

Henry George Newsletter

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EXPERTS CONFER ON GRIM PROSPECTS FOR AFFORDABLE HOUSING

Long Island University Center for Real Estate and Community Development, in association with the Department of Housing and Urban Development and The Henry George School of Social Science, sponsored a conference on Affordable Housing for Long Island on April 3rd at their C.W. Post Campus in Nassau County. The theme of the conference: 15,000 (new homes) by the Year 2000, is a modest proposal indeed. According to Senator Alfonse D'Amato, "Long Island is in deep, deep distress," and needs 160,000 medium priced homes to combat the housing shortage. Senator D'Amato went on to speak about his federal housing plan cosponsored by Senator Cranston of California. The problem is nationwide, he said. In 1981 65% of U.S. families owned their own homes; in 1989, only 63%. This 2% drop represents two million families.

Pessimism regarding Long Island's ability to provide the needed affordable housing was shared by all speakers, in spite of the many suggestions that much could be done by businesses and corporations, as well as government. Yet while the median home price on Long Island has doubled since 1983, the business community has not taken an active interest in solving the problem. Leo Koppelman, Executive Director of the L.I. Regional Planning Board, reported that over the past five years only 2000 new homes were built on Long Island, which needs "50,000 new units immediately. All this states that there will be a corresponding decline in economic well-being on the Island."

Edward Dodson, President of the Henry George School and economist at the Federal National Mortgage Association (Fannie Mae) was one of five panelists on successful how-to approaches. Echoing the gloomy picture already painted, Mr. Dodson reported that 50% of young people who leave home across the country come back to live with their parents because there isn't enough affordable housing. Citing lack of competition as the cause, Mr. Dodson probed deeper to the causes underneath the cause: restrictions on housebuilding laid down by local governments, skyrocketing land prices and speculation, and the fact that (unlike goods and services) rising land prices bring less, not more, land into the market. The law of supply and demand seems to work in reverse where land or location is concerned.

A prepared statement by Mr. Dodson was given to the other panel members: "In the 1950s a \$15,000 starter home in the suburbs had 85 percent of that value in the house itself and only 15 percent in land. Today, land value in many communities constitutes anywhere from 35 to 60 percent of the total." At the same time, more efficient use of sites and cheaper technologies have served to further push up land prices at the margin. "The irony of our efforts to stimulate the construction of affordable housing is that virtually everything we do pushes up land prices. As a result, less and less land is available to developers at prices on which they can build anything but housing for the highest income families."

"Removing as much of the tax burden as possible off property improvements and raising necessary tax revenue from land only. . . accomplishes several important changes. . . The higher carrying cost associated with landholding will tend to bring land onto the market, increasing supply, and stabilizing (and, in some cases, lowering) land prices. Lower land costs and reduced (or eliminated) taxes on improvements will lower the cost of new housing. . . and increase the supply of affordable housing." Since government sets the rules of the game by its tax and regulatory policies, Mr. Dodson's statement concludes, "producing affordable housing is far less an economic than a political problem."

School Notes

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CALIFORNIA

During his visit to northern California, Stan Rubenstein participated in a two-hour workshop on March 6th organized by Evelyn Friend, Director of the Sacramento Extension. Twenty teachers from the area's school districts participated, along with several Henry George School board members who helped with organizing and refreshments. The workshop was an introduction to the School's high school materials: The video series, *Understanding Economics*, and the printed *Land and Freedom* series in Economics, American History, and World History. Mr. Rubenstein also paid a visit to State Senator Gary Hart, who had introduced legislation mandating a half-year of economics in the California school system.

ILLINOIS

On March 30th and 31st, Robert E. Kennedy and Chicago Director Sam Venturella manned the HGS exhibit at the Great Lakes Regional Conference of the National Council for the Social Studies, held at the Pere Marquette Hotel in Peoria. A similar exhibit table was set up at the Illinois Libertarian Party state convention at North Shore Holiday Inn, Skokie, on April 7th and 8th. The School also received attention from the local Pulitzer-Lerner chain of community newspapers, in an article by staff writer Pat Butler. The article gave a quick history of the Chicago School and Mr. Venturella's involvement with it—from the earlier days when there were over a hundred Georgist study groups in Chicago, to the present, when student turn-out is a lot slimmer. Nevertheless, reports Butler, "Sam Venturella isn't discouraged."

DOMINICAN REPUBLIC

Lucy De Silfa, Director of the Dominican Republic Henry George School, visited New York and spoke before the Spanish economics classes led by Manuel Felix on March 30th and April 5th and 6th. The main thrust of her message was tax reform in the Dominican Republic. In contrast to several years ago, this is now a major issue. All homes valued over \$500,000 pesos (figure six pesos per dollar), and all personal incomes over 400 pesos per month, are taxed. Import taxes are so high that a car worth \$10,000 in the U.S. sells for \$30,000 in the D.R. "Because of extensive building going on in Santo Domingo for the 500-year anniversary of Columbus's voyage, land prices in many areas have gone up ten-fold in the last two years." The solution to both problems, Ms. De Silfa concluded, is for the island republic to tax land instead of wages and buildings.

