

Equal Rights

Volume IX, Number 1

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

Autumn, 1977

PRESIDENT'S MESSAGE

The Grand Old Lady of the Henry George movement is stirring again. New prospects, both financial and political, are looming on the horizon for the Henry George Foundation of America. And above all, there has been a recent infusion of able new personnel. Consider:

- Two new trustees join the Board. Harry Eigenrauch, a long-time Georgist first activated during the McNair Administration, Georgist mayor of Pittsburgh during the 1930's, has recently re-affiliated with the movement and has given generously of his time and money for the cause. He is active in the high councils of the Republican Party in Pennsylvania. His enthusiasm and energy should inspire those many jaded HGFA members who think Georgism is the answer to the world's ills but who find it difficult to cough up their annual HGFA dues; let alone see their councilmen or state senators.

Edward Jones, Mid-West attorney, is another dedicated Georgist of longstanding who has ideas for vivifying HGFA into a position where it can be truly effective politically. No mere talker he, nor visionary, but a man of practical specifics. Watch his sparks!

- Keep your eye also on Don Brennan, new young member of the Pittsburgh inner circle. Experienced race car driver (though now recently retired), Ph.D. in urban planning, executive assistant to Pittsburgh's City Council, he is ear-deep in Democratic politics. He is our new president of the Graded Tax League of Allegheny County, Inc. He knows how to get things done.

- Percy Williams is not new, having been our executive secretary for 51 years, but under his careful management our investment portfolio had displayed kangaroo jumps in capital gain. We'll soon have more income for new programs. For instance,

- Soon we will be opening up a new matching grant program, whereby HGFA will consider applications for money for programs, educational or political. The matching need not always be 50-50, and the grants won't exceed \$1,000 or so. We'll be announcing the opening date on this soon.

- We are guardedly optimistic as we approach the date when our bills in the Pa. Senate Local Government Committee come up for debate. These bills would grant local option to counties, townships, school districts and boroughs to tax land at a higher rate than buildings. We're working like windmills in a hurricane as we gather support for these bills. We'll keep you informed.

- We have been active at the city level, too: Johnstown, Farrell, Allentown and (above all) Pittsburgh are some of the cities now seriously considering Graded Tax rates for 1978. Other cities would be on the list if more of our members got to realize how easy it is to write to and visit mayors and councilmen to present the case for the Graded Tax. What's the use of thinking that Georgism is The Answer if you don't do something easy to bring it about?

The Henry George Foundation aspires to be a national organization, and we have plans to expand our operations beyond the borders of Pennsylvania. But one step at a time.

— Steven Cord

FOUNDATION ELECTS OFFICERS AND TRUSTEES

At the annual business meeting of the Henry George Foundation held in Pittsburgh on September 2, with a large majority of the voting members participating in person or by proxy, seven trustees were elected for the ensuing term of three years:

Robert Clancy, New York, N.Y., Mitchell S. Lurio, Brookline, Massachusetts, William W. Newcomb, Melbourne, Florida, John T. Tetley, Woodbridge, New Jersey, Percy R. Williams, Pittsburgh, Pa., J. Edward Jones, Chicago, Illinois, and Harry A. Eigenrauch, Pittsburgh, Pa.

Officers now serving were re-elected for another year: President, Dr. Steven Cord; First Vice President, Edward H. Schoyer; Second Vice President, William W. Newcomb; Third Vice President, Rev. W. Wylie Young; Treasurer, Percy R. Williams; Assistant Treasurer, Marian S. Hahn; Executive Secretary, Percy R. Williams; Assistant Secretary, John C. Weaver.

The officers reported a very encouraging increase in financial support during the past year and expanding activities, both in the field of education and political action. The Henry George Foundation took a prominent part in the conduct of the Joint Georgist Conference in July at Geneva Lake, Wisconsin, and is already planning for the 1978 Georgist Conference to be held somewhere in Eastern Pennsylvania. Our official organ, *Equal Rights*, had just completed its 7th year of publication with increasing circulation.

Graded Tax League Incorporated

In order to expand the work and attract greater moral and financial support, the Graded Tax League of Allegheny County was organized this summer and has received a legal charter from the local court, adopting a constitution and by-laws.

