HENRY GEORGE **NEWS**

January- February 1976

Courses set for spring term

A full complement of courses is scheduled for the spring term at the School, with three ten-week series based on George's *Progress and Poverty*.

Other classes that deal with George's concepts and approach to political economy include Man and His Land that looks at the land question in an historical perspective, Reform for Our Time that uses game stimulations to construct an urban model from a rural one and, thereby, enables participants to see the development of the land question and apply remedies. In addition, Money and Banking takes a private enterprise view of credit and fiscal affairs.

There are two courses in Securities Markets scheduled. One is on an elementary level and deals with personal financial planning; the other is more advanced and involves the ins and outs of security analysis. A course in Small Business Management is designed for the budding or would-be entrepreneur.

The registrar's office reports that early pre-registration activity presages an active spring season.

(See back page.)

Finkelstein addresses economists convention

The panic in Manhattan real estate will be as unreal, and as damaging, as the frenzy of the boom a decade ago, Philip Finkelstein, director of the School's Center for Local Tax Research, told the National Tax Association's panel at the American Economic Association annual convention in Dallas on December 30.

"Even with the long-term prospects for the city and the regional economy as grim as they now appear, the value of a New York City location will not disappear unless the city itself does. It is these location values, and not the transitory values of its most extravagant buildings, that the city must tap for its own survival ..." he told the economists.

'Headquarters City'

New York's fiscal problems have been aggravated, he said, by too heavy reliance on Manhattan's position as "the corporate headquarters city of the nation," which has distorted the tax burden and heightened the vulnerability of municipal revenue to external econominc forces.

Much of the city's current difficulties Mr. Finkelstein traces to long-term problems that were accelerated by the building boom of the 1960's. "It is significant that in the New York of the sixties not a penny of urban renewal funds and very little of New York's capital budget was invested in new economic activity. New York renewed itself with new neighborhoods of upper middle class and even moderate income housing and millions of square feet of new office space leased even before built, at some of the highest rentals in the world. This spectacular private building boom lent New York the illusion of growth in its tax base that could almost match its needs for more revenue...

"Even the Comprehensive Plan drafted for New York City in the late sixties called the headquarters function of New York the 'engine' that would continue to pump resources and vitality to the rest of the city and its metropolitan region. But the engine soon stalled. Headquarters . . . are no substitute for broad economic activity. There were fewer headquarters jobs and fewer factories for those without skills and higher training. Nor did the services and profits of headquarters city flow to the neighborhoods ..." He explained that in designing its taxing base to fit the headquarters city philosophy, New York was sowing the seeds of its current problems.

Unchallenged Pre-eminence

"In the decade or so of its unchallenged pre-eminence as headquarters city, New York gained a one-third addition to its real property tax base, from about \$30,000,000,000 to under \$40,000,000,000 of assessed value. Almost all of this gain represents the value of new construction. Almost none of it represents the additional value of existing properties and locations in all parts of the city. The tax base grew by one-third, the tax rate doubled in that same period, yet New York City, even now is a relative bargain for many property owners. While Manhattan, with its smaller land mass and shrinking population, pays nearly one-half of the property tax bill, property in the other New York boroughs of Queens, Brooklyn, and Staten Island enjoys the lowest level of assessment; in many instances one-half the assessment-to-value ratio as Manhattan . . .

Political Power

"There are nearly 600,000 one and two family homes in New York City, and they are powerful politically and economically. In one of the better neighborhoods, where a house might sell for in excess of \$50,000, the tax bill is under \$1000 per year even at the current rate of 8.18 per hundred. Their assessments, in many cases, remained unchanged for 40 years. There are at least as many New Yorkers enjoying below market rate living through lower assessments as there are those enjoying the same subsidy through rent control . . .

"Land in New York is valued at a much lower level than improvements on it. The speculative bidding up of land and property values in Manhattan is the major cause of a cost differential that makes New York the highest priced town on the U.S. mainland. But most of all, and most tragically, it was the greed of speculators and developers alike who oversold and overbuilt in a finite market, that destroyed the values they hoped to create . . .

"About 30 million square feet of new office space is vacant: several towers have gone bankrupt before completion: some may never be occupied at all. Older buildings forced to compete for tenants at bargain rentals fall into arrears on their taxes and mortgages and a similar fate is now overtaking Manhattan's luxury and middle income housing stock . . ."

