

Equal Rights

To The Earth's Resources

Summer 1983

National Conference in Goleta, Cal. July 14-17, 1983

The annual conference of all the Georgists organizations will be held July 14-17 at the Francisco Torres conference center in Goleta, California. A full program has been planned and there will be time for recreation.

The annual meeting of the Henry George Foundation of America will take place at the conference on Saturday afternoon at 3 p.m.

The usual stimulating good time will be had by all Georgists attending. Come and talk with others who share your philosophical outlook.

See you there!

HGFA Obtains Historical Marker for Henry George Birthplace

The Foundation has just been notified that the Commonwealth of Pennsylvania has voted to put an historical marker in front of the Henry George Birthplace at 413 S. 10th Street in Philadelphia. The sign will cost the state about \$800 and hopefully will be put into place on September 2, Henry George's birthday, with appropriate public ceremony.

The state's Historical Commission approved only five historical markers to be erected for this year, ours among them.

About six months ago, Steven Cord read an article in his local newspaper about Pennsylvania's historical marker program and promptly wrote away to the director of the program suggesting a marker for the Henry George Birthplace.

The Foundation's first task when it was established in 1926 was to buy the Birthplace, which at that time was being used as a rather rundown boarding house. For many years it gathered much-needed revenue for its programs from the rents collected from the tenants in the building. In 1957, it sold the building to the Henry George School for the \$7,000 which the building cost in 1926. The building has since been used as a museum and also to hold P&P classes. When in Philadelphia HGFA members are urged to drop in at the school and look around. George Collins, school director, and staff will be there to give you a big hello.

George Collins (HGFA Trustee) has recently obtained official status from the federal government for the building as an historical monument.

Georgist Writers Requested

The Center for the Study of Economics has received a request from the editor of International Social Science Review for articles on economics. If there is a reader of Equal Rights who would like to comply with this request, please get in touch with Dr. Panos D. Bardis, University of Toledo, Toledo, Ohio, or you could write the Center first and we will send you a copy of the publication.

We need to reach the opinion makers.

"What Can I do?"

This is an oft-heard complaint - we want to do something, but what's to be done? Well, this article will help you out in this respect.

Why not start a newsletter? Why not mail out 50 copies bi-monthly to friends, prospects, public officials you hope to visit personally, etc. Put in your own ideas or copy from the existing publications already publishing. A neatly typed two-page newsletter will do the trick. Your Foundation will advance a \$60 grant toward any member making a detailed request.

The first thing to do is to make up your mailing list. Then get out the first issue. You can count on a 10¢ cost for photocopying for each newsletter mailed out, also 20¢ for stamp, 4¢ for photo-offsetting a suitable logo, plus 1¢ for the pre-typed label. That adds up to 35¢ x 50 copies x 6 issues = \$105 a year.

For addressing, get stick-on labels (peel-off type) on an 8 1/2 x 11 sheet, 33 labels per sheet, which are typed and then Xeroxed in triplicate.

Remember to have fun. Also get results by visiting your political prospects.

Furious Efforts in the Antipodes!

Our Georgist colleagues in Victoria, Australia are not resting on their laurels. They maintain a constant campaign of letter-writing and report-writing in the newspapers of their state. Perhaps this is why they obtain concrete results - real-world adoptions.

For example, in the seven month period between May and November 1982, 23 Georgists in Victoria placed 48 letters to the editor in newspapers and magazines plus 16 news reports. The letters totaled 398.75 column inches and the reports totaled 261.67 column inches.

How about American Georgists doing likewise? We have nothing to lose but our ink, and we have a world to win!

(see pg. 2 for outstanding example of one of America's most prolific, "one-man gang" letter writing efforts).

BEQUESTS SOUGHT

If the work of the Center for the Study of Economics is to expand, then Georgists all over the country should give serious consideration to leaving a bequest in their wills to this organization.

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

Memorial Gifts

C.S.E. also welcomes memorial gifts and remembrances for special occasions.

