HENRY GEORGE NEWS

May–June 1975

Greene's visit stimulates Dominican interest

A memorable experience in the Dominican Republic was reported by Lancaster M. Greene as a part of his winter vacation. A trustee and vice president of the School, Mr. Greene had a full round of activities arranged by Lucy De Silfa, head of the local school.

After distributing certificates to the members of the Dominican Association of Secretaries at a cocktail party, Mr. Greene met with the board of directors of the school in Santo Domingo. The following evening he met the ministers of foreign affairs and education, Victor Gomex Berges and Leonardo Matos Berrido; later he appeared on a local television talk show. He had earlier held a news conference for the local press. On these occasions, Mrs. De Silfa acted as translator.

Later in the week, he lectured at the National Library. Mr. Greene's talk on "The History of Inflationary Crises" drew heavily on the experience of Denmark's Justice Party in reducing the inflation rate there from 5% to 1% in a years time and cutting unemployment from 10% to 3% in the same period by introducing land value taxation. (NEWS Sept.-Oct. '74)

All the newspapers, with the notable exception of El Caribe – a big landowner publication – carried long stories, quoting Mr. Greene's remarks at length. El Caribe contented itself with reporting his appearance, carefully avoiding his subject matter and opinions. Mrs. De Silfa, however, reports a big jump in class registration and attendance as a consequence of Mr. Greene's activities.

'Viable Alternative' is Conference theme

"The Viable Alternative" is the theme chosen for the School's Annual Conference this year to be held in San Diego from June 30 through July 3.

In an atmosphere of growing dissatisfaction with prevailing economic doctrines and in the face of strident appeals on behalf of the "socialist imperative," those who perceive a viable alternative to current trends have both an obligation and an opportunity to be heard.

Today's social thinkers are locked in a dispute over what they conceive as a conflict between freedom and equality, without appearing to understand either concept. Clearly there is little appreciation of the essential requisite to freedom of choice.

Explaining this requisite is still a difficult chore. Perhaps one of the deficiencies in the presentation of Henry George's acute perceptions has been a lack of critical analysis of content. Intolerant of dissent, too many well-meaning proponents of "cooperation in equality" lack preparation, having neglected to face serious challenge. As a consequence they are ill-equipped to deal with disagreement. Without sufficient background in other economic dogmas, they are often impotent in the face of contemporary rhetoric.

Through discussions series work sessions, the Conference will address this problem. The goal will be the development of more effective presentation of George's ideas and his approach to distribution.

The campus of the University of California at San Diego has been chosen at the sight for the Conference. Situated on high cliffs that rise from the Pacific Ocean and overlook the charming resort community of La Jolla, it is a beautiful location for learning and relaxation.

Registration will begin Monday evening, June 30, followed by a cheese and wine party. The business of the Conference will begin the following morning (July 1) with a welcoming address by Floyd Morrow of San Diego. The morning session will be given over to reports by affiliated schools and organizations. After lunch the Board of Trustees of the Henry George School in New York will report. A message from Arnold A. Weinstein, president, will be augmented by remarks from several working committee chairmen about activities over the past year. The evening will be set aside for work sessions among school personnel and board members.

Wednesday (July 2) will begin with presentations of some of the school's new learning programs. These will feature the high school programs being conducted in Los Angeles and the work being done with high school students and educational organizations in New York. The latter's experience with game simulations will be described. Wednesday afternoon will be highlighted by a tour south of the border. Work sessions will continue in the evening.

The School's research efforts will be explored Thursday morning (July 3) and the afternoon will be devoted to discussion of "Political Economic Directions" in which varying views will be presented with a view toward synthesizing the viable alternative.

Following a cocktail party, the traditional dinner will feature an address by Eric Hoffer. The self-taught Mr. Hoffer is regarded as a shirt-sleeve philosopher whose *True Believer*, published in the 1950's established him the front ranks

(continued on third page)

Henry George School NATIONAL CONFERENCE: June 30 through July 3 will be held at the University of California at San Diego (UCSD)

'Monopoly' vs. 'Anti-Monopoly'

Parker Brothers, the owners and distributors of "Monopoly," is locked in a legal battle with a professor who is distributing a game called "Anti-Monopoly."

