

Henry George News

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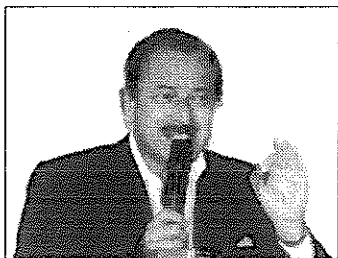
The Missing Clause in the Bill of Rights: Land for the People

Part II by George Collins

The meaning of the Georgist remedy for the society at large — and how to effectively communicate that meaning — was explored by a number of European participants. Bent Staarup of Denmark delivered a thought-provoking paper entitled "The Missing Clause in the UN Declaration of Human Rights and Profit Sharing of the Resources of Nature Instead of Social Subsidies and Taxes." He argued for paying a "land rent bonus" to every mother and the unborn child she is carrying. Such a bonus would materially equalize the condition of women with men who never suffer the disadvantage of pregnancy. The payment to the unborn child would establish equal distribution of rent "from the conception to the grave." Mr. Straarup promotes the procedure of imposing the "user fee" on land values at a rate high enough to keep the values low, discouraging speculation but still exhibiting a price so that "transfers of land take place freely and without public interference." He says that, despite the solemn proclamations of the UN, "without equal rights to our most elementary physical promise, the riches of land and nature, we shall never become free and equal." But Mr. Straarup argued that "landowners have to receive compensation for their capital loss." His suggestion of "government bonds... paying off over thirty years" did not meet with much favor from this audience.

Echoing Mr. Straarup's call for a land rent bonus, Ole Lefman, head of the Danish Henry George Society, offered an alluring proposal in his paper, "Scrap the Old Tax — Why and How." People must work to pay for food, housing, clothing, etc., he said, but it is a crime to demand that they must work to pay other people for access to the gifts of nature. He adds, "If the total of rentals exceed public expenses, share the excess amount equally between all citizens in the community." Employing what he called a "switchover percentage" of the market price of land for the collection of rent, he postulates

The 21st International Conference of the International Union for Land Value Taxation and Free Trade in Roskilde, Denmark, July 22-29, 1995



Fernando Scornik Gerstein

tell if the net effect will be decrease or increase of the market prices and site rentals." Mr. Lefman stoutly rejects compensation of landlords for loss of market value because such payments would be made by other taxpayers. The Citizens' Bonus is the effective means to blunt opposition to the public collection of land rent. It gives everyone a special interest in its adoption and continuance. But one exception would be permitted. "Citizens aged 62 or more who exclusively or mainly live on low income must have the possibility to choose whether they want to join or stay outside the change from "Income Tax" to "Site Rental as Public Revenue." (continued on page six)

the gradual elimination of the income tax. He registers a doubt that the market price of land will decline. As the revenue from land is repaid to citizens as a bonus, he said, it tends to increase the demand for sites which will increase the market prices and rentals of sites. "Nobody today can

Henry George's birthday, September 2nd, usually falls on the Labor Day weekend — and the school celebrates both, remembering George's unswerving concern for the interests of working people, and his candidacy for Mayor of New York under the aegis of the Labor Party. Featured speaker this year was Dr. Robert Fitch, Professor of Urban Studies at NYU and author of *The Assassination of New York*. Dr. Fitch's research, writing, and experiences as a union organizer in new York City made him an ideal commentator on this occasion.

Henry George Day '95: Land and Labor United

In welcoming the audience and introducing the speaker, George Collins displayed a Henry George Day Proclamation from City Council President Peter Vallone, and listed a surprisingly large number of mentions of Henry George and the land question, in such mainstream publications as *Barron's*, *The Philadelphia Inquirer*, and *Investor's Business Daily*.



Dr. Robert Fitch

Bob Fitch began his talk by noting the ironic fact that labor day never coincided with Henry George's birthday during his lifetime. In those days the US Labor Day was celebrated on May 1st, as it still is in many other nations. He went on to show the many ways in which labor relations in the US are different, and indeed inferior, to those in other industrial countries.

In the 19th century the United States labor movement led the world in the struggle for higher wages and better working conditions. Nevertheless, for a while it seemed that we would never have an officially designated Labor Day; American business wanted to avoid the taint of communism associated with May Day. There was a movement to dispense with Labor Day in favor of a more patriotic "Law Day." A compromise was reached: Labor could celebrate — but not on May 1st.

But it is appropriate that we celebrate Labor Day on a different day than the rest of the world, Fitch said, because American labor is unique in many ways. Labor law in the US is more favorable toward business than in any other industrial nation. The operating principle is that employers do not need to demonstrate a valid reason for firing employees (only that the firings were not for a patently bad reason such as racism). This is not the case in any other OECD country. Furthermore, although it is illegal to fire employees for union activity, these laws are seldom enforced, and penalties are exceedingly light when they are. Employers "would be effectively violating their obligations to the stockholders" were they not to fire organizers.

Not surprisingly, the United States has a far lower proportion of union workers than other industrial nations.

Furthermore, US unions are no longer effectively democratic or participatory. Although much was made over the recent election of J. J. Sweeney to the Presidency of the AFL-CIO, Fitch said the election was only nominally contested, and indeed, that union has had only four presidents since the 1890s. The upper levels of today's unions are highly corrupt, Fitch charged, and many, particularly New York's construction unions, with which he has worked, now run on a "boss-client basis." (continued on back page)

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Thinking for Yourself About Social Problems

...is the title of a new course this fall at the Chicago HGS, taught by Chuck Metalitz. Conceived as a five-week alternate introduction to the Georgist paradigm, its title sums up the educational mission of the Henry George Schools. "What benefit does one receive from a study of political economy?" asks a press release promoting the Chicago HGS fall term. "Economics classes for concerned citizens" provide "the conceptual tools with which to examine the chronic problems of capitalism... as well as the decline of socialism." And how do we do? Not bad at all, judging from our 1994-95 numbers at the New York school: 516 students completing *Fundamental Economics* courses in English and Spanish out of 970 total course completions.

