

Equal Rights

Volume VIII, Number 4

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

Summer, 1977

VICTORY FOR FAIRHOPE SINGLE TAX COLONY

The famous Single Tax Colony of Fairhope has been seriously threatened during the past year and it was recently learned that the Alabama Legislature was actually ready to pass legislation to dissolve the Fairhope Corporation. Responding to a special rallying call from LEAF Chairman Floyd Morrow, a 200 letter mailing from Georgists in all sections of the country was quickly on its way, and the pending legislation was killed by the Senate Judiciary Committee of the Alabama Legislature on April 26.

The officers of the Henry George Foundation of America had previously addressed a strong letter of protest to Governor George Wallace. When the latest crisis developed Milwaukee LEAF Director Dr. Arthur P. Becker, Professor of Economics at the University of Wisconsin, wrote Alabama State Senator L. D. Owen, chairman of the Committee on Finance and Taxation:

"I would like to register my strongest protest. Fairhope stands out as an international monument to man's aspirations and economic creativity. It is an outstanding example of private enterprise combining with social responsibility. As such it is something for Alabamians and all American citizens to be very proud of. Please preserve the Fairhope Single Tax Corporation that it may continue to prosper."

Henry George Foundation Schedules Annual Business Meeting

The annual business meeting of the Henry George Foundation of America will be held at the Pittsburgh headquarters on the birthday of Henry George, September 2, at which time seven trustees will be elected by the voting members for a term of three years. This will be followed immediately by the annual meeting of the Board of Trustees for the election of officers for the ensuing year, and for the consideration of reports and whatever other business may be presented.

JOINT GEORGIST CONFERENCE REPORTS PROGRESS

After a few years of ventures with separate summer conferences by different Georgist organizations, the 1977 unified gathering at Geneva Lake, Wisconsin, July 1-5, drew about 150 attenders and featured many prominent speakers and a broad range of discussion. The Schalkenbach Foundation session, chaired by Perry Prentice, included outlines of today's inflationary trend by economist Lowell Harriss, Columbia, and Arthur Becker, Wisconsin, the latter declaring that full taxation of land **would reduce its price by a trillion dollars**, but also stressing monopolies, waste and crime. Political action was emphasized by State Representatives Richard Doyle of Indiana and William Onweiler of Idaho, and also by New Hampshire publisher Richard Noyes.

San Diego Councilman Floyd Morrow gave the opening keynote, and presided for the session of Land Equality and Freedom (LEAF), with a challenge to build large local units. Its panel on "Action Organization" included Californians John D'Alfonso and Terry Newman, Dr. William J. Filante, and Earl Hanson, Utah engineer. Benjamin Smith of Michigan summarized material from his books.

The Henry George Foundation sessions were chaired by President Steven Cord. Following a religious service, conducted by Rev. Wylie Young, the Sunday morning session was filled with the discussion of answers to questions on Georgist economics and current problems — and to a report on hopeful political activities in Pittsburgh. The evening included reports on advances in Harrisburg by Dr. Cord — also promoting nationwide action by his **Incentive Taxation** mailed to numerous public officials; on an exhibit at the convention of the Pennsylvania League of Cities, by Wylie Young; an interesting report by Dr. James L. Busey on his recent trip to New Zealand and on personal contacts with courageous aged leaders in Spain and in England. Everett Gross of Nebraska University presented a diagrammed summary of his thesis on retardation of progress by land speculation.

A meeting of the Board of Trustees of the Henry George Foundation was attended by 13 members who participated in this year's conference: President Steven Cord, James L. Busey, Robert Clancy, Michael Curtis, Dr. William J. Filante, Mitchell Lurio, Floyd L. Morrow, William W. Newcomb, Perry Prentice, Nadine Stoner, John T. Tetley, John C. Weaver and Rev. W. Wylie Young.

Greetings were sent to Executive Secretary Percy R. Williams, planner of numerous national conferences during his 51 years of service, but absent due to present limitation of activities. The report of the Treasurer showed current income exceeded expenditures, securities had high market value; possible steps toward income tax exemption were deferred. Activities across Pennsylvania and Delaware were reported. Tentative approval was given for sharing in financing a comprehensive book by David Hapgood.

