

Henry George News

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May - June, 1996

Two-Rate Property Tax Reform: First the Good News:

Allentown Moves Forward

The citizens of Allentown, a city of 106,000 in eastern Pennsylvania (which, incidentally, Billy Joel immortalized as the model of a depressed steel town in the mid-80s pop song of the same name), voted in a new home-rule charter, making a shift to higher land taxes and lower building taxes permanent in the city.

According to Dr. Steve Cord, President of the Henry George Foundation, the main reason why Allentown's voters overwhelmingly approved the charter was that it saved them tax money, and the main reason why it does that is its LVT provision. The charter mandates a phased-in shift from building taxes to land taxes over a number of years. In time, Cord suggests, Allentown could well become the first US city to collect all its municipal revenue from land values.

Amsterdam Goes Back

by Joshua Vincent

This past April, the newly installed council and mayor of Amsterdam, the first two-rate town in New York State, decided to make their mark on city life by increasing taxes for 68% of residential properties in that struggling city; yes, an LVT rescison.

A confluence of bad luck and ignorance led to this setback. In place one year, the infant LVT system — a (continued on page three)

McConnell Brings Message of Hope

John McConnell, the founder of Earth Day, presented his vision of hope at a seminar on Saturday, May 5th at the New York HGS. Mr. McConnell, who has traveled the world for over fifty years promoting global citizenship and one-world consciousness, made it clear that the "big picture" is his main concern: "We live in a world that is on the one hand chaos and confusion, on the other, wonderful



John McConnell and Lee Weisman

new ideas. If the more enlightened people could work to bring these ideas to fruition, we could seed civilization's redemption."

Guitarist Lee Weisman provided peaceful, meditative interludes, setting the tone for McConnell's soaring

ideals. Weisman and McConnell have collaborated since they appeared in Vienna to ring the new world peace bell on the 25th anniversary of Earth Day in 1995. For many years, McConnell has been lobbying the world's governments to realize his vision of the "Star of Hope," a satellite carrying a powerful beacon, whose only mission would be to use the symbolism of the space age to remind people of their stake in the future of the Earth. It was the launch of Sputnik in 1957, McConnell said, and the tremendous surge of nationalistic fervor that it engendered, that first made him "think globally." People all over the world strained to glimpse the Soviet satellite. "What if we were to create a satellite," McConnell thought, "visible (continued on page three)

Tom Paine



& Henry George

The Henry George School and the Freethought Society are joining in a special celebration of the life and work of Thomas Paine — and the connection between Paine's intellectual contributions and the thought of Henry George. Coordinated events will be held in Philadelphia, New York, Chicago and Southern California. A new edition of Paine's 1786 pamphlet, "Dissertation of Government; the Affairs of the Bank; and Paper Money" will be published by the Henry George School of Philadelphia on a grant by the Schalkenbach Foundation, with a new historical introduction by HGS Board Member Ed Dodson, whose research and writing on Paine has led to this collaboration.

On Saturday, June 1st, Ed Dodson will present a lecture on "Thomas Paine: Architect of Cooperative Individualism" at the Henry George Birthplace in Philadelphia, from 9:00 AM til noon. Then, there will be a video showing of the PBS production of actor Hans Petersen's one-man portrayal of Paine, followed by a discussion.

The official two-day Tom Paine celebration in Philadelphia will be held on June 8th and 9th. On Saturday, a lunch at the City Tavern on old Philadelphia will be followed by a live portrayal of Paine by Hans Petersen at Independence Hall. Afterward, a walking tour of "Paine's Philadelphia" will be conducted by Joseph Chauncey, a Paine scholar and park service representative. The live performance and walking tour will be repeated on Sunday. The new edition of Paine's government and banking pamphlet will be available at this event.

On Saturday, May 25th, Professor Jack Schwartzman will present a talk on Thomas Paine and Henry George at the New York HGS. Dr. Schwartzman, a widely-published scholar on the tradition of individualism, spoke on Paine and George at the 1995 CGO Conference in Chicago. The Petersen video will be shown then as well, with a discussion to follow.

A presentation on Paine and George, followed by a showing of the Petersen video, will also take place at the Henry George School in Chicago. In Southern California an essay contest on the subject will be held for high school students in the *Interstudent* program run by Harry Pollard and Bret Barker. And, in this issue, we present a historical feature, "Tom Paine's Two Revolutions", on page four!

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Downsizing: Our Clumsy Pursuit of Efficiency

by Lindy Davies

Over the last twenty years or so the United States economy has undergone a gigantic restructuring, and something seems to have gotten out of hand. The "turbulent energies of the new capitalism," (as *Harper's* magazine puts it) are robbing the middle class of its security, and swelling the ranks of the working poor. The rich, of course, are better off; the top five per cent are gathering an ever-greater share of income and wealth. The only other group for whom things seem to be improving are those who can offer the high-tech (and highly fluid) skills called for in the "information economy." But many people are suddenly, unexpectedly, struggling. A *New York Times* series on "The Downsizing of America" tells many stories of the shock and surprise of middle-class Americans who thought themselves secure, well-integrated players in our economy, only to find themselves "downsized" — suddenly forced to compete in a frighteningly aggressive job market demanding skills that they never learned.

