

the Henry George News

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Fighting Decay in Erie

by WILLIAM E. WALKER

IN ALMOST every community and state, active groups are seeking new industries, but society bears down on its established firms and applies such tax pressure as to make continued operation a constant problem for many old and established manufacturers. These tax pressures and exorbitant costs of both land and building, complicated by keen competition from home and abroad, make the operation of the entrepreneur altogether too marginal, even for the best interests of labor.

The average effective life of an industrial plant is thirty years. In Erie many are twice as old. Most of us sincerely desire plant expansion, new industries, good jobs for all and a community in which our own children might grow up and remain with a promising future. But how can they enjoy such a prospect when our industrial community, that once had national recognition for its strength, is like many other communities, fading in the evening sunset?

There is one bright ray of hope, if, as we now believe, the current real estate tax is capable of being changed, so that incentives to produce might replace the penalties that are now imposed on the producer every time he brings wealth

or value into existence. But we must put aside the obsolete economic theories under which we have erroneously operated, and put every enlightened device to work. Making industry, which utilizes land to the Nth degree, pay the tax burden of those properties which relatively misuse land, is a major fallacy. Some might say it is an unimportant fallacy. Let us see. In planning a new building, whether for rent or for the owner's use, the rate of return must be compared to other investment possibilities. Often this rate, after such costs as interest, a low depreciation schedule, insurance, maintenance and taxes, is unreasonably low; sufficiently low so that new facilities are not built, and old ones not modernized or made efficient. The tax burden of roughly 30 mills, or 3 per cent of assessed valuation, is a sizeable part of the cost of the interest from the capital invested, especially when we are penalizing the segment of the economy that creates the wealth and supplies the wages. Encourage industry and industry will return to every one in the community a higher standard of living.

(Continued on page 3)

Graded Tax Plan Aids Urban Renewal

by the Hon. JOSEPH M. BARR

Mayor of Pittsburgh

PITTSBURGH has the distinction of being the only large city in the United States where the special taxation of land values has been in actual operation over a long period of time. We are in the midst of an enormous program of urban redevelopment and urban renewal—a program which has attracted nation-wide attention.

I believe the Graded Tax plan, which was adopted here in 1913 by an act of the state legislature, has done a great deal to encourage the improvement of real estate in general, and especially the building of homes and apartments. And I think it has been particularly fair and beneficial to home owners.

It is generally felt that most of the fine structures erected through private enterprise and investment as part of the renewal program, are benefited by the lower tax rate on buildings, which for city purposes is just one-half of the rate imposed on the value of the land. City tax rates are \$37 per \$1,000 valuation on land, and \$18.50 per \$1,000 on buildings.

Many people now believe the Graded Tax law should be extended. As state Senator it was my pleasure to support

the bill introduced in 1951 by Senator McGinnis, which was enacted by an overwhelming vote in both houses of the legislature giving our 48 third-class cities the option to adopt similar tax measures if the City Council sees fit to do so.

In Pennsylvania the Graded Tax plan is considered non-partisan and has not been a political issue. It was first sponsored here by a Republican Mayor, William Magee in 1913, and has since been supported by both Republican and Democratic Mayors.

The law is generally accepted in the community and there is no significant support for its repeal or modification. In short, the Graded Tax plan has worked well in Pittsburgh, and we believe it would prove equally beneficial if tested in other areas.

As a member of the Pennsylvania State Senate for 20 years, and now as Mayor of Pittsburgh, I have been closely associated with Senator Barney McGinnis, and also previously with the late Councilman, George E. Evans, who was the first president of the Henry George Foundation. So I am particularly pleased to welcome members of the Henry George School and the Henry George Foundation to Pittsburgh.

The foregoing welcome by Mayor Barr, and all other articles in this issue, reflect the joint conference of the Henry George Foundation and Henry George School at Pittsburgh last month. A general report on the complete program begins on page 8. A number of addresses not included in this issue will appear in shortened form in the September HGN.

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The Henry George News, published monthly by the Henry George School of Social Science, 50 E. 69th Street, New York 21, N.Y., supports the following principle:

The community, by its presence and activity, gives rental value to land, therefore the rent of land belongs to the community and not to the landowners. Labor and capital, by their combined efforts, produce the goods of the community—known as wealth. This wealth belongs to the producers. Justice requires that the government, representing the community, collect the rent of land for community purposes and abolish the taxation of wealth.

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L. to R.: Thomas Greene, Eleanor Pryer, S. James Clarkson, Gerald Weber and William E. Walker. All except Mayor Clarkson are members of the Erie Land Tax Association.

(Continued from page 1)

Undertaxation of land is the number one reason why many cities are in financial trouble. If you undertax land it is necessary to overtax improvements to make up the deficit. Industry has built high cost structures on the land, and has then been overtaxed on these improvements to the detriment of the entire economy. Since undertaxation of land encourages land speculation and thus high land prices, the industrial concern in need of a large plot of ground must move to the outlying areas, drawing its employees toward the new site. Remove speculation in land and encourage progressive maintenance and utilization of land, and no form of major decay as we have witnessed should need to take place.

