

1995

Dr. Mary M. Cleveland

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Thursday, Jan. 19, 1995

M. Mason Gaffney
PO Box 7998
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Dear Mason,

I will in due course respond to your and Fred's letters. I loved your story about Freeway the sow. Or should it have been Porkway?

The enclosed might amuse you. I have been involved with drug legalization. I finally figured out a way to apply Georgist economics to the subject, with obvious extensions to the old topic of the monopolist and the competitive fringe.

The letter from Gary Becker makes me feel embarrassed for our profession.

Happy New Year!

Love,

JAN 28 1995

Mason Gaffney
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23 Jan 95

Dear Polly:

A student, Mike Cheng, has suddenly waxed hot on "Inequality and Growth." He doesn't go for Gingrichism (Neo-Newtonian Economics?) Enclosed materials I whomped together for him may be of interest to you. The comments on Brannon's comments on King are apposite.

Thanks for ongoing reports on RSF meetings. Imagine those people complaining about having to spend more money!

I notice recently a book on the Dow Dogs method, priced at \$10.95. If it's that common, I wonder what RSF is paying Gilmour and Co. to tell us about it?

Thank goodness Roy Foulke is pushing on privatization properly. Gilmour is playing footsie with Lincoln over in Estonia, says Olaf Klasen - not a good sign.

Jon Rowe is now working in San Fran in same office with Cliff Cobb. Jon called for a copy of *The Corruption of Economics*, with a view to getting it reviewed in *The Washington Monthly* (that is, if Jon himself likes it). In the past, Jon has pretty consistently backed off from Georgist ideas, after some promising probing, so I am not putting it in the bank.

What do you know about Robert Fitch's projected article on Seth Low's villainies at Columbia? Mike Hudson made it seem imminent.

Isn't Newtie naughty? He is an endless fountain of boomerangable quotes, and should self-destruct before long. Dole will do his part. I await Newtie's installing Rush Limbaugh as head of the CBO.

I wish outstanding Georgists like Fred Harrison and Nic Tideman and Ted Gwartney and Bob Williams would focus on their own needful countries. We are already spread much too thin here, without taking on another culture with its 200 million opinionated people. It's like Richard the Lion-hearted leaving home on the Crusade, while sneaky John took over England. Bob Williams says that the beltway bandits from USAID submarined his work in Russia, so he is now taking on China! Lord, if we can't

persuade our own, what makes 'em think they can get through to people speaking another language, 12 hours around the world?

But then, I have the academicians bias for publications. I love Fred when he's getting my stuff in print; he wants to get it in the lawbooks. I should applaud.

Love,

M.

Materials for Mike Cheng
on "Inequality and Growth"

1. The idea that inequality promotes growth is obviously pushed by those who gain from inequality, and has a long history. A prominent 20th Century advocate was Andrew Mellon, U.S. Sec. of the Treasury, 1921-33 (under 3 successive Presidents). The crash of 1929 shot him down, and for many years the opposite theory prevailed, that high payrolls and consumption and government spending promote growth.

2. Closely allied with the Mellon thesis is the idea that inequity is needed to promote efficient allocation of resources. The modern Chicago School members push this idea. They presume that equity means progressive income taxation, ignoring other approaches to equity (e.g. taxation of land and inheritances).

3. Some writers on equality and growth are the following.

- a. Polly Cleveland
- b. Edward S. Herman
- c. Michael Hudson
- d. Gerard Brannon (see attached notes and letter)
- e. Roberto Chang (see attached notes)
- f. Torsten Persson and Guido Tabellini (see Chang notes)

g. Writers on land reform: Peter Dorner, Don Kanel, Ray Penn, Wm. Thiesenhausen, Jos. Thom, Erich Jacoby, Sidney Klein, Wolf Ladejinsky, Doreen Warriner, Lawrence Hewes, Robert Hardie, and dozens of U.N. Reports, and books and articles on history and politics in Latin America and eastern Europe and the middle east.

h. Writers with sweeping historical views: Arnold Toynbee, Paul Baran, Nicholas Kaldor, ??? Bergson, ??? Hirschmeir. Toynbee writes of the stimulus of blows, the stimulus of pressure, the stimulus of handicaps. East Asia has had its share of blows and handicaps in modern times, and there is continuing pressure from Russia and Viet Nam, and pressure of rivalry and tension with Taiwan and PRC.

Toynbee and Bergson write of the influence of creative minorities and individual leaders. Could those differences help account for differences among nations? What about the leadership of MacArthur in Japan and Mao and Deng in China?

A few earlier writers are Rostow, Buchanan and Ellis, Tawney, Hekscher, Mill, Adam Smith, Solow, Harrod, Domar, Franz Oppenheimer, M. Dobb, Ben Ward, Kindleberger, Hirschman,

Leibenstein, F.J. Turner and critics, Earl Hamilton, John Nef, Clapham, Schmoller, Gerschenkron, Thorold Rogers, Mantoux, Maine, de Tocqueville, Schumpeter, Sombart, Weber, Popper, and Myrdal.

Some development economists are Eckstein, Fairbank, Yang, Nurkse, Perkins, Ho, Schultz, Elvin, Lewis, Adelman, Riskin, Lardy, Walder, Griffin, Hinton, and Eddy Lee.

i. Anthony Atkinson and Amartya Sen write on measuring and evaluating inequality. I am not sure to what extent they relate it to growth. Griffin and Khan are very high on Sen, and could answer questions.

7. Brannon, Gerard, 1994. Review of Ronald F. King, 1993, Money, Time and Politics: Investment Tax Subsidies and American Democracy. New Haven: Yale Univ. Press. National Tax Journal 47(2):455-58, June

Andrew Mellon used promises of growth to reduce tax progressivity, says King.

"Popular recognition that there is a price for income redistribution is why we did not all become socialists in the 19th Century." p.455. Cites Marx that "too much redistribution would hurt workers by reducing the capital stock." (Brannon's paraphrase of Critique of the Gotha Program.)

There is a "trade-off between progressivity and/or better investment."

Cites Buchanan pro "optimality of a general, i.e. uniform, comprehensive tax in a majoritarian democracy." Other taxes are porkbarrels, says Buchanan. Brannon accuses Buchanan of a zero-sum mentality. See Buchanan file.

Brannon says we overtax dividends.

We have learned that accel deprn results in "overinvestment in r.e.." Now "academic opinion" has shifted from inv. incentives to "neutrality" (uniformity?), and "exploded the myth that a marginal credit has much more bang for the buck than a general investment incentive." (Meaning needs specificity.)

8. Letter to Brannon, copied below.

30 July 94

Gerard Brannon
3800 N. Fairfax Drive, #1802
Arlington VA 22203

Dear Gerry:

You write engagingly and clearly, unlike most of our colleagues today. For that I thank you - it does help communication. In this case, it helps identify an area of disagreement. You write in NTJ for June as ff:

"Popular recognition that there is a price for income redistribution is why we did not all become socialists in the 19th Century." p.455.

You further cite Marx that "too much redistribution would hurt workers by reducing the capital stock." (Your paraphrase of Critique of the Gotha Program.)

You add, there is a "trade-off between progressivity and/or better investment."

Please consider that in the late 19th and early 20th Centuries Americans had a third choice, and were partially exercising it: taxing land value heavily under the general property tax. There was a serious choice of going farther and exempting capital from the property tax.

You correctly gig Buchanan for thinking in zero-sum terms. However, the "trade-off" approach you seem to be endorsing to progressivity vs. growth (or vs. efficiency) has some of the same quality. It is good to know that there is at least one form of taxation that is both progressive and growth-inducing.

Historian Elliot Brownlee has shown that the same kind of thinking (single-tax) dominated Ways and Means in 1916, and the first income-tax bill was shaped by people trying to make the new tax device perform as they wanted the property tax to perform in the states (it was a statewide tax at that time). See Brownlee, W. Elliot, 1985. "Wilson and financing the Modern State: The Revenue Act of 1916," Proceedings of the American Philosophical Society 129(2):173-210.

Jack Stockfish wrote in 1956 that fast write-off was making the corporate income tax into a tax on land income. Stockfish, Jacob A., 1956. "Capitalization, Allocation, and Investment Effects of Asset Taxation." Southern Economic Journal 22:317-29

Thus, there are more things on heaven and earth than can be contained in the "growth vs. progressivity" standoff.

[No answer, as of 9/20.]

Chang, Roberto, 1994. "Income inequality and ec growth: evidence and recent theories." *Ec Review*, Fed Res Bank of Atlanta, July-August

In 1970-90, "macro res turned attn to rational expectations models. These models assumed that ec actors make decisions efficiently using all info available about their environment. ... required mastering new tools from decision theory. So, in order to keep their models manageable, macroecsts imposed some strong simplifying assumptions on them. ... households .. approximated by the behavior of an average or 'representative' individual; likewise, the business sector was usually approx by a 'rep' firm. *These assumptions allowed macro to make considerable progress* (emphasis supplied), but they also prevented the study of distributional questions."

p.3, cross-country data show l.r. growth rates rise with equality of income. From Persson, Torsten, and Guido Tabellini, 1994. "Is inequality harmful for growth?" *AER* 84:600-22. Not clear which is cause, which is effect.

JAN 28 1995

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24 Jan 95

R.D. Keall
RRR
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Auckland, NZ

Dear R.D.:

Yes, there is a world of evidence that land value is monetized, and this makes inflation. Banks take and often demand land as collateral for loans. They create new demand deposits to make these loans. The land is the security behind the assets of the bank; the demand deposits (bank liabilities) circulate as money. Historically in the U.S.A., our first banks (18th Century) did not even accept new deposits, they just made them up to lend to others. The borrowers pledged their land for the loans. The bankers also used their own land as "capital."¹

This is accelerated greatly during land booms. In part, it feeds on itself, once well begun. The added money pushes up land prices still further. This circular or "positive feedback" element adds much to the instability of money supply.

