the Henry George News

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How Taxes on Buildings Can Gradually Be Removed and the Loss of Revenue Made Up by Collections from Land Values

by MITCHELL S. LURIO

THE City of Boston, with its almost hopelessly lopsided assessment structure, is the toughest place in which to apply a method of shifting taxes from buildings to site values. The present system discourages improvement and new construction; the proposed method would encourage improvement and new construction, thereby increasing the supply of housing, the tax base and the demand for labor.

With a tax rate in 1970 of $156.80 per thousand of assessed valuation, a one family house in Boston whose rental value is about $200 a month plus heating cost, might have a market value of about $20,000. (The old rule-of-thumb was that market value was about 100 times monthly rental—but this rule and others like it can be very inaccurate because of widely fluctuating mortgage interest rates, tax rates, and ratios of assessed values to real values; the assumption made, however, is accurate enough to bring out the point that I wish to make). Obviously there would be a revolution if such a house were assessed at $20,000 when the tax rate is $156.80 per thousand, for the tax alone. before any other costs of ownership, would be $3,160 a year.

Brookline has a $59 rate and assesses at about 75 percent of market value. A similiar house in Brookline, with a market value of say $20,000, might be assessed at $15,000 and the annual real estate tax would be $885. The Boston house, then, would have to be assessed at 28 percent of $20,000 or $5,600 which at $156.80 per thousand, makes the tax $878 a year.

Why does Boston have such a low assessment and such a high tax rate? The answer is easy. To get more taxes from business by assessing business buildings much nearer 100 percent of market value. But nobody can afford to build in Boston unless he can make a special deal for a low assessment, which discriminates against existing owners, or is subsidized by government at taxpayers' expense.

A reassessment of the city is out of the question—for either the poor would have to pay a lot more than they are paying or the rich would pay a lot less, and the city's income would shrink much faster.

If under these circumstances, without revolution and without a loss in revenue, there is a method that will renew the city, everyone should advocate it. In the past the resistance came from landed interests who foolishly assumed that the new method might hurt them financially. The fact is that they have lost far more by resisting this change than would have been the case otherwise.

In 1970, Boston's taxable real estate was assessed for 1.460 billion dollars (buildings at 1.011 billion and land at 0.449 billion). It is sad to note that in the 1930's, Boston's land was assessed at a figure twice as high, in much bigger dollars. And it is amazing that in 1969 (the 1970 figure is not yet available or at least was not in the 1970 Real Estate Board book) *tax-exempt* real estate was assessed for more than *taxable* real estate.

A big part of the tax-exempt real estate is owned by local, county, city or town, state and federal agencies but there is a very substantial amount owned by private schools and colleges, hospitals, charitable institutions, and churches. It would be most desirable to collect a tax on the land value of part or all of these tax-exempt lands and eliminate the personal property tax altogether and at once. This tax is a nuisance; it is expensive and inequitable and hampers industry.

For my figures and assumptions which I have simplified though using actual figures as a base, I start with assessed real estate of 1.5 billion dollars, 1 billion in buildings and 0.5 billion in land values. I use a tax rate of $160 per thousand. To bring the rate on buildings down to zero in 20 years, I lower the building rate by 5 percent a year or in the case of Boston by $8 a year. To produce the same amount of revenue (including personal property tax revenue) I assume that enough tax-exempt privately owned land becomes taxable to take the place of personal property taxes, and have computed the increased tax rate on land values each year as the building rate goes down each year. The result is shown in Table I.

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Table I

Year	Building rate per thousand	Land rate per thousand
Present year	$160	$160
Year 1	152	176
Year 2	144	192
Year 3	136	208
Year 5	120	240
Year 10	80	320
Year 15	40	400
Year 20	zero	480

On the assumption that the city continues to use the present uneven assessments and that land assessments do not fall, we can see the tax effect on five parcels of real estate, ranging from unimproved to well-improved, each parcel having a total assessed value of $30,000.

