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Henry George News

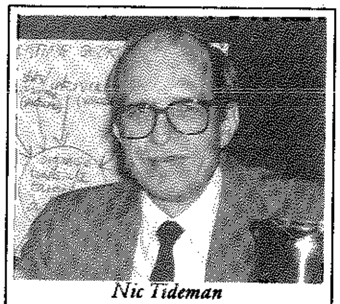
Volume 57, Number 4 — July - August, 1993

HENRY GEORGE (is back!) IN RUSSIA

by Prof. Nicolaus Tideman

The movement to collect the rental value of land socially is advancing rapidly in the former Soviet Union. Great progress has been made through the visits of Ted Gwartney, Dick Noyes, Mason Gaffney, Steve Cord, Lowell Harriss, myself, and various other colleagues, the unceasing work of Fred Harrison in London, and the growing contributions of numerous citizens in the new republics. This article is a more-or-less current summary of the many efforts that are underway.

Dnepropetrovsk, a steel city of 1.6 million in Ukraine, has been moving faster than any other city in the former Soviet Union to assess the value of land and collect that value for public purposes. About five years ago Dnepropetrovsk first started working on a geographical information system that could be used for land assessment and fiscal management. The city is now collecting as much revenue from land as it possibly can under current Ukrainian law, revenues amounting to about 26% of the city's 1993 budget. The city wants to build a case for collecting all of the rental value of land. They plan to do this, with my help, using their computer-based system of land appraisal and fiscal management, which still requires extensive data entry work. I have agreed to help them look for funding to speed the completion of this work.



Nic Tideman

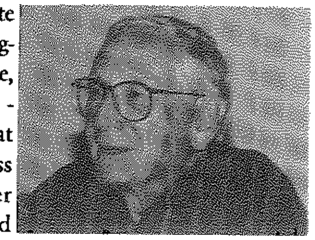
Kaliningrad, the Russian city that was formerly Konigsberg in East Prussia, is seeking to become a free trade zone. As a result of visits there by Ronald Banks from the UK, Dick Noyes and me, as well as work by people from Kaliningrad, many public officials there recognize the importance of social collection of land rent. However, the Russian law that permits cities to collect revenue from privatized land has limits on the number of rubles that can be collected per square meter. Unfortunately, Russian inflation has made these limits ridiculously low, and Kaliningrad officials must push for increases to make their land tax meaningful.

Moscow now has a Henry George Association, whose Vice President, Konstantine Kalachev, spends his full time creating support for the social collection of rent among Russian politicians, entrepreneurs and media representatives. Through Konstantine I met the Chief Administrator of Moscow, a former Professor of Computer Science named Kemer Norkin, who had independently discovered the virtues of public land rent collection. He was very pleased to find, though, by reading a booklet whose Russian title can be translated as *Tribute, Duty, Tax,* that an historical movement was based on these ideas. This booklet, which was financed by the Henry George School of New York, contains translations into Russian of Busey's ten-page condensation of *Progress and Poverty,* a condensation of Steve Cord's *The Evidence for Land Value Taxation,* and two articles by me. With some help from me, Prof. Norkin has enlisted support from other high officials in Moscow in pressing Yeltsin and other officials of the government of the Russian Federation to permit a substitution of *(continued on page seven)*

Amsterdam: New York Sows Seeds of Progress

On August 6th Governor Cuomo signed into law the bill which allows the city of Amsterdam, New York to adjust its property tax rates to tax land more heavily than buildings, thus bringing two-rate tax reform to New York State.

Amsterdam, a city thirty miles west of Albany, shares the problems of stagnation and industrial flight that plague most of the small cities in upstate New York. Its population is aging, contributing less in revenue, and requiring more services - and it is failing to keep what industry it has had, much less attract new business. After World War II, Amsterdam had some 30,000 people, and was known as the US's "carpet capital." The industry has moved south, and population is now down to 19,000. City officials are searching for a way to provide healthy incentives. Alderman Vincent Arbige: "Of all the things that have passed our desks this year, this is the most exciting.... This could be one of the many building blocks needed to restore this city." Mayor Mario Villa's question to Al Hartheimer was, "Where have you been?"



Al Hartheimer

Schalkenbach Foundation Board member Al Hartheimer, who has been instrumental in this initiative, reports that despite some officials' high enthusiasm, the city is moving cautiously. The five Aldermen will not implement the two-rate tax plan until they hear from the voters; one of them, James Martuscello, plans to post a "mock roll" of the new tax rates for a week before voting on it.

Although a majority of homeowners will pay less taxes under the shift, Hartheimer notes that there is reason to be circumspect. Many large property owners *(continued on page six)*

Proposition 13: California Reaps the Whirlwind

by Lindy Davies

The Honorable Albert Rodda, former California State Senator and Finance Committee Chairman, spoke as a sort of Georgist emeritus on the L.A. Conference's panel on cities. Quiet and self-effacing, the Senator presented compelling statistics on his state's dreadfully inequitable revenue fix, and described the huge task faced by today's reformers. He should know: in the late 70s, while the tax revolt that culminated in Proposition 13 was gathering steam, Senator Rodda was offering his state a sane alternative. He proposed a Constitutional amendment that would gradually exempt improvements from taxation, and raise taxes on land values. The citizens of California, however, were panicky about wildly escalating property values - and they voted to cut taxes, at all costs.

