

the Henry George News

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The Day the *Henry George School* Was Founded

by ROBERT CLANCY



Oscar H. Geiger

IT was January 1, 1932. What kind of a day was it? Surely the most desolate of New Year's days. It was at the bottom of a deep depression that had lasted two years, with no end in sight.

New Year's Eve in New York had been celebrated without enthusiasm, without hope. And to the inhabitants of the "hoboes' jungle" on the West Side (which included a number of ex-bankers), January first was just another dreary day.

New York was demanding federal help for its 800,000 unemployed; and across the nation one out of four persons was unemployed. Businesses continued to fail and stock prices continued downward. Economists were calling for bold new programs to cope with the situation. Sumner Slichter

wanted economic planning, and Richard T. Ely, conservative foe of Henry George, called for a huge public works program. A move for higher tariffs was first on the agenda when Congress should reconvene in a few days. The Federal Reserve Board was being pressured to loosen credit as a way out of the depression.

While chaos and bewilderment reigned in the economic and political worlds, science continued to make progress. Einstein's theories had just been confirmed by new experiments in California, and progress was being made in exploring the atom and in overcoming disease.

The worlds of art and entertainment were not doing badly, in spite of everything. The New Year's movie

(Continued on page 15)

A Word With You

THE world is now covered with paper.

There is a whole complex of paper money, checks, deeds, instruments, conveyances, stocks and bonds shuttling back and forth, by means of which the world's business is transacted. A Gulf Stream of correspondence: letters, enclosures, envelopes and postage stamps, flows incessantly into every nook and cranny—to say nothing of the irresistible flood of circulars and advertising matter.

Of the making of books there still is no end, and to these must be added the multitude of newspapers and magazines that pour off the presses remorselessly. All this and more has finally caused a thin layer of paper to settle over the entire earth. It is a very thin, invisible layer, hugging every contour, much as does a certain type of thin wrapping over candy or cake, which you have to unpeel.

A day will come when the paper will be unpeeled from the earth, and this is how it will come about. Certain messengers are among us, and it is their job to put certain questions to us. I am not at liberty to give the details, but everything depends on how we answer the questions. Our answers will reveal whether we are attached to the Real World or to the Paper World. If the latter, nothing will happen; if the former, the paper at our feet will imperceptibly melt away.

Then, at a given signal, the paper

will be unpeeled. Those who have the paper melted around them will be left on the Real World; and the others will be lifted off along with the paper.

The Paper People will be those who are satisfied with their hoard of paper: their stocks and money, diplomas, deeds to land, and their paper dolls.

The others will be those who may use paper but are not attached to it—who want learning rather than a diploma; who want access to land rather than a deed; real wealth rather than paper notes; and real people rather than paper dolls. The people will at first notice that some of the population is missing; but by and by they'll get used to it and settle down to the real business of living. They will work at liberty and justice for all, not merely the paper evidence of it. It will be a millennium, you could say.

What about the Paper People? Their Paper World, lifted off the Real World, will be dropped into space. They will go on living their lives, and they, too, will notice that some of the population is missing. But they will get used to it and settle down, still believing that *theirs* is the real world.

But after a time the Paper World will slowly fade, as does a dream, and it will be dissipated into the Nothingness of the Allness, there to be resolved into the primitive components of future worlds where paper may be needed.

—Robert Clancy

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The Henry George News, published monthly by the Henry George School of Social Science, 50 E. 69th Street, New York 21, N.Y., supports the following principle:

The community, by its presence and activity, gives rental value to land, therefore the rent of land belongs to the community and not to the landowners. Labor and capital, by their combined efforts, produce the goods of the community—known as wealth. This wealth belongs to the producers. Justice requires that the government, representing the community, collect the rent of land for community purposes and abolish the taxation of wealth.

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Short Versus Long Term View

by ALEXANDER M. GOLDFINGER

MANY of the decisions we are called upon to make are concerned with choices between short term and long term gratifications, consequences or effects, although we may not always be conscious of such considerations.

In our childhood we read with delight the fable of the grasshopper and the squirrel, recounting how, during the long summer days the former ate and enjoyed life, not anticipating days when the food would be lacking while the latter industriously gathered and saved nuts to be consumed when food was scarce. Here was a lesson and a moral for us to learn. The short term gratification might lead to dire consequences in the long term.

Many of the success stories we heard in our youth were based upon the frugality and saving of the hero, who ultimately achieved great success. We were taught and practised thrift and so our thinking followed the consideration of short and long term effects. But sometimes such choices become difficult because the environment in which we must live and choose has changed. The thrift which we learned in our youth becomes a mockery when it is realized that inflation has reduced the purchasing power of our savings and our life insurance to less than one-half of the dollars we so thriftily saved.

Even the old maxims about saving which were the basis of economic progress, applicable to individuals and to the total economy, now

are disputed in learned circles. Since Lord Keynes influenced economic policy in both Great Britain and here, the so-called "propensity to save" is largely blamed for the recessions and depressions of the business cycle and spending is encouraged so as to promote jobs and production. What then is the present day youth to believe and how will his choices between short term and long term effects be affected?