Monday's sessions, led by Henry George Schools and educational groups, opened with a demonstration of thought-provoking methods used by Harry Pollard in Los Angeles. In a dramatic reunion among New York leaders, the "toastmaster," Charles Byrne of Kansas City, Missouri, called on Robert Clancy, now heading the Henry George Institute and publishing the international **Georgist Journal**, who introduced Paul Nix, new President of the School. He then called for Philip Finkelstein, its new director, who described both traditional and wide-ranging new types of courses. Other speakers at this session included Morgan Harris, of Culver City, California; William O. Ranky and Henry Tideman, of Chicago, Illinois; Mildred Loomis, of the School of Living; William Newcomb, author of **Conspiracy Against Homeowners and Tenants**; three Canadians — Gaye and Garry Shaw of Alberta, and Tim Fielding of Toronto, publishing **Economic Incentives** quarterly; Wendell Fitzgerald, Leonard Huckabone of Michigan; Noah Alper of St. Louis, and Julian Hickok of Philadelphia.

At the annual banquet Vi Peterson, retiring Executive Secretary of the Schalkenbach Foundation, read George's Ode to Liberty — on its July 4 centennial, and Walter Rybeck, editor of the Urban Institute, and President of the League for

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Editorials

AN IDEA WHOSE TIME HAS COME?

It is well known that change does not seem drastic if one lives with it as it evolves each day. Our cities have gradually become so polluted that in many instances (e.g., Los Angeles, Denver, Phoenix) their residents can no longer enjoy nearby scenic views of mountains, deserts or oceans. But this came on slowly, getting slightly worse each week, month and year. At no time did it seem so much worse than a day or so previously to warrant taking serious action to stop it.

Much the same can be said about increasing crime, decreasing personal security, accelerating inflation, changing social habits, the decline of education in the United States, the spread of illiteracy, the deepening of poverty in Asia, Africa and Latin America, the emergence of degeneracy as a way of life, the contemporary spread of drug abuse, the near disappearance of democracy from Latin America, the disintegration of whole socio-political systems in Africa, the rise in corruption and personal irresponsibility, the decline of the Congress, the pollution not only of the air but also of the rivers and even the great oceans of the world, and even the collapse of the Roman Empire in 476 A.D. All these things occurred very gradually. Each day, not much change seemed to occur. But a century or more later, conditions had been so transformed as to make life unrecognizable.

If one leaves for an extended period, then returns to his or her homeland, the changes seem much more drastic than they would be if the citizen had lived with them as they gradually occurred each day.

I can testify from recent experience to the truth of these observations. On September 1, 1976, I left the United States, and except for a brief visit here in February, did not return until nine months later.

The United States doesn't seem so very different from what it was when I flew to Iceland last September, though some of the problems I mention above seem to have become less manageable.

However, imperceptible improve-

GEORGISTS STRIVING FOR FREE, PRIVATE ENTERPRISE

The foundation of the American economic system is free, private enterprise. As active proponents of our great social and economic reform, Georgists have been earnestly seeking to achieve true economic freedom and to combat all forms of monopoly or special privilege, in order that all the people might enjoy the benefits of a free competitive society and of equality of opportunity.

But many Americans are beginning to awaken to the realization that our economic system is constantly shifting from a private enterprise, free market economy to one that is centrally directed and under government control. Whether it is called managed capitalism, socialism, or a planned economy—the end result may prove to be the virtual elimination of the free market system, because the opposition to free enterprise is strong and well organized.

Special privilege and free competition cannot exist at the same time in the same society. Equality of opportunity cannot exist in a society which grants to some privileges denied to others. Therefore, Georgists say, why not abolish all special privilege and establish economic freedom?

Georgists stand for the ideal con-

ment as well as deterioration can occur. Now that I return from the islands of the Pacific, the Georgist movement in this country seems to have gone through a transformation.

National conferences of Georgists are now being held regularly, each one larger and more successful than the previous. LEAF (Land, Equality and Freedom) is larger and more influential than it was nine months ago, and chapters are forming around the country. A new and very impressive organization, the League for Urban Land Conservation, has been formed in Washington, D.C., with the support of distinguished leaders of social and economic thought. The Henry George Foundation of America is playing a more vigorous role, thanks to new financial support, than it has been able to do for many years. The Henry George schools of California and other states seem to be more lively and more effective than they were last year. Also, a meaningful collaboration is emerging between the educational and the political arms of the Georgist movement, without which there can be no hope of achieving any sort of results from the extraordinary educational efforts of the schools. It seems clear that precisely this essential educational-political liaison is now occurring more notably than ever before. Also, under the dynamic leadership of Perry Prentice, the essential publishing program of the

cepts of Free Land, Free Trade and Free Men. Henry George in a notable public speech, declared: "We must break down all monopolies and destroy all special privilege." Because he felt that "it was impossible to overestimate the importance of the land problem," George concentrated most of his efforts to combating land monopoly by the exercise of the power of taxation.

