

Henry George Newsletter

High School Edition



Issue 27, Sept. - Oct. 1995

Welcome back. As this may be the first time you are receiving our Newsletter, we would like to take this opportunity to review its purpose and tell you more about the free teaching materials available from the Henry George School of Social Science.

The Henry George Newsletter High School Edition is published four times a year and each issue offers reprints of newspaper and magazine articles relevant to the "infusion lessons" in our Land and Freedom series; these lessons enable teachers and students to connect present day issues with the historical past. Also, we offer study questions and reprints of cartoons that help encourage students' critical thinking skills.

Our latest offering is the *Understanding Today's Economy* workbook, which can be used separately or in conjunction with our popular economics video. The purpose of the booklet, which is 20 pages long and geared for about four class periods, is to offer an introduction to the basic concepts of economics first developed by the Classical economists Smith, Ricardo and Mill and to propose a remedy for the perennial problems of poverty, the maldistribution of wealth and economic stagnation. The Classical economists defined political economy (or economics) as the study of the production and distribution of wealth within society. The workbook, which includes a number of exercises, along with graphs, charts and maps detailing the factors of production and their interconnectiveness and distributive properties, is designed so that students can work independently, allowing teachers to monitor each student's progress and zero in on any aspects of the lessons that need clarification.

In addition, the School continues to offer its Land & Freedom series in three categories: American History, Economics and World History. American History consists of twenty lessons, focusing on such issues and events as Indian land ownership, early immigration and settlement, as well as railroad land-grants and the Homestead Act. The Economics series explores 20 basic economic concepts and is appropriate for most high school instruction. World History is suitable for global studies and illustrates the importance of land throughout the world. Also, the school offers two videos: American History - The Story of the Land (in four parts) and Understanding Economics, a nine-part series examining major economic issues.

AN OLD WEST WAR ON THE RANGE

In many of the Western States relations between the federal government and ranchers are becoming increasingly polarized. The government owns up to 80% of the land in some states and ranchers are demanding greater access for their cattle. Occasionally, the standoff becomes confrontational, leading to violence. This article can be used with the Land & Freedom series #17 (The Closing of the Frontier) and #20 (Land: Our National Heritage).

WORKING HARDER FOR LESS

The gap between rich and poor seems to be widening. New statistics show that the top 1 percent of families now own 42% of the country's total wealth, up from 39% in 1989. Meanwhile, middle America seems to be working even harder to maintain a diminished standard of living. This article can be used in conjunction with the Economic series #5 (Class Struggle) and #13 (Gross National Product).

CARTOON

The cartoon on page four is appropriate for American History lessons #4 (The Declaration and Natural Rights) and #5 (Jefferson and Liberty).

Free Materials for Teachers

The Environmental Protection Agency is offering two teaching packets. The first, *What You can Do To Reduce Air Pollution*, details the major pollutants and their potential effects. Two small booklets describe the effects of acid rain on the environment and the attempts to eradicate it as a part of the Clean Air act Amendments of 1990. Also: *EMF In Your Environment* discusses electrical and magnetic fields and can be integrated with themes dealing with power in general. Each packet includes about ten fact sheets and brochures. Write to: U.S. Environmental Protection Agency, Public Information Center, 401 M St, Washington D.C. 20460.



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Old West War on the Range

by Linda Kanamine

Bunkerville, Nevada - Cliven Bundy watches as a helicopter swoops over his grazing cows, sending them running across the craggy desert.

The buzz of a helicopter usually means federal agents are counting Bundy's herd again so they can assess fines for grazing on federal land without a permit. But the fourth-generation rancher, who already owes \$31,000 in fines, refuses to move his cattle.

"They've taken their authority and abused it," Bundy says. "I'm not being regulated to death anymore."

Across Nevada and throughout the rapidly growing West, ranchers are in an increasingly tense stand-off with government officials over land: The federal government owns up to 80% of land in some states, and residents want greater access.

It is a dispute with increasingly violent overtones.

Recently, a small bomb went off in the U.S. Forest Service office in Carson City, Nevada.

Though no one has taken responsibility - and no one was injured - it has sent chills through government agencies involved in Western land management.

"If it was sent as a message," says Forest Service spokeswoman Erin O'Connor, "we got it."

Ultimately the issue will be settled by the courts, but ranchers who say they can't afford to raise livestock without greater access to public land are taking matters into their own hands - setting up what some officials fear is an inevitable and dangerous confrontation.