Some evidence of the short term choice is to be found in the public policy of our local and national governments, which policy, we are told, conforms with what the majority want and advocate.

Shortly after World War II, when the Soviet government showed its intransigence, our national policy was one of containment of communism. Whether that policy succeeded or failed is not the issue. There is ample evidence that such policy did not prevent the conquest by Communists of North Korea, North Vietnam and other parts of southeast Asia. Was the policy of containment aimed merely at a short term holding back of the ruthless conquest of Communists, or was it aimed at fighting the authoritarian ideology of communism with the ideology of liberty so backward nations would voluntarily choose a way of life which eventually would raise living standards?

It may be argued that the containment policy enjoyed some success since Greece and Turkey were undoubtedly Communist targets

which with our help escaped the fate designed for them by the Soviets.

However this policy led us to distribute billions of dollars of wealth to England, France and many other countries, but *not* to West Germany which under the guidance of its Finance Minister, Erhardt, refused the crutch of economic aid. With the assistance of U.S. aid, England, France and other countries were able to institute more and more welfare state programs; England, in fact, traveled so far down the road to socialism as to nationalize many industries. In other words, from the long term view, our national policy encouraged and helped to institute welfare statism in friendly allied countries which will continue to exist under a growing bureaucratic and authoritarian regime.

If the long term view had motivated our national policy, an entirely different course of action might have prevailed.

Have we learned a lesson? We can doubt this when we examine the latest enunciation of the Alliance for Progress for Latin America. We recognize that the poverty of Latin Americans stems largely from the maldistribution of wealth and that this has its roots in the land ownership. Agriculture is the principal source of livelihood but the land and natural resources are owned by a small minority. "Land for the landless" is the slogan used by Communists and it has its appeal to the hungry.

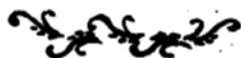
We have promised billions of dollars of aid (over a ten year period) to the countries which will institute land and fiscal reforms. How will these reforms be instituted and

administered? By the governments of those countries. Land, in the main, will be purchased by the governments from the present owners of large estates by issuing bonds carrying interest charges, and the land will be sold to peasants on a long term installment basis with little or no interest.

One result of such policy will be that the peasants will be supervised and to a large degree controlled by the central government. Another result will be that interest on the land-purchase bonds will require a large portion of national income for payment, thus yielding the former land-holders incomes which current production must yield.

The Latin governments will attempt to alleviate the conditions of poverty by mass building of habitations for low income families, by unemployment benefits and other measures, all of which fall within the category of welfare statism. So, our desire to assist those less well endowed than ourselves will again result in more and more economic crutches, more and more government subsidies and control, more and more welfare statism.

The longer view of supplying a free-market economy would better serve to supply the poverty-stricken farmers with the incentive to renounce the blandishments of communism and become a better trading partner for us. How better could we achieve this than to espouse the removal of confiscatory taxation (and inflation) and the collection of the site value of all land for public revenue? But how can the United States espouse this reform for Latin America without espousing it at home? Truly it is the time for a long term view.



The Earth Eaters

by SYDNEY MAYERS

FOR over a thousand years it was known as Persia; now it is called Iran; but more than a mere change in nomenclature is involved. The new name is a reflection of the almost hysterical process of modernization which is currently transforming this ancient country into a twentieth-century nation. In the course of replacing a feudal society with today's system of industry and commerce, this transformation has brought with it chaotic economic upheavals and frightening political problems. Iran's government is hard-pressed to find a solution, but both the source of the trouble and the means of its alleviation must be quite evident to the knowledgeable.

Normally, great changes in economic systems extend over many years, so the intense rapidity of the Iranian metamorphosis presents an unusual opportunity to observe scientifically the practical application of natural economic laws. Iran, as it were, lies under a microscope through which can clearly be seen the dire effects resulting from the continuing prevalence of the system of private land ownership which has long been discredited by far-seeing political economists.

In a recent New York Times article, Harrison Salisbury writes, "One of the manifestations of the country's painful transition has been a land boom, perhaps the greatest since the Florida madness of the Nineteen Twenties. It carried Iran to the brink of financial disaster." Needless to say, the disaster has borne the inevitable concomitants of uncontrolled land speculation: unemployment, depression, poverty, misery and social deg-

radation—for all but the land monopolists who have judiciously deposited their inordinate profits in Swiss and American banks. Since land speculation stems from increasing land values, which in turn develop from the growth of population, another of Mr. Salisbury's comments is most revealing, "The physical transformation of Teheran, its growth from 600,000 people to almost 2,000,000, has set in motion speculative gyrations, the consequence of which even now cannot be wholly foreseen." (Henry George foresaw them 83 years ago!)

