



the Illinois Georgist

Summer 2003 ♦ Volume 14, Number 2

What Georgists Do on Their Summer Vacation

Most people who complete a course at the Henry George School come away convinced that ol' Henry was on to something. But they often wonder, "Well, that's nice, but what can I do next?" They may also be wondering, "How many other people realize what now seems so obvious?" And, finally, they wonder, "So what is anybody doing about this, anyway?"

Funny you should ask. Coming up in a few weeks is the annual Conference of Georgist Organizations, a gathering of scores of Georgists from all across North America. Bridgeport, CT, is the site for this year's event, July 16th-20th.

Last year, I went to my first CGO conference, in London, Ontario. It was a great chance to meet and talk with other Georgists, learn about the many Georgist organizations, and discover the full breadth of Georgist activities. There are so many different people working to apply Henry George's ideas to tax policy, assessment techniques, urban planning, environmental issues, social problems, trade issues, and other fields.

Then there is another whole side dealing with how to best promote George: education, media, lobbying, activism, and politics. One of the most interesting facets of "the movement" is that Georgists can be liberal, conservative, green, libertarian, independent, moderate, and none-of-the-above. (Sometimes, it seems, all at the same time!) That's because, as you know, Henry George presents an entirely fresh way of analyzing things that does not fall into the established categories.

There is, however, one characteristic that most Georgists have in common: They are extremely interesting people. At the last conference, I met people ranging from about eighteen to eighty-eight years old. They came from over a dozen states, four Canadian provinces, and overseas. But no matter how diverse, they were all friendly, committed Georgists ready to welcome new (and returning) attendees.

For details about the Conference, call the CGO (847/475-0391), or visit www.progress.org/cgo/conf03.html. The theme this year is "Affordable Cities: Bringing the Cost of Living Down to Earth." For best prices, register by June 20.

- Bob Drake

Summer course schedule features new names

Starting with the Spring term and continuing this Summer, two of our three *Progress & Poverty* versions carry new names. The former "accelerated" and "standard" versions are now called "concise" and "complete," respectively.

The new terms more accurately describe each version. "Concise" uses an abridged textbook and requires only six class sessions. "Complete" uses the unabridged book and addresses a few issues, significant but not essential, which aren't treated in the other course versions.

Another new name is an instructor, Bob Drake. An entrepreneur and writer, Bob began teaching in the Spring term. He is also the most recent addition to the School's Board of Directors.

The Summer schedule, at the bottom of this page, includes both versions of *Progress & Poverty*, as well as the advanced course *Applied Economics*. (Instructor Roy Corr plans to return in the fall with his relaxed version of *Progress & Poverty*.)

And if our course schedules aren't convenient for you, remember that there are other ways to learn. Courses are available by correspondence or email. And if you have a group of six or more who'd like to take a class, we can arrange a section to suit your location and schedule.

THE SUMMER TERM COURSE SCHEDULE IS BELOW. REGISTER USING THE REPLY FORM ON PAGE 3.

Henry George School/Chicago Course Schedule, Summer Term 2003

#	Course	(Version)	Day & Time	Start	Finish	Sessions	Instructor
1	Progress & Poverty	COMPLETE	Mon 6:30 PM	Jun 23	Aug 18	9**	Bob Drake
2	Progress & Poverty	Concise	Tue 6:00 PM	Jul 08	Aug 19	6**	Chuck Metalitz
3	Applied Economics	ADVANCED*	Wed 6:30 PM	Jun 18	Aug 27	10**	Chuck Metalitz

All Summer Term Classes meet at the Henry George School, 417 S. Dearborn #510, Chicago

Course descriptions are in the School Catalog, available on request, or visit www.hgchicago.org.

Each class session normally lasts 90 minutes.

** No classes on July 15, 16, 21.

* ADVANCED course requires prior completion of **Progress & Poverty**. All other courses are open to all interested adults.

Letters

Author Response

Thank you for reviewing my book *The Lost Science of money* and letting me comment.

I do recommend the Federal Reserve System be nationalized not abolished, and that it be reconstituted into a fourth branch of government. In effect it is that now, but operated for the private benefit of the nation's bankers, instead of promoting the general welfare.

Regarding what you call my anti-anti-government viewpoint, perhaps the awkwardness of that phrase in itself demonstrates a problem. In our intellectual environment it is so fashionable to criticize government, that when a work comes along that does not assume government must be bad, that position appears naïve or like an "anti" position.

