

## SQUATTERS CAPTURE THE LAND

"Jamaica is trying mightily to encourage enterprise and trade. One of its most desperate endeavors is to earn foreign exchange. It has tremendous debts to the IMF, and is severely constrained, under IMF guidelines, to qualify for loans. The manifestation of the problem -- poverty -- is strikingly demonstrated in the squatter communities in Montego Bay, the main entrance point for tourism. Recently conditions have become acutely worse.

"Squatting is now so firmly entrenched that many squatters are making extensive permanent improvements on land they do not own. Middle-income people are building attractive brick houses, for example. I met one woman who runs a school in a squatter district, to which people from well-to-do neighborhoods send their children!

"The process of squatting has been going on for a long time, but it began way back in the hinterland. As numbers have increased it has come fully into view. Attempts have been made to move squatters off, but they are generally back the next day. It would be impossible, though, to move whole mountainsides of squatters.

"One squatter area has been 'regularized' by the government. Roads, sewers, etc., have been provided, and the government has begun collecting property taxes. Of course, this is only an option when squatters are on land owned by the government.

"Clearly, the same situation that causes homelessness causes squatting. The difference is that here in the U.S. there is no land to use. I think the essence of this phenomenon is summed up by the term used by the squatters themselves: they speak of "capturing" the land, which evokes the idea of taking something back, the assertion that it is just as much mine as it is yours." - George Collins



## LEADING ECONOMISTS STUDY GROUND RENT IN EASTERN EUROPE

The conference on Concepts and Procedures for the Collection of Rent in the Soviet Union sponsored by the Robert Schalkenbach Foundation and the Henry George School in New York, August 22nd to the 24th, drew a delegation from Eastern Europe of one Estonian, a Hungarian, a Czechoslovakian, and five Russian economists. The conference also included twelve American, Canadian and British economists and technical specialists. Each paper was presented, and then evaluated by a Discussant whose critique will serve as the basis for revision. The revised papers will be edited into a book to be published soon.

In three days of deliberations, all came to acknowledge that land rent is a crucial issue in the establishment of free markets. The Soviet economists were fully aware of the element of land rent in their economy and were in total agreement that it had to be collected as public revenue. Prof. Mikhail Bronshtein, A People's Deputy of the Supreme Soviet of the USSR and Chairman of the Subcommittee on Economic Reform Issues, put it bluntly at the close of the conference, saying that without a transition to land value taxation as the dominant tax, the Soviet Union would never be able to mobilize production.

(Continued on page six)



*A mountainside of squatter dwellings in Jamaica's Montego Bay*

## ASSESSING JAMAICA:

### *An Interview with George Collins*

George L. Collins, Executive Director of the New York HGS, and Ted Gwarty, Major Loan appraiser for First Nationwide Bank of Canada (and an activist with Common Ground USA) traveled to Jamaica on October 18 - 29. Mr. Gwarty conducted a five-day training program for officers of Jamaica's Land Valuation Department. They also made presentations and distributed HGS books and teaching materials at six colleges and high schools in Jamaica.

**HGN:** How was the connection made between the Henry George School and the Jamaica Land Valuation Department?

**GLC:** Eighteen months ago, Dr. Steve Cord attended a land valuation conference in Taiwan, at the Taiwan Institute of Land Reform, and there he met Mr. Edwin Tulloch-Reid, a former Jamaican Revenue Commissioner. Steve was impressed by the paper presented by Mr. Tulloch-Reid, and by the fact that Jamaica has a property tax system based exclusively on land values. Mr. Tulloch-Reid expressed a need for better-trained land valuation officers in Jamaica. A visit was planned then, but fell through; this was the second attempt to set up a program.

**HGN:** Jamaica's property tax system is based on land values only, but apparently the rates are too low to deter speculation. How did this system come about?

**GLC:** The land-only property tax was introduced in 1956, by the government of a Jamaican national hero, Norman Washington Manley. Manley studied in Britain, and was influenced by British liberal advocates of LVT; at that time the British parliament had passed land value taxation bills. Back in Jamaica, he worked as a barrister, and became instrumental in the forming of one of the two political parties that led Jamaica from its colonial status to full independence in 1962. LVT was a plank in the platform of Manley's Socialist Party.

I don't know if the land value tax rates were ever any higher than they are today. They are unlikely to be increased, as is the case here, because of the prevailing view that other broad-based taxes are better able to get at wages and interest. Jamaica's land value tax

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## Henry George Newsletter

published by

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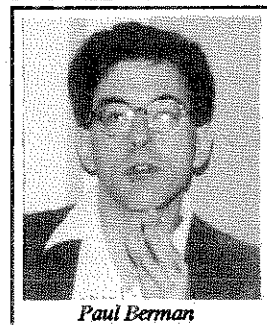
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## MEDIA BIAS: The Case of Central America

The New York HGS began its Saturday Seminar Program for the 90-91 school year on October 6th with a discussion on Media Bias: The Case of Central America. The speakers were two experts on Latin America coverage: Dennis Perrin, a syndicated reporter and a correspondent for FAIR, Fairness and Accuracy in Reporting, a New York-based media watchdog group, and Paul Berman, a reporter for the Village Voice and other periodicals who has covered Central America for many years.

