

SAMUEL P. GRAY

The Philadelphia Henry George School has lost a valued faculty member upon the death of Samuel P. Gray on November 30th, 1992.

Sam had been active with the school since completing his first *Fundamental Economics* class in 1983. An expert in the investment field, he took over the course *How Wall Street Works* in 1985. His classes were popular; many new students came through recommendations from his graduates, and occasionally a waiting list formed as Sam's registrants overflowed classroom space.

Sam was born on Sept. 23rd, 1927 in Johnstown, Pa. He graduated from Simon Gratz High School in Philadelphia, and served in the Army in WWII. He worked as an aerial mapper, employed under contract with Conrail upon his retirement in 1989. An accomplished amateur photographer, Sam had many pictures published in photographic magazines. He also studied painting and sculpture at the Tyler and the Pennsylvania colleges of art.

Our colleague Sam will be sorely missed by all. He is survived by three brothers, Harry, Robin and Thomas, and their wives and children.

A memorial service in honor of Sam was held on Tuesday, December 15th, at the Birthplace.

TAXING SPRAWL

The letter that follows, written by Evelyn Friend Loomis, Director of the Sacramento HGS, was published in the December, 1992 issue of *Historic Preservation News*. The article to which she responds, titled "The High Cost of Sprawl," featured a photo of the Pittsburgh skyline, captioned, "Pittsburgh has successfully addressed many urban challenges" - but cited nothing more than "public/private partnerships and visionary city planning" to explain its revitalization.

In your June Viewpoint, "The High Cost of Sprawl," you list the many negative results of what you refer to as "suburban expansion" or the development of "edge cities." I would like to point out that this trend, which has led to the decline of our inner cities, is caused by the present tax system.

Under this system the tax on vacant land is so low that owners can afford to hold out for inflated prices, forcing developers to go outside the cities and buy lower-priced farmland. Taxing land more heavily makes it unprofitable for owners to hold land in the inner city off the market. (Building outside the city is more costly because roads must be built and utilities provided.)

You highlight Pittsburgh, which is widely recognized as an outstanding city. One reason for its success is that it has had a two-rate tax since 1913 that by 1925 amounted to the tax on land being double that on buildings. In 1979 the tax on land was raised to almost four times that on improvements, and construction increased 114 percent for the next three years compared to the three prior years. By 1983 the ratio was 5.6.

Although, as you say in your Viewpoint, "there is no single answer that can bring about urban miracles," taxing land more heavily discourages sprawl; boosts development, lowers unemployment; and improves conditions generally.

NOBEL LAUREATE BECKER EXPLORES SOCIAL VALUE

Gary S. Becker of the University of Chicago, winner of the 1992 Nobel Prize in economics, says that his interest in economics was strongly influenced by the writings of Henry George. Like Henry George, Becker bases his economics firmly within a sociological perspective, tackling such topics as racial discrimination, family structure and investment in public education - unusual subjects for an economist today. "We in economics stress that people's needs are unlimited," Becker says, explaining his wide-ranging approach to the creation of social value. In honoring him, the Royal Swedish Academy of Sciences credited Becker with "having extended the domain of economic theory to aspects of human behavior which have previously been dealt with, if at all, by the other social science disciplines such as sociology and demography."

Becker's first book was a consideration of racism from an economic perspective. He used statistical techniques usually applied to the study of international trade to inquire into the relations between racial discrimination and the labor market. His conclusion was that discrimination can only effectively exist where markets are not fully competitive.

In 1964 his book *Human Capital*, cited by the Royal Swedish Academy as

"IN THE OTHER ECONOMY, THAT OF SOCIAL WHOLE, OR THE SOCIAL ORGANISM, NOTHING CAN BE REGARDED AS WEALTH THAT DOES NOT ADD TO THE WEALTHINESS OF THE WHOLE." - HENRY GEORGE, *THE SCIENCE OF POLITICAL ECONOMY*

his "most noteworthy contribution," and the work for which he is probably best known, was published to wide acclaim. Prefaced with a quote from Alfred Marshall's *Principles of Economics* - "the most valuable of all capital is that invested in human beings," the book was a pioneer study of the uses and needs of investment in social enterprise. "The original aim of this study," begins Becker, "was to estimate the money rate of return to college

and high-school education in the United States. In order to set these estimates in the proper context, a brief formulation of the theory of investment in human capital was undertaken. It soon became clear to me, however, that more than a restatement was called for; ...there had been few, if any, attempts to treat the process of investing in people from a general viewpoint or to work out a broad set of empirical implications." *Human Capital* covers a broad field of inter-related economic subjects, from education to job training and health. Becker says: "it eventually became apparent that a general analysis would do more than fill a gap in formal economic theory; it offers a unified explanation of a wide range of empirical phenomena which have either been given *ad hoc* interpretations or have baffled investigators."

Becker's next work, and his most controversial, was a study of criminal behavior. While many criminologists tend to reduce all criminal behavior to strictly social parameters, either social maladjustment or deprivation, Becker took the position that entering the criminal life was a rational economic decision based

on calculated risk factors and that criminals respond like other people to reward and punishment. While not denying the social component behind much

criminal behavior, Becker insists that the choice to lead a criminal life is an economic choice freely made by the individual.

Becker, who also teaches sociology and is a regular contributor to *Business Week* magazine, was the speaker at the Spring 1992 Henry George lecture at St. John's University, New York. (For a summary of his remarks see the Summer '92 issue of *The Georgist Journal*, published by the Henry George Institute). -David Domke

WILLIAM FILANTE

Bill Filante, a California Assemblyman for 14 years, died on Dec. 8th, 1992. He was 63. Dr. Filante was an ophthalmologist and a well-loved community figure. A moderate Republican, he supported reproductive and gay rights, and many controversial environmental-protection bills. He also supported land value taxation, and was associated with the San Francisco HGS. Governor Pete Wilson said of him, "The people of...all of California remember him as a true citizen-politician, an officeholder who could care less about power and perks."