Interestingly, the residents of Teheran seem instinctively to understand the cause of their present woes; they even have a name for the culprits concerned, whom they call "the earth eaters." These were the first modern Iranian land speculators, who, shortly after World War I, acquired countless acres of land in the deserts near Teheran, mostly via bribery and other trickery. "Then," Mr. Salisbury casually says, "the earth eaters sat back and waited." They waited patiently until 1953, when Iran's revolt against feudalism reached its peak with the overthrow of Premier Mossadegh. The advent of a new regime (plus oil profits and large-scale credit from the West) was the signal for the wildest kind of speculative orgy. Mesmerized businessmen borrowed heavily in the real estate bubble.

Now that bubble, like so many others, has burst. One hesitates to labor the point, but the reaction is unavoidable. How obviously Iran's economic path has paralleled the road charted by Henry George! Every mile-

stone is there: the acquisition of land by force or fraud, the landowners' sitting and waiting, the growth of population, the need and demand for land, the mad scramble to get it, the savage speculation—and then, the collapse. As the French so neatly say, the more it changes, the more it remains the same.

Iran's earnest efforts to emerge from backwardness into modern civilization are surely commendable, but it is

regrettable that this ambitious descendant of a magnificent ancient kingdom has not learned from economic history. It is to be hoped that some day, perhaps, a new nation conceived in economic as well as political liberty will adopt the one economic principle that complies with natural law—the abolition of the private appropriation of rent. It is not difficult; after all, *Progress and Poverty* has been translated into many tongues.

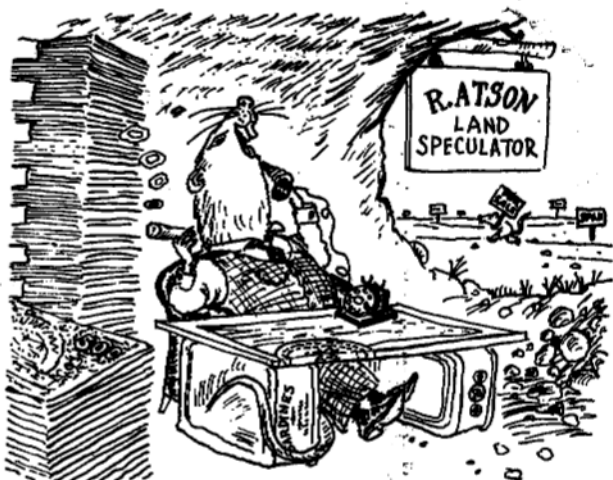
"THIS LAND IS MINE"

Leosane Anderson, director of the Denver Extension, has observed with interest the extensive news coverage on a 77,000-acre plot involved in a "range-war," and writes that it is making Colorado land conscious and aware of the fact that even with all that expense there still may be, for some people, "no place to stand."

The disputed land was originally a Mexican grant. In 1844 a Justice of the Peace for Mexico pointed to a mountain range and told two young men a million acres was theirs. This has always been known as the Sangre de Cristo (blood of Christ) land grant—an appropriate name, for much blood has been spilled over it. Congress confirmed ownership of the land in 1853 and levied taxes. Large sections have subsequently been sold and resold.

Legal action presently involves Jack T. Taylor, owner of the 77,000 acres for which he paid \$500,000. He wants to be free to sell the land or use it as he wishes, but charges that residents, many of them claiming to be descendants of original land grants, refuse to accept his ownership. They feel they have grazing and timber rights, if not under terms of the grant, then because of "adverse possession"—a legal term which means uninterrupted use of land for more than 20 years.

"The land will cost you 275,000. Did I say 175,000? Sorry, that was yesterday's price!"
From *Vejen Frem*,
Denmark



"Keep Alive the Teaching"

FROM Progress, the Australian Georgist journal, we learn that Henry George was honored at a gathering in Melbourne with an address by Dr. C. K. Ravasz, president of the Sydney Henry George School of Social Science. Following is a summary of the address as it appeared in the Melbourne publication, Progress.

"Henry George lived a very rich life and took part in many activities. In his thinking he got back to fundamentals of social problems. How can we introduce people to George? It is not easy to put him in a category.

"As a scientist, he tried to make economics a science, writing the book, *Science of Political Economy*. His thinking had links with the physiocrats, but he improved on them. He could also be grouped with the classical economists and had affinities with the radical economists such as Mill and Spencer. . . .

"It is as a social reformer that we remember George. In his fundamental thinking he was a revolutionary. His aim was that everybody should get the full fruit of his labor. His unique contribution is that he aimed to **ACHIEVE SOCIAL JUSTICE THROUGH FREEDOM**. Most others wanted to achieve it through regimentation. His teaching, that of conforming society's laws to natural law, is the only one that shows justice and freedom going hand in hand.

"Georgist groups are to be found all over the world today. In America, his homeland, he is considered one of their greatest political philosophers. The Henry George School flourishes with thousands in classes and thousands of graduates throughout the country. Canada also has branches of the school and some land tax appli-

cation. South America, where similar ideas were advocated before George's time by Rivadavia and others following, today has little application of the ideas in legislation.

"In Britain there were great efforts along Georgist lines in the past, particularly sponsored by the old Liberal party, but no application as yet. The School is very strong there, with many branches in London and provincial centers, and in Scotland and Wales.

