



the Illinois Georgist

Summer 2005 • Volume 16, Number 2

“Champions of Tax Reform”

CGO 2005 Conference in Philadelphia

Learning “The Suppressed History of Monopoly” should be reason enough to attend the 2005 conference of the Council of Georgist organizations, August 3-7 in Philadelphia. Participants will, we are told, actually play “The Landlords Game,” predecessor to Monopoly, under the original rules. Intended to illustrate the genesis and effects of land monopoly, rights to the game were eventually purchased by Parker Brothers, who never published it.

But there will be plenty of other attractions at this conference. Prominent public officials and local activists (including the EVP of the Philadelphia Association of Realtors®!) will speak about the ongoing campaign to eliminate taxes that Chicagoans thankfully have never experienced, such as the “Business Privilege Tax” and the local wage tax. Transport for London’s Dave Wetzel is coming to report their experience on “Land Value Capture, Congestion Charges, and Rational Transportation Strategy.” Prominent Georgists will speak about sprawl, affordable housing, and the economics of peace.

There will also be a visit to Arden, DE, one of two “Georgist” communities in the United States.

Early registration deadline is June 15. For information visit www.progress.org/cgo; you can even register online.

CGO’s 2006 Conference will be July 19-23 in Skokie. You should definitely come to this one. See item on page 7.

Instructor interview

From chemistry to warehousing to liberation

John Kuchta tells how he got interested in liberation, and later in Henry George, in this interview conducted February 19 by Chuck Metalitz.

Say a little bit about your background. I know you've had multiple careers...

I started out wanting a career in chemistry. I always enjoyed that in school, and I did get to be a chemist, working in quality control for a number of years. But I had a chance to get a promotion into warehouse and transportation.



John Kuchta

From chemistry to warehousing was a promotion?

Yes, because within the laboratory itself, when higher positions became available, I was told I'd need more education, which I wasn't interested in at that time. So I looked for another way to go, and found the warehousing/ transportation option. I was still working for the chemical company, so my chemistry background was still helpful. In the warehouse, I was the boss, so in that respect too it was a better job. I did that for quite a number of years, until the company began having problems. Then they let me go, and the whole company nearly collapsed. Later they asked me to come back, but I figured I'd be better off elsewhere.

Kuchta continues on page 3

Henry George School Summer 2005 Schedule

#	Course (version)	day & time	starts	ends	sessions	instructor
Classes in Chicago (at 417 S Dearborn)						
2	Progress & Poverty (complete)	Wed 6:30-8:00 pm	Jun 29	Aug 31	9*	Chuck Metalitz
4	Progress & Poverty (concise)	M-F 2:30-4:30 pm	Jul 18	Jul 22	5	Bob Drake
5	Applied Economics (advanced course)	Tue 6:30-8:00 pm	Jun 28	Aug 30	9*	Chuck Metalitz
Class in Evanston (near Davis Street & Oak Avenue)						
1	Poverty, Liberation & Land Reform	Sat 2:30-4:00 pm	Jun 11	Jul 30	8	John Kuchta
Class in Oak Park (near Lake Street & Oak Park Avenue)						
3	Progress & Poverty (concise)	Thur 7:30-9:30 pm	Jun 30	Jul 28	5	Robert Jene

*No classes August 2 and 3

Sections 1 thru 4 are open to all interested adults; section 5 is only for those who have completed *Progress & Poverty*. Schedule subject to change. Please call 312/362-9302 or visit www.hgchicago.org for latest information. You can use the form on page 7 to sign up.

RIP Roy Corr

HGS Instructor Roy Corr passed away on March 17.

Roy had been active in the Geogist movement since the early 1990s. In addition to teaching, he had written on Geogist subjects and made presentations to Unitarian/Universalist groups. He was notable for his calm and patient approach. Roy originated the "Relaxed" version of the *Progress & Poverty* course. He was a physicist who worked for a local manufacturer of test equipment.