Proposition 13, which was enacted in 1978, mandated that: 1) property taxes shall not exceed one per cent of the assessed cash value of a property; 2) those cash values would be frozen at 1975-76 levels, unless the property were sold or newly *(continued on page four)*

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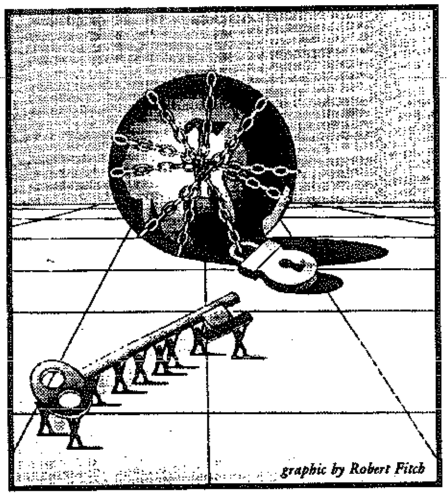
The Georgist Movement: Strength in Diversity

The most distinctive feature of this year's annual C.G.O. Conference in Los Angeles was the considerable amount of energy and earnest study devoted to the challenge of "Building a Stronger Georgist Movement." An entire day was devoted to the issue; many strategies were debated, including research goals, publications, media, political strategies and coalition-building. The perennial question of how we can best pool our strengths and pull together was addressed with greater urgency than ever.



graphic by Robert Fitch

It is a difficult question. Unlike movements which can focus energy on a specific goal (saving the whales, housing the homeless, etc.) ours is a primary reform that touches them all. As Henry George wrote in *Social Problems*, "Do what we may, we can accomplish nothing real and lasting until we secure to all the first of those equal and inalienable rights with which, as our Declaration on Independence has it, man is endowed by his Creator - the equal and inalienable right to the use and benefit of natural opportunities."

The paths to this "first great reform" are as various as the land itself; everyone "sees the cat" from his or her own angle. Some stress education; others favor political action. Some cleave to the full Georgist philosophy; others advocate land value taxation with the utmost pragmatism. Some want to enlarge the functions of the state; others want to abolish them. That all of us fractious individualists can agree on one idea attests to the strength of the idea - but it makes it difficult for us to act as one.

But act we do, in ones, twos and threes: the Georgist Movement is Nadine Stoner tirelessly meeting and lobbying in Wisconsin. It is Dan Sullivan relentlessly politicking in Pennsylvania, and the solid, tangible gains reported in *Incentive Taxation*. It is Ted Gwartney and company, creating a rational land assessment system in Estonia and Latvia. It is Bob Clancy teaching students by correspondence in over forty countries. It is Lucy Silfa meeting with groups of national legislators who are graduates of her school. It is Jeff Smith in Moscow, or Mexico, on a shoestring, making connections. It is Cathy Orloff conducting seminars on the campus of Brown University, Pat Aller representing the International Union at the United Nations, Cathe Smeland bringing the idea to the first-ever National Democratic Women's Leadership Forum, and Adam Monroe, Jr. performing with his Single Tax Band in Chicago....to name just a few.

It's tough to get all these strands coherently woven together - but we do it, once a year. Let's not forget that a coat of many colors is made out of single threads! *- L.D.*

LETTERS to the Henry George News!

Dear Editor:

I am pleased to note the change of name from *Henry George Newsletter* to *Henry George News*, a reminder of "the good old days." It has been steadily increasing in quality.

David Domke's articles on the Physiocrats were interesting and informative. We Georgists know about the Physiocrats as our "predecessors," but these articles brought out many facets that were not well-known.

Another chapter could have been written on the influence of the Physiocrats, which was considerable. In their own country they influenced the *philosophes*, and as David recounted, Turgot for a while had some real power. Had he had more support from the vacillating Louis XVI, the Revolution might have been avoided.

The 18th century was the era of "enlightened despots," and in other countries there were such rulers as introduced Physiocratic reforms as far as they were able - among them Carlos III of Spain, Gustavus III of Sweden (the king of Verdi's opera *Un Ballo in Maschera)* and Joseph II of Austria.

In Italy it was not a king but an intellectual, who composed a multi-volume work on *The Science of Legislation*, in the course of which he proposed the *dazio unico*, or single tax. He became counselor of finance of the Kingdom of Naples.

In Britain it was also intellectuals rather than royalty who were influenced. Most prominent of these was Adam Smith, the "father of political *(continued on back page)*

HGS Roundup

Things are jumping at the various Henry George Schools and affiliates around the continent. Here is a brief rundown:

At the New York headquarters, the school's program of political economy courses, courses in special related subjects, and topical one-time seminars continues to bring in big numbers. At the spring graduation on June 25th, about two-thirds of the term's 295 graduating students attended. Facilities were strained, but the vibes were good. On the evening of Sept. 2nd, proclamations, celebrations and libations will be proffered in honor of Henry George Day.

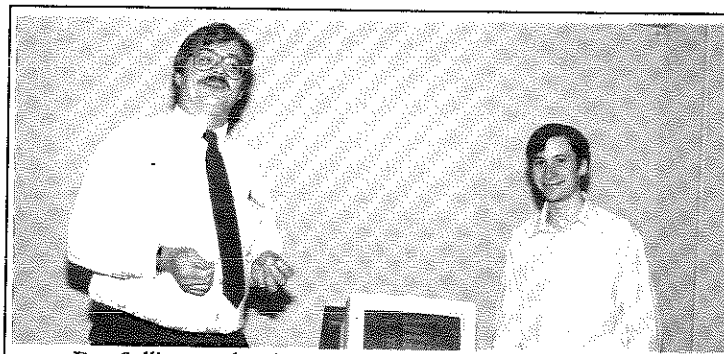
The Hew York school welcomes ***Dianne Swenson*** to the position of Registrar and Office Manager. Dianne came on board in June of this year. She brings impressive credentials to the job, having worked since 1983 as an administrative officer at Kidder, Peabody. She is a graduate of the High School of Performing Arts, and spent a number of years as a professional dancer.