Mr. Finkelstein explained that the economics of the New York Metropolitan area have shifted from its near-dependence on its center, to a more balanced relationship between the core and the periphery. "Strange as it may seem, New York is becoming more like other American cities with less dominant centers – with one important difference.

Suburban Exploiters

A true New Yorker regards somebody who chooses to live in the suburbs while earning a living in the city as something of a traitor at least or colonial exploiter at worst. This oddly parochial view has its sympathetic echoes in high places, like restricting public employment to city residents only, or placing more onerous burdens on commuters.

"Small wonder that residents of the fringes within the city are closer in mind and political attitudes to the residents of nearby suburbs than either of them are to Manhattan. Politically this division is even more striking, with only Manhattan consistently voting overwhelmingly liberal democratic, while the rest of the city more closely resembles the rest of the country . . . In effect, it is only Manhattan that is a special place in New York, and, as such, it is losing power, people and resources to the rest of the city, the region and the nation . . . "

Mr. Finkelstein told the economists that the terms of property ownership in New York will never be the same again. "New York must take some of the burden off the buildings which cannot carry it and place it on to the land which can, and must. The probability of more realistic market values for New York City property is more probable now. The highest court in the state has already called for such a move and a number of jurisdictions are paying heed . . .

"A full value assessment of the city should not show a dimunition of the tax base but a shift in its incidence from the core to the periphery. The enormous value gap between Manhattan and the other boroughs would be reduced and the disparity between over-assessed and under-assessed owner-occupied property would be narrowed. Above all the absurdly low estimates of vacant and under-utilized parcels of urban land would disappear, forcing some rapid redevelopment at a lower, more modest scale in size and price. In a way, this would make New York a little more like the rest of the country and perhaps less an object of envy and scorn."

Higher city taxes seen

The Citizen's Budget Commission, a private "watchdog" organization has estimated that the property tax rate in New York City could climb to $8.70 per $100 of assessed valuation for the fiscal year to begin next July 1 if the City Administration chooses to exercise its full taxing power.

A mill rate of 870 would be 51c above, or a rise of 6.2% from, the current rate of 819. Commenting on his organization's dire prediction, its president, Roderic O'Connor, expressed deep regret and a sense of foreboding with "grave doubt whether the city's economic fabric can take this additional shock without being rent beyond repair." It's possible O'Connor was not conscious of his pun.

"We are aware," he went on to say, "of the many painful consequences which now arise out of the fiscal misdeeds of the past, but enough is enough. There is a limit to the amount of punishing taxation which can be imposed upon a community. The stark necessity of cutting back all but the most vital functions must now be faced. The alternative could be economic suicide."

There are some who would agree that "all but the vital functions" should always be pared from governmental bodies. But beyond that the Commission seems to be saying many of the right things for the wrong reason. Complaining about an increase in "rate" is somewhat meaningless if there is no accompanying complaint about what values that rate is imposed on and how those values were determined.

Soon taxpayers, government officials, economists and the public at large will get an opportunity to see the whole picture. The School's Center for Local Tax Research is preparing to release the data it has collected on assessed valuations by type of land use, market values based on recent sales, and the effective tax rates in the Metropolitan New York area.

League to further site-value taxation in D.C.

A group interested in furthering more efficient land use in the District of Columbia has formed the League for Urban Land Conservation, according to its president, Walter Rybeck.

Impetus for the organization was the enactment by Congress of Public Law 93-407 late in 1974. Under this statute, the Washington, D.C. City Council is permitted to establish "different rates for land and for improvements thereon." It also enables the taxing authorities to grant tax abatements on "rehabilitation or new construction" for a five-year period.

The Washington group headed by Rybeck, includes Mary Lela Sherburne, Josephine Butler, Jesse A. Zeeman, Lyle C. Bryant, Wilbur Johnson, Tedson J. Meyers and John B. Rackham. Rackham is senior tax specialist of the U.S. Postal Service and a former District of Columbia assessor; Meyers is an attorney and former member of the City Council and was responsible for the enabling legislation. Rybeck is an editor for the Urban Land Institute.