So, a considerable number of people find our classes interesting—but why? What useful insights do they take away with them? In the remarks that students have made at the school's graduation ceremonies, we can get an inkling—as in these statements by Derek Barrett and Patricia Dagati, two students in John Alexander's *Fundamental Economics* course:

We did a little research to see if we could add some other commentaries from literature or philosophy on the same subject. We found few who had even addressed the problem of poverty in a progressive society, and even those who did, failed to penetrate to the heart of the problem as did Henry George.

We found endless commentaries on the effects of poverty—racial prejudice, social, educational or cultural deprivation. But we've learned from Henry George that these are not the causes of poverty; they are the results. And only by knowing the cause shall we know the remedy.

That cause has come clearly into view for *Applied Economics* student Paul Kahane, who reminded us that

Henry George was outraged at the spectacle of men whose incomes—sometimes fabulous incomes, derive not from the services they have rendered the community

but merely from the fact that they have had the good fortune to hold advantageously situated soil.

Once students have found the root cause of our society's destructive rush toward inequality and dis-association, and have seen an effective solution, what is to be done? Dagati and Barrett exhorted their audience in very Georgist terms to turn insight into action.

Only the exercise of justice and reason — by each individual here — can keep our society on an ascending path.... To quote Henry George, "Our progress depends on the energy used to propel us forward." Let us not waste the precious energy we have garnered through association with each other by pulling in different directions and fighting among ourselves.

The first thing that students can do, having "seen the cat," is to sharpen their knowledge. Dagati and Barrett are currently part of a group of some fifteen students who have elected to go through the three-course political economy series together. John Alexander, who is now in his second term of teaching *FE*, was part of a group that did the same thing, completing the series last winter. "When there is correct thought," wrote Henry George, "right action will follow." The Henry George Schools can see his prediction beginning to come true.

Dominican Alumni Spread the Word After 29 years teaching Georgist economics in the Dominican Republic, Lucy Silfa understands the frustration that her alumni feel. In a dysfunctional economy, her HGS alumni "know what should be done — but they have no time to wait." The politicians are not listening, so HGS alumni go calling to social clubs, labor associations, PTAs, businesses and local councils. "After 29 years of HGS work in this country," Lucy Silfa says, "the seed has been sown and it is time to gather the harvest." But in her country political goals must be pursued indirectly. HGS alumni in the Dominican Republic have their eyes firmly fixed on a long-range prize.

- L. D.



The HGS-New York volunteer Faculty gathered for a start-of-the-semester workshop on September 7th. Assistant Director Lindy Davies led the discussion on "How do we show our students the contemporary relevance of Henry George's remedy?" Participating were Vandana Chak, Lindy Davies, Nibaldo Aguilera, Sydney Mayers, Philippe Lambert, Matthew Ossias, Fryda Ossias, John Alexander, Vesa Nelson, Guillermo Herrera, and (behind the camera) George Collins.

Should We Redefine Progress?

by Lindy Davies

A new San Francisco think tank called Redefining Progress is making quite a splash. Three of its founders, Clifford Cobb, Ted Halstead and Jonathan Rowe, wrote the cover story for the October '95 *Atlantic Monthly* called "If the GDP is Up, Why is America Down?" The thesis is that our most widely-used economic benchmark, the Gross Domestic Product, is fatally flawed as a measure of real progress. Economic progress is equated with the sheer volume of economic activity, they argue, regardless of whether this activity helps or hurts the general welfare and sustainable well-being of society. They have devised a new measure, called the "Genuine Progress Indicator" (GPI), which accounts for resource depletion, crime, social dysfunction, unremunerated household and volunteer labor, and other socially important forces that get left out of the gross economic numbers. While the GDP shows a marked increase from 1950 onward (only back-tracking a bit during recessions), their Genuine Progress Indicator shows a steady decline in "genuine progress" since the 70s.

At least one of the authors, Clifford Cobb, has been associated with the Georgist movement (he attended the CGO conference in Los Angeles in 1993) and some of the remedies proposed by Redefining Progress are music to Georgist ears. Our current system "taxes heavily that which should be encouraged — enterprise and human labor. Meanwhile it taxes lightly or even subsidizes the use of the natural resources humanity needs to husband and conserve." Their new national accounting system would "point toward a new tax system that defied the stereotypical categories of left and right."

Their interest in natural resource taxation is similar to that which interests many Greens and environmentally-conscious people in our ideas: the insight that the public collection of land rents would lead to better stewardship of natural resources. They claim that their research indicates that taxes on the use of natural resources would yield sufficient revenue to either eliminate or greatly reduce the current taxes on labor and capital, stimulating business and employment. Students of Georgist economics might quibble, though, with the emphasis on taxing the use, rather than the value, of natural resources — for only by collecting the rental value of land can we stop the destructive effects of land speculation, not the least of which is the tremendous waste of energy and resources caused by urban sprawl.

It is gratifying to see recommenda-

tions like this made in such a prestigious forum — and there is much in the vision of Redefining Progress to recommend, such as the observation, codified in their GPI, that a deepening gap between rich and poor is a social regression that a growing GDP figure does not recognize. However, when they seek to include the values of such things as the benefit of volunteer labor or the cost of divorce, a certain fuzziness seems to creep into Redefining Progress's logic.