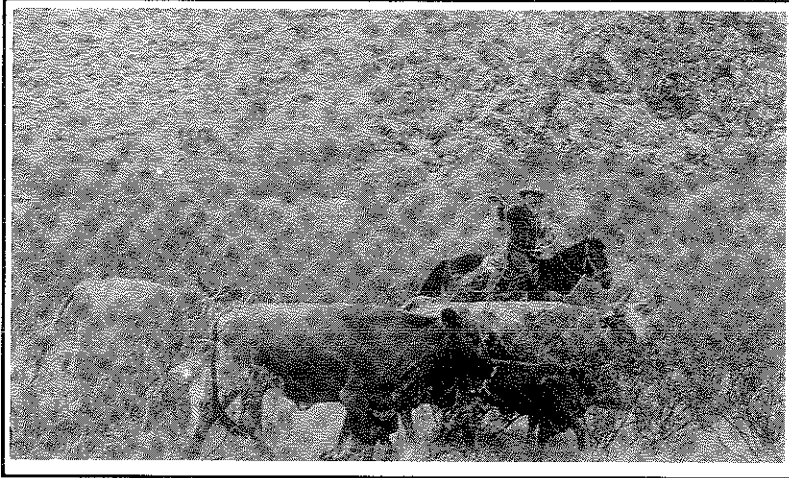
The situation is becoming so tense that federal workers now travel mostly in pairs and are in constant radio contact with district offices.

"I'm concerned about the safety of my employees," says Jim Nelson, Forest Service district manager for Nevada. They can't go to church in these communities without having someone say something. Their kids are harassed in school.

Stores and restaurants are not serving them."

Nelson, who oversees 7 million acres in Nevada, says his agency is just doing its job, which is to insure that land remains healthy and viable for ranchers and any others who wish to use it.

That goal, he says, is hindered by unattended, free-ranging cows that degrade the state's precious springs and stream banks.



The battle is being called Sagebrush II, a sequel to a 1970s movement that sought a state takeover of federal public lands. Today, many ranchers, miners and loggers argue the federal government never had a legitimate claim to the land.

The current round in the land dispute traces its roots to Catron County, N.M., which four years ago passed the first ordinance claiming state ownership and local management of all public lands in New Mexico. About 35 counties have followed suit; another 35 are considering variations of it.

The Justice Department stepped in seven months after Nye County, Nevada, acted on its ordinance: County Commissioner Richard Carver bulldozed through a closed national forest road, then threatened to arrest federal rangers if they interfered with county actions.

Federal lawyers filed suit last month in Las Vegas to have the Nye County ordinance ruled invalid.

"It should send a message, loud and clear, that the United States does indeed own and manage federal lands," says Lois Schiffer, assistant attorney general for natural resources.

Edward Presley, director of the organizing group County Alliance to Restore the Economy and Environment in Las Vegas disagrees: "The Feds don't own this land. We plan to overturn that and take control of the land."

The legal fight seems far removed from Keith and Marilyn Nay, who live a hard-scrabble life in a stone and wood house - without electricity - they built 30 minutes up a dirt road from the Bundys. They take a simpler view of the dispute.

"The federal government just wants control of us. But I'm not going to be controlled," Keith Nay says.

But those seeking greater access to federal land deny they are looking for an old-West shootout.

"Do you want to see my weapons?", asks Norm Tom, a Paiute Indian and Nay's son-in-law, who runs about 100 cows on range adjoining Bundy's. He pulls

out two copies of the Constitution, one pocket-sized, one full sized.

Many, like Jack Vogt of Goldfield, Nev., say they are fighting for their survival.

"We don't know what to do except fight," says Vogt, who is violating an order to keep his 750 cows off public range in the spring. "If we can't use the land, we can't exist."

-Reprinted from USA Today

Questions

1. Why are some angry Western residents in revolt against the Federal Government?
2. How does this impact on some of local citizens working for the government?
3. What was the "sagebrush" revolution of the 1970s?
4. How do the actions of the state and local government conflict?
5. Do the ranchers have a right to the land? Explain.

Working Harder for Less

by David R. Francis

The rich are getting richer and the poor poorer.

NewNumbers - "hot off the press", as Edward Wolff, an economist at New York University puts it - show that the top 1 percent of families owned 42 percent of the total wealth in 1992, up from 39 percent in 1989. This indicates an acceleration in the concentration of wealth since 1989. A report on this data released earlier this year uses 1989 data. Between 1983 and 1989, that group of 680,000 families increased its share of wealth from 34 percent to 39 percent.