The District of Columbia is in a good position to take advantage of this opportunity because its assessments, particularly those of land, are closer to market value than are most central cities in the country. This element, according to observers, makes the possibility of differential rates in D.C. exciting.

Several benefits that might be expected from action on the new law have been spelled out by Rackham: "Virtually all residential property would enjoy reduced tax liability. Lower-cost housing would receive especially large reductions. The apartment industry would be revitalized. The district would have a marked competitive advantage over surrounding suburbs for attracting office buildings. Redevelopment would be spurred in near-in 'hardship areas' and the riot corridor. Unhealthy land speculation would be penalized. Surface parking, as commercial ventures, would be discouraged, reducing vehicular traffic into the city.

"These claims," he says, "are supported by a computer simulation study of site-value taxation in D.C."

Johannsen Awarded Top Prize for Essay

Oscar B. Johannsen was awarded the grand prize of $1,000 for the best among 330 essays on the free enterprise system by the National Association of Manufacturers.

A doctoral candidate in economics at New York University, Mr. Johannsen has taught a popular course in money and banking at the School for some time. He was, until his recent retirement, with U.S. Steel. It was as an employee of an industrial firm that he submitted his essay along with 212 others in industry and education in addition to 117 essays submitted by students.

The award was presented at a luncheon at the Waldorf Astoria on December 4 as a part of NAM's Congress of American Industry.

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*)*

Was Carlyle irremediably correct? Is it in the nature of men that when they talk about how they make a living, they use fuzzy words and thus make economics irredeemably dismal?

No matter how often the observation is repeated that *Not only is it requisite in economic reasoning to give such words as 'wealth,' 'capital,' 'rent,' 'wages,' and the like, a much more definite sense than they bear in common discourse, but, unfortunately, even in political economy there is, as to some of these terms, no certain meaning assigned by common consent...*, each man goes on using words with the meaning he alone ascribes to them.

Recently the chairman of a "Fortune 500" company complained about uninformed critics who have so perverted the meaning of the word "profits" in the public mind that it has come to mean something like "undeserved income" or the "exploiter's unjust reward."

He went on to talk about jettisoning the offending term, despite the long tradition in accounting for its use. Moreover, he had interesting justification for ignoring accounting practice. "Almost half of what are called profits are really the government's take from the operation of a business, the corporation's income tax. The part paid out in dividends is really 'interest on equity,' a fee paid for the use of savings, essentially no different from interest paid on loans. And the remainder—the profits reinvested in the business—are just as well called 'business savings' or reinvested earnings.

This executive, it would be invidious to name him for we are interested in a concept and not in indicting an individual, went on to step into the same trap he was describing. "The advantage of calling these costs of operation by their right name," he said, "is that people understand such things as taxes, interest, earnings and savings, because they are all part of the family budget. But nobody in the family thinks in terms of profits. They are considered something alien, received only by the undeserving businessman."

The semantics involved here are both interesting and informative. This businessman would seem to have a well-supported complaint about the abuse of language. He may be on to something when he wants to turn his back on accounting practices as a medium for economic analysis. It may well be that much of the confusion and ineptitude exhibited by today's economists lies in their reliance on accounting terminology and data derived from accounting reports. Accounting practices and terminology have grown out of business managers' and owners' needs to evaluate their conduct and to know the state of their affairs. More recently they have developed to abet business in its continuing contest with the tax collector. How can terminology and data so derived serve economic analysis? The excuse, "that's all we have," cannot suffice.

But if accounting terms are misleading, the family budget apparently isn't much help either as a source of language. At least in the suggestions quoted above, the executive's self-interest has betrayed him into regarding "interest on equity" the same way he looks at "interest paid on loans." To managers of a large corporation with a long history of dividend payments and continually rolled-over debt, these two categories of payment might have the same appearance, just cost items. They are, in fact, quite different as are what he calls "business savings." The political economist, however, might willingly lump all three as the return earned by the capital invested—provided the businessman and the politician were willing to separate out from this aggregate what is rightly the return to the site.

Spring 1975 Program

(All classes are 6:30 to 8:30 p.m. – 10 weeks)

February 2nd, 3rd, and 4th:

Free classes based on Henry George's ***Progress and Poverty*** —an opportunity to learn what George said about political economy and why more and more thoughtful people in and out of power are taking note of his insights. No tuition.

