

# QUICKSILVER

A NEWSLETTER OF THE HENRY GEORGE SCHOOL OF SAN FRANCISCO

PRIVILEGE FOR NONE, OPPORTUNITY FOR ALL

WINTER 2001-2002

## SIFTINGS

• Roger Somers, long-time member of the northern California georgist community, passed away last September. Roger served on the HGS Board for many years and he generously stored the HGS library for an extended time while the school experienced a succession of relocations in the 1980s and 90s. Roger exhibited a keen power of character insight, and his enduring commitment to the school spoke to his conviction of the salutary effects upon the individual which familiarity with a georgist perspective can demonstrate.

• Cliff Cobb has been back in Sacramento for just about half a year after courageously serving as the interim Director of the Robert Schalkenbach Foundation, the publishing arm of the georgist movement. He's lost no time resuming his teaching role with the Sacramento branch of the HGS. Recently Cliff spoke at a program honoring last term's HGS-Sacramento graduates, delving into his search for a new basis of ethics in a world awash in relativism. In such a world, George's perception of an absolute—namely, everyone's utter dependence upon access to the earth—is dismissively ignored by social saints and culture wonks in shaping economic and political policy. Look for a digest of that late January talk in a succeeding issue of Quicksilver.

*continued on back cover*

## COMMUNITY LAND TRUSTS FIGHTING SPECULATION WHEN LVT WON'T FLY

*by Lee Hachadoorian*

The 1990s were a period of unprecedented growth but very low inflation. Inflation nationwide averaged under 3% a year for the decade. Housing costs, however, skyrocketed, and areas that saw significant growth in the technology sector (such as the Bay Area) saw housing easily outstripping the earning potential of the average nontechnical wage earner. Solutions to the problem of taking care of those left behind by the rapidly growing economy range from the conservative "Let them work for a living" dodge, to the liberal "Let us run your life" approach, replete with indiscriminate use of broad-based taxes, rent control, and state-controlled public housing and affordable housing.

Land-value taxation (LVT) offers a way to transcend the dual non-solutions offered by mainstream political thought. Socializing land and resource rents leads to smarter urban land use (which reduces rents by encouraging housing development where it is needed most) and to higher average wages for even unskilled labor. Combined with a guaranteed income or citizens' dividend, it would bring adequate housing within the reach of all working Americans, as well as providing a fund to care for those people who were truly unable to provide economically valued labor.

While some localities are using split-rate taxation as a modest move in this direction, in California we have an insurmountable hurdle in the form of Proposition 13. This extremely popular tax-relief measure

caps property taxes and freezes assessments until the property changes hands or capital improvements are made, guaranteeing that the vast majority of California properties are seriously underassessed. If shifting taxes to land from labor and capital will be difficult everywhere else, in California it will be all but impossible.

This doesn't mean we should give up, but I think it is important that we look for appropriate solutions that do not rely upon the good sense of the electorate or the good intentions of politicians. Basically, if we can't convince the state to take ground-rents, maybe we should ourselves become the owners of ground-rents, and control and redirect them for socially useful purposes. This idea was kicking around in my head when I first learned about Community Land Trusts.

Community Land Trusts (CLTs) are nonprofits that acquire land and hold it for the benefit of the community. They make the land available for affordable housing, and sometimes for other community purposes as well. People who may not be able to buy houses in the community at current market rates are allowed to purchase apartments, condominiums, or houses from the CLT at reduced prices. Importantly, the CLT retains title to the land, and the ground-lease specifies a resale formula which requires the owner to pass on the cost savings to the next owner-occupant. In this way, every property acquired and developed by the CLT remains affordable in spite

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## OUR NEW LOOK...

Welcome to the first issue of the newly redesigned Quicksilver. We've been hard at work on the look and feel of our newsletter, and we hope that you're satisfied with the result.

We're trying to broaden our focus at Quicksilver. To this end we have stories reaching in unexpected directions this month. Our cover story describes an affordable housing model that seems like it could have been inspired by Georgist ideas. Longtime HGS Director David Giesen was inspired by a talk on the relationship between population control and environmentalism to write a piece on the Malthusian underpinnings of youth culture's pessimism and hero-worship. We also have a story by a Georgist about possible synergies with the philosophies of Rudolf Steiner, widely known as the founder of the Waldorf system of education. Finally, we have brief article about a Georgist radio program that recently started airing on a local radio band.