Economists agree that when the tax on land goes up, its market price falls. The owner cannot pass the tax on to a tenant. It comes out of his, the owner's, pocket. That is because the supply of land is fixed whereas the supply of commodities goes up and down with demand. I agree with this principle, but in this case, the original land assessment is so much lower than market value, that the assessment need not be lowered and the burden on well-kept homes will not be increased.

We can now see the tax result on several parcels as the new rates go into effect.

Table II

Parcel	#1	#2	#3	#4	#5
Assessed Value					
Land	$30,000	$15,000	$10,000	$ 6,000	$ 5,000
Building	0	15,000	20,000	24,000	25,000
Total	$30,000	$30,000	$30,000	$30,000	$30,000
Annual tax at rates in Table I					
Present year	4,800	4,800	4,800	4,800	4,800
Year 1	5,280	4,920	4,800	4,704	4,680
Year 2	5,760	5,040	4,800	4,608	4,560
Year 3	6,240	5,160	4,800	4,512	4,440
Year 5	7,200	5,400	4,800	4,320	4,200
Year 10	9,600	6,000	4,800	3,884	3,600
Year 15	12,000	6,600	4,800	3,360	3,000
Year 20	14,400	7,200	4,800	2,880	2,400

Because the total building assessment of 1 billion is twice the land assessment of 0.5 billion; parcel #3, where the same ratio of building to land is assumed, pays the same total tax each year. The vacant lot owner, who is given several years' notice before the new system goes into effect, can improve or sell. When the lot is properly improved it is no burden taxwise to the owner.

New business buildings, where the structure is worth say five times the site value, will gradually pay lower taxes and there will be an inducement to others to improve their property without being penalized as they would be today for such improvements. Over a period of years the wide disparity of assessment ratios would iron itself out. New construction makes employment, enlarges the tax base, swells payrolls, cuts down relief and helps solve the city's ferments, which are largely economic.

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This Tax Is Unfair

Desperate cities in search of cash are painfully exposed in a Time magazine article (May 3), "Trying to Change an Unfair Tax." The dilemma is a familiar one. Cities look for their main source of revenue to the property tax, and fiscal experts admit this is badly administered because of erratic, unfair and sometimes grossly illegal assessments. Assessors tend to be poorly paid and ill trained—often they are elected officials with no qualifications for the office.

Ralph Nader has recently drawn wide attention to the large amount of business and industrial real estate that is undertaxed, amounting to a national scandal. Tax-free property proliferation is something we have come to accept, but few realize the proportions it has reached. Alfred Balk, in *The Free List*, a Russel Sage book, estimates that a third of the nation is on this list—that's approximately $600 billion worth of tax-free land. He notes that the Chrysler Building in New York—up to now the world's tallest tax exemption owing to a 1859 charter granted to Cooper Union—will lose this distinction to the twin towers in lower Manhattan. These are being built by the Port Authority—a "Frankenstein monster in exemption exploitation," which causes the city a loss of some $7 million in taxes.

Mr. Balk urges states to narrow the legal definitions of property eligible for tax exemptions. If localities must exempt certain groups, states should reimburse them for the loss, and local assessors should be forced to publish more comprehensive and accurate exemption data, he thinks. Making federal and state land immune from local realty taxation leads to a profligate waste of land. Since the property tax is here to stay, the basic step seems to be to change the structure. "Realty taxes are a fusion of two separate levies," Mr. Balk says, "one on the value of locations and the other on buildings," and most cities collect two to three times as much from buildings as from site value. This, he observes, rewards speculators. High taxes on improvements also discourage new construction and improvement of older buildings.

Quoting Perry Prentice and Dick Netzer, two well known authorities in this field, he concurs in favoring the Henry George proposal of shifting taxes from buildings to the building sites. This would "help hard-pressed center cities by giving businessmen more incentive to keep their corporate headquarters and factories in town." Mr. Balk concludes that "the public has every right to a fair shake and local governments have every need to get rid of the evil side effects of the existing property-tax system."

Henry George Revisited

by GODFREY P. ORLEANS

THERE are many who maintain that the economic philosophy of Henry George would provide a rational basis for solving most of our economic problems. On the Georgian view, the problems of poverty, inflation, unemployment, urban deterioration and others might be solved by the simple act of removing the control of land from the private sector of the economy. This step would at once deter speculative trading in land and additionally provide public funds; the latter would permit a substantial reduction in those taxes which are presently a deterrent to productive employment.

