

Equal Rights

To The Earth's Resources

Summer 1982

President's Message

We live in exciting (and exerting) times. First, the victory at New Castle; now, an impending victory in Philadelphia (hope against hope), after months of intense effort. I'm off to testify before the Finance Committee of the Philadelphia City Council on June 22nd, then to Erie at the opposite end of the state on June 30th to testify before a committee of local leaders there. July 12-16: a conference with public officials at Rindge, New Hampshire (again!); then July 16-19 at Chatham for the U.S. Georgists Conference, then off to The Netherlands for the International Union conference (July 26-30).

This year, our members supported the Foundation and CSE more generously than ever before. Contributions reached a new high. As a result, we supported more projects than ever. Two quick for-instances come to mind: Dan Sullivan's Pittsburgh pamphlet went through a second printing, and we have launched a series of six ads in national magazines! The report we prepared for the Philadelphia City Council cost a bundle, etc.

While we're thanking our annual contributors for their generosity, let us not in any way forget our bequestors. The Endowment Fund got its first large boost in 1958 when Congressman Charles Eckert bequeathed us \$25,000 in his will. Other large donors have been Lucien Wilcox (Iowa) - \$20,000 - and Stephen Cronan (Chicago) - \$33,000. Just this past year Jack Tetley's HGS/N.J. donated \$25,000 and Bill Newcomb entrusted us with his Media Foundation for Land Economics (assets \$7,000).

Incidental note: the Media Foundation for Land Economics, Inc. is an IRS 501

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Philadelphia City Council Holds Public Hearing 6/22 on LVT Bill

Keep fingers crossed - Philadelphia city officials are seriously considering adopting a two-rate property tax. We're suggesting 6% on buildings, 9.11% on land.

City officials asked us to submit a report to them on what the impact of a land value tax would be on various types of property owners. Every city wants such a study before adopting a land tax.

CSE or HGFA contributors who want a copy of the report for use in their own towns can request same from headquarters.

Philadelphia would be a nice addition to our growing list of Incentive Tax cities. After all, we haven't had a real-world victory for nearly six months. . . .

Utahns For Tax Reform

Earl A. Hanson, Secretary (P.O. Box 207, Cedar City, Utah 84720), reports that the Cedar City Council adopted a resolution to present to the Utah State legislature and acknowledges the valuable assistance of Dr. Harold Hiskey who is on the City Council and is also Dean of the School of Business and Technology at Southern Utah State College. The resolution follows:

WHEREAS the present Utah property tax on land values within cities is so low that resulting land speculation retards development, and

WHEREAS the property tax on buildings and improvements is a deterrent to development, particularly in the business area of cities where land values are highest, thus discouraging free marketplace development, and

WHEREAS the bureaucratic method provided by the State Legislature to encourage redevelopment by cities requires intensive local government involvement and in some cases, subsidies from property tax revenue, and

WHEREAS reform of the property tax will correct the present conditions by giving marketplace forces the opportunity to meet the needs of cities,

BE IT THEREFORE RESOLVED, that the Utah Legislature be urged to provide a constitutional tax amendment for voters in 1982 that allow

municipalities to impose different tax rates on land and on the improvements thereon, thus rewarding those who put property to good use while penalizing "slumlords" and land speculators, and at the same time stimulating housing construction and rehabilitation of decaying municipal business centers without subsidy.

LVT Conference in Albany

Five Georgists met with New York State officials for an all-day seminar in Albany on March 1, 1982. The officials generally expressed agreement in principle but said that no action in this legislative session can be expected.

They don't want to touch the property tax for a while, not even to allow the two-rate local option which we were asking for. But we will continue to maintain follow-up pressure, at the very least by sending them "Incentive Taxation."

The five Georgists in attendance were: Marvin Morris, organizer of the seminar; Kay Wheat of the Site Revenue Committee of Rochester; Al Hartheimer, former mayoral candidate in Albany (among other attainments); Larry Spancake of the Center for Local Tax Research; and Steven Cord of HGFA.

