field can appropriate, in increased rents, the lion's share of the products of machine-assisted labor, so will even sobriety increase rents more than it will increase wages....we have an economic system which enables the owners of the earth to absorb...the advantages of moral as well as material progress. Prohibition may improve the moral character of men, but it cannot touch the economic causes of poverty.

There is just as much chance to repeal the law of gravitation by an ordinance of the Cincinnati City Council as to abolish poverty by a prohibition of the liquor traffic.

My ideal is not the Jesus of theology. It is the Jesus of history. It is not alone the Jesus of Nazareth. It is a composite personality in whom are merged all the Christs of the centuries.

He is the gentleness which has looked with sad eyes on the cruelty of every age....He is the representative sufferer, the representative lover of the world, and men and women, countless millions of them, have stooped to touch the hem of his garment, and have risen in majesty from the dust.

He is not alone the Christ of the Christian. He is the Christ of the Jew also. Many have known him by the name of Lao-tse. Many by the name of Buddha divine. Now he is some lonely dreamer of the ghetto. Now a manacled liberator, expiating in chains the tyrannies of men. Again in a garret he toils over his crucibles in search of another God's secrets to be the servitor of man.

- The Religion of Revolution

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