

The Henry George News

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Dominican Officials Support Land Tax

Officials of the Ministries of Agriculture and Finance, the National Cadaster Office and the Agrarian Institute of the Dominican Republic expressed strong support for land value taxation in their country at an international conference held in January, 1981 in Santo Domingo.

In his keynote address before the opening session of the conference, held at the Sheraton Hotel, the Secretary of Agriculture, R. Hipolito Mejia, said "The unearned increment of the land belongs to all Dominicans, while the private owner is entitled to its proceeds that are the fruit of his work".

The conference, cosponsored by the Henry George School and the Lincoln Institute for Land Policy, was the result of fifteen years of work by Lucy de Silfa, the Director of the Henry George School in Santo Domingo, to get officials in her country to take a serious look at the advantages of implementing a system of full value taxation.

In June, 1980 Philip Finkelstein met with Arlo Woolery, Director of the Lincoln Institute, at the World Policy Land Congress and discussed the possibility of bringing experts in the field to present the case for land value taxation to the Dominicans. In November, Mr. Finkelstein met with Ms de Silfa, Mr. Mejia, and the head of the National Cadaster Office, Dona Altagracia Nanita de Espanol in Santo Domingo and there was mutual agreement to proceed with the conference.

In December, Mr. Finkelstein appeared before the New York Board of Trustees with an outline of the Conference, and several members, including Jerome Medowar, George Collins, Lancaster Greene, Stanley Sinclair, and President Paul S. Nix, Jr., decided to attend, along with Mr. Finkelstein, Courtney Haff, former Research Associate with the Center for Local Tax Research, and Louise R. Pulini.

A proposal, prepared by the Center for Local Tax Research in New York to do a feasibility study for the Dominican government was then drafted. Meanwhile Ms. De Silfa invited her students, contacted officials and worked closely with the New York school in planning and scheduling the activities.



Lucy de Silfa, with (l-r) Oliver St. Claire Ridsen, Philip Finkelstein and Arlo Woolery at reception.

New England School to Open

Mitchell Chanelis has been appointed as director of the newly formed Henry George School of New England, and he expects to begin courses in Fundamental Economics in Spring, 1981.

EDITORIAL

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Lessons From Santo Domingo

All those who attended *La Primera Conferencia Sobre El Impuesto Al Valor de la Tierra* shared the sense of something significant they were helping to make happen. Many Georgist conferences have been held in many parts of the world in the past but in Santo Domingo the specific relevance of the deliberations provided a new note of urgency. This was a real consideration of a policy option by a government planning its economic future. It is not often that conferences around any ideas are so directly involved with their implementation. It has been rarer still, especially in recent years, for the principles of Henry George to be debated in such a real context. With all of the political terror and economic turmoil in the Caribbean, it was particularly gratifying to present a peaceful alternative in a rational setting along with the hope for genuine reform to improve people's lives.

Whatever the outcome of land value taxation in the Dominican Republic--and it appears more likely to happen than not--the value of our outpost in Santo Domingo is underscored. The survival and growth of dedicated groups teaching, studying and activating the ideas of Henry George remain the best way to focus public attention in an otherwise indifferent climate. While we need to take our ideas out of the classroom and into the media and other arenas of public affairs, there is no reason why these efforts should not be mutually supportive. In fact, a nucleus of people who have taken our courses, and some of them trained to give them as well, can be the springboard for change. Similarly, a possible policy reform can be made more attractive if there is a strong commitment on the part of a local following to see it through. There is really no debate between education and action and probably little ultimate difference in the two approaches.

It is a measure of our maturity as an organization that we are able to plan and support an overseas conference at very short notice and with the cooperation of other organizations with whose spokesmen we are not always in full agreement. The Lincoln Institute and scholars of every persuasion may present other models of tax reform and land policy without obscuring our message. As a number of Dominican officials summarize in their evaluation, the tax on the value of land must be kept simple, both for the people to understand and for the government to administer. The clarity and simple truth of the remedy we propose will insure its ultimate triumph.

Dominican

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The first part of the conference was a training session at the Office of the National Cadaster. Archibald Woodruff, Mr. Woolery, Sein Lin, Daniel Holland and Martin Miller of the Lincoln Institute, along with the Henry George School delegation, met with Cadaster officials and proclaimed that the current inventory on land by the Office was very successful in providing a sound and accurate basis for a land tax.

During the conference, the Dominican Congress tabled a proposal to tax urban property only, with land at 2% and improvements at 1% of their values. Most of the conferees agreed that a single tax rate for land only, both urban and rural, would be a more equitable and economically efficient tax measure. A proposal to analyse the implications and consequences of a pure land tax was left for consideration at the highest levels of the Dominican government. Support for the measure was expressed by the officials present.

