The Robert Schalkenbach Foundation (RSF) is a private operating foundation, founded in 1925, to promote public awareness of the social philosophy and economic reforms advocated by famed 19th century thinker and activist, Henry George.

Today, RSF remains true to its founding doctrine, and through efforts focused on education, communities, outreach, and publishing, works to create a world in which all people are afforded the basic necessities of life and the natural world is protected for generations to come.

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"Who reads shall find in Henry George’s philosophy a rare beauty and power of inspiration, and a splendid faith in the essential nobility of human nature."

- Helen Keller

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Land Value Tax (LVT) (noun):
a tax on land, levied to recapture the portion of its value that results from the community-generated amenities to which it gives its owners unique access.
A LONG-TIME PARTNER, A NEW PARTNERSHIP  BY JOSIE FAASS, EXECUTIVE DIRECTOR

The Robert Schalkenbach Foundation is pleased to announce the creation of the "Center for Property Tax Reform" (CPTR), a new, joint undertaking with our long-time collaborator, the Center for the Study of Economics (CSE) in Philadelphia.

Those of you who know CSE, and its Executive Director Josh Vincent, know that their experience and expertise working with community leaders and promoting the adoption of Land Value Taxes (LVT) and two-rate property tax systems are unparalleled. Recognizing the importance of this unique, hands-on approach, RSF has long supported CSE’s efforts. With the creation of CPTR, however, we’ll go far beyond just providing monetary support, by entering into a genuine partnership with our esteemed colleague.

Under the banner of CPTR, Josh, Brendan Hennigan (RSF Program Director), and I, will orchestrate an ambitious program of outreach, coupled with the creation of customized case studies and impact assessments, as a way to raise awareness among state and local officials, community groups, and other target audiences, of the potential benefits they could realize by adopting smarter tax policies.

What exactly will this look like? Well, a lot will depend on the location. In some states - like Ohio - it’s actually illegal to impose different tax rates on land and improvements. In others - like New York - there are no legal barriers, but the one implementation to date failed. So we’ll be taking our cues from place-specific obstacles and opportunities, and of course, working within our legally-defined constraints as a Private Operating Foundation.

Needless to say, I’m excited for this new undertaking, and look forward to providing you updates on our progress in the coming weeks and months!

And if you can’t wait to learn more about CPTR or would like to share our information with new audiences, visit us on the web at: www.centerforpropertytaxreform.org

Did you know?
- Land Value Tax can be implemented using existing property assessment data
- Land Value Tax can replace regressive local taxes
- Land Value Tax can help encourage in-fill development and discourage sprawl, making it a valuable urban revitalization tool
DIRECTORS' PERSPECTIVES

WHERE THE RSF BOARD EXPLOR ES CURRENT APPLICATIONS AND IMPLICATIONS OF HENRY GEORGE'S TEACHINGS.

CORRECTING PAST INJUSTICES

BY BILL BATT

History is replete with injustices. They affect not only persons individually but entire populations of people. In our time, various efforts are underway to newly or differently address and, if possible, rectify some of these injustices.

Noticeable instances of these plaints in the United States are being raised by select groups of African-Americans calling for reparations for the enslavement of their ancestors the abuse of slavery that have consequences even today. Arguments for U.S. government reparations to the contemporary decedents of slaves, made at length by Ta-Nehisi Coates in the Atlantic Magazine, in the New Yorker, and elsewhere seem to be gaining in strength.

The historic treatment shown to Native American peoples is also at issue. Native peoples of this continent were slaughtered in brutal massacres and wars, and herded on to reservations, and treated with indignities so impervious to acceptable description that, in some instances, they were excised from contemporary accounts. Native Americans have long claimed that their land was unjustly seized or stolen, which acts they argue were predicated on what is sometimes called the “Doctrine of Discovery.”

The treatment of immigrant populations as they settled in the United States and attempted to integrate into American society is also a sorry tale. Japanese Americans, who were already U.S. citizens, were imprisoned by order of the Roosevelt administration during World War II; and Jewish refugees seeking to escape from Nazi Europe were interdicted. These instances of egregious mistreatment are the results of errant public policies. They do not, however, speak about the injuries due to instances of faulty goods and services provided by private sector realms.

