

September-October 1974

Research effort begun

A research program on real property taxation in the Metropolitan New York area has been undertaken by the School. The aim of the project is to develop findings that will support the concept of land value taxation and suggest the benefits of shifting the burden from improvements to the land. It will also offer assistance to local governments seeking tax reform.

Additionally it is hoped that the material developed by the study will provide data that can be used in the School's educational activities.

The effort will be directed by Philip Finkelstein, professor of political science

at Brooklyn College. A member of the New York bar, Mr. Finkelstein is a former Deputy City Administrator in the Lindsay Administration in New York. He is the author of a study on real property taxation in New York City to be published by Praeger Publishing Company later this year.

He has lectured on the property tax and many other aspects of urban affairs and contributed articles on these subjects to scholarly and popular journals. He is a graduate of Yeshiva University in New York and New York University Law School.

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Fall program reaches for wider audience

The School's program this fall is designed to reach as broad an audience as possible, bringing as many adults as we can into the School, developing high school courses and taking our instruction into the school system.

The term, which begins September 30, is built around seven or eight evening classes in Progress and Poverty, augmented by four courses open only to those who have completed the initial ten-week class based on George's classic. In addition three business courses are available to the public.

The Progress and Poverty program will be of special interest this term, not only because it is the central theme of the School's education effort, but because it will be conducted by a corps of new discussion leaders. These volunteers were participants in a training program last spring and have met several times during

the summer. Their preparation was given its finishing touches in a day-long Saturday session on teaching methodology before the fall term began.

The four courses offered to previous students are headed by the now-familiar Money and Banking conducted by Oscar Johansson, president of the New Jersey School and a long-time student of monetary matters and George. History of Economic Thought is being taught by a newcomer to the School, Martha Ann Pope who holds an M.A. from Hunter College and teaches economics at Washington Irving High School in the city. The History of Land Use in America is being given by Stanley Naas, another Washington Irving economics teacher. Mr. Naas will trace the land problem from Colonial times through the immediate post-Civil War period, examining the effects of the government's land policies.

The fourth subject is Land and Ecology, being presented by Richard S. Robbins, a marketing consultant who publishes The Robbins Report — a bi-monthly newsletter for real estate investors. He poses the question: "Does man's desire for material progress have to destroy his environment?"

The third segment of the evening program comprises three business subjects, each ten-week course offered for a tuition of \$35. Securities Markets and Personal Finance Planning will show students how to evaluate securities in terms of the student's needs and discuss the forces that affect the market. It is being given by Richard Friedlander, a registered representative with Harris Upham & Company. Small Business Management, dealing with the problems faced by entrepreneurs, is taught by Renato R. Bellu who is a man-

(continued on last page)

George in the high schools

The activities of the School involved with the workings of New York City's high schools, have not gone unnoticed.

An article in the latest issue of Social Science Record (the official journal of the New York Council for Social Studies) by the School's Stan Rubenstein and Ted Ehrman details the course they developed for the City-as-School program.

The course is given at the School in a

three-hour session once a week for ten weeks, the article explains. "During these weekly class meetings, students participate in simulation games" to analyze urban problems. The course is built around three urban simulations: *Newton*, *CLUG* and *Urban Dynamics*.

After playing the first two of these games, the authors state, "students are well on their way toward appreciating the

interdependency of the various activities constituting urban life."

In conclusion they point out that, "Alternative high schools in various cities are recognizing the need for new approaches in education. The City-as-School in conjunction with the Henry George School is attempting to use urban simulation games as a vehicle for students to understand patterns of growth in their city."

Here and there in the public press

The urge to spread the good word is endemic among our fellows and sometimes they are able to get an editor to cooperate. Here are excerpts from some of the material that has appeared in print.

From the editorial page of *The Grand Rapids Press*, by Benjamin F. Smith:

We can stop inflation by two congruent steps:

1. Coin and currency must be given a fixed measure of value by controlling their quantity as a fixed ratio...
2. To stop the need for inflation we must give more and eventually all of society's earnings in land to that part of the political subdivision which created those values. Uniform federal land assessments by value, and land value taxes are required. Tax monies should be returned to local governments which tax site values when and as they reduce taxes on structures and creative interaction.

While all land taxes reduce land prices, land tax monies spent efficiently for local benefits renew local benefits and renew the local land tax base, where the value was created, to the old land price. But federally retained tax monies from agriculture and mineral lands cannot be shifted by these landowners into price. Thus the price of land at the start of production will be reduced. The increased production and new competition will reduce all prices.

