



THE PROVIDENT
PROVIDENT NATIONAL BANK

1700 SANSOM STREET, (215) 585-5000 / REPLY TO P.O. BOX 7648, PHILADELPHIA, PA. 19101

March 11, 1982

William F. Buckley Jr.
National Review
150 East 35th Street
New York, NY 10157

Dear Mr. Buckley:

Thank you for your recent letter inviting my subscription to National Review. Quite frankly, as I gave the matter initial consideration there came to me no particular reasons for not having subscribed up to this point. The thought then occurred to me to propose -- rather than tender an acceptance -- a counteroffer. I am of the opinion that the process of bargaining is becoming a lost art in much of our economic life. Most goods and services are offered at a stated price. We then choose to consume or not to consume. And so ... the counteroffer.

An acquaintance recently relayed a supposed long-standing interest in (and concurrence with) the theoretical application of solutions to the economic impact of the Ricardian "law of rent", as proposed by the 19th century economic philosopher Henry George. Coincidentally, three years ago I first encountered George's proposal in the form of an article written by C. Lowell Harriss of Columbia University. Mr. Harriss intimated a strong relationship between the nation's use of the "property tax" and the creation of urban deterioration. The solutions he recommended included a gradual shift from the taxation of buildings and other property improvements to a system based upon the taxation of "site values". My involvement in real estate finance told me this idea had considerable merit. Research into the subject led me back to Henry George and eventually into contact with those who today espouse the "Georgist" philosophy.

During these last three years, I have developed not only admiration for George's humanitarian goals but also a strong respect for the soundness of his writings in "political economy". Modern economic theoreticians (Lowell Harriss and Mason Gaffney at the University of California excepted) have largely overlooked George's economic analyses. Those who propound to know him misinterpret, their criticisms flawed and largely without merit. History (and Paul Samuelson) has tied George with the "single tax movement" and said little more. There is, I believe, much more to be said.

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. . . "THE COUNTEROFFER" (BACKGROUND INFORMATION)

The City of Pittsburgh, Pennsylvania has the distinction of having one of the few property tax systems incorporating principles outlined by Henry George to encourage better use of urban land and promote business enterprise. The system laid dormant from the early 1900's until the late 1970's, when budgetary considerations resulted in significant increases in the tax rate applied to site values in relation to those applied to improvements. Following recent tax increases (on both land and buildings) the ratio stands at 4:5 to 1. Interestingly enough, Pittsburgh has managed to maintain consistent growth in construction activity, lower unemployment levels than other major Northeastern cities and stable housing prices. Georgists insist there is a strong connection. What do you think?

During July of 1982, the various groups closely or loosely tied to the Georgist philosophy are planning a conference in Pittsburgh. Thus far, plans for the conference are still under discussion. U.S. Representative William J. Coyne (a freshman, Democratic Congressman from Pittsburgh -- and proponent of site value taxation) has accepted an invitation as keynote speaker at the conference banquet on July 19th.

One problem Georgists have had during the post-Keynesian decades has been obtaining serious media coverage. As an example, a 1980 report issued by the House Subcommittee on the City entitled "Compact Cities" (chaired by U.S. Rep. Henry Reuss) included testimony by Mason Gaffney and others having technical expertise in urban revitalization -- all supporting the restructuring of the property tax to a site value tax. Coverage in the press consisted of two small paragraphs in the Wall Street Journal. The problem remains.

. . . NOW, "THE COUNTEROFFER"

The National Review agrees to send an authorized representative to attend the above conference in Pittsburgh being sponsored by the Council of Georgist Organizations, 5 East 44th Street, New York, NY 10017. The National Review will also attempt to interview economist Mason Gaffney on the economic consequences of "site value taxation". And, The National Review agrees to publish an article of at least 1,000 words in length on the above conference. In return and following such publication, I hereby agree to subscribe to The National Review for a period of not less than 40 weekly issues.

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Mr. Buckley, I do indeed look forward to hearing from you.

. . . "No hard sell, you understand" . . .

Very truly yours,



Edward J. Dodson
Mortgage Officer
Manager - Mortgage Administration

EJD:bk

ACKNOWLEDGED AND AGREED TO THIS
____ DAY OF _____, 1982.

NATIONAL REVIEW

By: _____
William F. Buckley Jr.