Roy had been in declining health and last taught early in 2004.

Eugene Horcher, one of Roy's students, had written an appreciation of him which we reprint below.

Roy Corr has a personal, friendly style of teaching. He likes to read directly from the text. He spends a lot of time going over questions presented in the course and also answering questions presented by the students. He gives the impression that each question is unique. He lets the students answer the question, then he adds on as needed. He rarely says "wrong" or "false," instead he says "well" or "maybe." He answers questions by reasoning and applying George's principles. He is very reasonable and patient. He is sensitive but not defensive. It has been a pleasure taking this course with him.

We blog Web log

Well, one of us does, anyhow.

For the benefit of our less-wired readers, "blog" is a contraction of "web log," kind of an on-line private journal. Except it's not exactly private. Rather, a typical blog is posted on the Internet for anyone and everyone to see. But why would anyone want to see someone else's journal?

For many blogs, no one would, because a lot of them are highly personal and not terribly interesting to the outsider. But I've tried to create one that Geogists, especially instructors and their students, might find useful. I focus on examples illustrating application of the principles we teach in modern life.

Several of the items in this *Illinois Geogist* appeared first, in somewhat different form, on my blog. But there's lots more, including a discussion of how Chicago taxicabs are like Dutch cows.

I call the blog "menace of privilege", and if you'd like to take a look, go to mop.ebloggy.com. Like most bloggers, I welcome comments. And if you've got a blog that I should link to, let me know.

– Chuck Metalitz

Thanks to our Contributors

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

A. Allen	Eugene Horcher
Richard Biddle	Robert & Ruth Kennedy
Robert Blau	Sandra Lamberger
Bob Drake	Celso Miagusko
Jim & Marilynn Frederiksen	Gloria Picchetti

A total of \$1213 in contributions received through January 31 (including some of the above, and some reported last issue) have been matched by an Anonymous Donor.

Major funding is also provided by the Henry George School of Social Science in New York City. The School's instructors, staff, alumni, and students value your support.

Serial note: The previous issue of The Illinois Geogist was Winter, 2005 (Vol 16 No. 1). There was no Spring issue this year.

If you've been waiting for us to schedule a class at a place and time convenient to you, don't count on mental telepathy. Let us know your concerns and we'll try to accommodate them. Especially if you can provide a class site (a living room will do) and help recruit students, we can probably arrange a class at the time and place you choose.

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The Illinois Geogist 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 Geogist* is Chuck Metalitz.

The School is a private, tax exempt school under the provisions of the Internal Revenue Code Section 501(c)(3). Donations to the School are tax deductible to the extent permitted by law, if anyone understands the income tax law.

Kuchta from page 1

But it was a long dry spell, and I couldn't find another job in the industry, so I started looking at other options.

Your bachelor's degree was in math, right?

Yes, with a heavy background in science, too.

Anyhow, I started doing tutoring, and part-time teaching, which eventually became full-time. I taught middle school, high school, and college, as well as individual tutoring and, of course, teaching adults at the Henry George School.

How did you discover the Henry George School?

Looking through newspapers for job opportunities, I found, in the *New World*, an ad for something that seemed interesting: A course on liberation theology, the economics of Latin America, and land reform. Being unemployed, I certainly had the time, so I called the School, and was persuaded that I should take not only the *Liberation Theology* course, but *Progress & Poverty* as well.

Your instructors for Liberation were Bob and Ruth Kennedy?

Right. After taking these first two courses I wanted to know more, so I took the full sequence.

Lots of people take our courses but don't become instructors. What was it that persuaded you that you wanted to teach for us?

I felt that the material itself was not only interesting, but meaningful, and could help more people to understand the issues and come up with different ways of thinking that aren't

In many cases, traditional schools prefer to avoid serious analysis.

necessarily fostered in the traditional school system. Our methods of discussion and analysis are— well let's just say that in many cases traditional schools prefer to keep things simple and avoid any serious analysis which might lead to a real answer.

