

THE GREAT ADVENTURE

by S. James Clarkson, Naples, FL

(The following speech was presented on March 2, 2001 to the Marco Island Shrine Club, Naples, Florida. In giving permission to reprint the speech, Jim Clarkson, said: "Keep in mind that there is a moral issue involved. I have always believed that unless we finance Land Value Taxation from its source we are but 'sour grapes.' On the other hand, if man seeks to satisfy his desires with the least exertion, why destroy the system?"")

In 1942, after winter tobogganing with my school chums, I shared cocoa and doughnuts at the home of Alan Brett in Highland Park, Michigan. His father's name was the same as his, the importance of which I will relate later.

During these occasions Mr. Brett Sr. would take some of my school friends into his dining room for a purpose I did not know, until it finally came to my turn. The first thing he asked us was "what would constitute a good tax plan?" After many suggestions he finally said that the basis should be founded on the principle that one should not steal, or positively put, to take what belongs to you. Well, "what belongs to you?", he asked. We finally decided that what you created you were entitled to own.

Then came the gambit. Mr. Brett would roll out on the dining room table a sheet of butcher block paper and on it he would draw three circles. One was called Mars, one was called Earth and a third he called Society.

Then he related this story. Jack was living on Mars which was fast becoming a dried up planet. One day he was looking through his telescope and he saw the planet Earth, a green plush land filled with opportunities for himself and his family. He quickly got into his rocket ship and flew to earth, settling on Manhattan.

His buddy Bill seeing the same thing in his telescope decided to do the same thing. After circling Earth he decided to land on New Jersey, a garden spot for his family. Jack was there to welcome him, thrilled that he would have company for himself and family. Of course, he said to Bill, you will have to pay me for New Jersey or rent it. "By what right do you make your claim?" "Because," he answered, "when I first came here, I took title to Earth by right of discovery; either rent it or buy it." "But," Bill answered, "until I came here it was not worth anything to you."

That conclusion was quickly apparent that it was the society of people that created the value of all land. If that was true, then the value of all land belonged to the people.

How could this be accomplished? It was then that Mr. Brett handed to me a book entitled Progress and Poverty by Henry George and said, "read it, the answer is there."

I did not then, but I did after the war. Drafted at 18, economics was the last thing I had on my mind. That was soon changed when, sitting in a fox hole full of water in France as a machine gunner on the front lines, I asked myself why was I there? What reasons could possibly explain this madness called war. Then it came to me that almost all wars were fought for the ownership of land. From the dawn of humans

the quest for land has been the salient theme of recorded history. Nations and empires have fought to expand their domains.

The Chinese created a huge land empire in the centuries before Christ in the East. Then came The Great Khans from Mongolia, followed by Alexander the Great who did the same thing. The Middle East with the Israelites in claiming the promised land, the Canaanites, Hittites, Babylonians, Egyptians, Assyrians and the Persians, the Gauls, the Vikings, and the Roman empire -- to name a few more -- all fought to obtain more land than they could use. Then came the colonial empires of the British, French, Spanish, and Dutch, basing their title to the land in India, Africa, and America on discovery and force.

In more modern times the Germans under Hitler, the Russians under Stalin and the Japanese went to war seeking to conquer more nations to obtain more and more land containing mineral wealth and oil. It was then, in that fox hole, that I realized that it was man's desire to rule based upon the territorial imperative of conquest that was necessary to accomplish this through a system of land ownership. This system was the enemy, not the German who was in the opposite fox hole.

I returned home and read the book, Progress and Poverty, that was to change my life and the beginning of my "Great Adventure", as it was called by Luke North for his Single Tax movement in California (1914-1918). The movement continued waging initiative campaigns until 1926.

