

Equal Rights

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"Equal Rights for All, Not Special Privilege for Some"

Autumn, 1976

NATIONAL GEORGIST CONFERENCE PLANNED FOR 1977

At the Georgist Conference sponsored by the Henry George Foundation at Kendall College, Evanston, Illinois last July, an agreement was reached to hold a national conference next year of all collective Georgist groups. It was also agreed to hold the conference in the Midwest in a resort setting over the July 4th holiday.

Lake Geneva, which is the number one resort area in Wisconsin, and which is midway between Milwaukee and Chicago, was approved as the conference site. Land Equality and Freedom was nominated as the group to chair, and Floyd Morrow of San Diego, California was chosen as National Director.

Nadine Stoner, who is the Wisconsin representative to the Schalkenbach Regional Committee, and a newly-elected trustee of the Henry George Foundation, was chosen as Regional Coordinator. Samuel Venturella, William O. Rankey, and Mina Olson of Chicago, and Marian Piper of Stoughton, Wisconsin, are serving on the Regional Committee, with assistance also from Weld Carter.

Conference Point Camp in Williams Bay, Wisconsin, on Lake Geneva has been reserved from Friday afternoon, July 1, 1977, through Tuesday noon, July 5. The camp is owned and operated by the National Council of Churches and has its own swimming beach, row boats, tennis courts, and volleyball courts. Room rates, including meals, range from \$12 to \$17 a day.

The Conference Regional Coordinating Committee is planning for separate morning conferences of LEAF, the Henry George Foundation of America, the Henry George School of Social Science, the Robert Schalkenbach Foundation and other Georgist groups. Each group is to propose its program for its own sessions and work with the Conference Regional Coordinating Committee in scheduling the program. This is the first time all Georgists will be convened at the same time in the same place, and the consolidated approach is expected to produce a large attendance from all sections.

PROGRESS IN PENNSYLVANIA

Dr. Steven Cord and Paul Laterza, a real estate appraiser, visited Meadville early this year at the invitation of the local Chamber of Commerce, and addressed a number of local officials and prominent citizens. They have been giving careful consideration to imposing a 14 mill tax rate on buildings and a 49 mill tax rate on land; currently they are taxing both land and buildings at 19 mills. Since then an analysis was made of the impact of the proposed Graded Tax on residential properties which showed that low-cost and medium-cost housing generally pays less in property taxes with a 47-mill land tax and a 14-mill building tax as opposed to the current flat 19-mill tax on both land and buildings. Similar residential tax reductions were found in all of a dozen other cities in which similar but more exhaustive studies were made.

The Pennsylvania State Association of Boroughs has endorsed State Senate Bills 1491-1497 which would grant local option to boroughs, townships, counties and school districts to tax buildings less than land. The Pennsylvania Association of Township Commissioners has also endorsed these bills, now pending in the State Legislature.

The Pittsburgh School Board and the Bethlehem City Council have recommended the adoption of Bill 1497, local option for school districts, to the State Senate.

The Harrisburg School Board earlier adopted a Graded Tax plan and then decided it needed state legislative authorization first.

A substantial part of the property tax is levied by school districts. If this is to be done, a law must be passed by our state legislature granting local option to school districts to do this.

Johnstown and McKeesport are among other Pennsylvania cities indicating a special interest in the Graded Tax plan and are receiving special attention with a view to possible action in time to apply to the 1977 city budgets.

STATE OFFICIAL RECOMMENDS GRADED TAX PLAN

William H. Wilcox, Secretary of the Pennsylvania Department of Community Affairs, testifying before the Senate Finance Committee, August 26, said:

This is a reform measure which has been advocated for many years. Basically, the site value tax frees improvements from taxation or taxes them at a significantly lower rate, and shifts the real estate tax entirely or largely to land. Because of this shift, new construction tends to be encouraged; the disincentive that is built into the current real estate tax toward improving property is removed, and, as better use is made of vacant land in our cities, there would be a reduction in developmental pressures currently being exerted on agricultural land and open space.

"The site value tax would also be easier to administer than the existing tax on land and buildings. Because only land is being assessed, many of the complications of assessing commercial and industrial property would be removed.