They are bewildered, for according to the experts, the economy is in recovery. The Clinton administration points proudly to strong job creation and low inflation. Although 43 million jobs were lost in the US since 1979, according to the *Times* series, more were created; the overall number of jobs increased from 90 million in 1979 to 117 million in 1995, and unemployment is lower than it has been in a decade. People who are laid off find other jobs fairly quickly. The problem is that the jobs they find pay less. As of 1994, median pay of newly-hired workers was \$260 less per month than the jobs they lost.

These tough days for workers are coming at a time of very strong corporate profits, a galloping stock market and unprecedented increases in pay for top executives. Has the era of the Robber Barons returned? "Competitiveness" has been the corporate battle cry since the 80s; we have been told that downsizing is nothing more than medicine we need to stay strong. Corporations must be lean and mean, nimble enough to respond to quick changes in the marketplace.

If, for example, China will order a bunch of Boeing jets only if Boeing will commit to producing a large portion of their planes' components in China, well — we can't afford to be sentimental about \$20/hour assembly jobs in Seattle. The Chinese could order their jets from Airbus; then we'd be worse off. Or if, say, telephone consumers get no worse service after NyNex and Bell Atlantic lay off eight to ten thousand employees made redundant by their merger, well — shareholders get better value, investment increases, and that's prosperity, is it not?

Since World War II there has been an unwritten rule in the United States that a prosperous corporation should provide stability and security for its employees. The employee's role in a company was seen as a long-term one; being "fired" was seen as an unusual breaking of that bond, brought about by gross incompetence or dishonesty. But in the 1980s, that started to change. Tax cuts, banking deregulation and a real-estate boom resulted in a lot of ready credit for "venture capital," and a wave of corporate takeovers and mergers began. Managers who failed to aggressively cut operating costs were vulnerable to takeovers by raiders whose only loyalty was to shareholder value. Those shareholders (including ordinary people with pensions or shares in mutual funds) have been rewarded mightily. The value of the stock market has tripled in real terms since 1976. But wages have fallen, and hordes of "downsized" create a permanent state of job-market jitters.

The debate over what to do about all this is cast in the standard format of tension between all-out, cut-throat efficiency and a kinder, gentler long-term (continued on page six)



Earth Day Founder Brings Hopeful Message

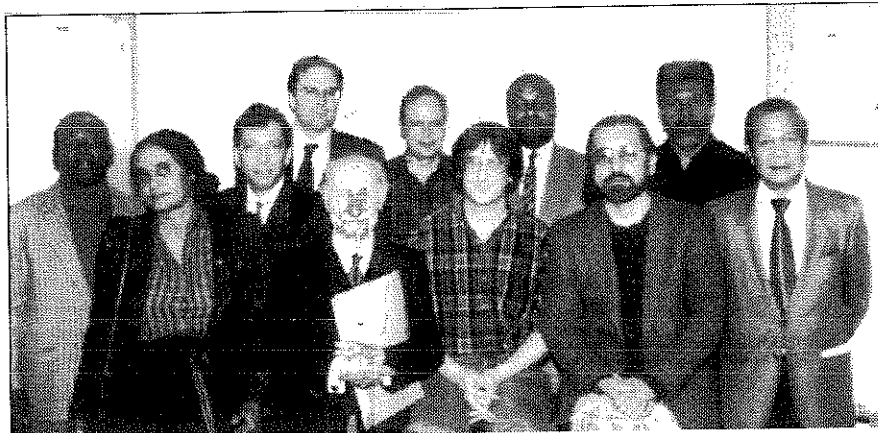
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to all, that would be universally understood to be a symbol of understanding and good will." At the time he was a newspaper publisher in North Carolina, but the editorial he wrote on the subject touched a national nerve, and it led to wide publication and a series of TV appearances.

That is what started John McConnell on the path that led in 1970 to the declaration of the Spring Equinox as "Earth Day" — and the subsequent adoption of the holiday by many countries, and the United Nations. McConnell is unconcerned with those who call his proposals impractical. "What is desperately needed today," he declared, "is a vision of what truly is possible — we need people to open their eyes to the possibilities because we've been overwhelmed by the problems."

The economic component of McConnell's one-world vision has a great deal to do with Henry George, whose *Progress and Poverty* he read back in 1960, and whose vision cemented his commitment to a global vision. "Every individual, according to George, has an equal claim to the natural planet. The moment we see this, we can do away with welfare and give back to the poor their natural inheritance."

These values — that every person has both a right to the earth's resources and a responsibility to care for them — are set forth in a document that McConnell calls the



The current and future faculty at the New York HGS gathered for a faculty meeting/seminar on April 12th, and took turns taking on a selection of "tough questions." Left to right: Gabriel Luis, Fryda Ossias, John Alexander, Billy Fitzgerald, Sydney Mayers, Vesa Nelson, Lindy Davies, Alixan DuCreay, Nibaldo Aguilera, George DeShields, Manuel Valdehuesa, and George Collins behind the camera. Fitzgerald and DuCreay are new faculty members; Luis, DeShields and Valdehuesa are in the teacher training program.

"Earth Magna Carta," which is available on the internet — in which "we now have a new possibility of communicating from small groups to large groups," McConnell said. "We are the trustees of the Earth, and this powerful new global medium has emerged at the very time we most need it to fulfill our responsibilities as earth citizens." If we use it — and other technological wonders — to their full potential for good, McConnell said, there is nothing to stop us from realizing the vision of a harmonious world community. (Visit the Earth Trustee World-Wide-Web Page at <http://www.earthsite.org>)

Amsterdam Goes Back...