Dianne Swenson

HGS Philadelphia presented a wide variety of programs in many venues in 1992-93. In addition to regular adult classes and seminars at the Birthplace, Director Mike Curtis taught classes at George Washington Carver High School in the city, at the Wharton Centre correctional facility, at the state prison in Smyrna, Delaware, and at the Plummer work-release center in Wilmington. Graduates in Smyrna have begun teaching courses themselves. To resolve difficulties in attracting students to the Philly HGS building at night, Mike will be taking more courses "on the road" to local libraries and high schools for the coming school year.

The Illinois Georgist, the newsletter of the Chicago HGS, sports improved desktop typesetting, lively articles and an enthusiastic letter column. The Spring '93 issue contains Mason Gaffney's moving eulogy for Robert Tideman, the venerable third-generation Georgist who passed away in April. (For subscription information, see the listing on page two!)

HGS-Chicago Board Member Scott Walton has established weekly prime-time video presentations on public-access cable TV in Chicago. The series is called *Focus On,* and airs on Mondays at 4 PM and Wednesdays at 7 PM. So far they have presented such Georgist videos as *For the Land is Mine, A Tale of Five Cities,* and *American Heritage: Story of the Land,* as well as free-market offerings. Scott, who has been studying video production, plans to edit the tapes of the L.A. conference and present them on cable, too.



Dan Sullivan and Mike Goldman unveiled *Caveat Empire,* their new game for the PC, at the conference. The game was designed some years ago by Dan; it is now being brought to life by Dan's further research and Mike's programming skills. You, in their game, are a real estate developer who builds roads, houses and hotels - and then decides whether (or how much) to maintain them, according to local incentives. One side of the on-screen world taxes land values only; the other side imposes conventional income and property taxes. When the game is in full swing, a quick glance at the screen (prosperity vs. blight!) will tell you which is which.

Mike Goldman finished second last year in a four-person race for Mayor of Wilkinsburg, PA. The new Mayor, Wilbert Young, supports land value taxation, and has brought Dan and Mike on board to provide data to the city council - a task in which they expect to use their new game.

Caveat Empire is now in beta testing, and is available for $95 - and the price includes a free upgrade to the commercial version of the program once it is finished. Discounts are available for multiple users. For information, write to: Mike Goldman, 1029 W. Findley Dr., #8, Wilkinsburg PA 15221.

The fall term of ten-week classes at HGS-Chicago begins on September 13th. In addition, an introductory seminar on Henry George's economic and social philosophy is on tap for the evening of September 2nd at 7 PM, and a Henry George Day celebration will be held on Sunday, September 5th.

The San Francisco HGS newsletter, The Mercury, might as well be called The Phoenix, the way it has revived under the Editorship of Mary Rose Kaczorowski. It is a snazzy eight-page, two-color production of news and opinion. Among many intriguing items, the Spring '93 issue includes an article by Mark Twain called "Archimedes," which forever resolves the question of whether Mr. Clemens supported the Single Tax. Interesting reading, engagingly presented, and the best logo in the movement, to boot. Get it!

Cathy Orloff is bringing *Progress & Poverty* classes back to life in Providence, RI. Free three-week introductory classes were offered in June and July, on the campus of Brown University, co-sponsored by Down to Earth Economic Discussions, Brown Univ. Resource Center, and the HGS. A new newsletter, *Wildflowers,* is being published. Write to: *Box 27039, Providence RI 02907.*

The Sacramento Henry George School is back in force, holding classes, dinner meetings, and spreading the word through letters and book reviews, under the Directorship of Evelyn Friend-Loomis. See listings on p. 2 for their address.

Lucy Silfa's twenty-seven years of hard work are paying off in the Dominican Republic. An amazing number of national figures are alumni of Doña Lucy's school: politicians, bankers, journalists and TV personalities. One of the most prominent is Don Pedro Bretón, General Administrator of the Agricultural Bank. He has been appointed by President Balaguer to coordinate, with Doña Lucy, the requirements for a full national land valuation, so that LVT may be implemented equitably. The high visibility of the 1992 C.G.O. Conference in Santo Domingo has paid off, and continued; Lucy has appeared on TV many times since.

Tammany: "Wisdom, Benevolence, & Love of Liberty"

Recent controversies over sports teams named after Indians inspired some rather interesting recollections in a letter to the editor to the *New York Times* on June 26th. Mr. Leonard Koppet noted that the first such team, the Boston Braves of 1912, got the name because the group that acquired the team was associated with New York's Tammany Hall. To needle the Boston Republicans, the group of New York Democrats gave the team the Tammany emblem: an Indian chief in resplendent headdress.

Where did that association come from? Koppet writes, "During the revolutionary War, a Society of St. Tammany was formed by antiroyalists as a reply to monarchist societies named after St. George. 'Tammany' was in honor of Tammamend, a Delaware Indian chief noted for his wisdom, benevolence and love of liberty." The New York machine, which was not particularly known for those things, simply began, in the early years of the nation, to use the original St. Tammany building as their meeting place.

Proposition 13...