"The gap is continuing to widen," says Wolff - a surprise to him.

What was thought to be "a 1980s story," now proves to be "a 1990s story" as well, says Jared Bernstein, an economist at the Economic Policy Institute in Washington. "We are ending up with such wide gulfs between the haves and have-nots that you have a large group of workers and families feeling less and less vested in America. Those workers may be playing by the rules, working hard to try and sustain living standards for themselves and their families. Yet they are losing ground."

Though income in the US is less skewed toward the well-to-do than wealth, its distribution has become more unequal in recent years. The top 5 percent of families got 19.1 percent of total income in 1993, up from 17.9 percent in 1989, Mr. Bernstein notes.

The only group that gained any extra share of the 1.5 percent growth in the total real income pie (adjusted for inflation) was the top 5 percent of earners.

"The bakers aren't sharing in the pie," he says.

Wealth is measured as the current value of all assets a household owns - financial wealth such as bank accounts, stocks, bonds, life-insurance savings, mutual-fund shares; houses and unincorporated businesses; consumer durables like cars and major appliances; and the value of pension rights - minus liabilities, such as consumer debt and mortgage balances.

Wolff's latest wealth figures are based on preliminary analysis of the Federal Reserve's 1992 survey of consumer finances. he hasn't looked yet at trends

for the poor for the 1989-92 period, but says it is "probably true" that their wealth was hit. As a group, the middle class didn't save "a nickel" in that period, he adds. Median wealth - the amount of wealth at which the number of families possessing more wealth equals the amount of families possessing less wealth - was stagnant.

"You have a large group of workers and families feeling less and less vested in America." - Jared Bernstein

Many in the middle class are blaming the poor and immigrants for their financial frustration, believing they are using up their tax dollars in welfare and other social expenditures, Wolff notes.

"This suggests a growing polarization," he says. "It doesn't bode well for the future stability of our country. I'm not suggesting a revolution. But there is a growing quasi-fascist element in this country."

One reason for the lack of growth in middle-class wealth in the 1989-92 period was the widespread decline in housing prices, says Gordon Richards, chief economist for the National Association of Manufacturers. Speaking for himself and not the NAM, he says many families may have made the "wrong choice" in going heavily into debt to buy a home when demographics indicate that prices are likely to fall.

Wolff charges that the House Republicans' Contract with America will worsen the unequal distribution of income in the US by reducing the government benefits going to the poor and weakening certain kinds of regulations.

Referring to the famed economist Adam Smith, who argued that the "invisible hand" of competition brought the most benefits to overall to society, Wolff says, "The invisible hand is not a friendly hand, a kind hand." Governments of other industrial nations, he continues, have done more to soften "the slapping of the hand" and have proportionately less poverty and top-heavy wealth. As an example, he cites Canada with a higher median income (though not a higher average income) than the US, and with poverty declining for a decade or more.

Asked why the higher concentration of wealth and income has not created greater social unrest, Bernstein speculates that Americans "make a serious probability error." They think that a "lottery win" or better fate could make them wealthy. "For the most part you stay where you start," he says.

Wolff, in a new study for the Twentieth Century Fund, New York, urges that the US introduce a tax on wealth similar to those imposed by 11 other industrial nations. At present, Washington does tax wealth through the capital gains tax, and at death, through estate taxes. Local and state governments tax property.

The new tax would scale up from 0.05 percent of wealth for those with net assets just above \$100,000 to 0.3 percent of wealth for the wealthiest. (That 0.3 percent is about what the rich pay in money management fees, Wolff says.) It would bring in \$40 billion annually to reduce the deficit, or spend on highways or the poor.

One positive element in Wolff's findings is that blacks and hispanics have improved their wealth position relative to whites. Non-whites, on average, had 29 percent of the average wealth of whites in 1989, and 37 percent in 1992. Non-white median wealth rose from 8 percent to 16 percent.

Wolff interprets these numbers as indicating that middle class non-whites have done "quite well" in accumulating wealth, but a larger number of non-whites have been left behind in poverty.

- Reprinted from the Christian Science Monitor

Questions

1. What statistics support the idea of a widening "gap" between rich and poor?
2. How does income differ from wealth?
3. The middle class seems to be losing economic ground. Who do they blame?
4. What are Wolff's comments on the Contract With America?
5. In spite of growing economic distress, there is relatively little social unrest. How does Bernstein explain this?

