

gradual private appropriation of the land and natural resources of the United States has meant the loss of that economic satisfaction that marked the earlier periods of America's industrial and social growth. The effects of land monopoly in this country have been somewhat mitigated by the great increase of productive power, by the large free area, and by the partial taxation of land values which has tended to make it unprofitable to hold land out of use.

While these factors have cushioned the impact of an otherwise crushing land monopoly, yet page after page in current literature is devoted to a consideration of the concentration of economic and social power in the hands of the few, of privilege in politics, of low wages and unemployment, and of all the accompaniments of a maladjusted economic system based on land monopoly. These pages are evidence of a myriad of attempts, many of them sincere, to find substitutes for the former safeguard of democracy and individual independence: the disappeared free lands. All are based on the assumption that unemployment, in the words of Stuart Chase, is the "nemesis of American business," that unemployment is in the natural course of events and there is no real solution to the question.

There are many inarticulate pleadings of men for land which may be heard if we but listen. That there is still that desire to seek independence on the land has been shown in the recent depression when farm land companies of Michigan, for instance, have reported an increased demand for cheaper lands. In one of the provinces of Western Canada, where an area of free land has been just opened to settlement, the line of men waiting to get grants, I am told, looked like a line of men getting jobs. And that is just what they were doing, for these men knew that a piece of land was the equivalent of a job.

It is significant to observe, further, that in those countries which have most recently had free land, the proportion of the population that is unemployed is less. Popular though conservative estimates of the unemployed during the past year reveal one in thirty unemployed in England, where access to free land ended between 1830 and 1850; only one in forty in the United States, where the frontier of productive free land disappeared in 1890; while in Canada only one in one hundred—where there is still some considerable free land available.

If the monopoly of land could in so short a time as a few generations give rise to poverty and unemployment and their attendant and existing evils, we may well ask if a freeing of the land would not give rise to the opposite and desired state of society which we all seek? Our problem is simply one of projecting upon the highly developed health-producing civilization which we know today the freedom of opportunity that existed during the period of free land.

Henry George, in his very greatness of mind and powers of analysis, presented a simple method by which this can be accomplished—by which, in effect, the commons can

be restored to the English people, the frontier to American life.

By diverting to the public treasury the annual value of the land, the Single Tax would serve, year in and year out, to free the land by removing any privilege in mere possession of title to land, and by removing the opportunity which that privilege now gives to exploit others. There would be no incentive for holding land out of use for a rise in value, since that value as it arose would be taken for community purposes. While the annual value of the land would increase as the presence of society made it more productive, no part of this increased value would go to individuals as such, nor give them advantage over others without land. Use would then be the basis of possession of land as it was under the common field system in England, and as it was in the early settlement of our frontier.

I believe we may agree with Woodrow Wilson that every social institution must abide by the issue of two questions, logically distinct but practically inseparable: "Is it expedient? Is it just? Let these questions once seriously take hold of public thought in any case," he said, "which may be made to seem simple and devoid of all confusing elements, and the issue cannot long remain in doubt."

The Single Tax, the freeing of the land, the freeing of men, as proposed by Henry George, is such an issue.

Land and Water in California

PERHAPS nothing in the public economy of California is more striking to the Eastern student of public affairs who has some of the Georgian slant to his philosophy, than its different methods of approach toward municipal and public improvements, and as well toward public utilities.

As to the initiation and conduct of public improvements there is little material difference from the Eastern method excepting that the property owner is not considered to the same extent as in the East in the initial steps. It is, however, in the assessment and collection for the cost of municipal and public improvements of a widespread character to which I wish to direct attention.

The Eastern student has been accustomed to the legal practice of municipalities paying for improvements of a general nature (sewerage systems, tunnels, etc.) out of the public treasury, very frequently financed by bond issues, which are a charge on the municipality as a whole. That the cost of any improvement affecting the welfare and serving the needs of a wide area such as a general sewerage system or a tunnel, whether abutting thereon directly or not, might be assessed against all the territory conceivably benefited thereby is wholly foreign to him.

True, there were some feeble attempts in some of the Eastern states many years ago, before public wealth and revenues had grown so great, to spread the cost of improving great highways by assessments against the area generally benefited, whether abutting or not. But when the courts held such assessments "unconstitutional" no further

attempts were made on roads or streets. A like attempt on general sewerage systems met with a like result.