You also have studied theology?

I was not terribly serious about my faith until an acquaintance invited me to join a study group which would examine our religion in a serious way. I accepted, and became somewhat involved, and as part of this group I was asked to undertake detailed study of a relevant topic. I researched the topic and did a presentation.

What was the topic?

The topic was Maximilian Colby, a priest who had did extensive work in Asia but was imprisoned by Germans during the Second World War. He offered himself in place of a Jew who had been slated for execution. He has since been sainted. After this I became much more interested in matters of theology.

For a time I was helping a group doing evangelization, and through discussions some of them I deepened my knowledge.

You're also a musician?

Yes, I'd always enjoyed music. Now I treat it as a hobby, but a serious hobby. I'd seriously considered going into music as a career, but even back then, when conditions were better for professional musicians than they are now, it was a difficult way of life. So I didn't want to try to make a living from it.

Conditions for musicians were better in the past then they are now?

Well, a few musicians are quite prosperous, if they're in the Chicago Symphony, the big name rock bands, and such. But the average working musician is having a very difficult time earning a living. Weddings, for instance, usually just hire a DJ, and

there's very little work in musicals, who often use pre-recorded music.

You have taught Poverty, Liberation, & Land Reform (including under its previous name of Liberation Theology & Land Reform). What kind of student have you found gets a lot out of this course?

A: People enrolling are often interested in learning more about Liberation Theology. They have a general idea of what it's about. So in the first session I always have to point out that the focus of the course isn't on Liberation Theology as such, but rather on the problem of poverty in Latin America and other developing regions. It is predominately through the viewpoint of the Liberation Theologians, a viewpoint which has spread throughout the world and been helpful in many situations.

So what do you say to someone who isn't particularly interested in learning about economic problems and solutions, but rather just wants to learn about Liberation Theology?

I tell them that we will look at Liberation Theology, but also its Catholic context, as well as the Old and, to some extent, New Testaments. So we're looking at the problem from several different viewpoints, which can help them to understand the situation and develop informed opinions about it. My goal is to look at a problem, to analyze it and understand it from different viewpoints, but ultimately you, the student, come up with your own approach.

If someone wants to learn just Liberation Theology, and not any of the economic or social context, where would you direct them?

To my knowledge, there's no one in the Chicago area teaching courses in Liberation Theology. And it's interesting that, when books on the subject are published, they often go quickly out of print. I could only suggest that they find a specialized library, or contact an activist group who might be able to help.

How do you recommend that our Liberation course go with our regular 3-course sequence. Should those who are interested take Liberation first?

I do think it's a good introductory course, although those who've already taken *Progress & Poverty* can also get a lot from *Liberation*. It's an easier way for people who already have some religious background, who might otherwise not be especially interested in economics, to learn about it. Many people I've found who are very active in their churches do have concerns about many economic issues, but don't think about looking at economics as a separate subject, and therefore can't take advantage of what economics has to offer toward the solution of these problems.

Do you think this course would be of interest to someone who isn't particularly interested in religion?

I'd say yes, but a qualified yes. There are some people who simply don't want to deal with religion, who are in that sense closed-minded. But even if one isn't religious, one can gain insight and understanding from looking at religious viewpoints.

Do you think that Christian fundamentalists would find the course of interest?

I've had no students who appear or claim to be fundamentalists. I suspect they wouldn't get much from this course because they're not open to outside ideas. But I'd be happy to find out that I'm wrong about this.

What changes need to be made in order to make this course

more appealing?

Student comments, both formal and informal, indicate that they're happy with the course as it is. A more important question might be "How could we attract more people to take this course?" And I haven't got a good answer to that.

Here's an important difference between this course and our others. Henry George says "Let's look at things in an orderly, organized, progressive way," and that's a good way to learn something. But once you've learned it, if you want to apply it, you're dealing with the real world, that's far more complicated, and doesn't want to take an organized approach.