Recognizing and Accounting for Historical Injustices

In attempts by historians to be at once accurate, fair, and honest, many of these dreadful episodes are now being retold and explicated with evermore historical scholarship and detail. Indeed, in many cases, this unjust treatment is now recounted with far more openness and honesty than ever before (and oftentimes more than it is recounted and examined elsewhere in the world). (cont’d on pg. 5).

THE LANDLORD'S GAME: A PRECURSOR TO MONOPOLY

BY RICHARD BIDDLE

Over the past 15 years, I have lectured numerous times on the little known history of the origin of Monopoly, on the basis of my personal experiences. The history of the LANDLORD’S GAME is part of the material I incorporate.

My involvement and fascination with the game started at age 5 when my 8 year-old brother first got me to play our 1936 edition of Monopoly. As I recall, my brother read the Monopoly “rules” in his favor, taking advantage of the fact that I was a pre-reader. It was a rare day if I won, and then it was usually the result of my cheating and lying about how I won, because the “rules” of the game were rigged against me. I quickly learned that there were a host of possible strategies to utilize in winning. I believe I witnessed some cheating in an adult Monopoly competition about 10 years ago.

THE LANDLORD’S GAME is the precursor to and basis for the Monopoly game. Elizabeth Magie (in 1902-1903) invented the games as a means to educate people about Henry George's political economics. She was a Georgist, as was her father.

The TV game show Jeopardy on September 5, 2019 posed this fact for its contestants’ response: THE ORIGINS OF THIS POPULAR HASBRO BOARD GAME GO BACK TO THE 1904 THE LANDLORD’S GAME. Of course, the correct answer was: “What is Monopoly?” But what was the original basis for THE LANDLORD’S GAME? The answer to this question is much less known.

HG Trivia

As a young man, Henry George circumnavigated the globe as a foremost boy on a trade ship called "The Hindoo."
NEW YORK CITY TAXI MEDALIONS

BY LEE HACHADOORIAN

In many large American cities that regulate the number of taxi cabs allowed to operate commercially on their streets, taxi cab permits take the form of a medallion bolted to the hood of the taxi. New York City instituted its taxi medallion system in 1937, after a period during the Great Depression when there were too many taxis pursuing too few customers. The medallions were sold by NYC to taxi operators, and could be resold in the secondary market. For much of the 20th century, the number of permits in NYC remained constant at about 11,000. The purchase price increased over this period, but from about the mid-90s to the early-00s the price of a medallion stayed pretty stable at about $200 to $250 thousand.

Some of the New York City taxi medallions are owned by the drivers, but many are owned by corporate owned fleets. In the 1990s, the city, for the first time in six decades, auctioned a limited number of new medallions. In 2004, the city began auctioning off even more medallions as a source of revenue. Between 2004 and 2014, NYC collected revenue in the amount of $855 million from the sale of taxi medallions. According to a series of articles published in the New York Times, this period also corresponds to a run-up in medallion prices. At the peak of the market, medallions were selling for over $1 million each. Then, in late 2014, the market plummeted. A 2019 auction of sixteen medallions saw three of them sell for under $140,000, and 13 of them were not bid on.

Who purchased a medallion for $1 million? Many of the purchasers, both at auction and on the secondary market, were taxi drivers who took out loans to purchase the medallions. The loans were variously obtained... (cont’d on pg. 6)

FEATURED PROJECTS

RSF CONDUCTS AND SUPPORTS WORK IN COMMUNITIES, EDUCATION, OUTREACH, AND PUBLISHING

LAND AS LEVERAGE

A PANEL PRESENTATION AT THE APA MARYLAND BIENNIAL CONFERENCE

APA Panelists from Left to Right: Alan Reinberg, Marty Rowland, Josh Vincent, Josie Faass

On October 7th, 2019, Josie Faass (RSF ED) and Josh Vincent (Center for the Study of Economics ED) participated in an expert panel presentation titled, “Negotiating Change: Balancing Development, Climate Change, and Preservation in Maryland.” Josie’s presentation gave participants an overview of LVT; Josh’s focused on how smarter taxation could aid in Baltimore’s redevelopment.