Donald Brennan has been elected President of the new organization and Harry Eigenrauch Vice President. Initial efforts are being directed toward extending land value taxation in Pittsburgh and Pennsylvania, with special attention being devoted to the State Legislature where a number of important bills are pending.

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NOT BY FAITH ALONE

Believe it or not, there are some Georgists who think their proposals can be adopted without any kind of political action. Recently, an adherent boasted that he had not voted for thirty years, as though there is some kind of virtue in abandoning the democratic political process.

According to our point of view, it is wrong that federal, state and local governments impose their taxes on income, commerce, sales, labor, improvements, investment, and a myriad other forms of economic activity. We want governments to remove those taxes from production and place them on the unearned income arising from location and other features associated with land.

We are talking about a reform that requires government action. Otherwise, how do we suppose that these changes will take place? Do we imagine that fairies, or brownies, or trolls, will wave magic wands over the landscape and thus bring about the reforms that we advocate?

There are two ways whereby people can get government to do things. One of these is by popular participation in the political process. The other is by violence and revolution. Since there are few if any Georgists who propose that their views should be adopted by force, they are left with only one available method for the accomplishment of their proposals. That method is political participation.

Political participation includes voting for candidates whose views bear some resemblance to our own. It includes activity in political parties at the precinct level and above. It includes running for office on one of the party tickets. It includes carrying on petition campaigns for the adoption of measures that we favor. It includes activity in support of or in opposition to legislative and initiative measures. It includes talking to politicians in the hope of securing their support.

The rejection of political action in favor of simple advocacy or educational efforts, desirable as those are, implies that though we are unwilling to soil our hands in politics, we expect that others will do so. Somehow, we want the political action to bring about change, but we will leave it to someone else to do the dirty work.

GEORGISTS SEEKING BROADER PROGRAM FOR ACTION

Having chosen Equal Rights as our title and slogan, the editors of this journal have consistently emphasized the Georgist goal, equal rights for all and special privilege for none. The philosophy of Henry George has exerted from its inception a strong appeal because he sought to abolish involuntary poverty and because the remedy he proposed was based on the dual concept of justice and freedom.

Henry George became world famous as the most distinguished American social reformer. He invented the Single Tax concept and proposed the use of the existing power of taxation as the best available means to combat the evils of land monopoly. He was not only a great philosopher and propagandist, but was engaged in practical politics throughout his career, taking a broad view of the social problems of his day. And at the height of his career, he declared that "we must break down all monopolies, and destroy all special privilege."

The basic doctrine of Georgism is that all men should enjoy the benefits to be derived from free competitive enterprise and thus all should have equal rights, and none should seek or be granted special privilege. An ideal solution of our basic social and economic problems could be achieved by establishing an economic system based on the standards of equal justice and equal freedom for all the people. Equality of opportunity cannot be achieved in a society that grants to some privileges denied to others.

But from the early days of the movement, the tendency has been to direct our attention almost exclusively to the land problem, and in more recent years to stress "differential taxation" or "property tax reform." Though we still maintain that land monopoly is the

It should be clear that if people do not participate in politics, they abandon the field to authoritarians who will impose their own notions as to how the society should function. Our knowledge of contemporary dictatorships should teach us that the many imperfections of democratic political machinery are minor inconveniences compared to the oppressions and brutalities that are characteristic of alternative types of government.

No, our philosophy will not win adoption by faith and mutual backslapping alone.

It is perfectly true that political action has caused many very bad ideas to be imposed as legislation. Now it is time for a good idea to receive this kind of political attention.

— James L. Busey

principal form of special privilege (because land is the source of all wealth produced) it does not stand alone. It is now obvious that it is not the only monopoly with which our modern society is afflicted. Other powerful monopolies existed in the days of Henry George, and unfortunately, the modern trend appears to be to multiply rather than to eliminate special privileges, and grant favors to various special interests.

It seems to be clear that one reason why the Georgist movement has not made very great progress, even after a full century of public education and agitation, blessed with able and aggressive leadership, is that the general public is not conscious of land monopoly as a live issue, and thus there is no public demand for any radical action, such as attacking the long established institution of private property in land by the confiscation of land rent through taxation or otherwise.