Equal Rights

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

WOULD A BUILDING-TO-LAND RATE PROPERTY TAX SHIFT RAISE LAND PRICES:

Suppose a city should lower its building tax rate and raise the tax rate on land assessments sufficiently high to make up for lost building-tax revenue. . . .

The question is: what affect would this have on land prices? One knowledgeable critic, D.H. Clark, writing in the 1961 report of the Canadian Federation of Mayors and Municipalities put together by landtaxer H. Bronson Cowan, maintained that land prices would rise, and although his reasoning is involved, it is not complicated and we might do well to consider what he had to say when the tax on buildings is transferred to a tax on land:

"I would have to doubt that land prices would be driven down. In my opinion, some land would go up in value while other land would decline. It is quite easy to see how the price of a particular parcel of land could rise following the introduction of site taxation if one understands the income residual process by which investors establish land values. Let us assume, for example, that there is a vacant lot in an apartment area and that the highest and best use of the land under composite taxation if for a two-story apartment. Let us further assume that the net income before depreciation attributable to the property is \$7,000 that the building would cost \$60,000 and have an economic life of 50 years so that the rate of depreciation would be 2%, and that the rate of return on capital invested in apartments is 8%. On the basis of these assumptions, the required return on the building would be 10% of \$60,000 or \$6,000 and the residual income attributable to land would be \$7,000-6,000 or \$1,000. The capitalized value of the land would be $\$1,000/0.08 = \$12,500$. Now let us assume that site taxation is introduced, and that the only change is that the total property taxes are reduced by \$200. The net income before deprecia-

(continued on page 6)

Prodigious Letter Writer Roland Ballen

PALO ALTO

THE PENINSULA TIMES TRIBUNE,

A free-market solution

RENT CONTROL is very desirable; but this is not to suggest that it can be achieved through legislation. Dealing with differences through force of law is not likely to make losers happy.

It seems that none of the rhetoric that has been broadcast concerning the rights of tenants and landlords has recognized that effective rent control can be achieved without the aid of government.

Suppose a landlord owns a rental apartment complex. He lives there himself. He sets his rents to yield a profit. The unit he occupies yields no profit because as owner he lives there at cost. He may decide to sell a half-interest in the enterprise. His partner will have equal right to occupy a unit at cost.

Now, the partners decide that they would prefer not to have so much of their capital invested in housing. They form a mutual ownership housing corporation. All

The futile focus on jobs

JOBS! JOBS! JOBS! Throughout the 20th century the Establishment has assured us that we can have full employment. During this time there has been an insistence that we dedicate ourselves to generating profits through creation and use of labor-saving machinery.

It makes more sense to build insane asylums to accommodate all the innocent souls who subscribe to such nonsense.

According to the Bicentennial Edition of Historical Statistics of the U.S., the total population of our nation in 1900 was about 80 million. Approximately 30 million persons comprised the agricultural population. By 1970 the total population had increased to 203 million. The farm population had been reduced to 9.7 million. The 1980 figure is substantially lower.

What happened to all the people farm machinery displaced? Millions of them moved to joblessness, and to occupy slum properties in cities. Slumlords have gained wealth at taxpayer expense.

With the present quality of economic thought, there will never be full employment. The need is for elementary knowledge of economics. This is a colossal order. Those who have become prominent as economists have not provided answers for which there is eager demand.

It is much too late to solve our problems with jobs. We need widespread ownership and democratic control, of the natural resources provided by nature, God, the creator, or whatever force you believe put us on earth. Through ownership of natural resources, and the capital extracted from them, we can gain income which unmarketable labor can no longer yield.

The elderly's legacy

Poverty, crime and war have plagued the world throughout history. Issuing food stamps, building larger prisons, or creating more devastating bombs will not eliminate these threatening forces.

We are frequently reminded that, "What made our country great is free enterprise for profit." How free it really is has, during recent years, been effectively demonstrated worldwide by OPEC nations, and in the local market by real estate speculators.

Whether society will conquer its problems, or be destroyed by them, requires some rethinking about what is right and what is wrong. The challenge

Transform tax laws

Mathematicians, physicists and engineers have contributed heavily in making fantastic space exploration possible. But, our economists still exhibit jungle dweller mentality when it comes to solving threatening, down-to-earth problems.