Attractive as this solution might seem, the reasoning on which it is based is open to question. One cannot be unsympathetic towards those economists who have rejected the Georgian theory, and with it the solution, on logical grounds.

Henry George was a classical economist. Like most of his contemporaries he regarded money as a mere token of value, a neutral medium of exchange, having no value in itself. Money as a mere medium of exchange plays no active part in the economic process. Consequently on the classical view, any demand for consumer products or capital, must be equivalent to an offer of labor in an amount sufficient to replenish the products demanded. Henry George declared his allegiance to the classical point of view when he affirmed Say's law by stating that supply and demand are coterminous.

It many seem surprising that the conclusions reached by Henry George were quite the opposite of those reached by his contemporaries. To the latter, Say's law meant that since supply was itself an expression of demand there could never be overproduction. There must therefore always be a trend towards full employment and maximum production. To Henry George, Say's law meant that supply was itself an expression of a demand for less than that which was supplied. Hence there must always be a trend towards economic depression.

Henry George introduced into his reasoning the idea that, since the supply of land is fixed, the relative bargaining positions of land, labor and capital must change to the advantage of land with every increase in the supply of labor and every increase in the supply of capital.

The orthodox Ricardo and the unorthodox Karl Marx were aware of the principle of the unearned increment, but they attributed it to the general weakness of labor's bargaining position and could see no disadvantage to the capitalist. What Henry George did was to recognize that "an unearned increment" could not represent an increase in total real wealth, but must represent a loss to the capitalist and the wage earner alike.

Nevertheless there is a fallacy in the argument that the supply of land is fixed. In an economic sense land quantity cannot be expressed in terms of area, but must be expressed in terms of the labor that it will support*. Any increase in the total rental value of land must be due to an increase in total income, and must therefore correspond to increases in total wages and total interest. In other words, any increase in the demand for land, on the classical view, must correspond to an increase in useful employment and cannot be due to the withholding of land from productive use. To say that the bargaining positions of labor and capital must tend to deteriorate with respect to that of land, merely because the rental value of land must tend to rise in relation to wages and interest, is a tautology.

I see no reason to disagree with the orthodox classical view that the relative bargaining positions of land, labor and capital cannot vary, except spuriously, owing to the intimate interrelation of these factors.

And yet one fact stands out. Henry George propounded a theory of the economic cycle when his orthodox contemporaries denied that the economic cycle could even exist! There is surely something to be said for the Georgian view.

The first explanation of the economic cycle to be generally accepted, in principle at least, was put forward by J.M. Keynes in his *General Theory of Employment, Interest and Money.* Keynes recognized that money is not a mere token of wealth but does in fact have a value attributable to its liquidity. The measure of this value is, crudely speaking, the interest rate at which individuals may be induced to convert their cash holdings to investments. Since the real interest rate, which must vary with the efficiency of capital, may fall below the generally acceptable interest rate, individuals may at such times be expected to exercise a liquidity preference, in which case the quantity of money in circulation must fall. Such a fall will of course naturally tend to increase the preference for liquidity.

Although Keynes dealt exclusively with money in this regard, he did express the view that a similar phenomenon might in theory occur with items other than money, and he mentioned land in particular. Thus he envisaged the theoretical possibility of a "liquidity preference" in land. Clearly that would take the form of a demand for land to

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*Henry George probably understood this better than anyone else, or so it would seem from his refutation of the Malthusian theory and his very lucid explanation of rent. It is surprising that he should apparently have ignored one of his basic premises when establishing another.

be resold, as opposed to a demand for land to be utilized. In other words, it would appear as a speculative demand.

At the time the "General Theory" was written, in the early 1930's, there was no evidence of speculation in land. Land prices, like all other prices, were very low because money was in short supply—that is, the liquidity preference in money was the controlling factor, Keynes therefore confined his attention to money as it was the only relevant factor at that particular time.