"In addition, most studies indicate that homeowners would benefit most from a shift to site value taxation. This is an important consideration at a time of increasing cost of school and municipal services. It is the owners of vacant or underutilized land who would likely find their taxes increased. However, they would have the option of increasing the return from their buildings by investing in capital improvements or of selling to someone who would (or of course they could continue to hold their land in its present use and pay higher taxes)."

Higher Land Taxes Cannot Be Shifted

If land values were more heavily taxed, it would press property owners who do not develop the land themselves to sell to someone willing and able to put the land to better economic use. In this way, higher land taxes get capitalized **into lower prices for the land**, and are not passed along — **they cannot be passed along** — to the user.

— Dr. Dick Netzer, New York University

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Editorials

SEEKING ISSUES AND ANSWERS

Georgists are constantly seeking to find issues and answers. From the earliest days of our great movement there has been a wide diversity of thought and action, and often sharp differences of opinion, to some degree on basic theory, but chiefly with regard to the best strategy or tactics to be employed. A variety of approaches have been tried both in the field of education and of political action, usually designed to fit conditions in the various states and localities. If one campaign meets with little success, another approach is promptly tried, and strenuous efforts persist in many areas.

But in the face of the fact that no great advance has yet been achieved, some Georgists are pondering what lessons may be learned from our 100-year history, and some are asking what mistakes, if any, we have made. And it may be wise to give this question serious consideration at this time when we find such a lack of popular interest in our cause.

It is not strange under the circumstances that there has long been a tendency for Georgists to divide themselves into two general categories, such as radical or conservative, gradualism or all-at-once, education vs. political action, partisan or non-partisan, land reform or tax reform.

One keen observer has said that there are now primarily two types of Georgists—the land value tax Georgists and the “anti-poverty” Georgists who adhere strictly to the teachings of **Progress and Poverty**. They both advocate the taxation of land values with the reduction of all other taxes. But it is intimated that “the first group thinks of land value taxation as the best way to solve the problem of slums and municipal finance, while the second group thinks of the Georgist remedy as **the basic social reform**, rather than “a mere fiscal reform”—the sine qua non of a permanent civilization, and as the only way of extirpating poverty, banishing war and depression, and raising the level of public morals and taste.”

Both groups favor land value taxation and base their arguments largely on the same ethical basis, yet both look askance to one another. The first group feels that the second is hindering the common cause with extravagant and unjustified claims, while the second group feels that the land value tax Georgists are hindering the common cause with a limited earth-bound and pessimistic approach.

Whether or not this is a fair appraisal of the major differences of viewpoints, it raises some very pertinent questions without providing a satisfactory choice. Most Georgists, especially those dedicated to the work of education, firmly adhere to the fundamental teachings of Henry George and regard **Progress and Poverty** as the bible of the single tax movement, and therefore are not ready to concede that they are making extravagant claims with respect to the great social and economic benefits that might be expected from the adoption of the full Georgist program. Conversely, the land value taxers (whether they are right or not) must recognize that if all they have to offer is a possible solution to the problem of slums and municipal finance, this will inevitably result in greatly reducing the social value of Georgism.

In view of the fact that the American people are not actually land conscious, it may be true that Henry George and his followers have overstressed the menace of land monopoly in America, or have exaggerated the power of the land owners under present conditions to absorb “all the benefits of material progress.” If so, land reform alone might not prove to be a panacea, but as Henry George has said, true freedom and equality of opportunity would provide all that is needed to solve our major social and economic problems.

The editors of **Equal Rights** seek to provide as heretofore an open forum for Georgists of all schools of thought and to encourage a constructive competition. But in seeking for a constructive modern interpretation of Henry George, we suggest that the best answer might well be to broaden the aims of the Georgist movement in the light of the later writings of Henry George, particularly when he declared: “We must break down all monopolies and destroy all special privilege.”

—Percy R. Williams

In seeking to restore all men to their equal and natural rights, *we do not seek the benefit of any class*, but of all. For we know by faith and see by fact that injustice can profit no one and that justice must benefit all.

—HENRY GEORGE
The Condition of Labor

WHERE DO TAXES REALLY COME FROM?

