

AN ODE TO THE ASSESSOR

To find a value good and true,
Here are three things for you to do:
Consider your replacement cost,
Determine value that is lost;
Analyze your sales to see
What market value really should be;
Now if these suggestions are not clear,
Copy the figures you used last year.

HENRY GEORGE SCHOOL
LONG ISLAND EXTENSION
P.O. Box 54
Old Bethpage, N.Y. 11804

Non-Profit Org.
U.S. POSTAGE
P A I D
Hicksville N.Y.
PERMIT 497

Mr. Bob Clony
33-53 82nd St
Jackson Heights, L.I.
11372

Long Island Georgist

Volume 2 No. 2

8259

Spring 1971

"I ask no one to accept my views. I ask him to think for himself."--
Henry George

FROM OUR EDITORIAL DESK

Today the concept of competition is under attack throughout the world. Attempting to find out why competition does not seem to work, we often refer the problem to so-called experts. Invariably, we find ourselves enmeshed in a maze of statistics, with our focus upon effects and not causes. If we are to bring out the best in man, it is not sufficient to make determinations based upon the exterior, but also upon that which is beneath the surface. For all too often, the economic philosophy of competition is apt to be judged upon superficialities rather than essential truths.

Will and Ariel Durant, authors of the monumental ten-volume series, "The Story of Civilization", commented: "The first biological lesson of history is competition. Competition is not only the life of trade, it is the trade of life." All too often we tend to blame the ills of society upon competition. Have we focused our attention upon the exterior rather than the interior? For decades, nation after nation have become overly concerned with the monopolistic tendencies of spurious capital and labor, but have paid scant attention to the importance of the monopoly of land. What has passed for unbridled competition may in reality be unbridled monopoly.

C O N T E N T S

Meet Henry George.....	3
Talking About Taxes.....	5
Historically Speaking.....	7
Land On Long Island.....	9
Apropos.....	10
World Land Problems.....	12
Friends of Henry George.....	13
George Said It.....	14

THE LONG ISLAND GEORGIST is published quarterly by the Long Island Extension of the Henry George School of Social Science. The School is chartered by the University of the State of New York, and courses are offered without tuition fee. Further information regarding the School may be obtained by writing to:

Henry George School
Long Island Extension
P.O. Box 54
Old Bethpage, N.Y. 11804

Editorial Staff: Wayne Berry
Stan Rubenstein
Samuel Scheck
Jerry Schleicher
Lil Rothman, Senior Editor

The Long Island Georgist welcomes comments from its readers.



Pelican ENTERPRISES, INC.

1155 E. JERICHO TPKE., HUNTINGTON, N. Y. 11743 • 549-5500

SWIMMING POOLS • SPORTING GOODS • POOL TABLES

MILFORD DECORATOR

Furniture * * * Broadloom * * * Draperies

Jerry Schleicher
7 Kodiak Drive
Woodbury, N. Y. 11797
516 692-5900

* Will plan entire room
or sell individual pieces
* Furniture at discount
* No retainer fee

SPECIALISTS IN
OVER THE COUNTER SECURITIES

\$5.00 OR LESS CALL

ALAN PRUSS — ERIC STEIN — ERWIN RAY
BI-PLANNING SECURITY CORP. OF N.Y.
333 NORTH BROADWAY, JERICHO, N.Y.

ASK FOR MR. GOLD PHONE 931-2800

GEORGIST PHILOSOPHY

The Economist- Scientist or Pragmatist

"But," said one monkey, "you'll agree
It was not you who made this tree."
"Nor," said the ape, serene and bland,
"Does any owner make his land.
Yet all of its hereditaments
Are his and figure in his rents."

The puzzled monkeys sat about;
They could not make the question out.
Plainly, by precedent and law,
The ape's procedure shows no flaw;
And yet, no matter what he said,
The stomach still denied the head.

Up spoke one sprightly monkey then:
"Monkeys are monkeys, men are men;
The ape should try his legal capers
On men who may respect his papers.
We don't know deeds; we do know nuts,
And spite of 'ifs' and 'ands' and 'buts',
We know who gathers and un-meats 'em,
By monkey practice also eats 'em,
So tell the ape and all his flunkies,
No man-tricks can be played on monkeys."

Thus, apes still climb to get their food,
Since monkeys' minds are crass and crude,
And monkeys, all so ill-advised,
Still eat their nuts, uncivilized.