February 9th:

Man and his land—an historical treatment of the land question in the development of civilizations. Tuition $10.

Securities markets and personal finance planning—an introduction to markets and the choices available to the saving public. Tuition $50.

February 10th:

Money and banking—a novel interpretation of monetary affairs that suggests a market approach to the subject in contrast to the political one with which we live. Tuition $10.

Reform for our time—attacking the urban land problem through the medium of an adult game that simulates the rise and fall of municipalities. Tuition $10.

Securities markets and financial analysis—a study of corporate financial reporting as it is seen to affect stock prices. Tuition $50.

February 11th:

Small business management—a survey of the problems and pitfalls faced by those who have the responsibility for small firms. Tuition $50.

(Dates indicate when classes begin.)

High court broadens tax authority

In the immortal words of Finley Peter Dunne's Mr. Dooley: "I dunno whether the flag follers the Constitooshun or the Constitooshun follers the flag, but I do know the Soopreem Coort follers the elecshun retoorns."

After some 104 years, the august justices decided that the Supreme Court of 1871 had it all wrong. The U.S. Constitution clearly provides that no state shall levy an import duty. That authority is clearly reserved for the Federal Government. In fact, until the Civil War, when the Lincoln Administration imposed the first income tax, and then until the Wilson Administration acted under the 16th Amendment, import duties were a principal source of federal revenue.

In this vein, the Court in 1971 ruled that foreign goods held in the possession of importers were not subject to direct levies, such as property or inventory taxes, by state and local governments. Recently, in an eight-to-one decision (newly appointed Justice John Paul Stevens did not participate) the Court reinterpreted the import-export clause of the Constitution by permitting a Georgia county to impose its ad valorem property tax on the warehouse inventory of an importer of automobile tires.

Under the 1871 ruling, local taxing authorities could impose levies on imports only after they had lost "their character as imports and become incorporated into the mass of property in the state." Now, however, the court has permitted local jurisdictions to extend their taxes on labor products to imported goods that have not become so intermingled with other property.

It is worth noting Justice Brennan's majority opinion in which he said property taxes were levies "by which a state apportions the cost of such services as police and fire protection among the beneficiaries according to their respective wealth . . . and there is no reason why an importer should not bear his share of these costs along with his competitors handling only domestic goods."

Such is the "conventional wisdom" of our day.

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HENRY GEORGE NEWS

March - April 1976

Weinstein

Re-elected president of the School, Arnold A. Weinstein pledged renewed efforts toward promoting wider acceptance of George's principles of justice and to carrying forward his fight against special privileges. To move toward these goals, we need reach not only a wider audience but a more influential one, Weinstein said, adding that we can achieve these ends only as the School gains credibility in the public's eyes.

The School's several programs are designed to educate and at the same time advance its position as an authoritative source of current information, he explained. "It is to be hoped," he said, "that the initial encouraging impact of our research findings will continue to spread and gather momentum. We have every reason to believe the data on real property taxation that we are publishing will be used in classrooms around the country as well as in our own."

Also re-elected as vice president was Lancaster M. Greene, who, at 75, is the dean of the School's activists. Richard D. Friedlander was elected treasurer; Stanley Sinclair, secretary. Leonard T. Recker was named treasurer emeritus in recognition of his long devotion to the School.

Center release tax study

The School's Center for Local Tax Research released its first of a series of studies on effective real property tax rates in late February. Covering the New York-New Jersey metropolitan area, the report makes available for the first time a method for comparing the true tax rates on all kinds of property as well as the different rates paid for similar land use in the various communities in the area.

The study was made public at a press conference at the School attended by officials, academicians and media representatives. It was followed by stories in all the metropolitan dailies and a vast number of weekly publications as well as reports on local news radio stations. In response, the School received close to 500 requests for copies of the report. Requests came from mayors of surrounding cities, local legislators, executives of such corporations as IBM and Allied Stores, commercial and savings banks, environmentalists and interested individuals.

The effective tax rate measures the percentage of market value (rather than assessed value) of a property that the taxpayer actually pays. Thus, when residential property in Glen Cove, L.I., for example, is taxed at the nominal rate of 20.1% of its assessment, the actual tax paid is only 3.8% of the property's true value as indicated by recent sales of comparable property. In Long Beach—also in Nassau County (see chart page 2) the nominal tax rate is 18.69%, but relatively high assessment keeps the effective rate on residential property at a relatively big 6.9%, the report shows.

