

the Henry George News

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Don't Burn the Buildings

Tax the Land

"WE have just undergone one of the great soul-searchings of our history. What is needed now is hard thought and clarification. Wallowing in emotion will not help. Justice requires perception, logic and strength. We must have justice or we will have civil war," wrote choreographer and author, Agnes de Mille, granddaughter of Henry George and a trustee of the Henry George School, in a letter sent to friends of the school.

"When are we going to face up to the fact that our agony is not so much racial as economic? That we have ghettos because it profits certain people to have them? That we preserve a debased minority by any means possible and have always done so although the races differ because it serves a section of the community to keep another section helpless and exploitable, a low-waged, semi-slaved group? That segregation has primarily to do with no instinct except greed, which is another name for fear? That wholesale charity can never be the answer, nor any scheme whereby an entire people are taxed to underwrite those few who profit by misery?

"Every Georgist knows these facts.

Write now to the editor of every newspaper in your town or city. Make your letters clear, brief and passionate. And keep writing. Send many letters. Eventually some will be printed. The time is ripe. People are asking questions. At this terrible moment they are ready to listen to answers."

Letters are indeed being written from coast to coast, and some of them could serve as models. Elizabeth and Harry Brown of Columbia, Missouri have been writing to journalists and congressmen asking them not to overlook the criticisms and recommendations of the President's Commission on Civil Disorders (which asks for six million units of housing in the next five years without specifying from where the money should come).

"Why should federal taxpayers, including those who have only their wages, be required to contribute billions to pay for subsidized housing," they ask. "If Negroes and Whites are freed from having to live in the slums, cities must change from anti-incentive to incentive tax systems, with progressive untaxing of housing and other improvements. This means that owners

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who improve slum property adequately will escape tax penalties."

Dr. Harry Gunnison Brown was committed throughout his teaching career at the University of Missouri, to clarification of Henry George's principles. If his influence went underground for a time, who is to say it may not emerge in strength? The U. S. Commissioner of Education, Harold Howe II, now urges that education is everybody's business and that educators must start paying attention to tax policy, site selection and multiple use of land and buildings. Pointing out that cities will have to make a start by talking their state legislatures into allowing them to alter the present structure of property taxes which at present are based mainly on the value of a building, not on the value of the land it occupies, he says the city needs the tax revenue that good housing or commercial construction would bring and pays dearly for its staggering losses.

Noah D. Alper, former director of the HGS extension in St. Louis, organized the Public Revenue Education Council for the purpose of sending tax material to educators. His letters in St. Louis newspapers always refer to the basic position, "If we collect more rent-of-land in taxes we end speculation in vacant, slum infested and poorly used land, causing lower priced land for apartments, homes, industry and other public and private uses. This would directly benefit labor and providers of capital by causing a substantial increase in production and a more moral and just distribution of the common results of their efforts."

A Practical Expedient

Oscar Johannsen, who has just received his M.B.A. from New York University, and whose letters have been published in The New York Times

and The Wall Street Journal, says the only lasting solution to this dilemma is to eliminate all taxes on improvements and tax the value of land so as to receive 100 per cent of its rental value.

Offering as an "expedient somewhat in line with a sound solution" he suggests that states should adopt legislation permitting communities to exempt from taxes all new improvements to the land for a period of say 20 years, with property owners required to pay taxes on the value of the land.

This would encourage the reconstruction of devastated areas and give opportunities to unskilled workers. Furthermore it would cause expansion in other areas as businessmen rushed in to take advantage of the tax moratorium to improve existing plants, businesses and offices. That the plan will work was proved in New York in the 1920's when taxes were eliminated for 10 years on certain types of new dwellings and a building boom ensued.

Fred W. Workman is a frequent contributor to the letter column of the Monterey Peninsula Herald in California. He writes, "there is a shortage of good housing so why make it still shorter by burning or taxing homes? We want more good homes so why penalize home ownership by levying taxes which naturally limit new construction?" Referring to the tax moratorium in New York following World War I, he says, "give free enterprise this break again and it will solve our housing shortage as it did before. If the law had remained it would have eliminated the slums and would have provided adequate housing for all — the taxes on housing should of course have been applied to the land only, thus reducing its selling price."

Russel Conklin, formerly mayor of Great Falls, Montana, member of the State Legislature and HGS director, has by his single voice, in speeches and letters to editors, achieved an em-

barrasingly successful result. Almost every day, he confesses, someone shows an interest in Henry George, because of having read his letters in the newspapers. His strong belief in tax reform and free enterprise financing triggered action which led to defeat of the proposed federal program (see page 9). Great Falls is a city where the residents are trying to cure slums before they happen, and having been educated by one lone Georgist, some of them are trying to do it the right way.