Land prices are based on anticipated land revenues. These, in turn, are a condition of the public mind.

Most C.O.L. indexes fail to include land prices properly. The rationale² is that most people in the market already own their homes, and do not need to buy them this year. What they really should do is include all homes at their current prices in the C.O.L. index, and also include the imputed values at those levels as income (which they sort of do), and also include unrealized gains on those homes as income (which they do not). This would bring out the uneven distributive effect of rising home prices: homeowners come out even, while renters lose.

¹The British government outlawed most such banks, under the Bubble Act of 1720, to protect British creditors from inflation. Makes an interesting tale, pitting rent-takers of the first kind (equity owners) against rent-takers of the second kind (mortgagees).

²Fancy word for alibi or cover story.

Realtors, on the other hand, maintain "affordability indexes" that do reflect current housing prices, and interest rates too. These could easily be melded into C.O.L. indexes, if the powers wanted it done.

Your Peter Harris makes a good point: price stability was sold to unionists as a prerequisite for growth, but now is used as a rationale for preventing growth.

Thanks for including the editorial from *The New Zealand Herald* (Auckland) for 30 December 1994, which points out that your Reserve Bank is now excluding what it calls "extremes" from its index of inflation, and Auckland land prices are among those "extremes." This is an old trick among some statisticians. It is like excluding the top 1% of landowners before figuring the mean holding, on the grounds that they are "extreme cases," or "outliers" (as they say), even though they may own 25% of all the land.

Our NASA failed to detect the ozone hole because its instruments were calibrated to reject automatically all readings outside a certain range. The rationale was that they must be errors. Some independent British pilot finally established the bad news, belatedly. Economists do this kind of thing often.

The inner clique economists used to prate that inflation only comes after full employment is reached. They shut out the fact that land prices rise long before land is fully employed. When, indeed, has it ever been?

I hope these remarks are useful. I am copying this to some friends who are actively interested in these matters.

Faithfully,

cc: Mike Hudson, Cliff Cobb, Polly Cleveland, Gary Dymski, Bob Pollin

The Corruption of Economics

Mason Gaffney and Fred Harrison
Shepherd-Walwyn, £10.95 (pb)/£24.95 (hdbk)

Publication date: January 19, 1995

A UNIVERSITY of California economics professor and a London economic journalist have teamed up to indict much of the economics profession for incompetence.

According to Prof. Mason Gaffney, "neo-classical economics" - the paradigm that has dominated the market economies in the 20th century - was conceived to indoctrinate students into accepting the legitimacy of unearned income.

Prof. Gaffney traces this stratagem (circa. 1886-1920) to the panic to defeat Progressive politicians who were focusing taxation on unearned income. Their fiscal programme was inspired by the philosophy of American social reformer Henry George, who popularised the case for shifting taxation off the earned income of labour and capital and onto the rent of land.

Neo-classical economics, claims Prof. Gaffney in his provocative analysis, was designed to conceal distinctions in the source of income, thus permitting free-riders to hide behind productive workers and providential savers.

Prof. Gaffney argues that the neo-classical "founding fathers" deliberately perverted their discipline to this end. He identifies the major economists who constituted a tight network of scholars, whose intrigue was centred mainly on the Mid-Atlantic states of the US.

Prof. Gaffney explains that the perversion of his discipline deprived economics of its power to analyse, diagnose, forecast and prescribe solutions to the great problems of the age, such as unemployment and poverty.

The Corruption of Economics invites a major revision of economics as a problem-solving social science. But co-author Fred Harrison explains that the renewal of economics - informed by what he calls The Georgist Paradigm - will be resisted by powerful vested interests, particularly the traditional landowners. So he calls for a democratic debate to override those who would oppose a rational economics that caters for both social justice and economic efficiency.

This book is both challenging as theory and entertaining as biography. It will be provocative to many economists - including those who are currently publishing their professional confessions - because they are trained in the neo-classical school.

The authors believe that a radical reappraisal of economics is now unavoidable if post-industrial society is to move towards a sustainable system of wealth-creation and distribution. But that will not be possible until the classical concepts of "land" and "rent" are retrieved from the obscurity to which they are relegated by the exponents of the neo-classical tradition.

NOTE to Review Editors:

For further information, please contact Fred Harrison, who is the Editor of Shepherd-Walwyn's series of books on The Georgist Paradigm. His London number: 0181 943 1379. Please send a copy of your review to the publisher.

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Wednesday, Feb. 1, 1995

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Dear Mason,

Oy! It's hard to keep up with you.

Tell Mike Cheng to read Irma Adelman and Sherman Robinson's "Income Distribution and Development" in the *Handbook of Development Economics*, Vol. II, Chenery & Srinivasan eds., 1989.

Latest Schalkenbach meeting Monday the 30th. Small turnout: Tony Bonaparte for the first time, + Bill Davidson, Al Hartsheimer, Lowell, & me. Oscar produced something resembling a budget, and Al ragged him mercilessly over its incompleteness and unclearness, and they had had the computers now for 10 months, how come everything wasn't yet loaded on the computers so they could produce a budget? (We're working on it very hard, and the accountants expect to be finished soon.) Etc. etc. Oscar hasn't a clue. Complaining again how he has to find a way to spend another 50 or 60 thousand by end of fiscal year in June.

What is the mysterious committee up to? Al said they had voted not to produce an interim report because they hadn't agreed on anything yet. Maybe in April. Tony Bonaparte got mad at Al; how come he wasn't being kept informed? Al said the committee welcomed input from Board Members. Is there anything to Will Lissner's hysteria? Has Nic filled you in on anything? Will the committee set off a SCUD or a cherry bomb?

Oscar is obviously the #1 problem. But the #2 problem is the movement seems so unfocussed. Getting local governments to obtain state permission to levy separate rates on land and improvements. When there is a New York State cap of 2% on assessed value. I asked Al didn't he see the Republican move to shift responsibility back to lower levels of government as an opportunity to challenge state caps? I don't think he understood what I was talking about; he's too concerned about untaxing capital. And does he ever love the Dow Dogs! But if everyone jumps on that bandwagon, then we'll all go to the...

What should be done with Schalkenbach? Priorities should be a first-rate magazine, and a modern book-publishing operation. Sell *J. Economics and Sociology*, or find a competent editor. Who? Get out of that building (\$18,000 a year, as a contribution to the French American Society), and move to cheaper and better quarters in book-publishing land around 42nd street or near NYU. What on earth is the staff doing up there? I could have loaded the Foundation on the computer single-handed in a couple of weeks. And they can't do it in all this time with the help of accountants? Why do they need accountants at all except to certify the annual report and give occasional advice?

Oh well. It's awful easy to criticize when one doesn't have direct responsibility.

I talked to Mike. His stuff sounds interesting. His "model" seems to resemble the "Social Accounting Matrices" in use at Giannini, a rather useful way to put together who produces what and who gets what. I've heard nothing on Seth Low & Columbia.

I knew Jon Rowe when he worked for Nader on some tax accountability project in New York. He's bright, and should be reachable, though it probably takes spending some time with him.

I've worked out all the math and graphics for my drug turf model. It's really cute, and generally applicable wherever there is a concentrated resource that can be monopolized. Even applies to ecology, for example, a dominant baboon or lion defending his females against outside males! Now I just need more data to make the whole thing plausible. I'll send it to you when I get a rough draft completed.

Except now I have to do our taxes, which is a BORE.

Love,

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6 Feb 95

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Dear Polly:

Thanks for the Adelman reference - am passing it on to Cheng.

Fascinating that Oscar "has to find a way" to spend \$50,000-\$60,000 by 30 June. Good God in Heaven, what we or Fred or Mike could do with it! And I don't mean cruises.

Glad someone is ragging Oscar, but Al suffers from the limitations you identify. He has just one dimension, like Steve Cord only perhaps moreso. He is also extremely bullheaded, and unresponsive to the concerns of others.

The Gang of Five is probably telling the truth, they haven't yet agreed on much. Their wish to have a consensus before reporting is a wish to maximize their effectiveness when they do report - one kind of power trip, perhaps. I also surmise it is to make it easier to discuss personnel matters and avoid lawsuits. I am sure they are discussing the desirability of keeping Directors from accepting Foundation grants - something that would concern Lissner, Bonaparte, Cord, Genovese, and perhaps others.

They should have sent out an early notice of their intent to keep things confidential.

Nic has volunteered nothing, and I have not pried. Perhaps it's time I did.

Yes, the movement is a bit unfocused. It is understandable that individuals would specialize: Noyes in his statewide tax in his beloved NH; Hartheimer and Cord in lobbying cities; Nic in Russia and abstract theory; Andelson in theology; Foulke in investments. There is still a strong common bond. Problems would arise, though, if leadership were to be captured by someone self-righteous, and intolerant of the value of others' work. Al is probably that someone.

Noyes is beginning to look foolish for having pushed so hard to fund that Monopoly woman, Pat McFarland, who so overtly refused to promise us anything in return for our money, and who never completes her work anyway.

You suggest several ideas for RSF.

1. A semi-pop magazine, yes. *Monthly Review*, *Wash Monthly*, *Dollars and Sense*, *Land and Liberty*, *Utne Reader*, and various low-budget special-interest rags come out all the time. Do I recall you were going to ask your friends for budget estimates?

