

HENRY GEORGE NEWSLETTER

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LAND, FREEDOM & SOVEREIGNTY: Seminar Examines Reform Prospects in Pakistan and Estonia

The New York HGS held a special globe-trotting seminar on November 20th, in which two experts acquainted their American audience with the real prospects for land value tax reform in two very different nations.

Javed Malik, a staff correspondent with the News International of Rawalpindi, Pakistan, came to New York to cover the U.N. General Assembly session. Having enriched his understanding of the land-struggles in his native country through correspondence courses with the Henry George Institute, Mr. Malik contacted HGI President Bob Clancy and offered to speak on Pakistan's land-tenure systems during his visit.

Serendipitously, Mr. Olaf Klasen arrived in New York at the same time. Mr. Klasen is an emigré Estonian, a real estate

assessor in Vancouver, B.C., and a Georgist who has participated in advisory visits to Russia and eastern Europe over the last two years. Of all those meetings, the greatest receptivity and chance of success came in Estonia. Mr. Klasen's speaking engagement at the school was facilitated by Prof. Steven Cord, who also participated in various Eastern Europe advisory teams.

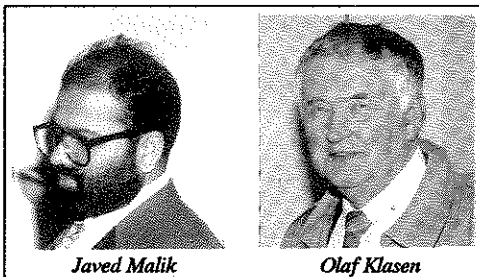
The economic situations of Estonia and Pakistan probably resemble each other as little as either resembles our own, but the fascinating subtext of the evening's presentations was that the vitality of Henry George's insight is being recognized in both places. People in wildly disparate circumstances are coming to the conclusion that public revenue ought to come from land values. A most thought-provoking evening! - L.D.

Pakistan: Survival of Feudal Serfdom in the 20th Century

Incredible as it may seem, reported Javed Malik, "In Pakistan we still have a feudal system. It has suffered setbacks, but the process of change has been very slow." Land ownership is exceedingly concentrated, and landowners wield the lion's share of political power. This, in turn, is the major factor which inhibits both social reform and industrial development.

Pakistani landlords got their land in three distinct historical waves. The first large landholdings were accumulated by Islamic clerics who migrated to the country from central Asia. Local rulers and even common people donated lands to religious leaders, to provide them with a means of support that was free from secular concerns. Land was plentiful in fourteenth century Pakistan, and large tracts were given. Over the years, large Islamic schools became established and ran on income from these lands. But in modern times, Mr. Malik reports, "There is a strong paradox: most of the people who have inherited the lands are not holy men; they do not even practice religion."

The second wave of landownership came when local agents were given land in exchange for services under British rule. The British had authority to cede lands to whomever they wished, as long as only peasants were displaced. The third, and somewhat smaller, class of landlords emerged when elite military and civil servants were rewarded with land after independence in 1947. (continued on page 6)



Javed Malik

Olaf Klasen

LVT in Eastern Europe: Prospect or Pipe Dream?

Olaf Klasen began his remarks by asking how many in his audience knew Estonia's location; a surprising percentage (he thought) of this audience did know. Nevertheless, it does not surprise Mr. Klasen that Americans know little about Estonian history; like so many other nations, his native country was subsumed by the Soviet state for most of the 20th century.

In fact, Estonia has known foreign domination for a very long time. Over the years, its land has been held by Danes, Swedes, Finns, Germans and Russians. The name of its capital, Tallinn, means "Danish City." In World War II Estonia



This fall brought to a close a long and fruitful collaboration between the school and Dr. Albert Alexander, who, along with Stan Rubenstein, ran the High School Urban Workshop. Al, a retired New York City high school teacher of economics and Executive Director of the New York City Council of Economic Education, which co-sponsored the Workshop, retired after 20 years.

The High School Urban Workshop is a venue for young adults to learn about college opportunities and the job market. Those attending the workshop leave with a more comprehensive idea of the "real world" and are better equipped to enter it. Every Workshop has had one or more guest speakers from the professional world and a speaker from the Bureau of Labor Statistics. The Workshop, which for the last five years has been held in conjunction with Baruch College, has provided a valuable place for students to make contacts with the world of business and get an accurate reading of the economic climate.

During the last Workshop, held at the school on December 10, Stan Rubenstein, who, besides co-chairing the Workshop is also a board member of the Henry George School, presented Al with a plaque honoring his many years of service and dedication. "Al has been one of the most cooperative individuals I've ever worked with. His general knowledge and contacts with speakers throughout the city has given the Workshops the success they have had over the years", said Stan.

- David Domke

fought against both the Nazis and the Soviets. Nevertheless, Mr. Klasen stressed that all the ethnic groups in Estonia (many of whom represent former occupying forces) live peaceably together, all participating in free public education, and even in the tense present climate, there have been no abuses of human rights there. Out of a population of 1.6 million, Estonia is home to about half a million ethnic Russians. While it is true that the Russians are currently denied suffrage, the only requirement for gaining the right to vote is to learn the Estonian language. This makes perfect sense, Mr. Klasen asserted, considering Estonia's beleaguered history. For the most (continued on Page 7)

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- by George Collins

Professors Robert Solow and James Tobin, two Nobel Laureates from among the 30 economists who signed a salient 1990 letter urging Soviet President Mikhail Gorbachev to collect the rent of land as public revenue for his emerging market economy and avoid our mistake of allowing land rent to be privately collected, had a chance this month to once again set the thinking of government along that path. But this time it would not be a private presentation to President Yeltsin for his troubled Russian Republic. It would have been publicly proposed to President-Elect Bill Clinton for the ailing US economy - had they elected to repeat the recommendation.

The professors were among the hundreds of businessmen, economists, labor leaders, educators, and public officials called together by the incoming President in an historic economic summit in mid-December. In a forum open to full public observation and participation through radio and TV (a system that is likely to become out "national town meeting" through this administration,) participants boldly gave the President-Elect their assessment of what has gone wrong with the American economy and society and what should be done to fix it.

Just as the other experts did, Tobin and Solow produced impressive statistical data illustrated by vivid graphic displays - provided through the generosity of Apple Computer - chronicling two decades of decline in the US economy. Through it all, not one hint was given that private collection of land rent and the excessive squeeze on productivity and profitability was even a contributing cause. Collecting more land rent with an accompanying reduction of the incentive-destroying taxes on labor and capital had no basis on which to be presented.

To be sure, reference was made to real estate. It figured in housing concerns and the general need to get the economy going again. And one economist, after telling President Clinton that foreign corporations invest heavily in research and development and worker training, while our do not, answered his question about what we do by explaining that we invest in real estate and takeovers.

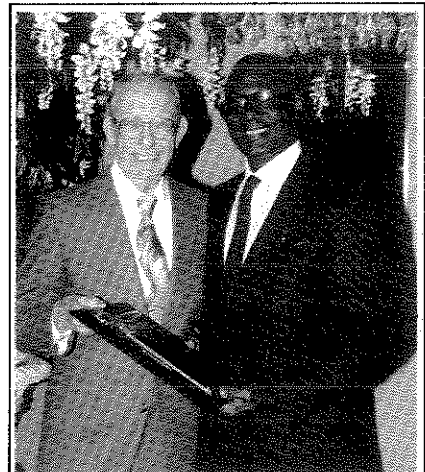
Among solutions offered were ideas which should gladden the hearts of land rent-seekers. One, suggested by a city housing official, was that the government might consider making the down payment for home buyers who could make the monthly payment but cannot raise the initial cash. And given that heavy investment in infrastructure is, for President Clinton, a primary necessity, another economist urged him to recognize housing as an infrastructure item.

Now the President and his staff face the task of sorting through all the recommendations and choosing what to do first. Professors Tobin and Solow did not place land value taxation in the hopper, so it is not an option for Mr. Clinton to consider. I wonder if they would be willing to sign a letter to President Clinton urging on our government the public collection of land rent - or is that ethic only good for Russia?

Editor's Notes

* Sorry we're so late this time, folks. We try to bring you the best *Newsletter* we can - and we resolve to catch up in '93.

* Although we laud Prof. Gary Becker's work on economics "as if people mattered" in *Human Capital*, it ought to be remembered that *humans*, in political economy, are never *capital*! - L.D.



A gala dinner, in honor of HGS Executive Director George Collins, hosted by the inimitable Dr. Jack Schwartzman, was held on October 18th at Konig's Restaurant in Floral Park, New York. A large contingent of staff, students, Trustees, friends and family came to share in the occasion, during which George was presented with a plaque. He then delivered a stirring speech about the rewards of a career of teaching the facts of economic justice.

The occasion was doubly auspicious, for Dr. Schwartzman also had something to celebrate: the rebirth of his acclaimed individualist review *Fragments*, which will resume publication in 1993. Back issues of *Fragments* were on hand, and many who had been unacquainted with the magazine were impressed, and eager to see it return. For information on *Fragments*, you may write to Dr. Jack Schwartzman, P.O. Box 38, Floral Park, NY 11002.

SAMUEL P. GRAY

The Philadelphia Henry George School has lost a valued faculty member upon the death of Samuel P. Gray on November 30th, 1992.

Sam had been active with the school since completing his first *Fundamental Economics* class in 1983. An expert in the investment field, he took over the course *How Wall Street Works* in 1985. His classes were popular; many new students came through recommendations from his graduates, and occasionally a waiting list formed as Sam's registrants overflowed classroom space.

