



the Illinois Georgist

Winter 2006 ♦ Volume 17, Number 1

Right here, right soon

“The Self-Supporting City”

This summer, you’ll be able to attend the North American Conference of the Council of Georgist Organizations in the close-in Chicago suburb of Skokie. The conference planning committee is placing special emphasis this year on making the event human in scale and pace.

Though the program isn’t final, we know we’ll have a number of published writers, in sessions organized by Heather Remoff, talking about their work and telling “Georgist bedtime stories.” HGS Instructor Bob Drake will introduce his new modernized and condensed version of the classic *Progress & Poverty* text. We’ll have economic forecasts by Phil Anderson of Economic Indicator Services, applying fundamental Georgist principles to explain how, when, and why the next recession will occur.

Theme of this July 19-23 conference is “The Self-Supporting City,” the idea that public services create value, and all that is necessary to fund them is to collect some of the value created. This will be illustrated through discussion of public transportation, with economist Arthur Lyons, activist Adam H. Kerman, and engineer and innovator J. Edward Anderson. After learning how transit could be better and cheaper (and why it’s not), we’ll take an elevated railway tour to the Chicago Loop, then a Chicago River cruise.

Other conference sessions will explore Biblical Economics and its relevance today (by John Kelly), new ideas in

Conference, page 2

Elevated railway tour and a cruise

Guide to the versions

Expanding & Clarifying Our Vision of Versions

Since 1999, we have offered *Progress & Poverty* in two or three versions, and now there are four choices. In most important ways they are all the same. Any version will equip you to understand the ideas presented in Henry George's first major and most important book, and how they apply in today's world. Every instructor will respond to your questions and work with you to make the concepts perfectly clear.

You need only choose a section which fits your schedule. But if your schedule permits more than one choice, the following guide might be helpful.

Choose a concise version if you find it difficult to commit to more than 5 class sessions, and a complete version if you can set aside the time for nine or ten classes. In a classic version you can read Henry George's

Versions, page 2

We have moved

Effective January 1, 2006, the Henry George School is at 28 East Jackson, Suite 1004, Chicago 60604. The phone number remains 312/362-9302.

Our former location at 417 S. Dearborn is being converted from office to residential use.

An open house will be scheduled soon and announced on the *chicagogeorgists* list.

Henry George School Winter 2006 Schedule

| # | Course (version) | day & time | starts | ends | sessions | instructor |
|---------------------------------------------------------|---------------------------------------|-------------------|--------|--------|----------|------------------|
| Classes in Chicago Loop (28 E Jackson) | | | | | | |
| 1 | Progress & Poverty (concise/classic) | Wed 6:00-8:00 pm | Jan 18 | Feb 15 | 5 | George Menninger |
| 2 | Progress & Poverty (complete/modern) | Fri 2:30-4:00 pm | Jan 20 | Mar 24 | 10 | Bob Drake |
| 4 | Progress & Poverty (complete/classic) | Thur 6:00-7:30 pm | Feb 02 | Mar 30 | 9 | Chuck Metalitz |
| 5 | Progress & Poverty (concise/modern) | Mon 6:30-8:30 pm | Feb 27 | Mar 27 | 5 | Robert Jene |
| 7 | Applied Economics (advanced course) | Tue 6:30-8:00 pm | Jan 24 | Mar 28 | 9* | Chuck Metalitz |
| Class in West Town (1300 N. Western Av, Chicago) | | | | | | |
| 6 | Progress & Poverty (concise/classic) | Wed 7:00-9:00 pm | Mar 01 | Mar 29 | 5 | George Menninger |
| Class in Evanston (1110 Davis St.) | | | | | | |
| 3 | Poverty, Liberation & Land Reform | Sat 2:30-4:00 pm | Jan 28 | Mar 25 | 9 | John Kuchta |

Sections 1 thru 6 are open to all interested adults without prerequisite; section 7 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 3 to sign up.

*No class February 14

Versions, from page 1

original words, while the modern versions use a shorter text in a more modern style. Note that some people, after completing a concise course, choose to take a complete course to deepen their understanding.