The Gross Domestic Product is the sum total of all goods and services produced within a country in a year. (It generally avoids double-counting and other confusion by concentrating on finished goods and services.) It is not value-loaded at all; it includes all transactions of economic value and excludes everything else. Economists have long known that it cannot, by itself, be an adequate measure of economic and social well-being. It is a measure of gross production — something that does, at least, correlate with the potential for well-being. The GDP does not include "the functions of family and community on the one hand, and the natural habitat on the other." Thus the GDP can grow while the quality of our communal life deteriorates, as has indeed been the case. But will a new indicator

What has destroyed every previous civilization has been the tendency to the unequal distribution of wealth and power. This same tendency, operating with increasing force, is observable in our civilization today.... Wages and interest tend constantly to fall, rent to rise, the rich to become very much richer, the poor to become more helpless and hopeless, and the middle class to be swept away. — Henry George, Progress and Poverty

reverse those trends? Family and community, after all, function admirably when wages are high and jobs are plentiful. The natural habitat is protected when we muster the political will to enact and enforce environmental regulations.

At least, they argue, the GPI will provide a healthier measure of the economy than "the curious standard of the GDP, [by which] the nation's economic hero is a terminal cancer patient who is going through a costly divorce. The happiest event is an earthquake or a hurricane. The most desirable habitat is a multibillion-dollar Superfund site." They hold that such things, although they are counted in the GDP, shouldn't be considered part of national progress. And yet, isn't a nation more prosperous if it has the wherewithal to clean up toxic waste sites, or if more of its citizens are



Brentold Evans, Esq., Consul General of the Cooperative Republic of Guyana, receives a copy of Progress and Poverty from Executive Director George Collins. HGS student and LVT promoter Hubert Rodney, Esq., who arranged the donation to the Guyanese official, looks on (at left).

able to get costly medical treatments? If a nation cannot afford to rebuild the buildings that hurricanes knock down, doesn't that indicate something about its level of national prosperity?

Particularly troubling is the authors' emphasis on accounting for the cost of social phenomena that they consider unhealthy, such as divorce, which provides "a small fortune in lawyers' bills, the need for second households, transportation and counseling for kids, and so on." What then? Have we "overvalued" the rights of spouses to property, child custody, etc.? Should there be a divorce tax? The problem with injecting "values" into discussions of economic policy is that in a pluralistic society, and one which pays attention (at least theoretically) to individual rights, how does one draw the necessary lines? The authors would probably find widespread agreement with their views that addictive consumption and mass media

tend to sap our social vitality. But all this is very fuzzy. Suppose our yardstick-makers decided that homosexuality was something that devalued our communal life. Would there be a gay tax?

Redefining Progress has examined our economy and found that it simply is not rewarding things that make our world a better place. Who could argue with that? Rewards are going disproportionately to the holders of privileges. Wages are falling; unemployment is rising. Workers and consumers are paying the cost of pollution and habitat destruction, instead of the landowners and monopolists who reap the benefits. But none of this will be remedied by changing our methods of counting. In the end, we don't need to redefine progress; we need to heartily engage in it, and share its benefits — and costs — justly.

Louis F. Post: Philosopher of Social Service

Part II

by David Domke

After Henry George's death Louis Post went to Chicago to found *The Public*, a progressive weekly newspaper. *The Public* became the main forum for Post's thinking for the next fifteen years. The *Public's* opening editorial salvo, in 1898, was aimed not only at the rich and powerful, but at other newspapers and periodicals who Post saw as serving their class interests. He chided the press in general for being subservient to "plutocratic influences." "What we mean by plutocratic influences, is influences which make for the elevation of the rich to industrial or political mastership. To these influences the general press...is submissive to the extent of servility. There are few exceptions outside the organs of social reform movements. Even the democratic papers and those republican papers which still feel the democratic impulse of abolition days, are safely relied upon by our plutocracy to turn their tracks whenever plutocratic privileges are seriously menaced." *The Public*, on the other hand, would bring "real news...winnowed from the trash that goes by the name of news, and divested of partisan bias and color, a paper which consistently and persistently, not as an organ of some reform movement but solely with reference to fundamental moral principles, is editorially hostile to plutocracy in all its phases and throughout all its ramifications." There followed an editorial condemning the brewing Spanish-American War; another critiquing customs tariffs, and another protesting state intervention in the practice of medicine.

By far the longest is a four-page tribute to Henry George. He begins by surveying the influence, both positive and negative, of *Progress and Poverty*, "an epoch making book." The positive influence exerted by *P & P* had been on the reading public at large; "The extent to which the world has read [*P & P*] is indicated by its large circulation in all English-speaking countries and the great number of alien tongues into which it has been translated... Nor was *Progress and Poverty* merely circulated and read. It did and is still doing the work for which its author intended it."

What Post says about the book's negative influence is just as interesting. "While in one sense the sneer of the 'aristocracy of culture,' that it has not influenced the universities, may be true, yet in another and more important sense it certainly is not true. The book has indeed failed to convert the professorial cult in political economy. How could it help but fail, when the professor who should become an outspoken convert would be pushed out of his university chair. Nevertheless, it has forced that cult to abandon old fallacies and invent new ones... Though other writers had previously protested against some of the old fallacies, Henry George did more than protest; he tore them up by the roots. The 'about face' movement of the professors of political economy dates from the time when Henry George's book made its impress upon the public mind. That book forced the professorial cult to turn political economy into an occult science and its professors into economic mahatmas." (Almost a century later, Mason Gaffney was to make much the same point in his *The Corruption of Economics*.)