Bananas growing on an uninhabited

Talking dog sense

A New York friend has a talking dog. In a recent conversation with his master, the dog said, "It is reasonable to assume that, whenever investors buy occupied, rental real estate, they are not thinking about rendering better service for less rent. They invest because there are profits to be gained by pricing low-income, young and fixed-income, re-

Owning nature's gifts

If Earth's creation had not preceded man, there would have been no place for anyone to stand, run, hunt, plant or mine.

If Earth had not been equipped to nourish life, human beings would not have temporarily survived.

If Earth had not outlasted generations of man, it could not have accommodated bodies of the dead.

So, what is this real estate concept, which entitles some to exercise prior claim to hold, sell, rent and deny occupancy to other people?

What are these legal land claims which entitle the dead to direct the future of the living?

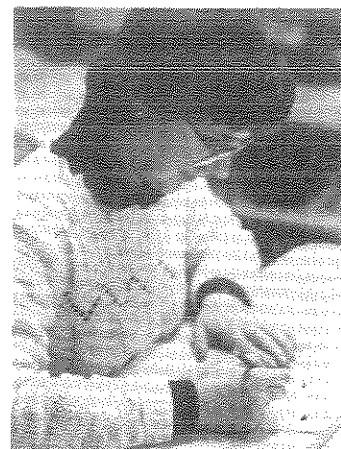
Why should some, to the exclusion of others, own the gifts of nature?

What is it that encourages intelligent people to tolerate, advocate, and perpetuate this nonsensical, basic cause of poverty, crime and war?

ROLAND BALLEEN

4290 WILKIE WAY
PALO ALTO, CA 94306

Behind the Scene at HGFA Headquarters



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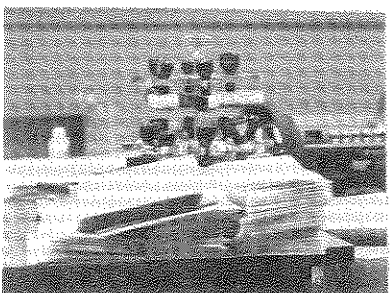
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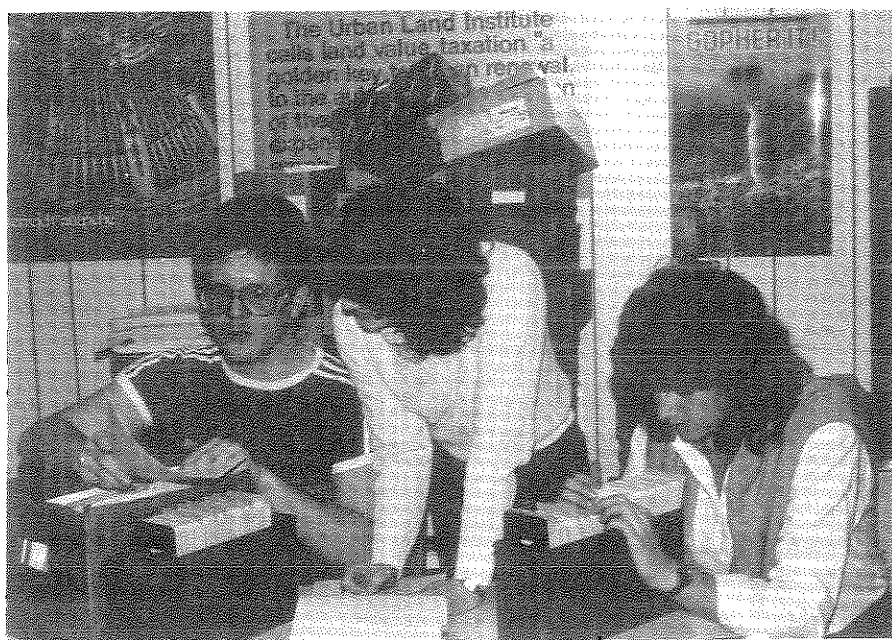
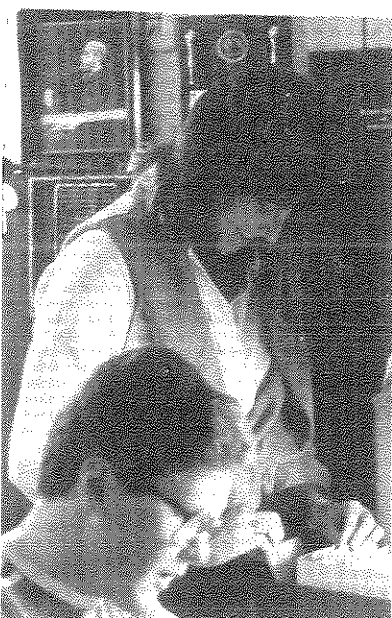
1. Joanne Smidlein - paste-ing up an issue of **IN-CENTIVE TAXATION**. 2. Our president - conferring with office staff. 3. Glea Foor - our Office Manager, talks with Tom Butler. 4. Daniel Cord - sending out a mailing. 5. Outgoing mail pile at end of day. 6. Susan Smidlein and Tom Butler. 7. Tom Butler, Glea Foor and Susan Smidlein - office staff on Wednesday nights at HQ.