The panel was well attended and included a lively question and answer session. Follow-up with several representatives of Maryland towns in attendance is underway.

WHO OWNS THE EARTH?

A SAN FRANCISCO LIBRARY EXHIBITION

Who owns the earth? Why is there so much poverty amid so much wealth? Who has the right to profit from nature? This exhibit, created with support from RSF, highlights the life and work of Henry George, the social theorist and economist, who observed this paradox 140 years ago while living and working in San Francisco. His book Progress and Poverty (1879) stirred his generation to question social inequities during the Gilded Age as the pockets of land barons and railroad monopolists fattened off the natural wealth in land.

The exhibit is free to the public, and will be on display from October 12th to December 28th, 2019, at the San Francisco History Center, Main Library at 100 Larkin St.

Henry George campaigning for Mayor of New York City in 1897.
Correcting Past Injustices (cont’d from pg. 3)

Who bears the burden of responsibility for these sordid policies and their consequences? Historians and social scientists of a conservative bent are prone to argue that the past has always been flawed, and that one cannot judge past practices by the standards of today.

But calls for reparations are resurgent, by financial means or by some equivalent mode of compensation. They all are forms of what are often called "entitlements," meaning that certain people are "owed" recompense to settle historical accounts as a matter of justice.

The theory of entitlements originates primarily from the work of Harvard philosopher Robert Nozick. He defined three kinds of entitlement: first, the rights to acquisition, particularly of property in the natural world; second, the merits of exchanges, i.e., how to judge the fairness of goods and services traded and otherwise distributed; and third, how social injustices that result from past government policies and actions should be compensated.

But resolving such claims can lead to an infinite regress. How, for example, should there be a resolution to the disputed lands in the Palestine/Israel conflict, given the decades and seemingly intractable complexities of the conflict? How should historic debts growing out of slavery in the United States be resolved? Can this type of debt ever come to an end? Some argue that past persecutions and injustices can never be adequately addressed, that partial and incremental political measures of 'muddling through' are the only recourse. Or one might just wipe the slates clean, something the Biblical practice of the Jubilee attempted to achieve.

A Solution Proposed by Henry George

Adherents to the economic philosophy of Henry George believe that with regard to reparations there is an answer, at least for title claims to elements of nature. The solution involves historical recognition that all titles to natural resources—what George called "land," have been acquired by force or fraud, and that therefore they are bogus.

So any notions of property ownership that obtain should be provisional, held only in usufruct. The word itself now sounds archaic. Because land titles and land values are socially created, the wealth produced from their use, known classically as rents, rightfully belongs to the community as a whole, however the community is defined.

A second aspect of this economic philosophy involves the distribution of said rents. They should first be used to finance the public goods and services necessary for a civilized society to function equitably and in full. This obviates and supplants the need for any taxes on people's labor or the goods that they make. Any further surplus should be distributed severally to the people, in what have today come to be known as a "citizens dividends" or a "basic income guarantees." The simplest manner of doing so, with the least administrative overhead, would be to give to every person, rich and poor alike, a share of the sum recovered as unearned income.

Today, the number of claimants seeking reparations for past injustices is growing by the year. Each party says it is most deserving. Each party argues that its case should take precedence. But the grievances of every party cannot and will not ever be satisfied. Past injustices are simply too many, and the claimants are too varied.

A better solution is to recognize what Henry George proposed over a century ago. Recognizing people's right to keep what they have worked for and earned respects the integrity and autonomy of every individual. In contrast the public collection of communally created rents would end the continued existence of inherited titles and privileges that lack legitimacy in any case. French enlightenment philosophers like the Physiocrats and Proudhon argued for just such remedies. This communal wealth can then be used to remediate whatever claims we deem appropriate.

Recent thought has also focused on the social provision of a universal basic income for all. The currency of this idea has spread to experimental practice in several countries, promising to address the loss of earning opportunities increasingly seen in post-industrial nations. Provisions such as these would recognize the interdependent creativity of social membership. They would also foster an understanding of our just desserts.