Erie is now authorized by law to levy all city taxes on land value. School and county taxes would continue to be levied against land and buildings together. This is how we set it up: building value assessments are \$335,653,-690. Land value assessments are \$61,-215,920. Land and buildings together total \$416,869,610. Building values are 5.8 times higher than land values. This makes the ratio of building value to land value 5.8 to 1. When taxes are

taken off buildings and levied against land value alone, building values are disregarded. Since the city will be obliged to raise a budget of \$4,272,913 on land, it will have to increase the millage from 10¼ on land and buildings, to 70 mills on land alone. This will yield \$4,285,114.

Under this scale of taxation all individual properties change unless the building value is exactly 5.8 times higher than the land value. Where the building value is more than 5.8 times higher than the land value the tax will be lower under a land tax system. Where the building value is less than 5.8 times higher than the land value the tax will be higher than it is now.

[Examples were given of one manufacturer who is being charged three times the fair land value tax share; and Hammermill now being penalized over \$57,000 a year above a fair tax based solely on land value.]

I am not pleading for special privilege for industry, only for fair treatment which will benefit Erie, the state and yes, the entire nation. Needless suffering will result wherever present tax policies are permitted to persist. It fires the imagination to know what a truly just tax system might do for the betterment of everyone.

The Allegheny Roundtable

JOHN WEAVER, director of the Allegheny Roundtable, an organization producing radio, TV and other forum programs, arranged and moderated a conference program on "The Pittsburgh Graded Tax." He has been urging professional economists in universities and planning agencies to make fresh studies of the possible impact of further increases in land rates and decreases in building rates, and has sent them summaries of news indicating a revival of interest in "the Pittsburgh idea," calling special attention to the history of the Graded Tax by Percy R. Williams in the *American Journal of Economics and Sociology*.

Mr. Weaver explained that work behind the scenes was more important than surface results, and he was not surprised that official spokesmen were unready to express themselves publicly before our group, although two such teachers and representatives of planning bodies did visit the Henry George conference.

Following a brief summary and evaluation by Mr. Williams (see page 6), Dr. Marion K. McKay, emeritus professor of economics at the University of Pittsburgh, chairman of the Pittsburgh Civil Service Commission and member of the State Water Board, tried to raise questions of the sort which Georgists would probably have to face in extending their efforts.

As a former candidate for Congress and now holder of government positions, his viewpoint might be described as that of most Democrats—a belief in taxation according to "ability to pay," even if it means higher local income taxes. All income, he contended, is the result of our living in an organized society, and many people cannot afford to pay for "benefits received." Rebuttal

to this from the Georgists emphasized the importance of incentive to those whose income is earned; the fact that in business charges are made according to the value of the product sold, except in cases of charity; and that a sound tax system should not have to provide for charity but rather should eliminate the need for it.

Dr. McKay questioned whether any tax change could reverse the trend toward the suburbs. Mr. Weaver, who disclaimed being a "neutral" moderator, said the attractiveness of a city depended not only on the tax charges but also, like the room rents obtainable by a hotel, on the excellence of its management as compared with that of competing hotels (or communities). Pittsburgh officials and planners are doing a number of things to improve the management of the city, and should also recognize that land rent is the measurement stick to determine what tax charges are possible for the services rendered.

Mr. Williams agreed that land values in the city are declining because of the suburban competition, so that conditions are not as favorable for a land-tax increase as they were in 1913 when the Graded Tax was adopted, and when Pittsburgh land prices were the second highest in the country. He maintained, however, that our principles will bring benefit whether the values are high or low.

Mr. Williams concluded that the Graded Tax has worked well though there was almost no reduction in the number of dollars paid on buildings even at the beginning, because cost of government has steadily risen—hence there is not as convincing a demonstration as might be obtained if the half rate on buildings were made much less.

He recommended that efforts be made to secure a real demonstration in a third-class city. Sidney Evans of California, Russel Conklin of Montana, and others, questioned whether there could not still be a great forward movement in Pittsburgh, and whether land values might not be revived by this means. Pittsburgh Georgists showed that at least they are determined to keep the city aware that it has the Graded Tax and should do more about it.

On Friday evening at six, conference attenders gathered around radios, to hear a 25-minute Allegheny Roundtable program on WJAS (NBC) arranged by John Weaver, in which he and Bernard Loshbough, director of Pittsburgh's Action-Housing organization, questioned Miss V. G. Peterson on her observations in Hawaii, New

Zealand and Australia. Mr. Loshbough had introduced Perry Prentice and another of the House & Home editors on previous occasions. He was interested in the effect of land value taxation on improvement of blighted districts. Miss Peterson told him the so-called slums were certainly not as unsightly as those in New York, and the people in general took pride in improving their property, keeping single-family dwellings in preference to apartments, even though this meant paying a little more tax for land around their homes (there is no tax on buildings). Improvements were most noticeable when they were planned, as in Wellington, by a private developer; and in Canberra, the Australian capital, where all land is leased by the government. Mr. Loshbough favored such leasing.