But great changes have transpired since 1879, when *Progress and Poverty* was written. By means of legislating special privileges, other powerful monopolies have evolved that we cannot afford to ignore or tolerate.

We conclude that modern Georgists should, of course, continue to press for land reform, but should also recognize the importance of preserving free competitive enterprise by combating all forms of private monopoly, whether in natural resources, trade, finance, agriculture or labor. Furthermore, inflation has become a very serious issue in America and throughout the world. Thus, it is surely relevant to Georgists to strive to reduce governmental expenditures, curtail the growth of public bureaucracy, and to reduce the ever-expanding public debt.

—Percy R. Williams

Schalkenbach Foundation is benefiting from the new activity among American Georgists.

On the final front of political effort, which in the last analysis is the one that counts if we are to more than daydream about the single tax, the same renewal of hope is in evidence. Specific measures are before legislators or the people of California, and it is expected that the initiative campaign will soon resume in Colorado. Real successes are being scored in Pennsylvania, and new campaigns are moving forward in Nebraska and elsewhere around the country.

We have a long way to go. Large sectors of the public still do not know about the existence of our ideas. But there is something new in the air; there is a stirring in the direction of the single tax. It is difficult to put one's finger on exactly what is happening, or why. Let us hope the movement is stirring with resurgence.

If so, it will mean that all those brave warriors from Henry George to the present, many of whom almost literally gave their lives for these ideas, have not expended their great efforts entirely in vain.

If we can still make freedom and justice prevail, we will not only enjoy a great psychic reward for our own struggles, we will also have paid a heavy debt to those who preceded us.

—James L. Busey

WHY WE CAN OFFER A BURDENLESS TAX

We are proud to be followers of Henry George, the great American social and economic reformer. Though, of course, not infallible, George made no mistake when he proposed taxation as the best and most effective practical remedy for the evils of land monopoly and speculation. He proposed the land value tax because it falls upon the owners of land as such and cannot be shifted to land users. Thus it was proclaimed by Charles B. Fillebrown, of Boston, a prominent early exponent of land value taxation as "A Burdenless Tax."

But there are some very zealous and intelligent Georgists who profess to believe in a non-shiftable land tax, yet entertain serious doubts or reservations. Apparently, they want to have it both ways, or perhaps do not understand the real purpose that the Single Tax was designed to achieve. Confused perhaps by the familiar doctrine of the ever-expanding rent fund, the argument is advanced that any tax reform, however genuine, will increase land rent automatically not realizing that this is precisely what is meant by "tax shifting." This, of course, would mean that the present private land owners could and would simply increase the rent charged to all land users.

One of the most common notions is that any reduction of taxes on improvements is "capitalized into higher land values, even though at the same time higher land taxes were capitalized into lower land values. This, of course, would only be possible if the higher land tax were shifted to tenants and consumers by raising the rent charged by present land owners. For, it must be understood, private ownership of the land would continue under the land tax system, however high the tax might be raised.

The effectiveness of the land value tax depends upon whom it falls. If it could simply be shifted, it could serve no economic purpose. And a tax is shifted if and when the land owner is enabled to increase the rent by reason of "tax reform."

A tax on improvements of land, or on other products of labor, differs sharply from a land tax because it can be and is passed on to tenants and ultimate consumers, and therefore does not fall on the owner of the land. It is important to distinguish between the land owner and the building owner, even though the latter be the same person or corporation.

If higher land taxes, when imposed, were actually shifted to land users by raising the land rent, we could not offer a burdenless tax. Rent is a tribute

that must be paid by all land users; the higher the rent, the greater the burden. But fortunately, since the land value tax is non-shiftable, we can offer the concrete inducement of lower land prices for the benefit of all who desire to acquire land for productive use. This is possible only because the higher the land tax, the lower is the net rent remaining to the title holder; and hence the lower is its market value because the gross land rent has not been increased by the process of changes in taxation.

