

# Cracks in the Wall

by ALAN ST. DENIS

THE advent of a new year brings, with it the inauguration of a new national administration; and the two events inevitably call to mind the evident development of new problems and dangers, not only within the United States, but throughout the world. Add to these new problems and dangers all those heretofore unsolved, and thus bequeathed to mankind by the departed old year, and the prospect presented is a dilemma whose magnitude is matched only by its potential terror. For if the peoples of the earth do not arrest their mad careening down a dark and unnatural road, their ultimate destination can only be their destruction.

As bleak and frightening as the picture of the future may be, it is not unique or even novel; in a sense, "this is where we came in." In this, the one thousand nine hundred and sixty first year of Our Lord, poverty is rampant, insecurity troubles the mind of man, and fear of war chills his heart. Has any previous year in history been different? No, "the more it changes, the more it remains the same"—notwithstanding that in these modern days of man's greatest progress poverty is more poignant, more incredible and more inexcusable; insecurity is more illogical and more unnecessary; war is more devastating and more bestial.

Bewildered by increasing confusion, anxiety and fright, people everywhere clutch desperately at straws, trying almost pitifully and blindly to find a way out of the morass. But unfortunately the experience of the ages seems to have no effect, and the same old measures of expediency are used again and

again, with the same foreseeable result—or rather lack of result. It is only the student of true political economy, recognizing the problem and understanding the remedy, who can show the moral, logical, intelligent and practical way to cure the economic ills of the world and the dreadful concomitants of these ills.

Sad to say, however, he who knows the natural laws of political economy and comprehends the related philosophy of freedom often tends to feel discouraged and far from confident that these great teachings will one day be accepted and applied. But one must have faith that these noble gifts of knowledge will in time be attained, no matter how difficult or long the journey may be. It is not enough to be personally persuaded, or even to be diligent in educating others.

To buoy up this faith, there are occasional indications of an awareness of economic truth. The magazine *House & Home* recently devoted an entire issue to a presentation of essentially Georgist principles. Look Magazine published an incisive article called "Let's Tax Our Slums To Death," (see page 5). The noted columnist Raymond Moley, in the January 2nd issue of *Newsweek*, urged a heavy tax on land which "would put an end to the immense speculative profits now being made by people who create no improvements but permit slums to remain until improvements in the vicinity raise the value of their properties"—and condemned the Commission on National Goals for having completely overlooked "this source of revenue to meet the cost of urban renewal and

thus lighten the federal burden on all taxpayers." Perhaps these are mere wisps of encouragement; but they are definite cracks in what has been for decades an impenetrable wall.

Over many centuries the Hebrew congregations have devoutly ended their prayers with a fervent "Next year in the Holy Land!" Now Israel stands, a monument to their long

faith. And (on a rather less exalted level) it may be recalled that the battle-cry of baseball-mad Brooklyn since time immemorial was "Wait till next year"—until the day of victory actually arrived. Faith, as we know, can move mountains; we must have that kind of faith in the attainment of a free economy and a free philosophy.

In an article in the December 15th Human Events, Frank Chodorov points out how "Land Speculation Endangers the Economy" and quotes liberally from the House & Home article. Commenting that land speculation does the economy no good, Mr. Chodorov concludes by quoting Professor John Henry Denton who is in charge of real estate studies at the University of Arizona, as follows:

"The only cure for land speculation is to eliminate the extraordinarily favorable tax treatment accorded the land speculator. No justification for this can be found in economic theory. Unlike speculation in commodity futures or common stocks, land speculation does not support a market or provide a stimulus for production. In fact, it has just the opposite effect.

It destroys the marketability of large areas of land by pricing them out of reach of immediate users. It deprives our community of many facilities for good living (such as parks and playgrounds) by driving the land beyond what the communities can pay. It limits competition by holding a large part of the land supply off the current market. It channels capital funds from productive investment into sterile adventures and may be responsible for the present day death of private risk capital."

**Praise for the large handsome reprint of the August House & Home is still forthcoming from many areas. These are only 50¢ (the entire issue with only advertisements omitted). You may order 12 copies for \$5, or 25 for \$10.**

#### KNOWLEDGEABLE ECONOMIC COUNSEL FOR THE COMING ADMINISTRATION?

Professor Mason Gaffney of the University of Missouri has mentioned, for the benefit of HGN readers, an article by Walter Heller, a college economist, who has just been named head of a Council of Economic Advisers by President-elect Kennedy.

This paper on "The Use of Agricultural Taxation for Incentive Purposes" was included in a book published by the Harvard Law School in Cambridge, in 1954. Professor Gaffney writes that it is "very sympathetic to land value taxation, and very knowledgeable." The author has two other articles in the book which touch on the use of land value taxation in China and Korea.

Another presidential appointee is Rex Whitton, formerly Chief Engineer of the Missouri State Highway office, who was named Federal Highway Administrator. Professor Gaffney recalled that Mr. Whitton spoke to a group in Columbia, Missouri last spring and mentioned, among other things, the desirability of collecting increments to land values to help finance highways, but hesitated to mention this method because he thought it was his own "pet idea."