2. *J. of Ecs. & Soc.* might continue, subject to finding an editor who would return its mission to fostering Georgist scholarship. There is no need to pussyfoot about it: put it on the masthead. There are passels of aborted Georgist and land-reformist and quasi-Georgist and tax-reformist and anti-sprawl and marginal-cost-pricing and public-lands and conservationist-environmentalist and historical and muckraking and other relevant kinds of writers out there who would respond to some affirmative encouragement. Let's see: there are Rex Ahene, Peter Asmus, Charles Avila, Allen Barton?, Larry Berg, Bruce Billings, Richard Bishop, David Bradford, Bill Bradley (Sen.), Gardner Brown, Elliot Brownlee, Meyer Bucovetsky, Brad Burns, Jim Busey, Sidney Carroll, Karl Case, Mary M. Cleveland, Anthony Clunies-Ross, John Cobb, Cliff Cobb, Charles Collier, Wm. Coyne, Mike Crommelin, Herman Daly, Alain de Janvry, John Denton, Paul Downing, Richard Doyle, Terry Dwyer, Rae Else-Mitchell, Gregg Erickson, Kris Feder, Robert Fitch, Fred Foldvary, James Follain?, Frances Francis, Aaron Fuller, Dan Fusfeld, Mason Gaffney, Ruth Galanter, Ross Garnaut, Charles Geisler, Lenny Goldberg, Walter Goldschmidt, Merrill Goodall, Otis Graham, Dorothy Green, Ted Gwartney, Jane Hall, David Hapgood, Matt Harris, Fred Harrison, Lowell Harriss?, Jerry Heavey, Ken Hechler, John Helliwell, Pat Hendershott, Mike Hudson, Peter Jones, Fred Kahn, Brian Kavanagh, Mike Kinsley, Jack Knetsch, Fred Kottke, Bob Kuttner, Ian Lambert?, M. Lamont, Frances Lappé, Stephen Lewis, Jr., Sein Lin, Kenneth Lusht, Seth Macinko, Bob McIntyre, Dean Mischynski, Rebecca Morales, John Muellbauer, Peggy Musgrave, Richard Musgrave, Ralph Nader, Richard Noyes, Wally Oates, Bob Paschall, Diane Paul, Bill Peirce, Robert Piper, Frank Popper, William Preston, Phil Raup, Bertrand Renaud, Henry Reuss, Maggie Reuss, John Riew, Al Rodda, Tatyana Roskoshnaya, Jon Rowe?, Chris Ryan, Walt Rybeck, Warren Samuels, Roger Sandilands, Stan Sapiro, Joseph Sax, Pat Schifferle, Allen Schmid, ?? Schwab, Anthony Scott?, Alan Severn, Mike Sheehan, Robert Shiller, Don Shoup, Bruce Smart?, Eugene Smolensky, Roger Starr, John Strasma, Denis Teti, Nic Tideman, Bill Vickrey,

Don Villarejo, Richard Walker, Charles Warren, Robert? Werner, James Wetzler, Doug Wheeler, John Wilson, Trudy Wischemann, Robert Wood, Gene Wunderlich?, and others.

I'll bet you could fill several issues just by soliciting those writers. That's just for beginners. Each one reaches one or more more.

3, move to lower-rent area, *d'accord*.

4, book-publishing, *bien entendu*. Same person who edits AJES can also do books - a Research Director.

Last night I awoke in a sweat with a terrible notion. Please don't misinterpret my having had this politically incorrect thought, I am not launching a war of the genders. It is just that we must keep our minds open to all possibilities. Political Georgism peaked around 1920. The XIXth Amendment was proclaimed 26 Aug 1920, just in time to have the women swoon for Warren G. Harding, inaugurating one of our more reactionary decades. Frightening thought: was the old Progressive Movement for men only? Are women more concerned about the security of owning property?

Naturally, this is not a matter of black and white. There are effective lady Georgists. However, when I get down to names, I don't get much further than you and Kris and Tanya. There was a HG Womens' Club in Chicago that was true-blue. Carrie Chapman Catt was apparently supportive, in between carrying the XIXth Amendment and founding the LWV, but left no written record. There were Agnes de M. and Irene Hickman and Maggie Reuss. Pompadour patronized Quesnay. Lizzie Magee Phillips created The Landlord's Game (now Monopoly). Trudy Wischemann and your French contact in Berkeley have possibilities. Vi Peterson was A-OK. But is there something about Georgism that caters more to male needs and interests than female? If so, will workplace equality make a difference? They named the old Henry George Cigar for our man, and took his slogan as theirs, "I am for men," giving it a twist he never intended. Or was it a case of *in tobacco veritas*?

Please, please, show me I am wrong!

Love,

M.

BARD

A College of the Liberal Arts and Sciences

Division of Social Studies

13 February 1995

Mary M. Cleveland
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Dear Polly:

As you may know, the Jerome Levy Economics Institute is a respected research facility associated with Bard College. Chairman S. Jay Levy (benefactor; son of the late Jerome) is familiar with the Georgist principle of land value taxation, and he supports it. After I presented a paper on Pennsylvania property tax reform for a Levy Institute seminar, he and Director Dimitri Papadimitriou asked me to develop a research agenda which would explore the methods and consequences of using land rents to finance public services, in lieu of taxes on the output or income of production.

A Levy Institute conference on land and tax policy is scheduled for November 2-4. If successful, it may become the first of a series of conferences engaging both theoreticians and practitioners in debate on the public policy implications of the Georgist paradigm.

The Levy Institute focus has always been on economic policy. Its recommendations would be of little value if they failed to consider the ethical, cultural, political, and administrative dimensions of economic policy. Accordingly, the conference must include not only academics but also regional planners, mayors, city officials, and the like. We will attempt to reach specific conclusions as to whether and how to implement Georgist reforms.

Traditionally, the Levy Institute's work has pertained chiefly to federal policy, but as Dr. Papadimitriou has said, attention to state and local issues is justified. The bankrupt federal government seems to be trying to get out of the business of providing a social safety net. Given the current economic structure, reduction in federal taxes and services means that states will need to do more. The states, in turn, will likely pass much of the burden to local governments, which must rely largely on immobile property for a tax base. If property tax burdens are to grow, it becomes more important than ever to design those taxes well, and to anticipate their likely consequences.

Our primary purpose at the upcoming conference is to investigate the opportunities for increased local government collection of land rent. Particular attention will of course be paid to the two-rate real property tax, popular in Pennsylvania. We will also look at related issues of state and local tax policy, such as user fees and other methods for collecting rent; valuation of public services; the states' involvement with land usage; private/public partnerships (e.g., utilities); environment and use of public lands. At least one paper should address the implications for federal, state, and local intergovernmental relations (fiscal federalism). There must be continual recognition of how specific policy issues relate to the Georgist paradigm,

which will provide the theoretical foundation for our policy discussions.

Here is a preliminary general sketch of a conference agenda:

- > GEO-ECONOMICS: PARADIGM OR PANACEA?
- > ECONOMIC EFFICIENCY OF RENT TAXATION: BASIC THEORY
- > SOCIAL AND ETHICAL IMPLICATIONS OF LAND TAXATION
- > HOW BIG IS RENT? (CATEGORIES OF "LAND")
- > HOW TO COLLECT RENT? (VARIETIES OF LAND TENURE SYSTEMS)
- > LAND TAXATION AND FISCAL FEDERALISM: WHO TO COLLECT RENT?
- > POLITICAL AND ADMINISTRATIVE OBSTACLES TO LAND TAXATION
- > BUILDING MICROECONOMIC MODELS WITH LAND AND LAND TAXATION
- > BUILDING MACROECONOMIC MODELS WITH LAND AND LAND TAXATION
- > LOCAL TAXES: THE POLICY OPTIONS
- > LOCAL PROPERTY TAX REFORM: THE EVIDENCE FROM PENNSYLVANIA
- > LOCAL PROPERTY TAX REFORM: POLITICS AND ADMINISTRATION
- > LOCAL PROPERTY TAX REFORM: PROSPECTS FOR NEW YORK STATE
- > OTHER METHODS OF COLLECTING RENT AT THE STATE AND LOCAL LEVELS
- > POLICY CONCLUSIONS: STATE AND [ESPECIALLY] LOCAL TAX REFORM
- > MEETING: HOW SHOULD LEVY RESEARCH AGENDA PROCEED?

There may be several ways in which you could contribute to the success of the planned conference:

1. Suggest to me appropriate themes or questions that should be addressed by papers and panels. Also suggest reference works.

2. Suggest to me the names (with phone numbers, postal and e-mail addresses, and brief bios, if possible) of individuals you think should be invited attend or participate--not only academics but also, and especially, public servants or others who possess practical experience of the policy issues at hand.

3. Offer to be a discussant of a paper on a particular subject.

4. Offer to present a paper. Please send me a (tentative) title and short abstract right away, explaining how your message will further the aim of the conference. Length of presentations may vary from five minutes to a half-hour. It is important to allow time for serious discussion.

5. Write the conference dates on your calendar, and then be sure to attend!

It is urgent that prompt notice of the proposed conference go out to interested individuals, so that they may mark their calendars and prepare their presentations. I ask you, therefore, to please let me know right away if you would like to offer any contribution. Your participation will be highly valued.

Sincerely,



Kris Feder
Assistant Professor of Economics

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Friday, Feb. 17, 1995

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Kris Feder
Dept. of Economics, Bard College
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RE: Conference at Bard, Nov. 2-4, 1995

Dear Mason and Kris,

These are my own thoughts on the problems we should explore and the messages we should hope to get across, re local government collection of rents.

1. At present, it's more important to resurrect property taxes than to worry about the division of tiny property tax rates between land and improvements. We need to remind people that property taxes are taxes on property, i.e., on wealth, personal and corporate. As such, they are more progressive than payroll, income or sales taxes. A shift of government functions to lower levels of government is an opportunity to return to a more progressive tax system. Papadimitriou is interested in income distribution. US income has become less equal over the last 15 years as our national, state, and local tax system has become more regressive. Is there a connection? The Libertarians detest the intrusiveness of income and sales taxes; can we sell them on property taxes as less invasive of privacy?