(continued from front page)

built; 3) property taxes could not ever increase by more than two per cent in a year; 4) Any new tax must be approved by a two-thirds vote of the legislature.

This was a massive tax cut. The Congressional Budget Office estimated the revenue loss for 1979 at $7.04 billion. The other shoe, however, did not drop right away. A state budget surplus allowed a $4 billion "bailout" of local governments in 1979. Plus, in a classic example of short-term political salesmanship, the new law benefitted homeowners - but only temporarily. This phenomenon was explained by Oregon State Senator Jason Boe:

Two-thirds of the property tax are now paid by income-producing properties... one-third by homes. As those homes sell - because Southern Pacific does not sell its railroads, and utility owners don't sell their utilities... the relationship... is going to be the other way: homes are going to be picking up two-thirds of the total property tax burden....

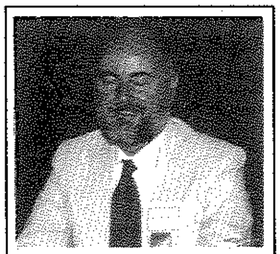
Those predictions were borne out in a *San Francisco Chronicle* article of October 1985, which quoted Ernest Comalli, a Sonoma County assessor: "It's the new kid on the block, our children, who are really paying." The shift of tax burdens from businesses to homeowners led many to call for "split-roll" reassessments, to stave off alienation of the constituency that voted for Prop. 13 in the first place. Residential/commercial split-rolls are still under debate today.

The assessment freeze meant a hodge-podge of revenues, creating tax-rich and tax-poor areas, and hiking the cost of rented housing. By removing their ability to raise enough tax revenues to meet their local needs, Prop. 13 effectively took a great deal of political power away from local governments. This is ironic, because the ineffectiveness and waste of central government was of the main selling points of the tax revolt. It became evident that California voters were mad about taxes in general. The property tax was just the easiest one to cut.

Mason Gaffney

Not that property taxes weren't a problem. California is probably the only state in which the average residential property has a higher assessed land value than building value. Population and prosperity had lifted Californian land values since WWII; speculation and sprawl had jacked them up still more. Ted Gwartney pointed out that the value of an average Los Angeles home had doubled in the last 25 years - while the value of the land beneath it had doubled fifteen times! Before Prop. 13, there had been large annual jumps in property assessment; people began to panic. But rather than take the sensible step of lowering the taxes on buildings, California allowed the huge tax bills to create momentum for a drastic tax cut.

One way that California communities have tried to raise money for local needs, and restore some semblance of local control over the revenue process, is to create "special assessment districts." This strategy was discussed by Dr. Donald Shoup, a professor of Architecture and Regional Planning at UCLA. Dr. Shoup noted the success of the city of Venice at rehabilitating its dilapidated system of canals using this plan.



Dr. Donald Shoup

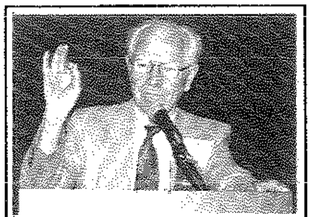
Special assessment districts allow for the collection of revenue for a specific project, from the properties that will be enhanced by it. In the case of Venice, many properties along the old canals had been allowed to deteriorate; assessments since 1978 had been very low. For the

Georgists of the year! Nic Tideman, Tanya Chistyakova, Tamara Roskoshnaya, Steven Cord and Ted Gwartney - presented by Evelyn Friend-Loomis

canal renovations, properties in the district were charged an average of $7000 each. Deferments were given to low-income properties - which effectively amounted to loans against subsequent increases in the properties' value. New construction was stimulated, because of the increased land values that would come from the public improvement.

Other conferees noted various equity problems with this approach. For one thing, many of the residents of the dilapidated properties along the Venice canals were renters. Owners of those properties became able to increase their rents without making any investment except the all-but-guaranteed loan from the city. Furthermore, the special assessment gambit really does not adequately address the issue of local control - because those who benefit from the public improvements are not likely to be those who are most in need of better public services.

All of the panelists agreed that the incentive structure that Prop. 13 has created is profoundly anti-growth. "New construction doesn't pay its way in services," explained California Tax Reform Assn. Director Lenny Goldberg, "unless a house is worth $350,000 or more." Commercial properties, which tend not to be sold very often, do not pay their infrastructure cost except through fees levied over and above the property tax - fees which require a two-thirds vote to enact. All of these facts add up to an economy in which new construction must cater to the priciest market possible - and the pie is shrinking fast.



Senator Albert Rodda

Last year's Los Angeles riots brought to the public's attention some distinctive features of the L.A. police department. Patrolling the city in Vietnam-style helicopters, the L.A.P.D. was shown to be the highest-tech, most remote force in the nation. That is explained by the fact that Los Angeles has by far the lowest ratio of police officers to citizens of any major U.S. city. It gets clearer all the time that public services in California simply lack any semblance of a proper funding base. And, in the mid-90s, there is one more compelling reason to worry about the California economy: military and aerospace industries, which have played a large role in the state's prosperity for the last thirty years, are being cut back.

Many have thought that the fiscal chaos and inequity wrought by the tax revolt means that Prop. 13 is ultimately doomed. The 1985 *Chronicle* article quoted Marin County Assessor James Del Bon: "I think in five or ten years the number of property owners paying on the high end will outnumber those on the low end. That will be enough to force a change."

Senator Rodda is still pushing for a sane and equitable property tax in California, along with a strong team of California Georgists in San Francisco, Sacramento, Los Angeles and San Diego. The potential is enormous, but the obstacles are gigantic - a fact which prompted Senator Rodda to characterize LVT in California today as "an almost insurmountable opportunity."