Support for this solution has come from all parts positions within the political spectrum. It is not, after all, only the impoverished members of society who would receive from what George called the "unearned increment." The wealthiest members of society would also enjoy unearned rents. The key is in how earned and unearned income are defined. Recognizing and incorporating this fundamental distinction is central to the conception and implementation of such a proposed distributive justice design.

The Landlord's Game: A Precursor to Monopoly (cont’d from pg. 3)

as the patent on the 1939 LANDLORD'S GAME.

The first wooden board for the game was made in Arden, DE, a Henry George Single Tax enclave, and an arts and crafts community. The 1906 printed edition is very rare. Thomas Forsyth found one in his parents’ house in the 1990s. It was in very good condition and mostly complete. Fortunately, Thomas held on to the game and studied it and its history; he now makes available the important replica edition.

The rules for the 1906 THE LANDLORD'S GAME have an alternative single tax choice. Two players can vote to enact them. Among other things, revenue that would go into private pockets, thus would go into the public treasury. I recently bought two copies of the 2019 replica of the 1906 edition of THE LANDLORD'S GAME (LLG) from Thomas Forsyth. I also met Thomas Forsyth in January 2001 after having purchased a rare 1939 Parker Bros. edition of LLG on eBay.

My purpose has been simply to find more information about, and to make better known, the true story of Monopoly and how it relates to Henry
George’s economic theories. I recently found the children’s book by Tanya Lee Stone and Steven Salerno Pass Go and Collect $200: The Real Story of How Monopoly Was Invented (Henry Holt and Co. 2018). It is well written with great illustrations. The only disappointment for me occurs near the end of the book in “A Note from the Author,” which, as the below quotation makes clear, misstates Henry George’s Single Tax theory.

“Just as (Charles) Darrow and others who modified Lizzie’s game were inspired by her original idea, it was a writer named Henry George who inspired Lizzie. George’s ideas about wealth and poverty caught Lizzie’s attention. George believed that everything found in nature – such as land – belonged to everyone and should not be taxed, that the value of land should not rise, and that only what people did to improve land (such as build on it) should be taxed. Therefore, he reasoned, landowners had no right to continually increase rents simply because they owned the land on which the building sat. This was the basis for Henry George’s single tax theory, and it was this theory that sparked Lizzie Magie to create the Landlord’s Game, a game that began the worldwide craze of Monopoly.”

THE LANDLORD’S GAME was featured on PBS’s HISTORY DETECTIVES (Season 2, Episode 2, 2004), which I recommend as an excellent introduction to the game’s history.

New York City Taxi Medallions (cont’d from pg. 4)

from credit unions, a lending company that specialized in medallion loans, large banks, and large taxi fleet owners. According to the Times, a small number of credit unions specialized in medallion loans. The loans were treated as business loans and did not benefit from the regulatory protections that apply to consumer loans. The credit unions specifically had regulatory carve-outs that let them operate very permissively; all of these credit unions were closed by Federal regulators following the collapse of the medallion market.

During the housing bubble that peaked in early 2006, many homeowners were encouraged to refinance, and take cash out of their home equity to use for other purposes. Similarly, as the price of taxi medallions increased, medallion owners were encouraged by lenders to refinance. Some owners used the cash to purchase homes or pay for their children’s college tuition.

There are many ways in which the medallion loans mimicked the worst practices of the subprime lending that led to the 2007-2008 mortgage crisis. Common features included interest-only loans, hidden fees, low or no down payment, and little to no verification of borrowers’ ability to repay the loans. The New York Times reported that some borrowers may have been encouraged to lie on their loan applications, and the paper quoted a Harvard Law School instructor as saying “I don’t think I could concoct a more predatory scheme if I tried.”

Taxi drivers in New York City are overwhelmingly immigrants to the United States. Some borrowers, due to their limited English comprehension, may have not understood what they were signing. In some cases, borrowers may not have even been aware that they were signing a loan, or aware of how much they were promising to repay.