LAND TAXES SHIFTED IN FLORIDA REVALUATION

Frederick R. Barkley of Gulfport, Florida clipped from the St. Petersburg Times, a series of articles by Douglas Doubleday, in which he believes HGN readers will be interested, regarding a mass property reassessment in Pinellas County. Objectors are warning that shifting the tax from improved to unimproved properties will bring on a real estate depression, but Mr. Doubleday called attention to House & Home's view that unimproved land is "the only kind of private property the owner did nothing to create and for which he is given the most favorable possible tax treatment." He contrasts tax levies in Pittsburgh and Scranton where the rate on improvements is double that of the land, and mentions also Australia, New Zealand and Johannesburg which he says "credits its leadership to its policy of taxing land four times heavier than improvements."

The Pinellas tax assessor, writes Mr. Doubleday, has proposed "no such revolutionary measure," but is trying to lift assessment levels on unimproved land into "some degree of relationship with market prices, like other properties." He has increased assessments 500 to 1000 per cent above last year but none touch recent market prices—the new ratio of assessment to recent prices is said to run typically around 50 per cent. Although 30,000 property sales have been analyzed since 1961, the assessor claims he has seen no evidence of "scare selling."

Property owners will be offered a hearing before an equalization board, but only after they have prepared a sworn statement requiring so much detailed information that many are likely to "forego the opportunity."

Mr. Doubleday notes that as far back as 1937 the National Resources Committee suggested that "state and local authorities should consider reducing the tax rate on buildings and increasing the rate on land in order to lower the burden on home owners and stimulate the rehabilitation of blighted areas and slums," also to help finance public works.

Pioneering in Scientific Taxation

by PERCY R. WILLIAMS

FREDERIC C. HOWE, the noted authority on civic affairs, said in 1916: "Pittsburgh has set the pace for all America in her tax system—the greatest single step any American city has taken in city building."

And the Pittsburgh Press stated, regarding the Graded Tax: "The law is working to the complete satisfaction of everybody except a few real estate speculators who hope to hold idle land until its value is greatly increased by improvements erected on surrounding territory. It is a statute so pre-eminently fair and so thoroughly in accord with enlightened modern ideas of taxation that it has been favorably commented upon from one end of the United States to the other."

The great majority of real estate owners today are saving money through the Graded Tax. It follows, of course, that the owners of vacant or under-improved land are paying higher taxes. Where land values are very high, as in the Golden Triangle and other shopping centers, most of the properties, including some with substantial improvements, now pay more. But the home owner is the chief direct beneficiary and this is a principal reason why the plan has popular support.

We can learn valuable lessons by reviewing the efforts of those who pioneered in one of the few successful attempts to apply Georgist principles in a municipal tax system. Let's glance at the year 1912, for we are observing the 50th anniversary of the formal launching of the Graded Tax movement in Pittsburgh.

The Joseph Fels Fund Commission

had dedicated itself to a special effort to win at least one state or community for the single tax, and political campaigns were in progress in various states, especially where the initiative and referendum had been adopted to permit carrying the issue directly to the people. Louis F. Post was editing an influential weekly called *The Public*, and Joseph Dana Miller was writing in the bi-monthly *Single Tax Review*. Frederick H. Monroe was conducting a nation-wide lecture service for single tax speakers, notably for John Z. White who frequently addressed various clubs and organizations in Pittsburgh. There was no Henry George School in those days, but the members of the Single Tax Club of Pittsburgh were working enthusiastically, and one real estate broker, William D. George, proved to be an effective lobbyist. William A. Magee, a skillful, practical politician, had been elected Republican Mayor of Pittsburgh in 1909.

The land tax reform movement was under way. Three separate acts of significance to the land taxers had already been enacted by the legislature in 1911, when Mayor Magee's support was enlisted behind a bill drafted for the purpose of shifting a substantial portion of the municipal tax burden from improvements to land values. It was felt that a gradual and moderate approach would lessen opposition, and this proved to be the case. The act, applying both to Pittsburgh and Scranton, was adopted by an overwhelming vote largely because the Pittsburgh city administration was behind it and the daily newspapers were friendly. It was signed by Gov-

ernor John K. Tener on May 15, 1913. The city building tax rate was reduced 10 per cent every three years until a ratio of 50 per cent was reached in 1925 and the act became mandatory—this ratio of buildings to land has prevailed. Since 1925, however, there has been a strong upward tendency in both land and building millages in order to provide for the expanding financial needs of the city.

The city tax rates for 1962 are 37 mills on land and 18.5 mills on buildings. This means that the total taxes on buildings this year are approximately five million dollars less than the amount that would have been levied on buildings this year under the old flat or uniform rate system, were it still in effect. A flat rate of 25 mills (or \$25 per thousand dollars of valuation) would produce approximately the same amount of revenue. Thus it is possible in any individual case to determine by mathematical calculation how much each taxpayer gains or loses in tax dollars.