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Readers' Forum

The Power of Truth

As I read an article in the latest issue of *Equal Rights*, I was impressed very much by a quote from an essay of Lyndon LaRouche by Ed Dodson. The quote I am referring to was as follows:

"If the United States becomes a fascist, totalitarian state, it will be chiefly the 'free-market-economy' dogma of Milton Friedman, which steers U.S. government policy in that direction. The demand that developing nations submit to the murderous austerity of an IMF Super government's dictatorship -- all in the name of 'economic freedom'! -- is the issue being used to steer the U. S. government in the direction of a Nazi-like Foreign Policy against the 'Non-Aligned nations group.'"

This made me think of a statement made by William Ebenstein in his book entitled, "Today's Isms." I quote from Page 83, Paragraph 3, as follows:

"... the danger in a democracy like the United States is not outright fascism on the German, Italian, or Spanish patterns, but the insidious and unnoticed slow corroding of democratic habits and institutions by pre-fascist and pro-fascist attitudes. Huey Long, who as governor of Louisiana in the early nineteen thirties set up the nearest thing to a fascist dictatorship in the United States, once jokingly said that if fascism ever came to the United States it would be under the slogan of 100 percent Americanism. Long was right: the open self-confessed fascist will not get a sympathetic hearing in the United States, because the verbal symbols of fascism are identified too profoundly with evil in the American mind. ...

The danger of not recognizing this pre-fascist attitude is that, should it become full-fledged fascism (as it well might be in an economic depression or in some other disaster of the sort that periodically shake men's faith in democracy), recognition of it as a threat may come too late for those whose earlier diagnosis of the disease was too charitable."

I cannot help but get a sick feeling deep in the pit of my stomach that the United States is traveling on that disastrous road to fascism right now. Many of the people I come in contact from day to day are openly advocating some well known traits of fascism. Many times I have been called a rad-

ical and a Communist for speaking out in favor of the democratic principals of equality, liberty, and freedom as taught by Henry George, and for speaking out against such evils as distrust of reason and logic, denial of basic human equality, lies and violence, Government by a wealthy elite, totalitarianism, racialism, etc. As a matter of fact, I was harassed to the point that I was forced to quit my job, with no prospect of future employment. Because of my views, I have been unable to find any employment for about three months. I don't know what I'll be able to do, but hang on here and keep trying to find work. Now I know how Henry George must have felt during the first years of his marriage as one day when he left home in search for some money.

Even though I find this condition hard to accept, I know that it will never change my views concerning the great truths that Henry George kept, even to the last moments of his life --

that truth will probably be repeated many more times, before it is ever accepted. But as Henry George so eloquently stated, it will find friends - those who toil for it, suffer for it, if need be die for it. **THIS IS THE POWER OF TRUTH!!**

I also think of something else he said, "Whence shall come the new barbarians? Go through the squalid quarters of the great cities, and you may see, even now their gathering hordes! How shall learning perish? Men will cease to read, and books will kindle fires and be turned into cartridges!"