(continued from front page)

proven tool for municipal rejuvenation and development — had little time to take root in the city's political culture. Two of Amsterdam's most enlightened leaders, Mayor Mario Villa and Councilor Dan Kielbasa, left office. They worked to maintain the two-rate; as did a dedicated group of New York Georgists, but to no avail. We must also salute the efforts of Washington, Pennsylvania Mayor Anthony Spessey, who contacted Amsterdam's new mayor and tried to warn his colleague about the pitfalls of abandoning the two-rate property tax.

The vote was 3 to 2. It is expected (from this quarter) that those who voted to rescind will get the blame for the higher tax bills that will be sent out on July 1st. We take little comfort in forecasting future brouhahas, however.

We are saddened that the 15 biggest employers of Amsterdam (including Hasbro and John Menzel Fiberglass — with around 900 employees) pay more.

We are angered that those who will benefit from the LVT recision are the usual suspects: Francis Sanzone, who employs nobody, will save \$3,026. The Doris Carey Estate, who employs nobody, will save \$2,270.

There is one consolation. Amsterdam will get to maintain the handsome rodent habitats that these vacant lots supply. Think about how much the kids will learn about their furry friends next door!

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Rappaport is Not Philly's Only Rappaporter!

Sam Rappaport, who died two years ago, was Philadelphia's most infamous land speculator. His practice of buying, holding, and then calling for lower property taxes on buildings he had let run down, is now known in Philadelphia as "Rappaporting." A recent *Philadelphia Inquirer* article reported on Rappaport's legacy, and HGS Executive Director George Collins submitted this in reply:

Your front page story, "Rappaport Left Center City a Lasting Legacy of Blight" is another long rap on Rappaport and I am beginning to question the fair-ness of it. It is true that Sam Rappaport played the real estate game to the hilt and became the quintessential land speculator in Philadelphia. But he certainly wasn't the only player at the table and his successor to the title must still be in the game.

Rappaport can remain forever our whipping boy for all the stagnation, decrepitude and disfigurement of the city without anything ever changing. It would be far better for observers to look behind the destructive results of his perfectly reasonable practice, given the nature of the system, and face the fact that built-in disincentives are responsible for making what was good for Sam Rappaport

bad for the City.

If and when the Rappaport estate ... finds a buyer who will restore the Victory Building and other eyesores, bringing beauty, employment and economic resurgence to those areas, the law requires that the City increase the assessments based on the value of the new improvements, threatening the viability of the undertakings from the start with higher taxes. That is what property owners who make productive use of their land contend with continually. They look for the best ways they can to succeed, despite the system. Rappaport found his best way....

How novel it would be if it became too expensive to hang on to those derelict properties, because the property tax emphasis was placed on all that was desirable, used or unused, in Center City ground....

Tom Paine's Two Revolutions

by David Domke

In *Agrarian Justice* Thomas Paine wrote "It is a position not to be controverted, that the earth, in its natural uncultivated state, was, and ever would continue to be, the common property of the human race. In that state every man would have been born to property... And as it is impossible to separate the improvement, made by cultivation of the earth itself, from the earth itself, upon which that improvement is made... it is the value of the improvement only, and not the earth itself, that is individual property. Every proprietor, therefore, of cultivated land, owes to the community a ground-rent, for I know no better term to express the idea by, for the land which he holds; and it is from this ground-rent that the fund proposed in this plan is to issue."

Paine was writing in the winter of 1795/96, during the last throes of his second revolution, this one French, and he was proposing to establish a fund to compensate those who had been dispossessed of "his or her natural inheritance, by the system of landed property." This fund would help to alleviate the plight of the poor, the lame and those laborers exploited by the payment of low wages by their employers — "if we examine the case minutely it will be found that the accumulation of personal property is, in many instances, the effect of paying too little for the labour that produced it; the consequence of which is, that the working hand perishes in old age, and that the employer abounds in affluence," he continued. At this time in France, political power was being wielded by what was known as the Directory, a committee of middle-class reactionaries who were attempting to consolidate the freedoms won during the Revolution and preserve them for their own class exclusively. What was to follow was to become known as the White Terror, a mass of executions that far exceeded any the Revolution had seen so far. Paine was desperately seeking a theoretical way out of an increasingly desperate situation. "It is not charity, but a right, not bounty but justice, that I am pleading for."

Paine's career during the French Revolution had been a checkered one. He had seen the American Revolution not as an isolated phenomenon, but as the beginning of worldwide revolt against monarchy and despotism. He claimed that the principles behind the American Revolution were "universal, and through which the lovers of all mankind are affected." His writings had been well received throughout enlightened Europe, *The Rights of Man* becoming a best seller in Paris. Paine saw himself not as a citizen of England or America but as a "world citizen" and itinerant revolutionary, ever ready to spread the gospel of human rights and communal responsibility. "I am contending for the rights of the living," Paine had written in *The Rights of Man*, "and against their being willed away, and controlled and contracted for by the manuscript assumed authority of the dead." And it was not hereditary right, that 'assumed authority of the dead,' that kept society together, rather "the mutual dependence and reciprocal interest which man has upon man, and all parts of a civilized community upon each other.... No man is capable, without the aid of society, of supplying his own wants."