Economics, often referred to as the dismal science, because of its difficulty in being understood, is currently receiving front page coverage in newspapers and magazines throughout the country. Where at one time the field had but few men of reknown, now the picture has changed and new names are added to the list of "experts" each week. Is inflation under control? What is a healthy level of unemployment? Are we in recession, mini-recession, economic re-adjustment, or what? These are but some of the questions that are being answered in different ways.

To analyze and evaluate the economic state of the union statistics are used, proving or disproving the economic health of the nation. With few exceptions most economists are pragmatists and view the economic body as a machine to be manipulated, fine-tuned, adjusted and re-adjusted. Figures are their guide. Sometimes they meet with success, sometimes with failure, but whatever the results, it is the method that remains dominant- to treat the effects of the problem rather than concentrate on the cause.

If the field of economics is ever to reach the heights of other physical sciences- physics, chemistry, biology- it must accord with the tenets of any science- the search for and discovery of natural laws of cause and effect. The current scene, as exemplified by most, depicts economics as based upon human laws, and depends upon these laws for its operation, rather than upon natural laws.

Many scientific projects are the results of men from different parts of the world sharing their knowledge. Each one learned his respective field by the use of the scientific method. Picture the same situation occurring, if comparable great minds came together from different nations to find the causes of poverty. There can be little question concerning the results. The answer lies, in part, in human laws vs. natural laws.

Human laws are man-made laws, passed by some august legislative body, having some form of penalty as a means of enforcement. The act is one of a political nature, carrying with it a specific location and the element of time. Since legislative bodies change, so must human laws change for they are the functions of the changing minds that made them. And so is it with economics when man-made laws take

(continued on Page 11)

TALKING ABOUT TAXES

End of the Property Tax? No

(The following article appeared in Merrick Life, written by Jerome S. Medowar, a Merrick Attorney.)

Trudi Cowan's excellent report of the Fleischman Commission's hearings on Long Island quotes several taxpayers, trustees and educators as saying "The property tax is regressive.", "Support education based on how much people can afford to pay rather than how much their property is worth." These statements and similar ones are often repeated, but are they true?

To answer this question and others which have led to it, it is necessary to begin at a common starting point and this starting point should be the universal canons of taxation which outline the optimum requirement of an effective taxation procedure. Firstly, taxation should bear as lightly as possible upon construction, production of goods and the earning of income. Secondly, it should be administered as inexpensively and efficiently with as little cost expenditures as is reasonably possible. Thirdly, the tax should be calculated with certainty without room for fraud, misstatement, and alternate interpretations. Finally, it should bear equally upon all of the inhabitants of the community. A properly administered real estate tax can best meet all the standards set forth in these canons of taxation, far better than the other modes of taxation, such as sales tax, excise taxes, and estate and gift taxes. The graduated income tax can conceivably be carried out according to the standards set forth in the canons although it is not presently being administered in that fashion.

Eighty-seven percent of local tax needs throughout the United States are raised through local taxation. What could be the reason one of the wisest and fairest of all taxes has turned out to be the worst, not only here on Long Island, but throughout the United States? It is a weird combination of over-taxation and under-taxation, an incentive tax for what we don't want and a disincentive tax for what we do want. It harnesses the profit motive backward instead of forward for both urban renewal and urban development. Too often, it makes it more profitable to misuse and underuse land than use it wisely and fully, more profitable to let buildings decay than to improve them or replace them. This was the consensus of opinion that came out of the 1969 meeting of the The National League of Cities. Some of the prominent city administrators and elected officials who attended that meeting were Senator John J. Marchi, Robert W. Sweet and Howard J. Samuels.

U N C I V I L I Z E D

An ancient ape, once on a time
Disliked exceedingly to climb,
And so he picked him out a tree
And said: "Now this belongs to me.
I have a hunch that monks are mutts,
And I can make them gather nuts
And bring the bulk of them to me,
By claiming title to this tree."

He took a green leaf and a reed
And wrote himself a title-deed,
Proclaiming pompously and slow:
"All monkeys by these presents know."
Next morning when the monkeys came
To gather nuts, he made his claim:
"All monkeys climbing on this tree
Must bring their gathered nuts to me,
Cracking the same on equal shares;
The meats are mine, the shells are theirs."

"But by what right?" they cried, amazed,
Thinking the ape was surely crazed.
"By this," he answered; "if you'll read
You'll find it is a title deed,
Made in precise and formal shape
And sworn before a fellow-ape,
Exactly on the legal plan
Used by that wondrous creature, man,
In London, Tokyo, New York,
Glengarry, Kalamazoo and Cork.
Unless my deed is recognised,
It proves you quite uncivilised."