Here are more details:

- The 9-session **Complete/Classic** version of *Progress & Poverty* is an update of the course as taught by Henry George Schools throughout the world since 1932. Each student is provided, and encouraged to read, a copy of Henry George's 565-page text. However, the edition we use contains succinct marginal notes, which should enable one to understand the main points by reading what amounts to less than 5% of the complete text.
- The **Concise/Classic** version was created because some people do not want to read 565 pages, and do not want to spend 9 weeks in class. This course uses a 239- page abridgement of George's text, entirely George's words but shortened and restructured for better understanding. Much of what has been removed concerns controversies of George's day which are no longer current, references to ancient mythology which may be obscure to the modern reader, and extra examples.
- The **Complete/Modern** version is actually our longest P&P course, at 10 sessions. The text used is not Henry George's words at all, but rather a transcription of his ideas, written in a modern vocabulary and style. The text was created by Bob Drake, who is the instructor for this version.
- The **Concise/Modern** version uses essentially the same material as the Complete/Modern, but covers some concepts more lightly in order to complete the course in 5 sessions.

Once you've started in any section of any version of *Progress & Poverty*, you are always welcome to switch to another for any reason or no reason.

CGO Conference Needs Volunteers

Can you help staff the information/registration desk, assist in guiding 'L' tours, or operate audio/video equipment? Limited opportunities for discounted or free conference registration. Contact Sue Walton 847/475-0391 or sns@swwalton.com, before April 1.

Conference, from page 1

teaching fundamentals of economics; intellectual "property" and copy "right"; Ed Lawrence on elements of a good downtown; and Paul Justus discussing how Georgist policies can aid city planners. We'll have new "George & Jo" coffee sessions and traditional conference features including open mike sessions and a CGO town meeting.

Registration fees haven't been set, but there will be a big discount for first-time participants, and an additional discount for those who have completed a course at the Henry George School. To make sure you'll receive the announcement for this July 19-23 conference, call CGO at 847/475-0391 or visit www.henrygeorge.us/conference.

TO MAKE THAT A CRIME BY STATUTE WHICH IS NO CRIME IN MORALS, IS INEVITABLY TO DESTROY RESPECT FOR THE LAW.

— HENRY GEORGE

Thanks to our Contributors

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

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|-----------------------|-----------------|
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Gloria Picchetti

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.

*Major gift in memory of HGS Instructor Roy Corr

Serial note: The previous issue of The Illinois Georgist was Summer 2005 (Vol 16 No. 2). There was no Fall 2005 issue.

How to keep informed about HGS

If you have email, subscribe to the Henry George School email list. This low-volume list (less than one message per week) will alert you to HGS events and activities, including Georgist films and other get-togethers, as well as updating you on class schedules and other developments.

Of course the list is free, and you can join by emailing the School (hgchicago@pobox.com) to request an "invitation." Or, if you have a yahoo account, you can directly join the yahoo group "chicagogeorgists."

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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, who also blogs at menace.bloghorn.com.

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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 #3)
 Applied Economics (section #7 – 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 to discuss a possible financial contribution or bequest.
 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, 28 E Jackson #1004; Chicago IL 60604
 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.

DID YOU KNOW

that *Progress & Poverty* classes can be arranged in your neighborhood, to fit your schedule? You need only assist with publicity and help find a meeting site.

Reform, from page 4

income tax structure to move toward a consumption tax, by exempting savings from taxation. In supplementary chapters, they discuss value-added tax and national sales tax options. The panel asserts that “numerous studies” conclude that shift from income tax to consumption tax will lead to economic growth, but they don’t cite any specific research. Their forecasting models “ignore demand-side or cyclical variations in the economy, assuming instead that the economy is always at full employment.”

Other parts of the report begin to make sense. “A recent study [not cited!] estimated that the excess burden associated with increasing the individual income tax by \$1.00 is between \$.30 and \$.50 cents, so the total cost of collecting \$1.00 in additional tax revenue is between \$1.30 and \$1.50, before taking into account compliance or administrative costs.” (These estimates seem to be in the same ballpark as those by Tideman and Plassmann, published in Fred Harrison’s The Losses of Nations).

But then they assert that such excess burdens are unavoidable, citing the poll tax as their only real example of a nondistortionary tax. “For this reason, it is clear that that raising revenue through taxation requires some distortions in the economy.” Despite the efforts of Frederick Singer and many others, Georgist remedies were never mentioned.

The second best news about the Panel’s report is that it contains some information that Georgists will find useful and interesting, especially concerning a national sales tax.

Such a tax, combined with existing local and state taxes, would result in a 28.5% retail sales tax. In addition, the federal tax on most services (generally not taxed by states) would be 22%. If a cash grant were provided to low-income people in order to ease their burden, the federal sales tax would increase to 34% to 49%— or higher if certain goods or services are exempted. Finally, if the federal sales tax applied only to those things subject to typical state sales taxes, the rate would be 64%.

Federal sales tax rate could be 64%

The report refers to a Washington (State) Department of Revenue Study (not otherwise identified) examining the burden on retailers of collecting the sales tax. “[T]hough such costs are low overall, they are disproportionately high for small retailers...6.5% for retailers with annual sales of \$150,000 to \$400,000, but less than 1% for those with sales in excess of \$1.5 million.”