Some Georgists have proposed that all taxes come out of rent. To arrive at this conclusion they assume a society which has progressed to the point where labor is at the margin of subsistence. No taxes have been previously imposed.

Now, they say, let a tax be imposed. If it is levied on labor, this will drive wages below the level of subsistence and laborers will die off. As the working force is reduced, wages must be increased in the amount of the taxes in order that there will be enough labor to meet the demand.

Their key question is, “Whose income is reduced?” Obviously, that of the land owner. Taxes, therefore, come from rent.

This is an illusion—an optical illusion. It can only be seen at the moment taxes are imposed in a society where there have not previously been taxes, yet that society has progressed so far that wages are at the margin of subsistence.

There is no such society. By the time wages have dropped to the subsistence level, many taxes are already being collected. To find out where they come from, we must go back to the beginning.

If we start with Henry George’s unbroken Savanna, we know that the first settlers will take up the most productive land. To make this as simple as possible, let us take one settler and assume that his land produces \$1,000. In the beginning, the entire product—the entire \$1,000—belongs to him. It is the return to labor. There is no rent and there are no taxes. All the wealth that he produces accrues to him as wages.

From now on, as society progresses, all taxes, all rent, and all other charges, if there are any, will have to come out of wages.

If the local settlers organize a government, and it assesses taxes of \$100, these taxes will come out of wages, leaving our settler \$900. Now that Government has been created, titles are issued to land and (as happened many times in history) a promoter gets a title to the property being cultivated by our settler. So he says to the settler, “I own this land. I show you here a deed guaranteed by the government giving me title to it. You can have your choice. You can move onto less productive land—land that will produce \$900—or you can pay me rent of \$100 and stay here where your balance after paying your rent will be \$900.”

The settler now pays \$100 in taxes and \$100 in rent, leaving \$800 as his

ANTIDOTE FOR MADNESS

by Wylie Young

Most Americans have been led to believe that we have but two choices before us as a nation. We can cling to and preserve Capitalism, either modified (as of now) or more severely controlled by some form of dictatorship, or we can adopt State Socialism or out-and-out Communism.

This is rationalized nonsense. We need make but one basic change in the relationship between government and business to make our economy truly functional. Not that other reforms or regulations may not be needed but most of the evils that afflict us would be rendered harmless if the one basic reform were instituted.

Thanks to modern technology we have been employing fantastically ingenious methods in the production of wealth, but we have been clinging to antiquated and totally unscientific ways of distributing wealth, once produced. "Antidote for Madness" presents an incredibly simple method which, if instituted, would channel wealth more equitably into the hands of those who produce it or who render some desirable service to society.

Because justice and fair play would be served and the economy would leap forward, vastly increasing the gross national product, involuntary unemployment would vanish, welfare rolls would shrink, crimes would diminish, cities could be rebuilt with private investment funds and we could all walk the streets again.

EQUAL RIGHTS TO ALL

"The Democracy to which I belong, and as a representative of which I stand here, is the Democracy of Thomas Jefferson, the Democracy that believes in **Equal rights to all and special privilege to none**; the Democracy that would crush all monopolies under its foot." — Henry George, 1894

Taxes on the value of land tend to increase production by destroying speculative rent.

— Henry George

wages. Regardless of what part of the \$200 goes to the landlord or to government, it comes out of the wages of the producer.

There have been societies in which the first settlers in a virgin area were able to appropriate as wages the entire product of their labor, prior to the existence of rent or taxes. This is real. But there has never been a society in which wages had been driven to the margin of subsistence without the imposition of taxes. Such a situation is imaginary. So is the idea that all taxes come out of rent.

—Morgan Harris,
Culver City, California

READERS' FORUM

Land Reform vs. Tax Reform

I think that land can be made common property by confiscating rent by taxation, provided taxation is advocated as **the means** of abolishing the private ownership of land.

I think this is how Henry George always presented the Single Tax program. I don't think he ever advocated any partial application of his philosophy. In Chapter IX of **Social Problems** he says: "Half-way measures avail nothing."