Hailed as a champion of liberty when he arrived in France in the autumn of 1790 (he was to be made an honorary French citizen in 1792), he came to find himself, during the course of the revolution, involved in factional disputes between the various contending revolutionary parties. Paine had been asked to join the newly created

Constitutional Convention, becoming a member of the nine member committee dedicated to both drawing up the constitution and disposing of the problem of the king, Louis XVI.

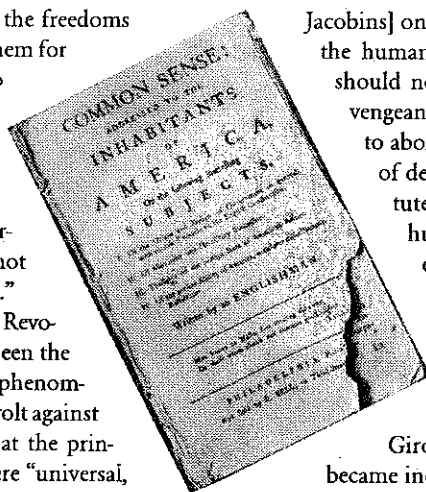
Paine had been associated with the Girondists (the moderate wing of revolutionaries). But he sided with the Jacobins (the Left wing) in calling for the trial of Louis XVI for his role in trying to bring about an invasion of foreign forces (Austria and Prussia) to overthrow the revolution. When the Jacobins called for the king's execution, however, Paine sided with the moderates. He did this, he said, for two reasons. The first was the invaluable help the king had given to the American revolution; the French should not allow "the tyrant of England the triumph of seeing the man perish on the scaffold who had aided much-beloved America to break her chains." The second reason: Paine did not want to give England an excuse to invade France. Paine wrote an address for the Convention, delivered by a translator, in which he opposed the execution, suggesting instead that the former king, now merely Louis Capet, be exiled to America. Jean-Paul Marat, one of the leaders of the Left, interrupted the address. Surely, Marat asserted, there must be a mistranslation; these could not be the sentiments of Tom Paine, the famed anti-monarchist. But these were Paine's sentiments. In his address to the Convention Paine wrote:

"It has already been proposed to abolish the penalty of death, and it is with infinite satisfaction that I recollect the humane and excellent oration pronounced by Robespierre [one leader of the Jacobins] on the subject... Monarchical governments have trained the human race to sanguinary punishments, but the people should not follow the examples of their oppressors in such vengeance. As France has been the first of European nations to abolish royalty, let her be the first to abolish the penalty of death, and to find a milder and more effectual substitute... my language has always been that of liberty and humanity and I know by experience that nothing so exalts a nation as the union of these two principals, under all circumstances."

Needless to say, Paine's argument was unpersuasive. He was not aware, however, that he was making the case which most Girondists (moderates) had been publicly afraid to make. The Girondists were rapidly losing power, as the revolution became increasingly more radical.

Paine was never fully aware of the vicissitudes of the French Revolution; he was not a politician, but a polemicist. He was a universalist, and as such was ill-equipped to move from theory to praxis, from the ethereal rhetoric of freedom to the mundane practicalities of politics. He failed to see that the Girondists sought to appropriate him as a public figure to serve their own class-ends. As Paine editor and biographer Philip S. Foner put it: "In England Paine was associated with the extreme Left, but in France his associates were already becoming the Right. The Girondists... represented the bourgeoisie of France who viewed the Revolution as their property to be used for their profit and interests. They did not believe in a truly democratic government, and were mainly concerned with keeping the Revolution in check so that the common people would not have too much of a voice in the affairs of state. Meanwhile, they were not averse to lining their own pockets through speculation, profiteering and sheer corruption."

Of course, there was also a fundamental difference between the two revolutions; the American was more on the lines of a corporate secession, with property owners seeking a corporate autonomy for



the thirteen colonies. The American Revolution's universalist ideology was, for the most part, merely the discursive practice of slave and property owners seeking a rhetoric of legitimation for spinning off what was becoming a very profitable enterprise from its parent company.

The French Revolution was a more advanced species; the French people were seeking to overthrow centuries of oppression and tyranny within their own country. It was also, in contrast to the American, a revolution from the ground up. At the same time, the French had to face the threat of a Europe-wide monarchical reaction; the invasions from other countries that ultimately led to the triumph of Napoleon. In the center of all this, the Girondists, who in the rapidly changing landscape of the revolution were quickly becoming counter-revolutionaries, were scrambling to consolidate a middle class hegemony. The Jacobins, on the other hand, wanted a permanent revolution, and despite the occasional extremes they went to, were the more truly universalist.