"In Europe there was a strong physiocrat tradition in France, Belgium and Holland before George, and continuing, but little practical application. Denmark stands out as a stronghold of Georgist ideas, shown by many writers before George and since. Great progress is being made there today. An increment tax has taken almost all increase of land value since 1936. Until recently the Justice party (Georgist) was part of the government, and there are other Georgists outside the party. In Spain a small group publishes literature, and in Germany, where there was once a very strong membership, new groups are emerging. A German edition of *Progress and Poverty* has just been published.

"Russia's great Georgist was Tolstoy, who had many followers, but the Revolution swept them away. However, today the importance of rent is again being studied and many conferences are held on the subject which is dealt with in Marx's third book.

"China: The outstanding name here is Sun Yat-sen, who, around 1910, advocated Georgist ideas. But the Communists today are not following him in land reform methods.

"A co-ordinating and strengthening influence for the Georgist world is the International Union, with headquarters in London. Under its auspices, conferences are held every few years in different countries with representatives from all over the world.

"Many have adopted Georgists ideas in a diluted form. We must there-

fore keep alive the teaching in its purity and pass it on to others. We have to be topical, up-to-date in our approach to people. What George wrote is timeless, because he wrote about principles, but we must apply these to today's conditions, always keeping the great aim in mind — Social Justice."



ERIE JUNIOR CHAMBER ENDORSES LAND VALUE TAXATION

The building industry, building trades workers and all the extractive industries of the country will be aided by land value taxation, according to the Erie, Pennsylvania Junior Chamber of Commerce.

Charles A. Hall, chairman of the land value taxation committee of the Erie Jaycees, and a past president of the organization, said the Erie group is the first Junior Chamber of Commerce in the United States to endorse the idea of exempting buildings and improvements from property taxation, and shifting the tax to land values. This action is the result of months of study and research by a committee formed last May.

Mr. Hall said the Erie Jaycees will campaign to have the Erie city council adopt the tax shift, and will work with other local groups to have it done. Erie is one of 48 third class cities in Pennsylvania allowed to exempt buildings and improvements from local property taxation. He said Erie should use land value taxation to increase its prosperity, stimulate building, renew its downtown area, help industry expand and reduce taxes for most home owners.

"Untaxing buildings will just naturally produce more construction of every kind. This will not only put construction people to work, it will also result in more work for loggers, miners, truckers, factory workers, as well as those engaged in agriculture and livestock fields." The U.S. economy needs land value taxation to make it stronger, the committee chairman said, and there is an increasing awareness all over the country that land value taxation is overdue in the nation.

"So far, only two states, Pennsylvania and Maryland, have laws which allow buildings and improvements to be untaxed, but California, Texas, Michigan and Montana have groups which are pushing for the legislation. It is the hope of the Erie Junior Chamber of Commerce that Erie will adopt land value taxation. When Erie does so, other third class cities in Pennsylvania will follow. When that happens, other states will follow the lead of Pennsylvania, and the entire U.S. economy will be stronger." Mr. Hall believes land value taxation should be the backbone of the competitive enterprise system.

The Erie assessor's office is making a study of land value taxation, and the idea is also suggested in the Erie Workbook for Community Development Action, published by the Chamber of Commerce of the United States.

A LEAGUE TO UNTAX BUILDINGS was formed last month in Detroit with Joseph J. Pietruska as president, and Adam Kempa as secretary-treasurer. Its purpose is to inform citizens of the necessity of eliminating artificial barriers to the production and distribution of wealth and services. Voluntary contributions will be welcome. Membership dues are from \$3 upwards. Members receive bulletins informing them of tax developments.

A LAND VALUE TAXATION COMMITTEE organized in Boston by Herman Halpern, a recent graduate, meets regularly and sends out letters and printed material borrowed from the Incentive Taxation Committee of San Diego. Eventually they hope to press for an amendment permitting separate rates on land and buildings.

Prosperity Through Freedom

FREE enterprise offers the greatest opportunity for self expression, states Lawrence Fertig in his book *Prosperity Through Freedom*.^{*} Collectivism is the opposite of individualism and therefore stultifying. There is no doubt, he says, that this country is better off than any other, and the advantage is due solely to the institutions of private capitalism.

Yet American education offers very little background on the free enterprise system in high schools and universities, aside from distorted concepts and collectivist ideas. Questions directed to high school students revealed that 55 per cent indorsed the doctrine of "from each according to his ability, to each according to his needs."

As defined by this doctrine, profit is not a reward for enterprise but comes from "a contrived scarcity." The individual's right to engage in a business of his own is derided and is not considered "a basic freedom." Individual saving is scorned and a large public debt is praised. Dr. Samuelson, for instance, sees "no technical reason why a nation fanatically addicted to deficit spending should not pursue such a policy for the rest of our lives and beyond."

