

Reflections of a Californian Banker

MR. J. RUPERT MASON, whose death in San Francisco was reported last month, contributed this brief autobiographical sketch to our August 1957 issue. From 1949 to 1955, Mr. Mason was President of the International Union for Land-Value Taxation and Free Trade.

MY best fortune was in knowing early that my parents and relatives were not rich and that what success I might have would not come easily. It was in Iowa that I first went to school, sold newspapers, worked at jobs for \$1 a week, and learned that money is hard to earn. At 14 I got a job as cabin boy on a freight boat "Northwestern" which ran between Chicago through the Great Lakes, Welland Canal and St. Lawrence River to Europe. I left the boat at Antwerp and made my way to Vevey in Switzerland, for a year of schooling at the famous Institution Sillig. The school had students from every continent, speaking many languages. Then I spent about a year exploring the historic and artistic attractions, making my way by writing articles for newspapers and magazines, usually headed: "Impressions of a 14 year old Chicago boy travelling alone in Europe."

On returning to Chicago I attended a Military School for one year, but was unable to attend college. Instead I got a job in a Chicago bank, and then with N. W. Harris & Co., Investment Bankers. My big opportunity came in 1906 when I was sent to California by Harris, to represent them with their fabulous clients who had moved to California after retiring from active business in the East. In 1907 Harris incorporated as the Harris Trust & Savings Bank, Chicago. Illinois did not allow savings banks to have branches, so the California office had to be closed.

I chose to stay in California, and established J. R. Mason & Co., to underwrite and distribute bond and stock issues. Later we specialised in financing the construction of great dams and canals by Irrigation Districts in most of the Western States. I knew the laws governing these districts required the levy of an annual tax or assessment on the value of specific land, and that in California and some other states the law exempted buildings and improvements from this annual tax. I knew that something made the cost price of land to farm and home seekers lower in many Irrigation Districts, than where land was more tax exempt. I knew the tax made it unprofitable to hold land idle, and allowed home seekers the opportunity to get land at a figure they were able and willing to pay.

In 1927 some financiers wanted to buy J. R. Mason & Co., and I sold the business. I was 40 and had heard "Life begins at Forty." I expected to study and travel for a while, and then get into business again.

It was not until 1936 that I clearly began to realise the influence of Henry George friends in designing the California Irrigation District Act. By then, there were about 120 Irrigation Districts, containing 4,000,000 acres



in all parts of the State governed by this "Single Tax" law.

Judge Jackson H. Ralston was then heading a campaign to oppose Sales Taxes, and raise some public revenue the way Henry George said. I met the Judge and the leaders who were helping in that campaign. In 1939 I attended the Henry George Centenary in New York, where I met leaders from far and near, including Ashley Mitchell, the late Bue Bjorner, F. C. R. Douglas, M.P. (now Lord Douglas of Barloch), E. J. Craigie, Lawson Purdy and others.

I studied the politico-economic effect of vast land reclamation projects in Italy, Spain, Peru, Chile, Philippines, China, Egypt, Greece, Java and Australia. In virtually no country was the cost of public improvements charged upon the benefited land, as in California. There is no doubt that California would still be a sleepy semi-arid land of vast Spanish Ranches, as Spain is today, had California not become a sovereign State, with the U.S. Constitution the "Supreme Law of the Land," in 1849. It was by using the State's sovereign power to tax land values, the way Henry George advocated, and assessing the value of the land separately from the value of improvements which has been required since 1879, that the great Spanish Ranches were made accessible to small farm and home seekers. This was not accomplished without bitter and repeated test cases in the courts. Perhaps no law has been attacked oftener than this California tax law. It was upheld by the highest courts, until 1938. (*US v Bekins, 304 US 27*). The landlords have since been allowed to keep the land, contrary to California law, and contrary to the U.S. Constitution, as construed always before 1938.

We know the Junkers were behind the Reconstruction Act of 1934 in the Weimar Republic of Germany, which gave the Reichstag the power to annul taxes on land values according to the laws of each of the Weimar States.

In Spain, an attempt to tax the benefited land to pay the cost of land reclamation projects, was disallowed by the Supreme Court, as reported in June 14, 1934, *Christian Science Monitor* in a cable from Madrid.

