George In The News...

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REFORMER'S IDEAS GET NEW PUSH
by William Serrin

In a quiet office at 5 East 44th Street, Philip Finkelstein was talking of making the name and views of a once famous reformer known again. "I want to demonstrate", he said,"that Henry George belongs in the mainstream of economic theory, not in some quaint byway where he has, unfortunately, been relegated".

It seems fitting that the Henry George School of Social Science, of which Mr. Finkelstein is executive director, should be in New York. The city, a home of issues and their advocates, has many places like the school, places where enthusiastic people of all sorts of political and ideological views, believe they have the answers to society's problems.

Henry George--advocate of the single tax, a tax on land rather than on buildings, or on anything else, was a man whose denunciation of wealth and lordliness had a profound effect on the American labor movement.

He was born in Philadelphia and for twenty years lived in California. But it was in New York, in the winter of 1868-69, that George observed, according to Mr.Finkelstein, "the shocking contrast between monstrous wealth and debasing want", a contrast that led him to a lifelong study of American economic conditions. This study resulted in a book called "Progress and Poverty". It was published in 1879 and made Henry George known worldwide.

George then came to New York. He ran for mayor in 1886, losing to Abraham S. Hewitt, but outpolling another aspiring politician, Theodore Roosevelt. In 1897, during another campaign for mayor, he died of apoplexy at the age of 58. He is buried in the Greenwood Cemetary in Brooklyn.

Now at a time when people are searching for answers to difficult economic problems, the Henry George School is attempting to broaden the message. The school moved recently from the mansion at 69th Street, an area that, according to Mr. Finkelstein, gave the school an inappropriate patrician tone. Now, in less ostentatious facilities, the school wants, he says, "to present Henry George's ideas in a current application".

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The following article, "Reformers Want Land Taxed", by LaVarr Webb, appeared in the January 3, 1981 issue of the Salt Lake City, Utah Deseret News, and is being reprinted with permission of the paper, ©1981.

Tax land, not buildings — that's the proposal of a Utah tax reform group that will promote an "incentive taxation" plan before the Utah Legislature.

The group, based in Cedar City, is called Utahns for Tax Reform and is allied with other national groups that say increasing taxes on land and eliminating taxes on improvements and buildings would result in lower land prices and would end the problems of urban blight because cities would renew themselves.

The Utah group's chairman, Robert E. Williams, and secretary, Earl A. Hanson, have prepared a 10-point proposal for the Legislature.

A number of national politicians, economists and political scientists support the idea of a land-based, rather than building-based, property tax. Among them are George Romney, former Michigan governor; Dr. Robert Hutchins, president of the Center for the Study of Democratic Institutions; Eugene V. Rostow, political scientist; and C. Lowell Harris, president of the National Tax Association and professor of economics at Columbia University.

They point out that the current property tax stifles incentives to improve property, especially in big cities, where taxes are highest. A booklet on the topic observes that the property tax is actually two taxes. The tax on improvements, or buildings, is added to the tax on land to obtain the full property tax.

The tax on improvements is almost always much higher than the tax on the land. This heavy building-based tax penalizes and discourages investment in improvements and rewards with lower taxes those who let their properties deteriorate into slums or obsolete structures.

In addition, the land tax is usually so low that the owner is under little pressure to improve it, and thus the underuse of land is encouraged, the booklet says.

As a result, the property tax is said to "harness the profit motive backwards."

Hutchins says the current property tax "reflects and promotes every unsound public policy imaginable. It encourages urban blight, suburban sprawl and land

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speculation. It thwarts urban rehabilitation, construction investment in building and improving homes. And it prevents orderly development and planning."

High property taxes discourage beautification and improvement and chase stores, commercial buildings, factories and homeowners out of inner cities, the booklet says. The New York Temporary Commission on City Finances has declared the tax a primary cause of the city's failure to renew its housing stock.

Because private industry isn't willing to redevelop the inner cities, government pours billions of dollars into those areas, and often is still not successful.

The proponents of a land-based property tax say private enterprise would quickly renew the cities if the tax were reformed.

Eliminating the tax on improvements and increasing the tax on land to, say, 3 or 4 percent of market value would provide incentives to build, renew, beautify and rehabilitate, the booklet says.

Increasing land taxes would mean landowners would have to do something with the land to make owning it profitable. Since improvements would not be taxed, the highest economic use of the land would be encouraged. Land speculation would be slowed since anyone not wanting to develop the land would likely sell to someone who would. Vacant lots in cities would be put to good use and urban sprawl would be checked.

Jim Clarkson, former mayor of Southfield, Mich., said that when the city shifted some of its tax burden from buildings to land, making idle land carry more of the taxes, property taxes for homeowners were reduced 22 percent and a climate was created for better and higher development.

Several studies indicate that the major profit in slums lies not in rentals, but in speculation. The eventual resale of the land often brings in giant profits. High land taxation would likely slow such speculation.

It is expected that such a tax system would result in more rapid turnover of idle land, reducing prices.

Hutchins says it would be very simple to remove the tax from improvements and put it on the land. "In this way, each man would pay his fair share of what the community was doing for him, and would not be punished for what he was doing for the community by putting his land to good use."

Agnes de Mille, granddaughter of Henry George, and a noted dancer and choreographer, has appeared on behalf of the Henry George School on radio and television spots.

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The school runs classes on economics for several hundred students a year and publishes the Henry George News. Also at the school is the Robert Schalkenbach Foundation, which keeps the author's works in print (Ed. Note: as well as the Henry George Institute and the Center for Local Tax Research). The school also operates several centers around the country.

Society, not the landowner, is responsible for the increase in land value, he asserted. He argued that the increase which he called the unearned increment, should be taxed and thus returned to society. This single tax, a land tax, he said, would yield enough revenue to permit abolishing other forms of taxation. It would also, he argued, simplify the role of government.

Inmates Graduate Course on Freedom

Thirty-six inmates of the Smyrna, Delaware Correctional Institute graduated from courses taught by Michael Curtis, of Arden, Delaware, at a ceremony at the prison in December.

Guest speaker Leonardo Lassiter told the group to "let the light of learning shine on" as they apply the teachings of Henry George to the problems of today's society.

Of the group, two students completed the teacher training program, while the others finished the basic course, Fundamental Economics. George Collins, Henry George School Director in Philadelphia, introduced each student who briefly commented on their individual experiences, mostly positive, in learning the Georgist philosophy.

Mr.Curtis's prison program has met with great success in Smyrna, and he began a similar one in Philadelphia Correctional Institute. Most of the students have expressed a desire to take advanced courses or correspondence courses which will be arranged in the future.

Besides running this program, Mr. Curtis also appears as a lecturer, participates in seminars and attends many of the activities offered by the Philadelphia school. In November, he lectured to a sociology class at the University of Delaware, and he was the guest speaker at a graduation ceremony for students of Fundamental Economics at the London Grove, PA Friends Meeting in December.

At its last meeting, the Henry George School Board of Trustees voted to support the prison project and other efforts of Mr. Curtis with a special appropriation to the Philadelphia school.