In a "growth and stability" lesson the author speaks of the 1951 Hansen-Heller report urging Germany to engage in deficit spending, to maintain a cheap money policy, enlarge government economic activity and shrink the private area—the same policies advocated for us. This was rejected by Minister Erhard who adopted instead a policy of balanced budgets, monetary restraint, encouragement of private enterprise and incentive for individual effort, with the result that Germany made a phenomenally successful recovery, but we are still being told "to

spend ourselves into prosperity by way of government deficits."

Most people do not realize the staggering cost of featherbedding, Mr. Fertig states, and "while those who wish to increase the affluence of projects under government direction work actively on behalf of their plans, curiously little is said about the taxes which must pay for these plans." Businesses which make a profit already pay 52 per cent to the government, and personal income tax rates have risen to a confiscatory 91 per cent. "The withdrawal of capital which could otherwise be used for investment in economic growth is obvious," he says. "Our economy is being drained by one of the highest tax levies in the world."

According to David Riesman, author of *The Lonely Crowd*, a book which was widely read, we are now predestined by the character of our population growth to be "other directed." Prior to the modern age people were said to be "inner directed"—they acted nobly, responding with rectitude to the dictates of their conscience, having acquired an internalized set of goals early in life. Since the Renaissance a gradual deterioration has been taken for granted.

Professor Abba Lerner is an economist who seems to carry forth the Reisman idea by indicating that people are not really free, and "furthermore that it really doesn't matter whether they are or not." Thus, the author reflects, "the truth becomes illusion and illusion becomes truth, and control becomes freedom and freedom becomes control, and what reason is there to fight for freedom?"

^{*} Henry Regnery Company, Chicago, 1961, \$3.95.

Sydney Mayers

VIEWS THE NEWS

On the very day of her recent death (untimely even at the age of 101), a painting by the beloved and wonderfully talented Grandma Moses, though expected to bring less than \$2,500 at auction, was bid up to \$4,000 before it was sold. Once again we see how continuously and impartially the law of supply and demand operates in the marketplace.

* * *

Notwithstanding the well-advertised problems which beset America's subsidy-seeking railroads in this age of jet planes, some of them are doing quite well in the real estate business, thanks to community-created land values. The New York Central, for example, anticipates a \$14,000,000 profit this year from the sale and leasing of stations and other parcels it no longer uses in its transportation activities.

* * *

The Secretary of State of Connecticut has refused to grant the Socialist party of Bridgeport the right to change its name. This is rather frustrating to some of the party's leaders, one of whom bitterly complains that "the Democrats stole all we had."

* * *

It may shock or dismay us, but it is evident that the frightening prospect of atomic war has recently developed a new and rapidly growing industry, devoted to selling "fallout protection"—everything from a ninety-eight cent atomic radiation detector to a fully equipped shelter costing thousands of dollars. That is the economic law: if there is a consumer demand for anything (even cans of uncontaminated water), some enterpriser will come forward with a supply.

Labor Secretary Goldberg urges that the federal government subsidize all the performing arts, on a matching-funds basis through voluntary (?) partnership with business and other organizations. Our dim view of all this arises partly from recollection of the abysmal quality of WPA performances; but more from considering the inequity of anyone's being taxed to pay for other people's entertainment.

* * *

According to a recent survey, one American in three hasn't the faintest idea what the United Nations is, or what it does. This reporter would be very grateful if those other two Americans would explain the matter to him.

Licensees to operate taxicabs in New York City are strictly limited in number, none having been issued since 1937; however, they are transferable and a lively market for them always exists. A few years ago a license could be bought for about \$10,000, but now the price-tag is \$25,000 or more—because there just aren't any more licenses, just as there just isn't any more land!

* * *

Currently the "glamour" shares on the stock market are securities issued by Small Business Investment Companies, which have a strong emotional appeal for non-professional traders. Intriguingly, the "gimmick" which prompts widespread demand for SBIC's is not merely that their prices may rise, but that these stocks, under the law, enjoy a unique tax advantage—which is quite enough to keep the buyers running cash-in-hand to their brokers.

Introducing Yoshisaburo Yamasaki

by V. G. PETERSON

*Henry George's Theory of Land Reform**, is the title of a handsome new volume just brought out by The Izumiya Co., Inc. of Japan. The author, Yoshisaburo Yamasaki, is a professor of social policy at the University of Kobe. According to an English translation of the table of contents, the book covers its subject with professional nicety. Divided into fifteen chapters, one of which gives a biographical sketch of Henry George, it treats such topics as: "Significance of Our Land and Land Policy"; "The Theory of Distribution with Special Reference to the Theory of Poverty"; "The United Labor Party, a Short History"; and "Some Effects of Georgist Movement and its Present Situation," to mention just a few. Elsewhere, Henry George is discussed in relation to Herbert Spencer and Leo Tolstoy.

