

Long Island Georgist

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VOLUME I No. 2

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

FROM OUR EDITORIAL DESK

Retail store windows have been transformed from the mundane to the extraordinary by means of gaily decorated displays that conform with the holiday spirit. Festive music rides the radio waves as television captures the visual spender. Feelings of brotherhood and good will pervade the atmosphere, allowing optimists and humanitarians to take comfort, for a brief period at least, in man's concern for his less fortunate brethren. The indigent, the aged, the orphaned, the handicapped, the destitute--all benefit from our solicitude. And then the holidays are over, and a "back to normal" mood prevails until the next round of festivities eleven months hence. In the meantime, compassion and benevolence are closeted with the ornaments.

We have all been witness to this phenomenon, but how does one explain it? How is that so many willingly offer a helping hand to the unfortunate in December, then express resentment the rest of the year toward those who receive public assistance, though the recipients are the same persons in most cases? Is it because one is voluntary giving, and the other compulsory? Perhaps so. But considering that poverty knows no season, mightn't it be well to bear in mind that hunger and want have no place in a land of plenty at any time of the year?

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GEORGE SAID IT

And as man is so constituted that it is utterly impossible for him to attain happiness save by seeking the happiness of others, so does it seem to be of the nature of things that individuals and classes can obtain their own just rights only by struggling for the rights of others.

LETTER TO THE EDITOR

Dear Friends,

Thank you for sending me a copy of LONG ISLAND GEORGIST-Volume I No. I. Congratulations to you folks in getting it out. I think it is attractive and I enjoyed reading the articles it contains. From my years of experience with THE GARGOYLE, I can appreciate that much time and effort must be devoted to such an undertaking.

John T. Tetley,
Director, Henry George
School of New Jersey

Dear Editors:

It was most fitting that today, the 130th anniversary of the birth of Henry George, the postman brought me the first issue of LONG ISLAND GEORGIST. In quick glance, it is indeed a pithy journal, and I shall look forward to receiving subsequent issues. (This first one is to be my "bedtime reading" tonight, and goes on top of the pile of "I must read" matter which keeps accumulating.)

My best wishes go to all of you, in the hope that this will flourish. Enclosed is something to take care of the cost of handling and postage, so you will keep me on your mailing list.

Dorothy Sara

P.S. On page 3 of the L.I.G. you give the birthday of H.G. as Sept 21st, whereas it is Sept 2nd.

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Editor's note: The editorial staff of the L.I.G. acknowledges with gratitude the good wishes of its readers, and hope they will feel free to contribute to the effectiyeness of our publication by sending us their suggestions, criticisms, and opinions.

MEET HENRY GEORGE

A Man of Letters

The year that marked the end of the conflagration between North and South found Henry George, married nearly four years and the father of two, engaged in a struggle to earn a living as a typesetter and beginning to write.

From boyhood on, George had had a certain facility for expressing himself in writing and had, in fact, been endowed with the power to use words in a precise and clear manner. Now, in his first conscious attempt at writing, he composed an essay entitled, "On the Profitable Employment of Time", which he sent to his mother as an indication that he intended to improve himself in general, and his writing prowess in particular.

It was about this time, too, that Henry George wrote a fanciful sketch called, "A Plea for the Supernatural", which was published in the "Californian" and shortly thereafter re-published by the Boston Saturday "Evening Gazette".

When news came that Lincoln had been assassinated, George was so overwrought that he felt compelled to give expression to his emotions, and the next day carefully and painstakingly set down on paper the thoughts that surged through him. He put them in the form of a "letter to the editor" and mailed it to the "Alta California", one of the newspapers on which he was a sometime typesetter. The next day it appeared in print, and George was immediately commissioned to collaborate with other writers on a description of the Lincoln mourning decorations that appeared throughout the city of San Francisco. It was the first piece of writing for which he was paid.

But George's thoughts on the matter went beyond mere reporting, and once again he addressed a communication to the newspaper. In it he expounded on the character of Lincoln. "No common man," the essay began, "yet the qualities which made him great and loved were eminently common.." Again the piece appeared in the morning edition. But this time, it did not bear his initials, as the first letter had, nor was it printed as a letter to the editor. It had, much to George's astonishment, been made the chief editorial of the paper!