Above all, we would like to stress that Quicksilver is the voice of the Georgist community, which means that ultimately it is *your* voice. We hope to expand our list of contributors, so if you feel you have something worth saying, please share it with us. Although our budget is small, Quicksilver does pay for articles. If you don't feel you have an article in you, but just want to react to something that appears in this issue, send us a letter. We will try to publish interesting letters in future issues. Another idea would be to send us a Georgist review of recent movies or books (fiction or nonfiction). We hope to begin publishing more frequently, and with your help we can.

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EDITOR — LEE HACHADOORIAN

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"Land, *n.* A part of the earth's surface, considered as property. The theory that land is property subject to private ownership and control is the foundation of modern society, and is eminently worthy of the superstructure. Carried to its logical conclusion, it means that some have the right to prevent others from living; for the right to own implies the right exclusively to occupy; and in fact laws of trespass are enacted wherever property in land is recognized. It follows that if the whole area of *terra firma* is owned by A, B and C, there will be no place for D, E, F and G to be born, or, born as trespassers, to exist."

— Ambrose Bierce, *The Devil's Dictionary*, 1911

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# MALTHUS ERGO GOTHIC

by David Giesen

The vogue for dark that has captivated the under-twentysomething crowd for at least since I came of age back in 1979 has welled up, I believe, largely because of the malignant persistence of the Malthusian bad seed. The eyes of teenagers heavily underscored in jet-black mascara; the voluminous black wraps ominously draping the lithe female figure; the brows lugubriously furrowed in German post-Romantic material dialectical conundrum: all this soulful gravity is the inevitable harvest of the cult of Ayn Rand grafted onto the 1970s raft of doom-saying treatises like *The Population Bomb*. For at least forty years—certainly since Rachel Carson's *Silent Spring* was published—there has lurked the cowl of Death in writers' imaginings of the future.

There have been Ecotopias, too, but the major nonprofits have all thrived with some variation of the refrain, "The last of the beavers...the pelicans...a previously unknown beetle (or some other of earth's magnificent life-forms) is about to go extinct." And it's true, the habitat of fauna and flora is in retreat before the onslaught of man. Yet until we grasp that every human being is entirely dependent upon earth for existence; and until we recognize justice as including the equal right by all to the use of the earth; and until we profoundly appreciate that the value of the earth—economic Rent—rises just as the complexity of society rises: until then we will be thrown back upon cult figures and political personalities to rescue us from the overwhelming specter of scarcity. Where the awareness that humanity is capable of astonishing collective spiritual growth has been overshadowed by fixation upon the personal, our culture has abandoned itself to impossible heroes, desperation, and despair.

What the feeling teenager and the hopeful adult longs for is a sense of the continuum of life. What they are

preponderantly faced with, however, is the cry of scarcity: not enough work to employ all who would labor for food and a home; not enough sky and water and forest to provide haven for the teeming human population and all the rest of life. And in the midst of this scarcity there soars the militant voice of an Ayn Rand which adjures the individual to discover personal exaltation and to abjure altruism because it fetters the individual from truly contributing to society.

The individual is left bounded by a picket of sociologists and natural scientists and philosophers who demarcate in their talks and books the line of scarcity. And where there is not enough for all, including the non-human life, there is left to youth emerging into adulthood only the cult of the daring individual who gets his own and trusts everyone else will get theirs if they can—though surely knowing that, as on the *Titanic*, there are not enough seats for everyone. Thus the gothic dress of youths. In their hearts youths yearn for a good world; they are not indifferent to the feelings of others and yet what good is their yearning if there is not enough for all? Or else, as a variation on the cult of the individual, we must depend on politicians of impossible integrity to fight those who don't care a fig for what others consider to be *the fact* of scarcity and who go on stuffing as much as they can into their investment portfolios and sports utility vehicles.

What hope for the continuum of good is there in that scenario? Soon enough every teenager has learned that, speaking of politicians, we should "toss the crooks out" or "damn the Rooseveltian Democrats" or "damn the heartless union-busting Republicans." And who's left to administrate society when it's only foxes in the henhouse? No wonder youths play bad or assume untoward gravity and steep themselves in the

gothic. Consider, though, that communities which work in association are the most productive. Consider that scarcity in land can, under terms of equality of opportunity, impel humanity to finer and more exquisite use of the earth's so-called scarcity. Consider that what is typed scarcity is the device that launches the thousand creative impulses of the human intellect and spirit to "aid in the process of the suns!"