From the East, having gravely discussed need of constitutional amendments to enable the cost of such general improvements to be spread over the entire area benefited rather than merely against the abutting frontage, an observer coming to California finds the "district benefit" assessment plan in full operation; and if at all interested, begins to look for authority therefor in the State Constitution, and he is somewhat staggered to find no reference to it at all.

When he first comes to Los Angeles he is amazed at the great number of concrete boulevards paralleling each other but a few blocks apart, and naturally the question arises as to how they are paid for. Knowing that current revenues could not be sufficient, he wonders if the city's bonding power limit has not been reached. Finally he learns that the cost of building boulevards and drainage systems is assessed solely on the real estate (not including improvements) in the general area presumably benefited thereby, and that the cost is not passed on through bond issues to become a burden on all kinds of property, including buildings and personality, which by no stretch of the imagination could be benefited.

COSTS NOT "PASSED ON"

When he comes to San Francisco he learns that the Twin Peaks Tunnel, costing more than \$4,000,000, was built, as I am advised, without practically any expense to the general public. Here again the cost was paid through the "district benefit" assessment plan—that is to say, the city ordinance authorizing the building of the tunnels prescribed a large area surrounding the Twin Peaks (describing it by metes and bounds) which it decreed should be assessed with the cost of the improvement. I am told that the assessments on the property at the ocean end were rather heavy when compared to the values prior to the improvement, but that improvement increased the original value many times. And where formerly were almost inaccessible waste lands we now have a very important and beautiful residential section.

Coming as I do from an Eastern city in a State where the courts have forbidden "district benefit" assessments as unconstitutional, the contrast in progress of public improvements has been strongly impressed on my mind. In my native State a large part of the county wherein was a great city was cut off from the city for the lack of a tunnel through a great hill, to bore through which was less difficult than through the Twin Peaks, and which would have opened up an enormously greater and more valuable area.

For more than fifty years such a tunnel had been agitated, and had it been possible to charge the cost thereof on that part of the county to be benefited, whether by the "district benefit" assessment plan or by bond issue, such cost could have been retired within a comparatively small

number of years through taxes arising from increased valuations alone. Lacking the power to pay the cost other than through bonds voted by the county at large, and that part of the county having a minority of voters, that district suffered a handicap in its development for more than half a century and the people of the city suffered from an unnecessary congestion—a nice word for "slums."

IRRIGATION

One of our beloved California philosophers never loses an opportunity to warn us that our Southern California civilization can expect to survive only if we conserve and develop its water supply; says that unless we do we will perish as did Babylon and Nineveh in their desert environment.

Should the State continue its water development as in the past, doubtless many of the youth of today will live to see a practically continuous city from Santa Barbara to the Mexican border. Much, if not a majority, of the irrigation works of California are publicly or collectively owned by quasi-municipal corporations called "irrigation districts."

Here again the Georgist rejoices when he reads in the California Code, under this head, that in assessing the irrigation districts to pay for the cost of construction and maintenance of such works, "IMPROVEMENTS ON LANDS OR TOWN LOTS WITHIN SUCH DISTRICT SHALL BE EXEMPT FROM TAXATION FOR ANY PURPOSES MENTIONED IN THIS ACT. * *

The term 'improvements' as used in this section includes trees, vines, alfalfa, all growing crops and all buildings and structures of whatever class or description erected or being erected upon said land or city or town lots."

AS TO PUBLIC UTILITIES

To Henry George, public ownership of public utilities was an essential part of public welfare.

Due doubtless in part to the rapid influx of population in the North in the early days, and latterly in the southern part of the State, and doubtless in part to great arid areas, Californians have almost perforce acted collectively in the solution of their many problems. Much of the time, it is true, they have seemed to delight in presenting their money-making utilities to private capital and in keeping the other kind for the dear people. Especially is this latter true respect to the utilities requiring the long, expensive purchase with no prospect of quick return, such as the Hetch-Hetch water project in San Francisco and the Owens Valley aqueduct in Los Angeles. However, it is in the doing of these that the people have learned their power. This is peculiarly true of Los Angeles, as it seems to me.

Los Angeles, almost forced, as I have said, and led by far-sighted public spirited men, now owns its own harbor and the lands surrounding it, which are leased at the economic rental value and not sold. It supplies all the water and more than two-thirds of the electric current

consumed in the city, generated partly by its own water system and in part purchased.