While Henry George was primarily known for his so-called "Single Tax", the taking of all of the unearned increment (land rent) for the operation of all of the government, the merit for its partial application is valid today. We have some Land Value Taxation in the form of our property tax. Unfortunately, because it is combined with the improvements on the land, the average tax payer cannot easily distinguish between the two, except where he owns land only. In Southfield, Mich. when I became Mayor, in order to facilitate knowing the difference, I provided that the tax bills would carry the assessed value on buildings and land separately, for the tax payers' edification.

What is the basis for the present system? Brevity will not permit me to tell you of the step by step development of the feudal system as we understand it today. Suffice it to say, that in its refinement, the continued "ace in the hole" was the control and distribution of the land.

When William was crowned King of England in 1066, he immediately distributed the land of the conquered, rewarding his friends and punishing his foes. The land of those who fought against the conqueror was seized and divided among his followers and himself. No land was to be held in absolute ownership. Every landlord would hold directly or indirectly to the king. It is for this reason that feudalism involved not only the proprietorship of the soil, but also of the inhabitants living on it. (continued on page 5)

Political power could only be maintained by control of the population and by attaching the population to the soil and thus making them part and parcel of the land on which they resided. This created a species of slavery as a means for sustaining the political power of the sovereign. In this way the people in the various lands could be controlled by the lords above them. While a person was merely a tenant to those above him, he was lord to those below him and accordingly was termed "mesne or middle lord". Thus, land held by one tenant of a superior was known as a "feud", "fief", or a "fee" -- the term being derived from "feudum", and was contra-distinguished from "allodial" land (land which was possessed by a man in his own right, not incident of another and without any obligation of rent or services.)

King William had to solve the problem of holding the English in subjugation while keeping a check on his Norman followers. In the case of the English, he continued the practice of seizing the lands of those who resisted his authority and turning them over to Norman lords, each of whom had to furnish a contingent of soldiers in proportion to the size of his land grant. Secondly, William secured every district he conquered with a castle garrisoned with his own men.

From that date to this time, there has been no change in the land ownership system, except by its surreptitious refinement. Any reforms that were made were the result of a constant whittling away of the obligation of tenure to the government. Where did you think the title "Land Lord" came from? It is the invention of the King in justification of his land holdings from God. The lords were each given titles such as Duke, Earl or Baron, depending on the size of their respective domains.

There are no titles of Nobility given by the United States as our Constitution prohibits it (Article I, Section 9). I am, however, a lord to the tenants in my office building. The tenant can use the land if they pay me rent, including interest for the use of the building. The present legal system still refers to the rights between the parties as Landlord and Tenant Law. In such proceedings they refer to me as landlord. Facetiously, I just say to them, "just call me Lord James."

The "System" has been so ingrained in our lives that we have accepted it as a way of life. To question its validity is next to treason. If that be the case, I am guilty. Elected to the Michigan Legislature in 1958, I introduced two bills in an attempt to provide cities in Michigan with the method by which they could shift the tax from the improvements on the land to the Land as was done in Pennsylvania, where Pittsburgh and nineteen other Pennsylvania cities tax land at higher rates than buildings.

In the course of that attempt I crossed hairs with Representative Conlin who was spear-heading an income tax for Michigan. As you know, Marx's manifesto advocated a progressive income tax to redistribute the wealth. He would call me Henry George until

one day I replied, "Hi, Karl Marx," and that ended the name calling. From then on he called me Jim.

The House Joint Resolution M provided for a constitutional change:

Article X, Sec. 3B. "The Legislature shall provide by law that any Assessing District levying and collecting taxes against real property may assess improvements at a lower rate than those imposed upon land."

House Bill No. 505 was enabling legislation providing that the governing body of any taxation unit in any year may levy separate and different rates of taxation for all purposes on all real estate classified as land exclusive of the buildings thereon and on all real estate classified as buildings on land, etc.

In the course of that session, while I was not able to successfully pass my bills for permissible differential property taxation, I was able to defeat the proposed state income tax by my single no vote, preventing a majority vote for its passage.