Buckminster Fuller described human beings as problem-solving beings. The recognition that Rent arises both with the growth of population and with the growth in interdependent exchange of products and services leads thought into new channels.

New questions arise: If scarcity can, in fact, be the occasion of society's flourishing by prompting us to be ingenious in meeting our wants and needs with what's in hand, how do we nurture ingenuity? If scarcity of earth is not the bugbear it is made out to be, what is the cause of want and privation? And so we can turn to questions of justice and leave to natural functioning the laws relating to population. In short, when we leave off adding up and adding down the ability of the earth to carry the whole of humanity, we can inquire into what humanity is. It seems to me *that* is the big question, the real quest, the spiritual matter for that creature dubbed *homo sapiens*.

Just as, when one is not in a state of agitation, the respiratory and circulatory systems operate efficiently without concerted mental effort, when justice holds in society, the ideal human population will naturally find...*itself*. In paraphrase of Henry George, with the needs of the body met, what development of the spirit will then be possible!

Then our care will be not for sustaining life and security, but for making life beautiful. Q

# HENRY GEORGE AND RUDOLF STEINER

## A MEETING OF MINDS

*by Carl Flygt*

My eyes were opened when I first read Henry George. Suddenly I had an economic explanation for why modern man has lost his soul, his sense of ease, wholeness, mystery and profundity. I could understand in concrete terms why the people I met and knew were full of conceit and vanity, of angular superficiality, of debasement and shame, without emotional subtlety in their expression, incapable of objectivity in their thinking, loudly cynical and humourlessly fearful. I could see also why I shared these qualities. From George I could understand that we had all accepted something radically wrong in our social contract, that in giving up many of our personal liberties in exchange for the greater liberties afforded by society, we had also given up an immensely great freedom, a spiritual freedom. Furthermore, and most amazing to me, we had no idea that we had done it.

What is this spiritual freedom we have lost through economic error? It is the freedom possessed in rudimentary form by the indigenous peoples of the world before their way of life was lost to economic development. It is the freedom of man in harmony with nature and the world soul, the free cultural life of the natural man in rational and reverent exchange with forces he understands or at least knows intimately and respects. As Henry George put it, it is the freedom of a man in full possession of the rights to his labour and to the fruits of that labour.

### LABOUR

What is labour? It is the basic factor of economic production. It is the mechanism and impetus behind the cultural and spiritual ascent of man. It is the activity which transforms raw nature into something of value, something of use and possibility. Properly speaking, it is a man's initiative, his satisfaction in what he

alone can make manifest, his art and gesture on behalf of a brotherhood of others. As such, labour is at once the archetypal free activity and the basis for all the sophistication of culture and civilization.

Henry George, himself a *laissez-faire* capitalist, showed nevertheless that as a matter of wrong economic thinking and wrong moral judgment, the right to labour has been lost. More accurately, it has been lost by some and appropriated by others. This is an objective fact. Those who live and labour at subsistence, without resources for a free spiritual life mediated by culture, actually endure a form of slavery. This economically unnecessary maldistribution of freedom or wealth has an archetypal form: the organised robbery of war and conquest, the rights and power of the king.

Land is the basic economic resource. Anyone with the impulse to labour can transform land, with appropriate application of intelligence, into something of value. This is the right and natural source of a society's wealth. The error is in the rights to land. It is to think of land as a commodity, as itself something with a value, as something one can appropriate in itself to oneself, as a king might, as something that can be capitalised. This insight is at once economic and moral. The supply of land is fixed. Land cannot be created, and we each have an equal right to it. There is only one earth, and it does not belong to us; rather, we belong to it. We are each only a guest here for a very short time. This is a great and profound truth, if only we had time for it. This is the intuition that the economics of war has extinguished from our thinking and from our sense of ourselves.

Something evil happens when we extend the mentality of conquest and arbitrary possession into times of economic progress. If we think we

can own rights to land as we may indeed own rights to labour, or at least to its products, the economic value of the land increases catastrophically. A positive feedback is set in motion, for if we are both intelligent and acquisitive, by nature or by weakness of spiritual impulse, we grab the land because it will be worth more next year without the need to apply labour to it. The more land is withheld from production, the more its value increases. We learn to seek and to exploit the unearned increment of a public value for private and illusory ends, and then we forget that in doing so we are undermining the free cultural life, the nature and sustenance of our souls. Entire industries thus develop from activities that produce nothing real except moral degradation.