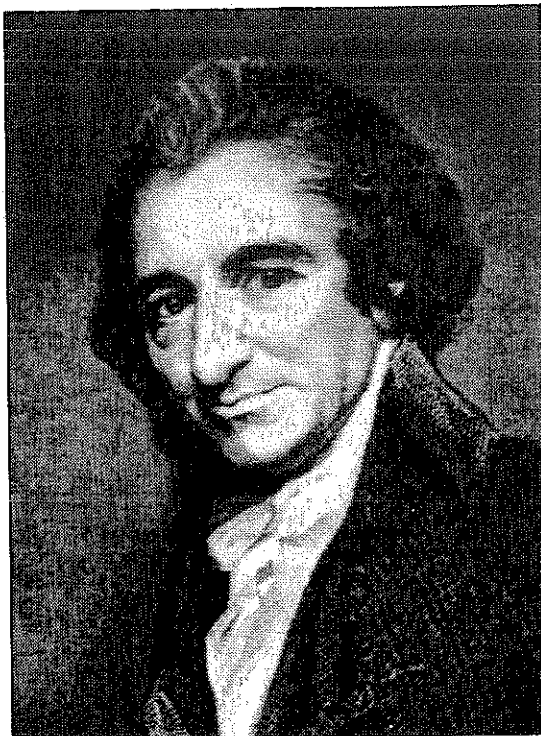
Tom Paine was becoming an unconscious and ultimately unwilling dupe of the forces of reaction. As Philip Foner put it: Paine "did not see that a dictatorship of the people was necessary to save France at a time when the reactionary forces in Europe were uniting with counter-revolutionary elements inside France to destroy the revolution... Paine does not appear to have understood much of what was taking place behind the scenes in France."

The Girondists were overthrown by the Jacobins and Paine began to withdraw from direct political activities. Events were moving too fast for even the most adroit political maneuverer, and Paine eventually withdrew from the Convention. The Reign of Terror was beginning and in the increasing paranoia of that time, he found himself being accused of spying for Britain. Jean-Paul Marat called upon the Convention to remember "all those faithless members who had betrayed their duties in trying to save a tyrant's life." Paine, beginning to fear for his own life, wrote a letter to Danton, the only Jacobin still on his side, and pleaded for "some regulation with respect to the spirit of denunciation that now prevails. If every individual is to indulge his private malignancy or his private ambition, to denounce at random and without any kind of proof, all confidence [in the revolution] will be destroyed. Calumny is a species of Treachery..."

He wrote also to his lifelong friend Thomas Jefferson: "Had this revolution been conducted consistently with its principles, there was a good prospect of extending liberty through the greatest part of Europe; but now I relinquish that hope." In another letter, to a friend back in England, Paine summed up his predicament: "My having voted and spoken extensively... had already fixed a mark upon me. Pen and ink [are] of no use to me; no good could be done by writing, and no printer dared to print; and whatever I might have written... would have been continually exposed to be examined, and tortured into any meaning that the rage of party might fix upon it." The French Revolution had been seen as the herald of a new day of liberty for English radicals, the Romantic poets Wordsworth and Coleridge being among its earliest champions. Wordsworth, who had been in

France during the early moments of the revolution, wrote "Bliss was it in that dawn to be alive." But now the revolution was beginning to eat its own; the guillotine, which was to claim Danton himself, was imposing its own inexorable law with the quickness of a camera shutter. On December 28, 1793 Tom Paine was arrested.

Paine attempted to assert his rights as an American citizen but Gouverneur Morris, American minister to France, hated both Paine



and his writings, and was no friend to the French Revolution. Morris told Robespierre that Paine had no right to proclaim himself an American. Most Paine biographers agree that were it not for Morris' interventions, Paine would have been quickly released from prison. But Paine remained in Luxembourg prison, which was then considered to be one large death row — most of the prisoners simply languishing there until the horse-driven cart arrived to carry them through the streets to face the guillotine. But Paine did not languish. He spent a large part of his time writing the second portion of *The Age of Reason*, his testament to rational religion. He wrote: "Deism teaches us, without the possibility of being deceived, all that is necessary or proper to be known. The Creation [itself] is the Bible of the Deist. He there reads, in the handwriting of the Creator himself, the certainty of His existence and the immutability of His power, and all other Bibles and Testaments are to him forgeries. The Creation we behold is the real and ever-existing word of God... it proclaims his power, it demonstrates his wisdom... the moral duty of man consists in imitating the moral goodness and beneficence of God, manifested in the Creation toward all his creatures... I believe in the equality of man, and I believe that religious duties consist in doing justice, loving mercy, and endeavoring to make our fellow-creatures happy."

Gouverneur Morris, intent on keeping Paine in prison, let it be known about that Paine was an atheist and a blasphemer (Morris had read Part One of *The Age of Reason*), spreading this rumour among the few remaining Americans left in Paris. He even wrote to Jefferson, saying: "Lest I should forget it, I must mention that Thomas Paine is in prison, where he amuses himself publishing a pamphlet against Jesus Christ." Of course, this was not true. Paine believed that Christ was "a virtuous and amiable man" and certainly agreed with his moral teachings. Paine had written: "The account of Jesus being the Son of God, and of his dying to please the wrath of God, and of salvation by that strange means are all fabulous inventions, dishonorable to the wisdom and power of the Almighty."

Paine endured prison for nearly a year. It is believed that he was saved from death by a sort of clerical error; a prison guard forgot to mark his door with a sign that would have sent him to his death the next day. He also came close to death due to an ulcerated left side, and he was certainly very close to death when finally released. James Monroe replaced Morris as U.S. Minister to France, after the overthrow of the Jacobins, and he won Paine his freedom, on November 4, 1794, through speedy diplomatic maneuvering. For the next ten months Paine lingered between life and death. Monroe wrote: [His] systems have become worse and the (continued on back page)

Downsizing...