The real world always gets in the way?

And I think that *Liberation* addresses that fact, and yet it's also a good introduction, because it says "OK, we have this big problem, how can we try to do something about it?"

Then you can take an issue, study it carefully and progressively to develop a theory, and then try to apply the theory.

I noticed that in one class, when we had several graduate economics students from the University of Illinois, all were working on their doctoral degrees, and I remember one saying, "I've studied economics for" — I forget how many — "years, and yet we've never talked about any of this stuff." So it certainly has something to offer even to those who have a strong economics background as well as those who don't.

In the "real world" you're a full time instructor at Westwood College, where you teach math, physical science, and earth science. How do you see the relationship between that and the economics and philosophy that you teach for the Henry George School?

I'm a person who also likes the big picture, the forest as well as the trees. I like to look at philosophy and history to get a broad picture. At Westwood I need to have a much more limited focus.

Our educational culture tends to force one to either focus on specific technical areas or broad patterns, but I want to do both.

Some people say Liberation Theology's obsolete now.

It's still pretty active in Latin America, and many other groups are using their methods and their fundamentalism as the basis for their own work. That includes poverty areas in Asia and Africa, and even groups such as the women's movement. A lot of people are at least taking ideas from Liberation Theology.

Maybe Liberation Theology itself is transforming.

It's certainly transforming. In the beginning, it was just a "pie in the sky" thought. They did make efforts to take action, but these were largely unsuccessful. Their methods weren't sound.

Their education methods were successful, but they often aligned themselves with revolutionary groups. This caused many others to look on them unfavorably.

Didn't the revolutionary groups share the Liberationists' objectives? Who else could they have aligned with?

They probably would have been better off not to align with anybody. Ghandi showed that change can be accomplished nonviolently, but the revolutionaries believe in violence. Violence can bring about results, but of a questionable nature, and is likely to alienate outside support.

The real world doesn't want to take an organized approach. *Liberation* addresses that fact.

So the nonsuccess of Liberation Theology isn't due to problems with their economic ideas?

Probably not, because they really never implemented those ideas. But if they had, there would have been difficulties.

Any other thoughts for Illinois Georgist readers?

It's an interesting point that, of the eleven Henry George Schools, we're the only one offering this course in a classroom.. It's approaching the study of George's philosophy from a different viewpoint, and I wish it were more widely available.

The viewpoint of our *Liberation* course is to look at the economic laws originating in the Bible, and see how those can be used to bring about justice and liberation in the modern world.

Win a year free of taxes!

That's what you could win on "Tax-Free Saturday", a Danish quiz/talk show that reportedly was a huge hit during its 1997-99 run. Contestants could win a year free of taxes by answering questions about "the celebrity of the evening."

How many tickets could the Illinois State Lottery sell with a prize like that?

Of course, at the Henry George School you can learn how we could all be free of taxes.

Another way to collect the rent

Tribune columnist Ron Grossman proposes that the Federal Government sell titles of nobility. He calculates that, if each household with income over \$1 million buys one, at a cost of \$487,804, it'll fix the Social Security deficit. Not every household would buy, but some would want extras. Of course a Constitutional amendment would be required.

What would Henry George say? He'd probably suggest that the titles be leased rather than sold, or, at a minimum, that they be life estates only. (And I suspect he wouldn't have much respect for the folks who bought them.)

The State of Illinois already uses the concept, on a small scale, in vanity license plates. It'll cost you \$94 extra to have a plate with your name on it, unless your name happens to be something like ZK1453.

Why couldn't municipalities grab this idea and sell local titles? Earl of Evanston, Duke of DeKalb, Marquis of Melrose Park? Queen of Quincy? Unlike most "economic development" schemes, this one could bring in a lot of revenue at almost no cost.