Since 1945 most western countries have experienced a relatively high level of employment, a rapidly increasing production level, and inflation. Moreover, the experience of the last twenty-five years appears to indicate that inflation is a necessary condition for economic growth and avoidance of a slump. Indeed, the experience of North America and Great Britain during 1969 and 1970 suggests not only that inflation is necessary to prevent a recession, but also that full employment cannot be maintained unless the rate of inflation exceeds a critical value. These experienes are quite inexplicaple on the classical view and on the Keynesian view of economics.

What is the evidence for "liquidity preference" in land today? Have land prices risen more rapidly than other prices since 1945? Have rental costs increased more rapidly than other costs?

If there has been any speculation in land, is there any reason to suppose that this was analogous to Keynes' "liquidity preference"? To answer this question it should be pointed out that land, like money, may be committed to productive use or may be retained as a store of value. There will be no incentive to withhold land from productive use unless its market price is rising or is expected to rise, at a rate sufficient to offset the loss of rental income. Once the market price begins to rise it will continue to do so, but why should it rise in the first place?

The answer is that land is normally secured on a relatively long lease and normally has capital invested in it in a physical sense. Any change in the pattern of production will therefore be associated with a redistribution of the labor force but not necessarily with a corresponding redistribution of land. Thus land which becomes redundant may be unsuitable for immediate re-employment, but it will still represent a rental cost. The effect of this must be that any increase in the level of production through an increase in productivity must increase the demand for land without increasing the demand for labor. Therefore rental costs and land prices must rise.

It is important to note that if rental costs rise due to this cause, they must continue to rise until there is a depression of such magnitude as to reduce the demand for land. By that time the economy will have been damaged.

At this point we have completed a circle, for this is the very problem that concerned Henry George. What is more, the solution which he proposed was quite analogous to the solution which Keynes proposed in relation to money. George did not know the welfare state, highly organized labor, monetary and fiscal controls; it was the combination of idleness and destitution around him which enabled him to understand the problem as no one had before. If he failed to express the problem clearly it was because the problem could not be expressed in the economic language of his time, and his contemporaries knew no other.

Perhaps therefore the only real criticism that can be made against Henry George is that his ideas were half a century ahead of their time. Perhaps, after all, he was not in essence a classical economist.

Mr. Orleans "met" Henry George at the London School of Economic Science twenty years ago and is "revisting" now in Toronto where he is associated with the HGS extension.

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Boston, like some other cities and states, had the most severe winter in a century, but in their five HG classes they graduated more students than ever. French Brandon, the director, shares the teaching responsibility with Mitchell S. Lurio, and they have a close working relationship with some of the other community schools. Basic Economics classes will begin in May at the Beacon Hill Free School Association, and the Boston University Free School—an extension of Boston University which teaches non-credit courses to interested members of the community. Speaking engagements are being accepted at various educational groups in this expanding program. The immediate emphasis is on a spring seminar for advanced students, using *Protection or Free Trade* and *Social Problems* as well as current texts on urban problems.

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The Chicago HGS has also begun a series of eight Friday evening meetings at Bild Library, 4536 North Lincoln Avenue, using *Social Problems* along with newspaper and magazine articles to direct discussion.

The Chicago Henry George Woman's Club welcomed at its 32nd birthday dinner in April the new graduates from Henry Tideman's recent class and installed new officers and directors. Alderman Nancy Simenz of Sheboygan, Michigan, spoke on "Youth in Politics." Miss Simenz was a political science graduate last year from the University of Wisconsin, and the following April she was elected alderman of the city. She studied Government Finance under Arthur P. Becker, a recent member of the roundtable conference on assessments co-sponsored by the Robert Schalkenbach Foundation.

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The progress of civilization necessitates the giving of greater and greater attention and intelligence to public affairs. We make a great mistake in depriving one sex of voice in public matters. If in a ruder state of society the intelligence of one sex suffices for the management of common interests, the vastly more intricate, more delicate questions which the progress of civilization makes of public moment, require the intelligence of women as of men. To effect any great social improvement it is sympathy rather than self-interest, the sense of duty rather than the desire for self-advancement, that must be appealed to.