The study encompasses all taxing jurisdictions with population of more than 5,000 in the New York-New Jersey metropolitan area and includes residential, commercial and industrial property as well as vacant land. The New York counties covered in the report are the five boroughs of the City plus Nassau, Suffolk, Westchester, Putnam, Dutchess, Rockland, Orange, Sullivan and Ulster. The New Jersey counties are Bergen, Hudson, Essex, Middlesex, Morris, Monmouth, Mercer, Ocean, Passaic, Union, Somerset and Warren. Future series will also include southwestern municipalities in Fairfield County Connecticut as part of the metropolitan region.

The report "Effective Real Property Tax Rates in the New York Metropolitan Area," shows that:

- The highest effective tax rate is more than ten times the lowest.
- Northern New Jersey property owners pay substantially less tax than they would for comparably-valued property in Suburban New York.
- Westchester and Nassau Counties bear some of the highest tax burdens in the area.
- Highest effective rates overall were shown for the city of Long Beach in Nassau County, N.Y. and in Orange and East Orange in Essex County, N.J.
- Among the tax "bargains" in the nearby metropolitan area are Ridgefield in Bergen County, N.J. and Bronxville in Westchester, N.Y.

A Scientific Study of the Tax Structure

The program of the Center for Local Tax Research was designed to develop answers to two questions of prime importance to all localities:

What is the area's real property Tax base?

What is the real rate of taxation being levied on that base?

The New York Metropolitan Area stretches across parts of three states, encompasses 31 counties, and 1,845 taxing jurisdictions.

The derivation of effective tax rates includes consideration of current data on market value of the real property, the relation of assessment to real value, and annual nominal tax rates. All of these factors are covered in the Center's studies.

The Problem

(From the *New York Times* editorial page February 9, 1976) "... The real estate tax, keystone of the revenue system, is a particularly appropriate target for ... review and reform. There is general agreement among tax experts that administration of property assessments ...

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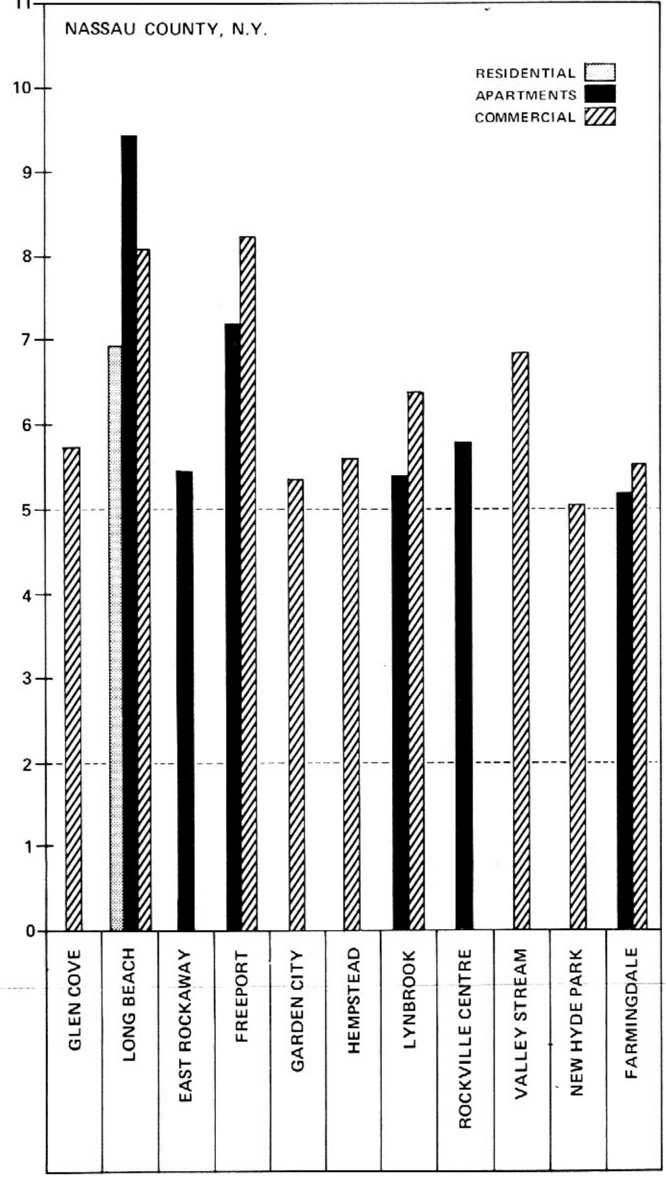