This is the model we accept. The pure landlord is enriched, the pure labourer impoverished. The moral degradation of both must follow. It is a terrible wrong based on a misunderstanding of economics itself. Land is not a commodity because it is not renewable. Its value is a public surplus, like air, freely given to us all according to our individual capacity to derive benefit from it. The value of land is not really an economic value at all. It is a cultural value, an enormous wealth wrongly bound up today in forms and instruments that serve various specialised segments of society in merely subjective and degraded ways. The economic, moral and spiritual imbalance in this world is based in large part on ignorance of this economic truth.

### LAND TAX

What solution does Henry George offer? It is a direct and startling political solution whose economic logic has never been refuted. George says the public community which gives value to the land should appropriate any value which has accrued to

the land beyond its productive value through a simple tax. This land value tax is a conception of utmost simplicity and equity. Under such legislation, it would be too expensive to put land to any use other than the best one possible. Instead of setting a drag on economic activity, as all other forms of taxation do, it would act as a stimulus to economic activity. By forcing the most efficient use of land possible, it would eliminate (or would have eliminated if applied early enough) the horrible tendency to urban sprawl, and would spawn a new, socially based architecture. As a corollary, it would stimulate a new agrarianism, a renewed attentiveness to the soil, its cycles, and our relationship to its living force. It would tend to eliminate many forms of non-productive economic activity, encouraging a valuation of real production with the natural outcome of an economics of brotherhood, sharing, and cooperation. George's is the literal vision of the City of God on earth, of peace, prosperity and transparent human consciousness brought about by a simple but radical correction in the way we think about and do economics.

How can we picture or think about what such an economic adjustment necessarily would mean for the social life? In a world where the production of wealth was linked directly to the individual's initiative, ingenuity, and love of the deed, human values, human consciousness, and even human evolution would experience a benign impetus. In that world, by degrees and over time, there would emerge in the human being the absence of subjective self consciousness. Man would no longer have an inner life because he would not need one! Instead, all the care for material life that today occupies the soul would be displaced by spiritual influences coming from the undistorted self-nature of other beings. Existence would become pure delight, in one sense an extreme simplicity, free of time, a subtle current of moment to moment emergence without beginning or end. Material nature

would simply and ethically be mastered as an adjunct to man's interest and absorption in the spiritual.

Every outward impulse of the soul or self-nature would then be tantamount to a work of art, a complete and self-subsistent moment. Universal access to the means to produce wealth, the rights to labour, would simultaneously slow and expand the experience of time. Man would come under the direct influence of the moral law. He finally and unequivocally would know what it is that he wants, would find the voice and the politics to express it, and would support that expression culturally. There would be no exploitation of one another, no want or misery, no overpowering urgency to compete. Each person would be expected to become and would be supported in becoming a whole being with nothing left out, nothing withheld. There would be nothing lazy about this world! From this great Work of Man the order of the world soul, the world of nature, would follow spontaneously, harmoniously with reverence and wonder in its own beholding. This is the challenge of Henry George's economics!

### GEORGE AND STEINER

Rudolf Steiner, who saw deeply into the processes of nature and culture, believed that if the economic process itself could be adequately observed by those participating in it, it would correct itself if it were out of balance. Such observation and economic judgment is the basis of Steiner's call for free associations within the social sphere, and it depends on a certain universalism, a "freedom of the hands" as Steiner says, on the part of each individual participating in the association, and on that individual's capacity for rational thinking. Ultimately, says Steiner, the whole social order must originate from the insights of the associations.

Two salient principles emerge from Steiner's economic analysis. One is a direct reflection of Henry George: land must not be allowed to trap capital. Such a situation, Steiner

says, is unhealthy, a stagnation, a congestion of material and economic flow. The second principle is that all true (productive) economic activity is future oriented. This is especially true of the spiritual and cultural activity of free human beings. Such activity is a fertilising influence on that which enters the material process of production, and its value is incalculable. It goes without saying that such freed activity must be supported and encouraged in all ways possible.