But after his death there was a gradual shifting of emphasis from the confiscation of rent to a gradual shifting of the tax burden from improvements to land value. I do not think this would have taken place if Henry George had advocated collecting the rent, not as a **tax**, but as **rent** to be paid to the people who created it.

Today I think we can admit that the Single Tax idea has not worked. I would like to see our movement divided to operate on two fronts:

- 1 — The land reform by constitutional amendment through national campaigns and
- 2 — The tax reform through State and Local campaigns for Land Value Taxation.

— Gaston Haxo,
St. Petersburg, Florida

* * *

Money Supply and Inflation

If libertarians, as Henry Hazlitt states in the article in the summer issue of **Equal Rights**, build the strength of their position on the tenet that **all** inflation is government made, in the sense that **only** the monetizing of government paper (or debt) is inflationary, then they have lost the issue already, in my opinion.

Georgists know that "an increasing population and an increasing per capita consumption (even if utterly wasteful as in war) will drive prices up for land and natural, material resources, since they are in physically limited supply.

In order to make my point, I have to also stress that the Federal Reserve System, and with it the commercial banks, are entirely autonomous for the government (sad but true). The Fed themselves decide on the rate of discount, the percentage of reserve requirement, and open market operations. Besides, their income from interest on government paper, they hold is more than enough to let them exist and operate in a plush environment without having to ask Congress for a nickel.

Now consider this day-to-day situa-

tion: A manufacturer finds today that prices for raw material have increased for reasons indicated above. His last loan from the bank was, say \$100,000. Now he needs \$120,000, or a 20% increase, for the same quantity and quality of raw materials. The bank, seeing that this company made out quite well in the past and that general conditions are not indicating contrariwise, will make the higher loan, thus injecting into the economy an extra amount of money. This process must be imagined to take place many times over in the country: more money is circulating for the same amount of goods! The government, be it noted, has nothing directly to do with this process. Will Henry Hazlitt or any of the libertarians (Murray Rothbart may be), please explain how to stop this inflationary increase?

Also, interestingly, one can see from the government publication "The Conference on Inflation" that hardly any of the approximately 800 experts involved in the conference thought that the government budget was so inflationary that cutting it would make a great deal of difference.

— Erick Hansch
Santa Cruz, California

The Right to Strike?

A strike, which is the only recourse by which a trade union can enforce its demands, is a destructive contest. The struggle of endurance involved in a strike is, really, a war; and like all war, it lessens wealth. And the organization for it must, like the organization for war, be tyrannical.

These combinations are destructive of the very thing which workmen seek to gain through them — wealth and freedom.

Aiming at the restriction of competition — the limitation of the right to labor, the union's methods are like those of an army, which even in a righteous cause, are subversive of liberty and liable to abuse, while its weapon, the strike, is destructive in its nature, both to the combatants and non-combatants, being a passive war.

To apply the principle of trade unions to all industry, as some dream of doing, would be to enthrall men in a caste system.

— HENRY GEORGE

MOTHER OF MONOPOLY

"Land monopoly is by far the greatest of all monopolies — it is a perpetual monopoly, and it is the mother of all forms of monopoly. Unearned increments in land are not the only forms of unearned or undeserved profit, but they are the principal form — not merely not beneficial but detrimental to the general public." — Winston Churchill

PROPERTY TAX REFORM — A POLITICAL PROBLEM

Property tax reform is no longer just an economic need and an economic problem. Property tax reform is hardly even an economic question at all today (even though land speculators are trying to make the voters think it is) for almost all competent economists are pretty well agreed that improvement values should be taxed much less and location values should be taxed much more.

Property tax reform today has become mostly a political question and a political problem — a political problem of how to get enough voters to understand which side their bread is buttered on, a political problem of how to get more politicians to believe they could win more votes at the next election if they would come out for property tax reform instead of against it, a political problem with the multi-multi-billion dollar vested interest in land speculation fighting hard and dirty to block any change.

So property tax reform won't get very far unless and until property tax reformers begin paying a lot more attention to its politics and give a lot more thought to what they can learn from smart politicians at city hall, and a lot more thought to what they could learn from their few past political successes and their many past political failures.