However, the high price of land is a live issue for Georgists, and we can boast that the land value tax is actually operating now to reduce land prices, though the public is hardly aware of this significant fact, and perhaps even some Georgists are not aware of it. But it is surely noteworthy that the widespread application of the municipal or local real estate tax has tended to greatly reduce the price of land. Georgists therefore are rallying to the defense of the real property tax, and have warned that if it were ever repealed, the price of land would surely soar skyward.

Land value taxation and free enterprise are the two basic essentials if we are to attain and maintain equal rights and promote prosperity for all the people. But we have permitted special interest groups — land speculators, labor unions, agriculture, and much of business and industry, to use the government to impose coercion, subsidies, or other legalized conditions that obstruct the natural operation of genuine free enterprise.

Is it not logical that Georgists could greatly strengthen their position by undertaking to lead the fight to preserve free, private enterprise? Because many Americans are beginning to awaken to the realization that our economic system is constantly tending to shift from a private enterprise, free market economy to one that is controlled by government and by powerful private monopolies sanctioned by government.

How we might proceed to implement a broader program for effective political action is a question that deserves to be earnestly explored.

— Percy R. Williams

THE ESSENTIAL TRUTH ABOUT RENT AND TAXES

Differences of opinion between Georgists are not uncommon. Free discussion and debate stimulate thought in our search for truth and for ideas that might help to solve our problems and thus advance the noble cause to which we are dedicated. But when basic questions arise relating to the essential nature and function of rent and taxes, it is of vital importance that we determine the right answers. Though the relation of rent and taxes has been quite fully explored and debated in the columns of *Equal Rights*, and while there seems to be a virtual unanimity of opinion as to the direct effect of the land value tax, yet the argument is persistently advanced, even by some very intelligent and sincere Georgists, that to adopt the land value tax actually would increase the gross land rent, and even increase, rather than reduce the price of land.

Apparently these suggestions are motivated in part by a desire to lessen opposition to our reform by seeking to appease big land owners, and perhaps also to influence skeptics who may question the adequacy of the total land rent fund to defray the ever-expanding cost of government. But even if this theory were valid, is it not obvious that such a device would be **self-defeating**? Whether the land value tax is effective or ineffective depends primarily upon whether or not the tax can or cannot be shifted. If the price of land were not reduced by adopting the land value tax plan, it could only mean that the present land owners can and would shift the tax to land users by simply raising their land rent in the same proportion.

A plausible argument now being advanced implies that **all taxes** (whatever their source) tend to reduce the price of land, so we could tell land owners that any tax removed or reduced in any area must surely tend to increase the price of land. The theory being that any such tax reductions would make the ownership of the land more desirable to prospective purchasers, and thus enable present land owners to demand and obtain a higher price. One rather familiar but false proposition is expressed in the phrase, "**higher taxes on land are capitalized into lower land values, but lower taxes on improvements are capitalized into higher land values.**" This, obviously, is a very serious error. Actually, improvement taxes do not fall on land owners (because they can be and are shifted to tenants and consumers), and hence land owners cannot absorb the benefits intended for capital and labor. On the other hand, a real land tax does surely tend to reduce the price of land, and

so to eliminate this tax would increase land prices.

As everyone knows, or should know, the tax reform that Georgists advocate is specifically designed to reduce the net rent retained by private land owners, and thus to reduce the market value of land, for the benefit of all land users. Private ownership of land would continue; this means that whoever uses valuable land must pay the full land rent to the present land owners; and the land owners must pay out of this rent, whatever tax is imposed by the government. What the land owner retains (after payment of the annual tax) is the **net rent**, and the net rent determines the market value of the land.

It appears that the basic error in this dissenting theory is the strange but false assumption that **all taxes** are now derived from land rent, and thus already fall on land values. Whereas the fact is that ordinary taxes (levied upon labor or capital) are not now paid by land owners; hence taxes (other than land taxes) do not have any tendency to reduce the price of land. But we can be sure that a true land tax (such as Henry George proposed) would tend to reduce the price of land, and thus make land and natural resources more accessible for productive purposes. It is obvious upon analysis, that if it were true that all taxes now imposed by government actually are derived from land rent, one could only conclude that a **single tax** is already in effect — if there is **now** only one source of public revenue!