Although many adults spurn the game, calling it "Monotony," Parker has made a fortune with the familiar land-use game that, with a role of the dice, can land you on lucrative or costly territory or send you to jail.

While he's not likely to be incarcerated nor will he threaten the freedom of Parker executives, now the minions of General Mills, Inc., Ralph Anspach, an economics professor at San Francisco State University, is countersuing Parker for his freedom to distribute his own version of the monopolist struggle. Fittingly called "Anti-Monopoly," the professor's game names the squares on the board for fictitious corporations that sound familiar.

In the fashion of our time, the professor's appeal is to government as the agency for relief rather than the more effective freer market discipline. Rather than attack the cause of monopoly, he allows players to hit at its manifestations. By propitious roll of the dice, players gain the opportunity to bring anti-trust suits against the giants and collect damages. The one who amasses the largest number of these "social credits" is declared the winner.

The striking similarity of the professor's "anti" game with the one of the same positive name, prompted General Mills via its subsidiary Parker Brothers to appeal to the courts to stop this competition. At this point, the professor can give himself a handful of "social credits" because the court refused to give Parker an injunction halting the sale of "Anti-Monopoly." On his part, Prof. Anspach is charging Parker with monopolistic practices. Parker claims it has a monopoly on "Monopoly" because they bought the patent from Clarence B. Darrow, who claimed to have invented it in 1935.

"Not true," says the professor. Mr. Darrow, an unemployed engineer at the time, appropriated the game from the public domain, the professor asserts. According to a copyrighted story in the Wall Street Journal, the professor's attorney charges that Parker built up the strength of the trademark "Monopoly" behind a patent they knew to be fraudulent.

The professor seeks to back his claim by suggesting that Mr. Darrow learned the game from people in Atlantic City who had been taught it by Ruth Hoskins, a teacher at the Friends School. Ms. Hoskins it seems got her instruction from those who played a game called "The Landlord Game," a favorite pasttime on campuses around the turn of the century. This progenitor of "Monopoly" seems to have been "built around the single tax-theory of Henry George," so the story goes.

The professor and his attorney are most eager to learn more about this early version of land-use simulation. If you have any information about or relics of The Landlord Game, the School and the editors of the NEWS would like to hear about it.

New York City abuses its tax base

With New York City about $1 billion behind – combining the current deficit with next year's projected budget gap – it becomes increasingly painful to observe silently government and business leaders' continued abuse of the city's greatest resource – the value of its land.

Three recent developments sharply illustrate the high price paid for failure to apply any principles of land value taxation. One might be characterized as funny, another tragic, and yet another as just plain dumb.

The joke, appropriately enough, involves a proposed amusement park on Staten Island. Back in 1960 the city, which came to own a great deal of Staten Island through tax foreclosures during the depression, sold a 17.3 acre parcel to a group of investors for $120,800. Now the city wants to buy back the parcel through its recently-created Public Development Corporation. This body will then lease the parcel, along with other land, to developers of an amusement park (a land use which the nearby new residential community has angrily protested). The joker is that the price today is likely to be more than three times what the city got for it, as all Staten Island property zoomed since the opening of the Verrazano Bridge. Thanks to the ridiculously low assessments on vacant land, the investors have paid a total of $44,861 in the fifteen years they have held this valuable parcel. So the city – namely all of the taxpayers – will be subsidizing the profitable speculation as well as paying for the city's past folly in the interest of future amusement.

The tragic case arises from the record amount of tax arrears piling up as property

(continued on back page)

Harry Gunnison Brown

Harry Gunnison Brown died in late March at the age of 95.

Professor emeritus and former chairman of the economics department of the University of Missouri, he was widely acclaimed for his work on taxes and fiscal policy in which he extended the marginal concepts introduced by Henry George.

