



# the Illinois Georgist

Winter 2004 ♦ Volume 15, Number 1

## 2004 Georgist Conferences in Spain, New Mexico

The International Georgist Union (International Union for Land Value Taxation and Free Trade) has scheduled its worldwide conference for May 27-30, 2004 in Madrid. The preliminary program includes sessions on Land Speculation and Political Corruption; The Housing Crisis; Radical Politics and the Left; Transition to a Market Economy in Russia, China, and Elsewhere; Philosophical Issues; the Marginalists; Practical Problems in the Shift to a Land-Rent Based Fiscal System; Significance of the Rent Theory in Economic Evaluation of Ecosystems; The Solution to Conflicts over Land; Land Taxation and the UN, World Bank, and IMF.

The conference will be completely bilingual in Spanish and English, with simultaneous translations. For further information visit [www.interunion.org.uk](http://www.interunion.org.uk), or contact the School.

As previously announced, the Council of Georgist Organizations will present their North American Conference in Albuquerque, NM, July 21-25. Theme is "Our Common Heritage: Land and Water in New Mexico." CGO Vice President Alanna Hartzok, founder of the Earth Rights Institute, is chairing the Conference Planning Committee. For further information visit [www.progress.org/cgo](http://www.progress.org/cgo), or contact the School.

CGO's 2005 conference will be at Philadelphia, and we hope to have the 2006 conference in Chicago.

## Liberation for Westchester; Concise P&P speeded

For the first time in many years, HGS classes will reach west of Harlem Avenue as we offer *Poverty, Liberation, and Land Reform* in Westchester.

This course, originating at the Henry George Institute, takes a critical look at Liberation Theology — the concept that churches should take an active role in fighting social injustice.

Westchester resident Donna Marie Desai, who completed *Progress & Poverty* during the Fall term, invited HGS to offer *PL&LR* in her community. The instructor will be John Kuchta.

Separately, HGS instructor George Menninger has restructured the "concise" version of the *P&P* course down to just five sessions. This reduction, from six sessions formerly, was done by consolidating the last three sessions into two. It now is easier than ever to learn the fundamental reasons why, despite great technical, social, and educational progress over the years, poverty is a persistent problem and recessions recur.

The concise version of this course will be offered on Thursday evenings in Evanston, and Friday afternoons at our Chicago location.

The "complete" *Progress & Poverty*, a nine-session offering taught by Bob Drake, will meet on Tuesday evenings at Chicago.

For those who have completed *Progress & Poverty*, the advanced course *Applied Economics* meets Wednesdays.

### Henry George School/Chicago Course Schedule, Fall Term 2003

#	Course	(Version)	Day & Time	Start	Finish	Sessions	Instructor
Classes in Chicago (at 417 S. Dearborn)							
1	Progress & Poverty	COMPLETE	Tue 6:30 PM	Jan 20	Mar 16	9	Bob Drake
2	Progress & Poverty	CONCISE	Fri 2:30 PM	Jan 30	Feb 27	5	George Menninger
9	Applied Economics	ADVANCED*	Wed 6:30 PM	Jan 21	Mar 24	10	Chuck Metalitz
Class in Westchester (near Westchester Blvd & Eisenhower Expressway)							
3	Poverty, Liberation & Land Reform		Sat 2:30 PM	Jan 17	Mar 13	9	John Kuchta
Class in Downtown Evanston (near Davis & Oak Streets)							
4	Progress & Poverty	CONCISE	Thur 7:30 PM	Jan 29	Feb 26	5	George Menninger

Course descriptions are in the School Catalog, available on request, or visit [www.hgchicago.org](http://www.hgchicago.org). Each class session normally lasts 90 minutes. All course locations are accessible by public transport. Street parking is available at the Westchester and Evanston locations. You can register for these courses using the form on page 3.

\* ADVANCED course requires prior completion of *Progress & Poverty*. All other courses are open to all interested adults.

4-821

## Obituaries

### Bill Pitt

In my lonely days after my divorce living on Pine Grove in Chicago, it was nice to have a house guest. Bill Pitt stayed with me for a short time many years ago on his way to or from some Georgist conclave. Of course I was fascinated with his Australian accent, and he filled me in on mining activity down under since one of his sons was a mining engineer. He was always talkative and had a certain nervous energy. Just about every time you encountered him at a Georgist event he would hand you some printed material on his latest inspiration to promote Georgism.

When I attended the International Georgist Conference in Cambridge, England, we held a cocktail reception at one of the college quadrangles. There was a metal statue of William Pitt. Somebody, and it may have been Bill Pitt, put one of the plastic cocktail glasses in the hands of the statue and then brought everyone's attention to it. It was a memorable moment.

