

# Equal Rights

To The Earth's Resources

Fall, 1981

## Center for the Study of Economics Endowment Fund Begins

The Center for the Study of Economics has just received a \$25,000 grant from the Henry George School of New Jersey to carry on educational work for the Georgist idea. This joins about \$1,000 already received from other donors to start the Endowment Fund for C.S.E., which as an independent organization has not yet been in existence for a year. It is a good start for our forthcoming Endowment Drive and augurs well for the future.

The money has been invested at about 18% interest return (as of August 1981) in two money market mutual funds and will be used to finance our new Advertising Campaign - which we hope will enable us to reach a large non-Georgist audience with our message. Details about this new Campaign will be given in our next issue of Equal Rights.

Perhaps in 1981, the cheapest way to reach a large audience with our Georgist message is with advertising. This can provide a nice supplement to our Basic Economics courses. Georgists

wishing to help this new advertising campaign along can add their bequests to the CSE Endowment Fund.

## 55th Annual HGFA Meeting

The beautiful campus of the Franklin Pierce College in Rindge, NH, along with cool, green surrounding mountains, made for an inspiring location for the annual HGFA meeting on July 11, 1981.

Six Trustees whose terms were expiring were reelected. These included Steven B. Cord, Marian S. Hahn, Perry I. Prentice, Louis Weitzman, Frank E. Nelson, and Daniel Sullivan. Edward J. Dodson, co-editor of EQUAL RIGHTS, was also elected a Trustee.

The slate of officers elected for the coming year included Steven B. Cord, President; William W. Newcomb, Vice President; Edward H. Schoyer, Treasurer; and Jack Tetley, Secretary.

(cont'd on page 2)

Last week I watched the evening PBS-TV wrap-up of the NAACP's annual Conference at Denver. The broadcast was financed by the Miller Brewing Company and the Corporation for Public Broadcasting, with Carl Rowan, the well-known black columnist for Field Syndicate, as anchorman.

Playing my usual role as the Devil's Advocate in the Georgist Movement, I made comparisons of this huge organization's Conference of approximately 4000 people in attendance vs. ours, which is usually not more than 100.

The NAACP has a membership of 450,000 with sixteen hundred local chapters. Our Georgist mailing lists probably total less than 10,000 people -- and have no chapters whatsoever.

The NAACP has over 165,000,000 dollars in assets, and over 150 paid staff members at its national headquarters. The assets of the other three black organizations probably equals that 165,000,000 dollars in total assets. These huge assets come from government and corporate and foundation grants.

The black organizations have made remarkable strides via the Civil Rights Act, the Voting Rights Act and the School Desegregation Act via Brown vs Board of Education, Topeka, Kansas, 1954.

All three of these congressional acts came as a result of litigation!

I've felt that our Movement must use the tools of litigation like other social reform movements do.

Media Foundation for Land Economics, 532 Wickham Road, Melbourne, FL 32901, is now engaged in a project to get Georgist attorneys interested in suing in some court for land value taxation. We may not win in the first court action, but it can be a beginning.

Please send me names and addresses of any Georgist attorney in your area.

WILLIAM W. NEWCOMB  
Vice Pres., HGFA

## CSE Bequests Sought

If the work of the Center for the Study of Economics is to expand, then Georgists all over the country should give serious consideration to leaving a bequest in their wills to this organization. Such a bequest could be in the name of some particular person and could be earmarked for the publications work or advertising program of C.S.E.

Your attorney can advise and assist you on how to include C.S.E. in your will and the following sample form is intended for general guidance:

"I bequeath to the Center for the Study of Economics, an I.R.S. 501 (c) 3 corporation under the Not-For-Profit Corporation Law of the Commonwealth of Pennsylvania, having its office at 580 N. Sixth Street, Indiana, Pennsylvania, 15701, the sum of ----- dollars to be used by said Corporation for its general purposes (or for ----- purpose)."

### Memorial Gifts

C.S.E. also welcomes memorial gifts and remembrances for special occasions. We acknowledge the gift to the family of the deceased and also to the donor.

## Readers' Forum

### True Value of Land

In your Readers' Forum, summer 1981, Dr. Samuel Scheck, in support of abandoning the expression "land value taxation", states that "Value in a Georgist society diminishes to zero." This error in understanding the mathematics of fundamental economics deserves to be corrected.