The Panic of 1837 (cont. from Page 8)

Philip Hone, a parvenu in New York society, recalls a farm near Brooklyn that was offered for \$20,000 in 1831 with no takers and sold in 1835 for \$102,000.

The boom that preceded the panic was not limited to government land but included city lots, urban acreage, swamps and agricultural areas. Wild speculation, fraud and corruption prevailed in the timber lands of Maine and extended inland from New England to western and southern sections. Purchases by an "American land company" form a chapter by themselves in the explosive history of mounting fortunes.

The Law of Emphyteusis (cont. from Page 9)

great landowners of Argentina became fabulously wealthy. Public revenue in the meantime was derived mainly from tariffs and was chronically insufficient. On the other hand the masses of the people were hopelessly impoverished.

In more recent times several attempts to revive the Law of Emphyteusis have been made and also to update it in the form of the Single Tax. It does not seem improbable that a modern version of Rivadavia's Law of Emphyteusis may become a national issue in the not-too-distant future.

What Makes You Influential?

"The man who tries to do what he can," said Henry George, "be it ever so little, will surely find his power grow and his sphere of usefulness widen. Great meetings, stirring addresses, political campaigns may be useful; but that which tells most is the quiet, hand-to-hand effort of earnest men and women. Do not be impatient to see results; do not be disheartened if you do not see them. No one can ever tell how much he may do. Thought set in motion goes on perpetuating its impulse in ever-widening circles, and the humblest and the weakest may strike a spark that will in time kindle a great light."

There is certainly little doubt that the homeowner taxpayer is being burdened by very heavy real estate taxes; but the fault does not lie with the real property tax, but rather the manner in which it has been applied. To better understand this, it is necessary to understand that the real estate tax is really two kinds of tax. In one aspect the value of the bare unimproved land is taxed. The second aspect of the tax is a tax upon the value of the improvement of structures that have been placed upon that land. The two taxes in fact, conflict with one another. The tax upon the land represents repayment to the community for services supplied to the owner of that land. It includes police, fire, sanitation, highway, and other community services.

The second tax, the tax upon the improvement of structures, taxes what the owner has either in the past or in the present done to improve the property or what future owners might spend to improve it. The more the owner does to improve his property, the higher will be the resulting tax.

Take a ride through the North Shore of Long Island and look at the great expanse of vacant land. Check the assessments of these "homesteads" and you will find that they are unbelievably and unjustifiably low. If the unimproved location value of urban and suburban lands were taxed more heavily and the improvements on them taxed less heavily than they presently are, a community would receive a much greater return from the real property tax and at the same time the homeowner-taxpayer would realize a reduction in his taxes. This theory is supported by Professor Dick Netzer of the Brookings Institute, Professor Lowell Harris of Columbia University, the Douglass Commission on Urban Problems, and President Nixon's Kaiser Committee on Urban Housing.

If the real estate tax were applied with greater emphasis on the unimproved location value of land, it would more closely comply with the canons of taxation. It would weigh less severely on buildings and improvements, and would encourage the highest and best use of property; it can continue to be administered inexpensively and efficiently with the existing tax machinery; it will result in much easier and more accurate appraisals and it is easier to assess land than try to establish the value of an improvement; the tax will be certain because land cannot be hidden and it is visible to all, and as a result there would be no room for fraud or chicanery; and finally, all the citizens of the community will be treated equally for they will all equally reimburse the community for the services they have received or for the services that are available to them.

Most important of all is that if we abandon the real estate property tax, the authority to tax will be moved still further away from the local community and its citizens.

APROPOS

Attack on Property Taxes

Every Ralph Nader enthusiast has heard of his organization in Washington which will assist in reforming local property taxes by exposing corporations whose taxes are disproportionately low in comparison with those paid by homeowners and small business men.

Assessments made under pressure or by totally unqualified assessors are an old story and have been reported frequently in HGN. To attack and reform this practice Mr. Nader now calls on local citizen groups to take orderly steps to try to force property owners to pay their proportional share.

Already reform drives are under way in Alabama, Georgia, Maine, Minnesota, New Jersey and Texas. Studies being made by law students and others indicate that Texas oil companies, West Virginia coal mine operators and timberland owners in many areas have been favored with taxes well below the legal rate.

To make it easy for each group to know what the others are doing and to indicate what contribution it can make, he has established the Property Tax Newsletter and offers it free to anyone who will write and ask for it at the Public Interest Research Group, 1025 15th Street Northwest, Suite 601, Washington, D. C. 20005.