Peace and Georgist Progress in the Pacific Northwest

by George Collins

Every Fourth of July weekend for more than thirty years a group of active, committed advocates for peace meet at Seabeck, a rustic conference center in an idyllic setting on Hood Canal in Washington's Puget Sound. This year, a strong Georgist element was added to the annual conference of the Fellowship of Reconciliation (FOR), held on July 2nd - 5th. Its title was "Building Social and Economic Justice for All: An Agenda for the 21st Century."

Founded in 1915, the FOR was described by a member at the Sunday morning Interfaith Service - in a tranquil, natural chapel formed by a clearing among the majestic trees - as the oldest peace organization, after the Quakers. It has survived with a vitality that could bring some 250 members to a conference of reconciliation on a weekend when other Americans are busy celebrating with parades and cookouts. The reason was clearly shown by the title and topics of this program to be an unswerving commitment to the sovereignty of peace with social justice as her handmaiden. Mattie Jones, one of the three theme speakers, put it as well as any FOR member could. She related telling her granddaughter that she could not spend this holiday with her because she loved her so very much that she had to be here with the other people who were working to protect her rights and freedom.

My four delightful days spent with this earnest group that knows how to play as well as plan was initiated by Eugene and Pat Levin. They are leaders of the Washington State Georgist Association and members of FOR. Their recommendation, that a Georgist deliver the keynote address, was accepted and I was invited. The Levins' approach showed how Georgists can effectively deliver their message to people with whom they share deeply felt concerns - and serve with sincerity the interests of the group. *(continued lower right)*

George Collins, Meta Heller, Eugene and Pat Levin

#13. A Resolution Requesting the Legislature to Initiate a Study of a Two-Tiered Property Tax System in Urban Areas

WHEREAS, *Due to past federal and state policies favoring the automobile and suburbanization, cities for decades have been severely challenged to retain healthy downtown cores where people can live, work and find entertainment and recreation; and*

WHEREAS, *Rational land use policies would combat urban sprawl, reduce costs of providing public services, and preserve vital natural resources including clean air, pure water supplies, open space, farms and forest lands; and*

WHEREAS, *Washington's growth management legislation directs our fast-growing regions to engage in progressive land use and transportation planning; and*

WHEREAS, *Revitalization of our downtowns for multiples uses, including residential, would contribute directly to the goals of State growth management policies; and*

WHEREAS, *High downtown land costs will continue to impede this goal; and*

WHEREAS, *A two-tier property tax system applied in limited areas at local option has apparently contributed to downtown revitalization in other cities and states, most notably in Pittsburgh, Pennsylvania;*

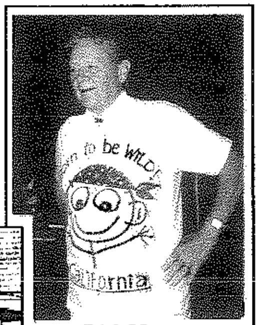
NOW THEREFORE, BE IT RESOLVED, *The Association of Washington Cities calls upon the Washington State Legislature to commission an objective study of two-tier property tax systems, their application in other states, their advantages and disadvantages, and the process of implementation is Washington State is such a system is determined to be useful in carrying out the goals that have been recognized by the Legislature; and*

BE IT FURTHER RESOLVED, *That such study shall also examine other strategies that may be used by cities and towns to encourage residential development in downtown areas.*

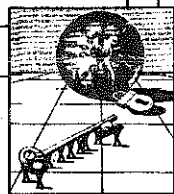
Changing The Course Of History: Snaps of Conference '93

Cathe Smeland, John Burger, & Drew Harris

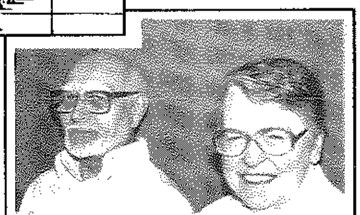
Alanna Hartzok



Dick Noyes



Clay Berling



Sam & Dorothy Venturella

Mattie Jones keynoted the issue of "Women's Struggle," and Patricia Keays linked the "Elements of Justice and Sustainability." My topic, "Economic Imperatives for Prosperity and Justice," placed before the group the indispensable requirement of the collection of land rent for public revenue and the elimination of taxes on wages and interest. In three workshops on LVT, Eugene Levin and I coached groups who were eager to understand the economic roots of the pervasive conditions that underlie the suffering of Bosnian combatants, California grape pickers and urban youths alike.

Insights were gained, lessons learned - but given the vitality and commitment of this group, there can be little doubt that actions will be taken. Eugene and Pat Levin have primed a group for the Washington State Georgists, under the leadership of Hamlet Hilpert, to nurture.

The Georgists of the Pacific Northwest have been busy on other fronts as well. On the day that I arrived in Seattle, Meta Heller, the prime mover of land tax issues in the State Capital, Olympia, reported the adoption by the Washington State Council of Cities of a resolution to study land value taxation, drafted by Councilman Mark Foutch and passed by the Olympia City Council.

