

The Plan Should Be Free of Socialism

By HOWARD L. FREEMAN

AT THIS LULL in the activity of those who champion concepts for the "Mechanics of Georgism" other than those already outlined in various issues of the News, I should like, as author of one type of such "mechanics" outlined in the September 1950 issue, to answer Mr. Tetley's criticism of it in the November 1950 issue.

In a letter to the editor (December) I have already changed the wording of a sentence in my article which should make it clear that my list of various concepts for the application of Georgism which exist today was merely to show the range of ideas that stem from *one* agreed-upon *theory*. The listing did not constitute my endorsement of *all* the concepts.

In his article Mr. Tetley did not agree with my using a population mechanic as a basis for establishing *total over-all land value* of an area, which figure is broken down and distributed over the various zones in the formation of land value maps (preferably covering an entire county, as business zones extend along all our major highways). From these maps the George tax (or annual rent, if you prefer) for any given site is determined by taking 10 per cent of the value shown on said map. (A front foot basis may be used in cities, the results are the same).

Instead of that, Mr. Tetley suggests turning the job of determining the George tax (or annual rent) over to a board of assessors. Since today boards of assessors use selling price as a determining agent for establishing land area valuations, and since we all agree that the George tax would eliminate *selling price*, it would seem that boards of assessors should be given some other criteria for establishing land value, or annual rent. Leaving the entire determination of the George tax to a selected assessor or board of assessors, as Mr. Tetley suggests, relies entirely on the human element and hardly qualifies as a mechanic, to my way of thinking.

Furthermore, under the method I outlined in Type I the total income that an entire state or county or local government might expect from the George tax is quickly and accurately computed. Since land values and population are in direct ratio, 10 per cent of the total land value so determined equals the income under the George tax. I can show that this tax (or land rent) figured on that basis *will* meet all the present costs of state, county and local gov-

ernments *high as they are, without any other tax whatever*. Where the determination of the George tax (or land rent) is left up to an assessor or group of assessors, no matter how expert they may be, no prior estimate of the total income can be made.

Mr. Tetley objects to my views on the severance tax on natural resources—the income of federal government. My definition of a severance tax is a tax placed upon, and equal to, the value of natural resources that are being removed from their natural state. He must undoubtedly have some other definition in mind when he says: "Full severance value of natural resources should be collected whether used or not." How, for example, can a severance tax be collected on a forest that isn't cut? Who would pay it? A title holder of the land area upon which the forest was located might per-

haps be using the land area he monopolized for grazing sheep, but for that privilege he would pay taxes on land area to the local government. Surely he should not pay federal government stumpage or severance on trees he did not cut. As Georgists in theory we *all* agree that natural resources, things not produced by any man, belong in their entirety to all men. How then does Mr. Tetley in the same paragraph give mineral rights to an "XYZ Corporation" who, he says, under Type I mechanics, would hold out of use the resource in question?

Today we do tax natural resources whether they are used or not, that is why they are exploited so ruthlessly and wastefully. I was a conservationist before I became a Georgist. It was the idea of a tax on the *use* (or severance) of natural resources rather than a blanket tax on the *natural resources themselves* that appealed to me and led me to George's philosophy as the only sound conservation policy.

Mr. Tetley states, "I flatly disagree," to the idea I expressed that the severance value of natural resources should be determined by the highest bidder on a royalty basis for oil or minerals and on a stumpage basis for timber. In defense of this view, before I express my opinion on his proposal, let me say that today where landowner and capitalist are separate, mineral deposits, oil deposits, etc., are opened by the landowners to exploitation by that contractor who offers the highest royalty to the landowner for the minerals, oil, etc., he extracts. In my opinion no more accurate determination of severance value than this can be devised. In our

national forests today the government collects "severance" of timber resources on the basis of the highest bidder for stumpage on trees in a given area. Contractors look over the area, decide the equipment needed and the problems to be encountered in getting the timber out, the price they will receive at the mill, and what they should receive for their labor and risk. On that basis they offer a bid to the government for severance value (stumpage value, they call it). The highest bidder to the government exploits the forest on the terms he himself set. What could be more accurate or fair?

Mr. Tetley feels that in place of that system of competitive bid we should select a "national board of experts." These men are to represent government and determine severance value of all natural resources under his proposed method. I question whether men who are experts on all phases of mining and drilling, and who are acquainted with all the problems of logging, are men who in addition know all market values. I question, too, whether such men could be found in sufficient numbers to form a national board of experts.

Now if Mr. Tetley insists that he meant exactly what he said, that "the severance tax on natural resources should be collected whether or not the resource in question is exploited," then his national board of experts has a still bigger job. It will have to determine how much every deposit of ore, every oil field and every forest could yield if maximum production were applied to it, and on that yield (or quota) it must set the severance tax. I still don't know who would pay it on a resource that was not being exploited, but suppose someone would; what a task that would be for the experts!