Significantly, Steiner finds the legislative (tax) solution to the land question that Henry George proposed to be unworkable. Presumably it is too threatening, too radical a remedy for an age old and defining characteristic of human beings -the inevitable refuge of self interest, the organic grip of self-possession. Steiner's methods were anything but threatening or dangerous. Instead, Steiner says, let the associations find the connection between land rents and economic imbalance. Then there will be the "very definite possibility" of transferring unearned rents (in the form of gifts!) to those whose activity is freed. Nothing is forced on an unwilling, confused or hostile population. No future plans are scuttled. Only an appeal through reason to the moral intuition and good will of man, and to the grand possibility of a universal human society under the spiritual laws of an immensely greater world of natural profundity, abundant sustenance, and objective significance.

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*This article was submitted as a paper to the Associative Economics Summit held in Caturbury, England in June 1996.*



## COMMUNITY LAND TRUSTS

*continued from page 1*

of rising real estate markets. The ground-lease also specifies that owners must be occupants, and can only sublet for short periods under special circumstances.

In order to learn more about CLTs, I spoke with David Jay-Bonn, Executive Director of the Berkeley-based Northern California Land Trust. NCLT has been around since 1973, and Jay-Bonn has been Executive Director for the last year-and-a-half. Previously he set up a CLT in southwestern Washington state, near Portland.

NCLT gets most of its money from city governments and the Federal Government. It uses this money to buy and develop land and housing, and also occasionally acquires land through donation. Once a property has been acquired or developed, it is sold to owners whose household incomes are within defined percentages of the Area Mean Income. (AMI is currently \$85,000 for San Francisco and \$71,600 for Oakland.) If a buyer's income is around 80% of AMI, they might be able to buy a single-family home. If it is lower, they might be able to buy a condo, or a share in a limited-equity cooperative (a shared-living arrangement). NCLT develops for all income levels, and Jay-Bonn stressed that it's important to understand who you are trying to serve before you decide how to develop. It's unrealistic to try to put a single mother in a single-family home, but you can help her acquire an appropriately-sized apartment at a price she can afford.

NCLT retains title to the land and the ground-lease has various stipulations, including a resale formula, which is based on AMI. CLTs use different methods for their resale formulas. Many use appraisal-based formulas, where the seller is allowed to retain (typically) 25% of the increased equity. For example, let's say that I were allowed to purchase a CLT-subsidized home for \$100,000, even though it has a market value of

\$150,000. If five years later that same home has a market value of \$200,000, the market price has increased \$50,000. I'm allowed to resell at a markup of 25% of the increase, or \$12,500. In this manner, I am allowed to grow equity in a home, but while the market value has increased, so has the subsidy ( $\$200,000 - \$112,500 = \$87,500$ ). Some CLTs use a time-based sliding scale formula where, for example, the seller might retain only 15% equity after 10 years, but can retain 40% equity after 25 years.

NCLT, however, uses an AMI-based resale formula. This means that if AMI increases by 10%, the seller is allowed to take a 10% profit on the resale, even if the house's market price is significantly higher. The formula is community-approved, since the other important aspect of CLTs is that the community is allowed a voice in CLT decisions. Most CLTs have a tripartite Board, with one-third being residents, one-third non-resident members, and one-third representatives from community organizations.

In spite of Prop. 13, there are still some property taxes to pay in California, and I asked Jay-Bonn who pays the property taxes, and whether they are divided between the land and the structure. He told me that the occupant pays all property taxes. But this did lead to the interesting point that, though the CLT retains title to the land, "land value" is defined as the gap between market value (or development cost) of a property and the amount of housing that can be afforded at AMI. NCLT does not concern itself with separating the land and capital components of property value. He went on to say that the tax situation varies somewhat arbitrarily, but sometimes CLT properties can get lower tax assessments based on the fact that the housing is being provided to lower-income residents. In general, preferential assessment is of course the bane of a smoothly functioning LVT, but it seems less harmful in this case since the owner is not allowed to resell at full market value.

I asked Jay-Bonn about possible problems with the model, including whether owners ever surreptitiously sublet their units at market prices. He stressed that owners are also members of the CLT, and that this community aspect prevents people from taking advantage of the opportunity the CLT offers them. I suspect that if CLTs achieve significant market penetration, that this form of gouging would become as common as it is in any market where goods are sold at a discount from fair market value, the same way that illegal or quasi-legal subletting is common in cities with rent control.

I also asked whether a significant increase in an owner's income would jeopardize their status, but he said that eligibility was based on a point-in-time income assessment. To me this seems to have a signal-dampening effect that would tend to lock owners into inexpensive units even though they could afford more, since they can't capture full market value on the resale, but might no longer be eligible for CLT-subsidized housing.