2. Property taxes are presently hamstrung by state caps, local maladministration, and balkanized jurisdictions. We need someone to review the nature, history and rationale of state caps and other state-imposed restrictions, such as different assessment ratios for different classes of property. We need someone to demonstrate how easy it is to administer property taxes, especially compared to other taxes, and how improved administration gets us closer to a land tax. We need someone to review the jurisdiction issue, to show that the purported "unfairness" of property taxes for school finance can be reduced by using larger jurisdictions, or by a partial sharing between jurisdictions.

3. We need a theory of what government functions should be administered and financed at what level, and how? Roughly, "services to property"--roads, sewers, fire, police, parks--should be financed locally, with fixed charges on benefited property plus marginal-cost user fees. "Services to people"--schools, hospitals, courts, welfare, social security--should be financed from a broader geographic area. Nice principles, but the devil is in the details. In their crusade against all government, the Libertarians have largely failed to address the issue.

4. New kid on the block in New York City: the "Business Improvement District." An association of property owners, at most a few dozen blocks, paying for security, sanitation or similar with a small property tax override. BID's have already succeeded in greatly reducing crime in the Times Square and Grand Central Station areas, using unarmed, uniformed patrolmen with walkie-talkies. Parks Commissioner Henry Stern proposed a BID to help finance maintenance of Central Park, and promptly got shot down by Mayor Giuliani (no more taxes!). I've started looking into one for our Lincoln Center neighborhood--to stop the guys who break into parked cars every night. (Cops don't believe in preventing crime--less crime might mean less work. They just sit in their patrol cars waiting for victims to call.) Pretty soon someone will organize a BID in Harlem or the Bronx...Anyway, I see BID's as potentially the nose under the tent of a property tax revival.

I'm sure I'll have more thoughts on the matter. I'm mulling over ideas for what I could do myself. I do think we should go for the big picture: more employment and less inequality, achieved by lowering regressive payroll taxes and liberating locked-up land and capital.

I've enclosed a copy of a letter I wrote for Tom regarding Commissioner Stern's proposal for a BID to finance Central Park. (The Times didn't print it. In fact, they editorialized against Stern's proposal, because New York doesn't need more taxes!)

Geo-economics--lovely double meaning. I looked up the name George in the Britannica and Oxford unabridged. As I suspected, it comes from Greek/Latin geo-land plus ergon-work (from which we get "ergonomics.") 7th century BC Attic society had a social class of peasant farmers called *georgoi*, in between the *eupatridae*, the aristocracy, and the *demos*, the common people. And Virgil wrote his *Georgics* on how to cultivate the land--four volumes of poetry, one each on crops, viticulture, animal husbandry, and bee keeping!

Love,

Dr. Mary M. Cleveland
14 West 68th Street, Apt 4
New York, NY 10023
(212) 873-2982
FAX (212) 873-6125

Saturday, Feb. 18, 1995

M. Mason Gaffney
PO Box 7998
Riverside, CA 92513-7998

Dear Mason,

Obviously, you are mastering your computer. I can't believe you typed that huge list of names. You must have dumped it from your mailing list.

I found Kris's preliminary conference agenda both a bit too much and too little. Too Georgist, or at least too Georgist-jargonish, if we want to reach a broader audience. And too little emphasis on the big picture, on why George's ideas are important for those concerned with poverty and unemployment. Geo-economics--it sounds like a religion!

Mea culpa about getting a budget for a magazine. I asked around but then didn't follow up. In any case, my guess is it should be possible to do a bare-bones but still quality publication at a cost of maybe \$200,000 a year. Figure a staff of 5: editor, assistant editor, art/production director, business manager, secretary; plus maybe volunteers and/or student interns. If the publication did well, subscriptions and advertising should eventually cover a good part of costs. I'll try again to nail down some numbers.

I'm still plugging away on my drug market model, now tentatively entitled "Turf Wars and Drug Wars." The actual model fills in the missing piece of my old model on why unequal distribution of wealth is so stable: the rich grab the prime turf, which they can hold at relatively low cost, despite their high labor costs--unless... It's amazing how all roads lead to Rome!

As for women Georgists, are there proportionally fewer than, say, women economists or women scientists? Women get bogged down in daily responsibilities, domestic or financial, freeing the men to lead revolutions. What was Mrs. George doing while Henry was on tour?

Love,

MAR 04 1995

Mason Gaffney
P.O. Box 7998
Riverside, CA 92513

909/687-1677
OFF 909/787-5037, x1574
FAX 909/787-5685

30 Feb 95

Mary M. Cleveland
14 W. 68th Street #4
New York, NY 10023

Kris Feder
Bard College
Annandale-on-Hudson, NY 12504

RE: Conference at Bard, Nov. 2-4, 1995

Dear Polly and Kris:

Polly's thoughts of 17 Feb. seem straight to me. [By the way, Fowler's says hamstring is a noun, not a verb, so you should not say hamstrung, but "hamstringed." Picky picky picky. He probably also thinks "decimate" still means "reduced by 10%." Well, he'd be right, wouldn't he?]

Will write more when I relocate Kris's letter. I do recall her saying that Papadimitriou wants policy-relevance. Great! So do we. Tax policy is what we're all about. Next problem?

Polly's etymological work is fascinating. So "George" means land-work. Then "Georgism" is not a personal cult, but the study of land-work. Perfect. To avoid misidentification, though, let's call it the Georgic Society. Better yet, Society for research on georgics - small "g" so no one can think it is a proper name. OK, so I'm reaching - there's something out there.

So the stuffy old *Times* did not publish your letter. Cheer up, they also opposed the original Henry George, and his buddy Fr. Edward McGlynn. The press could be so useful, if the bad guys did not run it; so could the colleges; so could the churches; so could veterans' organizations; so could lodges and clubs; so could public schools; so could Hollywood; so could government; so could radio and TV; so could professional associations; so could unions. Trouble is with the "if": the baddies run them all. The Commies tried to infiltrate them once, lost a lot of sleep, but got clobbered for it.

We've just got to keep repackaging the message, with changing times. Now, for example, we have fiscal crises everywhere. How to raise money without driving business away? Rub their noses in the truth.

More later,

M.

Fax Cover Page

SUBJECT:

To: Mason 5/17/95
From: Polly Re: Andelson

I need a quick opinion on the attached letter to Andelson before I send it out. Should I change anything? Does it make clear enough the point that the Institute issue is really a question of whether Schalkenbach or any other Georgist institution is willing to support scholarship?

Who should get it? The whole Board?

Anything on the Oscar memo front? I'm going to one of Lowell's University Club lunches on May 23. I just learned from Michael that Lowell was the first president of the Manhattan Institute (a conservative/libertarian thinktank founded by George Gilder). Now there's a group we might try to subvert.

Please get back to me today or tomorrow on Andelson. I think it's a good opportunity to explain our position to the Board.

Love,
Polly

To: Mason Gaffney	From : Mary M. Cleveland
For Information Call: 212 873-2982	At: Turtle Computer
Pages: 6	My Fax Number : 212 873-6125

Fax Cover Page

Pollygrest!
Love Tom

SUBJECT:

Dear Mason,

7/5/95

Here's the fax you thought you hadn't received.

CGO conference was interesting and enjoyable, tho I gather from Bill Batt not nearly as intellectually stimulating as the one you organized last year in LA. But O Lord deliver me from Libertarians!

In fact many of our folk seem painfully ignorant of what George was about. Which led me to propose that we set up something like a Georgist news and information service. This would consist of a regular packet of short articles and columns, news tidbits, cartoons etc that would go out say every six weeks to newsletter editors and other subscribers together with the same materials on diskette The idea was well-received; Lindy Davies added that the materials could also be made available for downloading from the Internet. I think you and I and the other literati could easily handle something like this with some very part-time help from staff, either Schalkenbach or CGO. We would charge maybe \$25-\$35 a year. If the information packet proved to be a hit, it could eventually be transformed into a magazine.

What do you think?

Love,
Polly

To: Mason Gaffney	From : Mary M. Cleveland
For Information Call: 212 873-2982	At:
Pages: 4	My Fax Number : 212 873-6125

JUL 21 1995

Mason Gaffney
P.O. Box 7998
Riverside, CA 92513

909/687-1677
OFF 909/787-5037, x1574
FAX 909/787-5685

15 July 95

Yisroel Pensack
688 - 24th St.
San Francisco CA 94121

Dear Yisroel:

Received yours of July 10.

Your article from the Newark Star-Ledger is one of the great gems. Glad to learn about Mark Fagan. Did you know that the current Mayor of Jersey City is pushing for lvt? Polly Cleveland heard him speak thus in NYC last year. Maybe she will send you particulars.

As for Ed Mills, now at Northwestern, am sorry to report he has backslid badly. His text on *Urban Economics* belittles the tax capacity of land. As a member of TRED, he is reactionary. Am afraid he was seduced by \$\$\$.

Anyway, with credentials like yours, it is astonishing that Cathe Smeland would want to keep you from a Georgist meeting. Is it a personality clash? Is there some history I don't know about? The more I know, the more I can help.

I pretty much agree with your thoughtful letter in re McGlynn v. George, except for its occasional didactic overtone. You are right that the primary goal of Georgism is to raise the margin of production for labor and capital by letting the market put good land to right use. However, socializing rent is not "secondary" to that; it is integral. To untax labor and exchange at the margin, you need another source of revenue. You need somehow to zero in on the high-rent land.

For example, the greatest single stroke we could achieve today for labor is to wipe out the various payroll taxes, thus raising the demand for and returns to labor. To do so, we need another source of revenue.