School Notes

LONG ISLAND: TAX HEARING

Charles Ellinger, active with the Long Island Extension, spoke at a public hearing of the Suffolk County legislature on March 14th. The full legislature and over 600 citizens attended. The purpose of the hearing was to air public concern over recent increases in property taxes. Many expressed concern that rising housing costs as well as rising taxes were forcing their children to leave Long Island.

Mr. Ellinger called attention to rising land costs as the base of the problem: "Should government be able to contain costs, still the rising cost of land would cause the next generation of civil servants to ask for raises so as to purchase homes or pay rent in an area where land costs continued to rise, partly because of efficient government." The solution to this problem is to reform the property tax itself—to fall lighter on buildings and heavier on land. After speaking, Mr. Ellinger was approached by a legislator who said that he and a few others in state government were interested in the two-rate tax approach.

BUFFALO: LEGALIZED STEALING

Seymour Rauch, Columbia University graduate, Buffalo area Henry George School teacher, and author of *Economic Answers to Ecological Problems* (1980), has written a new book, *Legalized Stealing: The American Way of Life*, published by Peter Lang as part of its American University Studies series. The book, according to its author, is "an exercise in economic theorizing that uses a conversational exposition laced with whimsy. . . . A large and crucial part of the book's logic comes from George's *Science of Political Economy*."

In commenting on Mr. Rauch's book, Economics Professor Mason Gaffney (University of California, Riverside) writes: "Many recent writers have tried to translate economeses into vernacular. Of all the efforts I like this one the best." And Professor Steven Cord (who heads the Henry George Foundation) writes: "If the world took the advice which Seymour Rauch offers. . . it would make sudden huge strides down the road of economic progress and. . . moral progress." *Legalized Stealing* is 316 pages, which includes a statistical appendix, and may be purchased for \$44.50 from publisher Peter Lang, 62 West 45th Street, New York, NY 10036.

PHILADELPHIA: CONFERENCE

Deadline for registering for the International Henry George Sesquicentennial Conference is May 31st (after which there will be a \$75 surcharge). The Conference is being held at University of Pennsylvania from July 29th to August 6th. For further information, contact the Philadelphia School or the Council of Georgist Organizations located at the New York School.

NEW ENGLAND: REACHING OUT

On Sunday February 6th, the New England Henry George School held its annual meeting at the home of Treasurer Sherri Tucker. At the meeting, President Ernest Kahn reported on a recent visit he and Secretary Marilyn Kahn made to Jamaica: "Under the wing of Rosemarie Hewan-Lowe, director of the Land Valuation Office at Montego Bay, we saw LVT in operation. She arranged a meeting with the top staff of the Land Valuation Department in Kingston. We met Edwin Tullough-Reed, Commissioner of Revenues, the past Commissioner of Valuations, the present commissioners and other staff people. They not only listened to me, they also asked very good questions. They are not Georgists but they understand the principles of land tenure very clearly and make their own good case for continuing the land value tax system."

[Continued on next page.]

NEW ENGLAND: REACHING OUT [Continued from page 3.]

Mitch Chanelis, Board member, has been working at the grassroots level combining Georgist advocacy with his activities within the Eastern Massachusetts Green Network. The March issue of *What's Left in Boston: A Community Calendar of Progressive Cultural & Political Events* featured a two-page article by Mr. Chanelis entitled "Standing Alone Together." Here are a few excerpts from this excellent introduction to a worldview that is "beyond right and left."

"The history of civilization for this past 5,000 years is essentially that of conquest: of old over young, man over woman, class over people, state over nation, and technology over nature. The development of colonialism and technology have proceeded . . . to a point where the limitations and harmfulness of both institutions to people and the planet are becoming widely recognized . . . Our world at the close of the twentieth century appears to be lockstepped in a deathmarch with the forces of monopoly capital . . . and state socialism . . . These competing political economic systems, along with those of the 'non-aligned' third world, where 75% of the state wars against indigenous, or fourth world, peoples are waged, plunder the planet . . . to support their elites in grand style."

The Green solution to these inequities involves recognizing indigenous "nations" and their right to a land base "free from economic and political domination" and the "equalization of land tenure systems worldwide, through local collection of ground rents as public revenue . . . In such a world the need for standing armies might be ended." The author illustrated his article with a mandala showing the four Green "pillars": Direct Democracy, Social Responsibility, Ecological Wisdom, and Non-Violence.

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