A number of people blame the taxi medallion market collapse on the competition of the ride-share services Uber and Lyft. The New York Times lends some credence to this explanation. But the paper also focuses on the actions of the city in making money off of the taxi medallion auctions, as well as on the fact that some fleet owners may have manipulated the market (one owner claimed to have overbid on medallions in order to increase the price of his other medallions), and on predatory lending practices. There are currently on-going federal and city investigations of lending practices, and one notorious debt collector has been arrested. The city has so far resisted calls for a bailout of the drivers who owe more than their medallions are worth.

While the New York Times investigation goes far in documenting predatory lending practices, this predatory lending was itself made possible by the city’s decision to offer medallions for sale in the way it did. That is, while the Times looks askance at the city’s choice to derive revenue from the medallion auctions, it still accepts the premise that the city should derive revenue from regulating certain kinds of activities. The problem is not in the revenue obtained; it is treating the medallion as an ownership right rather than a rent.

Economists define “land,” as a factor of production, as anything that is in fixed supply. This includes literal land, as in a parcel representing the right to use a particular location on the Earth, but also things like the broadcast spectrum. Broadcasters piling onto a particular radio band will interfere with each other’s signals; thus, while it doesn’t represent a location in space, it is a limited resource. By regulating the broadcast spectrum and stipulating that only one broadcaster can use the “address” of a particular radio band, the state creates a right with monetary value in the form of rent.

The governments (federal, state, and local) of the United States have tended to offer these rights, whether, for example, to broadcast spectrum and taxi medallions, as an ownership, like a property parcel. A buyer pays a fee simple, and has use of the property in perpetuity. As Henry George observed with respect to (literal) land: with economic progress these property rights will increase in value; at the same time, newcomers will have no choice but to pay rent to those who were there before them.

New York City, and other city governments, have a number of goals in providing taxi medallions. They want to make sure that there are not too many taxi cabs on the streets, both in order to manage traffic congestion in the city, as well as to make sure that the drivers’ earnings do not decline due to a disproportionate increase in competition for passengers. Additionally, they may want to bring in revenue. For six decades, New York City earned ‘no revenue’ from the medallions, because they had auctioned them for ownership. Any profit due to medallion resale accrued to the owners, not the city, until the city began auctioning additional medallions.

The city could accomplish all of these goals more effectively if the taxi medallions were leased rather than
sold. The lease could be renewed annually or every few years. The number of cabs on the street could be regulated more responsively, with the number of medallions available increased or decreased on an annual basis. The city would derive a revenue stream from existing leases each year, rather than, as in previous decades, not receiving any revenue from the large number of taxi medallions that were sold. When New York City issued new taxi medallions, beginning in 2004 and then for the next decade, it received a large cash infusion. But the city seems to not have considered the future financial health of owner-operators. How much better would the city's finances have been if it had a revenue stream from taxi medallions leased during the previous six decades?

Moreover, how much clearer would the financial transaction have been to the taxi drivers if they were leasing a medallion annually, rather than taking out a loan to purchase a medallion? The New York Times describes the finances of one medallion buyer who had almost $12,000 monthly revenue, but only $1,400 in take home pay after more than $5,500 in operating expenses (including vehicle maintenance and gas) and almost $5,000 in loan repayment! Would this driver have been as enticed by the prospect of a medallion lease so as to purchase it for $5,000? Would the city even charge $5,000 per month for a medallion? And if the city did, wouldn't it be clearer to the driver that this was an operating cost, not a road to financial independence?

Many taxi drivers, like home buyers during the housing bubble-mortgage crisis, were trying to own a piece of the American Dream. They thought that owning this particular property, the taxi medallion was a means to accrue wealth. The drivers saw city advertisements emphasizing medallion price appreciation, and promising that with the purchase of a medallion they were on the way to a “worry-free” retirement. Analogous to what home buyers thought about home values during the housing bubble, the drivers thought medallion prices had nowhere to go but up.