Among his published works was a textbook, *Basic Principles of Economics*, published in 1942, that uses George's three-factor model and develops the imputation of rent, wages and interest mathematically in terms of twentieth century conditions. His two books, *Economics of Taxation* (1924) and *The Economic Basis of Tax Reform* (1932) were influential in bringing economic analysis into play in the political process of plucking the goose.

Prof. Brown was of the class of 1904 at Williams College and received his Ph.D in economics at Yale in 1909 under the supervision of Irving Fisher. Remaining at Yale as a teacher in Prof. Fisher's economics department until 1915, Prof. Brown then joined the faculty of the University of Missouri. He went on to head the economics department there and also served as dean of the College of Administration and Public Affairs. After retirement in 1950, he taught at the New School for Social Research in New York. It was in the early 'fifties that he often lectured at the School. From 1952 to '58, he was a visiting professor at the University of Mississippi and from 1958 to '60 at Franklin and Marshall College.

For the past decade and a half Prof. Brown served as a consultant to local administrations in Pennsylvania, advancing his life-long advocacy of land value taxation. He was a member of the editorial board of the American Journal of Economics and Sociology.

He is survived by his second wife, the former Elizabeth Read, a brother, Prof. Arthur Milton Brown of Sarasota, Fla., three children, nine grandchildren and six great-grandchildren. In the words of one of his granddaughters: "Grandfather was a great man. To many – a great economist. Most important to me, he was a wonderful person and grandfather, warm, generous and sincere."

Prof. Brown's work has been widely influential through the economists he trained.

Papers Sought

The archivist of the University of Missouri is searching for copies of published works, arithmetical exercises, notes, letters, etc. of the late Prof. Brown. Anyone who has such material to offer may send it to the School for forwarding.

Henry George School of Social Science
50 East 69th Street
New York, N.Y. 10021

Gentlemen:

Please reserve_____ room(s), single occupancy______ or double occupancy______ for the Annual Conference in San Diego. I will arrive on (day and date)__________________ and will leave on (day and date)__________________. Enclosed is my check (money order) for $_________.

Name ____

Address ____

__________________________________ Zip __________

'VIABLE ALTERNATIVE' *(continued)*

among native talents. His appearances, including many on TV have always been widely enjoyed.

Accomodations at the university are mostly for double room occupancy although a limited number of single rooms are available. Each room is carpeted and draped; daily maid service is provided. Family attendance is encouraged, with a small additional fee charged for each child. Conference rates, which include a $3 registration fee and $5.50 for the dinner Thursday evening, are for three meals a day: For single rooms, those arriving Monday evening for dinner $87; Tuesday $73; Wednesday $59, and Thursday $45. For double occupancy, Monday $81 each; Tuesday $68; Wednesday, $55, and Thursday $41. There is a parking fee of 50c per day.

Reservations should be sent to the School along with your check for the appropriate amount. Use the above coupon to make your reservation early.

From the GEORGE notebook...

(These notes on random topics are not definitive and certainly are not offered as the last word on the subject. Instead they are intended to be sometimes informative and always provocative. EDITOR*)*

When the political economist talks about *distribution*, he means the division of the production pie, who gets what portion of the goods and services that come into the marketplace.

There are three basic factors in production: land, labor and capital. All inputs can be subsumed under one of these three categories. Land encompasses all the elements of nature and the advantages of location; labor includes all aspects of human exertion used in production, and capital are those products of land and labor used in furtherance of production.

Undeflected by institutional or other non-market forces, the three inputs to production divide the output into three parts: Rent for the use of the land involved in the process; wages for the labor expended, and a return for the capital consumed (classically referred to as "interest"). As the uses of these inputs are a matter of discretion, human behavior characteristics will determine how and when each is used. The classicist's approach to the subject was summed up by Henry George with the observation "that men seek to gratify their desires with the least exertion." Today's behaviorists observe that those activities will continue that are reinforced by reward. Whichever view we take leads to the conclusion that men free to choose will seek the greatest reward for their contribution – in whatever form. The interplay of choices in the marketplace will impute a portion of the product to each factor of production commensurate with its contribution. These returns will be in real terms. As money payments will often becloud and sometimes distort this distribution pattern, it is necessary to pull aside the monetary veil and examine distribution in real terms.