As you know, I agree that ad valorem taxes are the best means to the end. However, finding a pathway to the end is important, too. There are lots of trailheads in the income tax law. For example, it is often proposed to tax the "imputed income" of owner-occupied homes. The most obvious, feasible way to impute income is to assess the value, and take a % of it. Thus, the income tax would immediately come to be a partial property tax. The next steps are these:

1, Let homeowners depreciate their improvements - fast, but

only once;

- 2, Include the curtilage, all of it, valued at right use;
- 3, Expand the concept of curtilage to include all vacant land (it must yield imputed income, else why do people hold it?);
- 4, Keep expanding the concept to universality. (Congress has already legislated to tax the imputed value of employer-supplied parking spaces.)

As for realized vs. potential income, of course I prefer the latter as a base, for the reasons you give. However, experience with fast write-off has shown the power of the realized income approach to motivate right land use.

As to taxing land gains, it's an imperfect world, and it is useful to deal with and somehow rope in people who, however misguided, favor this approach. Taiwan has shown the way, I believe: they raise 4 times more revenue from their land gains tax than their property tax on land. It's a pincers approach: the property tax makes 'em sell, the gains tax reaps the revenue. We have to close off escape routes.

Politically and rhetorically, it's also a pincers. One group grouches that the property tax forces owners to sell prematurely. For them, point to the gains tax, urge them to raise it: if they demur, you have unmasked their hypocrisy. Another group grouches about the locked-in effect: for them, point to the property tax, urge them to join you in supporting a rise in the rate. Again, if they demur, you have unmasked hypocrisy. In either case, the hypocrisy will consist in their having concealed the fact that their true concern is protecting unearned wealth.

As the property tax rate gets ratcheted up, there will be no more gains to tax, and that tax will have become irrelevant. This is, of course, the goal. As you say, keep it front and center.

Faithfully,

cc: Polly Cleveland, 14 W. 68th St. #4, NYC 10023

JUL 21 1995

Rising poverty

Hunger in California has grown by almost 50 percent in the past seven years, affecting about 5 million people and rising, according to a study by public health researchers at UC Berkeley. About 2 million children, or 24 percent of the state's children up to age 18, and 250,000 senior citizens are among those who don't get enough to eat, the Berkeley researchers said. The cause is the state's prolonged recession, declining public assistance and declining resources for food banks and other charities. Researchers urged state legislators to stop cutting Aid to Families with Dependent Children.



Richard McKenzie, professor of economics, Irvine, won the Outstanding Book of 1995 award from Choice, a magazine for academic libraries. He won the award for "What Went Right

in the 1980s."

Ships that pass in the night!

UC Focus

exercised a strong
 Gilman was little
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 e be reissued soon,

APPENDIX

SIMILAR CASES

THERE was once a little animal,
 No bigger than a fox,
 And on five toes he scampered
 Over Tertiary rocks.
 They called him Eohippus,
 And they called him very small,
 And they thought him of no value—
 When they thought of him at all;
 For the lumpish old Dinoceras
 And Coryphodon so slow
 Were the heavy aristocracy
 In days of long ago.

Said the little Eohippus,
 "I am going to be a horse!
 And on my middle finger-nails
 To run my earthly course!
 I'm going to have a flowing tail!
 I'm going to have a mane!
 I'm going to stand fourteen hands high
 On the psychozoic plain!"

The Coryphodon was horrified,
 The Dinoceras was shocked;
 And they chased young Eohippus,
 But he skipped away and mocked.
 Then they laughed enormous laughter,
 And they groaned enormous groans,

And they bade young Eohippus
 Go view his father's bones.
 Said they, "You always were as small
 And mean as now we see,
 And that's conclusive evidence
 That you're always going to be.
 What! Be a great, tall, handsome beast,
 With hoofs to gallop on?
 Why! You'd have to change your nature!"
 Said the Loxolophodon.
 They considered him disposed of,
 And retired with gait serene;
 That was the way they argued
 In "the early Eocene."

There was once an Anthropoidal Ape,
 Far smarter than the rest,
 And everything that they could do
 He always did the best;
 So they naturally disliked him,
 And they gave him shoulders cool,
 And when they had to mention him
 They said he was a fool.

Cried this pretentious Ape one day,
 "I'm going to be a Man!
 And stand upright, and hunt, and fight,
 And conquer all I can!

From Charlotte Perkins Gilman, *In This Our World* (Oakland, Calif.: McCombs & Vaughn, 1893), pp. 95-100.

APPENDIX

I'm going to cut down forest trees,
To make my houses higher!
I'm going to kill the Mastodon!
I'm going to make a fire!"

Loud screamed the Anthropoidal Apes
With laughter wild and gay;
They tried to catch that boastful one,
But he always got away.
So they yelled at him in chorus,
Which he minded not a whit;
And they pelted him with cocoanuts,
Which didn't seem to hit.
And then they gave him reasons
Which they thought of much avail,
To prove how his preposterous
Attempt was sure to fail.
Said the sages, "In the first place,
The thing cannot be done!
And, second, if it *could* be,
It would not be any fun!
And, third, and most conclusive,
And admitting no reply,
You would have to change your nature!
We should like to see you try!"
They chuckled then triumphantly,
These lean and hairy shapes,
For these things passed as arguments
With the Anthropoidal Apes.

There was once a Neolithic Man,
An enterprising wight,
Who made his chopping implements
Unusually bright.
Unusually clever he,
Unusually brave,

And he drew delightful Mammoths
On the borders of his cave.
To his Neolithic neighbors,
Who were startled and surprised,
Said he, "My friends, in course of time,
We shall be civilized!
We are going to live in cities!
We are going to fight in wars!
We are going to eat three times a day
Without the natural cause!
We are going to turn life upside down
About a thing called gold!
We are going to want the earth, and take
As much as we can hold!
We are going to wear great piles of stuff
Outside our proper skins!
We are going to have Diseases!
And Accomplishments!! And Sins!!!!"

Then they all rose up in fury
Against their boastful friend,
For prehistoric patience
Cometh quickly to an end.
Said one, "This is chimerical!
Utopian! Absurd!"
Said another, "What a stupid life!
Too dull, upon my word!"
Cried all, "Before such things can come,
You idiotic child,
You must alter Human Nature!"
And they all sat back and smiled.
Thought they, "An answer to that last
It will be hard to find!"
It was a clinching argument
To the Neolithic Mind!

The following abbrevi

CPG	Charlott
GECS	Grace El
GHG	George I
KBSC	Katharin
RIHS	Rhode I
BL	Bancroft
SL	Arthur :

Since most of the Gil
Schlesinger Library,
otherwise specified.

1. Susan Ware, "Ch
1890-1893," unpu
2. Perry Miller, ed..

AUG 12 1995

Mason Gaffney
P.O. Box 7998
Riverside, CA 92513

909/687-1677
OFF 909/787-5037, x1574
FAX 909/787-5685

8 August 95

25 Wildwood Road
Stamford, CT 06903-2111

Dear Wyn:

Wow! I float one simple idea, and you come back with a master plan to reorganize the whole movement! Serves me right for presuming to enlist you in a niche - clearly you are cut out for leadership.

Actually, RSF is stirring, and your master plan will have some takers. I am passing it on to some others than those who got the trading-card proposal, viz:

1. Polly Cleveland, 14 E. 68th St. #4, NY 10023. Polly is a new RSF Director, very active and smart. She is heading a new committee on publications.
2. Sy Winters, HGSSS, 121 E. 30th St., NY 10016. Sy has a small budget within the HGSSS, and is full of plans for marketing Georgist works, as well as helping create them.
3. Drew Harris, 288 - 5th Av #4F, Brooklyn 11215, 718/768-0229; -0303, fax at res. Drew is now Asst. Prof. at Fairleigh-Dickinson, with Ph.D. in Management from NYU where he worked with Mr. Japan ... Deming. Drew has ambitious plans for a new research group, drawing support from all major HG organizations. You and he are master planners of a kind.

You'll find all three of these are not only receptive to big ideas, they are in a position to implement them. They are also your neighbors. Maybe we'll hook you into the movement yet! Had a call from your dad the other day, too. The old Carter genes have long memories - the power of DNA?

Meantime, you might enjoy Gaffney and Harrison, *The Corruption of Economics*, available thru RSF, 41 E. 72nd St., NY 10021. It contains a lot of insights gleaned from your dear grandad, plus one big one from Jessie - some pages from a book by a friend of hers, Grace Jaffe. Here are some excerpts, to titillate you.

By 1920, Ely was 66. He was staring at mandatory retirement, and not ready for it. His vital signs were strong: when admonished by a friend for "chasing girls" at his age, he answered, "Do you want me to commit suicide?" (Jaffe, p.109). He was to live 23 more years, and presently to sire two more children with a young Northwestern athlete, Margaret Hale Hahn (Ely, 1938, p.250). He began a new career, founding The Institute for Research in Land and Public Utility Economics.

Grace M. (Mrs. William) Jaffe became Ely's chief research assistant at Northwestern University in 1929. After they fell out, her memoirs give some insight into Ely's hostility toward Henry George. Doing research for his autobiography, she "discovered some of the less creditable aspects of his academic life, particularly his abject submission when accused of Socialism" (Jaffe, p.113). After that he grew increasingly conservative, and focused more on making money: reprinting and selling texts, consulting for utilities, and speculating in land. "Ely had succeeded in making a small fortune in the Wisconsin real estate business, buying land cheap, and selling it dear. This modus operandi brought him into acute conflict with Henry George's Single Taxers (Jaffe, pp.107-08)."