The advocates of the Graded Tax reform hoped to encourage private improvements of all kinds through fuller development of urban land, check land monopoly and speculation, collect more unearned increment for public revenue, and reduce the tax burden on improved real estate. After nearly fifty years of actual experience we find that definite progress has been made toward each of these goals. The soundness of the

method appears to have been demonstrated and nothing has occurred to nullify its effectiveness.

The Graded Tax has brought about much higher taxes on land values, but owing to changing economic conditions it has not been as effective in reducing taxes on improvements. Year by year it is becoming more difficult to untax improvements (speaking from the political viewpoint), because building values have been increasing very sharply. Since such a large proportion of the required municipal revenue is derived from assessed building values, these values can only be untaxed by means of a marked increase in the land tax. And while the land taxer will rejoice in the prospect of taking the maximum amount of economic rent for public purposes, the landowner must be convinced of great general economic benefits before he is apt to see the desirability or justice of the increase.

We must remember that land values are being taxed today by every local government in the United States through the real estate tax, but only here are they taxed on a differential basis. While it is difficult to be precise, available figures indicate that approximately one-half of the economic rent of Pittsburgh is now being collected by our local taxes. As land monopoly and speculation are no longer conspicuous in Pittsburgh the Graded Tax must be a contributing factor.

"Five Important Differences Between Socialism and Single Tax," was the subject assigned by the Fairhope Single Tax Corporation for its annual essay contest open to high school seniors. "It was gratifying to note that all of the students were aware of the loss of freedom under socialism and the enhancing of freedom that would come about under the single tax," wrote Bruce Evans, Jr., director of the Fairhope extension. "Most of the students have learned the difference between government ownership of land and common property in land, and understand that capital and land should be treated differently." Mr. Evans is a teacher at the Extension Center of the University of Alabama and he incorporates into his class on Economic Principles, the evils of land speculation and the remedy—land value taxation.

The winner of the contest was Nancy Ruth Dealy, who received \$100 in cash and will receive \$100 each year for the next three years, as she is accepting a scholarship to Memphis State College. Paul Straw and Curtis M. Arnold won \$100 each. Graham Timbes and Fran McKinney, fourth and fifth winners, received \$50 each.

30th School Year Sees

NOW the Georgists are "out of the woods" and look forward hopefully to constructive action on every level. The joint conference in Pittsburgh from July 11th to 15th (18th annual conference of the Henry George School and 20th congress of the Henry George Foundation) will be remembered not only for its program of action, but for the beauty of its setting. The hosts, Percy R. Williams and Robert C. Bowers, selected Chatham College, with a 30-acre woodland campus, as the conference site—an ideal place for the nearly 100 delegates to meet, walk and talk.

All visitors were invited to a Jerry Lewis variety show on the eve of the conference at the Civic Arena where the gigantic domed roof slowly rolled open to reveal the Pittsburgh skyline.

New York, with 20 visitors, claimed the largest delegation, but Detroit was well represented, also Toronto. The first school session, on Thursday morning, was on problems of promotion, led by Elizabeth S. (Betty) Breese, enthusiastic representative of the new extension for which she was largely responsible. Emmanuel Choper, the principal instructor and director, was not present—but the "girl from Syracuse" provided diversion wherever she went.

At the luncheon which followed, Robert C. Bowers, director of the Pittsburgh extension, presided. Reinald McCrum, Secretary of Chatham College, welcomed the visitors, and the Honorable Joseph M. Barr, Mayor of Pittsburgh, made delegates graciously aware of his knowledge of Henry George's philosophy. He said that was the only large city in the country where there had been no land speculation for a long time, and gave credit to the Graded Tax plan which makes it possible to

tax land higher than the buildings. Ideally we would like to see the entire tax on the land, with no tax on the improvements, but Pittsburgh's years of progress prove that even this much of a differential helps to build a beautiful city. Mayor Barr said the city's Renaissance began when they formed a non-partisan committee with executives from 26 large corporations. Their services, which would have cost millions, were offered gratuitously, and the results have been wonderful to behold. Yes, Pittsburghers are justly proud of their city which is now one of the cleanest in the country (see page two).

Another politically active visitor, Vernon Kilpatrick of California, supported the Mayor's remarks and said there should be a crusade throughout the nation, since out in California people have not heard about the graded tax. He spoke of Fresno as a pilot city and county in which they hope to present to the legislature next January, a plan outlining tax advantages for home owners, business and industry—with the hopes of reducing relief rolls and deterring urban sprawl. He said areas which had been open, unused land were now being sold for a great field of houses. They have just appropriated a 3-million-dollar bond issue to a small city considered *impoverished*, and are paying \$45,000 an acre for the land. Why are they impoverished? Because homes are being sold at high prices to people who have no security and are paying too many "gyp" taxes.

Everyone moved with eager anticipation to another hall to hear a panel discussion moderated by John Weaver, well-known "single taxer" of Pittsburgh, who also moderates a popular radio program known as the Allegheny Roundtable. (See page 4). Percy R.

Public Acceptance Growing

Williams, Executive Secretary of the Henry George Foundation was introduced first as a proponent of tax reform who is cautious, conservative, extremely accurate and "always careful not to claim too much."

