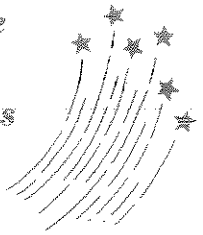


Equal Rights

To The Earth's Resources

Spring 1988

Now There Are
EIGHT
Two-Rate Cities



FOUR NEW REAL-WORLD VICTORIES!

Aliquippa Joins In!!

By this time, all readers of Equal Rights must know about our three recent victories - real-world victories - in Pennsylvania: Washington, Duquesne and Harrisburg all expanded their two-rates, putting more emphasis on land than before.

But now we have a Big New Advance - Aliquippa, Pa., a town on the Ohio River, pop. 17,000 with a defunct steel mill over-shadowing the town and its economy, has just gone two-rate: 81 mills on land assessments (8.1%) coupled with 5 mills (0.5%) on buildings, instead of 24.76 mills on both land and buildings. That's the biggest step forward yet.

Well, it's nice to get new cities to go our way - this is City #8! But the payoff has got to be all the studies we do showing that taxable building permits issued increase in the three-year period after the two-rate switch as compared to the three years before, and that this switch in our two-rate town is greater than similar construction changes in neighboring and comparable cities. If we can get enough of these, we'll have hard empirical proof that the land value tax is good economics. Probably then we'll get the mainstream experts and organizations to take up our tax.

We can't do it all ourselves. Even 8 cities and maybe 25 forward moves in those cities hasn't awakened the citizenry yet. But how could the experts ignore our studies? This is the way we'll get out of the Wilderness into the Mainstream. This is our Scenario to get our Bandwagon rolling. I would like to do it all at once; meanwhile, "the longest journey begins with but a single step." "Those who want to do everything all at once usually end up doing nothing at all" (Samuel Johnson).

In his day, Henry George could appeal to the Moral Sense which he shared with his audiences. Today, moral relativism has neutralized that

sentiment and moral appeals fall on deaf ears. So we got to shoot them the facts. If we don't, then nothing.

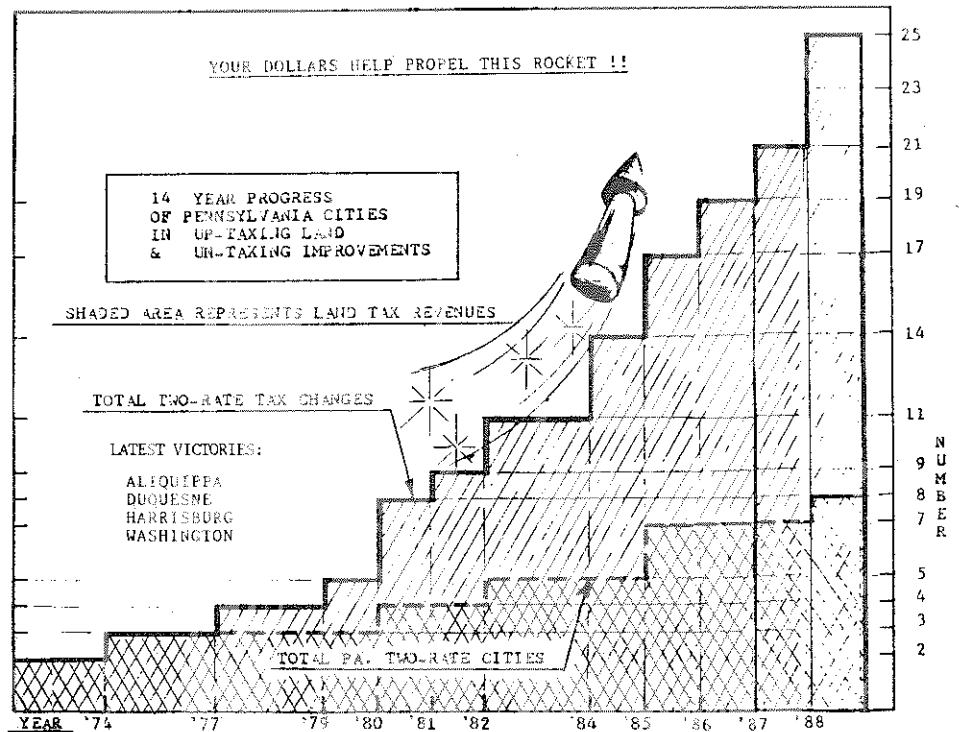
Back in Aliquippa: in three years, we hope to have a study showing that it has grown faster than Ambridge across the river or Beaver Falls in the same county. Let's hope for Big Things (steel mills, not just property-tax mills). If you know of any companies looking to establish branch mills, let us know. Aliquippa City is hardly taxing buildings anymore.