By 1929 Ely was running out of steam, at least professionally (he was yet to sire two more children, when nearly eighty years old). Ely "had retired into a more or less permanent snooze, and was quite content to have the younger generation write his textbook (Outlines of Economics) for him. ... I was obliged, in order to protect the old man's reputation, to write the pages on 'Rent' and 'The Single Tax' for him. ... Every once in a while he would try to write part of his 'own' book. Ely left his MS on my desk. I read it carefully, but with horror. It was a libelous attack on the leader of the Single Tax movement. ... signed 'Richard T. Ely.' ... I sat down and wrote the section dealing with the economic theory of rent in general and with Henry George in particular. ... that section remained unrevised in later editions. ... Whether Ely ever read what his 'ghost writer' had written, I shall never know" (Jaffe, p.109).

Yet another factor may have been professional jealousy. Ely was highly competitive, shown by his strife with Newcomb at Hopkins. This side of Ely also surfaced in his intemperate outburst at successful rival author Thorstein Veblen - the outburst that forced Grace Jaffe to leave his employ (Jaffe, p.113).

One moral seems to be, don't give a hired hand free run of your papers and then embitter her. Not exactly pure theory, that, but a little human interest should help sell books, no? Besides, the point is that the pretentious pedants who churn out these potboilers are fallible humans.

My best to you and Joe - and the no-longer-so-wee-one.

M.

Mason —

Your idea about trading cards is an interesting one, and ought to be part of a carefully coordinated, multi-pronged program. [Joe has done some business with the folks at Upper Deck, if there would be any reason for being involved with an existing supplier in the genre.]

Some ideas have been bouncing around in my head for a while, and perhaps they may be something you'd like to circulate to your group. These might serve as several additional prongs, to be staged in some logical sequence:

Book To promote LVT, how about a book that has a number of short chapters, developing the concept, perhaps drawn mostly from previously published material. The intention would be that it begin with the simplest version of the story, and escalate into more serious work.

Visually, it might be designed to look something like the Workman cookbooks [for example, the Silver Palate ones], with the inner 2/3 of the width of the page devoted to the primary document, and the outer 1/3 devoted to comments, footnotes, bibliographic material, sketches if appropriate, historical comments, cartoons, etc. The general look would be very user-friendly. It could probably be done on someone's personal computer quite effectively.

Each reader would go as far in it as he or she liked, each probably reaching a point where the material became too complex for them, but it would still be a book they could pass along to someone else based on their interest in it.

It might serve to sell the full works of HG and others who are writing today on the subject; it would certainly be a piece for working with legislators, if it were constructed properly.

The book might start with the example about the pioneer who moves into unsettled territory and holds land, and how his economic status is affected by the arrival of subsequent settlers. It might then look at current questions of justice among land-owners and those who do not own land. It might look at how electronic communication affects the value of land/the need for land in a settled area.

The bibliography would show exactly how to obtain each book, including bookstores that carry it, the Dewey Decimal and LC numbers, the publishers' direct sales information, etc. Also included might be articles in the popular press about the concept, and listings of libraries that carry various journals (?).

Subscription information for existing journals would also be relevant. Also, listings of where people are actively looking at this, both in terms of which states and cities, and which universities, with names and phone numbers of whom to contact.

One chapter (or perhaps one in the earlier portion and one in the later) would be devoted to the moral and religious aspects of this; another to the economic; feasibility issues (what portion of needed revenues would be produced, what else would supplement it, transition, etc.)

Among the objectives should be to inspire some college independent studies and theses ("hey kids, are you looking for a thesis topic?")

Internet A version of the book might also go on the Internet, and perhaps internet references, if appropriate, might appear in the hard copy.

There should be one or more LVT-related home pages on the Internet, with opportunities for conversation with knowledgeable folks.

Book Tour The book tour to promote such a thing would involve the local NPR affiliates and other talk radio stations. Also, other college and university affiliated stations might be obvious targets.

Article-length piece to be mailed widely to a list of people judged to be opinion leaders and/or intelligent folks who might be interestable. Congressional aides and various think-tanks, people like LWV (though not approached as such!), Garden Clubs, Church hierarchies, UN people, . The list of names and addresses would be a major undertaking, but one of the most important pieces of this. Obviously, the electronic version, sent to e-mail addresses of likely people, would be done at the same time.

Magazine articles Magazines like Tikkun, Atlantic, etc. might also be targeted; even Reader's Digest. How about periodicals published by various religions? If this were really well coordinated, one would look for coverage from the newswEEKlies of both the idea and the approach to promoting it.

Pamphlet The very shortest version of this, the teaser, whose objective is to get people to look further into the other materials described here. These might be provided to places like Ellis Island and Monticello, the various Mark Twain museums, etc., for distribution.

Advertising, where p.r. fails, might be as simple as classified ads or small display ads in a variety of carefully targeted magazines: the enthusiasts in a large number of fields.

I've jumped directly to tactics without stopping to make clear the objectives and only implying the strategies, which is certainly a weakness of what I've laid out here. As I envision the objectives they should be to reach as many people as possible in as many ways as possible, to create awareness of what George sought to achieve for society. I'd be happy to talk about fleshing it out with whomever is interested. As may be obvious, my grounding in George is superficial, but the interest is apparently in the blood.

Wyn

(Wyneth Carter Achenbaum)

25 Wildwood Road, Stamford, CT 06903-2111

voice: 203-322-6145 fax: 203-322-4575

FYI - to P.C.



AUG 12 1995

CLAY BERLING

Auto-Life-Health-Home and Business

1639 Solano Avenue

Berkeley, CA 94707-2108 PHONE (510) 527-6011 FAX (510) 527-6016

August 3, 1995

MASON GAFFNEY
P O BOX 7998
RIVERSIDE, CA 92513

Dear Mase,

Thanks for your letter. No, I didn't know about BEE. Is that good or bad news as you see it?

As to the \$43 Million settlement, what else is new??????? Reminds me of Salt Point Park up (or down?) the coast a few years ago. It's always the same old story.

Thanks for tossing my hat in the ring again. We'll see.

Incidentally, intellectual properties (e.g. patents) have value because they have protection in our society, a kind of privilege maintained by the State under penalty of our law. Shouldn't they be taxed somewhat accordingly. I see a guy like Gates and Microsoft who become zillionaires because of this. Sure I think they deserve to be well compensated, but shouldn't the community also reap some reward because we enforce their privilege of not being copied willy-nilly? That enforcement costs money, too.

On the other hand, why should capital gains be taxed lower than "earned income?" I realize the benefit to possibly helping stimulate production by subsidizing some risk, but so what? In most cases the first capitalization is the only real encouragement for production. After that it is a gambler's game. Pardon my ignorance, but I was thinking about this while driving to work one morning.

The personal news is not good. Our oncologist (who has supported our use of alternative therapies) says she has lasted four months longer than he originally thought as max. Now he feels (and she appears) to have 1-2 months left. Other tumors seem to be starting near the lung area. Still ambulatory, but rests a lot. Has upped the morphine so she fears she can't take a chance on driving and that bums her out.

See the attached copy of local news story about me. She did go with me to Oneonta, NY for the induction ceremony. It was tough on her, but she wanted to be there. Aug 10-13 I'll be in Cincinnati where I will again be honored at the AGM of the US SOCCER FEDERATION. She wants me there, but won't be with me. I have a nurse coming in each day while I'm gone to give her our continuing shots and I.V.s. Life sure isn't fair sometimes.

→ Anyway, I may be more open to outside activities in the near future. I don't like the trade, but what else can I do? Hope our paths cross soon.

Clay

An honor long overdue

Soccer magazine founder in sport's Hall of Fame

By Dwight Chapin
EXAMINER SENIOR WRITER

When Clay Berling entered the publishing business a quarter of a century ago, a lot of people thought he should have his head examined. And he wasn't sure they were wrong.

Now look what's happened.

Come July, magazine veteran Berling will be among five 1995 inductees at the National Soccer Hall of Fame in Oneonta, N.Y., which is not far down the road from Cooperstown and the Baseball Hall of Fame.

Berling, a lifelong San Francisco resident who runs a Berkeley insurance agency, started a newsletter called Soccer West in 1971.

"I was a big fan of soccer, very much involved in the NorCal Soccer League, and thought there should be some way of keeping track of all the results," he said. "I was stupid enough to think I could do it even if no one else could. My friends said they gave me six months. That was about the average length of time for soccer publications in those days."

But Berling fooled everybody.

Soccer West became Soccer America, an Oakland-based national weekly that will celebrate its 25th anniversary next year.

Soccer America, which now has 26 people on staff, was pretty much a family enterprise at first. Berling's late first wife, Ruth, helped out, and daughter Lynn Berling-Manuel, who now runs the magazine, did copy editing.

"It didn't really take off until our 10th or 12th year," Berling said. "At that point, I decided I had to get in or get out. I got in, and we lost more money than ever. I'm lucky I had the insurance business to support my habit."

Berling has never drawn a paycheck from Soccer America, which he now serves as chairman of the board.

"All's he gotten out of it is attention — or lack thereof — from soccer," his daughter said.

But labors of love are like that. And Berling, who'll turn 65 in November, clearly still has a passion for soccer.

"I've always thought it was a great game for kids," he said, "and I think it's got a good future at other levels, too, including professionally in the United States. Maybe I'm an optimist, but I believe it will do well, depending on the concept and how it's marketed."

"The North American Soccer League had a real chance to succeed, but the organizers overshot. They spent too much money on

things they didn't have to spend on. And then I really feel they copped out too soon."

Berling and his magazine have influence at the highest levels of soccer, including top U.S. officials Alan Rothenberg and Hank Steinbrecher, whom Berling has known since way back when.

In announcing Berling's Hall of Fame selection, in the first year he was nominated, a hall spokesman said, "His publication has provided a link between the pioneers of the soccer boom of the 1970s to the current successes of the sport — players, coaches, corporate sponsors and fans alike. His contagious optimism continues to have a national impact."

Berling wasn't entirely surprised by the honor.