There appears to be no empirical evidence to support the theory that Georgist tax reforms tend in any way to cause an increase in the total land rent. This question is often confused by the fact that increasing population, and consequent greater wealth production, naturally tend to cause substantial increases in land rent in various growing areas. Rent is a natural phenomenon; it is certainly not our purpose to try to abolish rent. We simply want to reduce the profits of private property in land by reducing its market value, though not the annual rental value. But we find from our limited experience with actual application, that the tendency toward lower land prices is much stronger where higher land taxes and lower improvement taxes have been imposed. Certainly, it must be granted that higher land taxes exert a pressure to reduce **speculative rent**, which must be a very substantial amount.

To summarize, the land tax is simply that part of the gross rent which is taken by the State in taxation, the other part going to the land owner; the ration these parts bear to one another has no effect upon the gross rent figure. The greater the tax, the smaller the net rent to the owner, and vice versa. Land rent is, as a rule, "all the traffic will bear"; that is, the owner gets all he can for use of his land, whether the tax be light or heavy. Putting more tax upon land will not make it worth any more for use, will not increase the desire for it by competitors for its tenancy, will not increase its market value. It is in vain for anyone to suggest that land owners would be the beneficiaries of a land value tax system, for obviously if the present land owner is to lose nothing at all, land users could gain nothing. The net result would be self-defeating!

— Percy R. Williams

Special privilege dies hard and the craving for it never dies.

— Harold H. McLean,
Pittsburgh, Pa.

Graded Tax League Exhibit at Cities' Convention

As it did in 1974 and 1975, the Henry George Foundation again financed an exhibit on behalf of the Graded Tax League at the annual convention of the Pennsylvania League of Cities, designed particularly to stimulate further interest and support for the application of the differential tax local option plan now available to all 50 cities of the third class by acts of the State Legislature.

This year the convention met in Erie and the exhibit was directed by Rev. W. Wylie Young, who was intimately acquainted with the tax situation in the city of Erie, having directed the very aggressive campaign in that city in the years 1960 to 1964.

Mr. Young reports that the exhibit brought a good response from a number of city officials in attendance, including representatives of Johnstown, Meadville, Sharon, Allentown, Easton and Chester. Next year the Pennsylvania League of Cities will meet in Philadelphia and Wylie Young has volunteered to plan for another strong presentation.

How 80 Years of Inflation Have Shrunk Your Dollar

Consumer prices have increased more than six times over in the last 80 years. Prices went higher in 57 of those years and stayed the same in 10. They declined in only 13, the last time in 1955. The result is that today the dollar that was worth 100 cents in 1897 is now worth only 14 cents.

Consumer prices rose again in May, 1977, at an annual rate of 7.4 per cent.

The True Remedy

If the remedy to which we have been led is the true one, it must be consistent with justice; it must be practicable of application; it must be in accord with the tendencies of social development and must harmonize with other reforms.

I propose to meet all practical objections that can be raised, and to show that this simple measure is not only easy of application, but that it is a sufficient remedy for all the evils which, as modern progress goes on, arise from the greater and greater inequality in the distribution of wealth — that it will substitute equality for inequality, plenty for want, justice for injustice, social strength for social weakness, and will open the way to grander and nobler advance of civilization.— Henry George

The unequal ownership of land necessitates the unequal distribution of wealth.
— Henry George (327)

Henry George School Appoints New Director

Mr. Philip Finkelstein, presently the director of the Center for Local Tax Research, was appointed the Director of the Henry George School of Social Science at a meeting of the Board of Trustees on May 12.

Mr. Finkelstein has served in the Mayor's Office of Administration of New York City as Deputy Administrator, and was a Professor of Political Science at Brooklyn College.

What's Wrong With Labor Unions?

Trade-unionism takes no note of the general causes that determine the condition of labor, and strives for the elevation of only a small part of the great body by means that cannot help the rest.

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

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

— Henry George,
The Condition of Labor

WHY LAND PRICES GO DOWN AS LAND TAXES GO UP

All forms of taxation—other than on land values—reduce man's standard of living. Taxes on production: corporate, income, sales, excise, property improvements, inventory—can be passed onto the ultimate user or to the commodity so taxed.