And while we're at it, why not sell naming rights to public buildings? Did Cook County get a penny for naming it "Stroger Hospital?" What would a cigarette manufacturer have offered? Or an auto maker? And the Governor is having trouble selling the Thompson Center to balance the budget. What would Big Jim pay to keep his name on there?

I wonder if Grossman remembers the story he did for the July 27, 1988 Tribune, about the Henry George School and its late Director, Sam Venturella.

— Chuck Metalitz

Book reviews

We've been reading...

Collapse: How societies choose to fail or succeed

By Jared Diamond

Reviewed by Ken Bagstad

The New York Times Bestseller List is hardly a typical refuge of the academic ecologist, but lately UCLA's Jared Diamond has broken stereotypes by focusing on popular nonfiction over academic journal writing. The author of the Pulitzer Prize-winning *Guns, Germs, and Steel*, Diamond has been praised for his ability to interpret the past and draw conclusions about human history, bringing together seemingly separate ecological, economic, and cultural factors. Like most ecologists, Diamond understands that there are big things wrong with the world today – unequal distribution of wealth, widespread poverty, both locally and globally, over-consumption of natural resources – and that these economic factors lie behind much of the environmental degradation that threatens humanity's ability to provide for future generations. But if Diamond recognizes these problems, are there any elements of Henry George's thoughts in his proposed solutions? How close, if at all, do Diamond and his colleagues come to "seeing the cat," as Geogists say?

Collapse's premise is that societies facing major environmental problems that threaten their futures make a choice to succeed or fail. Enact tough but necessary reforms to social and economic structures – by grassroots change from the "bottom up" or legislative change from the "top down" – and societies can succeed. Hold on to traditional but obsolete institutions, and societies fail. Japan's shoguns and New Guinea's chiefs reacted swiftly to the threats of deforestation (and massive soil erosion that would threaten their agricultural base) by protecting and restoring forests. By contrast, Viking colonists of Greenland persisted when their European pastoralism failed as the climate cooled. They also diverted scarce resources to maintain the Church bureaucracy, instead of trading for scarce but valuable metal tools. Similarly, Easter Island chieftains exhausted resources and energy erecting ceremonial stone carvings, instead of taking a tough line against rising population and declining forests, which led to societal collapse. Diamond's outlook is hopeful – by learning from the mistakes of past societies that succeeded or failed, he feels we can make the needed changes to build an ecologically and economically sustainable future.

Diamond and Henry George share a concern about the future of humanity, a righteous anger that poverty persists in a world while so many are rich and comfortable. However, Diamond never quite arrives at George's solutions – taxing land to reduce the burden of the income tax, eliminate land speculation, promote more efficient use of land and all valuable natural resources. Conversely, George did not envision today's "full world" – where rising human populations threaten to exceed supplies of food, fresh water, and raw materials vital to modern society. George can hardly be blamed for this – he lived in a world with less than 1.5 billion people (versus 6.4 billion today), where the American frontier was still a recent memory. In his time, natural resources seemed abundant, humanity's footprint on the globe light. This led George to criticize Thomas Malthus, who predicted that rising populations would outstrip food supplies, a prediction that has not yet borne true on a global scale. However, Diamond argues that isolated societies – Easter Island,

New Mexico's Chaco culture, modern day Rwanda, indeed outgrew their resource base, leading to a collapse in population or living standards, or both. Diamond fears that with globalization, a future collapse will not be an isolated event but will send shock waves through the global economy.

Although Geogist ideas will not be found directly in *Collapse*, we can find some interesting places where applying Geogist concepts might have helped vulnerable societies. Control of the most valuable land by Greenland's Viking chiefs and clergy, and by Easter Island's chieftains, led to highly unequal distribution of wealth in these societies. The wealthy ruling classes made poor decisions for their society's long-term survival, as they continued to enjoy their status while environmental change, population growth, and a declining resource base and food supply foretold their collapse. Perhaps with more equal distribution, these ancient societies might have made wiser long-term choices. As a more modern example, Australia's disastrous agricultural policies encouraged speculation and settlement of marginal agricultural land, which led to vast, taxpayer-subsidized destruction of its soils. This might never have happened if George's concept of taxing land values had taken deeper root in a nation where George's ideas once held influence.