The San Francisco "Times" was started in November of 1866, with Henry George setting type in the composing room. When the paper was only 11 days old, an editorial written by George and called "To Constantinople" was published, then followed in rapid succession by two others. Noah Brooks, editor of the "Times" recognized George's literary ability, and invited him to become a regular reporter for the newspaper. From there George rose to editorial writer, and then in June of 1867, managing editor, maintaining, as he filled this lofty position, a steady stream of articles and essays which he submitted to magazines and newspapers. One of the most notable, "What the Railroad Will Bring Us", was an accurate forecast of the influence that the trans-continental railroad would exert on California. For this article, which was seven thousand words in length, George received payment of \$40 from the "Overland Monthly".

Late in 1871, George, in partnership with William M. Hinton, with whom he had worked on the "Home Journal" years before, founded the San Francisco "Evening Post", the first paper west of the Rockies to sell for one cent. Success was so immediate and so great that expansion was indicated, but the strained finances of the proprietors prevented it. Backing for the next four years was obtained in the form of a loan from a millionaire senator, John P. Jones of Nevada, who, at the end of the period demanded instant repayment in the face of George's refusal to retract his printed condemnation of the Pacific Railroad monopoly.

It was the beginning of the end for the "Post", despite the fact that the paper had gained widespread respect for its unrelenting attacks on the irresponsible, the unjust, and the unscrupulous. On November 27th, 1875, George's association with the "Evening Post" was terminated, and the paper turned over, with no remuneration whatsoever, to a representative of Senator Jones.

Disillusioned by his experience, George made no attempt to find employment in the newspaper field, but wrote to Governor Irwin, whom the Post had backed at election time, for a job. The governor complied, and George became the State Inspector of Gas Meters. It was an office that not only assured security for his family, but provided him as well with the time to undertake some serious writing.

Though George had, by this time, formulated a variety of ideas, the relationship of our land policy to the nation's economy had come to the foreground of his awareness. Cognizant of the degrading and demoralizing effects of want, disturbed by the persistence of poverty in a country so wealthy that none should hunger, and appalled by the ever-widening gulf between the life-styles of the rich and poor, George poured his thoughts into an inspired effort, naming it "Progress and Poverty". "The Irish Land Question" soon followed. Then "Social Problems" appeared, and after it, "Protection or Free Trade". In his next book, "A Perplexed Philosopher", George explored economist Herbert Spencer's philosophy insofar as it concerned the land question. Finally, "The Science of Political Economy" was published posthumously by his son.

18 months in the writing, "Progress and Poverty" did not meet with the acceptance of publishers, and George published the book himself, even to setting much of the type. Once it was in print, however, an offer came from a publisher in the United States, and another in England. Sales were slow at first, but within four years hundreds of thousands of copies had been sold in both countries. Since that time, it has been translated into many other languages as well. George had not, could not have, in fact, foreseen the future success of the book. Rather, it often seemed to him a futile effort. But he saw no other choice open to him; it was a job he needed to do, and his conviction that he spoke the truth spurred him on. "On the night in which I finished the final chapter," he wrote later on, "I felt that the talent entrusted to me had been accounted for--felt more fully satisfied, more deeply grateful than if all the kingdoms of the earth had been laid at my feet.

The contention that "the pen is mightier than the sword" has degenerated into a cliché in our time, but its inherent truth has never been negated. The philosophy of Henry George lives on in his writing, his principles preserved in print, his books a testimonial to his belief that men, given social justice and equal economic opportunity, need never be beggars, but self-sustaining members of humanity living in harmony with one another.

* * *

HISTORICALLY SPEAKING

Seward's Folly

Icebergia, Seward's Folly, Johnson's Polar Bear Garden, and Walrussia, were some of the satirical names applied to Alaska when Secretary Wm. Seward recommended its purchase from Russia. Abuse and ridicule were heaped on those advocating the acquisition in hilarious newspaper articles of the day.

In the reign of Peter the Great and thereafter, that huge territory along the coast which seemed to be a part of America was explored by Russia and became its possession. However, it was never a profitable venture and Czar Alexander II commissioned his minister to Washington, Baron de Stoeckl, to sell it to the American government. Both parties being amenable, the transaction was completed on the terms of \$7,200,000 in gold for 375,000 acres, plus significant stipulations. The prime reason for the purchase was not economic; rather it was it was to foster amicable relations with Czarist Russia.