Just this last Friday night I took part in an auction where a stack of Playboy magazines brought eleven dollars, and I couldn't get a one dollar bid on a complete set of World Book Encyclopedias. A large family Bible sold for a paltry sum of three dollars. It is next to impossible for one to give a good book away, much less sell it, and old comic books will bring sums of money that are truly amazing. One thing tells me that the decline of civilization as spoken about by Henry George, is entering its final phase: is that more and more people I meet from time to time openly brag about being ignorant concerning some matters. It seems that ignorance, apathy, complacency and indifference concerning the Cause and Remedy for Poverty and related evils have come to be looked upon as Virtues, and one who speaks out against those evils is, by most people, looked upon as a nut of some kind.

I hope you print my letter in the latest issue of *Equal Rights*. I get a lot of enjoyment from reading your great little paper.

Henry H. Finley
Lake City, Ark.

A Reply to Friedman

The following is extracted from a letter to Dr. Milton Friedman from HGFA member James W. Frederiksen, M.D., Chicago, Ill., regarding Friedman's article "Good Wealth, Bad Wealth," in *Newsweek*, August 10, 1981. "If Henry George could have read it, he might have been inspired to compose a variation on your example of the factory owner and the taxi cab medalion owner . . .

"Henry George might have pointed out that the government can create a 'shortage' of land by allowing commercial site owners to speculate, just as it can create a 'shortage' of taxi cab services by limiting the number of medallions issued . . .

"For many years you have rightly attacked government policies which infringe on economic freedom. Allowing site owners to profit from community created site values not only infringes on economic freedom, but also may be the most salient example of how government "... can create artificial riches -- and can harm the community as a whole." I would like to ask, therefore, whether you think site value taxation would help reduce or eliminate such "artificial riches" while stimulating improvement investment and generating tax revenue at the same time?

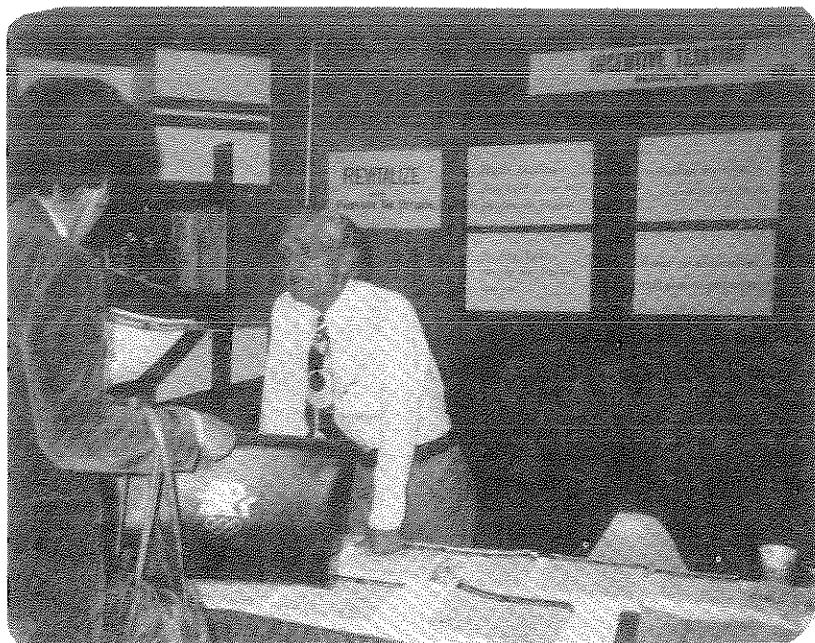
... the question of how much revenue site value taxation could generate from sites currently being utilized seems not to have been addressed seriously by most professional economists, the news media, or the government. For example, to my knowledge, there has not been published for any major American city, a study detailing how much money the owners of commercial sites pocket annually for granting permission for these sites to be used. Were this data available, a city government could determine how much "artificial wealth" it could tax away from site owners, without altering what persons producing on those sites already are paying for permission to use them.