Dennis Perrin noted a persistent double standard in mainstream coverage of events in Latin America. When the Los Angeles Times calls Nicaragua's UNO coalition the "new management team", or notes an "outdated national security strategy in El Salvador", Perrin said, they are clearly viewing those countries through the lens of U.S. foreign policy. El Salvador's guerilla movement, the FMLN, has repeatedly been labeled a bloody and undemocratic instigator of violence -- yet according to the human rights group Americas Watch, 95% of the people killed in El Salvador in the past ten years were killed by government forces. Although the Sandinistas harassed the opposition press by denying them supplies, opposition journalists were shot and left in ditches in Guatemala, but that was not deemed worth much notice in the American press.



Paul Berman

Political debate always acts on a spectrum between left and right extremes, but the mainstream media tends to set the "moderate" line where it pleases, Perrin said -- usually right beside administration positions. For example, the left-of-center position on El Salvador is represented as support for cuts in the amount of U.S. military aid. Thus, the illusion of a valid political debate is maintained, even though there is no true opposition of views.

There is also a tendency for countries to drop out of media coverage once U.S. foreign policy goals have been attained there, Perrin said. The drastic poverty in Grenada, for example, has gone virtually unmentioned since the 1983 invasion. In Panama, the U.S., in order to get Noriega into prison, bombed civilian neighborhoods without warning and killed hundreds. But, a president was installed, and the U.S. media promptly lost interest, presumably because a sympathetic regime was now in power. "According to the mainstream media," Perrin said, "a democratic regime is simply one that is supported by the United States."

There is a reverse side to that popular misconception, according to Paul Berman, which further complicates our interpretation of the media. In the case of Nicaragua, he said, there is clearly another species of bias at work. Those who have been critical of Reagan administration policies, he said, have maintained certain assumptions about Nicaraguan politics: that the Sandinista regime is essentially democratic, and that the Chamorro government, whose campaign was financed by the U.S., represents North American imperialism. Given those assumptions, it is easy to see anti-Sandinista bias in the media.

However, although Paul Berman, like many others, had much hope for a "social democratic revolution" in Nicaragua, the Sandinistas began almost immediately to implement a centralized communist social structure. "The fact is," he said, "that denial of food rations, and government-employed thugs were used to harass opposition." Artisans, who were some of the strongest early supporters of the revolution, could no longer freely sell their wares. Shoemakers, for example, who refused to attend Sandinista rallies were denied a month's supply of leather.

In fact, if there was any bias in U.S. coverage of last year's Nicaraguan elections, Berman asserted, it was -- somewhat inadvertently -- pro-Sandinista. This is seen in the fact that the victory of the UNO coalition surprised the U.S. press. Reporters in the field, who were mainly sympathetic to the Sandinistas, assumed that opinion poll results, and large turnouts at Sandinista rallies, meant what they appeared to mean. "But there were persuasive reasons to conceal one's support for the opposition," said Berman. The UNO party finally issued a statement, before the election, saying that it was all right for its supporters to wear hats and shirts with Sandinista slogans -- because people were in need of hats and shirts, regardless of what was printed on them.

Furthermore, Berman contended that the U.S. press missed the point in Nicaragua because of a tendency to focus on government as the great shaper of events. In Nicaragua, he asserted, the small, untelegenic decisions of the masses were by far the strongest political force.

Paul Berman suggested that honorable tradition of press criticism, began by the great I.F. Stone, has devolved in some cases to a kind of conspiracy theory, in which the U.S. press corps are seen as following government instructions on what to write. There is no plot to deceive the



Dennis Perrin

(continued on next page)

## SOUTH AFRICA: A SOLUTION

At present 70% of the land area of South Africa is farmed and owned by whites....numerous laws stop blacks and small farmers from entering the market and competing with white farmers - they should all be repealed....

Another way to encourage the transfer of white farms into black hands would be through the introduction of a land tax.

The advocates of a land tax (of whom Henry George is the most famous) hold the view that land belongs to all the people who live on earth. The fact that land is used communally when it is in great supply is evidence of this. Therefore anyone who owns land should pay a tax as a *quid pro quo* for the privilege granted him by society in the form of a title-deed.

To be effective, the tax should be based on the site value of the land - that is, on the land's potential yield. The land-owner should be allowed to value his own property, and the state should have the right to expropriate the land at 25% above its assessed value. This way, if the owner undervalues his land he will lose it, because it will be in the interest of the state to buy the land and either resell it at a profit or redistribute it to black farmers. If he overvalues it, he will pay high taxes. - *Frances Kendall & Leon Louw, Let the People Govern, 1989 Amagi Publications, South Africa.*

## MEDIA BIAS

(continued from previous page)

people, he said; the reality is much more complex than that, and the overwhelming majority of reporters do their work both ethically and competently.

Dennis Perrin retorted that one does not need to believe in conspiracy theory to notice an incentive for reporters to tailor views to fit the editorial policies of prestigious newspapers. He notes a tendency for writers to publish authoritative books on various controversial topics, only to omit critical analysis when excerpts are published in magazines. This practice does not indicate a conspiracy, he said, but rather that the media is a business, and caters to its markets.

Both speakers agreed on what must be done to address the problem. The foreign policy establishment has a vested interest in influencing media coverage to further its strategic aims; if this tendency is not balanced by a critical reading and viewing public, then the attitude that the truth is irrelevant will prevail. "We are media consumers," said Dennis Perrin, "but we must become media activists. When companies sell us faulty or unsafe products, we make plenty of noise - but we should protest just as loudly when the media lies to us."

## AGNES DE MILLE LAUNCHES NEW BOOK

On October 2nd, New Yorkers were treated to a reading by Agnes de Mille from her twelfth book, *Portrait Gallery*, published by Houghton Mifflin. About fifty people were closely packed into the second-floor reading room of the Upper East Side store, Books & Co.