The value of land is governed by the same natural law that governs the economic value of everything -- the law of supply and demand. The value of land can be stated in terms of the annual rent or in terms of the equivalent capitalized sum. The net rent determines the market value or selling price. If the government were to take all the rent, thus reducing the net rent to zero, the market value or selling price of the land would indeed fall to zero. That does not mean, however, that the true value of the land would be diminished one bit. It only means that the value would go to the government for the people instead of into the pockets of the owner who did not create it. Far from destroying the value of land the Georgist plan is bound to increase it by bringing about increased prosperity and with it an increased demand for land.

As for that word "tax", the dictionary defines it as "a pecuniary charge for public purposes". A tax on capital and labor is a burden on production; a tax on land value is not. We Georgists know that. But that is no reason for avoiding the use of the word "tax". It is an important part of the genius of Henry George that he provided a remedy in the tax-reform realm instead of the land-reform realm.

Let us not axe the word "tax" nor forget the true value of land.

Lawrence D. Clark, Sr.  
(a SINGLE TAXER)  
Medfield, Mass.

So long as all the increased wealth which modern progress brings goes but to build up great fortunes, to increase luxury and make sharper the contrast between the House of Have and the House of Want, progress is not real and cannot be permanent.

Henry George

Reprinted from  
THE CHRISTIAN SCIENCE MONITOR  
June 24, 1981. Sent by  
reader Gloria W. Heath,  
Greenwich, Conn.

## Equal Rights

A quarterly published by the  
Center for the Study of Economics  
Editors: Frank E. Nelson  
Edward J. Dodson

### Power of the Written Word

Our fellow Georgists in Victoria, Australia report that 2,894 column-centimeters of letters to the editor were published in 1980. Beware that 2.4 centimeters make one inch. Also know that a number of letters escape the preview of this survey. Could this be one of the reasons for their success in spreading land value taxation?

Lest you think that getting Georgist letters to the editor printed in newspapers and magazines is more difficult north of the equator, you should know that CSE Trustee, Robert Clancey, recently got a letter published in the New York Times, a publication which for years seemed to have a policy of printing no Georgist letters at all.

If you see mention of an issue that has land value tax implications, spell out those implications in a letter to the editor. This is the least we can do.

(See letters in this issue)

### READERS —

#### PLEASE WRITE!

We will try to print as many letters as possible within the limits of the space available. At the very least we will summarize all letters received, if addressed to —

The Editor, EQUAL RIGHTS, 580 North Sixth Street, Indiana, Pa. 15701

### Meeting (cont'd from page 1)

The meeting voted to issue a special Proclamation of Appreciation to honor our "elder statesmen", Jack Tetley and John Weaver, for their many years of dedicated service in the Georgist Cause.

President Cord discussed new programs to encourage bequests and contributions for the recently formed Center for the Study of Economics along with plans for a new advertising campaign in order to reach new and wider audiences.

Over 50 people, including a majority of the Board of Trustees, attended the scenic lakeside meeting.

Don't throw away your copy of Equal Rights after reading it - give it away to a friend or prospect!

Reprinted from the 3/31/81  
Wilmington Evening Journal

The writer, Frank E. Nelson, is the former chairman of the Land Value Tax Committee of Delaware. He is currently a member of the Delaware Valley Chapter of the Incentive Tax League.

**T**HE TONGUE-IN-CHEEK lyrics, "There goes the neighborhood, the whites are movin' in, and so's their next of kin" of the hit tune of the black rock group, "The Bus Boys," aptly satirizes the displacement dilemma of poor black families. This situation was graphically presented in the recent News-Journal series on housing problems in Wilmington's changing neighborhoods.

Low-income blacks, however, are not the only ones harshly affected by the continuing housing shortage and soaring property values in the inner city. Even middle-income homeowners and tenants, regardless of race, must struggle to maintain a decent roof overhead. Affordable apartments are mostly out of the question.

The obvious answer to this shortage is an increased supply, sufficient to meet the needs of both the back-to-the-city movement and present residents who can afford better housing. Even the poorest families stand to benefit by newly built, higher-priced units into which other city residents relocate. For, according to a recent University of Michigan study, such a shift often is accompanied by a succession of three or more other household moves, as the less well-to-do improve their situations. This can help relieve some of the pressure on the bottom level of substandard housing that causes displacement.

Shrinkage of the housing stock at that level will continue, however, as long as they are being demolished, boarded up, or removed for more wealthy occupants. Thus, in order to help the poor, it becomes important that a good portion of new and refurbished housing materialize from what are now empty lots and vacant structures, rather than, as now, mainly from presently occupied dwellings.

