

CORRESPONDENCE

MR. CRAIGIE EXPLAINS

EDITORS LAND AND FREEDOM:

You will have noticed by the last issue of *The People's Advocate* that I was not successful in the last South Australia elections in winning the Flinders seat in the House of Assembly—a seat which I have held for the past eleven years. There was a determined effort made by both political parties to prevent me from returning to the House. At various times during debates I have freely criticized the party men and shown that their ideas were not sound. As they had no effective answer to my criticism, both parties combined to see that I was not elected. They issued "How to Vote" cards, and both parties put my name at the bottom of the list. I was at the top of the poll on the first preference vote, but when it came to a transfer of votes I was defeated.

Although I have not won the seat I am not downhearted. There is a lot of educational work to be done for right principles, and I shall continue to do my part in this direction. Many voters are already regretting the vote they gave against me, and there will be further opportunities for doing work in Parliament. A great number of electors are carried away with the war hysteria, and thus easily led astray by unscrupulous party leaders.

I read with interest of the work being done in America for Henry George principles and regret that there is such a difference of opinion as to the best means of propaganda. There is work for all to do, and anything that will give publicity to our principles is, in my opinion, doing educational work for the Georgean doctrine.

Adelaide, South Australia

E. J. CRAIGIE

HENRY GEORGE AND "ISM"

EDITORS LAND AND FREEDOM:

The suffix "ist" and "ism" added to a name or a cause carries an implication of disparagement to the mind of the average person. Webster's Collegiate Dictionary defines an "ism" as a distinctive "system or practice—usually disparaging."

For example, the word "sophos" (Greek) means wisdom. Our word "philosopher" means one who loves wisdom, with no disparagement implied. On the other hand, Webster's Collegiate Dictionary defines "sophism" as an argument intended to deceive or embodying a subtle fallacy; and "sophist" as a master of adroit and specious reasoning. "Philosophism" is defined as "spurious philosophizing."

"Ist" and "ism" imply something false, fallacious, spurious, adulterated, specious, subtle. The words "Georgeism" and "Georgeist" fall unpleasantly to the ear. Our diction would be improved by avoiding "ist" and "ism" when referring to the followers or principles of Henry George.

New York, N. Y.

WALTER FAIRCHILD

AN "INCONSISTENCY" CLEARED UP

EDITORS LAND AND FREEDOM:

In your last issue, Mr. A. G. Huie's article, showing that under the Sydney practice of exempting improvements and raising municipal revenue chiefly from land values, the value of land has continued to increase, and my article, arguing that land value taxation will ultimately take away the selling value of land, seem to be in conflict. That, however, is seen to be only a surface impression when the facts are analyzed.

1—Sydney is the second largest city in the British Empire in white population, and being the principal trading center of Australia, its land values are great on both counts.

2—Sydney's budget does not include either the cost of education or of police. These are considerable items in our civic budgets here; but the State of New South Wales looks after these functions and they are paid chiefly out of income tax and especially out of a wage or payroll tax. Land in Sydney is therefore relieved of the incidence of these two heavy taxes, which would make it relatively more valuable on a selling basis.

3—New South Wales, unlike its sister State of Queensland, does not now levy a state land tax. Landowners in Sydney, however, pay their share of the Commonwealth, or Federal land tax. The Commonwealth land tax, however, is not a heavy impost, being but a relatively small percentage of Commonwealth revenue. These facts both contribute to keeping up land values in Sydney.

4—Sydney's taxation system has contributed greatly towards making it the thriving and beautiful metropolis it is. It would seem inevitable, however, that if and when the State and the Commonwealth see the wisdom of raising their revenues also on the use value of land, the selling price of land and its assessment on that basis will disappear, and the necessity for the Woodward formula will arise. That may be some time in the future, but it should be gratifying to Georgeists to know that not only have we a real science of economics, but also a scientific methodology in applying our principles.

Ottawa, Canada

HERBERT T. OWENS

MR. SCHLEY DISCUSSES RENT AND GOVERNMENT

EDITORS LAND AND FREEDOM:

In his criticism of my article, Mr. James Snyder says, in your last issue, that the "collection of rent" and the "taxing of land values" are projects so "different that one of them can wreck the best laid plans of Georgeists." I fail to understand the distinction. The rent of land is the income derived from the ownership of land which is in excess of the income derived from the best free land in production. The owner of rent-producing land can hire labor to work his land by paying a wage equal to the amount labor can get by working the best free land available; and merely by exercise of the sole function of ownership he can keep the difference between the wealth his better land produces and that which the poorest land in use would yield to the same quantity of labor. This difference is the rent of his land. This rent accrues to the landowner for the sole reason that his title of ownership is socially or legally recognized and enforced, not for any productive act of his.

