

The Splendid Way Out

By HARRY GUNNISON BROWN

DR. HARRY GUNNISON BROWN, professor of economics at the University of Mississippi, speaking at the New York rally on June 24th said, "for the most part I have been paid for the teaching I have done, and I have the greatest respect and admiration for those who have served without pay. I think of the Henry George School as an institution that inspires its students, graduates and friends to serve the cause for nothing because they believe it is worth serving."

Professor Brown referred to a preceding speaker on the same program, W. Wylie Young, who spoke of growing intolerance in America and the fact that soon it may be extremely difficult for people with liberal ideas to express themselves without fear of some sort of reprisal. "There's a splendid way out of this dilemma," said Dr. Brown, "for those who are interested in this particular reform."

Although Professor Brown has not been called for one of the popular investigations, he indicated that he would like to have a chance to say, "If you don't want to do this thing that I want to do, if you want to go on taxing capital at higher rates and making it more expensive for people to save and construct capital, giving them less and less returns on it *you* are going in the direction of Karl Marx. You are taking away capitalist incentive to save and invest, and if you go sufficiently far with that, people will be saying 'this system won't work, let's adopt socialism.'"

"Those 'little brothers of Karl Marx' have no right to present that viewpoint to us—we can show that they are the ones that ought to be investigated," the professor said.

Carrying this point a step further Dr. Brown pointed out that "those who always want to tax every large income just because it is large, regardless of whether it is earned or not—taking from each according to his capacity and giving to each according to his need—are not even doing the best for those who rely on their work.

Those Necessary Savings

"Let me call attention to this," he emphasized, "a land value tax which takes only the rent of land and leaves the motive for accumulation, means that there will be more saving,* more capital will be constructed, and more people will be better equipped with capital. They can produce more and when they produce more they will earn more. There will be more capital for the worker, he can produce more and therefore he can earn more."

On the other hand, if we are going to collect the same amount of revenue that could be collected from land value tax, and collect it by a progressive tax that deprives people to the extent that it is not worth while for them to save, we will reduce capitalist incentives and weaken the system, maybe cause a breakdown in it.

In a valuable pamphlet entitled "The Challenge of Australian Tax Policy" a copy of which may be obtained from The Schalkenbach Foundation or The Henry George News for

only five cents, the encouraging and concise results of observations made in Australia are set forth. As this study will be more and more talked of as further revelations occur it would be well for advanced students and teachers to read the precise data for themselves.

Dr. Brown, in comparing those districts in Australia which adopted a site value policy with those who did not, said "where they seek to take rent for public use there has been a very definite increase over a period of years" both in agricultural development and new building operations. In some cases the amount of building in the site value areas was double that of a comparable adjoining section operating under the old system.

Putting the question to the audience, Professor Brown asked, "if we want to encourage housing and discourage slums, what is the best way to do it? Is it to tax everybody, including some who have a hard time providing for themselves, in order to subsidize housing for others; or to tax the land which no man made. Shall we go on with subsidy after subsidy, compulsion after compulsion in our system, or shall we follow a clear-cut tax policy which works in the desired direction without penalizing anybody except the person who holds land relatively unimproved or out of use or completely idle?"

In Soviet Russia it was observed "those who are not constructing the subsidized buildings must provide a means of livelihood for the ones who are—that means compulsory saving." When people criticize us for wanting to tax land more and getting the taxes off of capital, they are doing the thing the Marxists want to do that make it impossible to rely on private savings to construct capital. They are working for the thing that carries them farther in breaking down private enterprise.

The professor regretted that many so-called liberals had become leftists, and admitted that members of his profession might have been largely responsible. One economics instructor of his acquaintance referred to the teachings of Henry George as Medieval and confessed, as many do, that he had little or no acquaintance with George's books. "Where are we going to get the inspiration for the dreams of youth," Brown queried, "if in the college courses we don't present the blueprint the students ought to have for accomplishing the result they claim to seek, and in many cases sincerely do seek?"

*Reprints of an article by H. G. Brown entitled "Henry George and the Causation of Interest" are available free to readers who would like to understand better Dr. Brown's point on the importance of saving.