Possible synergies between LVT and the CLT model became clear as we discussed the NCLT position on a number of policy issues. NCLT supports targeted infilling to increase urban density, and transit-oriented development. Both of these are logical outcomes of LVT, as higher taxes on desirable locations—and the elimination of the development disincentive of a traditional property tax—will bring undercapitalized sites to their highest and best use.

Jay-Bonn also assailed the mortgage interest deduction as a vast subsidy from the poor to the rich. He pointed out that the deduction is not limited by home size, so its benefits accrue disproportionately to the wealthy. It is so entrenched politically that it has practically become an entitlement, and the amount of revenue given up by the deduction is 2-3 times the HUD budget. He offered this comparison as an indication of how little we politically value affordable housing. I'll add that since the wealthy tend to occupy

more valuable land, the significant thing about the mortgage interest deduction is that it subsidizes land more than capital. The entitlement isn't even really to home *buyers*, but to *homeowners*, since it is widely understood that eliminating the mortgage interest deduction would reduce the resale value of existing housing—a clear indication that it is a subsidy to land rather than capital.

Finally, Jay-Bonn spoke in favor of a real estate transfer tax to recapture community-generated value. This idea is fundamentally Georgist, and its use alongside LVT has been suggested by Mason Gaffney as a way to recapture land rents that are uncollected due to misassessment or other inefficiencies.

Jay-Bonn said that support for, and opposition to, CLTs has sometimes come from strange quarters. In spite of the progressive commitment to affordable housing, support from liberals has been lukewarm. He attributes this to the fact that the CLT model takes decision-making power out of the hands of planners and restores it to the homeowner and the community. About the San Francisco Redevelopment Agency he said "The last thing they want is for a neighborhood to be self-determining." Conversely, CLTs have garnered support among conservatives because conservatives like the "fiscal sense" of investing once, and having the subsidy self-perpetuate, and in fact grow with the market—as opposed to a rental subsidy, which is an ongoing public expense. One of their biggest supporters is the Fannie Mae corporation, a buyer on the secondary mortgage market Congressionally chartered to encourage low- and middle-income housing. The CLT model opens up new homeownership markets to them, markets comprised of people who just would not be able to afford to buy a home otherwise. Fannie Mae's backing undoubtedly makes it easier for the CLT to arrange mortgages for CLT properties.

Interestingly, Jay-Bonn's remarks about who supports CLTs and who opposes them mirrors my experience

## RESOURCES

San Francisco has been somewhat hostile to CLTs, and has only one CLT property (which happens to be part of NCLT). In December the Board of Supervisors appointed a 12-member Community Land Trust Task Force to investigate the feasibility of implementing the CLT model more widely within San Francisco. David Jay-Bonn was appointed to a seat reserved for a member of an existing CLT.

For more information about bringing CLTs to San Francisco, visit the website of the San Francisco Community Land Trust Collaborative at <http://www.sflandtrust.org>. The Collaborative also maintains a Yahoo! Group. The Yahoo! Group email list contains announcements about meetings and local initiatives related to CLTs and affordable housing. Several of the Task Force appointees, including Jay-Bonn, are members. To sign up for the email list, go to <http://groups.yahoo.com/group/sfclt>.

The Northern California Land Trust may be contacted at 510.548.7878, or via email at [nclt@nclt.org](mailto:nclt@nclt.org). Jay-Bonn said that he is happy to do presentations to groups who are considering forming a CLT or want to learn more about the model.

in trying to spread the word about LVT. LVT is a very progressive form of taxation (at least with regard to wealth, though it may be regressive with regard to current income since a large number of retirees are property-owners but live on fixed incomes), and has environmentally beneficial effects as well as economically progressive effects such as raising the wages of unskilled labor, increasing housing stock for low-income households, and reducing mortgage costs for everyone (which especially helps the poor, who frequently pay a premium on borrowing). It seems like it would be an easy sell to progressives, but I find myself unable to engage progressives with this idea because it is fundamentally a market-based solution. Once I start talking supply and demand, progressives turn a deaf ear.