The newsletter, which will provide a clearing house and technical assistance, will be edited by Sam Simon, a staff member, who maintains that "in a democracy numbers count only if people count themselves as participants." He says the first step is to interest friends and neighbors, also civic and fraternal clubs. Then the help of the local assessor should be solicited and he should be invited to meet with the group. In explaining the operations of his office, if it should develop that there had been no equalization or reassessment for two or three years, this would deserve a prod from the group.

Next, members should begin researching assessment values of property in the area. If they are shown only assessed value and not sales value (which is an indication of assessed value) they should check recorded deeds to determine selling price. HGN readers are doubtless aware that most states require assessors to value property at 100 percent of the fair market value, and it is then assessed presumably at a uniform rate agreed upon by a state equalization board. When an investigating group finds that certain taxpayers are receiving favorable treatment they can

Combatting pollution will cost billions of dollars. These billions will cause land values to increase by the same amount or more. Is it not high time that the legislators see to it that not only is pollution controlled but that those who gain the most from it, the land speculators, pay for its cost from the increased value of their land?

The Economist- Scientist or Pragmatist (cont. from Page 3)

over. There is little or no recognition of any eternal truths in economics.

Natural laws, on the other hand, belong to the natural order of things, to that order in which and of which not only man himself but all that exists. They can be denied but not violated; circumvented but not changed; hidden but not erased. They are recognized by all animate and inanimate things, in all times and places. They do not change but are the same today, yesteryear, and tomorrow. All men may live in slavery but that does not deny the natural quest of liberty in man. Natural law may be legislated out of any economy, but that does not deny the natural order of things in economics.

Economic pragmatists dominate the current scene. They are in vogue and have been for many decades. This view was expressed by President Franklin D. Roosevelt when commenting upon economic policies: "If the approach we are trying does not work, we shall try another." There is little question that this is the approach currently followed. If the other sciences had followed such a haphazard plan, there is no doubt that they would have made as little advance as the science of political economy. When the economic scientist is given at least comparable audience with the economic pragmatist, then will the field of economics rise from its doldrums.

"Henry George" is one of the great names among the world's social philosophers. It would require less than the fingers of the two hands to enumerate those who, from Plato down, rank with him.... No man, no graduate of a higher educational institution, has a right to regard himself as an educated man in social thought unless he has some first-hand acquaintance with the theoretical contribution of this great American thinker."

Dr. John Dewey

LAND ON LONG ISLAND

Pollution Control

Suffolk County legislators may well go down in the field of ecology as pioneers, for they are responsible for enacting the first legislation in the nation banning the sale of certain detergents. Although the law is not all-inclusive (it deals with the sale only and not the purchase of detergents), it indicates deep concern for our environment.

It is becoming rapidly obvious that man depends upon the earth and its environs for existence and anything which poisons the environment must be dealt with quickly and effectively. As Georgists have long recognized the importance that land plays in the quality of life, now the environmentalists accurately point to its life and death implications. Man's instinct for self-preservation is impelling him to fight those conditions that pollute the land.

The basis for the concern of the Suffolk legislators is the ever-increasing possibility of contamination of their water supply. Because of the lack of an adequate sewerage system, legislative steps had to be taken. And of course the pollution problem does not stop there, for its tentacles penetrate into many other areas. Mercury has been found in Lake Ronkonkoma, Long Island's largest lake. Lake after lake, river after river with the surrounding bodies of waters and even the oceans are becoming polluted.

That our natural resources must be protected is beyond question. Laws can and should be passed to ban harmful detergents, without any severe hardship upon people. And we are confident that manufacturers will make laundry compounds without harmful detergents. But this represents only a delaying action for, in the long run, sewers will be needed and it will cost money, much money.

Pollution control will increase land values just as poisoning our underground streams reduces land values. Since the value of land holdings will rise, the great gainers will be the land speculators who are keeping a good part of Suffolk County from being used. The sewerage system, like all other governmental projects, causes an increase in land values.

request a reassessment of the property.

As everyone knows who has tackled this sort of campaign, there is a great deal of painstaking work to be done. But assuming that a group is so capable that the steps thus far can be handled expertly, Mr. Simon suggests they should strive for constructive legislative reform of administrative processes such as protection of assessors from political pressures.

Appeal procedures may also be analyzed to determine whether one kind of taxpayer is being favored and why. The appeals system should be simplified and published in local newspapers at least once a year so an average homeowner can compare his assessment with others. Mr. Simon concludes bravely, "you will undoubtedly run into resistance and be branded as 'troublemakers' but do not be deterred. An aroused public may be your greatest ally."

