

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)

Expatriating 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 5¼% 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 significance 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?

Henry George News, Volume 40, Number 5. 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

JACOB B. HIMMELSTEIN
137 UNION AVENUE
BALACYNWD PA 19004