Thank you very much for your consideration of these questions. I look forward to hearing from you.

Shown Proselytizing is Wilbur Pereira Nat. League of Cities Convention, 11/82

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Colorado Springs Sun, 11/1/82



A Far-Reaching Policy

After decades of studying tax problems, I have come to the conclusion that our country could benefit from a property tax system which falls increasingly upon land values only.

As applied to the land value tax system, the word "land" means, as Alfred Marshall pointed out, "a free gift of nature" and excludes all improvements.

The socially created value of land, known as economic rent to all students of economics, is growing day by day in our society. This truth was originally discovered by David Ricardo, an English economist, but was comprehensively developed by Henry George, an American economist, in the late nineteenth century. Nowadays, especially since the postwar period, this truth is getting more and more clear.

Should we gradually levy a heavier and heavier tax on land value only, the revenue sources at large would be more and more; thus eventually the revenue collected from land values would be sufficient for supporting any expenditure for all levels of governments. This is a mathematically sure consequence, but has been overlooked by the public and even most economists.

Since we could derive enough revenue from land values only, we should decrease or, in due time, even abolish other taxes levied on capital, buildings, machinery, etc. This would certainly reduce the price of all those consuming goods in our daily life.

Our cheaper cost of production would certainly enable us to export our products much more easily.

When we reduce the taxes on capital in general, it would automatically reduce the cost of investments, providing added incentive for those small or marginal investors to invest or save. With more available capital for production, we would eventually be able to increase the supply of all kinds of products at lower cost.

Furthermore, under this tax system, we would be able to reduce or perhaps eventually abolish our personal income tax system, which has gradually been the backbone of the tax structure for the United States since 1913. But where did we get the idea of income tax? It was originally advocated, or even invented, by the founder of communism -- Karl Marx.

This far-reaching policy should be applicable even to the program of foreign aid. All those underdeveloped countries have one vital situation in common -- most of the lands are monopolized by the privileged groups and leave the vast majority with very limited available places to work on. Yet, they are constantly desiring foreign aid from the United States. When they approach us again for this purpose, it would be the best opportunity to tell them: "We like to help those who should help themselves first with a good tax system on land values."

JASON F. CHANG
Civilian Professor
U.S. Military Academy West Point, NY

According to news reports, the Colorado Springs Chamber of Commerce and Board of Realtors favor the proposed county sales tax, whose revenues are to be shared with municipalities.

This is understandable. If approved, the county sales tax would make money for speculators in land, who are represented in the Chamber of Commerce and Board of Realtors.

The reasons are simple. A county sales tax would help to finance the building of roads, improvement of public building and other county-city installations, purchase of capital equipment for county-city projects, and general physical betterment of county-city facilities.

The effects of these developments would be to enhance land values, improve the chances for land speculators to make money without any effort on their part, and generally to subsidize wealth accumulation by land monopolists at the expense of the taxpayers of El Paso County.

This is not to say that such improvements are undesirable. It is to say that landowners who will especially profit from them should also pay for them. To do this, the urban property tax should be shifted from improvements to land values. A sales tax subsidizes wealth accumulation by landowners whose values increase as a result of civic improvements.

The proposed sales tax penalizes everybody for the profits of a few. It must be defeated.

James L. Busey
Manitou Springs

Land Holder Hidden

Do you see the landlord behind the boss and the worker?

Land rent is produced by the conscious and unconscious co-operation of all people.

Landlord One who pockets the community produced product: Land Rent. (site, location or ground rent)

Without people, what is land worth? Isn't land under everyone and everything?

What can you make or do without it? Note how news media and government agencies and the tricks used in the classes on economics hide the land holder.

Robert Sage
Sun, Arizona

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

Publications Available

Our Foundation offices are gradually filling up to the overflowing with various pamphlets, books, reprints, articles, etc. We would be glad to distribute them to our readers, and I think our readers would benefit from having them.