Ms. de Mille, as introduced by her editor Peter Davison, "has distinguished herself in at least three careers - as a dancer, a choreographer, and a writer." Clearly there is much to learn from such a life, yet Agnes de Mille did not instruct. Rather, she conversed, with wit and humor; it might have been across a kitchen table.

Subtitled *Artists, Impresarios, Intimates*, the book is divided into sections under those headings, and there is a section on the de Mille family. From the artists, she read an account of her first sight of the passionate dancing of Carmelita Maracci. The passage is remarkable for its depiction of the workmanlike humility of a committed artist:

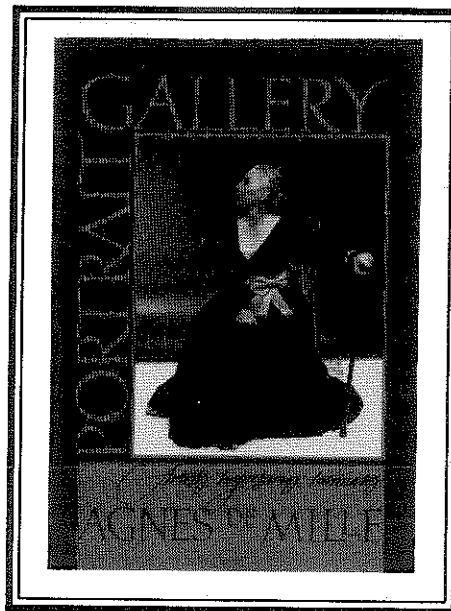
*It is no ordinary experience to discover one evening that an intimate, a known, well-loved, daily companion, has genius that stands outside the standards we set for ourselves. The person speaks with the usual voice, laughs with the ordinary expression, and then, without transition or warning, becomes a figure of magic.*

She then describes, in a sort of prose choreography, the woman's performance. "After the dance I walked to her quietly and put my arms around her. 'Carmie, I didn't know.'"

From the impresarios, we were given a wry account of the dandy, misanthropic self-control that characterized the private side of the legendary Mr. Sol Hurok. And among intimates, Agnes de Mille included the New York City of her youth. She tells of the changes that time and technology have wrought. Although she says her memory is mainly visual, the description is loaded with sounds:

*Occasionally came the sound of a piano through an open window, and this was a delight, because many people played well in those days, there being no music except now and then a player piano - but that was too vulgar for consideration. There was always something nostalgic and dulcet about personally made tunes, good or bad, heard at a distance and filtered through the sounds of busy street life.*

Finally, though it is a book about a life in show business, *Portrait Gallery* does not ignore political economy. The comparison of the old New York with the new becomes a meditation on the themes of poverty and progress: "'The poor ye have always with you.' Was Jesus Christ, our savior, a profound economist or a hopeless pessimist?" Many diseases have been conquered now; food is safer and more various; transportation is safer and communication works better, and women have cast off their status of serfhood; but there are just as many beggars in the streets. In the end, the glamorous *Portrait Gallery* refuses to let us forget these facts.



## SINGLE TAX FOUNDATION ANNOUNCED

(or: Getting the Single Tax in One Country)

A new Georgian undertaking was announced at the Santa Fe Conference in July: The Single Tax Foundation. Starting as a one-man operation, the STF is the brainchild of Adam Monroe, Jr., who launched his project before the conferees. The new Foundation's "Plan of Action" is divided into seven phases: Letter/Poster; Information Package; Public Advertisement; Do Your Own Thing; Coordinate Involvement; Form the Single Tax Party; and Get the Single Tax in at Least One Country...Every Other Country Would Adopt It, Too.

Adam Monroe is latest in a long line of Single Taxers and Georgists on both sides of his family: the Tidemans and well as the Monroes. His grandfather, John Lawrence Monroe, was director of the Chicago Henry George School for many years. Among the talents Adam brings to his project are that of songwriter, singer, and guitarist. Two Single Tax Songs which he performed in Santa Fe are "Valhalla" (see the Autumn 1990 *Georgist Journal*) and a rapsong, "P.S.W. (The Party to Save the World)". For more information, and to find out how you join this effort, contact: Adam Monroe, Jr., The Single Tax Foundation, P.O. Box 479163, Chicago, IL 60647 (Phone: 312-772-2326).

## HIJACKING THE SINGLE TAX

An organization called The Campaign for Canada: The Single Tax has been started by a Liberal member of Parliament, Dennis Mills. This organization seems to be well-funded, having taken out a full page advertisement in the *Globe & Mail*, September 24, 1990. Its objective is to kill the GST, Canada's name for the value-added-tax, replacing it with a flat-rate income tax which has much fewer exemptions than the present income tax. Below is an edited excerpt of a response sent by Craig Cringan of the Ontario School of Economic Science to Dennis Mills, the *Globe & Mail*, and Bob Rae, Ontario's newly-elected premier.

Ever since Henry George wrote *Progress & Poverty*, the real Single Tax has been not an income tax but a tax on land. Nature supplies resources for the sustenance of all living creatures, not for the enrichment of a few. Revenue from land rent and similar resources is the natural funding for community services of all sorts. When you tax anything except land, the tax discourages output of that thing, but the quantity of land is constant. Promoters of the flat income tax have made unsubstantiated claims of benefits versus the GST. Let's see how they compare against Adam Smith's four canons of taxation.

**Fairness:** We hear that some big companies are escaping income tax. You'd better believe it. This is supposed to make us more in favour of betting everything on an income tax to replace all the others? Come on now. Of all the tax reduction techniques used by the wealthy, beating income tax is probably the most effective.