Sam was born on Sept. 23rd, 1927 in Johnstown, Pa. He graduated from Simon Gratz High School in Philadelphia, and served in the Army in WWII. He worked as an aerial mapper, employed under contract with Conrail upon his retirement in 1989. An accomplished amateur photographer, Sam had many pictures published in photographic magazines. He also studied painting and sculpture at the Tyler and the Pennsylvania colleges of art.

Our colleague Sam will be sorely missed by all. He is survived by three brothers, Harry, Robin and Thomas, and their wives and children.

A memorial service in honor of Sam was held on Tuesday, December 15th, at the Birthplace.

TAXING SPRAWL

The letter that follows, written by Evelyn Friend Loomis, Director of the Sacramento HGS, was published in the December, 1992 issue of *Historic Preservation News*. The article to which she responds, titled "The High Cost of Sprawl," featured a photo of the Pittsburgh skyline, captioned, "Pittsburgh has successfully addressed many urban challenges" - but cited nothing more than "public/private partnerships and visionary city planning" to explain its revitalization.

In your June Viewpoint, "The High Cost of Sprawl," you list the many negative results of what you refer to as "suburban expansion" or the development of "edge cities." I would like to point out that this trend, which has led to the decline of our inner cities, is caused by the present tax system.

Under this system the tax on vacant land is so low that owners can afford to hold out for inflated prices, forcing developers to go outside the cities and buy lower-priced farmland. Taxing land more heavily makes it unprofitable for owners to hold land in the inner city off the market. (Building outside the city is more costly because roads must be built and utilities provided.)

You highlight Pittsburgh, which is widely recognized as an outstanding city. One reason for its success is that it has had a two-rate tax since 1913 that by 1925 amounted to the tax on land being double that on buildings. In 1979 the tax on land was raised to almost four times that on improvements, and construction increased 114 percent for the next three years compared to the three prior years. By 1983 the ratio was 5.6.

Although, as you say in your Viewpoint, "there is no single answer that can bring about urban miracles," taxing land more heavily discourages sprawl; boosts development, lowers unemployment; and improves conditions generally.

NOBEL LAUREATE BECKER EXPLORES SOCIAL VALUE

Gary S. Becker of the University of Chicago, winner of the 1992 Nobel Prize in economics, says that his interest in economics was strongly influenced by the writings of Henry George. Like Henry George, Becker bases his economics firmly within a sociological perspective, tackling such topics as racial discrimination, family structure and investment in public education - unusual subjects for an economist today. "We in economics stress that people's needs are unlimited," Becker says, explaining his wide-ranging approach to the creation of social value. In honoring him, the Royal Swedish Academy of Sciences credited Becker with "having extended the domain of economic theory to aspects of human behavior which have previously been dealt with, if at all, by the other social science disciplines such as sociology and demography."

Becker's first book was a consideration of racism from an economic perspective. He used statistical techniques usually applied to the study of international trade to inquire into the relations between racial discrimination and the labor market. His conclusion was that discrimination can only effectively exist

where markets are not fully competitive.

In 1964 his book *Human Capital*, cited by the Royal Swedish Academy as

his "most noteworthy contribution," and the work for which he is probably best known, was published to wide acclaim. Prefaced with a quote from Alfred Marshall's *Principles of Economics* - "the most valuable of all capital is that invested in human beings," the book was a pioneer study of the uses and needs of investment in social enterprise. "The original aim of this study," begins Becker, "was to estimate the money rate of return to college

and high-school education in the United States. In order to set these estimates in the proper context, a brief formulation of the theory of investment in human capital was undertaken. It soon became clear to me, however, that more than a restatement was called for; ...there had been few, if any, attempts to treat the process of investing in people from a general viewpoint or to work out a broad set of empirical implications." *Human Capital* covers a broad field of inter-related economic subjects, from education to job training and health. Becker says: "it eventually became apparent that a general analysis would do more than fill a gap in formal economic theory; it offers a unified explanation of a wide range of empirical phenomena which have either been given *ad hoc* interpretations or have baffled investigators."

Becker's next work, and his most controversial, was a study of criminal behavior. While many criminologists tend to reduce all criminal behavior to strictly social parameters, either social maladjustment or deprivation, Becker took the position that entering the criminal life was a rational economic decision based

"IN THE OTHER ECONOMY, THAT OF SOCIAL WHOLE, OR THE SOCIAL ORGANISM, NOTHING CAN BE REGARDED AS WEALTH THAT DOES NOT ADD TO THE WEALTHINESS OF THE WHOLE." - HENRY GEORGE, *THE SCIENCE OF POLITICAL ECONOMY*

on calculated risk factors and that criminals respond like other people to reward and punishment. While not denying the social component behind much

criminal behavior, Becker insists that the choice to lead a criminal life is an economic choice freely made by the individual.

Becker, who also teaches sociology and is a regular contributor to *Business Week* magazine, was the speaker at the Spring 1992 Henry George lecture at St. John's University, New York. (For a summary of his remarks see the Summer '92 issue of *The Georgist Journal*, published by the Henry George Institute). -David Domke

WILLIAM FILANTE

Bill Filante, a California Assemblyman for 14 years, died on Dec. 8th, 1992. He was 63. Dr. Filante was an ophthalmologist and a well-loved community figure. A moderate Republican, he supported reproductive and gay rights, and many controversial environmental-protection bills. He also supported land value taxation, and was associated with the San Francisco HGS. Governor Pete Wilson said of him, "The people of...all of California remember him as a true citizen-politician, an officeholder who could care less about power and perks."

IS FREE TRADE GOOD FOR THE ENVIRONMENT?

by Lindy Davies

The word **economy** comes from the Greek *oikos*, house, and *nomos*, managing. **Ecology** comes from *oikos* and the famous Greek word *logos* which means "word" or "speech". So, then: economists talk about how we manage to get a living, and ecologists study the relationships between organisms and their environments. But let's paraphrase that in a homier sense: We practice economy (how to get a house) to improve our ecology (furnishing our house, living comfortably in it, meeting the neighbors...)

This is interesting, because although **economics** has always been important to **ecological** policy, we are now waking up to a world in which **ecology** will become a more and more important part of **economic** policy.

Up until recently, pollution has been thought to be a problem that came with successful industrialization and a high standard of living - and protecting the environment, therefore, meant threatening the standard of material well-being from whence the pollution came.

Pollution does, of course, impose costs on society. It always has: the costs of pollution can be seen in health care, lost productivity, increased difficulty (cost) of securing usable water or soil, and political pressures.

Nevertheless, the industrial revolution proceeded on the tacit assumption that air, water, soil, etc. were free goods. Business is accustomed to paying for both the use and the maintenance of capital, but only for the use of natural resources. It was thought that the Earth would simply maintain itself. Really, this was never true (the Native Americans, among others, gave warnings) but as long as the consequences of pollution were seen as **local** problems, the overall status of the environment as a free good was not threatened.

Two things have happened (as they inevitably would) to change this perception: 1) developing countries want to raise their own standards of living through industrialization, and 2) the current list of environmental concerns - global warming, deforestation, desertification, and ocean pollution - are global, not local, problems. "My back yard" gets harder and harder to separate from everyone else's back yard.

The world economy is poised on the brink of facing the need to pay pollution's cost. Once we cross the threshold, we'll be OK - or at least better off - because the costs of pollution will be recognized by markets, which will create incentives for ecologically sustainable development. We're on the threshold - but because producers will always resist the imposition of new costs,

we're dug in pretty tight.

We "capitalists" can sometimes be a bit condescending about the poor Russians: look at them bumbling around trying to arrive at a market economy and a pricing system, things that seem so natural to us. But, our celebrated pricing system now faces an equally daunting challenge: how do we place a market value on the maintenance of our environment?

The problem is further complicated by the fact of wildly disparate income levels between nations: North-South issues.

Much of the third world is only now embarking on the industrial revolution. They consider it unfair to be expected to pay the costs of pollution when the West's industrialization managed to avoid those costs!

Developing and industrialized countries, then, have different priorities. For example, consider deforestation and its probable effect on global warming. Those whose livelihood depends on their trees are apt to say, "You guys stop burning oil so we can cut down our trees without causing global warming." Naturally, those in a nation with nearly as many automobiles as people would retort, "You guys stop cutting trees so we can burn our oil without causing global warming!"

Is There Anything Green About GATT?

Much has been said about the current spate of free-trade proposals. The "Uruguay Round" of GATT (General Agreement on Tariffs & Trade) is bitterly criticized on the grounds that it will enable rich countries to avoid their own environmental regulations by exporting polluting industries to poorer nations - who can't afford such regulations because they need the foreign exchange. The worrisome provisions in the GATT framework are those which deal with "technical barriers to trade." Critics contend that an international agreement, negotiated by executives and not ratified or even examined by the people of various countries, may have the effect of reaching in and degrading nations' abilities to protect their lands and their workers.

Basically, the GATT position is that nations have complete sovereignty over their own laws, which include environmental regulations. A nation cannot subject the products it imports to higher standards than the products it produces. But also, alas, nations cannot restrict importation of products produced under lower environmental standards in the exporting country. Assuming that the products in question are made primarily for

export (which they are), any attempt by the importing country to prescribe the conditions under which they should be made is seen as an invasion of sovereignty.

However: no restriction whatever is placed on a nation's ability to set standards for products consumed within its borders. In other words, it is OK to require cars to meet emissions standards, or for food to have certain labeling requirements. Such laws do not discriminate; furthermore, to disallow them would also be an invasion of a nation's right to protect its own citizens (and wildlife).