Another eagerly anticipated meeting in the evening brought the hopeful report from Miss V. G. Peterson, Executive Secretary of the Robert Schalkenbach Foundation, on what she had seen in her tour through Hawaii, New Zealand and Australia. A co-speaker was the Professor Yoshisaburo Yamasaki of Kobe University, who was present, but whose paper on "Henry George's Influence in Japan" was read by Joseph Stockman. Since one issue of HGN will not hold all the words of wisdom from one conference, we are forced to ask you to wait until next month to read these international reports.

The "spectators' balcony" was again filled on Friday morning as the directors met to discuss teaching methods, with James Ramsay of Toronto as chairman. The Henry George School prides itself on the use of a Socratic teaching method, but in a spirit of self-criticism the question was asked "do we lecture instead of eliciting the answer from the students?" Noah D. Alper, St. Louis director and author of *Brief Cases* in HGN, contended that students know more than they think they know, so he merely helps them organize their knowledge.

Someone observed that the Socratic method reached its aim by asking leading questions, and asked searchingly, *is the teacher equipped to teach by this method until he himself has studied formal logic?* It was suggested that George's books afforded training in logic. Others said there is nothing wrong with lecturing, for it is pre-

sumed that the teacher knows more than the students about the subject he is teaching.

Time out now for a change of pace, and an afternoon excursion on Pittsburgh's three rivers. For most visitors it was their first experience of going through a lock. On the observation deck Casimir J. Pellegrini, an architect of Pittsburgh, was answering questions and acting as guide, while on the lower deck there was merriment to the sound of music.

The evening program swung into action—Erie and Southfield political action—so cheering to those who have long wished to see more practical results. First came a report of achievement from Mayor S. James Clarkson of Southfield, Michigan, whom we recall as a member of the Michigan State Legislature two years ago at the Detroit conference. He looked very mayorial and impressive. A shortened version of his address is on page 15 of this issue.

Enthusiasm ran high as W. Wylie Young reported on his progress in introducing the Graded Tax law to third class cities in Pennsylvania, and especially when he introduced a panel of members of the Erie Land Tax Association (ELTA), who demonstrated how they conduct a tax seminar. Mr. Young was in Erie the past year speaking to groups, teaching classes and preparing promotional material for use by the Junior Chamber of Commerce members (see HGN, Aug. 1961, p. 8).

Percy Williams was the chairman at this session but withdrew after introducing Charles A. Hall, president of ELTA, who reported on recent activities in Erie, and then introduced Thomas Green who told how the association grew out of a series of class sessions among the Jaycees, taught by

Wylie Young. This group prevailed upon the Junior Chamber of Commerce to give the Graded Tax its official endorsement (see HGN Dec. 1961, p. 4; Jan. p. 8 and Feb. p. 7). Gerald Weber, for ten years an Erie City Solicitor, talked about downtown obsolescence; and William E. Walker, a manufacturer and real estate developer, said he recognized tax reform as the key to a proper functioning of the free enterprise system (see page one).

Mrs. Eleanor Pryer, who has been active on this team for many months, said she wants to see Erie rid of slums—a city where children will be able to walk into a livelihood, and where there will be no need of federal help (in a recent redevelopment project \$5 million was spent in taxpayers' money to net \$1 million of property).

Work in cities of the third class is being continued by the Economic Education League of Albany and the Henry George Foundation of Pittsburgh. Wylie Young and Harry Gunnison Brown will be speaking in various cities—Dr. Brown in a volunteer capacity. John (better known as Jack) Motley, whose conference publicity in the Pittsburgh press was outstanding, is to be retained in a public relations capacity. He was a key figure in Erie where, as one of the Jaycees said, he "kindled the fires of action," and helped to reach the public with meetings, radio, and more than 6,000 mailing pieces, including a newsletter. He arranged for paid advertisements to be inserted in Erie newspapers. Helpful editorials resulted from his efforts.

Probably no words have ever sounded sweeter to a Henry George schoolman than those of Charles Hall, ELTA chairman, when he concluded by thanking the school for "not letting it wither and die" until they came along.

William E. Walker of Erie, Secretary of ELTA, attended a directors' fund raising session the following morning

and was asked to comment on attempts to interest Erie's industrial firms in contributing. He said such a program must be well organized to get effective results. Prominent citizens were also invited to help. Raymond Perron, Montreal's new director, presided at this session which considered special benefit programs, the possibility of approaching foundations, and the advantages of personal calling campaigns.

The afternoon was spent in listening to special reports from a number of related organizations. (Look for them in your September HGN).

As the banquet hour approached on the last evening of the conference all the same people came back looking a little more dressed up. The president of the Henry George Foundation, Judge John R. Fuchs of New Braunfels, Texas, author of *Constructive Taxation for Free Enterprise*, was a glowing toastmaster.



An attractive oil painting of one of the Pittsburgh Henry George classes in session, by Janet Cameron, a student of the class, was presented to the director, Robert C. Bowers. (above)

Barney McGinnis, Senator for 24 years in the Pennsylvania Legislature, was the first speaker. All Georgists owe a great deal to him for his foresight in having introduced the bill to tax land and buildings separately which now "makes all the difference." Our people in other states would welcome such legislation most heartily since it would partially open the way toward a con-

sideration of something resembling the Graded Tax law.