Although certainly not a book about Geogist economics, *Collapse* provides a very interesting view into the workings of past societies, while showing how their fates are relevant to the modern world. As the link between a sustainable economy and a healthy environment becomes increasingly seen as a key to long-term human survival, economists and environmentalists are discovering they have more in common than they once thought. Perhaps such new thinking about political economy will allow Henry George's ideas to once again contribute toward a more sustainable and just human economy.

HGS grad Ken Bagstad is an ecologist working in Chicago.

Applying Geogist concepts might have helped vulnerable societies.

Wedding of the Waters:

The Erie Canal and the Making of a Great Nation

by Peter Bernstein

Reviewed by Chuck Metalitz

Sometimes it's hard for us today to understand the magnitude of technological change that was taking place in the 19th century. Of course, in Henry George's time we had the railroad, the telephone, major manufacturing improvements. But earlier in the century, canals were a huge advance. Travel from Albany to Buffalo in 5 days instead of a month. Freight carried for a tiny fraction of previous charges. Finally, farmers and manufacturers could expand their markets (and sources of supply) beyond the immediate area.

Bernstein provides a comprehensive and highly readable account, including a history of European canals and canal technology, with broad historical context.

Two things that won't surprise Geogists:

- (1) Among the Erie Canal's strongest advocates were the owners of vast tracts along the proposed route;
- (2) A land tax, proposed to finance the project, was defeated (by future President Martin Van Buren, among others). Then, when the legislature did vote a real estate tax on lands near the

canal, the tax was never collected.

And this book contains much other relevant material. For instance:

–The Erie Canal wasn't the first navigation improvement serving the area. In the 1790s, the Western Inland Lock Navigation Co. built locks and improved rivers to make water transport less difficult along parts of the route, but never attempted a continuous canal. And even earlier, in 1730, someone—no one seems to know who—dug a channel to ease navigation on the headwaters of the Mohawk.

–Construction was powered by horses and men, but not without technology. Bernstein describes a clever device for felling trees, and another for uprooting the resulting stumps, which speeded the work. The inventors were anonymous. (If intellectual “property” interests had been as powerful then as they are now, I wonder whether the canal could have been built.)

–The Canal actually depopulated the rural areas through which it passed, by making it economical to ship grain from the Great Lakes states to east coast ports. New York farmers left for better land in Illinois (and elsewhere), which explains such names as Aurora, Batavia, Geneva, and Oswego in our part of the world.

–The Canal was a financial and operational success. The state bonds used to build it were easily paid off by tolls, as traffic far exceeded projections. The facility worked as planned even though the designers were inexperienced.

–“There are no poor people here, at least not in the Northern and Western States,” Bernstein quotes French economist Michael Chevalier writing in the 1830s. More evidence that, with good land available, nobody had to be impoverished.

Unfortunately, the book has at least a few unimportant errors (and I hope no important ones). New Yorker Bernstein attributes Chicago's growth by 1840 to railroads, although no trains served the city until 1848. He links Kent College of Law to the University of Chicago, though it's actually part of Illinois Institute of Technology. And somehow he has the Chesapeake and Ohio Canal serving Baltimore.

The Erie Canal actually depopulated the rural areas through which it passed.

Shadow Cities: A Billion Squatters, A New Urban World

By Robert Neuwirth

Reviewed by Chuck Metalitz

Will people build on land they don't own? Land they have no legal right to use? Build not just shacks, but multi-story, multi-use structures of brick or concrete? Buy and sell these improvements and the right to occupy the land? Will they decline clear title to the land even if it's offered?