"From each according to his means"--Karl Marx. It seems to me that the Marxist concept of fairness misses the point completely. If one person works as hard as he or she can, working efficiently and creatively to produce whatever the market desires, and another person gets his or her income as a result of some privilege, then it seems to me that the earned income deserves better tax treatment than the unearned one. But that would be too much to ask of a government. Let's just settle for equal treatment and the tax which hits every kind of income equally, the retail sales tax or its cousin the GST. The Single Tax of Henry George, being a tax on land holdings, is one which attacks privileges directly. It doesn't hit all privileges; but the control of land is the father of all monopolies and is still the biggest one.

**Efficiency & Ease of Collection:** The trouble with most taxes is that they attack some activity in which government should have no part: government then has to stick its nose into private business. This is equally true for both sales taxes and income taxes. At least the transactions which trigger a sales tax are clear and easily defined. If you ask any two accountants to define net income, you can expect at least five answers. And you still won't know what net income really means.

Although the persons involved will know when a sales takes place, they have good reason for not wanting the tax collector to know. It takes some combination of fear and generosity to make them report the transaction. The addition of 6,000 more tax collectors for the GST, on top of the army of tax collectors for the manufacturer's sales tax and the retail sales tax, shows the gross inefficiency of sales taxes generally. Maybe the motive for this kind of tax is not for the net revenue involved: maybe the real reason is to establish a bureaucracy that can pry into every aspect of private life.

The real Single Tax, on the control of land, would not require additional tax collectors, except where existing assessors have fallen behind in their work and failed to reflect the increasing differentials in rental values in areas of high commercial activities. Land is visible and fixed in place, easy to see and easy to catch.

**Bear as lightly as possible upon production:** Production is a

*What would happen to the individual if all the functions of the body were placed under the control of the consciousness, and a man could forget to breathe, or miscalculate the amount of gastric juice needed by his stomach, or blunder as to what his kidneys should take from his blood, is what would happen to a nation in which all individual activities were directed by government.*

*--Henry George, Protection or Free Trade?*

chain of activities which begins with land and ends with retail sales. Each human activity is a link in the chain. Taxing any activity weakens that link and weakens the whole chain. Taxes are passed along to others in the chain by refusing to do business until suppliers and customers help take up the load. This cuts production [which is a human activity]. Land is different. Its quantity is fixed. A true land tax has to be based on the control of land, not on how well the land is being used. Then the dog-in-the-manger who keeps land idle will pay as much tax as if he or she were putting it to its best use. Land tax is the only tax which does not hurt production.

Everyone who wants the tax system to be fair, certain, efficient and easily collected should support the real Single Tax -- a tax on the control of land.

*-- Craig Cringan*

## NORTH AMERICAN CONFERENCE TO BE HELD AT LAFAYETTE COLLEGE

Next year's Annual Georgist Conference sponsored by the Council of Georgist Organizations is planned for Friday evening June 14 through Monday evening June 17, with a Common Ground USA post-conference Tuesday morning June 18 through Thursday morning June 20. Venue for the conference is Lafayette College in Easton, Pennsylvania, due north of Philadelphia and west of New York City. Conferees will have a choice between staying on campus or in a nearby hotel in downtown Easton. CGO conferees are also invited to attend Lafayette College's own First Henry George Conference, June 13-14, which will feature scholarly papers on George's place in the history of economic theory. Further details will be announced in the next *Newsletter*.

## ADVANCED HENRY GEORGE

Sunday, November 18th is the date of a one-day seminar on "Advanced Henry George" for graduates of the Los Angeles school. In addition, statewide Directors of Common Ground in California are expected to attend. The seminar will be held at the home of Prof. Mason Gaffney in Riverside, from 11 AM until between 4 and 5 PM.

Frank Tilton will chair the seminar as well as present the case for free trade. Ted Gwartney, professional assessor, will do a presentation on the principles of land valuation. Harry Pollard will detail Georgist strategies for the environment, with Mason Gaffney as an expert respondent.

Harry was also the invited speaker for the September 4th meeting of the Albert Jay Nock Forum & Southern California Supper Club. His subject, one of his favorites, "Pop-Dread! How to Scare the Masses," was presented to a full house and got a friendly reception. The Nock Forum is kept going by a small group of individualists, such as Michael Greene, an associate of the LA school and a self-styled anarchist-Georgist (a description that fairly applied to Nock as well).

Final Friday dinners, the LA school's monthly get-togethers, have been put on hold since its regular venue, Michael's Restaurant in Hollywood, raised its prices. A suitable alternative is being looked for, and Harry hopes to have one in time for a Final Friday dinner this December.

## JOE JESPERSEN

After a short illness, Joseph Jespersen died on October 10, 1990. Born on February 4, 1893, Joe devoted many of his 97 years to helping to spread the Georgist philosophy, which he discovered in 1938 when he started reading *Progress and Poverty*. He volunteered at the Henry George School, where he taught 39 classes over the years. He was a founding member of the Board of Directors of the Henry George Institute serving as Treasurer until the end.



At Joe's request, H.G.I. President Robert Clancy, his long-time friend, presided over a memorial gathering held on October 21 at Community Methodist Church in Massapequa Park, Long Island. Rev. Donald Howard opened the memorial. Mr. Clancy then introduced Joe's surviving family: Dr. Walter and Ruth Jespersen Snyder, Ted and Helen Jespersen, and their daughter Karen, and Oliver and Lorraine Jespersen and their son Tighe. Oliver spoke and then introduced friends Jim Tresner and Delores Coleman. Bob Clancy delivered the closing eulogy.