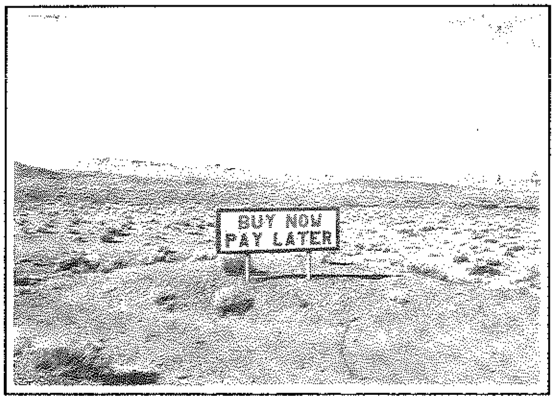
Meta brought together twenty-five people including Olympia City Council member Holly Gadbaw, officials from the city of Tumwater and other finance officials to hear me speak at a lunchtime session on July 7th. The meeting was widely promoted in listings in the *Sunday Olympian* and in *Works in Progress*, the newspaper of the Rainbow Coalition, in which Marvin Saillard writes a regular column on Georgist economics. The response to my *(continued on back page)*

AMSTERDAM...

(continued from front page)

have been aggressive in getting lower total assessments. Because little attention had been paid to land before, these reductions tended to be lopped off of the improvements' share - leaving a disproportionately high land assessment. By carefully smoothing out these and other assessment anomalies, Hartheimer hopes to avoid the kind of controversies that have led two cities in Pennsylvania to discontinue the two-rate system, even as others move to adopt it.

Will other New York towns jump on the two-rate bandwagon? Although, in Hartheimer's words, "A city must be in desperate straits" before it will seriously consider it, no other revenue-raiser has yet been proposed that consistently increases development - which is precisely what towns like Amsterdam need.



Progress & Poverty in Brazil

Brazilian sociologist Herbert José de Souza points out that while Brazil is proud of becoming the world's 3rd largest food exporter during the 80s, the number of Brazilians who live with hunger grew from 25 to 35 million during that time. "Looking at [our] human and natural resources, I have never found any scientific reason why we cannot feed our 50 million people. The problem is that Brazilian elites don't see the poor. It's a problem of negation of other people."

Brazil's distribution of wealth is among the most inequitable in the world. Although mean per capita income is $2,920 a year, 41% of the population live on less than $730 a year. Brazil's President, Itamar Franco, is cooperating with Mr. de Souza's anti-hunger project. In a recent speech, he quoted Josue de Castro, a social critic from 50 years ago: "Brazil has a population of insomniacs: those who can't sleep because they are hungry, and those who stay awake out of fear of those who have nothing to eat."

- *New York Times*, May 16, 1993 (thanks to Evelyn Samuels)

TEACHERS' CORNER

As students of the Henry George School and Institute know, our basic courses include lesson supplements which connect Henry George's analysis with present-day concerns. They present current statistics on issues such as population, urban sprawl and wealth concentration, relating George's ideas to subsequent economic theories and modern issues such as the ownership of broadcast rights. One issue, however, to which Henry George's remedy is very relevant - the environment - had never been addressed in the course materials. This year, Bob Clancy of the Henry George Institute - with some input from your editor - has included the following statement in the final lesson of Applied Economics.)

There has been much concern over the environment - pollution of land, air and water, industrial wastes, overdevelopment, destruction of nature.

Much of the problem has been due to our system which permits land monopoly and land speculation. As a community grows, large areas are acquired for speculation. This results in "leap-frog" development, with people moving further out to find affordable land. Thus all the facilities needed for a growing population are stretched out and made more expensive - transportation, utilities, water supply, garbage disposal, markets and other requirements.

If this condition were corrected, people and industries could move out from the centers of population at a more normal pace, thus making unnecessary the waste and expense, and a premature invasion of nature.

Land value taxation would make this condition possible, as people could then acquire sites closer to the centers more cheaply. Furthermore, as George suggests in his chapter on "City and Country," people could enjoy both the advantages of urban culture as well as proximity to nature, instead of, as now, either being crowded in the city or settled so far away that urban amenities are not conveniently available.

The environmental problem is exacerbated where land monopoly is at its worst. In Brazil, the destruction of the rain forest is deplored. People crowded in urban slums go to farm these areas, not well suited for agriculture, because prime agricultural land is owned by a few *latifundistas*. An application of land value taxation would improve this situation. Better land would become available without having to resort to the rain forest.

We also find that in African countries whole communities of people are forced by the dominant ruling cliques onto poor land not suitable for habitation. The plight of the disinherited people is often attributed to overpopulation or overuse of land, but the real cause is land monopoly.

Often, measures advanced by environmentalists to improve the situation would require much regulation and restriction of individual liberty, along with a degree of monitoring that would become increasingly difficult to attain. Under land value taxation, and relief from other taxes, good environmental standards would be easier to achieve. A greater sense of community and voluntary observance could be relied on, instead of increasing regulations imposed by government.

Environmentalists are deeply concerned about the consequences of reliance upon fossil fuels, and hope to shift to renewable, less-polluting energy sources as soon as may be. Land value taxation would provide a significant incentive shift in this direction. At the current state of technology, resources such as solar power are not yet cost-competitive with fossil fuels. However, the energy industry receives various indirect subsidies, and the techniques for utilizing coal and oil have been refined for over a hundred years. A major cause of this has been that while people can own the potential energy resources themselves, in the ground, it is not possible to own the sun. Profits from oil and coal come from land and capital, whereas profits from various forms of solar energy come almost exclusively from capital. A tax system that collected ground rent, and removed the tax burden from labor and capital, would make solar energy more competitive with entrenched - but environmentally destructive - fossil fuels.

Environmentalists need to learn the remedy of the single tax on land values as a way to improve the environment.