—From *Social Problems* by Henry George, 1883

The Monetary Policy Put-on

by DAVID SKLAR

AN examination of monetary theory is very much in order, because it is currently at the top of the academic economists' list of recession remedies.

The public at large, the part with something left to lose, has been pretty well convinced that big depressions can now be prevented by the actions of government, guided by its economic experts. These experts believe they can control the economy by manipulating money. This seems plausible, since they view ours as a money economy. Accordingly, they reason that by controlling what they call the quantity of money and the velocity of money it is possible to arrange for high employment, or stable prices, or rapid growth. Many of the economists tell us that, unfortunately, these three goals are not mutually compatible. A little too much of one will discombobulate the others. The skill of the experts is therefore required to pull the right monetary string at the right time. Should things not work out as promised, they blame each other for not having done things just right. They act as though they really believe they are controlling economic forces. A little less quantity here, a little more velocity there, and—pouff—the economy responds to their fine tuning.

What self-confidence the economists have! Of course, they have had it before. In the 1920s, when the Federal Reserve System was new, the monetary economists attributed the relative prosperity of the period to the Reserve System's capabilities. It was believed then, as it is now by economits and laymen alike, that a device had been found which would make the recurrence of depressions impossible.

Government policy based on monetary theory quietly faded away in the 30s. In the past decade the monetary men have returned as confident as their predecessors of the 20s. After a brief apology for their forefathers, who, they say, did not have "a correct view of the facts," they thrust themselves back into the forefront armed with the "facts as we now know them."

Now let us just see what these "facts" of monetary theory are based on.

First we must know where to look. Should we try the current writings of the economists? Easier said than done. Though the books are easy enough to find, they are not easy to read. This is the first curious fact.

After having gone through the labyrinth of the professors' jargon and following the thin line of thought behind monetary theory, what we emerge with is rather simplistic. After a while we realize that in discussing almost any facet of the economy, the professors are at best dealing with effects rather than causes. This would be legitimate if they did not imply, as they often do, that the effects they are treating *are* causes. This confusion of effect for cause is partly concealed by the economists' use of many different terms to express a single idea. In their jargon, cash balances can mean savings, productive services, or capital. It is hardly necessary to mention the mischief to thought that can result from the confusion of capital with money.

But the most significant source of confusion comes from the basic assumption underlying monetary theory. That basic assumption is the old familiar wages fund theory which Henry George warned would be liable to recur in different forms. The reasoning based on this theory was exploded long ago, but here it has returned in a new guise, just as George warned it might.

This theory, that capital employs labor, that an increase in the supply of capital increases employment of laborers and also increases wages, is implicit in all the writings of the monetary men, such as Kissinger and Friedman.

For example, Milton Friedman, in his essay on "The Optimum Quantity of Money," says: "Beyond some point it pays individuals to hold extra balances to benefit from their increasing purchasing power even if it costs something to do so. The retailer dispenses with an errand boy to economize on cash balances, which is a gain, but at some point he must hire guards to protect his cash hoard. It pays him to do so because of his rising cash value."

The retailer dispenses with his errand boy because business has fallen off—not to economize on his cash balances. The implication here and elsewhere in Friedman's writings is that the errand boy's wages come from the retailer's cash balances.

In another essay, "The Role of Monetary Policy," Friedman says: "At any moment of time, there is some level of unemployment which has the property that it is consistent with equilibrium in the structure of real wage rates. At that level of unemployment, real *wage rates are tending on the average to rise* at a 'normal' secular rate, i.e. *at a rate that can be indefinitely maintained so long as capital formation,* technological improvements, etc. *remain on their long-run trends.*"

Because the monetary theory economists accept the wages fund theory, though they may not even be aware they are doing so, the whole structure of their thought rests on a fallacy—an inversion of cause and effect. The slowdown in investments in industry is not the cause of reduced economic activity; it is reduced economic activity that causes a cutback in investments. To use the economists' jargon, a rise in liquidity preferences does not cause unemployment; unemployment causes a rise in liquidity preferences. With the rise of unemployment of labor there is a corresponding rise in the unemployment of capital (liquidity preferences).