Born in Brooklyn, Joe was drafted into the Navy during World War I, in which he served as auditor with the ranks of Chief Petty Officer and Chief Yeoman. In 1918 he met Olive Dunn and the two married a year later. They raised three children together until Olive's death in 1945. Joe took a temporary job on the staff of Loomis Suffern and Fernald in 1928 and remained in public accounting with the firm until retirement in 1960, after which he worked as internal auditor for the Walter J. Salmon companies until 1976. Joe retired, he wrote later, "because there were other activities to which I felt I should give more time" (including the Unitarian Church, Oratorio Society, and HGI). He was then 78 years of age.

One of the fruits of Joe's retirement was his 1975 essay, "What Is Property?" which has been reprinted many times by the Institute. In addition to his volunteer service to HGI, Joe regularly translated the Danish Georgist periodicals received by the School's research library. His presence at Institute and School functions, as well as at North American and International Georgist conferences, was something one could count on. It was at the 1988 conference in Atlanta that Joe was honored for his many years of service to the Georgist philosophy. And it was earlier this year that Joe published a 92-page compilation of his various memories and musings, philosophic and otherwise, as *Selected Scribblings*. Joe chose to conclude his *Scribblings*, a few lines from Henry Van Dyke's poem, "The Zest of Life."

*So let the way wind up the hill or down,  
Through rough or smooth, the journey will be joy.  
Still seeking what I sought but when a boy.  
New friendship, high endeavor, and a crown,  
I shall grow old, but never lose life's zest,  
Because the road's last turn will be the best.*

*The abolition of all taxes that restrain production or hamper exchange, the doing away with all monopolies and special privileges that enable one citizen to levy toll upon the industries of other citizens, is an integral part of our program. To merely take land values in taxation for public purposes would not of itself suffice. If the proceeds were spent in maintaining useless parasites or standing armies, labor might still be oppressed and harried by taxes and special privileges. We might still have poverty, and people might still beg for alms or die of starvation.*

—Henry George, *The Standard*, January 21, 1888

## ASSESSING JAMAICA

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is structured progressively, according to the assessed value of each property. It begins with the rate of five dollars for the first \$4000 in value, and then increases from a rate of 1.5¢ on the dollar to a high of 4.5¢ on the dollar. Some lands are "de-rated" — agricultural land is taxed on 25% of its assessed value; hotel and resort land is taxed at 75%. By 1984-85 only 1.2% of total revenue came from land values, a decline from almost 5% in the mid-70s.

**HGN:** *What were the main points the land valuation officials learned from your workshop, and what actions were recommended?*

**GLC:** Mainly they learned the latest techniques in appraisal, including the cost, income, land residual, and building residual approaches to assessment. Actually, Jamaicans use the term "valuation" in lieu of "assessment". Recommendations included ways to reduce the lag between valuation rolls and real market values, particularly by refining and modernizing computer systems to make annual revaluations feasible.

There are, though, other reasons for the lag. By law, revaluation must occur every five years. But, the order for the Land Valuation department to carry out the revaluation must be decreed by parliament. Current land value taxes are based on valuation figures done in 1983, which were not used as the basis for taxation until 1986. We have to remember that Valuation and Revenue are separate departments; even if the annual valuations we recommended were done, they wouldn't necessarily be used. However, there may be political openings. Some of the Land Valuation officials were eager for us to present the corroborating evidence on LVT to Jamaica's professional organization, which is an association of professionals in various fields, including government positions.



*With Dept. Heads, University of the West Indies. Ted Gwartney, Wilberie Persaud, Economics, Dr. Hyacinth Ellis, Sociology, George Collins, Marva Green, Admin. Asst., Claremont Kirton, Assoc. Dean of Social Science, Dr. Ina Barrett, Government, Dr. Randolph Williams, Management*

**HGN:** *You made presentations at six schools and colleges. How were they received?*

**GLC:** We visited three colleges and three high schools, in addition to the five-day workshop — there was little time left over for sightseeing! At the University of the West Indies in Kingston, and the College of Agriculture in Port Antonio, Ted and I were received by social science department heads, deans, and selected students. At the College of Arts, Science and Technology, we made a presentation to the President and library staff. We were invited to three high schools in Kingston. At Technical High School and Excelsior High School, I lectured assemblies of 900 and 1200 students, and at Merl Grove High School I addressed an economics class. All six expressed delight at receiving our materials [including sets of books by Henry George and all video and printed lessons offered by the HGS high school program] and hearing our ideas stated. All indicated a desire to have a continuing association with our school. And, although this was indicative of a great need for support of all kinds for education in Jamaica, nevertheless, there was a genuinely positive response to what we presented.