Oh, one more comment about Harrisburg: the city raised property tax revenue about 74% or so; this, coupled with an increase in assessments, caused a citizen uproar. An angry public meeting was held, and many taxpayers and council members thought that maybe the two-rate approach caused their property tax increases. Fortunately, HGFA member Jay Delozier in Harrisburg alerted us to the problem (he said we would be physically threatened if we showed up). We showed up and explained how the two-rate approach

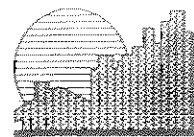
reduces (not increases) taxes for most homeowners. Council thereupon reduced the tax rate increase slightly, somewhat more on buildings than on land although it had other intentions initially, invited us to be members of a new citizen's tax study committee forming, and said they'll advance the land tax rate again next year. So what could have been a disaster for us turned into an opportunity, principally because of the alertness and participation of one HGFA member in Harrisburg.

The situation in Scranton was less good: three of us - Cord, Casey and local HGFA activist Pat Sheridan - made a presentation before Council. We made an obvious impression but in the end the Council voted 3-2 to increase both land and building millages about equally. The three opposing were reacting to downtown-landowner pressures. We shall return next year.

Now we go into the Quiet Period here at Headquarters, and we hope to start catching up on back correspondence (if your letter has gone unanswered, it is probably in this 5-inch [Continued on Page 6])



Growing housing shortage



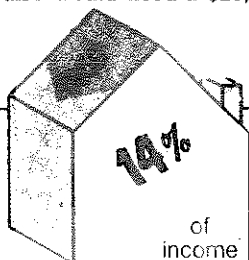
DELAWARE faces a growing shortage of decent, affordable housing of all types for low-and-middle-income families. The magnitude of the problem for New Castle County is detailed in the county's proposed Comprehensive Development Plan.

More than 63,000 more dwelling units will be needed during the next 25 years. That's assuming the present housing stock remains viable. Over half of this stock, however, is more than 25 years old, with many units in need of repair. Over 60 percent of county households cannot afford to purchase medium-priced \$70,000 new homes (1985 data); 47 percent cannot afford even the lowest-priced \$55,000 new site-built dwellings or resale housing. As for rental units, many households are already paying more than a prudent 25 percent of their income for rent. That's not counting transportation, essentially a housing cost.

The cost of county housing has risen at more than twice the rate of inflation, with soaring land costs the most significant factor, particularly in locations where transportation, water and sewer services are available.

"We need you, Delaware homebuilders, . . . to build us a house that we can all afford."

A family wishing to purchase an \$87,000 home this summer in the United States would need an annual income of \$27,986, according to the National Association of Realtors. To close the deal, people in this earning bracket also would need a \$20,000 down payment.



The median 30-year old male head of a household now earns 10% less (in inflation-adjusted wages) than his father did when he was 30-years old.

Not only does today's male earn less today than his father did, but today a 30-year old must spend 44% of his wages to live in a median-priced home, while his father in the 1950's spent only 14% of his wages to pay off his mortgage.

The cost of financing a median-priced home has grown from 21% of the average gross earnings of a 30-year old in 1973 to 44% by 1983, pushing home ownership out of reach for many people.

National Taxpayers Union

THE WALL STREET JOURNAL

A Dream Deferred: Many in U.S. Find They Can't Purchase a House

For rent: High prices, few choices

New Castle County late last month released its annual rental survey for 1987 that showed a tight rental market resulting in steadily rising rents and a scarcity of affordable rental housing, especially for low- and moderate-income people.