Both of these principles can be seen at work in the oft-cited controversy over Mexican tuna. When tuna are caught in nets, dolphins are often inadvertently killed. US law sets a limit on dolphin catches, making tuna fishing more expensive in this country, which enables Mexico to sell US consumers cheaper tuna. GATT's panel ruled that US trade restrictions on Mexican tuna were unfair.

However, the panel approved a US law mandating that tuna labeled "dolphin safe" had to meet US requirements.

Those in the US who believe that dolphins should not be killed in this way are thus guaranteed dolphin-safe tuna.

In the age of global environmental dangers, there is a likelihood that the ecological ravages of one country may not be contained within its own borders. What if there is a "spillover?" What if, for instance, the world depends on the few remaining rain forests to absorb the huge amount of carbon dioxide being spewed out by advanced industrial societies - but the marginalized workers in those rain-forest areas seem bent on cutting their forests down?

Apropos of this, many argue for sanc-

What Would Henry George Say?

There is a strong connection between programs for placing a cost on pollution and Henry George's remedy of collecting the rent of land for public use. The cost of pollution is generally not paid by polluters themselves, but by the individuals who are affected by it. When they can get the general community to pay the costs of their polluting activities, the opportunity to pollute and not pay is a benefit received by the owner of a site: part of **rent**.

Writing in a time of widespread faith in the benefits of technology and industrialization, George made few explicit comments on the environment. Nevertheless he showed, in *Social Problems*, how land monopoly could cause environmental degradation in both city and country. And the following *S.P.* passage warns that the land question would play a huge role in "North-South" dilemmas:

The day is near at hand when...we shall need for our own millions the immense surplus of food-stuff now exported; when we shall not only begin to feel that pressure that comes when natural resources



tions against South American logs or wood. This, they say, would be good ecological policy, regardless of its effect on trade.

Deforestation, of course, is bad for many reasons, including the destruction of precious biological diversity and indigenous human societies. In global terms, though, what's happening is that the heavily forested nations are **providing the valuable service of CO₂ absorption** of other nations' emissions - and they aren't being paid for it! Should they, then, be hit with trade sanctions because they are cutting down trees?

Well - many green-thinking people retort - it may not be fair, but everyone must sacrifice if we are to control global pollution.

GATT argues, however, that trade restrictions are ineffective in controlling pollution. If a country is inhibited, by trade sanctions, from producing those commodities for which it has a comparative advantage, its economy becomes less productive and efficient, using more resources and creating more pollution per unit of GNP than it would otherwise.

If, for example: a tariff were imposed on Brazilian logs, it would create an incentive to saw the logs into boards there in Brazil. However, the various equipment

needed to saw the logs and transport the lumber is less efficient there than it is in the US. The only incentive to saw the logs in Brazil would be the extra cost imposed by the tariff.

And that wouldn't stop the cutting of Brazilian lumber, anyway. So perhaps we'd need a tariff on the boards, then, which would effectively cut off Brazil's logging income.

Alas: Brazil's logging income is not its main reason for cutting down the rain forests! The reason is the need of unemployed people to resort to subsistence farming, and the (artificial) scarcity of land. To the extent that Brazil doesn't get some export income

from logging, more marginalized peasants are forced to burn down more forest.

Protectionism in wealthy countries is also bad for the environment. Farm subsidies - a widespread form of protectionism - create incentives for environmentally destructive agribusiness farms, with their pesticides and chemical fertilizers. Farm subsidies also wreak havoc with developing countries whose most efficient export products are often those same farm products that are subsidized in the rich nations.

The bottom line is that restricting trade is no way to enforce environmental regulations, and that free trade, in and of itself, will have some beneficial (if small) environmental effects, such as: efficient production; less foreign debt; greater capacity to participate in world environmental agreements; greater capacity to industrialize sustainably.

So What's the Problem with Free Trade?

The bitter fact is that developing countries bear two huge growth-retarding weights. Land monopoly and concentrated land ownership restrict opportunity and keep millions of people in poverty. And billions & billions of dollars are owed to western banks. The two problems are related; much of the borrowed money went into investments that enhanced the profits of landowners, while the misery of marginalized peasants was increased. Nevertheless, their governments can't afford the stringent environmental regulations enjoyed in the US and Europe. They must have foreign exchange now to

service their debts; thus we come to the unavoidable connection between the environment and poverty.

Poor people are exceedingly inefficient in their modes of production and uses of energy. The developing countries contain 4/5 of the world's population, but only consume 1/4 of the world's energy resources - and yet produce 40% of the world's CO₂ emissions. No wonder the "first world" is worried: those numbers show a staggering disparity in per-capita use of resources. For the approximately four billion poor people in the world to even slightly increase their use of

energy would cause huge stresses to an already precarious environmental balance.

But poor nations are (understandably) unwilling to contribute disproportionately to abate the pollution caused primarily by the rich nations. Because of their capital shortages and debt burdens, developing countries are vulnerable environmentally. They may have sovereign control over their environmental standards - but economic pressures force them to lower those standards in the effort to gain access to markets.

Thus, the drive toward third-world industrialization is very worrisome, GATT or no GATT. But how can we devise an equitable program to fight this? Simply mandating across-the-board reductions in emissions is unacceptable to the industrial countries, because they have already spent considerable sums on controlling pollution. Yet expecting developing countries to pay a cost that the First World escaped is unjust as well.

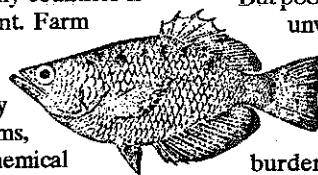
Astoundingly, where most of the world sees nothing but a nasty paradox, the United Nations Council on Trade and Development (UNCTAD) has perceived a clear opportunity!

Could More Trade Be the Answer?

If some countries aren't producing too awful many greenhouse gases, or if they could reduce their emissions at a lower cost than advanced industrial countries could... Perhaps we can make a deal.

This is what UNCTAD proposes to do: a global emissions-reduction target would

(continued on page eight)



Will the Markets Work Fairly?

The UNCTAD economists have anticipated some problems in creating a market for pollution credits. First and most daunting is the huge task of negotiating the agreement. Nevertheless, all environmental agreements are hard to negotiate. This one, at least, actually benefits developing countries and rich industrial countries. There is every reason why it should have a better chance of acceptance than any comparable plan.

Another source of difficulty may be the possibility of unfair manipulation of the future emissions-credit market. Two potential problems are foreseen:

- 1) Rich nations could refuse to buy the credits and create a disproportionately low price. *But: The initial agreement will stipulate that the market will close if a sufficient number of nations opt out of it. Since the vast majority of individual participants will be poorer nations, any effort by rich nations to drive down the price will result in a collapse of the market. This would then leave the rich nations liable for paying the full cost of complying with the pollution-reduction goals (to which they have already agreed) domestically.*
- 2) Credit-holding poor nations could form a cartel and raise the price. *But: There will be so many countries involved that cartelization will be practically impossible to maintain.*



George Think?

are all monopolized, but when increasing social pressure here will increase social pressure in Europe. How momentous is this fact we begin to realize when we cast about for such another outlet as the United States has furnished. We look in vain... Mexico offers opportunities for American investment... and American trade, but scarcely for American emigration.

Cost-free pollution is, perhaps, the last frontier: it will soon be gone. Some contend that the Single Tax would - inherently - collect the proper fee to pay for environmental maintenance. Some believe that an additional payment would be necessary to ensure that natural resources be preserved for future generations; others consider that value to be a natural part of the rent *per se*. All agree, though, that the public collection of land rent would create powerful incentives to conserve energy, and create more sustainable development. Just consider the waste of urban sprawl, and the clear-cutting of rainforests for subsistence farming - two things that LVT would eliminate!

PAKISTAN (continued from first page)

Although Pakistan is nominally a democracy, the influence of the landed class virtually removes everyone else from the political process. Two-thirds of both houses of Parliament are holders of large estates. (Former Prime Minister Benazir Bhutto is from one of the top landowning families.) The landlords exercise such control that the major political parties are essentially interchangeable; indeed, wealthy Pakistani voters often switch their party affiliation many times over.

Mr. Malik said that the control of the landed class over the economic and political life in his nation is nearly total, and this has disastrous effects on social and economic progress. There are still many families in Pakistan "who have only one room - for their family and their cattle!" Prior to independence, landlords were obliged to keep private armies and police forces to maintain control of huge estates. Now that "the landlords are the parliament," these services are provided by the state.

As in many third-world countries where landownership is highly concentrated, the ruling class in Pakistan has little interest in making agriculture or industry more productive. In fact, "deliberate efforts are made to keep large numbers of people illiterate." The government spends far more on universities than on primary schools. The over-riding incentive for Pakistani landowners is to suppress any working-class opposition; hence, access to press and media is strictly controlled. And finally, industrial projects only go ahead if they benefit the top landowners.

Part of the reason why this dismal state of affairs has persisted for so long is that the Pakistani constitution forbids any taxation of agricultural income. There are income and sales taxes, but the most popular "tax dodge" is to represent business income as tax-free agricultural income.

Recently, however, momentum has been gathering for some sort of a tax on the wealth of Pakistani landlords. Pressure has come externally from the I.M.F. and World Bank, because of the tendency of current economic realities to retard development. Another source of pressure is the urban intelligentsia, a growing class of people (owing partially to Pakistan's large investment in higher education). And, finally, a merchant class has emerged, despite enormous obstacles; small urban businesses have a wildly disproportionate tax burden. These factors ensure a market for a popular press which discusses economic reforms, despite the landlords' efforts to curtail it.