It is now conceded by Chiang Kai Shek in his recent book, that it was a mistake to allow the big landed war lords to flout the laws taxing land, as they did. He did not uphold the basic politico-economic principles urged by President Sun Yat-sen with regard to the taxation of land values.

As we reflect on the economic consequences of imposing all taxation on capital and labour, and exempting the holding of valuable land from taxation, in nation after nation making up the so-called "Free World," the importance of the Public Revenue principles supported by Henry George gets clearer.

The money issued by any government that is robbing its producers by confiscatory taxation of the fruit of their industry, soon loses its value. We know it is possible for governments to raise all necessary revenue without using sales, licence, income or tariff taxes.

Denmark has made more use of the principles supported by Henry George than perhaps any other nation. The Danish Small-holders are world famous. They have much in common with the California Small-holders, who also got their opportunity to enjoy "Life, Liberty and Property" by virtue of laws enacted under the leadership of Henry George, his friends and admirers. In Denmark and California the efficacy of the "Single-tax" principle has been tested and proven. Also in Australia, New Zealand and elsewhere.

The Marxist idea of taxing incomes, whether earned or unearned, according to "ability to pay" has been employed by many nations, whose money became worthless since World War I. Thomas Jefferson, long before Henry George, advocated taxation in proportion to

"benefits received," measured by the value of land. Neither of them supported the "ability to pay" idea.

Little did I dream when leaving San Francisco in 1949 to attend the International Union for Land Value Taxation and Free Trade Conference at Swanwick, England, that I would be offered the privilege and honour of serving as president. On arrival, I was invited to act as chairman of the Platform or Resolutions Committee, composed of nine members, not all of whom spoke English. We forged the Human Rights Platform, without a dissenting vote. This great Declaration was re-affirmed at the 1952 Conference in Denmark, with minor editorial amendments, and has been published in many languages, and circulated among top leaders in many nations by members and friends of the International Union. Copies are obtainable from headquarters in London. The most effective way is to write a personal letter to outstanding leaders, enclosing one of these Declarations in the language of the recipient. Personal letters carry influence that no form letter from any organisation carries.

The splendid work done by members circulating this document during my two terms as president is deeply appreciated.

Now that the Karl Marx "star" is fading in nation after nation, is surely the opportunity that admirers of Henry George have hoped for.

An Engineer's Philosophy

Aged 82, MR. AUSTIN H. PEAKE passed peacefully away in Church on Remembrance Sunday last November. A former Lecturer in Engineering at Cambridge, he was a member of the United Committee and a former chairman of the executive of the International Union for Land-Value Taxation and Free Trade. The article he contributed to our "Personally Speaking" series in 1957 is here reprinted in his memory.

THE first decades of my life were years of steady prices. Eggs cost one penny each or less according to season. Milk rose to three-pence a quart when house to house delivery began, and there it remained. Our currency was based on a gold standard, and inflation, that meanest form of taxation, was unknown.

The price of land, however, did not remain steady. In the vicinity of growing towns the increase was often colossal. On the advice of the Prince Consort the profits of the Great Exhibition of 1851 were invested in land in growing London. The fund grew considerably before the close of the century, when it was used to found science research scholarships, one of which took me to Cambridge. Generally, however, the constantly increasing value of land went into private pockets while at the same time the British rating system encouraged owners, as it does still, to hold land out of use and penalised those who made improvements. Of course there were also national taxes on thrift and industry though not on so damaging a scale as today.

A great educational campaign to remedy these evils by taxing and rating land values contributed largely to the



sweeping Liberal victory in the General Election of 1906. But there were also Conservatives, even in Parliament, who were in favour of land-value rating. Incidentally it was during the life of that Parliament that a bill was passed enacting that any oil discovered in Britain in the future should be national property. As it was not generally thought that oil ever would be found, there was little if any opposition.

I remember how the very suggestion of taxing land values caused the advertised price of land for sale on a building estate to be halved, with advantage to all concerned, including the vendor who was enabled to sell rapidly.

Because of my interest in, and adverse criticism of, our rating system, and without any other apparent qualification, I was appointed an overseer, one of that body—long since abolished—of unpaid amateurs whose function it was to assess for rates properties on which improvements had been made. An interesting and instructive case I remember came before the overseers in the early days of the first world war. Gardeners and others in Cambridge were invited to cultivate building plots that were lying