In the light of the developing fish industry and discovery of oil and gold, it is well to explore the treaty signed in 1868 regarding the occupants--Eskimos, Indians, and Aleuts who, needless to say, were not consulted when the real estate passed from one major power to the other. Article III of the treaty stated: "The inhabitants of the ceded territory, according to their choice, reserving their natural allegiance, may return to Russia within three years; but if they should prefer to remain in the ceded territory, they, with the exception of the uncivilized native tribes, shall be admitted to the enjoyment of all rights, advantages, and immunities of citizens of the U.S., and shall be maintained and protected in the free enjoyment of their liberty, property, and religion. The uncivilized tribes will be subject to such laws and regulations as the U.S. may, from time to time, adopt in regard to aboriginal tribes in that country.

The Organic Act of 1884 recognized the claims of these early settlers, and promised that Congress would pass laws protecting them and their land. The Indians were not to be disturbed in their possession of any land in use, occupied, or claimed by them. The terms under which such persons could acquire title to land were to be determined in future legislation by Congress. This pledge has not been kept. (cont. on pg 13)

APROPOS

The following items have been noted in the newspapers in recent weeks:

Newsday staff writer Robert E. Smith reports that he is sympathetic to "the nation's city officials who complain that present local structure penalizes (through higher property taxes) the landowner who improves his property and makes his land less of a burden to the community. Further, it makes it more profitable (with lower taxes) to let buildings decay than to improve or replace them.

"A man named Henry George," Mr Smith points out, "told us 90 years ago that this would happen."

At the close of a recent conference on conservation, Bill Moyers, the publisher of Newsday, asked the participants, "Is it an irrevocable right to have an acre of property because of one's birth into a particular class? Can we permit the operating ethic to be private pursuit of personal greed?"

A vast oil and gas exploration program on more than 7,000,000 acres in three Western states was jointly announced by the Union Pacific Railroad Co. and Pan American Petroleum Corp., a subsidiary of Standard Oil of Indiana.

The search for oil and gas reserves in Colorado, Wyoming, and Utah, will cost at least \$15,000,000 in the next three years and will be conducted by Pan American on Union Pacific-owned land, the companies said.

Terms of the agreement provided that Pan Am will give Union Pacific a cash bonus of \$9,000,000 in the next three years in return for the exploration and development rights. About 25 per cent of the development rights will be retained by Union Pacific, along with royalties on production, although Pan Am receives exploration rights on all of Union Pacific's holdings in the three states, they said.

Lee S. Osborne, chief executive officer of Union Pacific's Natural Resources Division, said the program covers probably the largest land area ever involved in a single exploration.

LAND ON LONG ISLAND

Downzoning and Civic Associations

Long Island abounds with civic associations, and their reasons for being are many. Downzoning directly affects residents of a community, so that even otherwise-silent members of civic associations become re-activated when the issue arises. The Washington Civic Association of Plainview has been involved in one such affair, and, although the details relate to a specific case, the pattern is consistent and applicable to many communities.

Just north of the Long Island Expressway, bordering Old Country Road in Plainview, are approximately 150 acres of land that was originally zoned for residential use. The owners wanted it downzoned to light industry, and sought the support of the Washington Civic Association. The argument used to gain the backing of the civic association centered around school taxes in Plainview--a tender spot among many of the residents. Light industry in place of new homes, claimed the landholders, would mean additional tax dollars, but no increase in school operating expenses. The position seemed plausible, so the petition before the Town Board of Oyster Bay was supported by the civic association.

But despite the fact that the Town Board had granted the downzoning, no additional tax dollars were forthcoming for the simple reason that no building had taken place. Instead, the owners were petitioning for another change in zoning--from light industrial to commercial. Department stores, restaurants, etc., were in the offing, and members of the association found the prospect objectionable.

As arguments pro and con became more vociferous, the matter took a new turn. The Huntington Township claimed that, since the area under discussion overlaps into their Township, they should have their say in the final decision. Huntington is against commercial downzoning. At this writing, the case is still pending, and the eventual outcome is anyone's guess. There is, however, no guesswork involved in the following facts:

(continued on page 13)

WORLD LAND PROBLEMS

Land Reform in Taiwan

Land reform in Taiwan, although far from what Georgists consider a true land reform, has resulted in a remarkable increase in prosperity for the farmer there. Today he earns four times as much as he previously did, and is second only to the Japanese citizen in per capita income. Formerly unheard-of luxuries like television sets, sewing machines, and refrigerators are now common. Industrialization has also made great strides--their compact car has been on the market for several years, and articles of clothing are being exported to the U.S. in large quantities.

