

## SUMMARY OF EFFORTS (from page 1)

by James A. Johnson. It was Johnson's vision that created the company's Housing & Community Development group, to which I moved in 1995 as a market analyst and business manager. With each year that passed, the company established new field offices for the purpose of better meeting the affordable housing objectives established and to participate, where feasible, in revitalization of distressed communities.

Along the way my position responsibilities expanded to include work on program development. One year a proposal I submitted to the corporate development team was selected as the best idea submitted, after which I was invited to have lunch with our Vice-Chairman, Larry Small. Over the course of about two hours, our conversation covered a wide range of subjects. I took the opportunity to introduce him to Henry George's proposals and how the adoption of these changes would go a long way to stabilize housing markets. He listened attentively. He asked good questions and expressed agreement with much of what I had to say. Yet, as with David Maxwell and Roger Birk, there was never any follow-up.

By this time, Franklin Raines had succeeded Jim Johnson as Chairman and C.E.O. of Fannie Mae. Under his leadership, the role of our Housing & Community Development group continued to expand. The company began to establish a presence in cities all across the United States by creating "Partnership Offices" charged with developing innovative financing structures to expand the supply of affordable housing units. As has been extensively reported in the press, this was also a period of dramatic expansion in the use of new investment strategies and vehicles -- hedging operations, strip securities, derivatives, long-term stand-by commitments, and others. The regulatory environment was also changing, with the introduction of requirements on financial institutions that certain assets be revalued periodically to reflect changes in market value and other more stringent accounting rules issued by the Federal Accounting Standards Board.

With consequences still developing, Fannie Mae's accounting practices were challenged by its regulator, and Franklin Raines was forced to leave Fannie Mae. Months earlier, I happened to see Mr. Raines interviewed on television. He was asked by the program host what would make him feel that his work at Fannie Mae and in the housing sector had been successful. He responded that he would feel satisfied if in the distribution of wealth and income in the United States, minorities experienced the same proportion of wealthy, middle income and low income households as the White majority. Our division was scheduled to have a strategy meeting in Washington, D.C. a few weeks later. To focus the attention of my colleagues on the issue of poverty in America -- even if only for a brief moment -- I decided to make a gift to everyone participating of Henry George's book, *Social Problems*. At the opening of the meeting, I asked for a few minutes before the group, recounted what Frank Raines had said during his interview, and told them I was firmly convinced that if the ideas contained in Henry George's book were made the law of the land that the problem of poverty could be greatly reduced and eventually eliminated from our society. My colleagues enthusiastically applauded, thanked me for the gift, and more than a few said they would

read the book as soon as they could make time to do so.

Over the remaining months before my retirement, I heard from a few of my colleagues that Henry George's book had given them much to think about. They were all facing an uncertain future.

I continue to engage with many of my former colleagues through the online "Community Development Banking" discussion group, which has been in existence now for around fifteen years. Shortly after my retirement from Fannie Mae, I prepared a detailed analysis of the coming economic downturn ("The 2010 Economic Depression"), followed by an examination of the origins and causes of the financial meltdown in the United States ("Death by Debt Strangulation"). I offered these studies to my former colleagues and several hundred requests followed. Since 2005 I have regularly updated the presentation on the financial crisis and continue to receive expressions of interest and thanks.

I sometimes wonder what good all of the above efforts have achieved. None of the individuals I worked with over the last three decades has stepped forward to work alongside us in the Georgist cause. There have been moments of great expectation that then dissipated. The key to what motivates any person to embrace and then commit themselves to an idea or set of ideals is a real puzzle. I do not consider myself to be extraordinary in any way. So, why is it that I see so clearly the fundamental importance of the systemic changes we fight for while others do not? Of one thing I am certain: I am not likely to ever learn the answer to this question.

(Edward Dodson may be emailed at [ejdodson@comcast.net](mailto:ejdodson@comcast.net)

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## Harrisburg mayor disagrees (from page 2)

[was] introduced to city officials on June 13. Reading Mayor Tom McMahon (who is president of the Pennsylvania League of Cities and Municipalities) spoke out against a state takeover bill Sen. Jeffrey Piccola, R-Dauphin County, is pushing through the Senate. Piccola's bill, Senate Bill 1151, would give the state the right to take over Harrisburg and any other financially distressed third-class city that does not accept its Act 47 plan. The Act 47 team ... must deliver its final plan to the city by July 8, and council and Thompson must accept or reject the plan by July 28." [[http://www.pennlive.com/midstate/index.ssf/2011/06/harrisburg\\_mayor\\_disagrees\\_wit.html](http://www.pennlive.com/midstate/index.ssf/2011/06/harrisburg_mayor_disagrees_wit.html)] <<

## Act 47 & SB 1151: The Harrisburg Blues, 6/27/11

"On Tuesday June 13th, the City of Harrisburg, PA was handed its first look at the Act 47 Plan designed to save it via the State's guidance & hired help, the Novak Consulting Group. ...By law, the Act 47 Coordinator, that is Julia Novak, collects the public's responses, and at her discretion, Ms. Novak may or may not use the public's comments to change the Plan before its final presentation to Harrisburg City Council on July 8th. Then City Council will have 25 days to vote to implement it or not.... "The Act 47 Plan recommends a move from the split-rate system to a blended rate system (pp. 350-352). That is, land and improvements taxed at the same rate." [<http://todaystheadayhbg.com/2011/06/27/act-47-sb-1151-the-harrisburg-blues/>] <<