

ARDEN AND ITS LEGACY

by Michael Curtis, Arden, DE

(The following speech was given at the celebration of Henry George's birthday Sept. 2, 2000 in Arden.)

Single Taxers, Georgists, and Ardenites, my talk is not about whether Arden is a great place to live. It is. My talk today, on Henry George's Day, is the founding of Arden in a historical context, and whether the Village of Arden has brought the World or even New Castle County any closer to the Single Tax.

America, in 1900 was a very different place. In the three or four decades leading up to the founding of Arden -- which is about how long it's been since Kennedy was assassinated -- America experienced the end of chattel slavery, flood of European immigrants, public education, and the extermination of the Western Indians. It also added a transcontinental rail road, farming machinery, steam powered factories, the typewriter, the telephone and the electric light.

The increase in productive power must have been amazing. By ship it took two or three months to go from New York to San Francisco. By rail road it took seven days. In 1830 it took an average of three hours to produce a bushel of wheat. By 1900 it took ten minutes. As technology advanced, an excellent standard of living resulted for highly skilled, highly educated workers.

Production was carried on a larger and larger scale -- with most workers doing one step over and over again. With a minimum of training and education, the result was enormous. But for the majority of workers, who required a minimum of skills, life was really not improved. They did not share in the benefits of material progress.

They worked between 12 and 16 hours a day, six or seven days a week, with no workman's compensation, no OSHA, no right to sue for injuries or emphysema, no medical insurance, and no social security or retirement. And along side men were women and children, who were often scarcely better off than slaves. And even in the best of times there was unemployment and the fear of it, with no unemployment insurance, and no welfare.

They lived in rented housing, some times one room to a family, with no plumbing, and in many cases, the most unsanitary conditions. I suspect it was very much like Latin America is today.

And at the same time the rich got much much richer. And in reaction, there were Communists, and Scientific Socialists, and Labor Unionists. And, there was Henry George and the Single Taxers.

There was no disagreement among these reformers: the problem was poverty -- wages were ground to a bare subsistence, under the most unhealthy and brutal working conditions, and never quite enough jobs to go around.

And if you've studied Henry George, you know, that in his methodical way, he connects poverty, with all its vice and misery, to the institution of private property in land. We know that Progress and Poverty was translated into 25 different languages.

And to this day it has out sold every other book on the subject of political economy. But, the Single Taxers were few, compared to the hundreds of thousands of workers that made up the movements of organized labor. To them it was simple: the workers had produced the wealth -- the capital and the final products both, and they were definitely entitled to a much larger share.

Ironically, in 1886 the United Labor Party drafted Henry George as a candidate for Mayor of New York. And as his popularity swelled, it is said, that the Republican organizers told their constituents to vote for the Democrat. Teddy Roosevelt, who was the Republican candidate, came in third. Henry George came in second, but some historians believe that between the fraudulent voters and the ballots thrown in the East River, George may have actually won.

In 1895-96 there was the Delaware campaign with an expenditure of \$25,000, and thousands of Single Tax speeches, but they only got 3% of the votes, which apparently they could have bought for the same amount of money.

The following year Henry George ran for mayor of New York again. This time his victory was assured in the most important city in the most important country in the world. The Ross Brothers and many other Single Taxers from Delaware, Philadelphia, and all over the country, worked on the campaign. But, four days before the election, he died. His son, Henry George Jr., ran in his place. He is said to have been competent and knowledgeable, but it wasn't the same, and the Tammany Democrat won. Robert Van Wyck.

Yes, Henry George would have won, but did the people of New York believe in the Single Tax, or did they believe in Henry George? Were they looking for a principle or a savior? That may well explain why thousands and thousands of speeches got less than 3% of the votes in Delaware. Perhaps, political economy really is on a par with Rocket Science. We know that the Single Tax was supposed to raise wages and interest, as it lowered the rental value of land. And it was supposed to create full employment.

But what were they going to demonstrate in Arden? Remember Arden was the fall back position after the defeat of 1896. But you couldn't raise wages and interest within 160 acres with free immigration. The only thing you could do for sure, is collect the rental value of land from each leasehold. This would eliminate all the private gains from the exclusive assignment of land. If you were just renting the land, there would be no incentive to hold more land than you actually had in use. Or in the terms of political economy: there would be no land speculation.

Hoarding land as an investment had eliminated the American frontier, and the free opportunity for self employment. And this is why, no matter how much production increased, wages and interest were only enough to maintain the incentive for maximum production. All the rest of production went to the owners of land and other monopolies.