As a student at Cornell University in 1905 young McGinnis had taken a course in Political Economy, and heard a lecture by Henry George. Later in Pittsburgh he heard Henry George, Jr. say, "if you tax land you'll force it into use." This talked in with William A. Magee's remark when he saw land in Pittsburgh being used for cattle grazing. "Double the tax on land in relation to buildings," he advised. They did and soon there was not a cow left. Scranton was a ghost town in those days, but someone was wise enough to promise, "if you come to Scranton we won't tax your buildings, and we'll tax your land only half."

Senator Arthur W. Roebuck of Canada looked younger and even more distinguished than he did 10 years ago when he addressed a group of our delegates in Montreal. He admits to an age of 85 but his youthful bearing belies this. You cannot share the pleasure we had in hearing a true orator such as one rarely finds nowadays, but we believe you'll feel rewarded if you read his address in the September HGN.

Judge Fuchs brought the program to a close after several musical selections, and said what he wants is an amendment that will grant all cities the power to exempt improvements from taxation and tax the unimproved value of the land. The Judge recently talked to the grand jury of Comal County, Texas, in words which fairly sing of the "attachment between man and nature." As a barefoot boy he knew every tree and every rock on his father's ranch. He knew the place where the wild flowers grew, the trees where the raccoons found shelter and the hollow trunk where bees deposited their burdens of honey. Speculation has all but destroyed the small farm, as over five million people have moved to congested cities to compete for starvation wages. All

the farm aid is futile as long as we maintain our archaic tax system, he said. Untax the farmers and leave them alone, they will take care of themselves.

"The Best Yet"

The final "evaluation" on Sunday morning, always a popular session, was carefully controlled by John T. Tetley of Newark. There were many joyous and deeply felt "thank you's" to Mr. Bowers and Mr. Williams and the others who helped to make the conference such a delight. "The best yet," many said, with definite high points to be remembered, like the ELTA group, the report from Australia by Miss Peterson, Senator Roebuck's address, Mr. Weaver's Roundtable, etc.

Extension directors present were: Noah D. Alper, St. Louis; Robert D. Benton, Detroit; Robert C. Bowers, Pittsburgh; Robert Clancy, New York; Russel Conklin, Great Falls, Montana; Mitchell S. Lurio, Boston; John Monroe, Chicago; Harry E. Pollard, San Diego; John Ramsay, Toronto; Joseph A. Stockman, Philadelphia; John T. Tetley, Newark; and Robert Tideman, San Francisco.

Others who represented their extensions were: Stretzel Walton, retired director of Montreal; Elizabeth S. Breese, Executive Secretary, Syracuse; Ivan Dailey, Assistant Director, representing Verlin Gordon of Ohio; Laurence Kobak, Assistant Director, New York; and Lucian Wilcox who represented director Bruce Evans, Jr. of Fairhope, Alabama.

Harry Pollard, former director at Toronto, will direct the class program in Los Angeles while William B. Truehart is on sabbatical leave, and will act as director in San Diego succeeding Dr. Robert V. Andelson who resigned to teach philosophy at a college in Northland, Wisconsin.

Several Georgists in Chicago have formed a volunteer branch of the Henry George School which will offer com-

PITTSBURGH HOSTS AT OPENING CONFERENCE SESSION



L. to R.: Robert C. Bowers, Director of Pittsburgh Henry George School; Reinald McCrum, Secretary of Chatham College; Mayor Joseph M. Barr of Pittsburgh; and Percy R. Williams, Executive Secretary of the Henry George Foundation.

munity classes, and new fall classes have already been planned. George Menninger was named secretary of the new branch. Both Mr. and Mrs. Menninger were present at the conference, and both have long been active in Chicago school activities.

John Lawrence Monroe of Chicago came for the weekend bringing news of the Institute for Economic Inquiry at 236 Clark Street, successor to the Henry George School of which he has long been the director.

Mr. Monroe explained that the scope of the educational program today is the same as it has been for 29 years, despite the change of name. The only difference in the present teaching method is that no textbook is required. The subject matter of *Progress and Poverty*, in outline form, is part of every invitation to prospective students. Material used in Henry George School manuals, with much more, makes up the ten-week course, along with every example given by Henry George that led him to his conclusions—but IEI students have to make the leap and reach their conclusions by themselves. Annual memberships are \$12.50 a year, and \$200 buys a life membership. Corporate memberships are \$2,000 and this entitles a firm

to one study group.

Study groups were reported in cities near Chicago and farther away in Springfield, Decatur, Danville and Champaign; also in Indianapolis, Indiana and Travers City, Michigan. A number of large firms sent invitations to their employees and the average response leading to enrollment was 10 per cent. Of this number an average of 80 per cent finished the course. Enrollments and prospects for the coming year have tripled.