There was an economist who planned
To live without access to land
He would have succeeded
But found that he needed
Food, shelter and someplace to stand

(thanks to Irene Hickman)

Russia: Henry George is Back!...

(continued from front page)

collection of the rental value of land for taxes on labor and capital. Yeltsin has read the initial request and asked Norkin and the Moscow City Council to prepare a more detailed plan and proposal.

The President of the Henry George Association of Moscow, Andrei Pavlov, arranged for a Russian translation of *Progress and Poverty* to be reprinted, with financial support from the Henry George Foundation of America. He now has reached an agreement with a printer to publish three books - a new edition of *Progress and Poverty, Protection or Free Trade*, and a collection of Henry George's speeches - at very favorable prices. The Henry George Foundation has agreed to finance the new edition of *Progress and Poverty;* the search is on for the funding to publish the other titles. A regular newsletter and another booklet like *Tribute, Duty, Tax* are planned.

The Henry George Association of Moscow is also working on arrangements with Moscow University for a conference in December that would introduce dozens of Russian economists to the Georgist proposal.

Moscow film maker Radi Kushnerovich is planning a series of TV films on the importance of efficient and just principles of public revenue. A Russian TV station has agreed to let him use a studio in exchange for the right to air the film.


Radi Kushnerovich

Radi has also been collaborating with Shamil Yakupov from Kazan in promoting social collection of the rental value of land in the autonomous Russian Republic of Tatarstan.

In St. Petersburg, the capital of Russia between the time of Peter the Great and the Bolshevik revolution, there is a private consulting firm called *Ekograd* (that is, "ecological city") which is run by two women, Tamara Chistyakova and Tatyana Roskoshnaya, who came to understand the virtue of Georgist reform as a result of my first visit there in 1990. With help from Fred Harrison of London, they organized a conference in April at which representatives from 98 Russian cities decided to organize an experiment in which they would replace taxes on labor and capital with social collection of the rental value of land. They are hoping to receive permission from the Russian Supreme Council to go ahead with that experiment. *Ekograd* and Fred Harrison plan another conference in October, at which a major effort will be made to extend the political support for their efforts.

Ekograd is on the verge of signing a consulting contract with the Russian Committee for Architecture, Town Planning and Construction - a Committee with status equivalent to that of a Ministry - to prepare reports, with help from Fred Harrison, Ted Gwartney, myself, and other Western experts, on such topics as a methodology for administrative decisions, and the rights and responsibilities of the users of land.

Ted Gwartney, Director of Appraisals for the Bank of America, held a special tutorial on assessment in St. Petersburg, for representatives of fifteen cities that want to start collecting the rental value of land.

Novgorod, a city of about 200,000 between Moscow and St. Petersburg, is the oldest capital city in Russia and widely respected. After learning from *Ekograd* about the importance of Georgist land reform, Novgorod officials examined Russian laws for a way to press quickly in this direction - and discovered that, while Russian laws severely limit assessments on privatized land, there is no such limit on lease payments for urban land. With broad support from the Novgorod business community, officials there have decided to forego the government's program of taxes on incomes, profits and sales, and replace that revenue by leasing land for its full rental value, which will be adjusted for inflation and reestimated frequently.

Are things really going so well? Why is such wonderful progress possible?

Many Russians strongly support the idea that individuals should not own land, because private ownership alienates what ought to be the common heritage of all generations of Russians. On the other hand, many others say that freedom and economic growth can only come about through a system that turns land over to individuals to use as the market dictates. Russians who are familiar with Henry George's ideas realize that these two perspectives can be harmonized, either by a system of private possession or by a system of leases - as long as those who have land are required to pay its full rental value. They can then use the land as they wish provided that others are not harmed, and can transfer it to whom they wish on whatever terms are agreed. Henry George's ideas have the potential to resolve a great controversy over land relations that exists in Russia today - and that is why they are making such rapid progress there.


Tatyana Roshkoshnaya & Tamara Chistyakova, founders of Ekograd

Ekograd Founders Study Land Economics with U.S. Experts

On the week of July 12th, Tamara Chistyakova and Tatyana Roskoshnaya, the founders of the *Ekograd* research institute in St. Petersburg, spent a whirlwind week gathering data, expertise and good connections in New York, Washington, DC and finally at the Los Angeles Conference. The St. Petersburg School of Urbanism, of which Ms. Chistyakova is Director and Ms. Roskoshnaya is Head of Research and Coordination, was established to teach Georgist economics and to conduct research in land assessment and taxation. After working in their city with such visitors as Nic Tideman, Ted Gwartney and Steve Cord, they determined that their visit to the U.S. should be used to gain as much knowledge of economic options and analysis as possible.

They had a packed itinerary on the New York leg of their trip. On July 13th they toured the United Nations with Pat Aller in the morning, and spent the afternoon consulting at the New York HGS with a group of diverse Georgist-leaning group of economists, chosen to provide the most relevant and useful range of specialties and professional experiences to aid in the critical decisions that Russia and St. Petersburg must face. It included Professors Michael Hudson (economic historian and debt specialist), William Vickrey (policy analyst specializing in market-oriented public revenue sources) Stephen Sussna (urban planner and lawyer), and C. Lowell Harriss (author of many works on free trade and land economics), as well as Dr. Oscar Johannsen (Schalkenbach Foundation Director; money & banking expert), Dr. Cay Hehner (HGS faculty member) and Drew Harris (management consultant).

