

## SUMMARY OF EFFORTS (from page 4)

long time - and is a proposal I have come to appreciate for its simplicity.

"At the most obvious level, our municipal governments can adopt a restructuring of their property tax systems to gradually transfer the burden of taxation off of capital and onto land values. The idea was, as you are probably aware, popularized by the 19th century economic reformer Henry George -- and later by the likes of Tolstoi, and Winston Churchill. A few economists have supported this measure over the decades, one of whom (Mason Gaffney of the University of California, Riverside) was largely responsible for turning me into an advocate. I cannot help dreaming of the supply-side impact of tax reform grounded in this measure. Just maybe the production incentives would prove a sufficient stimulus to housing and other construction to permit a reduction in other taxes on business and on individual income.

"Reform is also needed in the federal tax code to distinguish gain on the sale of land from other individual and business income. Permitting the rise in land values to be exempt from annual taxation and then given preferential treatment as "capital gains" seems the height of folly under a supposedly capitalist system.

"This letter, hopefully more of a challenge to the conventional wisdom than ordinarily presented, has been written because of my growing conviction that our political and economic system is threatened by these structural flaws. The end result can only be a greater concentration of wealth in our country and a further deterioration of democratic values. As a participant in the real estate market I have seen the above processes at work first hand. Something must be done before it is too late; only public discussion and awareness will, I conclude, lead to peaceful and evolutionary change. I hope you agree.

"Sincerely, Edward J. Dodson, Senior Mortgage Officer

"\* Suggested sources would include Harry Gunnison Brown, Arthur Becker, C. Lowell Harris, Mason Gaffney and Dick Netzer."

Within a few weeks, I received a response from George J.W. Goodman, which created an opportunity for an exchange with David Maxwell.

"Thanks for your letter of November 12, which just reached me. I appreciate your remarks on site value, and I will keep your letter handy so I can find the references. I am not sure just how complex we can get without losing an evening audience, but we are probing to find where the limits are.

"I've taken the liberty of passing your letter on to David Maxwell. He is a very intelligent executive, and I think his comments were aimed at a broad common denominator.

"I do appreciate the time you took to write to me, and I am certain we will return to housing at a future date.

"With best wishes, George J.W. Goodman"

To my great surprise, a letter soon followed from David Maxwell dated December 7, 1984 -- a letter that contained some rather interesting information I hoped could serve as the basis for enlisting Mr. Maxwell as an ally in the campaign for meaningful tax reform.

"Jerry Goodman (Adam Smith) was good enough to send me a copy of your letter to him of November 12. You may be surprised to learn that I thoroughly agree with you about the taxation of raw land.

"In fact, I wrote my third-year paper at Harvard Law School on Henry George, using the experience of Arden, Delaware as a case-study of a place which had put his theories into practice.

"I think this whole matter is important to pursue, but I doubt that it would have been possible to cover it properly in the brief time available on "Money World."

"Sincerely, David O. Maxwell, Chairman of the Board and Chief Executive Officer, Federal National Mortgage Assn."

Subsequently I wrote David Maxwell:

"Thank you for your letter of December 7. I am encouraged to learn of your views supporting Henry George's 100 year old proposal. All that is now required is to convince our legislators and colleagues in the housing sector that this revision to our tax system must be implemented.

"As you may know, Pennsylvania is the one state where cities of substantial size are Constitutionally permitted to apply a higher property tax rate to assessed land values than to improvements. There are now seven cities using this technique, and a recent film documentary on their experience has been produced by Walt Rybeck, who heads the Center for Public Dialogue in Kensington, Maryland.

"Up to now, efforts to stimulate public discussion of this proposal have been carried on by a small handful of people dedicated to the ideas Henry George offered in his writings. I have become convinced of not only the merits but of the necessity to replace the existing property tax with the land value tax. Those of us directly involved in the housing sector must come together on this issue if necessary legislative changes are to occur.

"I would like to suggest a roundtable discussion, inviting Walt Rybeck to participate and use his film as a focus for the discussion. Perhaps Mr. Goodman would be interested in attending.

"Sincerely, Edward J. Dodson, Senior Mortgage Officer "

On June 25, 1986, I wrote George J.W. Goodman in New York:

"Your Adam Smith's Money World program this past week on the housing market was quite good; however, as you may recall from previous correspondence, my feeling is that the discussion fails to penetrate beyond effects. Shouldn't we attempt to analyze causes?

"Perhaps you saw the enclosed column by Michael Kinsley in the Wall Street Journal. I am now writing for an English quarterly called Land & Liberty and took the lead from Kinsley to write on the impact to our social structure of the upward pressure on housing prices.

"Getting back to your program, while there is nothing wrong with George Sternlieb he is not the only expert on housing nor are his views universally (continued on p.6)