However, the influence on the "masses" of *P & P*, and its "effects, while they do not lend themselves to statistical expression, are evident in a thousand ways...Neither pulpit nor bar, counting-room nor factory, court nor legislature, congress nor parliament, has wholly

escaped this influence or is wholly free from its beneficent effects." Post follows this with a fairly succinct elaboration of George's ideas, ending with a summary of *The Science of Political Economy*, which he rates among George's books as second only to *P & P*, and "the unfinished manuscript of which almost literally dropped from the author's hands when he died."

While the circulation of *The Public* was relatively small, its readers were a select group; editors and editorial writers, reform-minded public speakers, lawyers and judges, union leaders and educators. It did not sustain such a broad-based readership for fifteen years advocating the single-tax and land reform issues only. As Post matured his scope of inquiry included municipal ownership, anti-imperialism, education and electoral reforms, racial tolerance and equality, and feminist issues. Of course, he did not neglect single-tax issues; he wrote proposing it for such seemingly diverse concerns as worker's rights, industrial growth, tariffs, farm productivity and the more general problems of poverty and want.

Throughout the early part of this century, Post kept constantly busy, writing books, contributing articles to other periodicals, and lecturing; all in addition to editing a weekly journal. His books during this period include *The Ethical Principles of Marriage and Divorce* (1904), *The Ethics of Democracy* (1905), and *Social Service* (1909). In addition he was the author of a number of pamphlets such as *Trusts Good and Bad*, *A Syllabus of Progress and Poverty*, *Success in Life*, and *A Study in Land Value Taxation*. Somehow, he also found time to serve as a member of both the Chicago Board of Education and the Anti-Imperialist League, which opposed the US's appropriation of the Philippines.

In 1908 Post went to England as a delegate of the International Free Trade Conference, along with Joseph Fels. This, and a subsequent trip to that country in 1910, did much to reaffirm his belief in the single-tax as the ground for all subsequent reforms. As is well known, Henry George's trip to England in the 1870s introduced a very receptive group of reform minded British to the idea of public collection of land rent. The idea continued to grow and influence English progressives. Post was accompanied during the second trip by

Henry George, Jr., and they were both quickly put to ready use campaigning for a number of Liberal Parliamentary candidates, under the auspices of the United League for the Taxation of Land Values. Many of their candidates won, and Post was much heartened by the easy accommodation between land reform and electoral politics. For years afterward Post drew from the practical experiences he gained campaigning in England in his articles and editorials for *The Public*.

In 1913 Post quit the editorship of *The Public* and headed to Washington to become Assistant Secretary of Labor in Woodrow Wilson's administration. In the post-war period he became embroiled in a controversy of major proportions. The Justice Department in conjunction with some big business interests and anti-immigration forces began drumming up a "red scare." The Justice Department was alleging that there was an anarchist underground and "aliens with the principles of Russian Bolsheviks," who were organizing to overthrow the United States government. Under the leadership of Attorney General A. William Palmer, and with the influence of what were then called "labor-baiting corporations" and the yellow journalist press, thousands of legal immi-



grants were being rounded up and sent to deportation "stations" around the country. The deportation procedure required no court of law to legitimate what was considered merely an "administrative process"; immigration laws of the time required only a determination that an alien was "undesirable." The accuser could be a neighbor, an employer, or even a cop on the beat. As Teddy Roosevelt once said, "What's the constitution between friends?" Under an Act of Congress of October 16, 1918, being an "anarchist," even if not a self-proclaimed one, was grounds enough for being "undesirable," and a threat to the U.S. government.

Post was sworn to uphold constitutional law and so, he later wrote in his book *The Deportations Delirium*, his hands were tied as regards to actually professing anarchists or those for whom he believed there was sufficient evidence to be labeled "anarchist." But he could, he believed, do something to save those who had been wrongfully accused — the large majority of deportation cases. In a case of the first kind, the self-proclaimed anarchist, he had to deport his friend Emma Goldman. "The sole question before me was whether or not she believed that no government would be better for human society than any kind of government. If she did, she was an anarchist... and her deportation was mandated by law." Post was criticized in some quarters at the time for upholding the strict letter of the immigration law. In his defence he wrote: "No question of sympathy on the one hand nor antipathy on the other was involved. Whether or not I liked the law did not enter in. I was not a maker of laws but an administrator of a law already constitutionally made. To administer it fairly and effectively, though humanely, was my only function." In the case of Emma Goldman he did administer it effectively. He had to deport her to Russia, "but Russia was then dominated in some regions by the Bolshevik party... and in other regions by Czarist reactionaries... So I directed specifically that Emma be deported to Soviet Russia and not to 'White Russia'" — a decision that probably saved her life.

But Post could take a strong stand in regard to those immigrants unjustly accused of being "anarchist." In 1920 there were mass arrests of "undesirables" in nearly all the major cities in the US; New York and Chicago, Philadelphia, Pittsburgh, Buffalo and St. Louis. Many of the arrests occurred in the middle of the night, with suspects being led from their homes in chains. According to a contemporary report: "Pains were taken to give spectacular publicity to the raids, and to make it appear that there was great and imminent public danger against which these activities of the Department of Justice were directed. The arrested aliens - in most instances perfectly quiet and harmless working people - were handcuffed in pairs, and then for the purposes of transfer on trains and through the streets of Boston, chained together." Thus wrote one Judge Anderson in New England complaining to the Justice Department over such wanton disregard for writs of habeas corpus.