The market value of land is a mathematical function of its rent; it is caused by its capacity for yielding rent, which is the income the landowner does nothing productively to earn and which is what he sells when he sells the land. Land that is exchanged for wealth thus has its value set by the amount of rent it yields; and the amount of its value is precisely equivalent to that of any other investment that returns an income equal to the rent yielded by the land, speculative inflation apart. In the jargon of the economic writers, the value of land is its rent "capitalized"—the calculation of what quantity of capital would return that quantity of income. To collect the rent of the land and to tax it at the full going income of its capitalized value are therefore one and the same operation—by whichever name you call it, the effect is to pay the expenses of the state by taking the income yielded by the ownership of land; or so at least I have always understood the matter. If Mr. Snyder has valid ground for distinction of two processes named by the two phrases, I regret to say he has not made it clear enough for me to see.

From a distinction that seems to me hollow, Mr. Snyder goes on to use two senses of the ambiguous word "value" as though they were interchangeable, and so arrives at an absurdity. He says, "If we tax land values 100% the land values disappear, we have neither tax base nor taxes, the government is bankrupt." If we tax land values

100%, the marketability, the exchange value of the land disappears, but the capacity of the land to produce wealth, to produce an excess of marketable products over the production of the best available free land, is not necessarily diminished. This depends on that original productive quality of super-marginal land and on the distribution of population from which rents arise in the first place. If we tax land 100%, its value as marketability is destroyed, but its value as productivity is unaltered. So long as the land whose marketability has been destroyed by the single tax continues to produce an excess of wealth beyond the cost of the labor and capital employed at rates determined by the productiveness of labor and capital on the least productive lands in use, just so long will the flow of rent available for the expenses of government continue. The problem of assessing the tax after the market values of lands have been destroyed is an administrative problem, doubtless a difficult one, but it is not one of fundamental policy. The fundamental policy of the single tax aims at the destruction of the abuses inseparable from effective private ownership of land—it aims at the substance of public ownership under the familiar forms and the nominal aspect of private control. We must not be surprised if in destroying substantial private proprietorship we lose some of the administrative conveniences characteristic of the form.

Mr. Snyder's view of the nature of rent appears to me to diverge very widely indeed from that of Henry George. If I understand him, he holds that rent is a consequence of certain explicitly productive functions of government (the building of bridges, power dams, etc.) which are exactly like in kind, though perhaps superior in scope, to those of private productive enterprise. These productive enterprises of government confer increased value upon the portions of land which they serve, and the increased income of these lands is the rent on which alone the government is to levy its taxes.

If Mr. Snyder believes that the whole of the phenomenon known as "ground rent" or "economic rent"—the total share of the social income received or diverted by the ownership of land, as distinguished from the shares received by capital and labor—is a consequence of these activities of government, I think the point wants a great deal more support than he has given it. That phenomenon has been traced to other causes, and he would need at the least to show that these other causes are sufficiently characterized and specified by the formula: services of government.

It is true that in a sense land rent may be considered to be a value imparted to the land by the activities of government; that is, this value could not exist without the stability of social relations and productive processes characteristic of an orderly and regulated, a policed, community; and government may be viewed as the principle of cohesion, security, and regularity in the orderly society. But the same thing may be said for the other forms of productive income—wages and the return for the use of capital. No regular voluntary productive operation could take place if society lacked rules that secured to effort and risk the enjoyment of some settled portion of their resulting product. The husbandman would soon weary of planting if unchecked brigandage commonly robbed him of his ripened fruit; and to the degree that government protection induces the planting the fruit may be said to be a consequence of the activities of government. Government regularizes, enacts, and effectuates the modes in which the members of a society acquire and alienate their property, and in doing so may be considered the prime cause for the existence of all property not consumed at the very moment of production. Not only rent, but in this same sense wages and interest also are "values imparted by government."