Russel Conklin, former Mayor of South Falls, who addressed the final luncheon meeting on Sunday, has served in the Montana Legislature where he spoke on every possible occasion about such evils as the income tax. Believing that the time is riper for the "land tax" than it has ever been, he focused attention on the plight of the politician in this movement and urged, "let's train those who are going to help us." Animated discussion followed on the respective roles of education and politics in the Henry George movement (see page 13).

As conferees bade their final farewells many were already looking forward to July, 1963 when the conference will be held in Toronto.

Montana's Disappearing Frontier

by RUSSEL CONKLIN

AS I look back over the history of the single tax movement I find that Henry George, even after his defeat at the polls in 1886 felt he had reached hundreds of thousands who might otherwise never have learned that the earth belongs in usufruct to the living. No such claim can be made for my recent campaign, but there are 10,000 people in my district who voted for me and listened to my theories. I didn't hesitate to use the terms "land tax," "single tax" and "land reform." And tax reform is our vital issue.

One of my most widely quoted speeches was about South America. It is not the communists or the agitators who have thrown the starving millions at the gates of South America's great cities—but they are there to take advantage of the discontent. And what about Montana? The number of families living on farms grows smaller every year. The average size of the Montana ranch grows bigger constantly. Absentee landlords are bringing their cattle to Montana to fatten on our long grass, but they don't improve the ranches. Many Montana farm operating losses are used to offset profits made elsewhere, and the owners are waiting for the capital gains at low tax rates. Land in Montana is priced above what the investment can yield. The incentive is to sell out. We have little industry, and our young people are leaving our state. The problem is easy to see in South America, and now in Montana where the frontier is gone the same conditions are creeping up faster than we realize.

In Billings, Montana's second largest city, there are 500 homes for sale. Rents in Great Falls have recently dropped as much as 20 per cent. In our community we depend on federal funds to

a frightening degree to maintain a huge air base and 150 missile sites. They call it our biggest industry, but *you* know it is not industry at all. No wealth is being produced by these huge military expenditures. They are simply draining off the wealth of an ever-decreasing number of producers.

Our economy is not healthy. Our schools are sub-standard. Our cities are beginning to look like the aging cities in the East. There are brown spots here and there, and buildings are beginning to decay, as suburbs stretch ever farther out into the wheat fields. We may not have slums, but we have some real examples of poverty and want. Talk to these people about taking a course in economics? A thousand will listen to lectures about what the air force is doing for our town, while 15 may show up at the library to see "Land—and Space to Grow!"

Along about 1912-15 when the single tax was being discussed in Oregon and Washington where we lived, my father said, "son, put all your money in land, some day you'll be able to cash in." Had I been less of an idealist I would now have the means to go out and tell our story to others—but not without blushing. I think speculation in land is morally wrong and economically unsound. Furthermore I believe it can be stopped. But we will have to beat the bushes to get the people out. I'd like to put on an advertising campaign and go from door to door as I do in political campaigns, but I could raise thousands for political activity easier than I could get \$100 for a Henry George campaign. And yet it seems to me the chance to get out and push our reform is the biggest opportunity offered to us in this half of the century.



"Philosophy of Freedom *Versus* the Single Tax" by Oscar B. Johannsen (June) is, so to speak, "the return of the native," i.e., the return of Henry George's original "law of justice." The native certainly expects a solid wall of opponents, but I am not a brick in that wall because I understand him only too well. As an appraiser I used to ask only one question—how will it work? Henry George himself didn't know, and therefore he recommended an "expedient," as second best.

One may demand that the former owners will not get a single penny for their "token" rights, but imagine a country like Israel were everybody, even a beggar, buys a piece of land as a hedge against inflation. All these will cry shame upon so predatory a government, and they are in the majority—how would you answer them?

Or, consider that you own a piece of land. You erect a building on it. "Your" piece of land will now be put up for auction. I offer the highest rent, \$1,000. As I am a professional extortioner, I shall sub-let it to you for \$2,000. Can, and will, the "Henry George government" do something against my demand? Or should it give the owner of the building a preferential right to take the land on lease? And what will we do if there is a boycott against the lease and no one, not even the owner, will buy it?

In Israel 95 per cent of the usable land is owned by the state or the National Fund and given to farmers and builders on lease, for a revisable ground-rent only. The lessees have learned to speculate with these exactly as they speculated with the lands themselves. What expedient, sorry, I should say what

remedy can you propose against these speculations?

Both Sun-Yat-sen and our friend Geoghegan of Malta have proposed to take ground-rent, not on the strength of assessments, but on the owner's assessment and declaration, giving the state the right to purchase the land for the thus declared value, plus 5 per cent. Does Mr. Johannsen know about any enactment of this plan, and what happens to the buildings and plantations if the state takes the land in this way?

DAVID B. ASCHER
Haifa, Israel

Jamaica is busily preparing for political independence, after 300 years of British rule. Slogans, such as "Jamaica is yours—love it and work for it," are everywhere.

Jamaica is *whose*? People are not likely to love a country that keeps them in poverty. Does not the prosperity of all its individuals make up the prosperity of the whole country? How can one work for one's country when one cannot get work?