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stability: these things are seen as a trade-off. That is the subtext of a provocative forum in the May '96 issue of *Harper's*. The virtues of so-called "turbocharged capitalism" are touted by Albert Dunlap, "Chainsaw Al," who has been involved in the restructuring of eight companies, and George Gilder, author of the 1981 book *Wealth and Poverty*, called "the bible of the Reagan revolution." According to Dunlap, "The responsibility of a CEO is to deliver shareholder value. Period." (Certainly companies are willing to handsomely reward CEOs who do — some 750% more than similar executives make in Japan.) For his part, Gilder holds that "it's demonstrable that over the last twenty-five years or so, corporations created by junk bonds and by corporate restructuring have been the most important contributors to the steadily expanding standard of living... and prospects of the American people."

Gilder cites a wealth of statistics: "Between 1976 and 1993, US corporations did 42,621 merger and acquisition deals worth about \$3.1 trillion.... and the result was \$899 billion in shareholder gains and the creation of whole new industries... and the huge affluence of the American economy that certain economists seem to have completely missed in their preoccupation with wage data, which happens to be the only series of data that is going down." Declining wages, in his view, is a minor distraction. Instead of applauding "a phenomenal, amazing feat of job creation that is the envy of the world..." commentators "obsess over the one piece of data [wages] that misses all the major changes in the economy."

George Gilder's own statistics provide a glimpse of the real wealth distribution trends. While the stock market was tripling in value, "the median wealth of American households about doubled, from \$24,000 to \$48,000 in real terms. Per capita personal income went up by almost a third." Why has the stock market gone up by 300%, and personal wealth by 100%, while personal income has risen only a third (and not even in real terms)? The buying power of the minimum wage has fallen by 40% since 1968. Why has wealth doubled? Remember that a great many Americans are homeowners. The appreciation of their real estate is reflected in the personal wealth figure; home mortgage payments are the only significant

personal saving done by the great majority of Americans.

What the "turbulent energies of the new capitalism" have wrought, according to labor economist Ronald Blackwell, is "a redistribution of income... from people who work to people who own."

Indeed, that result that will seem familiar to readers of Henry George. He claimed that this process of redistribution from wealth-producers to rent-collectors is the force of social decay that will ultimately, if left unchecked, bring about the decline of civilization. Critics of George, in fact, have pointed

What the "turbulent energies of the new capitalism" have wrought is "a redistribution of income from people who work to people who own."

to a steady increase of real wages in the United States as a refutation of George's theory. Now, though, postwar prosperity seems to have been merely a temporary check in the march of "progress and poverty." This dawning awareness led David Gergen to quote Henry George's comment about our nation becoming divided into "a house of have and a house of want" — but without endorsing, alas, or even mentioning George's remedy.

Secretary of Labor Robert Reich affirms the general trend. He notes that since the median wage began to decline in the late seventies, American workers have employed three successive coping mechanisms to stave off a decline in living standards. In the 70s, huge numbers of women joined the workforce, supplementing family incomes. In the early 80s, people started having smaller families, and having children later. In the late 80s, large numbers of people started working longer, putting in more hours to bring home the same pay. Now, Reich asserts, "the coping mechanisms that we have been using are beginning to run out."

Critical as they are of the new corporate rapacity, experts like Reich have no solutions to offer beyond the traditional tax and regulatory curbs on greedy behavior. Reich has proposed a plan of generous tax breaks for good corporate citizens who offer stable, long-term employment and a commitment to domestic production; the plan has received a tepid response from the White

House and outright scorn from Congress. Economist Edward Luttwak, like so many others, sees the matter as a tradeoff: "when a country is as rich in GNP and as poor in social tranquillity as the United States, it makes no sense to purchase more GNP, through deregulation and increased efficiency, at the expense of tranquillity." Visionary profiteers like Gilder and Dunlap scoff at such notions, saying that attempts to reward corporate responsibility lead to "Eurosclerosis" — the condition of kind, gentle welfare states, hobbled with high unemployment and low investment.

All agree on the conventional wisdom that efficiency is purchased at the expense of stability, and vice-versa. Corporate raider Dunlap — whose most famous gambit was as CEO of Scott paper — is unapologetic: "I invested my own money in Scott stock. Very few CEOs in America ever do that. I took an enormous risk with my own personal money. Yes, I made a lot of money. But I created six and a half billion dollars. I got less than 2 per cent of the wealth I created."

He created it? Himself? Dunlap is not clear on the specific activities that created

IS DOWNSIZING REALLY THE KEY TO CORPORATE EFFICIENCY?

Perhaps not. The *New York Times* reported on May 8th that Morgan Stanley economist Stephen S. Roach had rethought his adamantly-held position that downsizing and investment in technology had greatly increased worker productivity in the service sector. Before this, Mr. Roach had been the loudest and most stalwart defender of the efficiencies of downsizing. Mr. Roach's conversion stems from his observation that although corporate downsizing has yielded high revenues and profits, it has not brought about any noticeable increase in output the actual goods and services. "If it turns out that all we have done is squeeze out labor," said Mr. Roach, then I have to reverse what I have built a reputation on.... If all you do is cut, then you will eventually be left with nothing, with no market share.... I must confess that I am having second thoughts as to whether we have reached the promised land."

this wealth. We do know that during his two-year tenure at Scott paper, he laid off 11,000 workers and arranged for the company to be bought by Kimberly-Clark, one of its biggest competitors. Could Scott have cleared six and a half billion dollars on two years sales of paper products? Clearly much of the "wealth" that is "created" in the process of merging/downsizing does not satisfy the political economist's definition.