Even With Good Pay, Many Americans Are Unable to Buy a Home

"If we were to say just 10 years ago that families with incomes of \$35,000 and \$40,000 and even \$50,000 don't realistically have housing opportunity, people would have said, 'That's ridiculous.'" says Sen. Alfonse D'Amato, Republican of New York, but "that's the case today."

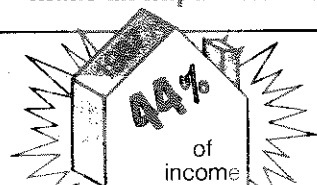
One reason is that home prices in most places have gone up more than incomes.

These newspaper and magazine reprints tell of the emerging national crisis over the unaffordability of homes and decent rental properties for low and middle-income families. This is a serious situation that can only get worse.

Georgists have the remedy, if only we could get our "secret" out into public discussion. To address this opportunity, COMMON GROUND, at its recent Baltimore conference, adopted a project to help Georgists respond via a communications campaign modeled after the recent encouraging Philippine Land Reform effort. Details of this will be mailed to you soon.

Meanwhile, you might want to get an immediate start by doing as your editor does. Whenever I read or hear of any individual or organization speaking out about "homelessness" or the "housing problem", I mail them an article that links rising housing costs and soaring land prices with inadequate land taxes. In most cases, this is probably their first exposure to such a novel concept. Nonetheless, I've already received some interesting and encouraging feedback. So could you. Your \$1 contribution, mailed to COMMON GROUND, 2000 Century Plaza (238), Columbia, MD 21044, will net you 10 applicable flyers suitable for mailing. Your involvement can definitely make an impact on this vital issue.

Frank Nelson, editor



A survey of recent homebuyers in major [high-priced] metropolitan areas shows that the average monthly payment in 1987 was \$939.

First-time buyers paid \$841 and repeat buyers paid \$998 —

Young couples noticed that many of the friends who'd bought houses didn't have children. It seemed ironic that things had gotten to a point of having to pick one or the other.

A housing time bomb

The deal is called the Mitchell-Lama program, and it provides decent housing for 140,000 middle-income families throughout the city and state. Beginning in 1955, developers were given tax breaks and low-interest mortgages if they agreed to build apartments that middle-class people could afford.

The builders were also promised that they could pay off their mortgages after 20 years and be freed from the program's restrictions.

Now those commitments are expiring. And officials here, facing a potentially huge wave of conversions to luxury apartments or condominiums, have a first-class political dilemma on their hands.

Why should anyone outside New York care? Because a similar scenario will soon be played out on the national stage. As commitments expire, up to 500,000 units built under Section 8 and other federal programs could revert to the private-housing market over the next few years, leaving tenants with no place to go. It is a time bomb set to go off in the early 1990s, and Congress, beset by budget pressures, has not figured out what to do.

New middle-income housing has become virtually extinct in the 1980s, even in cities without rent control. Federal aid has dried up. No one wants to build for the middle class.

"Monday Morning" 2/5/88
Columbia, MD

Housing Price Spiral

A recent article in the Columbia Flier on the housing price spiral in our county points out that the average house price is now \$179,000, or almost three times what a moderate-income family can afford. One reason is the spiraling cost of land: "in Columbia, lots of one-quarter to one-third of an acre go for \$40,000 to \$70,000...naturally, the more expensive the land, the more expensive the home that will be built on it."

The solution is to gradually switch the property tax off buildings onto land. That would:

- reduce the price of land, and therefore of housing,
- reduce taxes for most homeowners (our study demonstrates this empirically and definitively),
- increase job opportunities and wages. Take the tax off labor and the products of labor (like houses), and jobs will be more plentiful and house prices will be lower.

Tax land instead, and you tax it into use, at lower prices.

Steven Cord

Land prices are on the rise

Land remains the single most costly item, accounting for 35% of the price of new homes, up from 25% in 1986.