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No matter how much they produce, wages of the workers whose skill and education are least demanded, will always tend to a bare subsistence.

However, If Arden could demonstrate the absence of speculation on this 160 acres, and eventually, it became the standard for communities throughout the country -- New York and San Francisco and the farm and mineral land in between -- then we could again offer a Free Land Opportunity. We could raise wages and interest until they became equal to what could be produced by taking advantage of the natural opportunities that were freely open to everyone.

And the greater productivity which resulted from superior land, would go to society as a whole -- to fund the government, to provide benefits or dividends to the denizens of this land, who are equally its owners and beneficiaries.

There is a passage from the Athenian statesman, Themistocles. He was quoted in Progress and Poverty and it was carved into a large board in Founders house. "I cannot play upon any stringed instrument, but I can tell you how of a little village, to make a great and glorious city". To be sure, a great and glorious city, Arden would have become, had the rent been collected, and development allowed to proceed. And the demonstration would have been a city without slums and urban decay. But Arden did not collect all of the rent. It did not collect even enough rent to diminish the selling price of land, let alone create a great and glorious city.

Yes, Arden has done a good job of transforming the Real Estate tax into a Land Value Tax. And, yes it has measurably discouraged speculation -- to about the same extent as suburban New Jersey. And that's a real plus. But, most speculation takes place on farm land, or in cities. How many lots are held for speculation within a suburban residential development?

Yes, Arden certainly has a more equitable way of raising revenue -- pay in reference to the benefits received, and only in reference to the benefits received. But so far, no other communities have been so inspired by Arden's example that they have increased their revenues from the rental value of land.

Before I finish, I do concede: It was the Communists and Socialists, the Trade Unionists and Bleeding Heart Liberals, not the Single Taxers who got us the Minimum Wage and the eight hour day. It was the Liberals, not the Georgists who got us O.S.H.A., Workman's Comp., Disability payments, and Social Security. And it was the Liberals, not the Single Taxers, who created the Safety Net with soup lines and Welfare and public housing.

Of course we are sure that the Single Tax would take us farther: past the possibility of Recession or Depression; beyond the necessity of pollution; and on to the Recreation of our cities, instead of Suburban Sprawl and the destruction of wilderness. And at the same time, we are

sure that the Single Tax would give us a far greater increase in wages and interest and the total end of unemployment and poverty.

And I do concede that Arden has not contributed anything to the adoption of the Single Tax in the past 100 years, but it doesn't mean that it couldn't. Essential to the implementation of the Single Tax is the rental value assessment of land. And in my opinion, the first step toward the Single Tax, the transition from a tax on real estate to a tax on the value of land, would be met with far less opposition, and be far more easily accommodated by those who had to pay more, if the land tax was based on a rental value assessment.

There are hundreds of proponents of Land Value Taxation, but only a hand full of people have more than the vaguest notion of how to determine the rental value of land, as distinguished from the rental value of the buildings and improvements on it.

Arden is the only political entity in the country which is required to assess the rental value of land. Unfortunately, most of our trustees and most of our assessors, over the years, did not fully understand even the difference between land and wealth. Without even knowing it, they have asserted that the public collection of rent does not correlate with a reduction in the selling price of land. In other words, the land value tax is like a sales tax that must be paid in addition to the value of the thing being taxed.

So if Arden was actually observed as an economic demonstration, it would be a testament that the hypothesis upon which Henry George advocated the Single Tax, was totally invalid. This is not a conspiracy to discredit Henry George or the Single Tax. It stems from the belief that whatever is determined by the assessors to be the rental value of Arden's leaseholds, must be charged against each leasehold.

However, if the Village of Arden allowed its residents, as a political body, to decide the amount of rent to be collected, which they have the legal option to do, the assessors could then focus exclusively on determining the rental value of the land within each leasehold. They could improve the process over time, and Arden could be a working model, an icon of Rental Value Assessments and equity throughout the world. And this would definitely help in bringing the world a little closer to the Single Tax.

It would also mean that Frank Stephens, Joe Fels, Will Price, Frank Martin, Charles Shandrew and all the other Single taxers who gave of their time and money in the founding of Arden, did indeed make a lasting investment in the continuing struggle to make the world a better place.

(Mike Curtis is the current Education Director of the Henry George School of New York. Previous to that, he was the Director of the Henry George School of Philadelphia, housed in the Henry George birthplace. Mike Curtis is a life-long resident of Arden. His grandfather and great uncle worked on Henry George's 1897 mayoral campaign. Both his grandparents were very involved in the early development of the town of Arden, DE, a single-tax community that is thriving to this day. □