Henry George School High School Essay Contest Winners

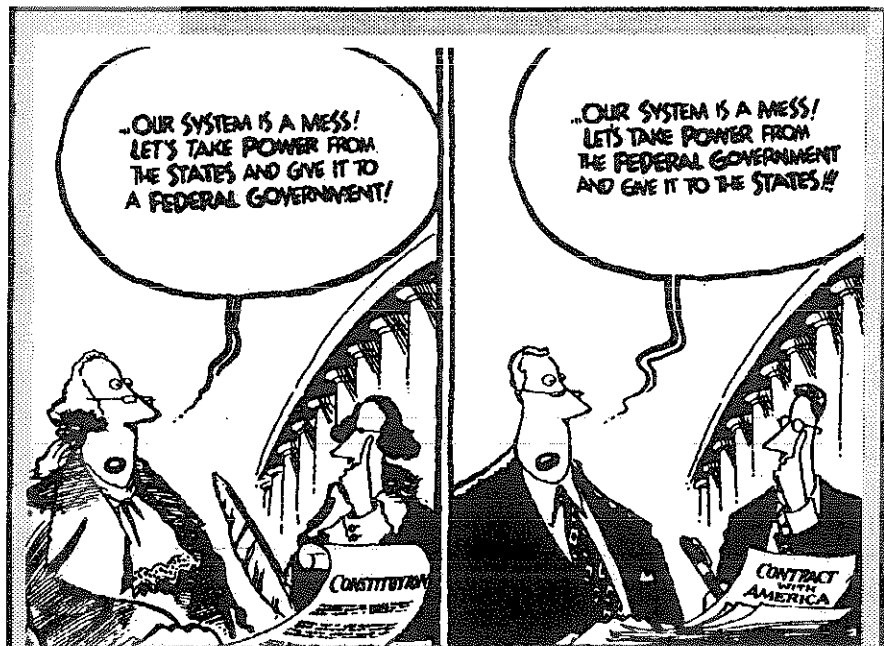
Winners in the Henry George School High School essay contest for 1995 were Beau Mount, a senior at Franklin High School, in Franklin, North Carolina, and Rebecca Farlow, a senior at Freedom Area High School in Freedom, Pennsylvania. Entrants were asked to write on the subject of world trade, using Henry George's book *Protection or Free Trade* as their primary source and a secondary source of their choosing.

Mr. Mount's entry was entitled *On the Effects of Protectionism on Wealth, Wages & Employment* and compared the economic theories of Henry George and John Maynard Keynes. Mr. Mount began his essay by comparing George's ideas with those of the Physiocrats and the later classical economists. Then, taking issue with Keynesian theory, which argued for restriction of trade in some cases, Mr. Mount concluded that with unrestricted free trade "society will progress to a point of maximum employment and wages and a large middle-class supported by an equalitarian distribution of wealth."

He also proposed free trade as a potential solution to world political problems, saying: "the political and psychological value of open markets must also be considered. Free trade ties nations together and increases the chance of international peace due merely to mutually convergent interests."

In sum, according to Mr. Mount, "it seems extremely short sighted to advocate protectionist measures" to gain social ends when free trade can "exert a positive influence on prosperity and thus on wages and employment"

Ms. Farlow's entry was entitled *Lower Wages and Unemployment*. She began her essay by describing the increasingly world-



Cartoon Questions

1. What would be a good title for this cartoon?
2. What kind of power is being discussed?
3. Cite some examples of federal laws.
4. Cite some examples of state laws.
5. What does the U.S. Constitution say about federal and state laws?

wide nature of trade and saying "free trade has the potential to benefit all countries involved" and "does not benefit any particular interest of any country."

Citing the efficacy of free trade in allocating goods to the market, Ms. Farlow continued, "Free trade enables consumers to purchase products in the cheapest and most effective way."

Addressing the effects of free trade on union jobs, Ms Farlow advanced the idea that "many of

America's economic problems came into existence when American trade was not free enough... in the long run, free trade would benefit the majority of union workers in America." As more and more jobs are subsumed by the import - export business, thus "more union jobs would be established" in that area. In conclusion, Ms. Farlow observed, "overall, free trade should improve working conditions in America and diminish the rate of unemployment."

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