Nor is the problem limited to the Northeast, where buoyant local economies have fueled housing demand and pushed prices to record levels: An NAHB analysis shows that from 1980 to 1986, the steepest drop in homeownership was in the Midwest, (70.3% to 66.9%), where home prices haven't spiraled so fast.

The frustration isn't limited to young families, either.

.... the goal of owning a home has become elusive—frustrating and angering many of those who thought they had earned the right to achieve that cherished dream.

The Patriot News
Harrisburg, PA 1/6/88

In reference to your article of Dec. 16: "Real estate tax goes up 7 mills in city budget" your readers may want to know that the City of Harrisburg very wisely taxes homes and other buildings at only 1/3 the tax rate applied to land values. This makes the two-rate property tax cost much less for homeowners, apartment tenants and owners, and many businesses, while it is heavier (and very justifiably) on vacant land. The 7-mill increase is really one 4.84 mills on buildings, while the increase on land is 17.32 mills. For tax simplicity, and better treatment of the people who live in or invest in Harrisburg, the land tax could be used to replace the building tax making all buildings city-tax free.

Joseph M. Casey,
Columbia, Md.

Equal Rights

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

Stock local libraries

Does your local library have **Progress and Poverty**? Call and find out. If not - donate a copy.

Steven Cord and Joe Casey recently visited the Pittston Pa. library and found the librarian was reading **P&P** on her own. She was impressed with it. We told her to go upstairs (the library is in the basement of City Hall) and talk about it to the City Clerk and Mayor. She felt unsure about doing such a "daring thing" (but we will continue to encourage her).

Many HGFA/CSE/CG members have come our way as the result of having happened upon a library copy of **P&P**.

So, if you want to accomplish something specific and if your local library doesn't have a copy of **P&P** on its shelves, send \$10 with the address of your library to us (2000 Century Plaza (238), Columbia MD 21044) and we will send it a copy with your name inscribed therein.

Franklin: a land-taxer?

In 1757, after he had achieved a certain degree of fame and security, Ben Franklin was sent to London to represent the Pennsylvania legislature in a petition for the colony to be allowed to tax the lands of the Penn family. This tax was felt necessary to enable the colony to generate funds to pay for the defense of the frontier. After five years, he finally met with some degree of success in his mission. He returned to Pennsylvania in 1762, only to find new turmoil and the request that he return to London to represent the Legislature in other matters.

from: Ronald E. Heaton, in his
Masonic Membership of the Founding Fathers

In Colonial times, taxes were determined by frontage, so Charleston houses were built one room wide and two rooms long. From that practice came the term "single house."

Readers' Forum

Tax Capital Gains?

I share Colin Bonner's dissatisfaction with trying to sell Georgist reform to foreign countries before we have been able to establish a Georgist economic system at home. I share his discouragement with trying to "win some 100,000 taxing authorities over to, not just property tax reform but to large-scale L.V.T." I most emphatically do not share his enthusiasm over the Capital Gains Tax. To call it "the greatest opportunity we have ever been presented with---" and "the perfect Georgist Single Tax---" is a most unfortunate error. It is already luring good Georgists away from our true goal.

Mr. Bonner points out that Henry George exhorts us to collect the profits from speculation in ALL things not the product of labor. Rightly so. But capital is the product of labor. Speculation in the stock market is speculation in that which is produced by labor. The speculative aspects of trading in the stock market are attributable to the instability of the economy which arises from our faulty tax system. If we had the right tax system and the stable economy that would go with it, making money in the stock market would consist more of collecting dividends from stocks with good earning power and less of buying low and selling high.

All capital is wealth. All wealth is produced by labor. The fact that large amounts of capital have gotten out of the hands of those who produced it and into the hands of those who are a part of the land monopoly, either by direct land speculation or by the more subtle ways in which land monopoly can profit the land owner, does not change the fact that it is all capital.

The Capital Gains Tax makes no distinction between income from capital rightfully owned by the investor and income from capital unjustly acquired as the result of land rent finding its way into private pockets. Neither does it distinguish between capital invested in productive enterprise and capital invested in land.