This is not a venture for the uninitiated. Students of Henry George who have followed the citizen tax reform activities in California, Michigan, Ohio, Pennsylvania and New York (Long Island), will have had a good preliminary outline of what Mr. Nader's groups will be doing. It would be fruitless or worse for someone to attempt an investigation of city assessment practices without some such background plus a keen interest in fiscal matters. Property taxation is a complex and technical subject. It challenges students and researchers but it calls for professional coaching.

When Ralph Nader says, "Improved assessment practices and administrative reform can result in clear benefits to the average homeowner - the only method of securing this reform is for the citizenry of each locality to demand and work for a change," he certainly merits our response.

Senator Edmund S. Muskie reported that his Subcommittee on Intergovernmental Relations will hold hearings to see if Congress should pass laws covering local property taxes. He said there were serious questions about the fairness, soundness and equity of property taxes as they are now levied.

"This is an issue which undoubtedly deserves a searching national inquiry."

The hearings will be held in different cities throughout the nation.

HISTORICALLY SPEAKING

The Panic of 1837

Depressions and recessions have been occurring so regularly through our history that economists have reported variously on the resulting mass unemployment and countless business failures. Shortly after the War of Independence the United States witnessed the first of a series of depressions. After the panic of 1785 there was another slump followed by a third period of economic dislocation, but neither of these compared in intensity with the 1837 panic, which lasted four years, with many fortunes made and lost.

Martin Van Buren was elected to the President amidst rumors that the economy was entering a period of stagnation. Politicians and economists joined forces in an effort to analyze the causes and determine the extent to which government should control the economy. Steady financial decline plagued the Democratic administration. Some of the reasons offered were incurrence of large state debts due to the construction of canals and railroads; expansion of credit by numerous banks and the subsequent availability of easy money; an unfavorable balance of trade in which the imports exceeded exports resulting in loss of specie; crop failures in 1835 and 1837 and the frenzy that was caused by the avalanche of land speculation. It is the latter point that is of major importance in the panic of 1837 and is closely linked with many of the other causes.

During the 1830's the growth of state and wildcat banks had offered many the opportunity to borrow money with great ease, and a sizeable portion was invested in the purchase of land. As a result, and this represents only one factor, government land sales soared, causing serious concern to President Andrew Jackson, who preceded Martin Van Buren.

The land offices recorded that in 1836 the sales were ten times greater than they had been five years earlier. In order to limit the speculative fever Andrew Jackson, in opposition to the prevailing sentiment, issued the Specie Circular, which ordered land offices to accept only gold or silver in payment of public lands. Many state banks did not have specie backing and this caused a decline in borrowers, a drop in land sales to one quarter of the previous year, numerous defaulted payments and a financial crisis.

Urban real estate values increased at such an abnormally high velocity that a Hartford speculator tells of making 75 per cent annually on an investment of \$1,000 in Michigan where the boom was in high gear.

(continued on Page 12)

WORLD LAND PROBLEMS

The Law of Emphyteusis

Under the influence of Bernardino Rivadavia, the first President of Argentina, the Law of Emphyteusis was adopted in 1826. This law provided for the granting of twenty-year leaseholds of public land instead of sale. At that time public land constituted most of the national territory. The thought was that the rent of land would become the principal and perhaps the only source of public revenue.

Statements by Rivadavia's diplomats were strikingly Georgian although predating him by fifty years. "The spirit of the project is that publicly-owned lands should never be held in any way other than by leaseholds. The present taxes bear harmfully upon the people and hinder the country's development. The rent of land is the most solid and definite source of revenue upon which the State may count and would enable the State to do away with tariffs and all other taxes."

This law would enable producers to occupy land without purchase and give them security of tenure. "If the capital employed in the purchase of land is invested in cattle, it will yield more profits. If the State collects all the just rent no one will apply for or monopolize a greater area than he can usefully exploit for no one would be willing to pay much for land which he does not intend to utilize."

Beneficial results were being obtained in the short time of the law's duration, which was exactly one year, the life of Rivadavia's administration. The following two Presidents, Dorrego and Rosas, emasculated the law and defamed it.

It was finally repealed in 1857. At this time the emphyteutic leaseholders were legally recognized as the permanent owners of the public land they had leased. In the meantime large grants of land had been made to people, mostly military men. In the following years fabulous amounts of land were sold at nominal prices and by 1901, 70,000,000 acres had been pre-empted, an area larger than several European nations combined. With the public construction of railroads,

(continued on Page 12)