The following morning, Tamara and Tatyana visited City Hall and discussed the nuts and bolts of land valuation with New York Deputy Assessor Douglas Layne. They also met with the General Counsel for historical preservation, gaining insights on how best to preserve the architectural treasures of St. Petersburg. (continued on back page)

Letters to the HGN...

(Continued from page two)

economy," who had been in France, knew and admired the Physiocrats and derived many of his ideas from them. Others in Britain were Thomas Spence and William Ogilve.

Both Thomas Jefferson and Benjamin Franklin had been in France and knew the Physiocrats, notably Pierre Samuel du Pont. Thomas Paine should also be mentioned; he wrote *Agrarian Justice.*

The influence also extended to South America. The first president of the Republic of Argentina was Bernardino Rivadavia, a Physiocrat, who introduced a land tax during his regime. Alas, it was abolished soon afterwards.

The Georgist philosophy has a long and distinguished heritage and the Physiocrats are among our brightest constellations!

- Bob Clancy (president, Henry George Institute)

Dear Lindy:

Congrats on another meaty issue of *HGN.* You are by way of restoring it to a position of intellectual leadership in the movement. Michael Hudson seems like a real find.... There is a big niche into which you can expand; a big need to fill....

Interesting that in one issue, on two subjects, your reporters brought out the same point (perhaps inadventently?): that the exemption of movable (personal) property, while buildings remain taxable, is not such a great thing. In Philly it is oil tanks and fixtures, In Manhattan, ramps for stacking parked cars. Preferential partial exemption of capital from taxation may hurt as much as it helps, by biasing investors into the exempt forms. In farming, it sure favors the big cattlemen! I suspect that you will find that movable property is more concentrated in ownership than fixed, which includes small homes. Soon it may be said the wheel is the greatest invention because it converts real property into personal property, tax-exempt.

- Mason Gaffney (Professor of Economics, Univ. of California at Riverside)

Peace and Progress...

(continued from page five)

presentation was extremely positive.There is good reason to believe that the proposal has support in the legislature - but much work is needed to turn that support into approval.

Back in Seattle, yet another group was assembled for me to address, this time at the Levins' home. Among the guests were members of the city administration, as well as several people who were at the Seabeck conference. A Nobel Laureate in medicine and a specialist in the oil industry all contributed to making this tour a special episode in my Georgist endeavors and evidence of another significant development in the movement toward economic justice.

Autumn in New York...

Basic Courses

Fundamental Economics
Monday, Mr. Irving Kass - 5:30 - 7:30
Tues., Ms. Vandana Chak - 6:30 - 8:30
Weds., Ms. Pia DeSilva - 6:00 - 8:00
Thurs., Dr. Cay Hehner - 6:00 - 8:00

Progress and Poverty (in Spanish)
Mon., Mr. Nibaldo Aguilera - 6:30 - 8:30
Thurs., Mr. Nibaldo Aguilera - 6:00 - 8:00

Understanding Economics
Weds., Mr. Lindy Davies - 12:30 - 1:30

Advanced Courses

Applied Economics
Weds., Mr. Sydney Mayers - 6:00 - 8:00

Economic Science
Tues., Mr. George Collins - 6:30 - 8:30
Wednesday, Mr. Manuel Felix (in Spanish) - 6:00 - 8:00

Great Decisions '93
Thursday, Mr. Erik Baard - 6:30 - 8:30

Money & Banking
Weds., Richard Barbuto, Esq. - 6:00 - 8:00

Current Events
Monday, Mr. William Brown - 6:30 - 8:30
Tues., Mr. Lindy Davies - 12:30 - 1:30

Classical Analysis I
Thurs., Mr. George Collins - 6:30 - 8:30

Friday Evening Forums

Land in the Movies
Sept. 17th - *The Last of the Mohicans* - Discussion with School Director George Collins will follow the film - 7:00 - 10:00

Poetry Tonight
Oct. 22nd - William Brown, David Domke, Doris Howard, Rhoda Marilyn Lippel, Eddy Sokoloff - Five very different contemporary poets share a spectrum of works, from the sublime to da riddikulus - 7:00 - 9:00

The Income Tax & You
Dec. 3rd - Fred Kahn, C.P.A. - What to do before December 31st to hold down your 1993 tax liability - 7:00 - 9:00

Saturday Seminars

To Your Very Good Health
Oct. 2nd - Prof. William Vickrey - An informed discussion of the dangers and opportunities of the coming national health care reforms - 1:00 - 3:00

Learn, Act, Dance, Sing...A Story!
Oct. 16th - Oretha & Renata Cantore - A celebration of African lore, with tales, songs, puppets, and dolls - 1:00 - 4:00

Land: Its Highest & Best Use
Nov. 6th - Prof. Stephen Sussna - An accomplished city planner explains the mysteries of urban land use - 1:00 - 3:00

Ekograd Founders... *(from page seven)*

The visit was not all business, though - on the evening of the 14th, students, trustees and friends of the HGS gathered for a convivial reception, at which Ms. Chistyakova and Ms. Roskoshnaya discussed their progress and assessed the huge work they had yet to do. Further discussions and tasty treats were shared by all.

Then, after a University Club luncheon with Prof. Lowell Harriss, they ran to catch a train for Columbia, Maryland and further consultations with Dr. Cord, before heading for California!

When the L.A. Conference was done, they traveled to British Columbia, to meet with Olaf Klasen and his team of land assessors. Then, back to the big Apple, where Residential land value mapping was demonstrated by Research Director Jack Eichenbaum, at the assessor's office. Finally, with a suitcase full of data and huge challenges ahead, they flew off back to St. Petersburg.

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