The following is a list of these publications with prices following:

1. "Nation's Cities" reprints - \$1.00
2. "Land Rush: A Survey of America's Land" by Peter Meyer, an article in Harper's Magazine (Jan. 1979) - 25¢
3. "Land Speculation and How to Stop It" - Reader's Digest reprint (July 1962) - 10¢
4. "Expected Effects of the Land Tax on Harrisburg's Future Development" a study of C.S.E. - \$1.00
5. "Special Issue on the Land Problem in America" - House and Home (Aug. 1960) - 50¢
6. "1,000 Words on Why we Should Tax Land Values More" - article by Steven Cord - Free
7. "Self-Supporting City" - an envelope size mailing pamphlet by Gilbert Tucker - Free
8. "Housing and Slum Clearance at No Cost" - an envelope size mailer by Gilbert Tucker - Free
9. "The Impact of a Land Value Tax on Various Types of Property Owners in Bethlehem, Pa." - a study - \$1.00
10. "If Reagan Succeeds" - a pamphlet by Wylie Young - 25¢
11. "Property Taxation: What's Good and What's Bad" - an article by C. Lowell Harriss - Free
12. "Reforming the Property Tax for Schools" - an article by Perry Prentice - Free
13. "Antidote for Madness" - a book by Wylie Young - \$2.00

Edith Siebenmann

Robert King, Georgist activist in Chicago, reports that Edith Siebenmann, 77, of Chicago and Northbrook, Illinois has recently died after a long illness. She and the Reverend Ruth Anne Bassler became Georgists attending the old Single Tax Club and Friday Night Forum. They came for laughs and stayed to learn. Together they founded the Henry George Woman's Club in 1939. Her husband Otto who died in 1976 was also an enthusiastic Georgist. We will miss all these people.

Land Prices (cont'd from page 2)

tion would then increase to \$7,200, the return on the building would remain at \$6,000, the residual income attributable to land would increase to \$1,200, and the capitalized value of the land would be \$15,000, (\$1,200/0.08) in place of \$12,500. If you take a further assumption that the highest and best use of the site under site taxation would not be a two-story apartment but rather a three-story one, you would likely find that the investment value of the lot was well above \$15,000.

"The foregoing illustration is based on accepted appraisal theory. The British economist, Ralph Turvey, arrives at a similar conclusion in chapter VII of his book, *The Economics of Real Property*, using a highly sophisticated economic analysis. In conclusion, my own opinion is that following the introduction of site taxation, land values would tend to fall in those areas where taxes would rise - notably in the downtown area, and the land values would tend to rise in those areas where taxes would fall - notably in outlying residential areas. Overall, I am not convinced that there would be any fall in the general level of land values."

Mr. Clark comes to this conclusion based only on a shift in taxes from buildings to land. Once the building tax is eliminated, any further increase in the land tax would decrease land values, no matter what other taxes were reduced.

Steven Cord

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

Equal Rights

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George and the Welfare State

Henry George favored the welfare state. For example, during the 1886 New York city mayoralty campaign, he said the following:

"Today the most terrible weight upon the mind of every man is the question - what will become of my family if I die? - and here in civilized Christian society, as we call it, when such a man dies, his widow and his children have to take care of themselves the best they can. I would have the surplus fund of the community make provision for those of that kind. I would take this vast fund, which is created by the whole community; that grows with the growth of society; that is added to by every improvement; that belongs therefore, to the whole people - I would take a portion of it for just such purposes as that so there would be no widow and no orphan in the whole community who would need to accept charity," (see Nathan Hillman, *Henry George News* 8/61).

If further substantiation is needed for George's support of a welfare state, then we read on page 456 of *Progress and Poverty* (Centennial Edition) that the land value tax could fund "public baths, museums, libraries, gardens, lecture rooms, music and dancing halls, theaters, universities, technical schools, shooting galleries, play grounds, gymnasiums etc." Today's conditions might alter the list, but only somewhat.

To be sure, he favored a welfare state supported by the land value tax but perhaps we Georgists ought not to oppose a welfare state, just the funding of it by the taxation of labor and capital.

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