Taiwan is a relatively small island of 13,881 square miles, only one quarter of which is arable, with a population of 14 million, or approximately 1000 persons per square mile. Compare this with a similar population for Canada or Australia with their extensive land areas, and it can be seen that density of population need not be a cause of poverty. Mr. Chen Cheng, the governor of Taiwan, showed that he accepted the Malthusian Theory when he stated that hardtimes, popular discontent, and warfare had always plagued China because the population periodically overran the limits of the land. His decision to undertake land reform was no mistake, though his reasoning behind it was faulty. When land reform was begun in 1949, the population numbered 7.3 million. In twenty years, it has nearly doubled. Yet despite this increase, no adverse effects are being felt, nor are land reform programs being hampered by greater numbers of people. The standard of living in Taiwan has gone up, not down, with population growth.

When General Chang Kai Chek made his exodus from the China mainland to Formosa in 1949 with a half a million followers, the condition in Formosa was no different from that on the China mainland. Tenant farming was prevalent, with 50 to 70 per cent of the crop being paid in rent. The tenant farmer often had to borrow money at usurious interest rates to get started, build his house, etc. Incentive in improving his condition was lacking because the more he earned, the more he would be obliged to pay in rent.

(continued on page 16)

TALKING ABOUT TAXES

The Oil Depletion Allowance

After countless months of testimony and hearings, the House Ways and Means Committee has produced a series of proposed tax reforms--the first serious attempt in decades to correct a structure inundated with abuses, privileges, and inconsistencies. Tax reform has come this far because of pressures exerted by various groups, particularly the middle class whose burden of taxes has grown heavier as a result of national and international commitments.

The problems of taxation are of major importance in our economy, and so a variety of practices--among them the availability of legal loopholes for millionaires, and the manner in which tax-exempt organizations spend their money--have come under scrutiny. If any meaningful reforms are to take place, examinations such as these are necessary, and they should be performed in an atmosphere free of emotionalism and political expediency. Otherwise, basic reforms, if they are instituted at all, can lead only to unsound economic effects.

A case in point is the 27½% mineral depletion allowance. Over a hundred minerals are included in this category, and producers and manufacturers engaged in these industries deduct this percentage from their taxable income. An oil company, for example, that drills a million dollars of oil needs to pay taxes on 72½%, or \$725,000. The petroleum industry is, therefore, one of the major beneficiaries of the privileges bestowed by our current federal tax structure, and they are, naturally, engaged in a vigorous campaign to retain their particular privilege. One favorite argument against reducing the percentage of the allowance is that it will reduce the incentive to explore, and that the public will suffer for it in higher prices.

To strengthen their claim, the Petroleum Industry Information Committee has pointed out that the government provided for the allowance because "it recognizes that minerals in the ground are capital. This is consistent with the concept that income taxes are imposed on income and not on the capital that produces the income."

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ESSAYS ON THE GEORGIST THEORY

Liberty! Shall We Not Trust Her?

Autocratic power has been known to capture the benevolent along with the malevolent; the minds of the altruistic along with the harborers of sinister designs; and the actions of the advocates of democracy as well as the seekers of totalitarianism. The panorama of history offers countless illustrations of nations and empires, freemen and slaves, affluent and despairing, who have readily relinquished their rights in exchange for a promise of security, and the corrosion of liberty has been the result. It has been the spirit behind revolutions, the flesh in riots and insurrections, and the dynamics in human relations. With the resolution of conflict, it appears, more often than not, that liberty has emerged victorious, in a manner comparable to the emergence of the forces of good over evil.

And thus the cycle continues, one struggle after another, while liberty seems to be gaining advantage. But alas, the apparent is mistaken for the genuine, for the powers of subtlety and disguise take over via the art of dialogue and invent new terms for old concepts and vice versa. The heart of liberty is thus assigned a recessive position, while the appearance of liberty is thrust forward.

Liberty! Shall we not trust her? Henry George posed this rhetorical question and reflected upon the dilemmas that face nations when true liberty is compromised. "It is not enough," he said, "that men should vote; it is not enough that they should be theoretically equal before the law. They must have liberty to avail themselves of the opportunities and means of life; they must stand on equal terms with reference to the bounty of nature. Either this, or darkness comes on, and the very forces that progress has evolved turn to powers that work destruction."

What are the powers that work destruction, and what is their role in the problems that plague our nation? In searching for answers, one runs headlong into our misguided attitude toward land ownership and the injustices that stem from it. Land, like the atmosphere itself, is a gift of nature. For one man to deny another its use is clearly an encroachment upon liberty.