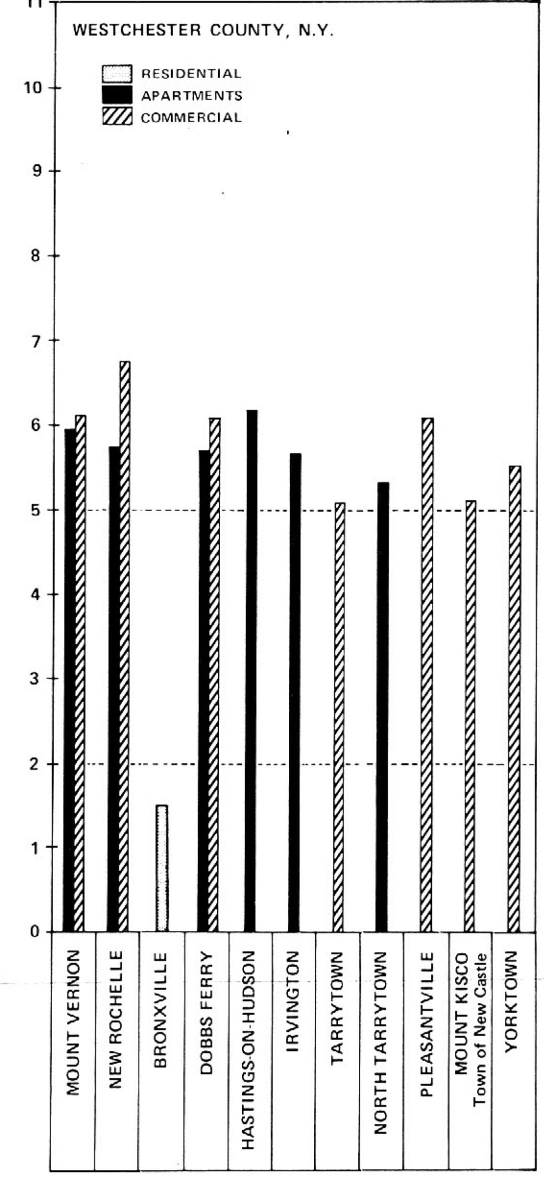

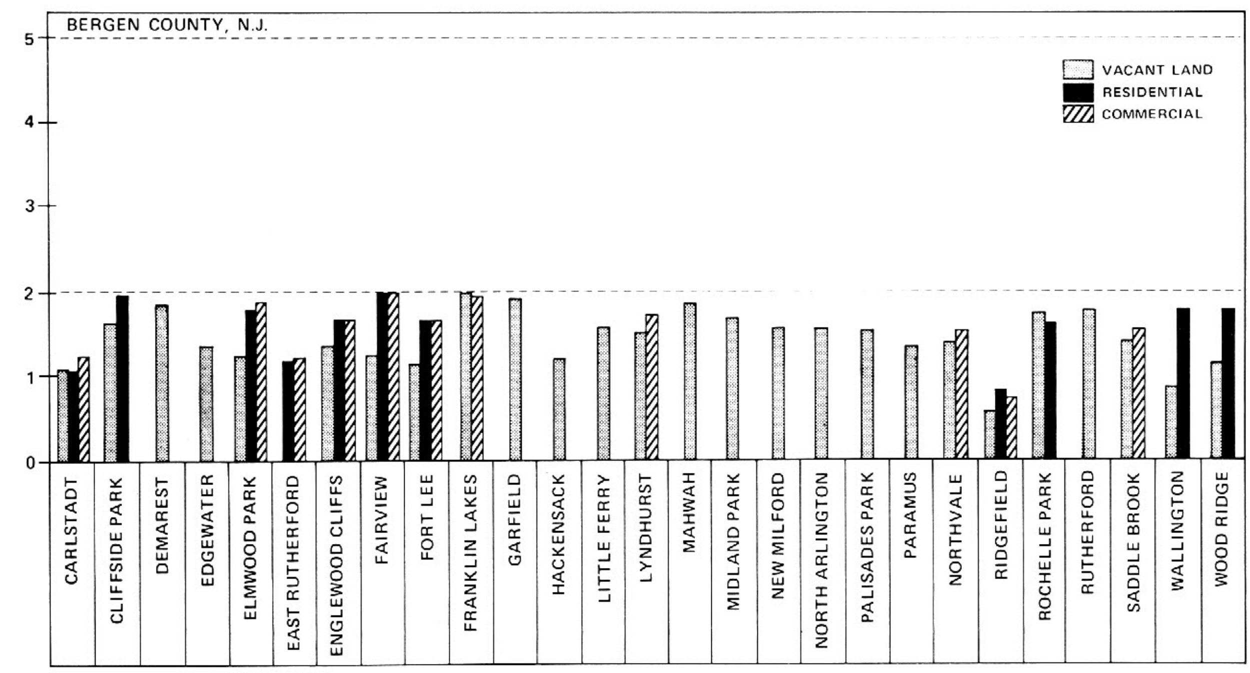

Note: The high effective rates derived for such upper Westchester communities as Lewisboro, Peekskill and Ossining are based on 1973-74 assessment-to-sales data as published by the New York State Comptroller which do not account for the latest changes. Substantial revaluations by entire jurisdictions and other recent developments would revise effective rates downward. Future statistical series including these communities should disclose effective rates more closely in line with their county averages.

CENTER RELEASES TAX STUDY

(continued from first page)

is, as one state official recently described it, "a shambles in terms of credibility and equity."

The Purpose of the Study

Property tax research is prompted by two conditions: First, all jurisdictions rely on the real property tax for substantial, if not all, local funding. Second, the attention paid to nominal rates as they apply to assessed valuation tends to be misleading. It results in too little being known about how the burden is distributed geographically and among categories of taxpayers.

Aside from the general value of this research, a number of applications of the data in this report to specific metropolitan concerns are suggested. It is hoped that this first study and others to follow will do much to enlighten and aid those who must make the hard policy choices today's circumstances demand.

This is the first time this series of effective tax rates for the metropolitan area of New York, disclosing comparative property taxes as a percentage of true property values, has been assembled and made available to the public. The effective tax rate can now provide a measure of the relative tax burden in neighboring and often competing jurisdictions within the metropolitan region. It also enables taxpayers to determine their true burden on a comparative basis from one community to another. Especially since the effective rate for a particular property type within a jurisdiction has not been generally available until now, except to specialized tax researchers and economists. It covers all jurisdictions in the metropolitan area in the states of New York and New Jersey with populations of more than 5,000 and includes residential, commercial and industrial property as well as vacant land.