Another example of the power of letters is exemplified by the campaign in North Carolina to prevent needless federal flooding and demolition of acres of private land for the advantage of outside developers and speculators. Alex Duris of Henderson does not claim credit for having led this campaign, but as the one and perhaps only Georgist in the city, he was alert to the situation and began to write. Now in retrospect the results are surprising even to him.

It would be impossible to know of all the former students who are working alone — they seldom draw attention to their efforts. From Verlin Gordon, a former HGS director, we learned that Woodrow W. Williams, a farmer and leader in his community in Ohio, wrote a long open letter to his local newspaper in Findlay, where it was published in full.

"Both critics and proponents of inflation miss the cardinal point that our basic fundamental requirement is land," he wrote. "Instead of increasing the sales tax, steps should have been taken to require accurate assessments on real property, so that bare land would yield its proper share. If assessments on the farm land had been raised as soon as its value was increased by government subsidy, much of this inflated price would have been punctured out, and lower assessments would have been possible on buildings and improvements. This, in a sense,

would be a way to get federal 'aid' without losing a bit of local control. The legislature and local government bodies still have the key, if they will use it. Let's stop this swing to Marxist income taxes and stick by the old reliable free enterprise land value tax."

California Is Where It Began With P&P

Wilbur E. Pereira of Los Angeles, an airline company executive, surely holds the record among HGN readers for letters written and published. He pointed out to a Washington official, the "removal" versus "renewal" aspect of the housing program, and said that many private pockets are lined at the public's expense. As proof that urban sprawl, speculation-inducing laws and slum growth are encouraged by federal and local tax laws, he sent along with his letter a newspaper clipping to illustrate his views.

Henry George wrote the famous book *Progress and Poverty* in California and it may be having its first notable revival in that state. A few months ago the Executive Vice President of the American Building Contractors Association, writing in the Los Angeles Times, said that taxes discourage changes in homes, and stated that Governor Reagan might sponsor a five-year tax moratorium on home improvements, with the thought that more people might be encouraged to upgrade their homes and preserve the valuable assets in existing housing.

The executive said this would benefit the community and would offer immediate financial rewards to the homeowners while getting to the heart of the issue quickly and cleanly without red tape. He urged readers to write to him telling whether or not they would be likely to remodel or improve property if they didn't have to worry about an increase in assessed valuation and taxes. "Believe me," he said,

"the honest opinions of homeowners are vital to the governor and the legislature. They want to know what you think."

Men in the building trades have long been aware of the enormous costs encountered by families desiring a home of their own. A report by the Secretary of Housing and Urban Development stated that the soaring cost of city land was causing nightmares for federal officials charged with carrying out the President's crusade for low and middle income housing, since city land had gone up 80 percent in the past five years.

This was reported in The Los Angeles Herald Examiner, and Mr. Pereira immediately wrote a letter to the paper saying, "since we know that when you tax land values the price goes down, the obvious answer, though incompatible with strong vested interests, is to tax land values to the fullest, untaxing improvements to the greatest extent possible. If we do not do this out in the field, our vast land increments will be taken via changes in federal tax laws. Those increments belong to us; we had better change our laws before the federal people change theirs."

In Washington, Philadelphia and other cities, some of the most attractive houses are in sections that were former slums. Many older houses in New York are now the most fashionable residences. Experiments have shown that urban renewal could advance satisfactorily by thoroughly reconditioning existing buildings instead of destroying them and suffering the long delayed arrival of new subsidized housing, always at higher rentals. Harlem, for instance, was once beautiful, clean and sparkling. Its prestige could mount quickly if it accepted the challenge to rehabilitate itself.

Recently someone looking for promising high school students from poor neighborhoods in New Jersey who could be admitted to universities, said he asked only one question — *can you think?* Instant transformation is not possible, but the salutary practice of thinking could begin the evolution toward constructive advancement. Reports in The Henry George News over the past ten years show significant increases in public awareness of the need for basic economic reform. Nothing short of full public understanding will suffice.

"George's idea which changes the way of living of the peoples, to the advantage of the big majority — this idea is expressed so convincingly and effectively and above all so simply, that it is impossible not to understand it... However one tries to strangle it, it remains more alive than all the other doctrines which are vague and devoid of meaning and behind which one tries to force it. Sooner or later truth will pierce the veil by which it is hidden, and will throw light over the world."

—Leo Tolstoy

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