## LVT Seen as Crucial to Post-Communist Economy

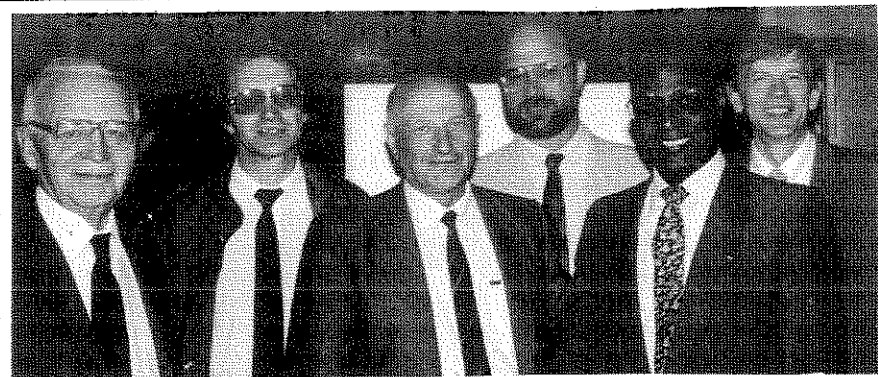
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Earlier Prof. Bronshtein told the conference that he had calculated land rent for over 30 years. "We have the theory," said he, "but no practice." In his estimation, the sale of 15 per cent of the land could yield enough revenue to cover government costs and pay off their national debt. There are problems with privatization however. How is the value of land to be determined? Who owns the office buildings and apartments in Moscow and other cities? Does the government have a right to sell what it took without compensation? Compensation to satisfy previous owners would reduce the treasury to zero and require new taxes.

A panel of land tax experts, including well-known Georgist names and other prominent scholars, was called on to offer guidance through the complexities of political and economic change. First was Prof. Mason Gaffney discussing *Moral and Efficiency Arguments for the Social Collection of Rent*. His early comment that rent is being collected by someone in the Soviet Union was later underscored by Prof. Elizabeth Clayton, University of Missouri, when she pointed out that the controlled rent paid to municipal governments has resulted in some people's obtaining two apartments and renting out one at the market price. Prof. Kenneth Gray, the Russian-speaking representative of the U.S. Dept. of Agriculture, noted that state monopoly is the major issue in the Soviet Union. Rent is dissipated due to non-use and poor use of land. In his commentary, Prof. Lowell Harriss, Columbia Univ. Emeritus, President of the Schalkenbach Foundation, noted that as the change to a market economy makes some people so much better off than others, the private collection of rent will have to be dealt with.

In his paper *Some Aspects of Leaseholding in the Soviet Union* Prof. Alexander Meyendorff revealed that rent was discussed in the Soviet Union in the 1920's. However, until very recently, socialist dogma created calculations based on fictional "price zones" and "polar rent" that demanded acquiescence from economists who knew better. One who knew better was Prof. Bronshtein, the Discussant for his paper. Today, analysts are no longer forced to ignore economic laws, and outside sources of knowledge, such as the conference was providing, could be examined openly.

Dr. Gene Wunderlich, head of the Economic Research Service, U.S. Department of Agriculture, summed up the question of whether leaseholds or privatization is preferable, concluding that private ownership with taxation is the equivalent of common ownership with rent. Prof. Robert Dorfman, Harvard University, reviewed colleague Prof. Karen Brooks' paper *Price Adjustment and Valuation of Agricultural Land: A View Using*



L to R: Dr. Alexander Meyendorff, Victor A. Shcheglov, Dr. Mikhail Bronshtein, Dr. Kenneth Gray, George Collins, Dr. Nikolai Borkhunov

*Lithuanian Farm Data*, which showed that all values relating to Soviet farm output, work force, value, and price, were suspect because they were derived through negotiations with the farm bureau.

The issue of farm size was taken up by Prof. Albert Berry, University of Toronto, and his Discussant, Prof. Eli Noam, Columbia University. No study of agriculture in other developing countries showed any important economies of scale on large farms. Infrastructural needs of large and small farms were different. Large farming has had to use slavery, indenture, and other means of enforcement to keep labor. Nicolai Borkhunov, head of the Pricing Department of the All-Union Agricultural Academy of Lenin, pointed out that 70 per cent of Soviet agricultural production takes place on large farms mainly because they are easier to control from Moscow. Many very small farms are in operation and they are clearly more productive.

By the time Prof. Ivar Raig took the podium, enough land tax information had been imparted so that he could make a bold plea for the Henry George School to conduct courses in Estonia. Prof. Raig, of the University of Tartu, Estonia, is a People's Deputy in the Estonian Supreme Soviet and USSR Supreme Soviet, a member of the Committee on Agrarian Issues, and a member of the Congress of Estonia. He urged that Georgist material be translated into Russian and distributed in the Soviet Union. Prof. Raig is a strong proponent of Estonian independence. The Soviets are not Soviet, he declared. Cooperatives are not cooperative. In Estonia only 40 per cent of the wealth produced goes to the workers. That must be changed, he stressed, to 70-80 per cent. To emphasize the urgency of the situation he rephrased the slogan "Power to the People" with "Property to the People."

(Continued on page eight)

## CHICAGO NOTES

Chicago's Henry George School has announced its addition of Michael Cohen to its Board of Trustees. Mr. Cohen is a graduate of the three-course program in *Principles of Political Economy*. Another graduate of the *Principles* program, Scott Walton, has been hired as the School's first staff person, beginning part-time. Mr. Walton's term as Secretary of the Illinois Libertarian Party expires next April. His wife, Sue, is currently Illinois Party Chairman.

These additions to the ranks proved to be more than timely, as School President Sam Venturella underwent emergency surgery in September. His recovery is going well, but doctor's orders are to do no work until recovery is complete. Sam, who has been doing most of the work of the school since its recent revival, plans to return to active duty early in 1991. Richard Noyes, Deputy Chairman of the Council of Georgist Organizations, is filling in for Sam until he is able to resume his post as CGO Chairman.