What then is the real truth about taxes and rent? David Ricardo, author of the renowned law of rent, explains the "the rent is the sum paid to the landlord for the use of the land." According to Henry George, "the rent of land is determined by the excess of its product over that which the same application can secure from the least productive land in use. George deals directly with the question at issue: "It is evident that to take rent for public purposes would be to destroy the tendency to an absolute decrease in wages and interest by throwing open natural opportunities now monopolized and **reducing the price of land.** Labor and capital would then not merely gain what is now taken from them in taxation but would gain by the positive decline in rent."

It is sometimes contended that if the ground rents are taken from the land holder by the government, he will in turn collect them from the user by increasing the selling price or rent of his land. In answer, it is only necessary to point out that the only reason land

U.S. PERSONAL INCOME HITS RECORD HIGH

Personal income of all Americans increased 0.6 per cent last month to the highest level ever despite a decline in federal payments to veterans, the Commerce Department reported. Transfer payments, which increased steadily during the 1974-75 recession, declined \$2.8 billion last month as a seasonally adjusted annual rate.

Without the downward thrust in government payments, the rise in personal income last month would have exceeded the 6.7 per cent gain for April.

The department said the \$9.3 billion rise last month raised personal income to a seasonally adjusted **annual rate of \$1.5 trillion, the highest ever.** Personal income was estimated at \$1.25 trillion for 1975 and \$1.38 trillion last year.

Wages and salaries, especially in manufacturing industries, are up sharply, investment and business income is growing at a moderate rate while government payments are flattening.

Frank Nelson and Bill Newcomb Work Hard For LVT

Two HGFA members in the South — Frank Nelson and Bill Newcomb — provide shining examples to the rest of us by their work in their own states.

Frank now lives in Lugoff, S. C. 29078 (Rt. 1, Lake Drive), and is constantly corresponding with local politicians and well-known publicists, getting encouraging replies. He previously lived in Wilmington, Delaware and sparked a real interest there in the New Castle County Council, and he, Mike Curtis (HGFA trustee), and HGFA headquarters are now trying to convert that interest into a conversion to LVT. The issue is still very much alive.

Bill Newcomb, long-time land taxer and HGFA v.p., has been successful in getting some good publicity for his wonderful little book, **Conspiracy Against Homeowners and Tenants** (532 Wickham Rd., Melbourne, FL 32901, \$4). He has also engineered pro-LVT appearances before the Florida Constitution Revision Committee on Sept. 26 for Professor James Green (U. of Ga.) and Elaine Rankin (of Common Cause). He works as well as talks.

owners do not now charge more for their land is because they cannot get more. An increased tax on labor products can be, and will be added to its price, but any increase of tax in the rental value of land just as inevitably has the opposite effect — that of reducing the selling price of land.

— Percy R. Williams

HAVE WE OUTGROWN REFORM?

We who have had long experience and observation in the field of public affairs can easily recognize that there has been a marked change in the atmosphere. Social reform no longer has the appeal that it once had. Therefore the Single Tax does not have the appeal that it once had. The Single Tax appeared on the scene more than 75 years ago as a **true social reform**. But if the people today are not seeking social reform, it is difficult to advance the cause of Georgism.

One can judge the trends of the times by noting the change in Georgist practice or approach. We see that the Georgists are now presenting their remedy as a **local reform** rather than as a national reform. They see an opportunity to do something locally while there does not seem to be an open door in the national scene.

Reforms are proposed when issues arise or are recognized as important. The Single Tax is essentially an answer to the labor problem. But it is no longer being advanced as such. The labor problem has been taken out of our hands by the organized labor movement. It seems now that labor has won its own battle. There "solution" is far from satisfactory in our eyes. But we have no practical program to offer as an alternative. If one can be devised that would work, nothing would be of greater value to the single tax movement.

The farm problem is another aspect of the labor problem. It, too, has been taken out of our hands by the organized farmer movement. Their "solution" also is far from satisfactory in our eyes. But again we have no practical program to offer as an alternative. If we had, it would mean a great deal to the single tax movement.