Several observations can be drawn immediately from these data. The study brings out that the variations between communities are as great as those between counties. Within communities, effective rates for commercial property are often double or more than that for residential property.

Within New York City, Manhattan and the Bronx show effective rates well above average while Brooklyn, Queens and Staten Island are closer to the metropolitan mean. For income producing property the city's rates are well above the average, with Manhattan taxes substantially higher than the rest of the city.

Cooperating with the Center

In developing its statistical series as well as in working out special studies, the Center has had the cooperation of state, local and federal agencies; specifically the state governments of New York, New Jersey and Connecticut, the staffs of the Advisory Commission on Intergovernmental Relations (ACIR) and other sources that provide complete and current statistics on assessments, assessment-to-sales ratios, tax rates, equalization rates, revenues collected and debt percentages per capita and by jurisdictions (except Connecticut where statewide data are not available) and, where available, by school district.

Future Center Activities

A number of major concerns of both public and private sectors might benefit from closer analysis of comparative effective tax rates. For example, revenue forecasting; assessment and tax policy; school finance; land use and zoning; housing and community development; industrial location, and the environment.

The Center is funded by the School and is under the direction of Philip Finkelstein, former Deputy City Administrator of New York. Since leaving city government, Mr. Finkelstein has been a professor of political science at Brooklyn College and is now a member of the faculty of Adelphi University, Garden City, L.I. He is a graduate of Yeshiva University and New York University Law School. His book, *Real Property Taxation in New York City*, was published in late 1975 by Praeger Publishers, Inc.