From the *Washington Post*, by Jesse A. Zeeman:

For the community to attempt to overcome the cost of land speculation by indulging in it, treats the symptom and does not eliminate the cause.

Increased land values... are created by publicly financed developments and population growth. To capture this increment for the community needs not that governmental bodies purchase land but only that they tax all land at its full rental value. To do so would stop land speculation and provide the opportunity to lower other taxes, such as those on building improvements. The benefits to all the people would be immense.

The word from Toronto

A series of teaching aids for two courses, "Urban Studies" and "Man and the Earth" are being developed by the School of Economic Science for use in the intermediate and senior programs in Ontario's public high schools. School director Mal McCarthy reports that this effort has the "tacit approval" of the Ministry of Education of the province and the product will be used in the application of the Ministry's "Education Guidelines."

Mr. J. Fisher, chairman of geography of the West Lorne Secondary School, and Mr. R. Fielding, head of geography at W.L. Mackenzie C.I., are working with the School on this project.

The areas being covered are: 1. preparation of simulation games based on classical economic concepts as they relate to world geographic problems and can be adapted to existing urban studies games that point up land value problems; 2. preparation of course outlines based on George's philosophy with direct reference to classroom application of the "Education Guidelines"; 3. involvement of student teachers of the Faculty of Education of the University of Toronto in aiding and designing programs. (Mr. Fielding is an associate teacher on the faculty.); 4. meetings with geography department personnel in Metro Toronto secondary schools to acquaint them directly with the use and value of our School as a resource center.

The School has also been assisting those involved in course projects concerning land values in urban areas. These have included preparation of urban data maps for selected areas of South Ontario and Metro Toronto, compilation of assessment data and their relation to taxation.

Efforts are continuing to arrange a demonstration area in Ontario in cooperation with government agencies. Mr. McCarthy has been invited to conduct a "workshop" at the Eighteenth Annual Meeting of the Institute of Municipal Assessors in Toronto, October 24-26.

San Francisco reports

The San Francisco School is conducting 14 classes in the basic course using *Progress and Poverty* throughout the Bay Area and Sacramento this fall. The term began in mid-September.

Just before classes started, an all-day Saturday teachers' institute was held primarily for the benefit of those who were about to embark on the new term but open to all past discussion leaders and students who are interested in qualifying. The program was a comprehensive review of theory with emphasis on "tough questions."

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In its desire to engage the talents of as many people as possible in its activities, the School has made a change in its by-laws that allows members of the School not serving on its Board of Directors to take active part in Board committees. These committees study and discuss policy matters and make recommendations to the Board for action. Board meetings are also open to all members and they have the opportunity to address the Board.

* * *

Richard Pensack has been hired as a staff assistant. His duties will be the editing of the *Analyst*, class promotion and the training of teachers. He has been a member of the faculty for the past two years and has served as director of development and as an administrative assistant.

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Named to the School's Board of Directors are: Polly Roberts, president; Carl Niederer, treasurer; Lu Helmly, Terry Agnew, Alfred Haldeen, Carl Frech and Marvin Otto, branch council presidents; Raymond Alexander, Leo Becker, Clay Berling, Thomas Brazell, Bernard Cohn, Murray Davis, Vernon Felkey, George Lachner, Martin Meller, Edward Miller, Leonard Nitz, Maxine Nitz, Robert O'Donnell, Mary Raphael, Ann Reeves, Robert Roelofsen, Robert Tideman and Edward Wachsmann.

Correction

The date of the Communist Manifesto was incorrectly given as 1875 in the last issue of the *NEWS*. The Manifesto was written originally in 1848, but it was not until 1872 that an English translation was published in this country in New York City.

Denmark did it! by Lancastr M. Greene

The passing of Denmark's Viggo Starcke last March 22 deserves special notice.

When Dr. Starcke's Justice Party won nine seats in the Danish legislature in the general election of 1957, he became the premier, heading a coalition government. Before the election, Denmark had suffered an annual inflation rate of 5% with unemployment at 10%. In the following three and a half years under the Starcke Government, the jobless rate was pushed down to 3% and the pace of price rises was reduced to less than 1% a year.