Mr. Lin and Mr. Woodruff presented the history of full value taxation in Taiwan as a successful model of implementation for the Dominican officials to study. In Taiwan, land value, increments, and vacant land are taxed specially. However, the major difference between the Dominican Republic and Taiwan is that less than .5% of the population owns 35% of the land, in the Dominican Republic, while there is a narrower gap between the wealthiest and poorest in the country in Taiwan.

Oliver St. Claire Ridsen, chief of the Land Appraisal Office of Jamaica, presented the history of land taxation in his nearby Caribbean country, along with its problems and benefits. He pointed out the significance of keeping the tax free from special measures demanded by different political pressure groups.

The conference was featured on the front pages of the major daily newspapers, on radio and television, and was well attended during both of the day-long sessions. A luncheon honoring the Americans who attended ended the conference, with Mr. Nix proclaiming that the Henry George School in Santo Domingo is now the "Number One" extension among the schools.



A proposal prepared by the Center for Local Tax Research to demonstrate the effects of land value taxation in the Dominican Republic was presented to key officials for review during the land tax conference in Santo Domingo in January.

The authors of the proposal state at the outset that although there is no land tax in the Dominican Republic or a specific means of collecting one, there is a growing capacity, through the National Cadaster Office, to identify and evaluate the land.

A tax on land values must be authorized by legislation and is bound to be the subject of intense political debate. An early target for this proposal would be a) a projection of the total revenue that could be raised from a land tax of varying rates and b) some indication of the initial impact of this tax on different levels of taxpayers.

The proposal's main hypothesis is that information on how much revenue will be collected and who will pay will be, on the

George In The News...

(The following article appeared in the Sunday, December 7, 1980 edition of the New York Times and is condensed here with the permission of the paper, © 1980).

REFORMER'S IDEAS GET NEW PUSH by William Serrin

In a quiet office at 5 East 44th Street, Philip Finkelstein was talking of making the name and views of a once famous reformer known again. "I want to demonstrate", he said, "that Henry George belongs in the mainstream of economic theory, not in some quaint byway where he has, unfortunately, been relegated".

It seems fitting that the Henry George School of Social Science, of which Mr. Finkelstein is executive director, should be in New York. The city, a home of issues and their advocates, has many places like the school, places where enthusiastic people of all sorts of political and ideological views, believe they have the answers to society's problems.

Henry George--advocate of the single tax, a tax on land rather than on buildings, or on anything else, was a man whose denunciation of wealth and lordliness had a profound effect on the American labor movement.

He was born in Philadelphia and for twenty years lived in California. But it was in New York, in the winter of 1868-69, that George observed, according to Mr. Finkelstein, "the shocking contrast between monstrous wealth and debasing want", a contrast that led him to a lifelong study of American economic conditions. This study resulted in a book called "Progress and Poverty". It was published in 1879 and made Henry George known worldwide.

George then came to New York. He ran for mayor in 1886, losing to Abraham S. Hewitt, but outpolling another aspiring politician, Theodore Roosevelt. In 1897, during another campaign for mayor, he died of apoplexy at the age of 58. He is buried in the Greenwood Cemetery in Brooklyn.

Now at a time when people are searching for answers to difficult economic problems, the Henry George School is attempting to broaden the message. The school moved recently from the mansion at 69th Street, an area that, according to Mr. Finkelstein, gave the school an inappropriate patrician tone. Now, in less ostentatious facilities, the school wants, he says, "to present Henry George's ideas in a current application".

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The following article, "Reformers Want Land Taxed", by Lavarr Webb, appeared in the January 3, 1981 issue of the Salt Lake City, Utah Deseret News, and is being reprinted with permission of the paper, ©1981.

Tax land, not buildings -- that's the proposal of a Utah tax reform group that will promote an "incentive taxation" plan before the Utah Legislature.

The group, based in Cedar City, is called Utahns for Tax Reform and is allied with other national groups that say increasing taxes on land and eliminating taxes on improvements and buildings would result in lower land prices and would end the problems of urban blight because cities would renew themselves.

The Utah group's chairman, Robert E. Williams, and secretary, Earl A. Hanson, have prepared a 10-point proposal for the Legislature.

A number of national politicians, economists and political scientists support the idea of a land-based, rather than building-based, property tax. Among them are George Romney, former Michigan governor; Dr. Robert Hutchins, president of the Center for the Study of Democratic Institutions; Eugene V. Rostow, political scientist; and C. Lowell Harris, president of the National Tax Association and professor of economics at Columbia University.

They point out that the current property tax stifles incentives to improve property, especially in big cities, where taxes are highest. A booklet on the topic observes that the property tax is actually two taxes. The tax on improvements, or buildings, is added to the tax on land to obtain the full property tax.