The remedy that this loose, fragile coalition has been advocating is a tax on

HGS Fall Seminars: Immigration to a Livable City?

IMMIGRATION AND HUMAN RIGHTS

This semester the school presented two seminars concerning the accessibility and desirability of living space in the United States. The first, entitled *Immigration and Human Rights*, addressed the problems of people coming to the United States - specifically the changes made in immigration laws in 1990. The seminar was chaired by Vandana Chak, an attorney and a member of the Harvard Human rights program and a teacher at the school, and Cyrus Mehta, and immigration attorney and pro bono counsel to the Lawyers' Committee for Human Rights. The seminar began with a discussion of the changes made in 1990 to the immigration law, which have made it harder for people seeking asylum for political reasons to come into this country.

According to Mr. Mehta, immigration law has become more "ideologically driven," creating strong class divisions in the type of people allowed to seek asylum. The law describes a political refugee as one who "has a well-founded fear of persecution because of race, religion, nationality, membership in a social group, or political opinion." In practice, however, the new immigration regulations make it much easier for people fleeing countries with a communist government, those leaving Cuba, and China after Tiananmen Square for instance, than for people fleeing repression in countries that have a different ideological agenda.

Another category of immigrants, one in which it is much easier to gain access to and residence in this country, is the business or employment category. This category provides a virtual open door policy for anyone who is considered "exceptionally qualified" or has \$1 million to invest. The quota for the business category is

land values. But although Javed Malik knows they are talking about Henry George's remedy, very few people in Pakistan know that. "This is a totally domestic idea," he said. The overwhelming power of the landowning class naturally suggests it, the constitution does not forbid it, and, in the end, a consensus is emerging that a tax on land values is the easiest way to remove the anachronistic ties that continue to bind Pakistan's economy. □

400,000 a year, as opposed to only 10,000 for those seeking political asylum. Mr. Mehta wondered if the phrase "give us your huddled masses" is losing its meaning. Ms. Chak concluded the seminar by expressing the hope that in the future there would be an "open market" for immigration because the movement of people across boundaries in search of new opportunities is "natural to the human species."

THE LIVABLE CITY

The seminar *The Livable City*, given at the school a few weeks later by Professor Stephen Sussna, a charter member of the American Institute of Certified Planners and a member of the law faculty at Baruch College, continued the theme of human habitat and accessibility, this time concerned with internal boundaries. Prof. Sussna, who has also chaired various American Bar Association land use committees, began by giving

a brief history of urban zoning in the US. Prof. Sussna described how zoning began as "an exclusionary device" used to keep certain "undesirable elements" from moving freely and living where they want. For example, zoning was first implemented in New York City in 1916, as a way for those living uptown to keep the



Vandana Chak & Cyrus Mehta

workers in the garment district in place - to keep them from moving uptown. Zoning quickly turned New York City into "a municipal corporation" and was used to "legislate land use", usually for the vested interests of real estate interests and politicians.

By the 1920s, zoning existed in almost every major city in the US. On the positive side, zoning is a way of insuring and promoting "the public safety, public health and the general welfare." Zoning, when used properly, can help a city maintain its livability. On the downside, it is very difficult for ordinary citizens to effect changes in zoning laws.

Contrasting interests - Government policy makers, municipal engineers, city planners and real estate and corporate interests all represent different and competing sectors. For instance, affordable housing is very difficult to build in suburban sections due to because "excessive subdivision regulations" that are a way for a municipality to regulate who does or does not move into its area. Furthermore, the huge speculative profits to be had in real estate often ensure that equitable zoning rules can only be achieved in spite of formidable special interests. - David Domke

Free Trade & the Environment

(from page five)

be agreed upon. The target would apply to all the nations on some agreed-upon basis (emissions per capita is the simplest). The targets would be set up so that poorer nations would fall below the standard and richer nations above it. Any nation with emissions below the target level would receive a credit, which could be sold on the market. Wealthier polluting nations could purchase the credits, which would be used toward meeting their emissions target. The credits would cost less, in most cases, than further reductions of pollution. This would give developing countries an environmentally-benign source of foreign aid. Were they to use the money for investments that increased their emissions, they would lose the credits.

The tradable-entitlements plan is sometimes criticized on the grounds that it is immoral to trade in **permits to pollute!** Doesn't that grant the power to pollute as a right? Well, so do regular emissions standards. Producers in the US are already allowed to pollute a certain amount. Producers in countries with laxer standards are allowed to pollute more. The important point is that polluters should be charged the cost of polluting, and this cost should be distributed fairly and efficiently. After all, market mechanisms distribute the costs of labor and capital...why shouldn't there be a market in the cost of pollution?

Traditional command-and-control approaches to controlling pollution are concerned with government-mandated standards, and have nothing to do with market forces. They do not provide any incentive for improved pollution-control technology, because once the standards are met, there is no reason for further action. On the other hand, the tradable-entitlements approach stimulates the development of new pollution-control technology because more efficient pollution abatement will bring in valuable credits. And there would be one other way to cut carbon emissions and earn credits: replant some forests.

- L.D.

Has It Been Tried?

The technique of tradeable emissions credits has been tried in many ways in the US and elsewhere and has caught on. Trading in credits eased the transition of US manufacturers from leaded to unleaded gas. Credits for SO₂ emissions (a major cause of acid rain) are now traded on the Chicago futures market. Economists observe that the method works best when the only thing you have to measure is the overall level of the pollutant in question regardless of source. This is precisely the case with greenhouse gases, especially CO₂.

In New York, this Winter...

Basic Courses

Fundamental Economics

Mon., Mr. Irving Kass, 5:30 - 7:30
Tues., Ms. Vandana Chak, 6:30 - 8:30
Weds., Mr. George Collins, 6:00 - 8:00
Thurs., Ms. Lynn Yost, 6:30 - 8:30

Progress & Poverty (in Spanish)

Tues., Mr. Nibaldo Aguilera, 6:00 - 8:00

Understanding Economics

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

Advanced Courses

Applied Economics

Weds., Mr. Sydney Mayers, 6:00 - 8:00
Thurs. (in Spanish), Mr. Nibaldo Aguilera, 5:30 - 7:30

Economic Science

Tues., Mr. George Collins, 6:30 - 8:30

Current Events

Mon., Mr. William Brown, 6:30 - 8:30
Weds., Mr. Lindy Davies, 12:30 - 1:30

Great Decisions '93

Tues., Mr. Erik Baard, 6:30 - 8:30

Liberation Theology for a Post-Marxist World

Weds., Mr. Lindy Davies, 6:30 - 8:30

U.S. History & Government (in Spanish)

Weds., Mr. Manuel Felix, 6:00 - 8:00

Money & Banking

Thurs., Dr. Oscar Johannsen, 12:15 - 1:45

Liberty & the Just Society

Thurs., Mr. Dave Redman, 6:00 - 8:00

Friday Evening Forums (7-9 pm)

The Russia of Tomorrow: Urban & Land Policies in a Changing Society
Jan. 15th, Prof. Yuri Bocharov

Land in the Movies:

Original Intent

Feb. 19th, with Mr. George Collins

Henry George:

An American Original

Feb. 27th, Ms. Vandana Chak & Mr. George Collins

Saturday Seminars

(1 - 3 pm)

Free Trade, Fair Trade

Feb. 6th, Prof. C. Lowell Harriss & Mr. Ron Blackwell

Starting a Small Business in the Big Apple

March 12th, Mr. Tom Hill & Ms. Myrtha Becker

Special Exhibition:

Nature & the Human Spirit

Photo, painting & text
by Mr. Robert Bery - Opening Sunday,
Jan. 24th, 1 - 4 pm

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Happy Holidays

from the Director and Staff

of the Henry George School!

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HENRY GEORGE NEWSLETTER

Volume 56, Number 5



September - October, 1992

HGS CELEBRATES 60TH ANNIVERSARY IN STYLE

Friends, students, staff and Trustees of the Henry George School gathered to celebrate Henry George's birthday on the evening of September 2nd. The occasion was doubly auspicious, because it also marked the school's 60th anniversary. Proclamations commemorating the event, and lauding the school's educational work, were issued by Mayor Dinkins and City Council President Peter Vallone.

Bob Clancy, President of the Henry George Institute and former HGS Director, was the featured speaker, and Prof. William Vickrey, President of the American Economics Association, also gave a brief, thoughtful talk on the relevance of George's remedy today.

The evening provided all those who give their time and effort to the school a chance to reflect on their shared endeavor, share comments and congratulations, and get to know each other a bit better. There was an ample spread of tasty treats, provided by students and friends, and even a birthday cake - a splendid time was had by all.

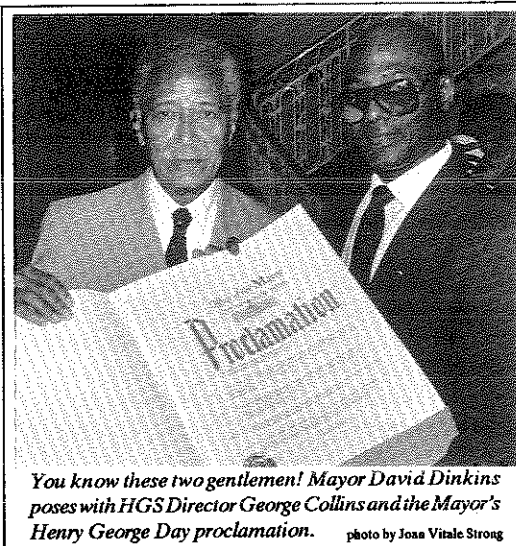
Excerpts of Remarks

by Prof. William Vickrey

Well, as one of those much-maligned professors of economics... I know that economists are fond of saying, "If only we had a lump-sum tax, which people can't avoid...." Such taxes come, basically, in two types: the poll tax, which most reject on the grounds of regressivity, and the land tax....