From the outset the Starcke Govern-

ment had promised to collect the unearned increment derived from rising land values. A land reform law was introduced. No one could expect to benefit from speculation in location values. Land speculation came to an immediate halt. For three and a half years, purchasing media could be earned in Denmark only through production. Hence there was no longer surplus purchasing power to push up prices and the price level became stable.

The great improvement was noted by historian Henry Steele Commager, writing in the New York Times of October 2,

1960: "Big lesson from a small nation" was the headline on a story about Denmark's setting an example for other countries. After tremendous expenditure by land speculators, the opposition parties were induced to repeal the law in 1964. By 1965 the consumer price index was climbing at an 8.6% yearly rate.

This lesson should be taken to heart here, where a corporate executive — Arener E. White of Contex Industries, Inc. — can tell the New York Society of Security Analysts that it is easier to make money in land than in building.

Book: The Crisis of Success

Another voice, this time in the biting tones of a harshly realistic historian, has been added to the doomsayers. Forrest McDonald, professor at Wayne State University, delineates the stultification that will result from our long alternation between antibusiness bias and desire for wealth.

The Jeffersonian doctrine the professor defines as an "anticommercial trinity" which approved the farm and farmers, disapproved of the city and merchants and other capitalists, believed only gold is money and debt inherently bad.

The third element, he says, accounted for its popularity: "The vast majority of Americans were nonslaveholding farmers, and though virtually all were commercial farmers, hungry for wealth — the sturdy, self-sufficient subsistence farmer existed mainly in myth, and never was a matter of choice — few expected that they would get rich solely from wielding the ax and the plow. But the Virginia republi-

cans offered an alternative route to wealth, namely land speculation. Acquiring large tracts of unoccupied land and selling it at a huge profit to hordes of newcomers... was the dream in the eighteenth century, and it became the common farmers' dream in the nineteenth. (In the twentieth, the game went urban; the heirs of this aspect of the Jefferson tradition bear such names as Babbitt, Zeckendorf and Levitt. They pay homage to the agrarian ideal by removing the masses from crowded cities and selling them 'Big Big Quarter-acre-Lots' — 90 feet by 120 feet — in the greenery of suburbia.)"

To this unorthodox approach, the author contrasts the American commitment to the pursuit of wealth. Antibusiness bias, he says, made it impossible for us to live with the corporation, but "they also found it impossible... to live without this social invention that could generate wealth so readily. What they did was

entirely in keeping with the American character: accept the inevitability of history (what's done is done), avoid fundamental problems, ignore contradictions, and go on from there..."

So we developed the partnership of big business, big government and big labor that has spawned a bureaucracy both ineffectual and inefficient. As a result "prices are going to increase, taxes are going to increase, waste is going to increase, and unemployment is going to increase. Any effort to prevent the increases in any one of these four areas will, to the extent it is effective, produce a corresponding acceleration in the increase in one or more of the others."

The analysis is not along what can be termed Georgist lines, but professor McDonald does present a fascinating and useful analysis backdrop to set the land question against.

"The Phaeton Ride, The Crisis of American Success" (Doubleday, 1974).

Struggle for progress by Frank Goble

Did Henry George fail to speak the truth? Or have Georgists failed to take sufficient pains to bring his truths to light?

Georgists have failed for at least two reasons, to bring his truths to light. First, because they have not fully understood his ideas, and secondly, because they have not sufficiently understood the process required to translate ideas into action.

Henry George was not merely an economist, he was a social philosopher. To understand his ideas about economics, it is essential to understand his underlying philosophical premise — Natural Law.

Henry George spent little time explaining or defending the concept of Natural Law. Why should he be concerned about defending a premise which had been advanced by some of the greatest minds in history and was the basis upon which the Founding Fathers built the American Declaration of Independence and Constitution? The concept of Natural Law was stated explicitly in the Declaration of Independence, "...the Laws of Nature and of Nature's God." Earlier, at the First Continental Congress in 1774, a Declaration of Rights was prepared to prove that

Colonial Rights were based not only on the British Constitution but also upon "immutable Laws of Nature."

Henry George did not spend a great deal of effort explaining or justifying Natural Law because in the late 19th Century the majority of intellectuals still took Natural Law for granted.

Without an understanding and acceptance of Natural Law, the whole Georgist philosophy would be weakened if not shattered. From the concept of Natural Law came George's concept of justice and his basic premise about human nature.

If there is, as Henry George claimed, a Law of Least Effort (Adam Smith based his concept of capitalism on that same assumption) then a basic premise of socialism — that men will work whether they are paid in proportion to their efforts or not — is contrary to Natural Law.