What forces came into the life of Professor Yamasaki to chart his brilliant mind into these special channels of study, we do not know. But, we may soon learn, for this gentleman writes that he will sail for the United States in March, to spend the next ten months in New York. The journey, which is being financed and sponsored by Kobe University and the Rokkodai Foundation, is being made in the hope

of completing a Japanese translation of *Progress and Poverty*, a difficult task, but one for which the professor has an excellent background, as his published articles illustrate. These include "George and Tolstoy," which appeared in the Japanese Journal of Political Economy, and "The Influence of Henry George's Ideas upon Modern Japan," printed in English in the Kobe University Economic Review. The Schalkenbach Foundation has invited Professor Yamasaki to occupy one of its offices while he is in the metropolitan area.

As we contemplate with pleasure the coming visit of our new friend, and realize what he has accomplished without even the encouragement of a fellow Georgist close at hand, the significance of Henry George's words in *Social Problems*, is brought home to us and the lesson underscored.

Whoever becomes imbued with a noble idea kindles a flame from which other torches are lit, and influences those with whom he comes in contact, be they few or many." In the case of Professor Yamasaki, through his teaching and his writings, we can believe that his influence is upon many.

*295 pp., cloth. Price \$4.00 from Robert Schalkenbach Foundation, 50 East 69th Street, New York 21, N.Y.

OPEN SESAME

A booklet from Dundee, Scotland is entitled "Open Sesame' Or Wealth for All." Its author, James Heron MacMurchie, deals with wealth and the profit motive as it pertains to the factors of production and distribution. He emphasizes the moral aspects of getting a living and blames taxation for many of our ills, showing that this is the result of a violation of the natural laws in the production and distribution of wealth.

"The profit motive is the incentive and taxation is the disincentive to production," states Mr. MacMurchie. "The profit motive is the dynamic power and taxation is the uncalled-for dead-weight brake on industry. This deadening brake is a revenue make-shift unwanted by capital and labor in the general run of industry. . . . Capital shuns investments where the prospects are unattractive. An incentive is the sine qua non of commerce."

Noah D. Alper's Brief Cases

NEW WAY — SAME EVIL

"The supply of land was fixed when the earth took shape. So as the population keeps growing, the demand for that limited land will keep pushing prices up." This is the logical reason advanced by some for investing in real estate. Emanuel B. Halper, LL.B., who specializes in real estate and taxes replied to an article entitled "New Way to Invest in Real Estate" in Medical Economics, with: "If you share this doctor's enthusiasm for real estate investments, you may want to consider a new investment medium; the real estate investment trust" . . . with profits from 7 to 9 per cent, plus "tax benefits."

SLUM OWNERS REAP MILLIONS

According to a spokesman for the United States Chamber of Commerce, "slum owners have reaped millions of dollars in windfall profits from federal urban redevelopment programs, and the evidence of waste is increasing all the time." Some landlords have received as much as 55 per cent over the fair value of their property, it was stated, and the reason for the alleged waste of money and failure to meet needs was said to be the fact that with federal subsidies the emphasis is on "getting the federal dollar, not solving the problem." Shortages of low and medium rent housing in New York continue unabated, the specialists said, despite the large expenditures.

WHO GAINS OR LOSES IF A VILLAGE IS DISSOLVED?

An AP dispatch from Necedah, Wisconsin states that the residents have come up with what might be an effective, "if somewhat drastic, solution to the problem of increasing village taxes—they may do away with the village."

The village president said there was just one reason for the move—taxes. The surrounding township supported by a hydroelectric plant has no real estate tax, while the village has to raise its own funds. Between the 1950 and 1960 census, the village lost 20 per cent of its population of 863, with a good share of migration just past the village limits.

How about it, Georgists? Who pays who, and who gains? Who loses? What are the facts concerning those who live in the township but not in the village—those who live in the village and township—those who live outside the township yet are serviced by the township hydroelectric plant?

USE AND ABUSE OF LAND IN ST. LOUIS COUNTY

"The most obvious feature of the development of St. Louis County is the suburban sprawl; and this wasteful and illogical land use is caused by the owners of vacant or farm lands being able to cash in on the development that surrounds them, paying only minimum taxes while they wait for land values to increase by leaps and bounds," declared Harris Armstrong in the St. Louis Construction Record of December 12, 1961.

"There is, however, a method of combating this particular weakness in the private ownership principle which is being used with great success in New Zealand, Australia, and Western Canada. This is called 'Site Value Taxation,' i.e., exempting improvements from taxation and taxing only unimproved value of the land."

The disadvantages of our system of low taxation on vacant land, he continued, is that it encourages speculation which forces development beyond the proper logical areas. The "sprawl" is created, he said, because many parts of St. Louis County have zoning laws requiring a one-acre minimum for a house. "It is certainly true," the spokesman for FAIA declared, "that a hardship would be imposed upon certain property owners while others immediately across these somewhat arbitrary lines would be benefited financially. Just how such a thing can be ethically justified, even if a legal means may be found for its accomplishment, is another facet of the problem."

The Henry George School in the News

SYRACUSE graduates met on December 14th to hear two guest speakers: Ernest A. Cuno, executive officer of Home Builder's Association of Greater Syracuse; and Dorothy Sara, noted graphologist of New York. This is the second basic course to be completed in Syracuse, and a new instructor, William Frank is being groomed as a runner-up to Emanuel Choper, who is occasionally called out of town on business. It is always encouraging when new students and new instructors develop in a steady pattern.