During the past decade, Wilmington lost 10 percent of its 1970 population, presumably to suburban flight, while "losing" nearly 24 percent of its occupied housing units. Some of this housing, of course, has been replaced by thruways and by new public and commercial buildings. Nearly 2,000 former dwellings are now only vacant shells for too many years, havens for drugs, crime and delinquency. But the bulk of the housing has simply disappeared. In its place are vacant sites and asphalt-covered parking lots. Former city planner Peter Larson deplored the fact that the city was (and still is) powerless to prevent houses from being torn down, merely to provide parking.

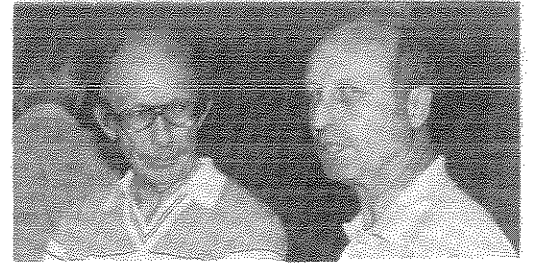
In total, this unused and misused acreage may easily comprise more than a quarter of prime inner-city land. This represents a tremendous potential for new housing, busi-

(cont'd on page 4)

*Seen at the 1981 Rindge, N.H. Conference*



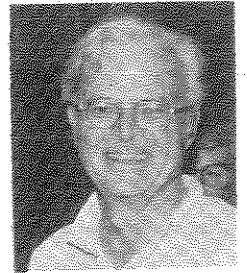
*That's no backdrop, that's the real thing!  
Steve Cord conducting HGFA meeting*



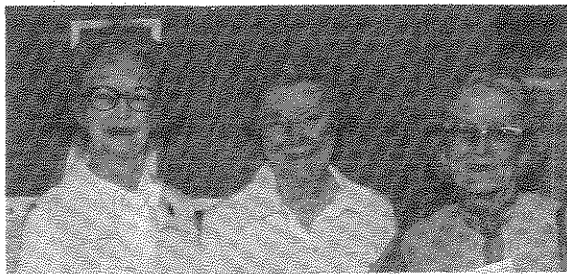
*Two Luminaries:  
Oscar Johannsen  
and Walt Rybeck*



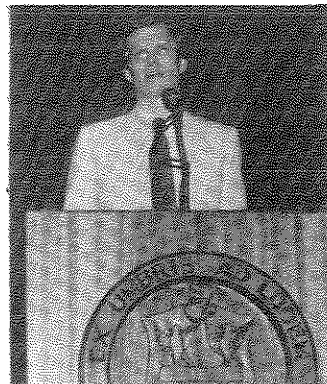
*Host,  
Dick Noyes*



*Craig Cungan,  
Canada*



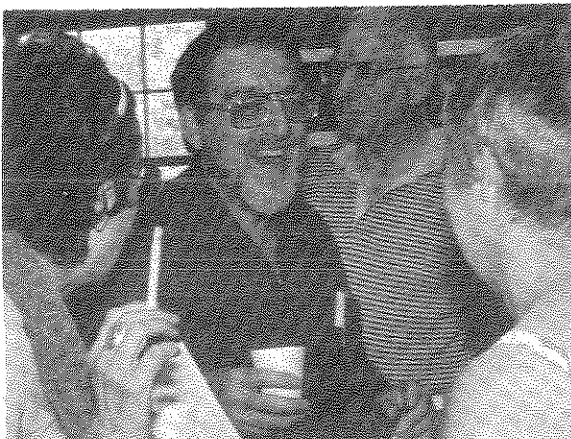
*Three Georgist Ladies:  
Mary Davis, Gladys Nelson  
and Mildred Loomis*



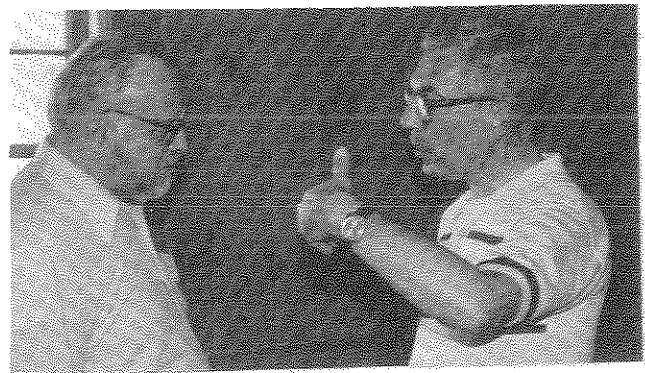
*Ed Dodson,  
ER co-editor,  
addresses  
conference*



*Frank Nelson, ER co-editor,  
and Jack Kelly in  
deep discussion.*



*Harry Pollard ebulliating,  
Stan Fredericksen pensitating*



*Bob Clancy and Marvin Morris*

*Photos courtesy of C.N. "Kelly" Nelson*

## Land redevelopment: a 2nd-choice solution

To the editor:

The support in your editorial of Aug. 19 for open meetings on downtown redevelopment is appropriate and your clear description of the role of Redevelopment Agencies is most helpful in getting a better understanding of the method for attaining development.