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Equal Rights

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

Editorial

SELLING THE NATION'S RESOURCES

FROM THE FRYING PAN INTO THE FIRE

The Manhattan Institute for Policy Research (represented by, among others, George Gilder, author of *Wealth and Poverty*) recently sponsored a forum to discuss the Reagan Administration's plan for "privatizing" (i.e., selling) a substantial portion of the nation's publicly-held land and natural resources. Consequently, the emphasis of this forum keyed on government's effectiveness in its stewardship of the nation's land. The Manhattan Institute posed the questions as follows:

Do politicians and bureaucrats conserve, manage and plan for the use of natural resources more responsibly than private property holders? Are wilderness areas best preserved from ecological harm by the government or might private environmental groups do a better job?

Supporting the view that government ownership and management of our lands has produced incredible mismanagement was testimony from John Baden, Director of the Center for Political Economy and Natural Resources at Montana State University:

Private firms that engage in such wasteful behavior are quickly separated from control of productive resources: they go bankrupt. There is no analogous mechanism for separating inept bureaucrats from the publicly owned resources they control. That's why the government can engage in the environmentally destructive and economically irrational practices that it does, and that's why we should privatized federal lands.

Along the same lines, senior economist of the Council of Economic Advisors, Steven Hanke, used a long quote from Adam Smith to support his view that "land like all other

resources, is most productive when in private hands". Mr. Hanke also went on to detail a program for the sale of public "grazing lands" under which the land would be first offered to current users based upon capitalized rental values. Land not purchased by the above users would be sold at auction to the highest bidder. A primary goal of the administration here is to transfer the tax base from the federal to the state and local governments and, simultaneously, generate substantial revenue from the land sales.

Surprisingly, another topic raised during the forum concerned the historical role of a "landed aristocracy" in both Europe and America. William Tucker (author and former *Harper's* magazine editor) chastized European aristocracy for that continent's long period of economic stagnation.

However, my interest peaked as the discussion moved on and William Tucker explained why the federal government took the "role of the landlord". Appalled at the increasing destruction of western lands by private interests, men like Theodore Roosevelt and Gifford Pinchot initiated legislative measures which brought the nation's undeveloped land under federal control and, as Mr. Tucker explained, gave the government power to "collect the rents".

Our problems, said Tucker, occurred as government attempted (long before Keynes, I might add) to also assume the role of "capitalist as well". Argued Tucker:

Bureaucratic enterprise . . . develops dams and reservoirs. . . Government stops charging a rent and, ultimately, doesn't even charge profit. The Government then becomes the greatest exploiter of resources because it's not charging the proper price for their use. Indeed the whole society plunders the resources base, because there is no strong landlord collecting the rent.

Thus, Mr. Tucker showed signs of having once been influenced by Henry George (or, at least David Ricardo).

The Manhattan Institute forum raised many of the same questions which have been raised by Georgists for over a century. A major political and economic battle is now coming to the forefront of our society. Georgists

must unite in an effort to directly impact the outcome. We cannot remain in the background. We should not remain silent.

ED DODSON, Philadelphia, PA

* * * * *

A transcript of the above-referenced article is available to members of the Council of Georgist Organizations, 5 East 44th Street, New York, New York 10017, or from the editors of "Equal Rights".

Nadine Stoner Makes Presentation

Excerpt from Presentation by Nadine W. Stoner, President, Wisconsin Property Owners League-Beloit Chapter Sat., Oct. 24, 1981, Madison, Wis. Urban Housing Seminar Sponsored by the Board of Church and Society Wisconsin Conference United Methodist Church.

In the past we have used income tax revenues sent to Washington and back again to try to renew our central business districts and to subsidize housing. Those are revenues that could be spent to fund human services if we remedied the basic malfunctioning of the property tax. With all buildings in the municipality untaxed, and with local revenues raised from site values only, the entire municipality is under the incentive to rejuvenate and rehabilitate without having extra property taxes levied on the improved buildings. That provides some investment security to privately financed construction, as an entire neighborhood starts to fix up and perk up.

Also, as buildings are untaxed, it becomes economically feasible to rebuild on the higher value older city lots. This helps remove the pressures to develop on the urban fringe and consume more farmland. Slowing the urban fringe pressures for development, because the inner city lots are now economically feasible to redevelop, slows down land speculation on the urban fringe of the municipality.

John Kelly Good Proselytizer!