The tax on improvements is almost always much higher than the tax on the land. This heavy building-based tax penalizes and discourages investment in improvements and rewards with lower taxes those who let their properties deteriorate into slums or obsolete structures.

In addition, the land tax is usually so low that the owner is under little pressure to improve it, and thus the underuse of land is encouraged, the booklet says.

As a result, the property tax is said to "harness the profit motive backwards."

Hutchins says the current property tax "reflects and promotes every unsound public policy imaginable. It encourages urban blight, suburban sprawl and land

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speculation. It thwarts urban rehabilitation, construction investment in building and improving homes. And it prevents orderly development and planning."

High property taxes discourage beautification and improvement and chase stores, commercial buildings, factories and homeowners out of inner cities, the booklet says. The New York Temporary Commission on City Finances has declared the tax a primary cause of the city's failure to renew its housing stock.

Because private industry isn't willing to redevelop the inner cities, government pours billions of dollars into those areas, and often is still not successful.

The proponents of a land-based property tax say private enterprise would quickly renew the cities if the tax were reformed.

Eliminating the tax on improvements and increasing the tax on land to, say, 3 or 4 percent of market value would provide incentives to build, renew, beautify and rehabilitate, the booklet says.

Increasing land taxes would mean landowners would have to do something with the land to make owning it profitable. Since improvements would not be taxed, the highest economic use of the land would be encouraged. Land speculation would be slowed since anyone not wanting to develop the land would likely sell to someone who would. Vacant lots in cities would be put to good use and urban sprawl would be checked.

Jim Clarkson, former mayor of Southfield, Mich., said that when the city shifted some of its tax burden from buildings to land, making idle land carry more of the taxes, property taxes for homeowners were reduced 22 percent and a climate was created for better and higher development.

Several studies indicate that the major profit in slums lies not in rentals, but in speculation. The eventual resale of the land often brings in giant profits. High land taxation would likely slow such speculation.

It is expected that such a tax system would result in more rapid turnover of idle land, reducing prices.

Hutchins says it would be very simple to remove the tax from improvements and put it on the land. "In this way, each man would pay his fair share of what the community was doing for him, and would not be punished for what he was doing for the community by putting his land to good use."

Agnes de Mille, granddaughter of Henry George, and a noted dancer and choreographer, has appeared on behalf of the Henry George School on radio and television spots.

The school runs classes on economics for several hundred students a year and publishes the Henry George News. Also at the school is the Robert Schalkenbach Foundation, which keeps the author's works in print (Ed. Note: as well as the Henry George Institute and the Center for Local Tax Research). The school also operates several centers around the country.

Society, not the landowner, is responsible for the increase in land value, he asserted. He argued that the increase which he called the unearned increment, should be taxed and thus returned to society. This single tax, a land tax, he said, would yield enough revenue to permit abolishing other forms of taxation. It would also, he argued, simplify the role of government.

Inmates Graduate Course on Freedom

Thirty-six inmates of the Smyrna, Delaware Correctional Institute graduated from courses taught by Michael Curtis, of Arden, Delaware, at a ceremony at the prison in December.

Guest speaker Leonardo Lassiter told the group to "let the light of learning shine on" as they apply the teachings of Henry George to the problems of today's society.

Of the group, two students completed the teacher training program, while the others finished the basic course, Fundamental Economics. George Collins, Henry George School Director in Philadelphia, introduced each student who briefly commented on their individual experiences, mostly positive, in learning the Georgist philosophy.

Mr. Curtis's prison program has met with great success in Smyrna, and he began a similar one in Philadelphia Correctional Institute. Most of the students have expressed a desire to take advanced courses or correspondence courses which will be arranged in the future.

Besides running this program, Mr. Curtis also appears as a lecturer, participates in seminars and attends many of the activities offered by the Philadelphia school. In November, he lectured to a sociology class at the University of Delaware, and he was the guest speaker at a graduation ceremony for students of Fundamental Economics at the London Grove, PA Friends Meeting in December.

At its last meeting, the Henry George School Board of Trustees voted to support the prison project and other efforts of Mr. Curtis with a special appropriation to the Philadelphia school.

SCHOOL NOTES

Boston

NEW YORK CITY

Free courses in economics, history and social philosophy began this month at the Henry George School in New York.

The basic course in Georgist philosophy and economics, Fundamental Economics, is a prerequisite for the advanced courses, except for Money and Banking. Three sections of this course are available, with Dr. Jules Zimmerman teaching Monday, Lionel Gonzales on Wednesday, and Mark Sullivan on Thursday. This course, like the other courses, meets once a week for two hours, during the ten-week semester.