The book presents much (I think enough) factual evidence that it is not just in some utopian future that government issued money would function admirably, but an examination of the facts shows that government has already shown itself to do a better job in issuing the nations' money than has the private banking establishment. This despite all of mankind's foibles, weaknesses etc. This is seen in Chapter 16 and of course several other chapters.

I view government as the only organizational form with the capability to stand up to plutocratic encroachments and think the attack on government is designed to neutralize that possibility. This should not surprise a Georgist audience, because my position is very close to Henry George's on this point. What he wrote about government can be found in AMI's paper on Henry George's Concept of Money, at our website (www.monetary.org). Also there is a full description of the *Lost Science of Money* book.

– Stephen Zarlenga, Director
American Monetary Institute
Valatie, NY

Kudos for Us

Yesterday I received and read the Winter 2003 issue of *The Illinois Georgist*.

I want to congratulate you on the newsletter's focus on topical issues. George's ideas are as relevant today as they were when *Progress and Poverty* was published. We must teach George's ideas and show how these ideas can help resolve modern problems.

The current issue of *The Illinois Georgist* advances our work. Well done.

– Billy Fitzgerald
Henry George School
New York City

Poverty is a crime. I do not mean that it is a crime to be poor. Murder is a crime; but it is not a crime to be murdered; and a man who is in poverty, I look upon, not as a criminal in himself, so much as the victim of a crime for which others, as well perhaps as himself are responsible.

– Henry George

Thanks to our Contributors

Since our last issue, donations have been received from the following supporters:

Lidia Garvin Everett Gross
Gene Horcher Bob & Ruth Kennedy
Caesar Tabet

Additional contributions were earned through igive.com. (To learn how you can support the School over the Internet, at no cost, go to www.hgchicago.org/igive.htm).

Major funding is also provided by the Henry George School of Social Science in New York City.

The School's instructors, staff, and students value your support.

PUBLICATION SCHEDULE NOTE

This is the second *Illinois Georgist* of 2003. There was no Spring issue. We hope to maintain a quarterly schedule in the future.

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The Illinois Georgist is the newsletter of the Henry George School of Social Science, Chicago, Illinois. Signed articles reflect the opinions of their respective authors, and do not necessarily represent the opinions or policy of the Henry George School. Editor of *The Illinois Georgist* is Chuck Metalitz.

The School is a private, tax exempt educational organization under the provisions of the Internal Revenue Code Section 501(c)(3). Donations to the School can be tax deductible.



I enclose \$ 10 registration fee and would like to register for . . .

- Progress & Poverty** (specify section number _____)
- Applied Economics** (section #3—you must have taken Progress & Poverty previously)

Please . . .

- send the School catalog including course descriptions.
- add me to your mailing list.
- change my address/name as indicated on the reverse.
- accept this contribution of \$ _____ to help in the School's work
- contact me about tax-advantaged giving.
- contact me about volunteering to help the School.
- remove me from the mailing list.

Be sure that your name and address appear correctly on the other side of this form.

Mail this form to: Henry George School, 417 S. Dearborn #510, Chicago IL 60605
 or fax it to 775/458-8677 with your name & address. If you register for a course you will receive confirmation by telephone or mail.

Explaining “Rent”

Sometimes it's difficult for people to understand the meaning of “rent,” as an economic concept. One way that I have of explaining it doesn't use the word “rent.” I just use a little analogy.

I'm from Crete, NE. It's a small town of 5,000 people.

Suppose a man comes to Crete, and he wants to start a business. He needs a building, but first he needs a piece of ground to build this new building on. So he looks up a real estate agent, describes what he wants, and the real estate agent shows him a parcel that's just right for his needs. The man asks the agent “All right, now how much money do you want for this land?” The agent says, “It's worth \$50,000.” The man says, “Why is it worth \$50,000?” And the real estate agent points out that “The school is good, the roads are good, the police department is good, the rescue crew is good and very fast, and business is good here.”

So the man says “Yeah, I believe that \$50,000 is a fair price. I'll take it. How do I pay the \$50,000 to the school people, and the road people, and the police department? To whom do I pay the \$50,000?” And the real estate agent says “Oh no. You don't pay it to them. You pay it to the person who owned the land before.”

The man says, “But who supports the schools, and the roads, and the police, and the other good things?” And the real estate agent says, “If you build, then you'll pay for them again.”