NEW JERSEY'S Gargoyle informs us that a free two-hour tax seminar will run for five weeks beginning January 9th at headquarters in Newark. On the same evening an Economic Seminar and a course on "Capitalism—the Key to Survival" will be offered. Each of these will continue for ten weeks, and the fee for each is \$21.

The Gargoyle has elicited praise from many parts of the country and we are glad that, whereas usually Alexander M. Goldfinger (the dean) "thinks" in *The Gargoyle*, we have the privilege of offering an article by him in this issue of HGN.

ST. LOUIS held its commencement exercises in the auditorium of the city hall in Clayton, a suburb of St. Louis, and the audience listened with great interest to Dr. David J. Pittman, who spoke on "The Human Element in Urban Renewal." He is director of the Metropolitan Population Project and associate professor of sociology at Washington University.

An advanced course will begin in January and continue for ten weeks, at the Baden Library in North St. Louis. This is open to graduates only. Two books by Henry George will serve as texts: *Protection or Free Trade* and *Social Problems*.

DETROIT friends turned out happily to hear their former instructor, the Honorable S. James Clarkson, now mayor of Southfield, Michigan, speak on "Untaxing the Home-Owner." The film "Land . . . and Space to Grow" was shown, and refreshments were served—the admission price was \$1.

NEW YORK graduates had a sparkling evening on December 13th listening to speakers from the various classes as they gave both serious and frolicksome reports on their recent lessons. Mrs. Ezra Cohen was a most welcome guest, as was Howard Pflanzner, the high school graduate of the summer basic course who won the recent essay contest. The resume of his essay "Progress and Poverty *Today*" appeared in the November HGN. Mrs. Cohen presented to him the \$100 award in memory of her husband, Ezra Cohen, who was vice president of the Henry George School and long a trustee, counselor and distinguished friend.

A letter received by the director of the Henry George School from the principle of the Grover Cleveland High School expressed pleasure over the award received by Howard Pflanzner, and stated that it was a "fine gesture on the part of the Henry George School to offer this award to young people as an inducement toward greater scholarship."

On Friday evening at eight, January 12th, Alice W. Fischelis, who specializes in "Music and Kindred Therapies," will present a program in which the audience will be invited to participate—a delightful combination of song, poesy and color harmony. On January 26th Sydney Mayers will again present a panel worthy of his wit and wisdom, to probe with him the query, "How Free is Freer Trade?" Films will be shown on January 19th.



Reading the excellent article "Progress and Poverty Today" by Howard Pflanzner (Nov.) I find one point which seemed to be underemphasized, and that is the land speculation which is concomitant with the natural increase of land values in a progressing or developing community.

Were it not for land speculation (speculation in the future possibilities of capitalized economic rent), Henry George might never have discovered that there is a land problem at the root of the world's troubles. Were it not for land speculation the increase of rent (which is natural and inevitable in a progressing community) would have redounded to as many people as were willing and able to make use of land to maximum advantage. Taxes would still have been a burden, being imposed on production, but the increase or rise of rent would not have burdened labor and capital (that which is natural and inevitable cannot be considered a burden) as of course it would not burden them if taken via the taxing process in lieu of present taxes, whose burden would then be eliminated.

In discussing land speculation I would emphasize its effect in causing land to be withheld from use. In non-progressive or feudal societies land may be withheld from use for the bare-faced purpose of keeping workers "in line." It may well be that the "welfare state" and "communism" are really a return to feudalism.

RICHARD T. HALL
Boston, Massachusetts

The essay by Howard Pflanzner was greatly reduced in length when it was printed in HGN. In his prize-winning paper the subject of land speculation was satisfactorily emphasized.

It does not necessarily follow, as stated in Howard Pflanzner's article, "Progress and Poverty Today" that if wages increase small businessmen will close shop to work for a wage. If he means wages in general increase, so will the small businessman's wages increase—his statement follows logically from the preceding sentences of the same paragraph. He says population rises increase demand for land causing margin of production to fall with consequent rise in rent adversely affecting labor and capital. Obviously wages are lowered, not increased.

Up to the point of the criticized statement he discusses economic rent, wages, interest, labor, land and capital, but then slips to institutional wages and interest, wages of employees and money or purchasing power interest. It is not the rise of wages, either economic or institutional, that will lower the return to capital but the rise of rent. Wages and interest rise and fall together as rent falls or rises.

VICTOR WASICKI
St. Louis, Missouri

What puzzles me is with the tax issue at a boil in Wisconsin, Minnesota, etc., almost everywhere there is nary a peep about the real heart of the public revenue issue—the natural income of the business of government. To be sure, something has been done in Pennsylvania—but who else anywhere knows about it?*

Should there not be, in every state, some agency that helps bring to the attention of the taxpayers and the legislators the essential facts about the natural, business-like revenue of the business of government?