The charts on the opposite page dramatically illustrate the extremes of effective tax rates imposed in the counties immediately surrounding New York City. Because the average effective tax rates in the area fall in the range of $3 to $4 per $100 of the market value of the property, those instances of effective rates above 5% and below 2% are seen to indicate problems of inequity or misallocation. For example, Long Beach in Nassau County imposes unusually heavy burdens on its taxpayers relative to the real value of their property. The largely residential suburb of Bronxville in Westchester County offers the contrast of an atypical tax bargain. Across the Hudson River, Bergen County shows considerably more attractive tax treatment in some localities.

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)

Expatiating on the "true remedy" for the unjust distribution of wealth—"We must make land common property"—Henry George employed a good deal of practical sense. This truth, he anticipated, will arouse the most bitter antagonism and must fight its way inch by inch. Even those driven to admit this truth, he warned, will declare that it cannot be practically applied.

Later he advised that, "as every man has a right to the full benefit of nature, the man who is using land must be permitted the exclusive right to its use in order that he might get the full benefit of his labor. But there is no difficulty in determining where the individual right ends and the common right begins." The common right, he explained is what the user is willing to pay for its use—the rent.

Then he said: "We already take some rent in taxation. We have only to make some changes in our modes of taxation to take it all," and he proposed the "sovereign remedy . . . to *appropriate rent by taxation*." He suggested collecting the bulk of the rent through the real property tax, leaving a small portion to the land owner as his compensation for collecting public revenues. Needless to add, he counseled remission of all levies on improvements.

If the real property tax—changed in its mode to levy only on the site—is to be used to collect the public revenue, it must be efficiently and justly administered. A prime requisite of efficiency is understanding—understanding not only how the tax is levied but what its impact is. It is more than just interesting, therefore, to know that the effective rate—the real portion of capitalized actual rent as determined by the market—on Manhattan residential property, for example, is around 5¾% as compared with less than 2¼% in neighboring Queens.

Such knowledge is a necessary first step in making plain the presence of inequities. It sheds a sharp light upon the quintessential practice of the assessors. A next step will be the application of the same statistical techniques to develop effective rates as they apply to sites as distinct from improvements, community by community as well as for each type of property use.

With facts such as these might the signficance of George's sovereign remedy be made evident to today's public.

Simulation

Continuing search for more effective ways to reach people with the George story has led to experiments with simulations. These exercises are more familiarly called games, but because this appellation might suggest frivolity, we prefer to call them simulations.

The usual appurtenances of games are present—a board, a set of multicolored pieces representing different kinds of buildings, a set of rules, and even a pair of dice. Yet participants quite seriously go about simulating the growth of the urban community, transforming what represents vacant land and farm tracts.

In the pitchman's vernacular, any number can play. Either as teams or individuals, or both, the participants gather 'round a board of 100 squares—each representing a land parcel.

Participants draw lots and five individuals or teams each draw a farm of ten parcels, including all the farm buildings and a self-contained utility plant plus an amount of cash. The other participants (as many as ten) draw cash, amounting to about a third more than the total assets of each farmer.

Action is based on an export-import model at the outset. All production is exported (sold to the game manager) and consumer goods are imported (bought from him). Any participant can buy land, either from a willing seller at a mutually agreed price or from the manager. An investor assembling ten contiguous parcels can purchase farm buildings and go into farming; a farmer can sell out and become an urban investor. Any participant can build industrial, commercial or residential improvements on his property, provided, of course, he has or can borrow the cash to pay for them and he has persuaded the community (a majority of his fellow participants) to run a utility line past his property.

As the community develops, each resident casts one vote in the local government, electing officials—including an assessor—and setting the tax rate. What role does the dice play? When external factors, such as weather conditions to determine crop yields, the throw of the dice is a convenient way to invoke probabilities.

Transportation to market, to work, to shopping are all based on distances on the board. It takes no pedagogic prompting for participants to experience the value created by location and by community service. No diagrams are needed to distinguish the fate of wages or return to capital or to depict the tyranny of the land speculator. The clamor to tax unearned increment and for relief for improvements arises from simulation—or is it a game?

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