The real solution is to replace the unjust tax laws with tax laws that, as Henry George said, conform with the just laws of nature.

Speculation in the stock market

SPECULATE IN LAND?

CERTAINLY!

I've never bought vacant land -but I wish now that I had. The additional profits would have helped to end the dirty rotten system rather than to perpetuate it. When I put my spare money into well-developed real estate or, much the same thing, into shareholdings, I gain from the growth in land-price.

Had that money gone into government bonds or been lent on mortgage, the interest would have come similarly from the productive toil of other people, but the debasement of the currency would then have robbed the robber.

Yes, the holding of vacant land holds people unemployed and starving.

It robs them of their birthright and destroys them. Likewise, the taking of site rentals and interest robs and kills -but does it more slowly.

Money has its power only because it can be exchanged for land title -the ultimate source of the power. When site rental is not treated as the natural source for public revenue, it gives rise to that rotten and putrid and suffocating power.

Let us end that power by taking site rentals for the public good. It would end the need for taxes too.

Meantime, we are part of the system and cannot prevent the taking of land profits. It is the spending rather than the getting that puts a polish on the halo.

W.H. Pitt, 5 Solar Court,
Nunawading, Vic. Australia

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-

2000 Century Plaza (238), Columbia, MD 21044.

does not harm the economy. Speculation in land values does harm the economy because those values belong to all the people. Land-value speculation must be made impossible.

Lawrence D. Clark, Sr.
21 Emerson Rd.
Medfield, Mass. 02052

Goodbye John

John Lawrence Monroe, lifelong Georgist, passed away January 22, 1988, after 7 years of paralysis. The last issue of Equal Rights carried the first news we had, that John was severely beaten, robbed and left for dead by person(s) unknown, in 1979.

As a small boy John helped his father setting up chairs for meetings of Henry George Lecture Association. On his father's death he quit school to carry on, 'till Henry George Schools were established. In 1936 John was sent to become associate director of the Chicago extension.

HGS Friends in San Francisco are planning a memorial service in February. His Chicago friends are talking of a similar memorial affair.

Goodbye dear loyal friend John Lawrence Monroe.

Robert A. King
11215 S Champlain Ave.
Chicago 60628-4639

Thank you for what you printed about John in Equal Rights in the last two editions. What good timing for HG students and followers to be hearing about John's contribution to the movement.

Martha Haanel Monroe
P. O. Box 6531
San Francisco, CA 94101

Wall Street Journal A Min. Jobs Plan

When politicians and unions promote laws such as Kennedy-Hawkins, they say they are legislating benefits for working people. Such arguments are based on either economic illiteracy or hypocrisy. In reality, a minimum wage prices the weakest members of the work force out of jobs. A more candid union argument holds that increases in the minimum raises wage scales generally, but the truth of that is doubtful too. At any rate, a study commission appointed by Jimmy Carter estimated in 1981 report that every 10% increase in the minimum wage cost the economy 80,000 to 200,000 entry-level jobs.

Kennedy-Hawkins proposes raising the minimum wage to \$4.65 by 1990 from today's \$3.35, and, more damaging, tying the minimum wage in future to the average wage for all non-supervisory private employees.

Development goals, tax policies at odds

It is obviously time to think about making changes in local assessment procedure. Not so obviously, it is also time to think about making even more fundamental changes in local real estate tax policies.

The need for fundamental changes stems from the fact that local tax policies are at odds with local economic development goals. It is an economic truism that increases in taxes result in decreases in supply. This applies to buildings and other improvements to land. The higher the real estate tax rate, the lower the construction rate. Taxes on buildings discourage new development as well as maintenance and rehabilitation of existing structures.