This view of government is not so much inaccurate as it is too all-embracing to furnish us with answers to specific questions about

what distinguishes the separate phenomena of rent, wages, and interest. It is a logical principle that any one of the contributing conditions of a phenomenon may, within a given field of relevancy and in response to a given question, be isolated as the causative agent. If we ask the question, What portion of the wealth of society is due to the existence of government?—the answer must be, All of it—it is the cause of whatever phenomenon would cease to exist in its absence, all other conditions remaining the same. The existence of an accepted social order is a ground condition for the production of any wealth whatever; and it is the essential function of government to embody and make effective those regularities of conduct and securities for the production of wealth that express the stable will of society. If we ask, What acts of government cause the phenomenon of rent?—it would be fatuous to respond that rent was caused by the building of roads, power dams, and such overtly productive, extrapolitical services of government; for the phenomenon of rent and rent-caused penury could exist in quite as virulent form as they do if government undertook none of these productive enterprises, though it could not exist in the absence of exercise of the genuinely political functions of government. Nor could society afford to leave the strong right arm of its organized will to subsist precariously by trucking and huckstering such avocative turnips and carrots, to the detriment of its essential functions. Universal wisdom is no more for the most stringently rationed of politicians than it is for the business men; but one private enterprise may sink without serious damage to the community, while a government forced to curtail its vital duties by the failure of an expected income from an unwise investment would keep society trembling on the brink of anarchy.

No. The one service of government which affects rent is the "service" attended to by Georgeists—namely, the service of regularizing, legalizing, and securing the private receipt of rent—the private appropriation of land: the power of excluding society from the land at will, of admitting society to the use of land only on condition of payment arbitrarily fixed, which evermore drives the landless laborer farther into the desert searching for a livelihood as his only alternative to accepting a decreased share of the product his labor might bring forth on richer land. The total market value of all land is a consequence of this one governmental service, without which not even the bridgebuilding business could increase land values. This is the one truly political function which imparts value to the land, and the only possibility private landowners have of enjoying the superior income which their land affords them over the best free land, the best worthless land, is in the continued exercise of this one political function.

The contention of Georgeists is that the exercise of this function by government unjustly enriches one segment of society, whose members have not turned a hand to produce this superior income, and unjustly pauperizes another segment whose members cannot live without access to the land and who by their productive labors create the wealth thus diverted to the unequally favored landowners. They further contend that the stupid and unsystematic imposition of the taxes required for the expenses of government increase the impoverishment of the landless, both directly and by throttling the production and exchange of wealth; and that both of these great causes of poverty would be abated if the government abolished all of the other taxes it now collects and imposed the full weight of its expenses upon the unearned income now accruing to private landowners.

My article, to which Mr. Snyder's letter was a reply, considered the question whether this unearned income would be adequate for the expenses of government; concluding that it would be adequate. Mr. Snyder's only direct comment on this speculative question is in

the following words: "It is true that rent would be insufficient for all the present expenses of government"; but as he offers no considerations of his own to support this assertion, and as he reviews none of the considerations in the article from which it was concluded that rent *would* be sufficient, I am unable to see in what precise respect I have roused his disagreement. His own separate conclusion, that if government were limited by law to collecting rents created by its own productive enterprises, and if its only expenses were the costs of its productive enterprises, then, given practical wisdom, its income would equal its outlay, is unassailable; but I cannot see that it sheds any light on the question whether true economic rent, the differential income of lands superior in productiveness to the best available free land, would be sufficient for the expenses of government.

Portland, Oregon

ROBERT SCHLEY

A SUGGESTION AS TO "EMINENT DOMAIN"

EDITORS LAND AND FREEDOM:

Our President says: "The principle of eminent domain permits the government to acquire or to use, for a fair and reasonable price, any property necessary for the proper functioning of the United States."

Is that principle to be used only when the government wishes to make more up-to-date killing machines? Why not use the principle of eminent domain to buy the natural resources from the few who now own and control them, for the whole people, *never to be sold again*? Would that not add to the proper functioning of the United States?

Is this idea at variance with the basic aims of the Georgeist philosophy? Why not write to Congress and the President, suggesting it?

Philadelphia, Pa.

GEORGE T. FELDER.

IS INTEREST NATURAL?