Since labor employs capital, when labor is more fully employed so is capital. Employed labor is the cause of capital. Capital is not the cause of employment of labor.

The cause of the reduction in investment opportunities is the real question to be answered. This George did by showing the cause to be primarily related to land prices. The quantity of money and velocity of money are only reactions, not causes. Money merely responds to economic forces. It does not control them. Higher wages and greater employment of labor will cause an increase in the amount of capital used. It is not the other way round. Now the actual cause of higher wages and greater employment of labor is not even touched on by the monetary men. Knowledge of the quantity and velocity of money can tell us little about this cause. Whether or not we view ours as a money economy, the basic factors remain unchanged. Wealth is the lifeblood of the economy; land and labor its factors. The conditions under which these two unite will determine all the rest: the rate of wages and interest; employment of labor and capital; price levels; and economic growth accompanied or unaccompanied by poverty.

Monetary policy is a put-on, and many people have been taken in by it.

Nathan J. Maltz is chairman of the Housing Committee of the New York Chapter of the American Institute of Architects. This committee has criticized a proposed 1969 plan for New York City because of its failure to establish a general strategy for future growth. Maintaining that the housing problem is far more serious than indicated, and that incentives to interest private enterprise must be provided, the committee begins by proposing land value taxation. This would do what complex tax abatement schemes fail to do, since by simply upgrading the existing assessment mechanism every parcel of land could be assessed by local government according to its location value and relative to its planned use. It would pressure owners to put land to higher and better use by making it unprofitable for them to use it for other purposes, and would reduce costs of land assemblage for large projects by automatically eliminating land speculation. It would also encourage good maintenance of existing housing by lowering the tax rate on well maintained buildings instead of raising it each time an improvement is made.

Other suggestions have to do with public and private funding, construction costs and zoning policies. A plea is made for establishment of a regional metropolitan government to enable non-city residents to pay their fair share and to establish more equitable housing practices in suburban communities.

Tax Land . . . It Can't Leave Town

IF exponents of Henry George's views in the past avoided using his name it was because he was regarded by some as rather old fashioned. That is changing rapidly as more editors and columnists on newspapers express a serious interest in George's proposed reform.

In Philadelphia, his birthplace, one can see the very bed in which he was born and the desk on which he wrote *Progress and Poverty*. The Evening Bulletin, in claiming him kindly, referred to him as a "poor and sensitive high school dropout" (from Central High School) nearly a century and a half ago. But his influence is still there as students gather at the narrow red-brick house at 413 South 10th Street, now the headquarters of the HGS extension.

In Philadelphia and nearby Wilmington, Delaware, there has been a concerted protest from the suburbs. Some of the Delaware residents see that land value taxation would be a protection to them because of its ability to stave off a threatened county-wide wage tax with most of the proceeds going to Wilmington, where there are more than 2,000 boarded up buildings.

George L. Collins, director of the Philadelphia Henry George School, addressed a public hearing at the University of Delaware and pointed out that the city's general deterioration was due to the tax on buildings which hampers improvement. "If city services are to be improved without impoverishing those who must pay for them and without stimulating land speculation," he said, "you must adopt some form of land value taxation."

Awareness of a need for property tax reform is certainly growing. There are some who insist that "some other" means of taxation must be found. To this Mr. Collins replies that most other means have been exhausted. People have finally discovered, he said, "that land is the one thing they can tax which cannot leave town." Southfield, Michigan was mentioned as a city similar in size to Wilmington, where the county grew systematically after a modified land value tax was adopted. Not only did no businesses leave town, but a number of distinguished companies moved in to establish headquarters there.

A Taxpayers' Revolt organization, with Frank E. Nelson as chairman, has presented the LVT issue objectively, following a study of the striking advantages gained in Southfield. Members of this group believe that Wilmington should be able to carry its own financial burden without a tax on incomes. They agree that the present real estate tax is regressive and discouraging to property improvement and that an early adoption of the system of LVT is needed.