Inspired largely, I believe, by the Boulder Dam project, it is now formulating a programme for electrical development astounding in proportions and far reaching in its economic consequences to the people of Southern California, if not to the entire country. May I say here that there is no question in my mind that the greatest enemies of California's welfare in the Boulder Dam project are California's representatives in the executive branch of the government at Washington.

That there may be no misunderstanding, let me say at the outset that all figures given are, of course, based upon arbitrary assumptions as to increase of population; an assumed continued cost of production as at present; a continued increase of consumption as maintained for some years past; also as to power received under the Boulder Dam contract, with its contingent factors of surplus power from Arizona and Nevada and from unconsumed secondary power from the metropolitan water district as well as divers other elements. However, the figures given are based upon present conditions, together with the best data obtainable and conscientious engineering studies. In other words, as expressed by one engineer, they constitute an "educated guess."

LOS ANGELES WATER ALONE

It is proposed that by the expenditure of less than \$200,000,000 Los Angeles will have completed by 1940 an aqueduct connected with the Boulder Dam three hundred miles distant, together with power transmission lines, three great pumping plants, each costing nearly \$6,000,000; reservoirs, etc., capable of delivering to the city 1,200 cubic feet of water per second (almost three times the city's present requirements), for the city's needs and irrigation along the line.

Other than interest charges amounting to about 2 mills taxation over the construction and low earning period of twenty years from 1930 to 1950, at which time tax payments cease, the entire cost would be paid by the revenues of the aqueduct derived from the sale of most of the water to the city consumers, beginning in 1940 at the highest rate, 7 cents per hundred cubic feet wholesale, and after 1950 the price systematically reduced year by year until 1980, and thereafter the price only 2 cents per hundred cubic feet wholesale. This Boulder Dam aqueduct is the only project herein mentioned which contemplates any taxation whatever.

At the end of the government Boulder Dam fifty-year contract period the city will have its aqueduct water system complete and fully maintained without a penny of debt and an accumulated surplus of \$128,346,000, applicable to rate reduction or to further extension and improvements if desired.

LOS ANGELES POWER AND LIGHT

Today Los Angeles consumes 1,100,000,000 kilowatt

hours of electric current a year, of which the City's Bureau of Power and Light delivers to its customers 765,000,000 kilowatt hours. The remainder, some 320,000,000 kilowatt hours, is delivered by a private corporation, the Los Angeles Gas and Electric Company. The city buys from the Southern California Edison the current which the city does not generate itself. The city current is generated mostly from the power plants located on the aqueduct, which pump the water from Owens Valley, more than two hundred miles away.

The existing system has a bonded indebtedness of \$40,000,000, which will be completely retired by 1976. By 1990 it will have a plant representing \$410,500,000 accumulated invested capital, clear of all debt, in addition to the \$70,000,000 capital investment now existing. And it will have an accumulated surplus of more than \$415,000,000 applicable to rate reduction if so desired.

(Note: The 1990 date is used, that being the end of the government Boulder Dam contract.)

The introduction of the Boulder Dam current purchased from the government at 1.63 mills per kilowatt as proposed, to begin in 1940, will modify the existing system by adding some \$28,000,000 of bonded indebtedness, which will be retired by 1979, and will give the city in 1990 a plant clear of all debt, representing an accumulated capital investment of more than \$438,000,000 and an accumulated surplus of more than \$637,000,000 applicable to reduction in rates; or a clear gain of more than \$222,000,000 on a capital investment of \$28,000,000.

No nation can survive half slave, half free, nor can any city continue to prosper in freedom with a large part of its people subject to private utilities, with their never-ending debt systems, their excessive rates and, worse still, their corrupting influence on official and professional life. The City of Los Angeles therefore proposes to acquire the Los Angeles Gas and Electric System, which supplies about 40 per cent. of the city's electric service. Such acquisition would require from the city a bonded indebtedness of some \$53,000,000, which, together with all other city power indebtedness, would be retired by 1970 out of the revenues of the city's power system. No figures given contemplate any taxation. By 1990 this would give the city a plant clear of debt, representing an accumulated capital investment of \$744,000,000 and an accumulated surplus of \$1,651,740,000 available for rate reduction, a clear gain to the city of more than \$1,014,558,000 over the fifty-year period, or an average of more than \$20,000,000 a year.

OWN STEAM

Once having acquired control of the entire distribution of the city's electric service (other than street railway), the next step is to generate in its own steam plants all the current not generated in its water-power plants. This can be done at a cost of 4.8 mills per kilowatt as against

7.6 mills per kilowatt now being paid by the city to the Southern California Edison.