As Post reviewed the merits of each case that came before him, it got around that he was not enthusiastically participating in the wholesale deportations of aliens. A congressional sub-committee, spurred on by what Post called an "afterwards discredited clique in the American Legion," visited Post's office and began to scrutinize the cases that had come across his desk; "one outcome of the visitation was a sub-committee report on which proceedings for my impeachment were afterwards based." The most damning evidence in their report: "notations followed each memorandum, showing that I had overruled or ignored the recommendatory decision [to deport]." This "evidence" was quickly leaked to the media, without mention that Post had acted solely within his authority as Assistant Secretary of Labor, by "members of the immigration committee and publicity agents of Department of Justice, starting off a newspaper cyclone" which climaxed in impeachment proceedings being launched against him. The charge: "Assistant Secretary Post had cancelled the deportation warrants of more than 1000 Reds and had let loose upon the country

these public enemies" who had, of course been living quietly, almost unnoticed until the Scare.

"POST: FRIEND OF ENEMY ALIENS"; "ASSISTANT SECRETARY, EASY ON REDS"; LABOR DEPT. BEING BORED FROM WITHIN." Such were the headlines of the day. One report, typical of most at the time, merely elaborated that Post "is accused of friendliness to radicals and said to have blocked deportations. Most of the reports attributed the accusations to anyone more particular than the usual informed sources. There were exceptions. One reporter for a Washington paper wrote to President Wilson, saying: I have had reason to make a personal investigation of the so-called raids on reds and the handling of those cases. If half the facts were known to the public there would be a demand for the impeachment not of Mr. Post but of Attorney General Palmer..." As the impeachment hearings began some leading congressmen arose in Post's defense. One, George Huddleston of Alabama rose and said: "A great many of those arrested did not so much as know the difference between Bolshevism and Rheumatism... They were illiterate, they were poor, they were friendless aliens, many of them, and away from home. They were not voters and they had no money; they had no voice, therefore no one to champion them. Numbers of those arrested were women. Numbers of the men were citizens. They were beaten and dragged off to jail... Oh, a lawless people is bad enough, but a lawless government is infinitely worse."

Post himself was up for the fight. He had the advantage that his opponents, in their zeal to prosecute immigrants en masse and anyone who would stoop to defend them, had not advised themselves of the finer points of the law. They had assumed that prosecution by publicity and a few public figures would suffice.

They were wrong. "Louis F. Post, 71, Assistant Secretary of Labor, mentally supple, quickwitted, in his own defense today before the House Rules Committee was a living exhibit of vigor and sustained power. Despite his 71 years, he seemed 25.

He pounced upon Attorney General Palmer, then hurled a charge of 'non-lawful' against [the] Commissioner General of Immigration, and then landed a terrific wallop here and there to the House Immigration Committee. The impression created by Mr. Post was altogether favorable to himself." This pugilistic description of Post's appearance was reported in the Portland *Oregonian*, a conservative newspaper not exactly in Post's camp. But the press loves a good fight and, after drumming one up, is usually content to sit back and report with relative objectivity. Throughout the hearings all Post needed to do was stick to the law to defend himself and make his opponents look ridiculous. He needed to only to go through the charges one by one, each time reminding his accusers of the law and his authority under it. "I quoted [the law] which stated that 'an alien as well as a citizen, is protected by the universal principle that no person is to be deprived of life, liberty or property without due process... that he may cross-examine his accusers, and that he may be prosecuted only with substantial evidence.'" As he went through the charges even Congressman Pou, a outspoken member of the impeachment committee, had to admit: "Mr. Secretary, my feeling is that you have followed your sense of duty absolutely." Slowly the public tide began to turn in his favor. The *New Republic* and other organs of the press began referring to the hearings as a "witch-hunt." The committee retired after a few more meetings to issue its official report. The committee continued to meet in private but called no more witnesses. It never bothered to issue a final report. Neither did it bother to publicly exonerate Post, who served out his term and retired from public life.

Why did Post put his career on the line? Why did he stand, alone at first, to defend "abstract" principles against an onslaught of public and official condemnation? One must, I think, return to Post's idea of

"The 'about face' movement of the professors of political economy dates from the time when Henry George's book made its impress upon the public mind. That book forced the professorial cult to turn political economy into an occult science and its professors into economic mahatmas."

(continued from front page) But if they take that option, they would also forfeit the Citizens' Bonus. Land value taxation in Denmark failed, said Mr. Lefman, because it was not linked to reduction of the income tax. To sell it, people must be convinced that taxes on labor will continually be reduced.

Fernando Scornik Gerstein of Argentina brought the international perspective of an attorney who practices in Spain and Britain as well as his home country to his examination of "The Issue of the Poll Tax in the United Kingdom and its Economical, Political and Philosophical Implications." The property tax—rates, as it is called—is paid by eight million rate payers. The poll tax was paid by 28 million taxpayers. Could the proponents of the Poll Tax have imagined that the effects of such a shift on labor could have gone unnoticed? But some opponents of the poll tax "preferred to consider the matter from the point of view of ability-to-pay..." and recommended a local income tax. Those who based the criteria for the property tax on "payment for the use of public services" faced the challenge that it is difficult to measure the levels of services used and of social benefits received. But the truly important question is: "Which should be the subject of taxation: the landowners, the capitalists and entrepreneurs, or the workers?"

Rent cannot be transferred to retail prices; it represents a surplus, whether or not some of it is taken in taxes. But the rates, like our real property taxes, are applied to improvements upon the land as well, and the term "rent" is often used without distinction to identify the return to capital. The individual entrepreneur can be forgiven for this. But although modern economists "do not read Marx and ignore the existence of George, they must at least have studied Smith and Ricardo and do know better." The consequence of the adoption of the poll tax is that in the long run the market value of land would rise. Rents would remain as high as they were, and there would be general inflation in the economy.

Any alteration in the system of land taxation represents a major change in the manner and aspect of taxation. The land tax should not be viewed as "a mere municipal problem related to 'accountability' or to 'payment for the use of services.'" Any radical reform that would confiscate part of the rent for public purposes would mean the structural reform of capitalist society, and ought to be tackled in that way. "The whole system of credit in modern capitalist society is based at the very bottom on real estate... at the heart of real estate values are the values of the sites... banks and credit institutions are hence natural allies of land privilege in all its forms and aspects."