Economists are almost unanimous in conceding that the land tax has no adverse side effects - yet they don't seem to want to go with it.... Especially in older countries, such as England and the United States, the long-standing vested interest in property rights has ensured a real estate lobby that is very powerful. In younger countries, such as Australia and New Zealand, the land tax can be applied from something resembling the start, and can therefore have a chance to catch on.

I think, however, that landowners ought to look at both sides of the coin. Applying a tax to land values also means removing other taxes. This would so improve the efficiency of a city that land

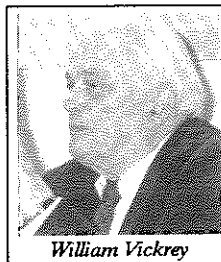


You know these two gentlemen! Mayor David Dinkins poses with HGS Director George Collins and the Mayor's Henry George Day proclamation. photo by Joane Vitale Strong

values would go up more than the increase in taxes on land.... Landlords ought to be in favor of this proposal. If taxes on structures were removed, land values in New York City would go up much more.

There is also a strong equity argument in its favor. Consider the example of a tennis court. Even though people playing tennis have no use for electric, water and communication facilities, these services must be provided anyway.... In effect we have

to pay for utilities twice: once to the provider and once to the landowners who benefit by them. And, although this goes, perhaps, a bit beyond Henry George, I believe that the land tax ought to be used not only to pay for the government, but also to pay a good deal of the costs of electric, phone, water, and other services. That's something we should think about.



William Vickrey

Excerpts From

Bob Clancy's Remarks

The 60th anniversary of the School is also my 60th anniversary in the Henry George movement.... I was just out of high school in 1932, and it was the worst part of the depression: the depth of the depression, as I call it. None of the subjects I had in high school prepared me for what I would find: a rat race for the most menial jobs.... This perplexed me. Why should a person who is fairly fit, and willing to work, be unable to find a job? I kept seeing flyers for the Henry George School, and I ignored them for a while, but they promised an answer to my question - so I finally broke down and attended a lecture, at a little rented room in the Pythian Temple, uptown.

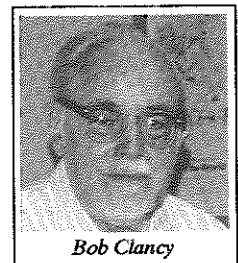
One lecture did it for me. Oscar Geiger explained the whole thing.... I really haven't found anything that overturns the Georgist explanation for economic problems. I haven't found a better answer, although I have listened to many....

One recent phenomenon is the wave of auto thefts in New Jersey. Youths not only steal cars, but they drive these stolen cars recklessly; they confront the police.

Their response when caught is, "So what?" They have no better prospects; they seem not even to have any concern for their own lives. This is their answer

to the restricted and diminished opportunities that keep them unemployed.

One question I have not yet been able to answer is, "Why is it so difficult to explain this?" Why is it so tough to get people to see that access to the basis of all economic opportunity is restricted... that the government must, in turn, pick our pockets with taxes that have become an inquisition. My family and friends gave me a blank look, saying, "Oh, there are lots of other causes - and anyway, people can't go back to the (continued on page five)



Bob Clancy

IN THIS ISSUE: Dominican Republic Moves Toward LVT Implementation · Social Science Forum Poised to Forge New Links · New Course Examines Origins of Land Tenure · Land Trust Update · How Do the Candidates Compare on Urban Revitalization?

HENRY GEORGE NEWSLETTER

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(403) 242-4291****New Discovery Advances Dominican Republic Land
Tax Timetable - Cadastre Eliminates First Steps**

by George Collins

The 1992 C.G.O. Conference, hosted by the Santo Domingo extension of the Henry George School under the Directorship of Lucy Silfa, was an unparalleled success.

At the 25th anniversary of the school in September, 1991, Lucy and her lieutenants promised to put on a conference that would capitalize on those twenty-five years of work - and they did, in ways that we could not have anticipated.

News coverage - the lack of which is always lamented at Georgist conferences - was overwhelmingly abundant at this event. But the most noteworthy aspect of our gathering in the Dominican Republic was the opportunity it created - one that was readily seized upon - to set the direction and agenda for the next phase of the Henry George School's work. Last September, when I spoke to Nelson Frias, President of the Santo Domingo

City Council, and to the leaders of the four parties that make up the council, he asked me to come back and conduct a seminar on land value taxation for the entire Council. I said I would, and the Conference trip offered me the opportunity to fulfill that pledge. And when I did, there was no quibbling about the conclusion that land monopoly was the essential cause of the disparity

between great wealth and hopeless poverty in the country. These municipal legislators, who have no independent revenue source at their disposal, warmly received the land value tax remedy.

However, this multi-party support for land value taxation in the Dominican Republic is something more than an improbable anomaly occasioned by the fiscal limitations imposed on a City Council without money. As *Henry George Newsletter* readers already know, support exists for the reform at higher levels in the Dominican government. In another event unprecedented at a Georgist conference, a delegation of the leaders of Georgist organizations met with the president of the country. The keynote speaker at the conference, Pedro Bretón, Director General of the *Banco Agrícola*, arranged the meeting with President Joaquín Balaguer at the National Palace.

Balaguer commended Doña Lucy for the work she had done over the years, saying that he had been taking note of it all along - and he stated, without prompting, that it is very important that the idea of raising public revenue from land values be better known. But the unanticipated, almost unimaginable conclusion of our interview was his unsolicited offer to give any assistance we required to have a land cadastre developed and a general appraisal conducted - the steps needed to introduce land value taxation. He backed up the offer then and there by appointing Pedro Bretón to be the liaison with his office as the project goes forward.

The choice of Don Pedro was fortuitous, or perhaps wise. The Assessor General at Bretón's bank, Dario Bencosme, is a long-time student of Lucy Silfa's and a committed Georgist. As the man who conducts appraisals of farm land for bank loans, he will undoubtedly have an important role in the appraisal process. This on-the-ground linkage between philosophical Georgism, technical expertise and official sanction is irresistibly promising.

Since we left the Dominican Republic, work has been done that offers even more hope. Documents and records have been unearthed which reveal that following the land value taxation conference in the Dominican Republic in 1981 (which was spearheaded by then-HGS Director Phil Finkelstein and jointly sponsored by the HGS and the Lincoln Institute for Land Policy), a land cadastre was developed for the entire country. It was never released to the public - and it would appear that its existence was unknown to everyone except those who worked on it. Each page of the cadastre is headed "*Joaquín Balaguer, Presidente de la Republica Dominicana*." Along with it is a booklet documenting the legal basis for establishing the cadastre. The availability of this material will significantly reduce the amount of basic groundwork required to arrive at current values on which an equitable land tax can be imposed.

But, the political question still must be resolved: will the data be made officially available for this purpose? In this, Sr. Breton is on the answer seat (*continued on back page*)

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Editor's Notes

This issue of the *Henry George Newsletter* observes a couple of notable changes in the staff of the Henry George School. Mark Sullivan, our estimable librarian and *Newsletter* editor, has moved on to take a position at the Robert Schalkenbach Foundation. Mark's vast store of knowledge and experience regarding the Georgist movement and its friends, as well as his wit and comradeship, will be missed indeed.

The bad news of Mark's departure is tempered, though, by the knowledge that he is not leaving the movement, or even leaving town (a confirmed New Yawkah, Mark once joked that "If I have to cross a river for it, it had better be worth seeing.") He continues to serve as an officer of the Henry George Institute and of the Council of Georgist Organizations, and will continue to write for the *Newsletter*.

Mark's work as Editor has been vital to the *Newsletter's* expansion and revitalization over the past three years. The new editor (me) is someone who has worked closely with Mark on that project (through, for instance, many seemingly-endless late worknights of layout-bickering,) and shares his commitment to making the *HGN* the very best it can be.

Our sadness at Mark's departure turns to joy as we welcome Pia Francesca

DeSilva as the school's new librarian. As New York HGS regulars needn't be told, Pia is an HGS alumnus, teacher, indefatigable volunteer, and Force To Be Reckoned With. A well-connected native of the Big Apple, Pia brings many valuable assets to her new job: an extensive list of profes-



Pia DeSilva

sional and volunteer library/research experience, a thorough grounding in the Georgist philosophy, and a tremendous vitality and charm.

Pia's major goal as the new librarian is "to make the Henry's George School Research Library more user-friendly." She is out to ascertain what the real-world research and information needs of our library are, and to organize the collection in an environment best suited to fulfilling them. And since the HGS library offers students access to history as well as current data, Pia intends to devote the

THE SOCIAL SCIENCE FORUM

Simon Winters, a member of the Board of Trustees of the Henry George School, has inaugurated a long-range, broad-based educational initiative aimed at galvanizing the spread and dissemination of Georgist land-reform ideas. Implementing what he calls a "synergistic" approach, Si has formed an Advisory Committee of distinguished scholars to "promote interdisciplinary scholarship and advanced research" in an effort to establish "an integrated Multi-Media Communication Program." Using an "activist educational approach," the Forum has been geared to engage "leaders in Business, Education, Government, Economics, Religion, the Media and Arts," as well as the community-at-large, in a sustained discourse on the ideas of Henry George.

That the Social Science Forum has been formed in the wake of the collapse of the Eastern-bloc and during a time of great uncertainty and decline in Western economies gives it a unique opportunity to both broaden the scope and convey the special relevance of the Georgist agenda. The Forum sees the synthetic approach as the best way to seize this historical imperative lest we, as Si puts it, lose "the precious currency of our concern."