## STUDENTS FILL NYC CLASSES

The New York HGS received a surprisingly large registration for its fall term of courses. Oversubscription required the addition of a fourth section of *Fundamental Economics* in English, as well as additional sections of *Classical Analysis I* and *Practical Writing*. The only course that did not fare well was *Classical Analysis II*, which had to be dropped because of low registrations. Also, Manuel Felix has been invited to teach an additional *Fundamental Economics* class in Spanish to members of an organization in Jersey City; that class is meeting on Tuesday nights. All told, 487 enrollees began attending fifteen classes on September 24th. As usual, a drop-off occurred after the first two weeks of classes. However, better than half remained by the midpoint of the term, so the School will probably have a larger graduating

(continued on next page)

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class than it has had in many years.

There has been an influx of teachers at the New York School as well as students. Mr. Nibaldo Aguilera is now in his second term of teaching *Fundamental Economics* to a large and enthusiastic Spanish-speaking class. And Mr. Cartrell Gore, F.E. graduate and political columnist (see article in the Summer '90 Newsletter) is teaching the new Friday section of *Practical Writing*.

Three students are undergoing teacher training with Director George Collins. Menashe Shaul and Ali Akbar Khan filled in for George Collins during his recent trip to Jamaica, teaching a lesson each of *Fundamental Economics* and *Economic Science*. Pia De Silva is also in training and both she and Mr. Shaul are tentatively scheduled to take on sections of *Fundamental Economics* later in this school year.

## GREEN LAND USE PHILOSOPHY

Paul Johnson, Northern California HGS Board member and San Francisco Green activist took his case for better land use thru land value taxation to the conference of Greens in Eugene, Oregon, earlier this year, as well as to the more recent Green gathering in Colorado (see accompanying article).

The Green Land Use Philosophy in summary:

All land use policies and practices must acknowledge:

(1) *That we share the land with other forms of life.*

(2) *That their survival is as important as our own.*

(2) *That the health and survival of all life forms is interdependent.*

We recognize that a Western lifestyle of materialism and consumerism puts pressure on a limited amount of land and a finite resource base. We recognize that population growth, both natural and from migration, often causes additional pressures. Therefore all land use policies, plans and practices should be based on the following:

(1) *Sustainable development and production.*

(2) *The reduce-reuse-recycle ethic.*

(3) *The encouragement of a balance between optimal and diverse use of land, recognizing the natural character of the land.*

(4) *The inherent right of nature to exist for its own sake.*

(5) *The assurance of social justice in the formulation and implementation of land use policy.*

The underlying theme of the Green land policies is that vast land holdings by the few is immoral, often making ecologically unsound land practices profitable, squanders nature's bounty for the benefit of the few, and is a large problem ripe for a Green solution. Other groups at the Oregon conference joined us to recommend socializing the economic value of the land and natural resources.

For more information on Green land use policies, contact Paul Johnson at 915 Pierce Street #305, San Francisco, CA 94115.

## JEFF SMITH GEOFIES EAST EUROPEAN GREENS

A report from the Fall, 1990 issue of *The Geonomist*, newsletter of the Institute for Geonomic Transformation, reports on its President Jeff Smith's second visit this year to Europe. Two reforms have highlighted his message on this tour: (a) using land value increases to fund mass transit, and (b) writing off Third World debt in exchange for land reform. Jeff's host in Sweden in August was a Green Party MP, Goste Lynga, who sits on Parliament's Tax committee. Lynga liked the rent-for-transit idea enough to fax it to the rest of the Green parliamentary delegation who were drafting legislation to introduce this fall. Lynga also promised to bring up the debt-for-ground-rent idea during his October visit to the United Nations in New York. Other Swedish MPs liked what Jeff had to say, including Carl Frick, Lars Norberg, and Kristen Skanberg. Jeff was also on hand at the annual meeting of all Swedish Green Party staffs, federal and (four) regional.

This is just a sample of the contacts Jeff Smith is making, not only in Sweden, but in Poland, Czecho-Slovakia, and Estonia. In a recent letter to New York headquarters, Jeff writes that a Green activist warns, "Gorbachev will soon fall and if we're to do anything it must be soon.... The door is still open to us in Eastern Europe... we must do all we can to enter into their debate and be accepted. [This] requires much personal, friendly interaction. Never before has any people sought a third way economy, without knowing precisely what they're looking for, as eagerly do the Eastern Europeans. If we can get any of these newly freed cities or republics to try geonomics (you see where Leningrad declared economic independence from Moscow?), our struggle will soon be over. Once the pilot project is under way, our theory will prove itself, and the whole world will have to follow."

Those who wish to receive *The Geonomist* and/or support Jeff Smith's activities, please contact:

Institute for Geonomic Transformation,  
P.O. Box 157, Santa Barbara, CA 93102  
(Phone: 805-969-7024).



## GEO-GREEN UPDATE

Georgist Greens (GeoGreens, for short) Mitch Chanelis, Paul Johnson, and this writer attended the Green Gathering held in Estes park, Colorado, September 12-16. Also on hand was Clear Marks, an elderly wise man and Georgist who lives on a land trust in Georgia. On Thursday afternoon, the 13th, we sponsored a workshop called the Forum on Ecology & Freedom. Mitch, Paul and I explained the Georgist vision of how society can function to the group of about 25 people, with whom we intend to keep in contact. About a dozen turned up that evening for more informal discussion. Friday evening saw a smaller (but different) group actively discuss GeoGreen Forum ideas. Hundreds of pieces of literature were given to Gatherers, standard Georgist fare as well as material provided by Randy Prince. A few copies of *Progress & Poverty* were sold.