One of the most capable spokesmen at public meetings has been Edwin P. Neilan who, while president of the Bank of Delaware in Wilmington, headed a study committee for finding more efficient and equitable ways of raising city revenues. Five years ago he was introduced to George's views by Mr. and Mrs. Frank T. Stirlith, who were life-long advocates of this reform. Mr. Neilan quickly understood the virtues of the reform and he said recently that correction of under-assessments in the city was "the highest priority."

Suburban residents of Philadelphia are getting their indoctrination in the form of land booms, pay-offs and zoning stunts. They are learning that to "play this game profitably, it helps to have friends on zoning boards," and to own property close to a planned super-highway, industrial park or commercial project.

The list of those who have struck it rich is long. A typical case is a 14-acre tract along the Germantown pike bought for $35,000 in 1961 and sold seven years later for $800,000. The value of this land soared when its zoning was changed one week after the owner's election to the township's board of commissioners.

In New York the fight goes on to find a suitable jetport to relieve the present congestion. The frenzy that has been stirring the Los Angeles area may be matched in Orange County, New York, where the Stewart airport is being eyed for possible use, amid protests from residents. This is near Sullivan County where David Bell has been writing newspaper articles to acquaint the public with the need for a land value tax. The Newburg area is suffering the worst effects of poor tax assessment planning and speculation in land is rampant around the present airport. Unless Orange County takes steps to reform its assessment procedures, Mr. Bell predicts it may experience the same urban sprawl and congestion that plague Nassau and Suffolk County in Long Island. Perhaps someone has been paying attention to him, for a county-wide re-assessment is being considered.

In Rochester, New York, some of its oldest businesses are leaving town and moving to other states because of high taxes and unfavorable business conditions. Eastman Kodak Company is building a large plant in Colorado. Other firms plan no more expansion owing to the state's tax climate.

The City Manager, Kermit Hill, has said that the property tax is an "archaic and unfair" way to finance local government. While the property tax discourages industrial development in Rochester, he contends that a local income tax on top of the existing state and federal income levies would spur an industrial exodus from the city.

Since assessments increase when a house or building is modernized or expanded, the property tax discourages improvement to property. He said it would make more sense to increase an assessment when a house or building deteriorates and reward a property owner who fights blight, but he admitted that this could be an administrative nightmare.

Another approach Mr. Hill and others have suggested is Henry George's "single tax." By taxing land only and not the buildings on it, the property tax would be more commensurate with ability to pay and would make land speculation more costly than it is today, the City Manager said. But it will take a fiscal wizard to come up with a substitute for the property tax, bad as it is.

Take the matter of reassessment. Barbara O'Reilley, writing in the Rochester Times-Union, described Irondequoit, a town of 132 years, as one developed almost to its capacity with only 5 percent of its land undeveloped. In all that time the town has never been reassessed. Most of the approximately 20,000 taxable properties are taxed at the value they held when they were built.

She quotes a special assessment consultant who says a re-evaluation or assessment equitability program is imperative and should start immediately, since it is already at least 15 years too late. Most board members agree that a reassessment of the town should be looked into but the cost of reassessing 20,000 properties is a major determining factor. It could cost a quarter of a million dollars, and that money, they say, would not produce any new properties for taxes.

Several of the above considerations are verbatim quotations from letters sent to various upstate newspapers by Clayton C. Bauer of Spencerport, New York.

The St. Louis Post-Dispatch is another newspaper where Henry George was brought into a similar discussion by Comptroller Poelker who quoted George as saying that the owner of a vacant city lot would have to pay as much for the privilege of keeping other people off it as his neighbor would who has a fine house on his lot.

Glancing from his office window in City Hall at a parking lot, he said *that* land was far too valuable to be used for that purpose and it would be helpful if he could say "we're going to assess your land at its true value, so you'd better build a five-story garage if you want to get your money's worth out of it." Mr. Poelker believes the principal reason why the state legislature would not go along with such a change is that people would be afraid it would be applied to farm land.

Every newspaper editor in St. Louis certainly owes some part of his property tax education to Noah D. Alper, president of the Public Revenue Education Council which has been in existence twenty years, not ten, as incorrectly proclaimed last month.