The scholars associated with the Social Science Forum have served with distinction in academia, research, and as government officials and advisers on public policy questions. They include Robert V. Andelson, Professor

Emeritus of Philosophy at Auburn University; Steven Cord, Executive Director of the Henry George Foundation and a Trustee of the HGS; C. Lowell Harriss, a long-time professor of Economics at Columbia; Jerome Heavey, member and past Chair of the Department of Economics at Lafayette College; Dr. Michael Hudson, a scholar of financial history as well as consultant to the United Nations Institute for Training and Research; Nicolaus Tideman, Professor of Economics at Virginia Polytechnic Institute and State University; Prof. William Vickery, President of the American Economic Association; and Gene Wunderlich, a Senior Agricultural Economist of the Economic Research Service, U.S. Dept. of Agriculture. They have all published extensive research and theoretical work within their fields of expertise.

Over the next few months the Social Science Forum will be increasing its outreach endeavors - including an effort to bring together Henry George School alumni, pooling its physical and intellectual resources in an integrative encounter with the social problems of our times. The multimedia aspect of the project - the "integration of library, college, school, home and office via an integrated infrastructure of telecommunication technologies", as the Forum phrases it, - the commissioning and distribution of articles, scholarly papers and videos will ensure that "students and the public always receive the best, most informative and convincing material" the School can produce.

- David Domke

needed care and attention to the school's long-neglected archives. Because of the ravages of time on high-acid paper (which was, alas, used extensively in Henry George's day), much unique and valuable material is now in danger of crumbling into nothing.

Using as a guide an excellent report on the preservation and storage of archival materials, prepared by former HGS staff member Robert Hawes, Pia is taking the first steps toward stabilizing and preserving the archives before it's too late. And we're glad.

Taking up the slack on *Newsletter* production will be Chicagoan-turned-New-Yawkah, philosophy buff, cat advocate and occasional poet David Domke, whose press relations work helped to raise

the public profile of last Spring's conference with Russian economists. David contributes two articles to this issue.

Congratulations on the Henry George School's 60th anniversary have come in from some well-placed friends. Gracious letters have come in to George Collins from former New York Police Commissioner Lee Brown, Joseph Fernandez, Chancellor of the NYC Board of Education, and Lee Blake, First Deputy Mayor in charge of the New York Office of Education Services.

"Are you looking for a paladin?" asks the fall flyer from the Chicago HGS, "Do you believe that there is a super-smart person who can solve our social and economic problems?" (continued on next page)

Editor's Notes (continued from page 3)

The flyer goes on to quote Henry George, in an apt statement of the school's educational philosophy: "Human wit has not yet been able to devise any scheme by which any intelligence can be secured in a parliament or congress superior to that of the people it represents." Provocative stuff. The Chicago HGS began classes in *Fundamental Economics* on Monday and Wednesday afternoons at 2:30, and on Tuesday and Wednesday evening at 7:00, during the week of September 21st.

The latest published work of Rev. Wylie Young has been some time in coming, as Rev. Young admits in his covering letter. "I didn't just knock it off in a long weekend. At 94 the ideas just don't come that fast."

The 16-page booklet, *The Key to Social Splendor*, however, is worth waiting for. His preamble states: "This fifteen-page booklet has been written to explain, simply and clearly, why the American Dream is turning into a nightmare, and what must be done, as quickly as possible, so we can all breathe sighs of relief and face new days with confidence and faith. Suspicious? Give it a try."

Those who do will find an eminently readable summary of The Land Question, with background on the Physiocrats and other influential early thinkers. Young explains the philosophical and economic conditions that led to an untenable property tax system being fossilized in U.S. law, and the mechanics of land speculation and frontier settlement in early America. Finally, Young elucidates how a tax on land value can erase the distortions caused by taxes on wealth. In doing so he presents one of the most lucid explanations I've ever seen of one of the most elusive points for students: why the landowner cannot pass on the land tax to consumers.

Copies of *The Key to Social Splendor* can be had for \$2 from: Wylie Young, P.O. Box 383, Big Flats, NY 14814.

Yi Ming Shi, an alumnus and continuing student of the New York HGS, wrote and published an announcement of the fall term classes in *World Journal*, a Chinese-language newspaper in New York City. The paper is widely circulated, and many students have begun courses after reading Yi Ming Shi's announcement. "All residents of the New York area, with at least an intermediate level of English, can register and learn for free," it says. "Don't miss this excellent opportunity."

Practice random kindness and senseless acts of beauty.

Seminar Tackles North-South Environmental Issues

The New York School's Saturday Seminar on Oct. 3rd addressed the most difficult question: how can nations with vastly different levels of poverty and development agree on a collective response to the grave dangers that beset our global environment?

Jim Morgan, an architect and housing activist from Brooklyn, who traveled to Rio de Janeiro in June to attend the United Nations Conference on Environment and Development (UNCED) under the auspices of the Society of Friends, reported on his experiences there and assessed the potential for progress. Even though North-South economic conflicts (and what many would call the intransigence of the U.S.) resulted in few substantial accomplishments for the "Earth Summit," Mr. Morgan was eager to report that there is more to the story. "I return from Rio full of hope," he writes. "Despite the depressing official results, I bring good news, news of people - clever, committed and energetic... whose vision of a collaborative future will soon prevail...."

The foundation of this hope was laid in the "Global Forum," the alternative Earth

Summit held that same week in Rio. According to Mr. Morgan, it was "as different from UNCED as a demonstration in Washington is from what goes on in the White House." Over 14,000 representatives from hundreds of organizations traded views and forged alliances, in 36 meeting tents and over 300 exhibition booths. "The opportunity for self-education was overwhelming."

The Non-Governmental organizations (NGO's) of the UN, seeing that little of value was coming out of the official conference, agreed on their own global environmental targets as an alternative to Agenda 21, "UNCED's watered down, underfinanced action plan." No, the Global Forum's documents have no binding authority on anyone yet, but Jim Morgan said that the process begun there can only grow in strength. "In twenty years, when the world's leaders are assembled, there's a good chance many of them will have gotten their start at Global Forum '92."

The key to the nascent power of the Global Forum is in its recognition that considerations based on "national interest" will inexorably have less power in the years ahead. "The insular perspective many governments took with them to Rio simply doesn't make sense anymore," said Jim. And he asserted that it is not, after all, so difficult for one's outlook to become globalized. "I grew up in Ohio," he said, "And I have come, now, to look upon the United States flag in much the same way as I see the old Ohio state flag - as a reminder of a bygone era."

(Editor's note: The other scheduled speaker at this seminar, Mr. Georg Kell, regretted that a last-minute family obligation made him unable to appear. In his stead, your humble editor studied a great deal of material provided by Mr. Kell and his organization. Thus enriched, I went on to present a description of how global environmental cooperation may be shaped: not by restricting trade, but increasing it - by fashioning a system of tradable pollution credits. For more information on this fascinating idea, see "A Market for the Environment" in our May-June issue - and stay tuned! - L.D.)

His fence, my land

By Anders Corr

*i sleep with the land
there is a man somewhere
that thinks the land is his
that he owns the land*

*he is wrong
he owns the fence
which strangles the land
with sharp wire*

*his land is a piece of paper
a money figure on an LED screen
a chore*

*my land is the sun
it heats my face in the morning
it is the lunar light which guides me
it is the tall grass within which
is my sanctuary*

*his land is created by the state
my land is a gift of the unknown*

*what he calls land is a
real estate rape fantasy*

*for myself,
the land is a cradle
as i drift into a dream
without boundaries*

The poem above is by Anders Corr, a California "homeless activist". Mr. Corr shared the poem with Pat Aller, in a letter which also included a copy of an article from the Santa Cruz Sentinel describing how Mr. Corr and six other activists were arrested, in July of this year, for camping on a public park. He is currently working on an anthology entitled Our Right to the Earth, which contains writings in various genres on that most important subject. Mr. Corr reports that "I have become homeless this summer to save time (because I do not have to spend as much to pay for rent) so that I can do more work on the anthology." - Lindy Davies

Henry George Day: Excerpts from Bob Clancy's Remarks (from first page)

land." Back to the land!" I would exclaim, "The land is right under your feet." But the blank looks continued.

Others, over the years, have been converted - but then they got discouraged and dropped out. Why have I stayed with it?

I think the reason is this: when I came into it, the Henry George movement was in a crucial transitional phase. Nothing like this [school] had been tried before. Setbacks and defeats had been going on since Henry George's day. Along with many others, Oscar Geiger participated in political activities; he wrote the platform for the National Single Tax Party. Nevertheless, the movement was in the doldrums by 1932. "Storming the gates of Heaven," as they were doing in those days, resulted in setbacks that were so bad, the movement was declining instead of advancing. It could have died - other movements did.

Oscar Geiger determined that it would be impossible to really get George's ideas across until there existed a group of people who really understand....

The school has had its ups and downs - there was a period when it seemed to be fading away. But like a very hardy plant, it has overcome all the setbacks and managed to move forward again. I am proud of George Collins and the work he has done. He has always been faithful to what I consider to be the real vision of the school.

George referred to me as his mentor, but he has been at it for quite a while himself. What keeps us going?

One reason is the philosophy behind the school, which harks back to what Henry George said, that social reform is accomplished not by noise and shouting, but by the awakening of thought and the progress of ideas. We are in the business of the slow progress of ideas. We have the experience and the satisfaction that people who stay with it see the truth.