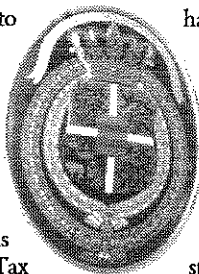
Private appropriation of rent has been established as a "fact of nature" by both academics and the popular media. Mr. Gerstein quotes Henry George from *A Perplexed Philosopher*, concurring with him that "those who... are credited with superior knowledge of social and economic laws have devoted their powers, not to showing where injustice lies but to hiding it: not to clearing economic thought but to confusing it."

Gerstein espoused the view that Karl Marx's "deep and many times accurate analysis of capitalist society presented the major challenge to private appropriation of rent in the 20th century. But it was based on a philosophical conception that resulted in the imposition of a system "designed by bureaucrats for the benefit of bureaucrats." It had pretensions of creating a "new man" by suppressing basic human instincts. The Hegelian dialectic of thesis, antithesis, synthesis was a narrow construct in which to explain all economic and historical events.

Marx understood the effect of private appropriation of rent in capitalist economy—but he went no further than Ricardo's consideration of agrarian rent. It was left to George to present "the precise study of land rent as a general category in society... endowing political economy with the clarity and precise definitions of concepts that were not there before him."

George was not a trained philosopher, said Gerstein, but he had the invaluable gift of that kind of intelligent common sense that helps to assess the validity of philosophical ideas. He believed the law of progress to be the moral law. Identifying these laws in social and economic life to produce a moral order was the function of reason. He was the reverse of Marx,

Denmark 1995



promoting "ideas over revolutions as the path to social reform." Gerstein lightly questions whether George may have trusted too much "the sole power of ideas" in a world in which it must contend with physical force. However, he said, history has endowed George's ideas with new vigor and vitality.

It was curious, he found, that although George devoted many pages to the effects of urban rent and land speculation in cities, he is generally considered an agrarian reformer. What he proposed had nothing whatever to do with the agrarian reforms of the 20th century. More basic than either agrarian reform or tax reform, George's measures were meant to change the entire structure of capitalist society. Rejection by the establishment notwithstanding, land is not neutral in the productive process. Alteration in the distribution of rent will change the very foundation of the capitalist economy while retaining "the grandeur of its achievements."

Effective opposition to the poll tax—one that would lessen the impact of the VAT—would have been to update the property tax by excluding improvements and taxing the capital value of unimproved land. The British Labor Party, focused on winning the next election, failed to do that. "For the popular forces there are many ways of gaining political power but there is only one way to keep it firmly in democracies: to conceive, advocate and achieve structural reforms capable of bringing economic justice to those who live from their daily effort, which are always the overwhelming majority in society."

Victor Ledenyov, a correspondence student from Ukraine, had a set of practical suggestions for achieving the "Transition to a Market Economy." All economic transactions are voluntary, he said. They are obstructed by coercive interventions, by government and by private racketeers. In Eastern Europe an extensive criminal class was created by government restrictions, under which normal individual pursuits were branded illegal. The transition therefore involves "reducing interventions both of governments and criminals (protection rackets are a major problem)" and legitimizing voluntary production and exchange.

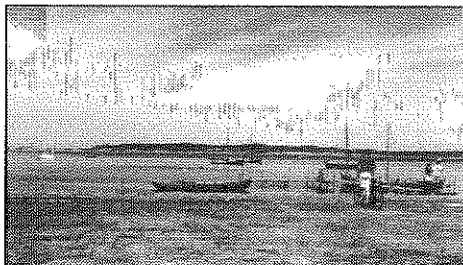
The steps to be taken should also include establishing a land cadastre and assessing all land, including mines and fisheries. Ground rent should be collected, along with pollution fees. Taxes on productive enterprises should be eliminated by a constitutional ban.

There is, said Anthony Trowbridge of South Africa, a symbiotic relationship between town planning, land tenure, ownership, investment and taxation. Town planning today serves the industrial society which, along with zoning, separates home, work, agriculture and all related human activities into separate functions—destroying any true sense of community. Such fragmentation contributes to "inflationary levels of value and cost of land, development, transport, and the provision of services." Using the experience of the informal South African township of Orange Farm, 40 kilometers from Johannesburg, as a case in point, Trowbridge outlined the design of a self-contained community in which he employed reintegrated urban design principles. The process included "a democratic form of direct representation in which residents come together... to plan and create their own economic facilities for their villages." Financing is based on "a community user charge." The annual charge can be expressed as a percentage of the market value of the land only, or a large portion of the rental of each site.

Denmark has had a long history in the use of modern assessing principles to determine the value of land and buildings, reported Jørn Jensen, a Real Estate Assessor and member of the Copenhagen Northern County Land Tax Commissioners. The system began in 1903 and continues "to assess values on the basis of their price in a free market." Land and buildings are, of course, separately assessed. Reassessment was done every fourth year until 1988 when annual reassessments began.

Appeals against the assessment are heard by the Land Tax Commissioners, and beyond them (at the taxpayer's expense) the District Tax Court. When assessments are not sufficiently updated and steep adjustments must be made, there are characteristic calls for the elimination of the separate assessment. Real estate agents, property owners and some newspapers launched a crusade against it in 1990-91, for example.