The problem of Georgists, is not merely to convince people of the merits of land-value taxation. The problem is much greater than this. It is to convince people that the abandonment of Natural Law in our institutions of higher education has been an incredible blunder. At this point loyal Georgists may throw up their hands in despair because if we have been unable to convince people of the merits of land-value taxation, how are we going to overcome current intellectual trends in all of the behavioral sciences?

Strangely enough, I believe that this better understanding of the problem is cause for hope not despair.

Is it possible that there is another reason for the failure of various efforts to implement Georgist theory? Is it possible that Georgists have overemphasized the importance of reaching the public and underemphasized the importance of reaching thought leaders? Have Georgists studied the history of the acceptance and implementation of new ideas?

John M. Keynes, the British economist, provided an excellent demonstration of selling ideas at the top. Keynes' influence on President Franklin Roosevelt radically changed the direction of U.S. economic policy. Today following the example of the United States, Keynesian theory is influencing the entire Western world. Keynes was fully aware of the

power of ideas stating, "The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood." Many economists are still not sure into which category Keynes' ideas fit.

The history of Confucianism is another excellent example of how ideas gain power. Confucius (551-479 B.C.) had some excellent and badly needed ideas for social reform. But he was unable to sell his ideas to those in power. Approximately 200 years later the distinguished scholar, Mencius, managed to convince Chinese leaders that the Confucian philosophy was practical. With support at the very top Confucianism spread rapidly and dramatically throughout China.

Christianity struggled desperately for years. It achieved real success and rapid acceptance when it was endorsed by the Emperor Constantine I.

Readers may protest that these examples are not really relevant because they occurred in highly authoritarian regimes. Perhaps a better example is provided by the famous Austrian psychiatrist, Sigmund Freud. His ideas about human nature were radically different from those prevalent when he published his first major work, *The Interpretation of Dreams* in 1900. Although his ideas were attacked violently at the time, within 20 years they had gained widespread acceptance among *professionals*, especially in the United States. "Anyone who reached adulthood prior to 1950," says Hobart Mowrer, former president of the American Psychological Association, "knows how pervasively Freudian theory

and practice dominated not only the specific field of psychotherapy, but also education, jurisprudence, religion, child rearing, art, literature, and social philosophy."

Georgists would do well to ask themselves what was the secret of Freud's success? The answer is, it seems to me, that he spent little time talking to the "masses." He spent his time writing and speaking to the "experts" — to his fellow professionals and to leading intellectuals. He relied on them to take the message to the masses and more importantly, to take the message to high places. Prior to World War II there were only about 4,000 psychiatrists in the United States. After the War, especially during the Kennedy years, the Federal Government trained and hired psychiatrists and a substantial number, probably more than half of them, work for the government.

The implication for Georgists is that our efforts should be devoted to winning converts among professionals and intellectuals and also with those with political power. This can be done by producing professional quality books, films and teaching materials for use at various levels in our educational system.

Rightly or wrongly, it is my conviction that efforts to communicate the advantages of land-value taxation will be most successful when related to the broad philosophical base of Natural Law and the American Ethic.

[Excerpted from a paper presented at the 1974 Henry George School Conference at Goleta, California. Frank Goble is president of the Thomas Jefferson Research Center.]

Fall program (from page 1)

agement consultant with the firm of George R. Funaro & Company. Real Estate for the Small Investor covers the advantages and pitfalls of holding real estate in an urban environment; it is given by Samuel B. Kuckley, an appraiser, formerly research director for the Real Estate Board of New York.

In addition the School is continuing its program of instruction in conjunction

with the city's high school system. As part of the innovative City-as-School operation (an "alternative high school" that permits attendance outside the usual classroom) as many as four classes are being held at the School for high school students. These classes provide basic instruction in urban problems, emphasizing the importance of land use, taxation and land speculation. There is also a new course in

American history for these "alternative high school" students, stressing the role of land use and land policy. All of these classes use simulation and game techniques. The students will receive credit toward their high school diplomas. Rounding out this approach will be a continuation of the mini-course program in the city's high schools.

Henry George News, Volume 39, Number 2. Published bi-monthly by the Henry George School of Social Science; Lancaster M. Greene, chairman of the Publications Committee. Subscription: \$2 a year, \$5 for 3 years. Second Class postage paid at New York, New York.

Henry George News
50 East 69th Street
New York, New York