Of course.

Henry George pointed out that security of improvements doesn't require ownership of land, and Robert Neuwirth has explored how this works in cities around the world. He says that a billion people are squatters. Primarily, they're migrants who depart rural areas where they can't make a living. They build on unused or underused land in or near cities where they can find work. Although they don't own the land, in some places they have, by law or custom, significant rights to use it. Here they build substantial structures, and may even become “landlords”

renting out rooms in buildings they own. Though mortgages are impossible, there's no shortage of capital here, notes Neuwirth. (Contrast with Hernando de Soto's assertion that land titles are necessary so that residents have collateral for loans.)

But in other places, squatters have little security, and so like Irish peasants of George's time, they make only minimal improvements.

Neuwirth spent months in squatter settlements in and around four cities: Rio de Janeiro, Nairobi, Mumbai, Istanbul. He got to know residents in each community, and tells us their stories. Many are desperately poor, but some are relatively prosperous businessmen or skilled workers. Some prosper by taking advantage of the spotty enforcement of tax and drug laws.

The author also provides historical background. Mass migrations have regularly involved squatting. Remember Sutter's mill, the start of the California Gold Rush? After finding gold, Sutter claimed a large area including the entire City of Sacramento. Settlers ignored his claim, speculators got involved, and violence in 1850 resulted in, among other things, the death of the municipal assessor. Five years later, in San Francisco, a Joint Committee on Land Claims reported that 95% of the property holders in that city lacked legal title. The remedy was the “Van Ness Ordinance,” which legalized “many” of the claims. These former squatters became landlords and later evicted subsequent squatters.

After briefly mentioning Chicago's Captain Streeter, Neuwirth devotes an entire chapter to squatting in New York. It's not that the squatters couldn't afford to pay for land, but by squatting they were able to moderate their expenses and have better housing than residents of tenements.

Neuwirth does mention Henry George, approvingly but too briefly and without any indication of George's practical proposal for solving the squatter problem. His own prescription is unclear. “Without any laws to support them [the squatters] are making their improper, illegal communities grow and prosper. We don't need to crush their communities with our hard-nosed conception of property rights. Instead, we can learn from them...”

What we can learn from the squatters, I think, is that even under an impossible system, people will do the best they can, sometimes surprisingly well. It takes nothing away from those accomplishments to suggest it would be better to fix the system.

Georgists can learn a lot from this book about how a billion people actually live without legal right to land. It's a good quick read, well written though sparsely indexed.

JOIN THE ALUMNI MAILING LIST—IT'S FREE
If you have completed even one course at the Henry George School, you need to join the alumni mailing list. Send a blank message to chicagogeorgists-subscribe@yahoogroups.com. If you have any difficulty dealing with yahoo, email the School (hgchicago@pobox.com) and we'll send you an invitation. This low-volume list keeps you informed about our monthly films and other events.

REGISTRATION/REPLY/UPDATE FORM



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

- Progress & Poverty** (specify section number _____)
- Poverty, Liberation, and Land Reform (section 1)
- Applied Economics**(section #5 – you must have taken **Progress & Poverty** previously)

Please . . .

- send the School catalog including course descriptions.
- add me to your mailing list.
- 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.
- change my address/name as indicated on the reverse.
- 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 815/550-2831 with your name & address. If you register for a course you will receive confirmation by telephone or mail.

What Would You Like to Do for the 2006 CGO Conference?

The Council of Georgist Organizations has scheduled its 2006 conference for July 19-23 at Skokie's Doubletree Hotel. This provides several opportunities.

Consider making a presentation. Georgists are people who are working for a better world. If that's what you're doing, you might want to get to know them. Even if you're not entirely persuaded about everything Henry George Schools teach, Georgists will want to know about your projects, and how they could help.

Consider attending the conference. Georgists are a diverse and interesting group, and anyone interested in social progress can enjoy spending a few days with them talking about ideas and social concerns.