In answer to the question about whether the year-to-year fluctuations in its value disqualified land as a tax base, Jensen gives an unqualified "No!" Compared to the income tax, he said, there are no disadvantages. "Nobody



can avoid the tax, including ...foreign owners or other [kinds] of 'non income-tax-liable' landowners. The tax is proportional to the value of people's properties, and is therefore a socially fair tax, based on the benefits the owner derives from the location of the land — and the tax is very inexpensive to administer."

Mr. Jensen considers the assessment procedure, which includes walking the district and talking to the citizens, to be extremely easy and straightforward. The cadastral register of long standing, from which the well-known Danish land value maps have been produced, now contains coded data identifying types of land use, making it a complete valuation tool. "Once the first assessment of land values has been made, keeping those values up to date is a relatively easy and cheap exercise." Mr. Jensen observes a coherent relationship between land values and building values. He consistently finds that expensive houses are on expensive plots and vice-versa.

Early on Friday morning, I delivered a report on the high school program administered from the NY-HGS. I recalled for the audience the statement by Geoff Foster at the closing of the last IU Conference in Australia that "Change occurs in two ways. One is the slow, steady continuous effort that leads to change. The other is the sudden, unexpected, dramatic occurrence that opens the way to change. We Georgists must be involved in the former and prepared for the latter." Education, I said, is preparation for change. And that requires correcting the errors of the past. What students have been taught about economics is best described by Henry George as breaking up "into an anarchy of opinion in which nothing is fixed or can be fixed."

That disarray has provided us with an opportunity. Few teachers feel competent to teach economics, but there has grown a greater awareness of the need for better understanding of the subject, and it has been made mandatory in many school systems. In the last thirteen years we have developed a series of teaching materials that highlight the role of land in American and world history, as well as in economics. The material, which includes readings (often from Henry George) and student activities, is designed to allow teachers to inject it into their existing curriculum. Although most teachers are unfamiliar with Henry George, they have ordered the lessons and videos in steadily increasing numbers over the years. Our mailing list is over 4,000, even though non-responders are dropped every year. A quarterly newsletter introduces teachers to current developments, which are keyed to concepts presented in our lessons, and directs teachers to other sources of free classroom materials. Periodically an essay contest is held among students who have had exposure to our lessons. Our latest offering, readily received, is an avowedly Georgist workbook called *Understanding Today's Economy*. Visits to schools where teachers have used the workbook reveal a bonus. Some have expressed interest in learning more about George for themselves.

The reason that there is a "Missing Clause in the Bill of Rights," said Peter Gibb of the Scottish Ogilvie Society, is the denial of people's right to know their own history. Scotland's "beautiful, unspoiled wilderness," promoted to tourists, "is a barren impoverishment of its former self." A trenchant land monopoly, of which few Scots today are aware, have made it into a "wet desert." The history taught to the children of those who were long ago dispossessed of their land and dispersed to Canada, the US and Australia is the history of the British Empire. They know nothing of the Highland Land Clearances that turned wooded glens into sheep ranches, creating "the present-day social, cultural and economic crisis in the highlands" — measures that now place 80% of the land in the hands of less than 1% of the people.

Lost too is the memory and the renown of figures like William Ogilvie (1739-1819) whose forgotten book *Birthright in Land* was in its day more radical than Tom Paine's *Rights of Man*. Finally, though, voices are being raised. "A Socialist Member of Parliament for Western Isle said recently in Parliament that 'Land value taxation is what we need.' But first must come the right of the people of Scotland to know their own history."

Summarizing a work in progress, John Hatherly of England reminded us that George dealt not only with land rent but with the concerns of labor and capital as well in his presentation, "Let's Re-align the Factors of Production." Free trade is also an important subject of Georgist concern.

Hatherly cites England as "still a class-ridden country" in which too few have a chance to develop their talents. Academic snobbery and a disdain of technological ability hampers the educational system. This is a striking contrast to states like the Netherlands and West Germany where government and industry cooperate in providing technical education and the engineer "may become a respected member of the Board of Management."

Prof. Lowell Harniss offered a roster of important industry and interest groups "Who Should Support Our Proposals and Why." Taken from materials prepared by the late Perry Prentice, President of the Robert Schalkenbach Foundation, groups including "homeowners, builders, environmentalists, architects, labor unions..." could be shown to benefit directly from the taxation of land values. He did, however, offer some caution. The benefits are sometimes "undefinable." The shift in the tax rate on land and buildings would vary "to a greater or lesser degree from city to city," and there may be "no stimulus sufficient to bring people to the polls to vote for it. [But] the lack of progress in the United States and most other countries...has been a tragic failure to communicate and persuade" others of "the wisdom that Henry George put forth so eloquently."

The theme of failure resounded earlier that day in Prof. Jack Schwartzman's speech entitled "The Decline and Fall of Georgism: A New Modest Proposal." He gave a thundering denunciation of what he regarded as the "tarnished idealism" of Georgists who have abandoned the enduring grandeur of ethics and education to pursue transitory political winnings.

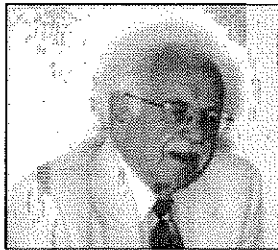
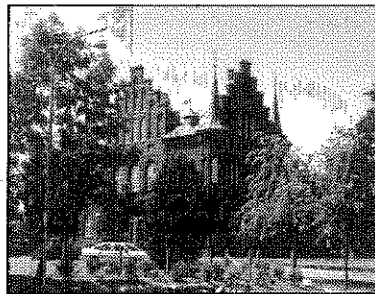
The Danish Henry George movement has, in his view, succumbed to that perfidy. Denmark had an impressive history of land value taxation dating back to 1844, resulting from the enlightened reforms of Count Christian Reventlow (1748 - 1827). When *Progress and Poverty* was translated into Danish, the forward-looking body of smallholders, already aware of the virtue of land value taxation, eagerly embraced George's full reform. It became a central element in the Folk High Schools they established — and Georgism flourished in Denmark.