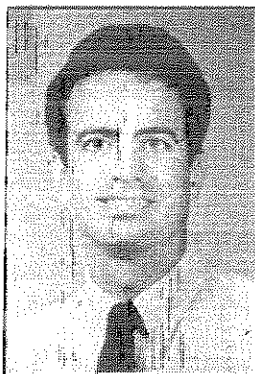
This fact is recognized, at least implicitly, in Memphis and in numerous other cities with tax freeze or abatement programs. By holding taxes constant as improvements are made, municipalities hope to encourage development that would not otherwise take place. In Memphis, tax freezes are granted by the Center City Revenue Finance Corporation as a means for spurring downtown development.

If taxes on buildings discourage development, then why not abolish such taxes altogether? The obvious answer to this question is that local governments lack a suitable alternative source of revenue. The problem with this answer is that there is a good alternative to taxing buildings. In fact, the real estate tax itself can be modified to yield the same amount of revenue and encourage development.

Only the tax on improvements has adverse effects on economic development. The tax on land does not have adverse effects because the quantity of land is fixed. The truism about higher taxes resulting in reduced quantities simply does not apply to land. No matter how heavily land is taxed, it is still available for development.

My study of housing development in Pittsburgh demonstrated that small decreases in the tax rate on buildings resulted in substantial increases in the amount of new housing constructed in the city. In contrast, increases in the tax rate on land had no undesirable effects.

The evidence from Pittsburgh strongly supports the idea that cities concerned with economic develop-



Steven C. Bourassa is an assistant professor of city and regional planning and a researcher in the Regional Economic Development Center at Memphis State University.

ment should shift their real estate taxes from buildings to land. By shifting the tax burden from buildings to land, cities can maintain revenues while encouraging development.

It's time that Memphis and Shelby County seriously consider land value taxation as a potential economic development tool.

HGS "Briefs"

The Henry George School has prepared "Briefs" - concise one-page summaries of various aspects of our philosophy. The first "Brief" is on "Trade Wars" - tariffs - and we'll be happy to send you a copy. Send one dollar for postage and handling to Equal Rights, 2000 Century Plaze (238), Columbia, MD 21044.

Remember George in your Wills

A gift to the Henry George Foundation, Center for the Study of Economics or Common Ground through your wills is an opportunity to remember a Special Cause that you believe in and support, and can be a deep expression of your goal of promoting the Equal Right of Everyone to Life, Liberty, Labor and Land, without which Free Enterprise and then Democracy itself fades away.

For donors interested in substantial tax benefits, these organizations are suitable for your bequest. Because such a bequest is fully deductible, taxes that your estate would otherwise incur are reduced. Consult your own legal and financial advisors for specific tax advantages.

Unfortunatly, because of our local taxation structure, there is little incentive to bring about restoration and beautification here or elsewhere in the rundown city core.

"Incentive taxation" causes automatic improvement without putting council in the humiliating position of having to beg owners to restore their buildings. When the taxes are taken off improvements, owners have an incentive to improve--it will cost no more in taxes to have a fine, modern building than to retain the insult to the eye that stands as a menace to public safety, health, and law-enforcement.

Incentive taxation automatically sends a message to all property owners. That message says: Provide employment in construction and business, and you will not be penalized with higher taxes. Leave the dump as it is and council will not come begging you to be a good citizen, it will merely expect you to pay municipal taxes based on the value of the bare lot, as does everyone else.

**Ernie Bryan
Chilliwack, B.C.**

WHEN WRITING TO YOUR LEGISLATOR

1. Address the envelope: The Honorable NAME. The greeting: Dear Senator (Congressman) NAME.

2. Identify the bill you are writing about. Give the bill number, the bill's sponsor, the committee the bill has been referred to and a brief description of the subject matter. A legislator cannot be expected to recall every bill by its number and a vague description.

3. Be original. Use your own words, express your own views. Make your arguments personal.

4. Be specific and graphic. Tell how a bill would affect your locality. Use facts and illustrations.

5. Be brief. Make your letter no longer than two pages.

6. Write legibly or type. Use your own stationery, or if you are writing as the spokesperson for your local government, use your municipal letterhead.

7. Don't begin on the righteous note "As a citizen and taxpayer." Almost everybody is.

8. Don't apologize for your opinion or for taking up a legislator's time.

Review: "Accepting the Universe"

A Basis for Social Reformers To Remain Hopeful and Persistent

"The Eternal...is on the side of the righteous only when the righteous live according to the rule of Nature in harmony with the eternal order."