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HISTORICALLY SPEAKING (cont. from page 7)

With the discoveries of vast deposits of oil in the Arctic North Slope and other sections, the question of land ownership is now of vital economic concern. When Alaska entered into statehood in 1958, the state was told it could select and secure title to a hundred million acres, or more than 25 per cent of the total land area, although descendants of the original inhabitants still claim title to some sections.

On gaining title and control, the state would sell valuable oil-producing lands to business firms for development. This announcement caused the federal government to hold up transfer of the remaining acreage. So once more, as often in the past, a serious conflict is seething around land ownership. History makes it clear that whoever takes possession of this wealth will hold a formidable monopoly in natural resources.

LAND ON LONG ISLAND (cont. from page 9)

Land speculators are aware of the large amounts of dollars that accrue as the result of downzoning, and promises that more tax dollars will become available to the community are freely given. But when a petition to downzone is filed, no guarantee is stipulated concerning building, nor is construction a requirement if the petition is granted. On numerous occasions, the land speculator sits with the land for a long period of time and the value of the land rises. Since the town assessor does not re-assess and pick up the new value created by the town board's action, the school district is no better off financially than before the downzoning. Thus, the only beneficiary is the landowner, who now holds the title to land worth far more than his initial investment. And, should further downzoning to commercial use take place, the speculator would profit even more.

The land scandals in Islip, and more recently in Babylon, are clear evidence that land manipulation involves high stakes. One way to discourage speculation, and possible bribery and collusion as well, would be to pass a law that all new values created by a town board's grant to downzone be collected. In this way, the natural development of land could be insured, for it would no longer be advantageous for the landowner to press for downzoning in areas where it is not wanted or needed.

The petroleum industry is correct in its contention that taxes levied on capital restrain production. And this economic truism would be applicable to the oil industry as it is to all industry, except for one thing. Oil industry spokesmen are themselves victims of fuzzy thinking when they make no distinction between capital and land. When one speaks of minerals (in the ground) as constituting capital, there is an obvious failure to recognize that man-made products are not the same as products of nature and do not, therefore, respond in the same way to economic laws. While a tax on capital, which is man-made wealth used to produce more wealth, discourages production by diminishing the return, a tax on land does no such thing. Rather, it tends to increase production and encourage participation. Failure to distinguish between the two factors has already caused untold confusion in economics. In the case of the current oil-depletion allowance matter, it continues to so do.

ESSAYS ON THE GEORGIST PHILOSOPHY (cont. from page 12)

But another consideration might be the effects of ever-increasing governmental control in contemporary life. Concentration of power, beneficent though it may be in its intent, must of necessity exact its due. The core of economic liberty has been laid bare, and its substance chipped away by trade restrictions, levies on commerce, concessions to special interest groups, subsidization of monopolies, and the like.

"Liberty," George wrote, "means Justice, and Justice is the natural law--the law of health and symmetry and strength, of fraternity and co-operation. We honor Liberty in name and form. We set up her statues and shout her praises. But we have not fully trusted her. And with our growth, so grow her demands. She will have no half-service!"

The ills of our society have not yet yielded to mandate, nor are they likely to do so. The use of artificially contrived "solutions" as a substitute for observing natural economic laws tends to inhibit liberty by bringing blind obedience, force, and conformity into play. But even if governmental controls were able to successfully solve our economic problems, who would deny that prosperity without the maintenance of liberty is but a superficial advance?

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WORLD LAND PROBLEMS (cont. from page 10)

Then came Chen Cheng with his plan of "the land to the tiller". It was all government-inspired, accomplished slowly and in stages, without bloodshed, and with the cooperation of the people. Assemblies of farmers were held, committees formed, and plans formulated with popular consent. Step #1 was to limit rent to $37\frac{1}{2}$ per cent of the crop. Step #2 was to buy the land in stages from the landowner with compensation being given in bonds. The land was bought at a price equal to two or three times the value of the annual crop, and former landowners were able to fare well industrially in the cities. The farmer, meanwhile, was able to purchase land for twenty annual payments to the government, and he was loaned money at low interest rates to help him get started. Today, most of the farmers own their own land and have put it to far better use than the landlords who preceded them.

The progress made in Taiwan is reminiscent of the efforts of Dr. Sun Yat Sen, the founder of the Chinese Republic, to institute land reform. Had he succeeded in his attempt, he would have been instrumental in loosening the chains of servitude that bound his countrymen.

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