While some analysts might add other factors of production, most agree that it is essential to differentiate between the uses of natural resources and advantages and the employ of man-made instruments of production. In classical terminology this is the difference between land and capital, a distinction often overlooked by those who follow the accounting practice of bulking these two factors under "assets."

What are the other factors? Marx, for example, wrote about the role of the "money bags" who financed enterprises and participated in the profits but not in management. On close examination the entrepreneur will fall into one or more of the three factors: He may own the land used, supply the capital, and also superintend the operation. He would then expect rent for his land, "interest" for his capital, and wages for his efforts. The fees exacted by those who offer financial facilities are just that, fees charged for the rendering of a service and should not be confused with returns to factors of production, no matter how necessary such financial intermediaries may be in our world. Other writers would consider government a factor. Unless government is engaged directly in production, and then it is functioning in a non-governing fashion, it provides services for which it extracts often compulsory fees.

owners miss their payments or skip them altogether and, in too many cases, abandon deteriorating properties. Many owners of apartment houses, claiming they can afford only to pay their higher fuel bills, let the taxes wait. Others find it economic to pay the 7½-12% interest charges on late tax payments to the city as a relatively inexpensive form of commercial borrowing.

In research conducted at the Henry George School it was found that in the heart of midtown Manhattan, some of the most valuable commercial land in the city, there is twice the amount of arrearage as there is regular tax payment. Older commercial properties with substantial assessments on their improvements are finding it hard to make ends meet in the slack rental market. One new building has been kept vacant since construction in order to enjoy the benefit of a low assessment. Another office tower went into bankruptcy before full occupancy, and down on Wall Street the Cities Service company has demolished a row of six older buildings saving over a quarter of a million dollars in taxes while paying a pittance on the now vacant land to be used as a parking lot.

The city needs no more such tragic evidence of the consequence of high assessments on improvements and low ones on land. When we provide incentives to speculate in vacant land in the outer boroughs it is bad enough, but at least there is some hope of future development even at the higher price. When we provide incentives for tearing down sound structures with no plans for new development on the site we are only destroying the tax base, the fundamental source of local revenue.

Finally, one has to question the vaunted wisdom of our financial leaders clustered in the Downtown center, south of City Hall. These worthies, beset by competition from midtown, a glut of subsidized space provided by the Port Authority in its twin tower Trade Center monsters, as well as the general economic recession, have decided to tax themselves a bit to make their area more attractive. The revenue for new pedestrian malls, parks and other improvements including housing for people to keep the area alive after dark, is to come from a special assessment on current property owners. While special assessments to pay for property improvements have long been an accepted and equitable tool of public finance, this little tax of $1.25 for each $1,000 of assessment valuation, would be applied primarily to improved commercial property in this area. Vacant land and under-utilized property, of which there is more than might be imagined in this dense cluster of towers and narrow streets, would pay little or nothing.

Now, it is obvious that the chief beneficiary of new neighborhood improvements would be the owners of parcels whose values would increase with the amenities. Tenants and owners of the existing improvements, on the other hand, might just find the special assessment, small as it is, an added incentive to find new business homes elsewhere. With all the civic-mindedness in the world, it is hard to encourage people to stay in a place by making them pay more. If this is the way the financial world copes with its real estate problem we might well be dubious of the workings of the securities markets and the institutions they support.

The city's wrongheadedness with regard to its tax base may well have as much to do with its fiscal plight as the more popular charges of overspending, extravagant labor contracts, inefficiency and the growing needs of an increasingly poor population. The fact remains that New York City is by far the wealthiest urban jurisdiction in the world in terms of the real value of its land.

Henry George News, Volume 39, Number 6. Published bi-monthly by the Henry George School of Social Science; Lancaster M. Greene, chairman of the Publications Committee. Subscription: $2 a year, $5 for 3 years. Second Class postage paid at New York, New York.

Henry George News
50 East 69th Street
New York, N.Y. 10021