This installation of its own steam plants would require bonded indebtedness of some \$62,800,000, which, together with all other city power indebtedness, would be retired by 1970 out of the revenue of the city's power system alone.

This would give Los Angeles at the end of the Boulder Dam contract in 1990 a plant clear of all indebtedness, representing an accumulated capital investment of \$903,000,000, in addition to the present \$70,000,000 capital investment, and an accumulated surplus of \$2,215,000,000 available for rate reduction, a clear gain to the city of \$1,577,801,000, which, spread over the fifty-year period, means an average annual saving of more than \$31,556,000 to the city's consumers.

Verily, a kingdom well worth fighting for, buying elections for and, if need be, corrupting the government at Washington.

I trust I have not wearied your readers with too great a volume of figures. If, however I have aroused your interest in the gravity of the struggle for control of great economic welfare of our people I have accomplished my purpose.

GEORGE J. SHAFFER.

What Is the Matter With the World?

IN view of the hard times now upon us, the vast amount of suffering that the people are enduring, the question must come to serious-minded people, What is the matter? What has broken down? Has nature failed us? Have her processes gone askew? Must something be realigned, or an entirely new order established to avoid, in the future, tragic days like these?

Production is a very simple matter, nothing complex or intricate about it, and distribution is just as simple. What are the factors of production? Are they not land, labor and capital, and are not the avenues of distribution rent, wages and interest?

There seems to be plenty of land, for look whichever way you will there is no shrinkage in the size of Mother Earth, and the forces of nature work as they have always worked, with marvelous regularity and surety. When you study the land situation a little, you are amazed at the amount of land provided for the maintenance of land animals, namely men. We could put the whole population of the earth in the State of Texas and there would be not ten to the acre.

In view of the plenitude of land and the scarcity of human beings, it seems as though the cheapest thing on earth should be land, there is so much of it and so few of us. If there were as many idle Packard cars as there are idle lots in New York City, the tramps on the Bowery would be able to drive a limousine to breakfast.

There is plenty of labor, goodness knows, for the streets

are filled with idle men, the roads with tramps, and everywhere the cry of unemployment rises to high heaven.

There certainly is no dearth of capital, the rate of interest is going down, and owners of capital are just as busy looking for employment for their capital as laborers are looking for employment for their hands.

As there is plenty of capital, plenty of labor and apparently plenty of land, and all wealth is produced by these factors, what is the matter? Why has production ceased to the alarming extent that it has of late?

The cause of the trouble is that while there is natural plenty of land, there is an artificial scarcity of land, for wherever you go the selling price is so high that even in Arizona if you want to buy enough land to bury a snail you pay a king's ransom. On this Manhattan Island ours there is land that can be sold for \$40,000,000 an acre and an acre is not a great estate, it is only a little piece of ground about 200x204, and remember there is no production cost in it. Today, however, it has a selling price that is simply staggering, for this selling price of \$40,000,000 means that labor and capital would have to pay, in 5 per cent. money market such as ours is, at least \$2,000,000 a year for the privilege of using this bit of material that nature made and for which nature makes no charge.

Now we are trampling right on the heels of the cause of hard times, the frightfully high price that labor and capital must pay for the use of that material without which there is no production of wealth, for notwithstanding the great increase in the productivity of labor and capital in the day, there is a limit to what labor and capital can pay for the privilege of using a piece of the earth.

Combined with the very high price of land, another evil overwhelms production, and that is the heavy burden of taxes borne by industry in a hundred different ways. All taxes upon industry increase the cost of production and limit the amount of labor and capital that can be used in production.

Taxes that fall upon production increase the cost of living and they have been so burdensome of late that they tremendously limit the purchasing power of the people's dollar.

Between the upper and the nether millstones, the high price of land and the high cost of labor products, production is brought to a standstill, not through any fault of nature but through lack of wisdom on the part of man. This lack of wisdom is shown in our stupid way of handling the taxing power. We could adjust taxation in such a way that it would keep the selling price of land down, keep the gate of opportunity open and lower the cost of everything made by man, thus creating a natural relationship between the value of the opportunity to produce wealth and the value of the things that labor and capital produce.

The only and scientific way of doing this is to collect for public use the values that society creates and leave untaxed, unburdened and unhampered all those values that represent the things that men make.

JAMES R. BROWN