But that's not the big news. This is: Nelson Denman, who was a guest Green at our Santa Fe conference last July, appeared unexpectedly at the Green Gathering and immediately began circulating a petition calling for a Green issue-paper on urban concerns. Everybody signed the petition. Nelson will be working on the urban issue-paper during the current year, basing it upon the Green City program of the Planet Drum Foundation. The GeoGreen Forum will be responsible for the process of putting it all together. There is a good chance that next year's Green Gathering will be held in St. Louis. Urban issues will be prominent on the agenda, and the GeoGreen Forum may have a great deal of impact at this Gathering. To further this, Mitch and I will be working on the urban document as well. We are also considering doing a newsletter on urban-GeoGreen issues. Those interested should contact me at the address below.

Hanno Beck  
c/o Common Ground USA  
2000 Century Plaza #238  
Columbia, MD 21044

## Ground Rent in Eastern Europe

(Continued from page six)

Still to come were more specific explanations of the land tax and assessment practices. Details on *Principles for Collection of Rent from Exhaustible Natural Resources* were given by Prof. Anthony Clunies-Ross, University of Strathclyde, with Prof. Frank Genovese, Babson College, editor of the Schalkenbach publication, *The American Journal of Economics and Sociology*, as his discussant. A *Simple Practical Protocol for Assigning Rental Value to Land*, by Ted Gwartney, a bank appraiser and former Assessment Commissioner for British Columbia, Canada, and the commentary of his discussant M. Manning Cleveland, a former President of the San Francisco Henry George School, outlined the practical steps and methodologies for ascertaining values. Prof. Dick Netzer, New York University, brought his expertise to analysis of the paper *A Market-Based System for Assigning Rental Value to Land*, delivered by the organizer of the conference Prof. Nicolaus Tideman, Virginia Inst. of Technology.

Professor William Vickery, Columbia Univ., had Richard Ericson, also of Columbia, as his discussant for the paper *Rent and the Provision of Public Services*. Rent is enhanced by economies of scale and economies of density, he explained, and public services such as transportation, communication, and power make such economies possible. He stressed that a

proper land tax should thus be independent of the current use being made of properties.

Prof. Steven Cord, President, Center for the Study of Economics, in his paper, *Land Value Taxation and Insurance for Premature Obsolescence of Improvements*, raised the issue of possible unfair penalties to some property owners. His discussant, Fred Foldvary, PhD. candidate, George Mason University, helped to resolve the troubling questions Dr. Cord had raised. No old building could be made prematurely obsolescent, Foldvary argued, because the owner had gotten good return on his investment over the life of the building. Rising rent may force any user, owner or renter to abandon a site. A market economy should avoid subsidies and restraints which would lead to overproduction.

Whether all the land of the Soviet Union and its republics is privatized or some state and collective ownership is retained, there was no question that land rent collection would be promoted. Dr. Jaromir Kolar, research economist from Prague, said that he will surely take it back to Czechoslovakia. Victor Scheglov, head of the Department of Economics and Social Research of the Institute for Town Planning, explained in his paper *Payments for Urban Land in the USSR*, that a rough approach to rent based on locational advantage is already being pursued. Dr. Ka-



Prof. Ivar Raig

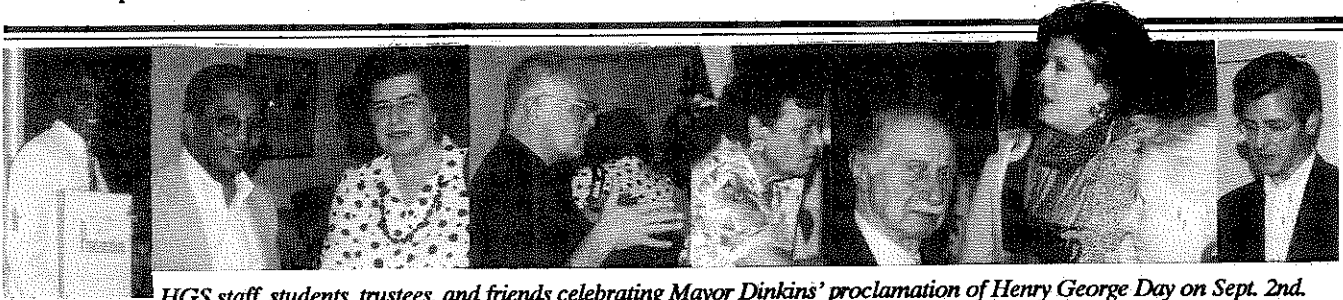
roly Ravasz of Hungary, Deputy President of the International Union for Land Value Taxation and Free Trade, confirmed that values are easily determined even in a transitional period. In Hungary, co-operatives have put their land up for sale and market values were established within hours.

Only one thing, it seemed, would stand in the way of rent

collection making its way into the Soviet economic structure: public resistance. But that is likely only if structures are retained which remind people too much of the past. At an informal post-conference round table on the final evening, Prof. Meyendorff raised that issue. He had no confidence the Soviet citizens, farmers in particular, would feel secure enough, despite the terms of the lease, to devote their labor and resources to the level of capital improvement necessary to achieve economic growth if the state still owned the land. Honored Architect Igor Nerush of Leningrad seized the opportunity to continue the examination of land rent in his city, requesting a program in Leningrad when the show goes on the road to Estonia.

So the green light seems to be on in Eastern Europe. The programs in Estonia and Leningrad, scheduled for spring 1991, are being planned by Nicolaus Tideman, Ted Gwartney, and myself. In the words of Prof. Mikhail Bronshtein, "Land tax is the objective."

-- George L. Collins



HGS staff, students, trustees, and friends celebrating Mayor Dinkins' proclamation of Henry George Day on Sept. 2nd.

**Henry George School of Social Science**  
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