The Henry George Institute makes slow progress indeed with its students, teaching them one by one through correspondence. But in these many years, almost none who made it through the course have dissented. I can remember two: one woman in California denounced it because it was "socialism"; one man in Michigan rejected it because it was not.

I do not say there has been no progress: there have been notable advances, particularly in Pennsylvania, and in some countries such as Denmark and Australia. Furthermore, I have noticed

Roots of Ownership, Enterprise and Debt

The ancient origins and development of economic institutions from the Bronze Age to the present is the subject of a fascinating new course taught at the School this term by Dr. Michael Hudson. Using an approach that has been long neglected in the study of antiquity, Dr. Hudson challenges normative ideas about the origin of debt and the private ownership of land. Dr. Hudson claims "the archaeological record contradicts free-enterprise fables of how profit-seeking, private property and interest-bearing debt originated. Absentee landownership and interest are not inherently natural and universal phenomena, but developed relatively late - in Bronze Age Mesopotamia, 3000-1600 BC under historically unique conditions." Cautioning against the modern tendency to read contemporary social structures back into history - retro-fitting the historical record to ideologically justify the status quo as part of some natural order - Dr. Hudson maintains that "privatization did not occur as a peaceful and planned policy, but as a byproduct of social breakdown." He goes on to say that the privatization of land was not the result of free enterprise but the result of two "levers": a society's internal debt strains and external military pressure.

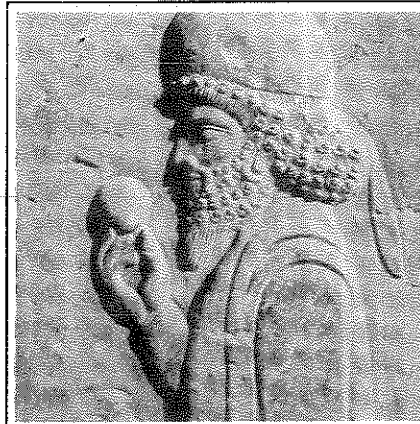
Dr. Hudson's basic premise, based on his archeological research, is that archaic communities differed substantially from our own in the way land was appropriated and used. Hudson says: "To preserve self-sufficiency for all their members, archaic communities typically restricted the alienability of subsistence landholdings." Enterprise in these communities was "interpersonal" - no one member of the community was able to

profit at the expense of another - and "tended to involve positive-sum activities such as hunting, gathering, planting or making things, rather than being at the expense of others. The first enterprise was public, not private." The rise

of land as private property can be seen as a sign of an economically dysfunctional society, Hudson says. "It was largely through debt foreclosure that land became privatized. These forfeitures occurred especially in times of flooding, drought, pestilence and, most importantly, war. Hitherto communal

lands passed into the hands of absentee owners, mainly creditors (public collectors and merchants) when cultivators ran into problems. At first, needy cultivators had little to pledge as collateral except for their family members as debt bond-servants. As an alternative to such loss of personal freedom, cultivators looked for something else that could be pledged." The alternative was, of course, land. The forfeiture of land for debt was not forever; the family retained residence on the land and "what was actually alienated was the land's usufruct, being taken by the creditor as interest." This state of affairs was temporary - archaic rulers saw the need to periodically cancel all debt, both to ensure the original tenants self-sufficiency and to prevent any one individual becoming wealthy at another's expense.

Dr. Michael Hudson teaches at NYU and has been a consultant to various groups including Chase Manhattan Bank, the National Science Foundation and the United Nations Institute for Training and Research (UNITAR). - David Domke



that the general tone of the professional world, of journalists and educators, is a little more receptive to Henry George than they were years ago.

Of course, those of us who really have got it in our bones would stay with it no matter what. It is just a larger, harder, slower job than was originally anticipated. But if we stay with this job, we will continue to see progress.

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FROM ARDEN TO DREAMTIME: Land Trust Update

Dreamtime Village, in Viola, Wisconsin, solicits various levels of membership, open to anyone outside the Village itself: "Our village is simultaneously local, regional & global." Like other Community Land Trusts (CLTs), the purpose of this Village is to effectively take "real estate off the market (& cut off private ownership) for the purpose of protecting it from both ecological & economic abuse - especially speculation. The land will be held in stewardship for the common good of those who use it, users paying an 'economic rent' (lease fee) equal to the annual

value of the land." (For further information, write to: Dreamtime Village, Rt. 2, Bx. 242w, Viola, WI 54464)

Dreamtime Village will actually be one of the lessees of the Driftless Bioregional Land Conservancy.

The DBLC is affiliated with a wide-reaching CLT organization called Fair Share Land Conservancy, started by Mr. Jubal Stucki. We had suggested last year that Dreamtime founders contact the School Of Living in Pennsylvania for information and assistance in setting up their CLT. In turn, SOL put the Dreamtimers in contact with Jubal. Information is available from Jubal at 3030 Sleepy Hollow Rd., Falls Church, VA 22042 (Tel. 703-237-7507).

"Noble Deeds" is the title of a lengthy article by Joel Russ in the April 1992 issue of *Harrowsmith*, a Canadian journal. Thyson Banighan recounts his spiritual awakening - in an encounter with a huge sea turtle: "It rolled sideways, and I looked into an eye that I will never forget. It was as ancient as ancient could be." Russ translates the experience into eco-ethics: "Nobody owns the Earth. We are mere stewards, with obligations to both the living planet and its creatures." "Noble Deeds" gives a good survey of the Canadian land trust scene, tracing the idea itself back centuries to most aboriginal peoples, and more recently, to Henry George: "According to Robert Swann, president of the E.F. Schumacher Society... the idea of community land trusts in the United States dates back to the civil rights movement in Georgia. The aim then was to provide farmland and housing for impoverished blacks. A critical early influence on the movement was the work of Henry George, who argued in *Progress & Poverty*... that the cost of land is a major cause of poverty. His solution? Tax the land but not the buildings on the land. Today, some 130 community land trusts in 38 American states deploy a version of that idea."

Russ also quotes Jean Hocker, president of the Land Trust Alliance in Washington, DC, that the land trust movement has doubled in the past ten years. In 1991 there were 900 land trust



societies in the US, over 800,000 supporters, and 2.7 million acres of land. The 1991 LTA conference drew 700 participants, 45 of which were from Canada. These figures en-

compass both community and conservancy land trusts. As the article points out, for example, land trusts can be used to protect land for agriculture in some places like West Virginia, or from agriculture in other places like Iowa. The issue is "not unfettered

development vs. absolute protection" but "environmentally sound development - an interesting shade of grey."

The Canadian focus ranges from a neighborhood land trust on Ward's Island, off Toronto, to the work in British Columbia by Turtle Island Earth Stewards (Box 39077, Point Grey, RPO, BC, V6R 4P1 Tel. 604-736-9221). Thanks to friend Ian Young of Toronto, who sent the article to us from Banff.

Another magazine, *The Smithsonian*, in their May '92 issue, goes on at length about one particular land trust, the single-tax community of Arden: "Frank Stephens saw a vision of Utopia in the single-tax theory of Henry George and set out to make it come true in rural Delaware." Arden is named after the enchanted forest in Shakespeare's *As You Like It*. "It is a joyous spot on literature's map, and in the early 1900s a merry band of



American dreamers put an Arden on the map of Delaware. It is there today, tucked among the suburbs of Wilmington, an oasis of idiosyncrasy."

The "dreamers" who first peopled Arden sound very much like those who are now starting Dreamtime in Wisconsin: "Its citizens have been people of ideas - poets, novelists, playwrights and actors; painters, sculptors, metalsmiths and potters; Socialists, Communists, pacifists and anarchists; promoters of Esperanto, advocates of free love, and (in the words of one early resident,) conservatives who had no ideas at all."

Henry Wiencek has given us an intriguing story of the early history of Arden, enriched with many photographs of Arden throughout its history, and portraits of George, Stephens, and other notables. This is no dry history, either. We read about the interface of free love and



single-tax, and single-tax and pacifism. Frank Stephens was active in all three causes, and he and his son were even arrested for opposing US involvement in the First World War: "With the coming of World War I, Arden and the whole

single-tax movement were split on the issue of pacifism. Daniel Keifer Sr., an Arden resident and pacifist, was removed from the chairmanship of the national single-tax organization. Stephens' son Donald spent nine months in jail for refusing to serve. He was nearly joined by his father." Stephens had been tried for trying to interfere with the war effort when he verbally attacked a Liberty Bonds saleswoman: "You are sending our soldiers abroad to be murdered!" Stephens was acquitted.

Wiencek brings history up to date. He quotes Arden resident Mike Curtis, director of the Philadelphia Henry George School, and gives a few statistics on Arden. Annual land-rent, for example, is about \$720 for a quarter-acre lot, "subject to adjustments according to the desirability of the lot's location." With only two part-time employees, all community activities are run by well-organized volunteer committees. "In the words of one resident, 'It's the purest democracy you can get.'" - Mark A. Sullivan

(Editor's note: Drawings are from "The Arden Book", a booklet issued in 1975 for Arden's 75th anniversary celebration.)

SOME THOUGHTS ON ENTERPRISE ZONES

In the wake of this spring's disastrous violence in Los Angeles, politicians on both sides of the aisle started to scramble for some sort of policy response. The Bush administration's strategies, outlined in its 1993 budget request, re-hash some of the "market-oriented" proposals that Republican administrations have been making for the last decade. In particular, the administration proposes to revitalize our urban economies through the use of "enterprise zones."