EDITORS LAND AND FREEDOM:

Mr. Hodgkiss' "Australian View on Interest," in the November-December issue, agrees with Mr. Haxo (and "an avalanche of letters to the Editors") that interest is not due to the reproductive forces of Nature. But notwithstanding this basic scientific error he endorses the "Progress and Poverty" theory that "wages and interest rise together"; resting it upon the familiar proof (!) that wages and interest were high in the Gold-Rush field.—Apart from the fact that *Rents also were high*, more careful consideration is vitally important.

The Georgeist teaching of increasing interest is obviously antagonizing workers so as to practically prevent acceptance of the land rent remedy. Therefore advocates of the remedy must responsibly determine whether such teaching is true or libelous.

When the remedy cuts off all land-investing, it is obvious that *all* savings of normally prosperous and provident people will have to be used as capital,—or else suffer natural wastage. This will naturally *increase the supply of capital available for business demand* as compared with the *present supply apart from land investments*. And even under present less prosperous conditions "idle" savings mount up enormously, safety being the main requirement.

Interest yield to owners of capital *must now be "equalized" with rent yield to owners of land* (in the judgment of investors). But when the alternative of land-investing is cut off, the law of supply and demand will naturally control, and scarcity alone can compel interest. Of course *capitalists may earn indefinitely by participating investments*, but this has nothing to do with "increasing interest" to mere owners of capital.

Intelligent investors commonly recognize that "safe" interest to

mere owners of capital *does actually equalize* with "safe" rent yield from land investments; and that *only participation in business doings and risks gives hope of further (indefinite) yield*. No capitalists are converted to public collection of rent by this promising of increased interest, but workers are strongly (and wrongly) antagonized by advocacy of increasing incomes *to do-nothing owners—whether of land or capital*. Business earnings apart from monopoly are naturally respected; confusing them with unearned income breeds Communism and Socialism.

Reading, Pa.

WALTER G. STEWART

NEWS NOTES AND PERSONALS

FRIEDA S. MILLER, Chairman of the Committee on Discrimination in Employment, New York State Council of National Defense, has requested LAND AND FREEDOM for a statement to assist in the campaign to crystallize public opinion on the principle of equality and non-discrimination in employment. We have submitted the following: "The fulfillment of the American way of life involves the provision that every person be granted an opportunity to earn his livelihood on an equal basis with every other person, and that no discrimination be made on account of race, color or creed. Where such discrimination exists, an endeavor should be made to seek the cause and to remove it."

FROM Josef Hoop, Chief of the Government of Liechtenstein, has come an appreciative acknowledgment of the article on that tiny country—"Liechtenstein, Land Without Army or Taxes," by Pavlos Giannelia—which appeared in the November-December 1940 issue of LAND AND FREEDOM.

READERS will note the addition of two Special Correspondents on the masthead of this issue—A. G. Huie of Australia, and J. W. Graham Peace of Great Britain, the latter being restored after a lapse of some time. We regret being obliged to drop two of our other Correspondents—J. J. Pikler of Hungary, and Lasar Karavanove of Bulgaria. We are unable to communicate with them at the present time, but look forward to the day when we shall hear from them and be able to restore them as Special Correspondents.

BERTHA SELLERS writes: "John F. Conroy, a late veteran, though perhaps not a conspicuous one, in the Henry George cause, formed a chain of about two dozen letter writers covering many cities in the country, contributing to many papers. It is proposed to reorganize this group and to greatly enlarge it. If any readers would like to join, please address: Bertha Sellers, 133 Ogden Ave., Swarthmore, Pa."

AMONG the most tireless writers of letters to periodicals and persons prominent in the political and educational worlds are H. W. Noren of Pittsburgh and J. Rupert Mason of San Francisco. Both men, and the many others who engage in letter writing, serve to keep before prominent people the fact that Georgeists are still in the field to secure a much-needed reform.

O. B. COLLIER, a friend in Detroit, has commenced editing a new series of releases entitled "World News Analysis." A sentence in one of the releases suggests the aim of the series: "A straight reporter may call it a day when the day's greatest catastrophe has been written up, but W N A believes that someone must ferret out the hidden news and expose it to the public eye."

B. W. BURGER's valuable collection of Henry George memorabilia was exhibited in the Annual American Hobby Show in the Hearn's Auditorium, New York, July 14-26. Mr. Burger's exhibit included photographs and a bust of Henry George, autographed editions of his work, letters and notes, and other interesting material. It is Mr. Burger's hope to stimulate interest in George by presenting the biographical aspect.