"In a way, I felt, 'Boy, it's about time,'" he said with a laugh. "In another way, I felt, 'This is great! I've finally reached the pinnacle of recognition in this game.'"

Berling and wife Pat are making travel plans for the induction ceremonies July 2.

"I'm just so happy for him," Pat said. "This is the culmination of 25 years of hard work and dedication."

She added, though, that Hall of Fame selection was far from the only gift Berling has received from soccer.

"Clay's rewards," she said, "mostly have been traveling throughout the world, knowing so many people and having so many friendships."



Clay Berling

AUG 12 1995

Mason Gaffney
P.O. Box 7998
Riverside, CA 92513

909/687-1677
OFF 909/787-5037, x1574
FAX 909/787-5685

3 August 95

Polly Cleveland
14 W. 68th St. #4
NYNY 10023

Dear Polly:

At last, at last, your great letter of 12/94 in re Marianne Jennings' great NYT letter has surfaced. They are both so great, I am overcome. Which is worse, the narcocracy or the professorocracy? Dunno, but the Romans had a phrase for it: *sed quis custodiet ipsos custodes?* No doubt the Greeks got there first.

One thing your letter omits is that most university employees (at least in this system) are "support staff." Perhaps 15% of those in the UCR phone book ever teach or research.

Concerning the possible fate of nitpicking intellectuals, hear this:

Louis XV expelled the Jesuits, 1764. Why?

"Bigotry went hand in hand with immorality. ... the contest over Jansenism was waged w/o intermission. The articles of belief so fiercely discussed were metaphysical subtleties ... which now seemed w/o meaning to intelligent men. ... the intolerance of the Jesuits and the higher clergy had become unbearable. The Jansenists were loved for the enemies they had made."

"An institution which had absorbed a large proportion of the wealth of the community and refused to share in the public burdens, ... which declared eternal salvation to depend upon the acceptance of incomprehensible subtleties ... could not continue to control mens' minds ..."

- James B. Perkins, 1892, *France under the Regency*, pp. 10-12.

Don't say I didn't warn you!

I will circulate these three items to my colleagues. To be sure, I've tried similar things before, and "my words like silent teardrops fell, and echoed in a well of silence." Maybe I'll go straight to the Chancellor, or the Regents, or the Governor! However, my colleagues are concerned over our dropping enrollments in economics, so this is a good time to try again.

Sy Winters has come up with a fascinating new find in Dennis King. Among him, Mike, and Bob Fitch, we have quite a "salon" in the making. We could start meeting at the Hotel Algonquin (if still there). You may play Dorothy Parker.

Love,

M

Copy: P.C.

AUG 12 1995

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8 August 95

Clay Berling
1639 Solano Avenue
Berkeley, CA 94707-2108

Dear Clay:

Is the BEE news good or bad, you ask. Sort of good. We'll get a nucleus, the little that Floyd left. George Babilot thinks he knows where to raise more, once people are sure that Floyd is out for good. Meantime, we won't see the money until next year, and just hope the lawyers will leave us some - and someone has driven a stake thru Floyd's heart. He evidently loves to sue.

You make a good point about patents - and timely, too: I am just estimating the taxable capacity of "land," in the broad Georgist meaning. I take that to include all privileges, and thus far I have not had the courage to enter the patent thing - it is so darn complex. I will add it to the list - but disclaim any ability to give it an exact figure. Then I'll be ready for anyone asking "Yeah, but what about Bill Gates?"

I agree, if we're going to tax income at all, capital gains are surely income - and should be taxed higher, not lower, if they come from land increments.

You and Pat have been through the ringer. Nothing I write can change that, but you sure have my sympathy, and my admiration for your fortitude and devotion, which clearly is mutual. It is really touching that Pat went with you to Oneonta. May the last days be peaceful and, in their own sad way, fulfilling. My Uncle (by marriage) Arthur, a minister, took care of my Aunt Sally for 10 years; then found some solace by writing two books about it. One was a diary-biography of their life together; the other was a book about suffering. The second was not so much about Sally as about all his experiences as a preacher, and a chaplain in W.W. II, comforting the afflicted: it's a big part of a preacher's life, if he does his job. Not exactly a best-selling title, it's something we go into denial about, but there it is, and he lays it out pretty well.

Congratulations on joining Pele and other greats in the Soccer Hall of Fame! My son tells me there are a few journalists at Cooperstown, too. I never heard of any in the Golf Hall at Pinehurst, though, so you may be setting a precedent.

→ With all your experience in publishing, you are now a natural for the new RSF publications committee. We are trying to professionalize the RSF distribution operation. We adopted some

✓ new rules last year whereby committees may ship on members who are not Directors. I will pass on this idea to Polly Cleveland, chair of the new committee.

With kind regards,

Semper,

M

FYL - M.B.

DEC 23 1995

1994, "Solutions to the Global Forest Crisis." Forest Voice:
7(2):12-13, Spring. No author

W.R. Hearst owned vast forest lands in Mexico; Pancho Villa took them over. Hearst opened hate campaign vs. Hispanics. He turned it into a campaign vs. hemp, a paper substitute. Hemp is also source of pot, although it is a different kind of hemp. **ADD POT TO PRODUCTS OF FORESTLAND THAT SHOULD ADD TO ITS VALUE.**

1937, Congress puts heavy tax on hemp, 100%, in response. This raised value of Hearst's trees. Trees became sole source of paper pulp.

AMA testified vs. the tax. So did industries dependent on hempseed, 2nd only to soybeans in nutritive value.

DuPont sided with Hearst. They made chemicals used in pulping wood.

Now, war on drugs targets hemp, its industrial uses unknown to modern Americans. Before Hearst, it was widely used for rope, paper, etc.

Not documented, and sounds a little forced here and there.

Kenaf grows like bamboo, to 13'. Needs little fertilizer, pesticides, or water. Yields 7-10 tons of raw fiber/a, - 4x as much as s. yellow pine, and does it each 150 days! USDA chose it as most commercially viable alternative to trees for paper. Resists pests: "everything eats it, nothing hurts it."

DEC 23 1995

AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS

1012 FOURTEENTH STREET, N.W., SUITE 500
WASHINGTON, D.C. 20005-3465
FAX: (202) 737-5526
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President:

JAMES E. PERLEY
College of Wooster

General Secretary:

MARY BURGAN

November 17, 1995

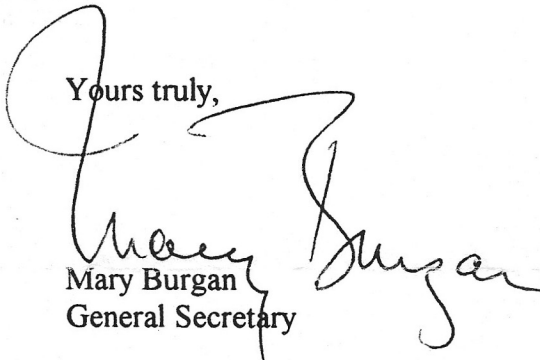
Mason Gaffney
Department of Economics
University of California
Riverside, CA 92521

Dear Professor Gaffney,

A belated thanks for your letter of September 30 setting us straight on Mrs. Leland Stanford and the motivation for the firing of Edward A. Ross, which eventually led to the founding of the American Association of University Professors. I am glad that we now have the story straight, and I've asked our director of publications to make the proper emendation to our brochures.

I am also passing your letter on to the managing editor of Academe. She may want to ask you if she might use it as the source for a piece there. Many thanks for writing.

Yours truly,


Mary Burgan
General Secretary

Mason Gaffney
Department of Economics
University of California
Riverside CA 92521

30 Sept 95

President James E. Perley (College of Wooster)
AAUP
1012 - 14th St. NW #500
Washington, D.C. 20005-3465

Dear President Perley:

This note is to call your attention to an error in your brochure headed "AAUP." There was never a "Mrs. Leland Stanford, Jr.," because Leland Stanford, Jr. died as a child. Your reference should be to Jane (Mrs. Leland) Stanford, widow of the original robber baron, and tyrant of Stanford University after his death. She and Leland named the University in memory of their deceased son (upon the advice of a medium who said he might reach them from the afterworld).

By 1901 the gold standard issue was quiescent. Jane S. had other reasons to dislike Ross. Here is one. In 1893 Ross reviewed "The Unseen Foundations of Society." Political Science Quarterly 8:722-32. This was an attack on Henry George by the Duke of Argyll (1893, London: John Murray). Ross pans it as self-serving, and takes George's part.

"Only since the modern movement against private property in land began, have the implications of the British value doctrine come to light; but already alarmed individuals are abandoning English economics and hastening to take refuge with the Bastiat school of economists."

A writer on the period is Furner, Mary O., 1975. Advocacy and Objectivity: a Crisis in the Professionalization of American Social Science, 1865-1905. Lexington: The University Press of Kentucky. Published for the Organization of American Historians. Furner says, p.231, Edward A. Ross was fired by Jane Stanford, 1900. In Cedar Rapids, IA, and as an undergrad at Coe College, "Republicanism, protectionism, and capitalism were only slightly offset by smuggled volumes of Henry George."

These hints suggest that Jane Stanford's vendetta against Ross may have had more to do with his sympathy for Henry George than his views on the gold standard. This would have been not

just ideological, but personal. George, in his California period, had clashed directly with Leland Stanford, and exposed his excessive r.r. land grants.

This view is supported by the role of John Dewey in forming the AAUP. Dewey was active in publicly supporting the Georgist ideas, from at least 1917 to the late 1930s.

Ross was only one of many liberal and radical professors to be dismissed for their views, before AAUP. Furner's book lists several others. I have a list, too, in my 1995 book, **The Corruption of Economics** (London: Shephard-Walwyn). Some were perhaps more worthy than Ross, who, although liberal on some counts, was quite a racist. Are you sure that it was just the Ross case that spurred Lovejoy and Dewey in 1915?