By a "practical program" I mean one that could be immediately applied from where we stand and would be so effective that the existing order of things would be voluntarily abandoned for something that would be recognized as better. It is not enough that we are able to point to an ideal theoretical solution if we have no plan to get from where we are to the ultimate goal or to some substantial step in that direction.

We come then to the conclusion that we must be content to present the land tax as a **minor reform** rather than as a **major reform**. In this field we can find an issue. That issue is "urban redevelopment"—better housing, slum clearance, rebuilding our cities. We have plenty of competitors in this field but our scheme has met with some

favor among civic reformers and has to some extent proven its worth.

Our chances here would be excellent were it not for the issue of confiscation, which always arises to confront us. The taxes now being levied on improvements become so high that the shift to land values can no longer be achieved without confiscating much of the present land value. This will be resisted by powerful interests in the downtown business districts of our cities. And it just happens that those downtown districts are not now booming in most American cities.

So land taxers must prove their case if they are to win much success. This can be done only by intensive research or actual demonstration. It does seem that nothing short of **actual demonstration** will suffice. This then appears to be the point on which to concentrate.

— Dr. Glenn Hoover (1954)

The Menace of Labor Monopoly Power

Thus far American liberals have limited themselves to condemning the conduct of various union officials and the undemocratic way in which some unions conduct their internal affairs.

One suspects that our legislators and the public have concentrated on minor defects of our unions in order to postpone consideration of a **power so great** that few will consider it a power and fewer still will challenge it.

Whether or not the private power of unionists or anyone else can be allowed unlimited scope in a free society is not a question of a kind that can be indefinitely postponed.

— Dr. Glenn Hoover (1958)

Welfarism and Inflation

Even the noblest politicians and civil servants can no longer be expected to resist the public clamour for social benefits and welfare. The political pressure that is brought to bear on democratic governments is rooted in the popular ideology of government welfare and economic redistribution. It inevitably leads to a large number of spending programs that place heavy burdens on the public treasury. By popular demand, weak administrations seeking to prolong their power, embark upon massive spending and inflating in order to build a "new society" or provide a "better deal."

The people are convinced that government spending can give them full employment, prosperity, and economic growth. When the results fall short of expectations, new programs are demanded and more government spend-

ing is initiated. When social and economic conditions grow even worse, the disappointments breed more radicalism, cynicism, nihilism, and above all, bitter social and economic conflict. And all along, the enormous increase of taxes, chronic budget deficits and rampant inflation.

— Hans F. Sennholz,
"Inflation or Gold Standard"

Notice To Pennsylvania Readers

Pennsylvania cities of the third class are right now preparing their 1978 tax rates. Why not call the mayor or city treasurer of one or two nearby cities for an appointment? Incentive Taxation has already prepared your way—they receive it eight times yearly. Identify yourself as associated with it.

You'll get an appointment, almost for sure. Politicians are surprisingly open and friendly. Take some literature along. Tell them how most homeowner-voters will pay less with a Graded Tax approach. Try and get them to introduce a higher rate on land, lower on buildings. Use this formula:

Land tax rate = Revenue needed —
(citywide building assessments times the lower building tax rate you have chosen), all divided by citywide land assessments.

Don't just be an idle theorist. Joust in the real world.

You don't have to be a resident of a city to propose the Graded Tax. The idea will gain support on its own merits.

Act!

Green Revolution Features Henry George

The current issue of **Green Revolution** (vol. 34, #7) is devoted entirely to the ideas of Henry George, with fine articles by George himself, Mildred Loomis, Jubal Lee, and others. An unusually good picture of George graces the cover.

Green Revolution is the organ of the School of Living. It advocates the decentralist approach of Ralph Borsodi and has carried pro-George articles in the past. It runs articles on alternative energy sources, homesteading, land-trust communities, organic gardening, etc. The Arden and Fairhope approaches are somewhat similar to the Green Revolution approach.

The 1978 Georgist Conference in Philadelphia will feature representatives from the Green Revolution movement. Meanwhile, if you would like to buy the special Henry George issue (\$1), or subscribe to Green Revolution (\$8), write to Box 3233, York, Pa. 17402.