Five advanced courses are scheduled for the semester. On Monday evenings, Oscar Johannsen teaches Money and Banking, which explores control by private enterprise rather than by government. The Many Faces of Fascism is described by its teacher, Harry Fornari, as tracing the "political economic and sociological origins of fascism the world over". Si Winters returns to the teaching staff of the school with his course, Man and His Land, which traces the concept of land tenure through history. Bernard Bellush tackles presidential responses to national problems in his course on Wednesdays, Lessons from Recent History. Rounding out the schedule is Protection or Free Trade, a reexamination of Henry George's classic, taught by a new instructor, David Norflus.

Philadelphia

A course based on the life and teachings of Oscar H. Geiger, Founder of the Henry George School, is currently in session at the school in Philadelphia.

Applied Economics, the follow-up course to F.E., is also being offered, with Protection or Free Trade and Social Problems, both by Henry George, used as texts. Topical issues such as strength of the U.S. dollar abroad, the immigrant question, "enterprise zones", and foreign competition in the marketplace will be explored in detail.

San Francisco

"Economics as if People Mattered" is the title of a course the Henry George School in San Francisco is holding at four locations in the Bay Area.

The course tackles some of the toughest questions ever faced by economists, sociologists, political scientists and philosophers, according to Alanna Hartzok, HGS Education Director. Two libraries, a church and a private home were chosen for their convenient locations. The course is also included as part of the Berkeley Adult School program for the Winter Semester.

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In November, 1980, Philip Finkelstein met with the group who are willing to serve as interim Board members of the Boston based school. There was a mutual agreement on the need for a school in the area, although it was felt that classes are not enough, but that lectures, workshops and seminars in land value taxation, using the media for promotion, should be a vital function of the school.

Mr. Chanelis presented his proposal to the New York Board of Trustees in December, citing the importance of cooperation with land reform, hunger and environmental protection groups in the area so that a network of ideas, resources and people can be formed.

At the Trustee meeting in January, Mr. Chanelis thanked the board for its support and outlined several possibilities for location of the school, which will be announced in the next issue of the Henry George News.

Polly Roberts Speaks at CGO

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Polly Roberts, past President of the Henry George School in San Francisco presented a paper based on her doctoral dissertation, "Consequences and Causes of Unequal Distribution of Wealth", at a meeting sponsored by the Council of Georgist Organizations, in New York.

Ms. Roberts pointed out some of the major differences between poor and rich people in her presentation. "Where richer and poor people occupy similar land, richer people improve it less", she said. The richer people get more production per worker on their land, even though they use fewer workers, and use the land less intensively.

The choice of land richer people prefer, tends to be prime agricultural land which appreciates in value. They often do not buy land like slums, but buy land on the edge of growing cities, or in the central business district.

Another important difference is that richer people are more future-oriented, and tend to sacrifice proportionally more for future benefits. This orientation allows these families to maintain their wealth from generation to generation; while the present orientation of poorer families similarly maintains poverty.

Ms. Roberts has had extensive experience in the field of economics, and particularly in land taxation. In 1970, following her graduation from Radcliffe, she worked on two Ralph Nader studies, one on the U.S. Dept of Agriculture and the other on land use in California. She served as HGS President in San Francisco in 1975, and organized a conference, "Urban Growth: Up or Out?", together with the Sierra Club and the sponsorship of the Association of Bay Area Governments. She has been a doctoral candidate in economics at the University of California at Berkeley since 1972. She now resides in New York.

Earth Day Conference

The Council of Georgist Organizations is sponsoring a one-day seminar, "The Economics of Peace: An Earth Day Conference", on Saturday, March 21, 1981, from 9:30 a.m.-7:30 p.m. at the Henry George School in New York.

According to Mark Sullivan, Council Secretary, participating groups include the New World Alliance, the Henry George School and the Institute, SANE, and Students for a Libertarian Society.

A full report on the conference will appear in a forthcoming issue of HGN. The public is invited to attend. For further information, contact Mr. Sullivan at the school.

whole, very attractive for those who receive the benefit of government programs and in large measure to those who must support them.

While new taxes are in themselves seldom popular, the projected revenue of the land value tax could be the subject of positive national discussion as to expenditure choices. It is clear in the proposal that infrastructure development, both urban and rural, would be a natural avenue for such expenditures, returning to the land the enhancement of its value, thus improving the revenue stream as a constantly growing source.

Three levels of the project are outlined in the proposal. The first would examine the implementation of the new tax and the utilization of the newly generated revenues. The second level would entail a complete estimation of land value by class and location of property, which would provide aggregate analyses of the effects of land value taxation on urban and rural, manufacturing, commercial and natural resource

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