Sincerely,

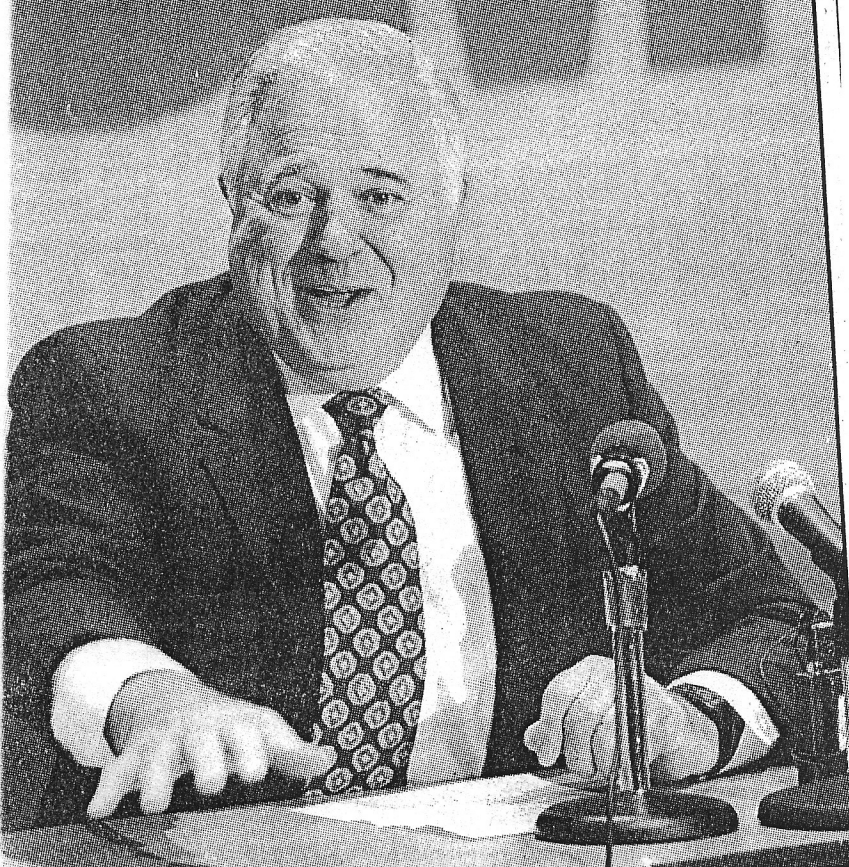
(Acknowledged by Mary Burgan, Gen. Secy of AAUP, 17 Nov. 95, with thanks. They are changing the brochure.)

DEC 15 1995

Polly -
These newspaper items were sent
by Mason. - My copying. Tom

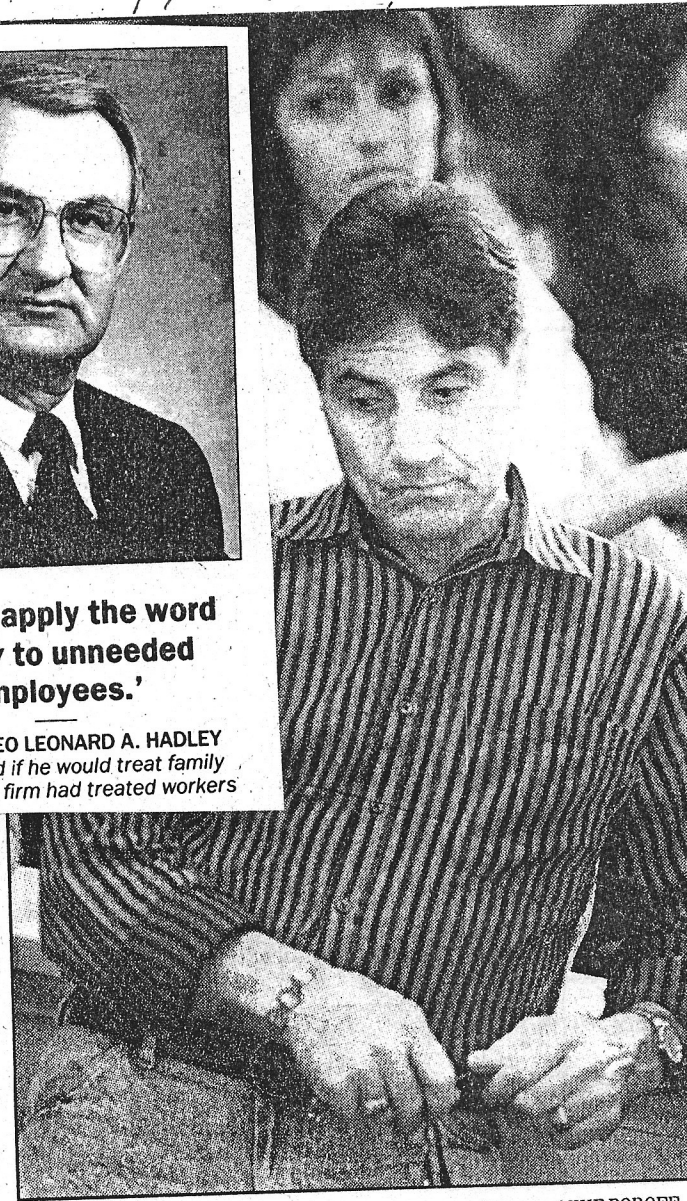
Business

This is
FUN!



**'I can't apply the word
family to unneeded
employees.'**

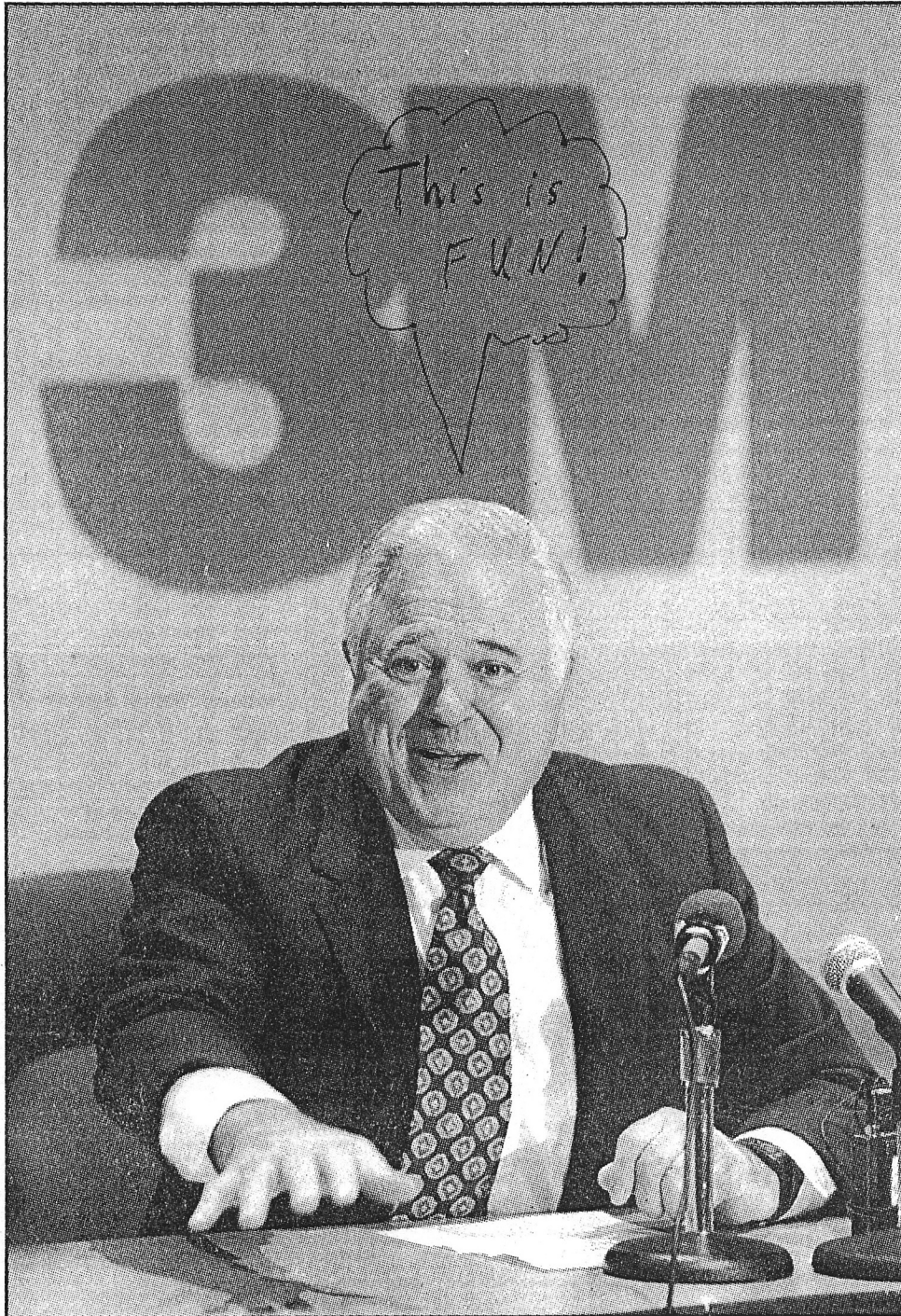
MAYTAG CEO LEONARD A. HADLEY
When asked if he would treat family
members as firm had treated workers



Photos by MIKE BOROFF

Elston Rickard, attending an October court hearing, had
years at the Dixie-Narco vending machine plant when

Business



The Associated Press

L.D. DeSimone, chief executive of 3M, talks about the company's plan to drop low-profit divisions and eliminate 5,000 jobs.

3M quitting video, audio tape business, cutting 5,000 jobs