Consider working at the conference. We'll have a limited number of openings for volunteers to assist with conference functions and as field trip guides. This is how you can get free registration.

Save by taking a *Progress & Poverty* course. We expect to offer our graduates a very substantial discount on the conference registration fee. Enroll now so you'll be eligible.

For more information about the CGO 2006 conference and the School's role in it, contact the School (312/362-9302) or CGO administrators (847/475-0391).

Film series continues

Curious Georgists Survive Departure of Founder

The "Curious Georgists go to the Movies" film series, sponsored by the Alumni Association and started by Dash Lea in October, will continue even though Dash is heading west..

Usually on the second Sunday of each month at 3:00, programs have included *Chinatown*, *The Milagro Beanfield War*, *The Field*, *Howard's End*, *Jean de Florette*, *Manon de Source*, *Mulholland's Dream*, and *Grapes of Wrath*. Each film is followed by an informal discussion of its Georgist aspects, and suggestions for the next month's show. Everyone who's completed at least one HGS course is welcome, and may bring a guest. There is no charge. The programs will continue while a successor to Dash is sought.

To receive emailed announcements of scheduled films, join the alumni mailing list (see box on the preceding page). You can also phone the School for information.

Dash, having completed our 3-course sequence in *Principles of Political Economy*, is departing Chicago to pursue a career directing films, which he assures us is best done in Los Angeles. We will miss him but look forward to films directed by someone who really understands economics.



Did you know that you can learn the fundamentals of economics in a 5-day week? The week is July 18-22, afternoons at our Loop headquarters. See the schedule on the first page.

Henry George School

of Social Science

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You Can't Help Only the Poor

The IRS' Earned Income Tax Credit— EITC— is now “the largest federal program of assistance to the poor, far bigger than what remains of now old-fashioned 'welfare' programs.” It's intended to aid low-wage workers, primarily those with children. In a way, it does. But it also provides an example of why any program targeted to helping the poor is unlikely to accomplish its objective.

People who aren't employed cannot receive EITC, but those earning a very low income can claim the credit. The maximum credit is for those with earnings up to \$15,000, with the credit reduced as earnings increase until it disappears at \$35,458. (These figures are for a family with two or more dependent children; those with fewer children are less generously compensated.)

This appears to make sense. People aren't rewarded if they don't work. And they aren't rewarded if they earn high incomes. But there are some difficulties.

Perhaps the biggest problem is that, since the credit is phased out as earnings increase, people who earn modest wages may find themselves punished for working harder and earning more. According to the National Center for Policy Analysis, this means that, for families in the \$15,000-\$35,000 range, every dollar of additional income costs 43¢ in direct federal taxes (regular income tax, reduced EITC, and social security). The Illinois income tax of 3%, and Illinois EITC (5% of federal EITC), increase this amount. And then there are other means-tested programs— subsidized housing, food stamps, etc. The effect of each of these is to increase the cost for a low-income worker of earning another dollar.

And by the way, if you want the tax credit, of course you must file a tax return. Although there are volunteers who help low-income people without charge, IRS says that more than 65% of returns claiming EITC are filed by paid tax preparers.

As a result, a program which was intended to encourage work ends up discouraging it. Is there a solution? In his 1999 article, law professor Daniel N. Shaviro makes the Laffer-esque suggestion that by extending benefits to somewhat higher incomes, total tax revenue might actually increase because the disincentive to working is reduced. It seems to

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me that this would just shift the problem a bit higher in the income scale, probably making things worse.

But I think a more promising approach is based on Henry George's analysis of the cause of poverty. If we tax privilege instead of production, the disincentives to productive work disappear. And if this revenue is sufficient to support a significant citizen's dividend— an equal payment to every individual, as his share of the common assets in private use— why would a separate EITC be needed?

— Chuck Metalitz

Sources:

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