John Kelly, HGFA trustee, has made contact with the editorial staff of his hometown newspaper, *The Scranton Times* and has fed them information from *Incentive Taxation* which they have reprinted from time to time and he himself has written a guest column on occasion. Would that we all do likewise.

Readers' Forum

LVT A Just Cause

When one speaks of Land Value Taxation, he would be incorrect in calling it a land tax, but a land value tax. I say this because the amount of the tax is not determined by how much land is being taxed, but on the rental value of that land.

What I can do at this time is to keep working for the cause for which Henry George gave his life, by writing letters to anyone I think might be interested in what I have to say about the matter. In my work here in Ark., I have had a lot of favorable comments on my letters to the editor of our local paper.

The cause for which we work for is a just cause, and I believe in it with all my being, and there is no power in this world or in the world to come that will ever convince me that I am wrong. It is my hope that someday, the citizens of our country will somehow come to an accurate knowledge of the truth concerning this matter, and act accordingly.

Henry H. Finley
Lake City, Art.

Persistence Pays Off

I wrote several letters to the Editor of the St. Petersburg Time and have had over 50% of them published. I think the editor is becoming Georgist-minded and I have had more published lately than I had at first.

Wayne Berry
St. Petersburg, FL

HGFA member Emerson Vincent Smith has written a series of short essays on the philosophical aspects of the taxation of land values. They have the virtue of expressing viewpoints somewhat new in Georgist literature. Members of the Foundation who wish to obtain a free copy of Mr. Smith's essays can write to us or to him directly: 5183 North 20th Street, Kalamazoo, Michigan 49004.

Any member of the Henry George Foundation of America or the Center for the Study of Economics who wishes to see the latest semi-annual financial report of either organization can request same of headquarters and will receive them by return mail.

This Way to Freedom & Justice

by Jay Seagee

Every fifty years the Biblical Jubilee gave each family the right to use (for fifty years) land needed to provide food, clothing and shelter. Annual economic rental value of sites, land or other government-granted-monopoly-privilege (which could be determined by free market bidding) would in the late 1800's have produced sufficient revenue for local, state and federal legitimate government functions with the same net justice results intended by the Jubilee.

This would eliminate one basic cause of most involuntary poverty and involuntary unemployment and a number of related evils (including slums, much crime, much disease, some inflation, cause of most wars and socialist-communist - dictatorial governments, etc.).

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



GUINDON '11

"Let's divide the earth up into little squares and sell them."

Income and Taxes — The Distinction

Here are two men of equal incomes — that of the one derived from the exertion of his labor, that of the other from the rent of land. Is it just that they should equally contribute to the expenses of the State? Evidently not. The income of the one represents wealth he creates and adds to the general wealth of the State; the income of the other represents merely wealth that he takes from the general stock, returning nothing.

— Henry George, *Progress and Poverty*

Albany (continued from page 1)

Surprisingly, the Georgists found that economic development has a bad image. To be sure, no one wants unemployment and everyone wants a growing income, but they want those things without developing urban land. They want to live in an English country garden with maybe economic development taking place in the clouds somewhere. So the relevance of land to jobs and income has now got to be spelled out beforehand.

The chief objection in the minds of the public officials was, "what about the farmer?" There is no doubt that farmers will pay more with a land value tax — they own so much land. One way we can meet the problem is with this device: If farmers now are paying, say, 15% of the district's property tax, then they pay no more than 15% of the district's property tax after the introduction of the building-to-land tax shift. This can be done by varying the agricultural tax rate or by granting an additional assessment exemption to farmers. In ensuing years, they pay no greater a percentage of the property tax than what they would pay if land and buildings were taxed at the same rate. As a last resort, we can ask that a two-way property tax be available only to cities of 10,000 population or more.

The state officials made one cogent suggestion: if land taxers can get a city council in New York (New York City, for instance) to pass a resolution requesting the state legislature to pass an LVT local option law, such a law would more than likely be passed.

This would also work in other states needing such state enabling laws. Equal Rights readers are asked to comment on whether this would provide a practical way for defusing the opposition of farmers to the single tax.

HENRY GEORGE ON THE ULTIMATE RESOURCE

Henry George completed his major work, *Progress and Poverty*, in 1879. In this treatise he set forth his findings concerning the question of population growth and "the limits of subsistence." Readers will note the similarities of George's position to that of Professor Julian Simon whose book, *The Ultimate Resource*, we reviewed last week. It is a sad commentary on the state of the study and the teaching of economics that this issue has not been put to rest.