Henry Tideman of Chicago has called attention to the fact that many new Chicago high rise buildings were erected after a secret promise of low tax assessments, and the local assessor's office is raising their valuations to bring them more into line with those of other construction. This change may put an end to the local boom in buildings of this kind.

It is the more regrettable because of a recently adopted state constitution which gives the city power to classify property for the purposes of taxation. Under it, all buildings could be taxed at only half the rate levied on land, in effect granting to all construction this same desirable encouragement. This constitutional change came as a result of the efforts of Georgists who spoke before the revenue committee of the constitutional convention and showed the film "One Way to Better Cities."

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IN LOS ANGELES under direction of Harry Pollard, a "classical analysis" of economics was introduced at the tenth annual conference of the California Council for Social Studies in March. There "The Land Question in History" was discussed along with ecology and new goals for cities, by a panel consisting of Robert Scrofani, Dr. William Filante, Dr. Margil Wadley and Mr. Pollard. Dr. Duval Jaros and John Nagy of San Diego also participated in a session where an audio visual presentation of the law of rent was demonstrated. This was greatly appreciated by teachers of social studies, more than a thousand of whom registered for the conference.

At a popular exhibition booth, well stocked with various Henry George materials, over 600 copies of "The Classical Analysis for High Schools" were distributed. It was regarded as a foundation for sustained dialogue in teaching, and many said the presentations of the HGS alone made the conference worth while. Further related material was requested by 140 of the registrants.

The program is now ready to be released to schools requesting training for teachers in classical analysis and Socratic questioning. A periodical soon to be circulated to educators will advocate teaching the social sciences *as sciences* rather than as descriptive disciplines.

At the forthcoming international Henry George School conference in San Francisco, July 7th to 11th, there will undoubtedly be a great deal of interest in Harry Pollard's approach to this "classical analysis of Political Economy created through the efforts of many great thinkers of the 18th and 19th centuries, including Henry George."

Mr. Pollard has been a radio personality on the West Coast so long that his popularity is taken for granted. He is presently offering "The Philosophy of Ralph Borsodi" in a series of 8 half-hour radio talks. Borsodi was an early "ecologist" who warned about the fate of cities long before anyone else had the wit to worry.

But Pollard comes on strong in his live performances too. He spoke on "The Laws of Ecology" to 450 high school students, and to another 320 he revealed "The Knowledge of Truths and the Knowledge of Things." He admits this was a slashing and merciless attack on statistics and statisticians. On another occasion he spoke on "The Classical Utopia of Henry George" to 24 undergraduates at the University of Southern California.

CONFERENCE ON THE COAST

If you've never been to San Francisco don't hesitate a moment longer. If you're one of the many who has been there and love it, hurry back for one more loving look before it adds any more new art on the embarcadero. Your welcome comes from the HGS of Northern California, and the welcome is genuine.

The Henry George School conference, July 7 to 11, will be at The Holiday Inn, 1300 Columbus Street, San Francisco, Cal. 94133. Please make your reservation as soon as possible and mention the HG conference. Rates are $23 single and $28 double.

Serious topics will include environmental crises and their solutions. For the non-serious side—come and see! Details are not being revealed—the SFHGS wants it that way.

If you're a Georgist with a fondness for combining the new and the nostalgic, the fault is yours if you don't see San Francisco soon.

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The Social Security Fraud by Abraham Ellis, a New York attorney and a long-time student and instructor at the HGS, was published this month by Arlington House and is a Conservative Book Club selection. Mr. Ellis will be interviewed on two radio programs in New York—the Long John Nebel show the night of May 14th on NBC, and the Jeffrey St. John show the morning of May 14th on WMCA. Television viewers may see him in Chicago on the Howard Miller show, WNBC-TV on May 21st, and in Detroit on the Lou Gordon show, WKBD-TV on May 23rd.

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New York friends and neighbors are cordially invited to the HGS headquarters, 50 East 69th Street, for a social afternoon on May 23. It will be open house from 3 to 6 P.M. for faculty members and students of the metropolitan area. Guests may enjoy refreshments, including champagne punch. A contribution of $2 is requested. A similar event last year was thoroughly enjoyed and the officers and trustees of the school are happy to repeat the glad event.