George Gilder even goes so far as to say that layoffs are good, that we should make it easier to lay people off, because "an economy with layoffs is an economy that can create jobs and opportunities." To back up this

view he cites Seattle, which prospered after huge Boeing layoffs in the seventies, and Pittsburgh's renaissance after the demise of the steel industry. He neglects to mention some key factors — such as the emergence in Seattle of Microsoft Corporation, or Pittsburgh's development-friendly property tax system.

Nevertheless, the argument for efficiency is a strong one. If companies can boost productivity by downsizing, doesn't that free up labor for ever-greater satisfaction of our unlimited desires, just as do those other economic bugaboos, technology and trade? Good heavens, is George Gilder right? Have we been mollicoddled too long?

If Gilder & company are right, and corporate downsizing, by weeding out the slackers, makes for a more efficient national economy, is that something we should discourage? They advise us to get used to the insecurity, even to learn to love it: get the training, be flexible — or get left behind.

It is telling that these gurus of efficiency miss the biggest, most glaring and pervasive inefficiencies in our economy. When it comes to loafing, middle-managers and bureaucrats are busy-bees compared to landowners. Land speculation is one occupation that should be entirely downsized. It brings about a monstrous waste of resources, both natural and human, exacerbated by the drain of taxes on labor and capital.

You want to cut costs? Start by lowering the cost of access to land (by eliminating land speculation). You want to sustain non-inflationary job growth? Eliminate the built-in hindrance of taxes to achieve a genuine supply-side boost!

Competition in our global economy is getting tough. Corporate down-sizers say we can no longer afford to carry people who aren't carrying their share of the load. By all means, let us "down-size" the truly unproductive players in our economy — the land speculators. Perhaps then we would not be debating how many livelihoods must be sacrificed to achieve "competitiveness." □

Here are a few more of the names for our Movement or Remedy that have been proposed over the years:

Incentive Taxation... Land and Liberty... Land Restoration... Volmatic (voluntary automatic) Revenue... Citizens' Dividend... Common Ground... Cooperative Individualism... Graded Tax... Two-Tiered Tax... Total Tax Relief... Garden Cities... Geocracy... (Thanks to Mark Sullivan for research help)

SEX

A Movement by Any Other Name...

The Georgist movement has a self-esteem problem. It's perfectly understandable: here we are trying to get society to adopt the one idea that will actually save it, and nobody will listen! We begin to think there must be something wrong with us. Others, with decidedly inferior messages, march right in and get scholarly respectability and foundation grants. We just get that familiar glazed-over look. When other movements hold a convention, they get a soundbite on the evening news; we just get the hotel bill. Other movements have neat slogans and popular images to rally around; we have only the amiable visage of a dead economist. If only we could find a slogan... yeah, that's what we need...a slogan...

The search is on — in fact the search has been on, for years and years, but the perfect name has eluded us. No wonder we're down on ourselves; we can't even seem to get *that* right. The "single tax" was quite big at one time. Many stick with that term out of a sense of history (or habit), but others argue that the public collection of land rent isn't a tax, really; taxes are what we want to get away from. Besides, we have to waste precious time explaining that we *don't* mean the "flat tax." Our proposal for public revenue collection (which, of course, strictly speaking, is not a tax) refers not to land in general but to specific sites; hence "land value taxation" (LVT) is rejected in favor of "site value rating" (SVR); but "rating" sounds rather fussy and foreign, so others favor SVT. One California politician even referred to two-rate property tax reform as the "Double Tax." But that is certainly a misleading name for this form of "Scientific Taxation" which is truly "Equitable Taxation" and really should be called "The Un-tax!"

Notwithstanding its considerable merits as an organization, the Mouthful Award for Ponderous Naming goes to the International Union for Land Value Taxation and Free Trade. Its members labored long at last year's conference in Denmark, but failed to agree on a better name. Alternative acronyms, such as ASPECT (Association for the Sensible Promotion of Economically Correct Taxation) and CULTSEX (Coalition for Universal Land Tenure and the Single tax), could be said to suffer from a certain, shall we say, denotative ambiguity. At least IULVTFT (Eye-oola Vtt-ftt) clearly indicates what we're up to.

"Land economics" might have been a good term for us, had it not already been taken. The field of land economics, as developed by the neo-classical economists, considers land merely as a variety of capital, and that's not what we are talking about at all. The Physiocrats knew better than that; perhaps by implementing their notion of

TEACHERS' CORNER



by Lindy Davies

"Natural Taxation" we could bring about a "Physiocracy" — alas, those terms fizzled too.

We offer a viable alternative to the muddle of neoclassical economics, so some have proposed a "geoclassical" paradigm, but the rhyme is too perfect; it makes one sound like a neoclassicist with a head cold. The geoclassicists were onto something, though; they noticed that "geo" is the old Greek root for "earth" as well as the first three letters of "George." Geonomics became a new discipline and the Institute for Geonomic Transformation was founded. It's not a bad name; it has a fine heritage and a nice pun. But if you tell folks you're a geonomist, they are not one iota closer to understanding what you mean to do — at least "Eye-oola Vtt-ftt" has some rhythm to it.