Jay-Bonn closed by saying that one of the biggest obstacles to CLTs is that they can't change the market. This suggests that the CLT model may be a natural complement to LVT because LVT *can* change the market, but we still need tools to work with within the current market. CLTs can be a valuable middle-term solution as we continue to work towards acceptance of LVT. CLTs can help us put the concept of the community-

created value of land on the political map, while providing immediate assistance to many families desperately in need of housing. In fact, since land is permanently retained by the CLT, as the model grows in popularity, more and more property will be CLT-controlled. Once a critical mass is reached within a local community, the CLT member-owners will be a political force to be reckoned with. Since CLT homeowners are partially insulated from the real estate market, they may see that they have less to lose (and more to gain) in a shift to LVT than the traditional homeowner does. If we can educate this constituency now, while CLTs are gathering steam, we may be in a strong position to promote LVT several years down the road. My conversation with Jay-Bonn leads me to believe that we can expect a sympathetic hearing from CLT proponents. The real estate transfer tax is already clearly premised on Georgist foundations. Maybe we can convince CLTs that split-rate taxation (a lower, though nonzero tax rate on buildings combined with a higher tax rate on land, usually implemented in a revenue neutral way) is also an idea worth advocating for as a step on the path to full LVT. **Q**

## SIFTINGS

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•Lee Hachadoorian is the working editor of Quicksilver beginning with this issue. It's smart new look is his design, and with him dedicated to the task of producing this communication for the georgist community and the general public, we anticipate a more stimulating (and frequent) periodical. Lee introduces himself elsewhere in this issue, so here we will simply say, "Welcome and thank you, Lee, for actively participating in this challenging labor of education which the Henry George School is dedicated to!"

•Sharon Hoff, the school's intern a few years back, is still in mind of georgist education. Now that she's an employee with Gruen and Gruen, a city planning consulting firm in San Francisco, she is in a position to authoritatively argue for the merits of truly free-market land use policy. Free market means, of course, that no private party has a prior or superior right to the land value of a community. We're pleased to learn of her employment in her line of interest. Sharon took an M.S. in Regional and City Planning from UC-Berkeley.

## FRANKLY GEORGIST BROADCAST

Once a month, a lively dialog between georgists and candidates for public office, educators, and public policy advocates spans the western half of San Francisco. *The Frankly Georgist Hour* airs the last Saturday of each month, and occasional other Saturdays, from 7-8 pm on San Francisco Liberation Radio (SFLR) 93.7 FM.

The host is Crag Smooth, the alias of an active member of the San Francisco georgist community. Crag asserts that the program serves two vital purposes. First, it introduces possibly 200,000 people (the population served by the station) to rigorous economic analysis each month; and second, it provides a vehicle for introducing fresh, georgist lines of thought into the minds of the organizational directors, politicians, and community activists that are the program's guests. "If nothing else," Smooth explains, "the program gets its guests—who are influential in the formulation of public policy—to see something new, something possible in human relationships. I seek to educate my guests."

On a recent program Crag pressed guest Steve Phillips, candidate for the 13th California Assembly seat, to

consider how job opportunities, in a macroeconomic sense, arise. Phillips was intoning the need for more jobs when Smooth interrupted the rhetoric and asked how that need can be met. If from government intervention, then where is that money to come from? If from reprioritizing spending, then does that reprioritizing account for principled justice?

Crag doesn't browbeat anyone. "I'm clear about one thing. Few people have encountered georgist thought before. I'm not about to have them leave the program without an appreciation—or fear of it. My goal is to question the assumptions which inform so much of public policy debate. In my one hour with guests my ambition is to quicken their recognition that community-generated land values are being intercepted by private interests. There have been prospective guests who, once they learned of the program's perspective, simply broke off scheduling an appearance."

Tune in to *The Frankly Georgist Hour* if you can, and if you've ideas for programs or for making the program more effective, contact Smooth by leaving a message on the HGS phone-line, 415-452-8860. Q

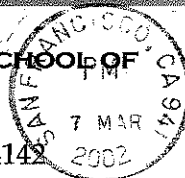
## PROGRAMS

**Fundamentals of Economics** — The next sequence of our basic course begins on Wednesday, April 3. 55 New Montgomery, 415.452.8860 to reserve space.

**Georgist Walking Tour** — San Francisco history and land economics. Leaves from 312 Mason St. (American Youth Hostel) every Monday at 6PM.

**Georgist Film Night** — *City Hall* (1996, dir. Harold Becker, starring Al Pacino, John Cusack, Bridget Fonda) See how real estate deals corrupt urban politics. Saturday, March 16.

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