A tax on land values cannot. A tax on land values cannot be shifted either to the lessee of land or to the occupant of the building on it. Why?

A tax on land values discourages the holder of vacant land from maintaining vacancy and encourages him to put such land on the market, where it comes into competition with improved or tenanted land. Thus a tax on land values, instead of being shifted to the tenant, will actually reduce the tenant's cost of occupancy.

William W. Newcomb,
**Conspiracy Against Home Owners
and Tenants**

THE CASE FOR THE PROPERTY TAX

Wherever state lawmakers assemble these days, they are thronged by educationists and government experts who tell them the urgent need of the hour is to pass major hikes in statewide taxes to provide the citizenry with "property tax relief." Almost invariably the major features of such proposals is the idea that funding of local schools be transferred in whole or major part from the "inflexible" property taxes to "broader-based" and supposedly fairer sales and income taxes.

To judge from this continual uproar, one could only suppose the property tax is the most oppressive levy Americans have to bear, and that it is increasing at a rate above and beyond that attained by other taxes. The truth, however, is just the opposite. While there are legitimate criticisms to be made of property levies, the simple fact is that the aggregate burden of the property tax is considerably less than the burden of other taxes, and that compared to the rate at which non-property levies have been growing, the increase of the property tax is infinitesimal.

Consider the record. In 1902, property taxes equaled some 3.3 per cent of the gross national product; in 1971, they equaled 3.4 per cent. Though the increase in absolute dollar amounts has been great, the proportionate weight of property taxes on the total wealth of the nation has hardly grown at all.

By way of contrast, other forms of taxation have been going through the roof. In 1902, non-property taxes were comparable to property taxes in their total weight—amounting to 4.7 per cent of GNP. But by 1970 their proportion had soared to 31.4 per cent, a seven-fold increase.

— M. Stanton Evans,
Human Events, Feb. 3, 1973

NON-PROPERTY LOCAL TAXES UP 12.1%

Cities, counties and towns increased taxes 12.1 per cent on income, retail sales and motor vehicles in fiscal 1976, the Commerce Department reported.

Commerce also reported local government boosted real estate taxes 9.8 per cent. The surge in local taxes oc-

curred as higher federal income and Social Security taxes reduced workers' spendable earnings 0.4 per cent below the previous year.

Local governments collected \$12 billion in taxes from income, sales and motor vehicle licenses in fiscal 1976 which ended last June 30. This was an increase of 12.1 per cent over collections of \$10.7 million the previous year.

Despite the faster growth in non-property taxes, Commerce said levies on real estate continue to be the major source of local government revenue.

Americans paid \$29.1 billion in property taxes in fiscal 1976, an increase of \$2.6 billion from the previous year.

PERMANENT INFLATION

The most astonishing thing about inflation today is not that it is high or low, galloping or creeping. It is that we have come to accept inflation as a permanent and inevitable fact of life, and more and more are adjusting our lifestyles and workstyles to accommodate it.

Much of the current boom in new housing is attributed to young couples who are mortgaging themselves to the hilt in the thought that housing will never be "cheaper" but dollars will be.

The contracts of most major unions have automatic cost-of-living escalator clauses. Social Security recipients now have the same "inflation insurance." So does Congress—although its members are valiantly foregoing a scheduled cost of living supplement this year in favor of making do a recent \$12,900-a-year increase in their salaries.

Now if Congress should pass an administration-proposed and union-backed bill, the minimum wage will be "indexed" to the cost of living by being permanently pegged as a certain percentage of the average wage in manufacturing.

With each such step the United States is institutionalizing inflation and weaving it more deeply into the social fabric. And with each such encouragement to the self-feeding aspects of inflation, Americans are forfeiting a little more control over their individual and collective destinies.

— Pittsburgh Press, July 21, 1977

JOINT GEORGIST CONFERENCE — Continued from page 1

Urban Land Conservation (Schalkenbach financed) climaxed the Conference with a very hopeful report from Washington, D. C.—its right to separate land and building taxes, affirmed by Congress in 1974; raising of land assessments to 40% of the city's total, and many details of live pro-and-con arguments among leading citizens.

There was general final agreement on continuing the unified conferences—next year in the East; 1979, a Georgist world centennial probably in California—and on reaching more younger and newer attenders. — John C. Weaver