Cities certainly have a reason to regulate resource congestion, including land for housing, parking, business permits, and, yes, the number of vehicles for hire. This includes taxi medallions as well as ride-share services. Uber and Lyft certainly did not cause taxi industry woes, but it didn't help that a form of unregulated competition appeared when a heavily regulated industry saw its own regulators abdicating their responsibility and effectively elevating profit above other considerations.

Again, the fact that the city made money on these sales is not in and of itself troubling. Cities must get revenue from somewhere, and like a land value tax, a lease fee for a congestion-causing product is not merely a valid choice, but a beneficial way to raise revenue, as it allows the city to use the price mechanism to achieve regulatory goals. In addition, while some drivers doubtless made money on medallion sales, as with housing, the market has winners and losers. In a market like this, the lenders and brokers seem to always win, while for the buyers and sellers it is like rolling dice in a casino. Offering medallion leases will make pricing clearer for drivers, eliminate excess profits for lenders and brokers, and raise needed revenue for the city itself.

HONORING A FRIEND & COLLEAGUE

IN MEMORY OF CARL SHAW

BY WALTER RYBECK

Carl F. Shaw, a devoted Georgist, died on October 20, 2019, a month after turning 90.

Born in Detroit, Carl F Shaw graduated from that city’s own Wayne State University with BA and MA degrees in Music Education. He taught music in public schools in Pontiac, Michigan and Breckenridge, Colorado.

Carl was deeply concerned about poverty and urban decline, and, motivated by this concern, he took an adult economics class that addressed these issues. His teacher was Robert Benton, head of the Henry George School in Detroit. Through his studies, Carl became convinced that a distorted land value system was at the center of the social problems with which he was concerned. Hews Benton’s star pupil and became Benton’s lifelong friend.

For 20 years, Carl continued to pursue his music career as a clarinetist in military bands. He served with the 49th Army Band in Salzburg, Austria, the U.S. Military Academy Band at West Point, New York, and the Army Field Band at Fort Meade, Maryland.

Fort Meade is located near Washington, DC. During his decade there, Carl joined the D.C. Georgist group named the League for Urban Land Conservation. Besides testifying about tax reform before the D.C. City Council, Carl and this group met with many organizations—housing activists, realtors, religious social action groups, board of trade and others to educate them about land value taxation. Carl would have been pleased to learn that a Washington, DC housing proposal issued, the month he died, by a coalition of prominent D.C. groups, urged land value taxation as one strategy for attaining more affordable housing.

Carl retired as a musician in 1983 and settled in rural West Virginia, determined to devote the next years to advancing economic justice. Not satisfied with only understanding land policies in general, he studied appraising to master tax law, tax rate setting and techniques of
assigning value to land and buildings. After completing these studies, he gained employment as an appraiser for the West Virginia Tax Department, which he worked at for several years.

With this professional and educational background, Carl became a frequent writer of letters to the editor of West Virginia newspapers. He wrote detailed proposals for property tax reform which he distributed to state legislators. He joined MUST!, Mountaineers United for Sane Taxation!, an organization also working to promote land value taxation. Carl was a strong supporter of Common Ground and he attended many of its annual conferences.

Carl had plans to establish a land trust on his acreage but was not successful in doing so. Though he did not succeed with this, or with his efforts to win LVT laws, he was never discouraged in his sustained efforts on behalf of his favorite cause. He was a soft spoken, patient, but strong advocate of shifting property taxes from buildings and onto land values.

“Land Taxation in Calhoun County West Virginia: How it is...How it will be,” is title typical of the scores of pamphlets Shaw authored and distributed to legislators, local officials and residents. The pamphlet includes detailed data about land values and tax rates in the county’s six taxing districts. Carl describes step by step how public collection of a large share of the site value could transform a poverty-stricken county into a prosperous one.

Carl was married to Helen Shaw for 41 years until her death in 1998. He is survived by three sons, Dale, David and Greg, seven grandchildren, and three great grandchildren.

Condolences and memories of Carl may be sent to David Shaw, 33 Downing St., Concord, NH 03301, who will share them with the family.

Where the conditions of material progress are most fully realized, we find the deepest poverty and the sharpest struggle for existence.

HENRY GEORGE