THEODORE BUEHLER
Alma, Wisconsin

*Readers of The Henry George News know. That's a good reason for recommending it to your friends.

The Henry George School

(from page 1)

offerings were Greta Garbo in "Mata Hari" and Frederic March in "Dr. Jekyll and Mr. Hyde." Along Broadway, Noel Coward had a new play, "Hay Fever," Helen Hayes triumphed in "The Good Fairy," and a promising young dancer, Agnes de Mille, was preparing to open a new dance recital. Two new museums had been started—the Whitney Museum of American Art and the Museum of Modern Art. And the Metropolitan Museum of Art had just been bequeathed a collection of Renaissance masterpieces—total value (in depression dollars), \$500,000.

You could buy steak for 25¢ a pound, a good suit of clothes for \$25, and you could find a place to live for \$25 a month—if you had that much money.

The first New York baby of 1932 was born at 12:01 A.M. to Mrs. Hilda Brown of Brooklyn. Mr. and Mrs. Ely Culbertson were enjoying fresh triumphs as bridge champions. Southern California defeated Tulane in the New Year's Rose Bowl football game. And Father Cox was planning a march on Washington with an army of unemployed.

Overseas, Britain had been losing gold, resulting in a crisis. And France had been piling up gold, resulting in a crisis. In Germany hoodlums were parading in the streets led by a crank named Adolf Hitler. Russia was in the midst of a "five-year plan," and 77 persons had just been sentenced to ten years in prison for stealing bread. In India, Mahatma Gandhi was launching a campaign of civil disobedience. On New Year's Day, the City of Chinchow in Manchuria fell to the Japanese invaders, and the League of Nations was thinking of discussing the matter.

Despondency gripped the world.

Mental disturbance was great, not only because of the world-wide depression but because people had become convinced that such crises belonged to the past. There was a demand for great political changes—not that better results were expected, but because of resentment there was a desire for any change, for better or for worse.

* * *

In his apartment in upper Manhattan, Oscar H. Geiger sat figuring out a crucial matter.

He had been with the Henry George movement for 35 years, from the last days of George to the present. He had seen it as a great and vigorous movement to which large numbers of people had been attracted. And now—when George's message was needed more than ever—now, this great economic philosophy which held the key to the world's woes was almost unknown, and the movement built around it had dwindled to almost nothing. Why?

Geiger was convinced that a more basic method was needed than had as yet been applied in promoting the Georgist philosophy. There had been much oratory and soap-boxing, much pamphleteering and tract distribution, much politicking and propagandizing—and all had come to nought. At this moment, when leaders and laymen were all desperately looking for a way out, the Georgist movement had not the means or the manpower to make its influence felt, to make known its solution to depressions.

A good deal of Georgist effort had been concentrated on municipal tax reform. All to the good! But had Georgists themselves been taken off guard by the depression? Had they, too, believed that such crises belonged to the past? Here indeed was vindication that their leader knew whereof he spoke!

Geiger had long felt that the full

philosophy of Henry George needed to be taught in a systematic way. He had been too busy as a business man and family man to devote more than spare hours to the Georgist cause—much of which had been taken up by the organizations and programs already going.

But now he was one of the growing army of unemployed. Of the Georgist programs, not much remained. The Commonwealth Land party had folded up, along with an array of other organizations. James R. Brown, the leader of the Manhattan Single Tax Club, had recently died. A magazine, *Land and Freedom*, with a dwindling circulation, was being edited by an aging man, Joseph Dana Miller. A couple of bright spots were the Robert Schalkenbach Foundation which had published a 50th Anniversary edition of George's *Progress and Poverty* in 1929 after that book had long been out of print; and the annual congresses of the Henry George Foundation, which helped keep the spark alive. But still, a systematic program was needed to bring numbers of new people into the movement!

And so Geiger mapped it out. A school—a Henry George School—where people, especially young ones, could learn economic truth. Not just a school of "single tax"—though that would be of prime importance—but a school where all the ramifications would be taught, where it would be shown that natural law reigned in the economic world as in other fields. A school of social science—the Henry George School of Social Science—which would teach a fundamental approach to economics and the philosophy surrounding it—fundamental economics and social philosophy.

Oscar Geiger made his New Year's resolution: *"I mean to devote what is left of life to me here to establishing an institution that by the time I am called away will be so well established that others can and will continue it."*

Was Henry George looking over his shoulder? . . .

Thus it was that on January 1, 1932, Oscar H. Geiger founded the Henry George School of Social Science, which was to grow and exert an ever-increasing influence over the years.

The life and philosophy of Oscar H. Geiger is outlined in the book *A Seed Was Sown* by Robert Clancy. It is available at \$1 a copy from the Henry George School, 50 East 69th Street, New York 21, N. Y.

On January 4th, the Henry George School celebrates its 30th anniversary with a dinner to which members and faculty have been invited. The address of the guest speaker, Dr. Johnson Fairchild, Director of Adult Education at Cooper Union, New York, will be reported next month.

Robert Clancy
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