American Institute for Economic Research 3/22/82

Excerpts of Letters to Newspaper Editors

THE NEWS

1/21/82

Replace income tax

Steven Hartz, assistant U.S. Attorney, was quoted as saying, "It's so unfair to have people cheating (in their income tax returns.)" He's so right. Not only is cheating unfair but the income tax itself is unfair. This unfairness can be prevented by phasing out the income tax and by replacing it with the system of Land Value Taxation (LVT) advocated by Henry George in *Progress and Poverty*.

LVT is one of the fairest taxes ever devised. It is practically impossible to cheat under LVT. Unlike money, jewelry and other personal property, land cannot be hidden or transferred from one state to another. The tax is based on the value (not the quantity) of land. The value of each parcel is a matter of public record and can be easily challenged if out of line.

Sales and excise taxes result in higher selling prices, constituting a higher cost of living for everyone.

Bruno J. Eichert

Fort Lauderdale, FL

Message (continued from page 1)

(c) 3 educational foundation. Georgists eager to contribute to an effort to get publicity in the magazines, newspapers, television and radio should know that their contributions and bequests to Media Foundation for Land Economics are 100% tax deductible.

See you at the Convention in Pittsburgh's Chatham College, July 16-19!

Steven Cord

KALAMAZOO NEWS

1/15/82

Tax Laws Dishonest

Because of scandalous undertaxation, the wealthy owners of the large landed estates are able to pocket for their private use the bulk of these community earnings and get still richer without labor while they manipulate the legislators to put nearly all taxes on the backs of labor and private capital.

We, the public, have been an accessory to this greatest crime of stealing. Let's establish honesty in our tax laws and enjoy this wonderful prosperity that would follow.

A recent partial test of this Henry George move toward honesty in tax laws was tried in Pittsburgh. During the period of trial, 1978-80, the value of building permits taken out in the city increased from \$89,264,159 to \$297,484,884 - over 300 percent.

Another effect of this reform is that wherever tried it causes slums to evaporate, and without government subsidiaries. If space permitted, I would tell you of many more successful trials of these principles. Learn more about this open door to opportunity.

You have been praying, "Thy Kingdom Come, Thy Will be Done on Earth as in Heaven."

This Henry George tax reform is a move toward helping God fulfill that prayer. Please help us Georgists establish honest prosperity-creating tax laws.

Emerson Vincent Smith

Kalamazoo, MI

One can still write letters, even if unable to contribute money to the cause.

Equal Rights

Center for the Study of Economics

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Editorial from THE CAROLINIAN (NC)
Wilbur Johnson, Columnist, Has Challenge For Area 2/25/82

Wilbur Johnson, of Raleigh, who is author of "The Needle", a column carried in The Washington New Observer, Washington, D.C., claims that mis-education, across nation-wide boards of education, is turning America into a society of "thieves or functional economic illiterates."

Johnson, contends that American leadership have not "established correct priorities in the process of surviving."

"They never heard of, or read 'Progress and Poverty' by Henry George, 'The Theory of Human Progression' by Patrick Dove, and 'The State' by Franz Oppenheimer," accused Johnson.

"Had these books been the tools of every educator's trade; the present economic crisis would never have occurred," is Johnson's basic belief.

So strong is his belief, Johnson is willing to bet he is right. He has opened a challenge to anyone to refute the ideas of Henry George.

Johnson's wager is based on Logic, and if anyone can logically prove Henry George's ideas wrong, they can win \$5000.00.

In his logical argument, Johnson presents two true premises: which conforms to all the rule of validity; then deducts a conclusion that represents a Universal Law of Nature.

Johnson's conclusion is: "Land and all special privileges should be excluded from entering into the exchange system as a source of private profit. Land or site value taxation is the most efficient method to accomplish this result. Johnson believes that land, used as a source of private profit, divides the world into the "haves" and the "have nots".

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BEQUESTS SOUGHT

Georgists all over the country should give serious consideration to leaving a bequest in their wills to this organization.

Your attorney can advise and assist you on how to include C.S.E. in your will.

Mr. & Mrs. Norman BROWN

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