By 1926 the Justice Party, espousing Georgist principles, won seats in Parliament. And from 1957 to 1960, under the celebrated leadership of Viggo Starcke and with the support of two minor parties, the Justice Party enacted Georgist reforms, the results of which were unmatched before or since. Schwartzman quotes Starcke's recollection of the period. "There was progress in every sphere of economic life. Production rose... more than 30%. Savings, especially in the private sector, increased enormously. Taxes were reduced.... Unemployment [gave] way to full employment...." Thus began a period of hitherto unknown prosperity in Denmark.

But by 1960 it was all over. The party was defeated, losing all its seats in Parliament. A variety of reasons were offered for this amazing loss: attacks of big money and monopoly interests; the death or retirement of Members (to which Starcke attributed it); lack of funds; lack of lobbying efforts; failure to fund media exposure; general voter apathy. Schwartzman rejects them all. "Is it," he asks, "that Danish Georgists, acting with political expediency, forgot to stress what was most important in Danish history, namely, education — in the grand tradition of the celebrated Folk Schools of Denmark?"

He declared his quarrel with "those Georgist politicians who 'artfully' make things happen, and expect them to remain in place forever." Politicians, he said, who may have been 'bought' or 'blackmailed' or 'persuaded' or 'bribed' ...may change their minds, or leave the political arena, or become ill or go to prison. The followers of Henry George should adhere to the precepts of morality, recognize the eternal reign of natural law and learn the truth.... One must possess almost a religious — not fanatic — conviction to be a true Georgist." His new "Modest Proposal"? Be done with "gladiator-like combats in the political arena.... We have been wasting our time with 'external' methods. Let us begin 'internally'. Let us go back to basics. Let us conjoin our remedy once again with ethics and education."

Over those seven days discussion in reaction to the presentations, over philosophy, practice and tactics went on, everywhere. They were eager, probing and sometimes passionate—but always thoroughly Georgist in their constant pursuit of the best ways to a better world.



Jack Schwartzman

Henry George Day

(continued from front page)

In fact, Fitch noted, labor unions in the US today are entirely unlike modern European labor unions — but they do resemble Europe under fascism. The European model, which is characterized by high levels of grass-roots participation, has been very effective at raising wages and benefits, and at mobilizing effectively large numbers where action is needed. But in the US, either we have no representation at all, or — like in Italy under Mussolini — union membership is compulsory. "This duality [in the US] has to be understood as a kind of unity," declared Fitch, because it makes organizing so difficult. Real wages in the United States have been continually falling for twenty years, "and this slide has gone effectively unchallenged by the unions."

Although some observers, citing annual salary figures, say the slide in wages has been overstated, Fitch noted that a look at hourly wages tells the true story. Although the productivity of US workers has increased by 50% since 1973, the average worker is putting in another 100 hours per year to make up for falling wage levels. And during this period, the tax system has continually become more regressive; cuts in corporate taxes have been made up by greater reliance on payroll and local taxes, placing a far greater burden on workers and renters. "We are sliding back toward the 19th century."

"Here in New York City, where we have the greatest land values, we also have the greatest income inequality," Fitch went on to cite sobering statistics: In New York City, the top 20% of the population earns 32 times what the bottom 20% does — roughly the same ratio as Guatemala. Fifty-three thousand households in Manhattan earn \$19 billion. The entire borough of Brooklyn, 2.5 million people, earns about \$20 billion.

"The land monopoly is alive and well in New York City," Fitch said. He went on to quote Henry George on the inability of democratic government to ensure a just society in the face of a deepening gulf between rich and poor.

"Today's labor movement must go back to its 19th-century traditions of mutual self-help and participatory democracy," Fitch concluded. And our urban reformers cannot avoid "the actual source of economic decline: land, the mother of all monopolies." Finally, this is a perfect occasion to remember that "these two great concerns — land and labor — can and must be united."

— L. D.

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 world trade, using Henry George's Protection or Free Trade and a secondary source of their choosing. Prize money was furnished by the Arnold Weinstein Fund, and books were donated by the Robert Shalkenbach Foundation.

Mr. Mount's entry, "On the Effects of Protectionism on Wealth, Wages & Employment," compared the economic theories of Henry George and John Maynard Keynes. He began 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 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 by describing the world-wide nature of trade: "Free trade has the potential to benefit all countries involved... enabling 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, "more union jobs would be established" in that area. Ms. Farlow concluded that "overall, free trade should improve working conditions in America and diminish the rate of unemployment."

— D.D.

Louis F. Post: Philosopher of Social Service

(continued from page five)

service as the "central law of human development." In describing the classical economist's idea of unconscious cooperation, Post saw all economic exchange as and "exchange of service for service." Post wrote in *The Ethics Of Democracy*: "Exchanges of these objects, however, depend upon the principle of service for service. These objects are congealed or crystallized service. A familiar type is bread. By no immediate service alone could anyone furnish us with bread. When bread comes to the table, it is an embodiment of all the different kinds of service which have brought it there; from that of the farmer to that of the baker, from that of the miner and machinist

to that of the transporter... And so with other objects, food, clothing, shelter, luxuries... and the materials and machinery for producing them. They are products of labor, and in exchanging them we are essentially exchanging service for service, work for work." Post could not possibly separate his work from his sense of public service, whether in editing a progressive journal, working for Henry George and the single-tax, or serving his country in office. As the newspaper *Labor* said in its commemorative article on his death in 1928: "They rest from their labors, and their works do follow them." A quote that serves Post's memory well.

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