The latest entries in the name sweepstakes come as we work to achieve common ground with greens and environmentalists. "EarthSharing" isn't a bad name, although it tends to conjure up images of Earth Day, of Be-ins and Rainbow Gatherings. (I'm not sure where that mid-word capital S came from; perhaps from using WordPerfect or PageMaker.) The "Earth Rights Imperative" sounds a bit more down-to-earth, as it were. It is another way of saying that we all have the right to exist — and that we cannot live without access to land. That is a simple, obvious, commonsense fact — a moral truth that the landowners of the world are disinclined to admit, no matter what we call it.

So let's not get discouraged. Our name is not the problem, and slogans come and go with the times. We simply have to remember that acceptance of the Georgist philosophy (for lack of a better name) comes with understanding — and that, because it demands careful thought, takes time and work!

Tom Paine's Two Revolutions

(continued from page five)

prospect now is that he will not be able to hold out more than a month or two at the farthest. I shall certainly pay the utmost attention to this gentleman, as he is one of those whose merits in our Revolution were most distinguished."

Paine remained in France during his recovery. He wrote, while recuperating at the home of Monroe, his last great Pamphlet, *Agrarian Justice*. His journey to the conclusions reached in that pamphlet had been a long and arduous one, taking him through two revolutions and living, just recently, the contradiction of being a revolutionary imprisoned by the revolution.

One motivation in writing *Agrarian Justice* was to respond to the British Bishop of Landaff, who had written a widely-read piece praising the wisdom of God in creating both rich and poor. Paine responded by saying God "made only male and female, and gave them the earth for their inheritance." But the stronger motivation was the question of property. There had been a movement during the French Revolution to confiscate the property of counter-revolutionaries and all those who collected rents on the land, without being productive. As Philip Foner writes: "In an effort to overthrow the counter-revolution and to seize power and wield it against the upper classes, the radical forces... made preparations for a coup d'etat. Included in the program... were the demands for the abolition of inheritance and the confiscation of property of counter-revolutionists, of those who had accumulated wealth from public office, of persons who neglected to cultivate their lands... the conspiracy was discovered and crushed in May, 1796. This was the situation when Paine's *Agrarian Justice* was published."

Paine did not call for the confiscation of "improved" property, arguing, however, that the entire earth was meant to be "the common property of the human race." Foner analyzes Paine's meaning: "The introduction of private property added, through cultivation, a 'tenfold' value to created earth. At the same time [quoting Paine] it 'dispossessed more than half the inhabitants of every nation of their natural inheritance, without providing... an indemnification of that loss, and has created a species of poverty and wretchedness that did not exist before.' Paine proposed that every owner of improved land owed a ground rent to the community. This payment of rent would go into a general National Fund that would be used to pay for a welfare system that would aid the elderly, the dispossessed. 'It is not charity, but a right' to aid those in want,

those hurt, for the most part, by the asymmetrical structuring of the conventions of land ownership and use.

George Geiger, in *The Philosophy of Henry George*, cites the closeness of this idea with the ideas of Henry George, though saying there is no evidence of George being familiar with *Agrarian Justice*. Geiger writes: "The American forerunners of George may be considered to start with the days of Revolutionary thought, and especially with the work of Paine and Jefferson, whose conceptions in many instances were accurate anticipations of George's proposals. Tom Paine proved to have been a remarkable herald of George's fundamental thought when in his pamphlet *Agrarian Justice*, he suggested that as land values are created by society they should be collected by society." Paine had said that "Land monopoly that began with it [the improvement of earth] has produced the greatest evil."

Paine finally returned to America on October 30, 1802. The reaction to his homecoming was sharply divided between those who hailed him as a champion of republican virtues and Deism and those, including much of the clergy, who defamed him as being too radically democratic and against religion. Paine wrote that newspapers upon his return were "filled with applause and abuse" The *New England Palladium* reached lyrical heights of vituperation, condemning Paine as one "who rejoices in the op-

portunity of basking and wallowing in the confusion, detestation, bloodshed, rapine and murder, in which his soul delights."

Paine was offered public office by President Jefferson, but turned it down. He did, however, continue to meet with Jefferson informally and advise him on European issues, which he was well qualified to do. They also discussed philosophy and the scientific issues of the day.

Philip Foner sums up Paine's last days: "Although he led an increasingly harried life, Paine enjoyed the company of 'the laboring class of emigrants,' and spent many enjoyable days with Robert Fulton, who shared his democratic views, observing his steamboat on the Hudson.... Paine spent his last days in poverty. Broken in health and reduced in finances, he was forced to move to a miserable lodging house on Fulton street in New York City. Just before he died on June 8, 1809, two clergymen gained access to his room hoping to hear him recant his heresies. To their question concerning his religious opinions, Paine simply said "Let me alone; good morning."

Vote LVT! Early and Often!

HGS Librarian Vesa Nelson found a World-Wide-Web site called "Best Ideas," offering a long list of social innovations, and inviting visitors to rate the ideas on a one-to-ten scale. On the economic front, this is offered:

Pay a Tax on Your Price for Your Land

What kind of taxation is least harmful? My own preference is for a single tax on land, with land holders doing their own valuation. You'd state the price at which you'd be willing to sell your land, and pay taxes on that amount. Anyone (including the tax collector) who wanted to buy it at that price could do so. This is simple, fair, and minimizes government snooping into our lives and businesses.

(Of course, that anyone can buy does not say that the owner must sell...) Anyway, as far as we can tell, there is no provision to stop people from voting more than once...The URL is: <http://newciv.org/GIB/BI/BITOP.HTML>

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