When I became Mayor of Southfield, I discharged the assessor and appointed an assessor by the name of Ted Gwartney who favored land value taxation. Gwartney has gone on to become one of the experts in the field of land value taxation with USA and world recognition. After a complete reappraisal of all of the land in Southfield that had been appraised lower than the improvements, the result for most residential taxpayers was that taxes went down.

Henry George, who was he? Born in Philadelphia in 1839, Henry George went on to San Francisco and became a newspaper editor who addressed the social problems of his day. On a visit to New York, he was shocked by the contrast between wealth and poverty. He resolved to find a solution, if he could, and the result in 1879 was *Progress and Poverty*, which is said to be the all-time best-selling book on economics.

George's fame led him to be drafted by the United Labor Party to run for Mayor of New York in 1886. George lost to Abram Hewitt (and Theodore Roosevelt came in third). George wrote several books, including *Social Problems*, *Protection or Free Trade* (which was read in its entirety into the US Congressional Record) and others.

George's remedy was born out of the classical economists Adam Smith and John Stuart Mill's beliefs that the unearned increment from the rent of land belonged to the people. Others who believed the same way were Thomas Jefferson, John Locke, Thomas Paine, Mark Twain, Abraham Lincoln and Winston Churchill (to name a few) and without a doubt Mr. Alan Brett, my mentor whose name "Alan" I gave to my fourth son.

My own experience of land ownership came about from a speech I gave before the Southfield Economics Club when I was given the name of "Sour Grapes". Why the name "Sour Grapes", I asked the name caller. "Simply put, he said, 'you do not own any land.' It was then I knew that to prove speculating in land would reward me with unearned wealth, I had to invest in land to prove the point. (continued on page 6)

THE GREAT ADVENTURE

(continued from page 5)

The first of many speculative ventures, for instance, was when a house came up for sale on Southfield Road just North of Ten Mile Road. I convinced my law partners to join with me in its purchase. I knew that Southfield Road would be widened to four lanes and increase its value. We purchased the property with \$3,000 down on a land contract for \$18,000. Just over six months later we sold it for \$32,000. All the profit was from the increase in the value of the land and was unearned.

It took some courage to practice what I preached, but once after the first experiment in this adventure, I was forever hooked and consequently, found myself rationalizing my action by espousing the merit of land value taxation and thereby justifying my investment in land as a means to prove my point. The practical aspect of this is easily understood when in the talks that I give, and have given, across the nation and in Canada, I could more easily ford the question that implied that my advocating of land value taxation was but "Sour Grapes" for my failure to have benefited from the system.

Not all nations or political subdivisions have failed to "see the cat", but many have adopted various forms of Land Value Taxation — for example, by differential rates of taxation by placing a higher percentage on the land than on the improvements. The State of Alaska, for example, has secured the value of its oil royalties for their citizens by what is called the Alaskan Permanent fund.

Governor Jay Hammond introduced a proposed Constitutional Amendment to create the Permanent Fund in 1976, and it was approved by the people that fall. From then on, 25% of all mineral lease rentals, royalties, royal sales proceeds, federal mineral revenue sharing payments, and bonuses received by the state were placed into the Permanent fund. Every man, woman and child in Alaska with a qualifying 12-month residency is entitled to a portion of each year's earnings. In 1998 each resident received \$1,769.84, and for 1999 it was \$1,963.86. Just think, a family of four would receive \$7,855.44.

This could be done in every state in America. Land values belong to the people. Let us give it to them! It is up to you to advocate the change or become a Land Lord.

Between 1959-1979, Attorney-at-law S. James Clarkson served as a Michigan State Representative, then on the Oakland County Board of Supervisors, then four terms as Mayor of Southfield, MI, and then as a Judge in District Court. He has served on numerous governmental, civic, and professional committees and boards. Now in semi-retirement, he has residences in Naples, Florida and also in Port Carling, Ontario.

(editor's note: Also see the Jan.-Feb. 1998 GroundSwell article, "A Better Way," by James Clarkson.)