Now I don't need to use the word “rent” in that explanation.

--Everett Gross
 (With thanks to
 Pia De Silva & Bob Jene)

Transit Funding: Chicago, Charlotte

Before the year is out, the region's transit agencies will inform us that that revenue isn't keeping up with costs, and service cuts or higher fares will be required unless new funds are “found.” It requires no special prescience to say this, since fare collections have stopped growing, the sales tax which provides the major portion of operating subsidy has begun to drop, and the cost of providing service continues to rise.

Anyone trying to purchase a home knows that land values are higher within walking distance of rail transit stations. Back in 1997, *The Illinois Georgist* reported on an RTA study documenting this, and subsequently has carried confirming reports from other cities.

It is thus clear that people are willing to pay quite a bit (RTA's 1997 study estimated about \$50,000 per house) for access to transit. The only question might be how to collect this money so the transit can be provided. HGS graduates have a ready answer.

This is brought to mind by an article appearing in the *Charlotte (NC) Observer* on May 15. The essence is in the headline: “Land prices rise as rail nears.” In nine months, prices for land near a planned light rail line are up 10%, though construction hasn't yet begun and service won't start until 2006.

You and I, and the rest of the nation's taxpayers, are paying \$185 million, half the total project cost. Land acquisition alone will cost \$26 million.

Like most states, North Carolina is facing a budget crunch which will lead to service reductions and/or tax increases. But the \$92 million of state funds for the transit line appears not to be in danger, to the relief, one supposes, of those hoping to profit by holding land near the stations.

– Chuck Metalitz

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How economists count

It is well-known that subsidies to construct sports stadiums don't increase the income or employment of people living in the area*. But the subsidies continue, most recently in Chicago with the rebuilding of Soldier Field, which received \$432 million from local taxes.

Could it be that, despite the lack of economic benefit, people just prefer to live in cities with pro sports teams? Maybe it just makes us feel good to think we're in a "major league" town.

And if there is such a benefit, how can we measure it?

Georgists won't be surprised by the measure which two Pennsylvania economists** have developed. "[W]e test the hypothesis that presence (or absence) of an NFL team is capitalized in land prices and hence rents ... If people like having a professional sports franchise in their community, they are presumably willing to pay for it, if not directly ... then indirectly through an increased willingness to pay for housing in the area, and through an increased willingness to accept marginally lower wages."

Using federal data on housing costs and wages, and the locations of National Football League franchises in 1993 and 1999, they test their hypothesis and conclude that, yes indeed, all other things being equal, the cost of rental housing is about 8% higher, and wages about 4% lower, in a city with an NFL team than in one without.

Economists call it a benefit; it just *looks* like a cost.

– Chuck Metalitz

*See, for example, Joe Bast's *Sports Stadium Madness: Why It Started— How to Stop It*. Heartland Institute Policy Study No. 85, February 23, 1998

**Gerald Carlino (Federal Reserve Bank of Philadelphia) and N. Edward Coulson (Pennsylvania State University), *Compensating Differentials and the Social Benefits of the NFL*. Federal Reserve Bank of Philadelphia Working Paper No. 02-12, September, 2002.

Inside...

Summer 2003 Schedule

What economists care about

Q: What are the greatest political obstacles confronting developing countries to the extraction of economic "rent" for public purposes? Is it simply a matter of "vested interests?"

A: Yes, it's not very complicated. You know, in the Clinton Administration, we tried to reform the disposition of natural resources — mineral rights — by saying the US Government should not be giving this away to a few wealthy people. But the mining interests were adamant in opposing this reform.

Q: In your opinion, would it be more effective to attempt to achieve support from economists about the need for such reform, or to bypass them in seeking to build popular support independently from them, in that the views of mainstream economists on the topic of land reform might fairly be characterized as an "intransigent"?

A: There are *some* economists who are interested in this. I think most economists would like the idea, and would support it. But, economists spend their time on things that they think have marketability. So it isn't that they don't think it's a good idea; they don't think there's any *resonance* in it. President Bush is still talking about the inheritance tax, and income tax, and they want to get involved in what other people are talking about. It's a *social* phenomenon, I think. So, if you get a lot of other people talking about it, then they'll join the fray.

From Christopher R. Williams' interview with Joseph Stiglitz, Nobel Prize winner and former Chief Economist of the World Bank. The interview appears in the Spring '03 issue of *Geophilos*.