Several years later, I went to the International Union conference at Selwyn College of Melbourne University. Since I arrived a day or two early, I was the house guest of Bill Pitt. He met me at the airport with the usual sign to attract my attention in the throng departing customs, and we had a swift trip to his home in a Melbourne suburb, during which he gave a running commentary on each community we passed through. Later he took me to the Georgist School in Melbourne on Hardware Street where he spent many hours I am sure. Again he was touting some new unique approach to win people over to the ideas of Henry George. I don't remember specifically any of the approaches he advocated but I do remember the passion with which he presented them. I was saddened to hear of his passing on November 2.

— Robert F. Jene  
Forest Park

### Margarete Dewey

My Aunt, Margarete (Gottlieb) Dewey, died recently at the age of 91. She was a life long Georgist, student as well as class leader, when she lived in Chicago for many years. She retired to San Diego but continued her interest in your cause. I attended the [1993] L. A. Convention with her.

Much success to your school and its programs. And thank you in behalf of your school for the learning experiences and pleasures my aunt derived from participation in the Henry George School Activities.

— Lillian M. Hanner  
Rancho Palos Verdes, CA

[Ms. Hanner sent twelve Georgist books that had belonged to her Aunt, notably including Henry George Jr's *The Menace of Privilege*, and Joseph S. Thompson's *More Progress and Less Poverty*, an abridgement of P&P. ]

## Alumni establish their Association

At its inaugural meeting, November 17, 2003, the Henry George School Alumni Association generated a list of fifty possible projects. Eleven graduates attended.

Discussions can continue via email, using a group which Ben Limpert has established for us at [groups.yahoo.com/group/chicagogeorgists/](mailto:groups.yahoo.com/group/chicagogeorgists/). Regardless whether you want to participate in discussions, you should join this group to be informed about upcoming alumni events.

If you have any technical difficulty getting connected to the group, feel free to call the School for help.

## Thanks to our Contributors

Since our last issue, donations have been received from the following supporters:

Bob & Ruth Kennedy

Everett Gross

Major funding is also provided by the Henry George School of Social Science in New York City. Additional contributions were earned through *igive.com*. (Learn how you can support the School over the Internet, at no cost, at [www.hgchicago.org/igive.htm](http://www.hgchicago.org/igive.htm)).

The School's instructors, staff, alumni, and students value your support.

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The School is a private, tax exempt school under the provisions of the Internal Revenue Code Section 501(c)(3). Donations to the School can be tax deductible.

I enclose \$10 registration fee and would like to register for . . .

☐ **Progress & Poverty** (specify section number \_\_\_\_\_)

☐ **Poverty, Liberation & Land Reform** (section #3)

☐ **Applied Economics** (section #9—you must have taken Progress & Poverty previously)

Please . . .

☐ send the School catalog including course descriptions.

☐ add me to your mailing list.

☐ change my address/name as indicated on the reverse.

☐ accept this contribution of \$ \_\_\_\_\_ to help in the School's work.

☐ contact me about tax-advantaged giving.

☐ contact me about volunteering to help the School. ☐ remove me from the mailing list.

**Be sure that your name and address appear correctly on the other side of this form.**

**Mail this form to:** Henry George School, 417 S. Dearborn #510, Chicago IL 60605  
or fax it to 775/458-8677 with your name & address. If you  
register for a course you will receive confirmation by telephone or mail.

**HGS**

*Relief continued from page 4*

revenue. The Illinois proposal takes earned wealth from some people, and gives it, not to everyone in the state, but to one class of (mostly) other people.

#### **"Neighborhood Preservation Homeowner Exemption"**

A different proposal comes from the Cook County Assessor. This one simply modifies the assessment process, in Cook County only, to assure homeowners that the "taxable value" of their homes will not increase by more than 7% in any one year. The total tax base will therefore grow more slowly than otherwise, so school districts and other local governments probably will need to increase their tax rates, to the extent they legally can.

Whereas the Lt. Governor's proposal would give every homeowner the same number of dollars, the Assessor's proposal would benefit those whose homes have become much more valuable, at the expense of all other taxpayers, whose homes have not appreciated so rapidly, or who do not own homes at all. So if you are lucky (or clever) enough to have bought into a fast-appreciating area, much of the tax increase you would have paid will instead be paid by the rest of us.

This proposal doesn't require a Constitutional amendment. In fact, legislation to implement it was introduced during the fall session.

Among the data released to support this proposal is a table showing that, in Cook County, the proportion of real estate tax paid by residential taxpayers grew from 35% in 1997 to an estimated 42% in 2003. But every time a rental apartment in a building of seven or more units is converted to a condominium, it goes from the "commercial" to the "residential" side of this tally, so this isn't an accurate depiction of trends facing individual homeowners. And considering the significant tax breaks granted to commercial and industrial developers in recent years, and the very large increases in market value of residential real estate, it's hardly surprising that residential's share, as defined by the Assessor, has

increased quite a bit. Still, the percentage of market value that a Cook County homeowner pays in real estate taxes remains much lower than in most other Illinois counties.