The basic insight here - that economic incentives are stacked against investment and development in inner cities and other poverty areas - is true, and needs addressing; the question is how to do it. The president's proposal includes three specific tax incentives to stimulate business formation in the "zones". Two things seem obvious about them: that, if enacted, they will provide some improvement over the absolutely abysmal state of affairs that prevails today - and that they aren't the right way to do it.

The proposals are: 1) A 5% refundable credit on personal income tax for the first \$10,500 of wages of Zone workers earning \$20,000 or less. 2) Deferral of personal income taxes for investors who purchase stock in Zone businesses. 3) A zero capital gains rate for real estate investment in Zones held for at least two years.

Here we go again: The 5% tax credit amounts to approximately \$525 a year per individual worker. This seems all right, if we recognize that it amounts to a tax break for employers, not workers. Workers making less than \$20,000 in urban settings (where the cost of living is higher than average) are marginal workers. They are secretaries, receptionists, waiters, janitors, etc. - relatively unskilled workers of whom a ready supply exists, and who are ready to go to work for what they can get. Would the tax break make it into their take-home pay? But, the proposal would slightly lower the cost of hiring such a worker, so it might create a few more jobs.

Deferral of personal income taxes for investors in Zone businesses: the proposal makes clear that these taxes are deferred, not eliminated. They will have to be paid eventually - but! If the Zone works out as intended, they will not have to be paid until the real estate values have increased, potentially, well beyond the tax liabilities. It's easy to see that this plan could stimulate investment in the Zones. However, how will this investment benefit the people who live in the distressed communities? Since the educational level of inner-city residents tends to be low, the main force of skilled labor these developments call for will have to come from outside the community. The residents will get the marginal jobs.

Zero capital gains rate for property in Zones: this is a clarion call to land speculators. Property values in these Zones are currently very low - in fact they probably include extensive tracts of city-administered properties with negative market value. If these initiatives bring about any increase in business activity, it will be reflected in property values, and all such gains in the Zones will be untaxed. The only question here is the magnitude of the windfall. Nevertheless, this is, like the income tax defer-

ment idea, a way to bring business activity into the Zones, so that, at least, more of the residents will be able to find some kind of work.

Not a very attractive plan, so far. Is there an alternative? Well: What are some of the reasons why it is so unattractive to invest in poverty areas? There are the various social problems to contend with: crime, despair, poor health, and poor education. There is the fact that the housing stock and public infrastructure are dilapidated. And there is the financial plight of cities which, needing to provide basic social services, are compelled to penalize businesses with taxes. The Enterprise Zone plan promises a "seed" to allow progress on the first two by focusing on the third. The problem is, though, that the E.Z. plan, in the name of relieving business taxes, promises yet another public financing of private windfalls.

The evident answer to all this is to find a revenue source that does not penalize business development, which is just what we have in the land value tax! By removing taxes from improvements we remove the inherent penalty that the property tax system imposes on development. A land value tax can actually stimulate development in two ways: by making it unprofitable to hold land out of use, and by decreasing (or even eliminating) destructive wage and sales taxes.

Everyone agrees that, in the current urban crisis, some federal aid to cities is called for. So here's a new spin on Bush's

"weed & seed" idea: Take a city that is in real trouble, say Detroit, or Philadelphia, or Camden, or New York (pick one). The federal government will offer this deal: if the city will quadruple its property tax rate on land only, and rescind all its other municipal taxes, the federal government will make up any budget shortfall that results. Eliminating local taxes on buildings and on consumer items will attract business and development to that city, and the federal outlay will decrease year by year until it is eliminated altogether.

There would be other benefits as well. By drastically reducing the incentive to keep land out of use, this reform will effectively increase the supply (and lower the cost) of land available for businesses to use. Many small businesses and private housing construction will become

feasible where they weren't before. By decreasing rents, and start-up costs of new businesses, there will be a greater potential for community and minority-owned businesses to get started - and therefore more people in depressed communities would have a chance to actually own a stake in the revitalized development going on there, rather than just getting a chance to wash dishes in somebody else's joint. Altogether a more healthy prospect.

Any careful reader of *Progress and Poverty* will note the Kafkaesque irony of the administration's proposal. We are going to bring cities back to life by turning selected pockets of them into enterprise zones? Is that not what cities are, in their very nature, until the cancer of land speculation starts eating at them, neighborhood by neighborhood?

-Lindy Davies

Meanwhile: The Democrats Propose "Conventionally Wise" Alternatives

The Clinton/Gore Campaign offers position papers on just about any issue the public can think of. It may be unfair to expect their recommendations to match the enforced specificity that the incumbents must present in a concrete budget proposal. But a little more definition - particularly of how they plan to pay for things - would help us to evaluate the Democrats' intentions.

Opportunity, Community, and Responsibility are Clinton's categories for rebuilding America's cities. None can argue that those aren't good things to have; but one suspects that the last two are there to soften the blow of the first, which promises to be expensive. Restoring our cities, states the Clinton/Gore campaign, demands "a new partnership committed to excellence and community service." Tax-and-spend welfare-coddlers are warned, though, that "we will make no (continued on back page)

Dominican Republic

(continued from page two)

- and he is already asking the questions. He and Lucy Silfa are putting together the strategies required to move ahead with what he considers to be a vitally important project. President Balaguer, as in all things great and small, must give his approval for its release. Here, then, is the first test of his generous offer.

When the data becomes available and up-to-date appraisal can begin, the Dominican assessors will need assistance with procedures that are beyond their experience. Establishing a land value tax department will also require the consultancy of someone with a solid background in land tax administration.

The good offices of the Henry George School are being looked to, and it can be counted on to continue its role in this phase of the important job of educating the public on the essentials of an equitable land tenure system - as it has been doing for twenty-five years in the Dominican Republic. It is just possible that common ownership of land, conformed to the needs of the twenty-first century, could return to the land in the Western Hemisphere in which it was first compromised five hundred years ago.



Meanwhile...

(from page 7)

progress unless individuals take responsibility for their own lives."

While the Bush administration plan consigns inner-city initiatives which might prove expensive to the limbo of "demonstrations" (small-scale pilot projects costing less than \$10 million), Bill & Al propose spending real money on things our cities really need. This kind of direct public investment, particularly in the areas of infrastructure and education, might do more to revitalize cities than other more sophisticated plans - but it is still, inexorably, a trickle-down process. Repairing bridges and highways, as everyone knows, is a good way to revitalize land values.

Even if we were to grant that inner-city dwellers would benefit from the proposed federal largesse, it is not realistic to expect such sums to be appropriated. Can we really expect tax-wary suburban voters to allow a deficit-spooked Congress to pay billions of dollars to aid the inner cities?

Clinton & Gore also propose enterprise zones. Although the position paper's lack of specifics denies us the luxury of lambasting the plan point-by-

AUTUMN IN NEW YORK	
BASIC COURSES Fundamental Economics Monday, 5:30 - 7:30, <i>Mr. Irving Kass</i> Tuesday, 6:30 - 8:30, <i>Ms. Vandana Chak</i> Wednesday, 6:00 - 8:00, <i>Ms. Lynn Yost</i> Thursday, 6:30 - 8:30, <i>Mr. Tom Smith</i> Progress & Poverty (in Spanish) Tuesday, 6:00 - 8:00, <i>Mr. Nibaldo Aguilera</i> Wednesday, 6:00 - 8:00, <i>Mr. Nibaldo Aguilera</i> Understanding Economics Wednesday, 12:30 - 1:30, <i>Mr. Lindy Davies</i> ADVANCED COURSES Applied Economics Tuesday, 6:00 - 8:00, <i>Mr. George Collins</i> Economic Science Wednesday, 5:30 - 7:30, <i>Mr. Manuel Felix (In Spanish)</i> Thursday, 6:30 - 8:30, <i>Mr. George Collins</i> Classical Analysis I Monday, 6:00 - 8:00, <i>Mr. Lindy Davies</i> Roots of Enterprise, Ownership, and Debt Monday, 6:30 - 8:30, <i>Dr. Michael Hudson</i> Great Decisions '92 Tuesday, 6:30 - 8:30, <i>Mr. William Brown</i>	History of Economic Thought II Wednesday, 6:00 - 8:00, <i>Mrs. Fryda Ossias</i> Current Events Tuesday, 12:30 - 1:30, <i>Mr. Lindy Davies</i> Thursday, 6:00 - 8:00, <i>Mr. Sydney Mayers</i> FRIDAY EVENING FORUMS (7 - 9 PM) Land in the Movies September 18th, <i>Burn</i> The Fever October 16th, <i>Ms. Carol Holmes</i> Colombian Poetry & Music Concert October 23rd, <i>Produced by Mr. Luis Fernando Diaz</i> The Quincentennial Celebration & The Other Story (in Spanish) November 6th, <i>Sr. Carlos Eden</i> The Income Tax and You December 4th, <i>Fred Kahn, C.P.A.</i> SATURDAY SEMINARS (1 - 3 PM) After The Summit October 3rd, <i>Mr. Jim Morgan & Mr. Georg Kell</i> Immigration & Human Rights October 31st, <i>Ms. Vandana Chak & Mr. Cyrus D. Mehta</i> The Livable City November 14th, <i>Dr. Stephen Sussna</i>

point, it is portrayed as a more humane version of the Republican proposal, promising to minimize business taxes and federal regulations "to provide incentives to set up shop." These incentives closely resemble the invitations to land speculators made in the Bush plan. However, Clinton seems to recognize that inner-city residents may

not automatically benefit from tax breaks for real estate developers. In return for generous enterprise-zone incentives, "companies will have to make jobs for local residents a top priority." Undoubtedly, large numbers of waitresses and dishwashers will be needed in Democratic E.Z.'s, too. -L.D.

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