"...can we conceive of a more desirable or a better-founded and better-furnished world?"

"...animals suffer more from the accidents of nature--drought, flood, lightning...; man suffers more from evils of his own making--war, greed, intemperance..."

John Burroughs (1837-1921), a naturalist-philosopher in the tradition of Thoreau, wrote these gems, and many more, at age 83 in *Accepting the Universe*. George W. Lugg, a Florida Georgist now of the same age, has edited and reprinted this thoughtful volume. 1

The work seems particularly timely as certain self-proclaimed holy men win followers to narrow and often virulent belief systems in America as well as in Iran and elsewhere. Super-nationalism, intolerance and mental enslavement are too often the unhappy products of these false prophets.

Economic reformers, aware of injustices that poison even advanced democracies, should sympathize with the desperation that drives people to take refuge in strange, escapist dogmas. Where, many ask, is a beneficent God in an age that witnesses starvation

in the face of food surpluses, that dangles a nuclear threat over humanity, that produces a Holocaust?

Burroughs offers answers. Not everyone will accept his critiques of what he considers un-natural theologies. But his scientific approach helps restore a sense of humanity's place in the scheme of things. He corrects distorted notions of social Darwinism, showing how cooperation and service to others can be lifesaving qualities in the struggle for survival.

Burroughs reveals how good emerges from evil, how tyranny gives way to freedom. He deserves our gratitude (as does Lugg) for offering a rational basis for social reformers to remain optimistically persistent:

"Without it (the law of man's moral nature) anarchy would rule and our civilization would crumble and society disintegrate...Those nations will become the most powerful that are the most just, the most humane, that develop in the highest degree of world conscience and realize the most intensely that the nations all belong to one family..."

Walter Rybeck

Intrigued? Then send \$17 for a copy of "Accepting the Universe: Essays in Naturalism" by John Burroughs, edited by our very own George W. Lugg, to Rainbows Books, PO Box 1069, Moore Haven, FL 33471. (Ed. Note: the book happens to be beautifully bound).

Victories [Continued from Page 1]

high box on our desk; it shall be answered, eventually). Then there are some Incentive Taxation issues to get out, too.

So we feel somewhat pressured. But one last word: we want to thank all the contributors who this year exceeded previous contribution records. While the contributions were of course greatly appreciated - they at least equalized what we lost on that October Monday Meltdown - we also especially appreciate the moral support which the higher contribution level implied. Without that financial and moral support, this could be awfully lonely work, this hassling with angry taxpayers and cold city officials.

Steven Cord

"Comments, Causes, Cures"

We have recently received a lively little book entitled *Comments, Causes, Cures* from Benjamin J. Russell. It contains weighty thoughts, lightly put. It can serve as a good philosophical introduction to Georgism.

Benjamin J. Russell is a long-time Georgist and HGFA member, now residing in Mountain Home, Arkansas. It is best to dive into this book at any point; it is not strictly necessary to start from page one and go clear through to the end. It will reward the reader with little inspirations on many topics of current interest. Insights also. Here's a sampling:

"A logical alternative would be to shift these taxes to the value of natural resources and community-produced site values. This kind of tax system has none of the restrictive aspects that taxes on labor and capital have. Among its many advantages is that it automatically provides an increasing revenue as the economy expands."

"The four canons of taxation are: (1) they bear as lightly as possible on production, (2) they be easily and cheaply collected, (3) they be certain, (4) and bear equally on all."

"The application of this two-rate tax system has important benefits to us all. And, as an article in *Fortune* magazine concludes, 'The benefits are not only lasting, but flow to the whole community.'"

This is the kind of book that other Georgists could not only read but write. It is a model for them to follow. It is inexpensive enough to produce. ER readers wanting to read this book should write to HQ; we'll lend you a copy free. If then you want to buy a few, we'll put you in touch with the author or publisher.

Ideas Have Consequences

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