"In effect, the city's Redevelopment Agency is buying property for fair market value, clearing the land, and then selling it to a chosen developer at a loss to the taxpayer. To finance these operations, the agency sells tax increment bonds, which are repaid from the increased property taxes the land brings in after it is redeveloped. Until the bonds are paid off, the increased property tax revenue doesn't go into the city's general fund, as it normally would, but is diverted to the Redevelopment Agency. So in Block 53, as in other such tax increment projects, the general taxpayer is taxed higher until the bonds are paid off."

What your editorial does not say is that the

Redevelopment Agency process is a second-choice method of creating redevelopment. The first-choice solution would be to correct the cause of the problem: undertaxed land values and overtaxed improvements. The wrong second-choice method of bureaucratic development is also in use at Cedar City for probably the same reason. Almost no one believes that there is a chance that the Legislature would give the voters the opportunity to approve a constitutional tax amendment that would change the property tax to a land value tax.

The great advantage of the first choice solution is that marketplace conditions would make development profitable without subsidy. And the development would not be confined to just Block 53. Consider the boost that the housing industry would get, all around the city, if land prices dropped substantially and investment in land for speculation (contributing to higher interest rates) would no longer be profitable.

Earl A. Hanson  
Cedar City

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## Housing (cont'd from page 2)

ness and job opportunities if only these sites were put to better use.

Homeowners, landlords and businessmen are discouraged from making improvements as this will eventually lead to higher taxes. Conversely, low taxes on vacant land encourage speculation and holding of land for future price increases.

According to Bureau of Census data in the report, Delaware has one of the lowest levels of property taxes in the nation (8th lowest in total property tax revenues per capita, and 2nd only to Alabama in lowest property taxes as a percentage of all state and local revenues.)

The property tax, as it currently operates, is the major reason why speculation is rampant, and why slums, surface parking lots, and blighted commercial buildings are favorite vehicles for land speculation.

So says a 1980 government report dealing with the gamut of urban (and suburban) problems in which those of Wilmington seem almost a textbook case. Entitled, "Compact Cities: Energy Saving Strategies for the Eighties," by the Subcommittee on the City of the U.S. Congressional Committee on Banking, Finance and Urban Affairs, the report is a result of a three-year study.

In a recent editorial, the News-Journal joined Wilmington City Councilman James Baker in suggesting levying a higher tax on vacant dwellings to force them to usefulness. Unfortunately, this can't be done via the present system, and besides, a speculator-owner can react to this by simply demolishing the structure and continuing to hold the land at little penalty. If he improves the structure and puts it to use, his taxes will eventually go up.

The adoption, however, of a land, or site-

value, based property tax would send quite a different signal to owners of vacant dwellings and holders of vacant land. As the report says, "The city will no longer condone, nor subsidize, the less-than-best-use of the community's land resources. Improvements are so encouraged that they will not be penalized by taxes, ever."

Also recommended in the report is the close study of the impressive results achieved by Pittsburgh's program of uptaxing land and downtaxing buildings, which has proved both politically popular and economically effective.

Since 1978, Pittsburgh's City Council, to meet revenue needs, each year has increased its tax rate on land, but not on buildings (a move supported by Nobel economist Herbert Simon, of Carnegie-Mellon University). Land is now taxed at a rate five times that on buildings, and in each of the past three years the increase in building permits, new dwellings authorized, and

vacant lot sales has been phenomenal. Especially so, considering the prevailing nationwide recession and the high interest rates.

Wilmington's Mayor McLaughlin has been forced by revenue demands to ask for a substantial increase in property taxes. If increases are inevitable, they should at least be of the type that do the most good and the least harm.

The mayor and council should consider borrowing a page from Pittsburgh's success book by simply applying all of the proposed increase to the tax rate on land only, thereby signaling a positive step toward Wilmington's renaissance.

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Wilmington, Del. Fiscal Study Committee - assisted by the Urban Affairs Department of the University of Delaware, urged the adoption of a modified property tax based solely on land values and not on improvements (1969).

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