Henry George was 100% right in almost everything he said about the need for uptaxing land, but just because he was 100% right as an economist is no reason why property tax reformers should close their eyes to his and their own almost 100% failure as salesmen of the truths he taught. In all the 95 years since his **Progress and Poverty** caused such a world-wide sensation, neither he nor his followers have been able to persuade even one U.S. city or one U.S. state to apply his teaching as he taught it — not even Hawaii and not even Pittsburgh.

This 95-year record of almost complete failure to sell a good and much-needed product should make it more than obvious that it is high time to try a better sales approach and a smarter political strategy.

The homeowner clamor for "property tax relief" and today's nation-wide alarm over "the urban crisis" combine to offer a never-before and perhaps-never-again opportunity to sell property tax reform now as the best answer to both.

— Perry Prentice

STRIKES—THEIR CAUSE AND CURE

Strikes — Their Cause and Cure

In view of all the strikes that have taken place the last fifty years, it should be patent that strikes are not the remedy for the permanent settlement of the differences that continually arise between employers and employees. **If they were strikes would have ceased years ago.** Instead they are becoming more frequent and often are accompanied by violence.

The reason for this is that foolish laws create an unnatural situation in which there are more workers than available jobs. Were this situation reversed — more jobs than workers — jobs would seek workers, hence the worker would have no quarrel with his employer and **strikes would be a thing of the past.**

Control of workers enables labor leaders to harass industry with strikes and threats of strikes. So far as the skilled, organized trades are concerned, **industry must bow to the will of labor leaders or cease operation.** The power welded by labor leaders to fix the terms on which they will permit their union members they control to work is one of the two forces that is gradually, but none the less surely, bringing on an industrial crisis such as the world has not heretofore known. Nothing short of more jobs than workers to fill them can break the stranglehold of labor leaders on both workers and industry.

Labor leaders and the power to tax is a **Combination that sounds the death knell of free enterprise**, the goal toward which communism is triumphantly marching.

Natural resources — the fields, forests and mineral deposits — are the source of all jobs, all employment. Were government to collect in full for its services, no one would think of holding title to natural resources for speculative purposes, that is for purposes other than use, domestic, commercial or industrial. This would mean that any natural resource, the source of all jobs, on which the service charge was not being paid would be available to whosoever cared to put it to use by the simple process of paying the service charge and receiving the title thereto.

Natural resources being sufficient to provide jobs many times in excess of the number of workers to fill them, jobs would then be seeking workers rather than workers seeking jobs. When jobs are in excess of workers to fill them, labor leaders hold no power over workers; neither do they, nor can they, hold the threat of a strike over industry.

By a simple change in the method of

financing its activities, government has it within its power to for all time **abolish the strike evil** and promote a reign of fullest freedom for both workers and employers. Nothing short of more jobs than workers to fill them can establish permanent peace in the industrial world.

— Otto Cullman

The Monopoly Power of Labor Unionism

Not the least curious thing about this sudden re-election ardor against "monopoly" is that it utterly ignores the most serious monopoly of all — that of industry-wide unions. These unions, in the railroad, automobile, steel, or coal industries, can at any time paralyze the economy of the whole nation until their demands are met. Yet instead of showing concern, the government deliberately builds up their power *by making it illegal for an employer not to bargain with them.*

— HENRY HAZLITT

THE MENACE OF INFLATION

As an economic panacea, gradual inflation has serious shortcomings, of course. It soon develops into galloping inflation, destroying the savings and sense of thrift of millions, and finally bankrupting the nation. It cannot eradicate poverty. It can only avert a depression for a short time.

— Steven Cord

A COMMON BOND

We Georgists have a common bond, for as Henry George said:

"There is nothing that binds men so closely together as standing in a minority for a great truth."

— Anna George de Mille (1946)

More Subscribers Needed

We extend a hearty welcome to new friends who have responded to our appeal for support, as well as to many former contributors who have renewed.

But to continue and to expand our work, we need more subscribers and a more adequate budget. If you like our new quarterly, **EQUAL RIGHTS**, we urge you to join our Georgist fellowship so that we may take advantage of increasing interest in our cause. If you have not yet enrolled, please send your contribution now to Henry George Foundation, 336 Fourth Avenue, Pittsburgh, Pa. 15222.