The people of Jamaica think they've gotten rid of colonialism by attaining "political independence." But the land and resources are still dominated by a small minority, and natives are thus compelled to work at a subsistence level. And is not the same thing continued after so-called "independence," when a few landowners control the economic life of the country?

Now that there has been a change of government, Jamaicans are faced with the condition that even the little land value taxation we have is in jeopardy.

We have yet to learn that true independence comes not alone through political independence, but also through economic independence.

PHILLIP WALLACE
Kingston, Jamaica

The Southfield Experiment

THERE was a time when the Honorable S. James Clarkson, Mayor of Southfield, said he felt no progress was being made in untaxing the home owner in Michigan, but today he feels very optimistic. Southfield, on the Northwestern Highway, in the heart of industrial Michigan, is the state's sixth largest city in area. The 1960 population of 31,082 is expected to more than double by 1970. About 70 per cent of this fast-growing area is underdeveloped.

In reporting on this program, Mayor Clarkson, who was an instructor in the Detroit Henry George School until a few years ago, said it was necessary to have a proper educational background as provided by the school, but it was also necessary to carry out the principles in actual practice. It was this challenge that encouraged him to run for office and to make taxation beneficial to the home owner and developer a part of his platform.

Michigan is fighting over whether or not income tax legislation is necessary, he said, and "naturally, none of us feel this is the right approach, but an income tax does fall across the board on all three factors of production and a part of it is a tax on land value." He is therefore forced to admit that an income tax may be preferable to some of the nuisance taxes, and while it is a bitter pill to swallow they accept it as probably inevitable in Michigan at some future date. He added that when this philosophy is applied on the local level he becomes very much concerned.

The Mayor believes property taxes have earned a bad reputation because of improper and stupid application. Before a better program can be sold to the people a sound basic policy in the application of the present property tax must be

initiated, even where it falls on personal property and improvements.

In Southfield inequal application and complete failure to keep the different classes of property uniform, was due to miscalculation on the property tax level. That is why they are having a complete land reappraisal, and, as reported in the March HGN (page 11), the city will have land value maps which will be kept strictly up to date. Heretofore land values have been reappraised only at six-year intervals.

In his campaign, Mr. Clarkson hammered away at protesting penalty taxation on the home owner and home improvement. He told his constituents that a disposal unit in a kitchen helps to cut down governmental costs by reducing garbage pick-up service, but as a penalty the home owner's taxes actually increase. Many had recently finished building and were thinking of adding extra rooms to their houses, but as soon as they received building permits the assessor came to make an inspection.

As reported in the March HGN the best Mayor Clarkson could do in getting practical action was to have the State Board of Equalization make a survey in which it was found that for the city as a whole, vacant land had been assessed on the average at about 38 per cent of its appraised value, and personal property at about 74 per cent.

Improved land is always appraised much higher than vacant land in relation to the selling value of each. This is a penalty against the home owner which the Mayor called an injustice no longer to be ignored. He is asking that land and buildings be treated without partiality in favor of vacant land sites, and that assessment of land be brought up to or near the Equalization Board's rec-

ommendation of 50 per cent. "We can relieve the home owner of some of this penalizing taxation and have more land value taxation within the present law if we will obey it," he said.

After a period of very understandable resistance, the assessor, who did not at first see the virtue of this proposal, is forecasting a substantial increase in the amount of notices that will be sent out in 1963, due largely to a change in land values. He also contemplates applying depreciation to more than 9,000 homes and other buildings throughout the city which have not had any depreciation since the program was initiated, and said some properties

might decrease in assessed value as a result of greater depreciation of land values.

By applying the obsolescence and depreciation factors he has shifted the incidence of taxation from improvements to land values and in so doing has accomplished the very thing the Mayor was striving for. "These inches of progress will add up to miles," said Mayor Clarkson, "and we will have a greater degree of land value depreciation. Already the program of eliminating penalty taxes on improvements has been emulated by the nearby City of Highland Park—and other communities too are following suit."

Reader's Digest Reprints Now Available

Reprints of the article "Land Speculation, and How to Stop It," by Wolfgang Langewiesche in the July Reader's Digest, are now available in quantity from The Henry George News, 50 East 69th Street, New York 21, N.Y. They are priced at 5c each, six for 25c, or thirty for \$1.

Knud Tholstrup, vice president of the Justice party in Denmark, read with interest the above mentioned article and noticed especially the statement implying that there is no land speculation in Denmark.

Mr. Tholstrup says the 1960 law could have made this true, but the authorities do not live up to it. In many cases land is taxed only to half the actual sales value, so there is still a lot of speculation in land. He wrote that although the Justice party lost out in the last election, they are confident of a come-back, because the country's economic position was better from 1957-60 when the Justice party took part in the government.

The large August 1960 House & Home Land reprint, still so widely and authoritatively quoted, which probably inspired the Reader's Digest article, is still available at 50c a copy. This is almost the complete text of that impressive issue, an invaluable ally in pointing up land abuses—rich in photographs, charts, diagrams and quotable quotes. You may order it from The Henry George News, too—address above.

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