#### **Cause and Effects**

The purpose of both these proposals is understandable. Politicians, if they are to stay in that line of work, need to get elected and reelected. This requires attracting attention, which can be difficult for offices such as Assessor and Lt. Governor. The tax system is sufficiently complex that voters cannot be expected to comprehend it fully, but a check for \$208 is something we all understand. And don't we all sympathize with the homeowner suddenly confronted by a huge tax increase? (Perhaps we don't think about the wealth increase which that homeowner could realize, simply by selling out to someone who values the location more highly.)

The effect, if either proposal is enacted, would be to make decent housing even more expensive for those who can't now afford it, to give further encouragement to land speculation, to further complicate the state or local tax system, and to reduce the real estate tax revenue available to schools and other local governments.

#### **A bit of sound economics**

There was one little piece of sound economic thinking buried in the bill which carried the Assessor's proposal in Springfield. This would have increased the 8-year exemption for improvements to existing homes, from \$45,000 ("market value") to \$75,000, thus giving a little bit more encouragement to those who try to upgrade their houses. In a city with 60,000 vacant lots, more thinking about ways to stop using taxes to punish those who build might lead to a beneficial outcome.

— Chuck Metalitz

Sources:

• [www.cookcountyassessor.com/NewExemp/NeighPreserve2003.html](http://www.cookcountyassessor.com/NewExemp/NeighPreserve2003.html)

• [www.state.il.us/igov/taal/](http://www.state.il.us/igov/taal/)

• [www.legis.state.il.us/legislation/BillStatus.asp?DocNum=1498&GAID=3&DocTypeID=SB&LegId=4612&SessionID=3](http://www.legis.state.il.us/legislation/BillStatus.asp?DocNum=1498&GAID=3&DocTypeID=SB&LegId=4612&SessionID=3)

• [www.revenue.state.il.us/Publications/LocalGovernment/00PTAX50.pdf](http://www.revenue.state.il.us/Publications/LocalGovernment/00PTAX50.pdf)

## Henry George School

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## Tax Relief for Whom?

Increases in residential real estate prices are translating into rising real estate tax bills. In some neighborhoods, values might have doubled since the last assessment three years earlier. Owners, naturally, are unhappy, and some are surprised by the amount of the increase.

Homeowners aren't, by and large, poor people. The income of homeowners is considerably higher than that of renters, and certainly higher than the homeless. Nearly twice as high as renters in Illinois, in Cook County, and in Chicago, according to the 2000 census. But homeowners are more likely than renters (or the homeless) to vote, so politicians are again yammering about the need for "property tax relief."

Of course there are already several provisions in place which shelter homeowners from the taxes faced by those who own commercial and industrial property, or who live in rental units. These include a "homestead exemption, additional exemptions for "senior citizens" (with freezes and deferrals for those of modest income), and a credit on Illinois income tax. And in Cook County, residential real estate is assessed and taxed at a lower percentage of value than commercial or industrial real estate.

But there is a long history in this state of taxing productive economic activity to "relieve" real estate owners. In fact, Illinois had no general sales tax until 1932, when a 2% rate was established to allow the abolition of a statewide real estate tax.

So we have at least two well-supported proposals to shift tax burden away from real estate owners, onto the rest of us.

### "Taxpayer Action Amendment"

Illinois' Lt. Governor has proposed a "taxpayer action amendment" to the State Constitution, which would double the state tax on incomes over \$250,000. This in-

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crease is said to only affect 1.4% of the state's taxpayers. Half the funds collected would be distributed to Illinois homeowners, which it is claimed will amount to "at least \$208" to each. The other half would be given to local school districts.

Clearly, this proposal assumes that high-income taxpayers won't change their behavior when their taxes increase. It assumes that they wouldn't move their legal residences to Florida or Texas, or one of the other states with no state income tax. It assumes that they don't employ accountants and consultants, and, indeed, lobbyists, who would have new incentives to find ways to reduce taxable income.

But if high income people are smarter and more mobile than the rest of us — and they probably are, because somehow they managed to become high-income — then they'll find ways to minimize how much tax they actually have to pay. (Of course, those high-income people who are accountants or tax lawyers will get an extra benefit from this.)

One item in the "FAQ" about this proposal will be especially troubling to Georgists. The Alaska Permanent Fund is described as a precedent for what the amendment proposes to do. But it's not. The APF uses revenue from natural resources to distribute an annual check to every resident of Alaska. This doesn't affect the price or consumption of the natural resource, but only who gets the

*High-income people who are accountants or tax lawyers would get an extra benefit*

*Relief continues on page 3*