Georgists will find many many other things of interest in this report— see menace.bloghorn.com/23 for additional commentary. It was honestly, if not comprehensively, compiled, and it even includes a few clever cartoons. I have no idea how to get a hardcopy, but it can be downloaded from www.taxreformpanel.gov/final-report/.

And the best news about the Tax Reform Commission’s report, I think, is that it seems to have been pretty much ignored by powerful news media and politicians.

— Chuck Metalitz

Film series continues**Curious Georgists still go to the Movies**

The “Curious Georgists go to the Movies” film series, sponsored by the Alumni Association, is in suspension pending completion of our relocation. For the latest information and schedule, check the *chicagogeorgists* email list, or call the School.

**Classes in West Town**

For the first time in recent years, we are offering the *Progress & Poverty* course in the West Town neighborhood of Chicago. Meeting on Wednesday evenings during March, this location may be the most convenient for residents of Wicker Park, Logan Square, Humboldt Park, and other west and north side neighborhoods. Class will meet at the New World Resource Center, a bookstore and meeting place not otherwise affiliated with the Henry George School. The address is 1300 N. Western Av, one block north of Division. Street parking is said to be readily available in the area.

Although no Oak Park class is scheduled this term, we expect to resume classes there in the Spring.

Henry George School

of Social Science

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Tax Reform without Thinking

Recent months have seen the issuance of two tax “reform” reports. Not that they’re any scarier than our existing tax system, but it would be a shame if we were to suffer all the effort and disruption that any tax change involves, to create one of the dismal regimes these papers propose.

At the same time, both reports make some good points, identifying real problems, without understanding their causes or appropriate solutions.

Both look only at the Federal income tax, with almost no attention to FICA taxes, state taxes, or local taxes.

From the Tax Foundation

I don’t know that the Tax Foundation’s Scott A. Hodge set out to show that rich people should pay less taxes, and poor people more taxes. But that’s pretty much his conclusion in *Putting a Face on America’s Tax Returns*. He emphasizes that a relatively small proportion of the population pays the bulk of income taxes, and many pay nothing. In 2004, the top 20% of tax returns paid 84% of all taxes, while 32% of tax returns paid nothing. The discrepancy would be somewhat less without the “refundable” Earned Income and Child Tax Credits, under which low-income people can actually get cash, while paying no Federal income tax.

He shows how a married couple with three children can earn \$40,000 and pay less than zero Federal income tax, while the “entrepreneurial class” (high-income taxpayers) bear a disproportionate burden. He describes how the present tax system discourages educational achievement (because more educated people tend to have higher incomes) and is a greater burden on people who live in high-cost areas, and on two-job families.

Everything he says is true, I guess, and illustrates why taxes would be better taken off of productive activity and put instead on the benefits of privilege.

But that’s not his conclusion. He wants to tax production, through either a flat-rate income tax or a consumption-based tax. This would allow for high-income folks to pay less, while low-income people would be protected by a “generous” exclusion of the first \$46,000 income from all taxation. Though he doesn’t discuss who the tax burden would

He wants to tax production

Inside...

Progress & Poverty

goes modern, classic, complete, and concise

WE’VE MOVED

WINTER SCHEDULE

INCLUDES WEST TOWN CLASSES

effectively shift to, he seems content to discourage low-income workers by eliminating the earned income tax credit, and discourage the bearing or adoption of children by removing the child tax credit.

Despite its dismal recommendation, this report is worth seeing for the inane pictures it contains of happy faces not worried at all about taxes, nor apparently about anything else. Get your own (free!) copy of *Putting a Face on America’s Tax Returns* (18 pages) from the Tax Foundation (www.taxfoundation.org/publications/show/1152.html).

From the Advisory Panel on Federal Tax Reform

A larger and less simplistic report was issued November 1 by the President’s Advisory Panel on Federal Tax Reform. *Simple, Fair and Pro-Growth: Proposals to Fix America’s Tax System* acknowledges its own inadequacies. “For every issue discussed [in this report], the Panel discovered that there were many more that could not be thoroughly analyzed in the limited amount of time” available. So even though they did receive at least one Georgist proposal (from Frederick Singer of Huntington Beach, CA), they simply didn’t have a chance to look into it.

Within the limits of what they did look at, the Commission proposed two kinds of tax reform. Their “Simplified Income Tax Plan,” pretends to make the existing system more manageable by simplifying the forms and removing some provisions, while the “Growth and Investment Tax Plan” uses the