

the Henry George News

PUBLISHED BY HENRY GEORGE SCHOOL OF SOCIAL SCIENCE • JAN. 1964



Anniversary Year

This year marks the 125th anniversary of Henry George's birth in 1839; also the 85th anniversary of his masterwork, *Progress and Poverty*, which first appeared in 1879. Henry George was dubbed "the Prophet of San Francisco" by an opponent, but as often happens in such cases, the name was affectionately adopted by his followers. Coincidentally, some of his anniversary years have been fateful for civilization, dramatically illustrating his predictions of disaster if justice were not followed.

On the 75th anniversary of George's birth, 1914, the first World War broke out. The 50th anniversary of *Progress and Poverty* came in 1929, when the stock market crashed and the Great Depression began. On George's 100th birthday, September 2, 1939, World War II commenced. On that day an international Georgist conference was in progress in New York, and Judge Samuel Seabury gave an address on Henry George at a luncheon at the World's Fair.

Referring to the theme of the World's Fair, he said: "If we try to envision, in view of our present location this afternoon, 'the World of Tomorrow,' I have no hesitation in

saying that if the world of tomorrow is to be a civilized world, and not a world which has relapsed into barbarism, it can be so only by applying the principles of freedom which Henry George taught."

We do not know what portentous things 1964 holds in store, except that, 25 years later, another international Georgist conference is planned for New York* and another World's Fair is to be held here.

We can only hope fervently that George's present anniversary will not be marked by world catastrophe. Perhaps it is time for another of George's predictions to be fulfilled: that the truth he taught would eventually be recognized. George said that it would come, whether with the carolling of larks or with the beating of war-drums. We've had plenty of war-drums; perhaps it's time for the larks!

"She is not yet here," wrote Henry George of Liberty, "but yet she cometh. Lo her feet are on the mountains—the call of her clarions ring on every breeze; the banners of her dawning fret the sky! Who will bid her come and welcome? Who will turn to her? who will speak for her? who will stand for her while she yet hath need?"

* At the Henry Hudson Hotel, August 30-September 5. Plan now to attend.

A Word With You

RECENTLY, I read *The Analysis of Beauty*, a book written by the 18th century English artist, William Hogarth. I had heard about it for many years, but it was usually dismissed by critics as a curiosity, a misguided effort to do the impossible—analyze beauty—and not even by an aesthetic philosopher or a writer.

What was my pleasant surprise, then, to find the book full of discerning observations and very helpful in understanding beauty, at least in a good many of its aspects.

The critics have been very unjust. As in many cases of the sort, I suspect they have not even studied the original, but copied what other critics have said about it.

Hogarth himself inveighed against such practices. He was contemptuous of "connoisseurs" and "nature-menders" who held up artificial standards, and he advocated instead a direct observation of nature.

There is a constant tendency in every art and science to build up a system of rules and methods, premises and conclusions which, helpful though they may be to the student, become tyrannical and inimical to new discoveries. We must never neglect going to the source, to nature.

In economics there are three basic factors—land, labor and capital; and we may say that they have their equivalents in the field of thought. "Land"

would be the facts of life, nature, the raw materials of observation. "Labor" would be the act of observing nature, experimenting, recording, inducing, deducing, reaching conclusions. And "capital" would be the systems of thought that thereby get built up, the heritage of knowledge (and fallacy) that is passed on to us.

In economics the two basic factors are land and labor, with capital as a helpful but derivative factor; so in thought, the observer and nature are the important things, with our accumulated lore as a derivative product.

And as in economics we ought never to think of capital as playing the commanding role, but of labor as employing capital, nor ought labor ever be prevented from having access to land; so in thought we should consider our storehouse of knowledge as mental capital to be used, not to use us, nor ought we ever to be discouraged from making first-hand investigations.

The history of our learned, scientific and cultural institutions have a sad record as to these matters, just as in economics recognition of the right relations of land, labor and capital have been few and far between.

But periodically, someone does come along to upset the waxed-apple cart and offer us real apples—so thank heaven for the William Hogarths and the Henry Georges!

—Robert Clancy

Vol. 27, No. 1

January, 1964

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.

Publication committee: William S. O'Connor, Arnold A. Weinstein and Lancaster M. Greene, chairman. Editor: Alice Elizabeth Davis. Subscriptions \$1 a year; single copies 10c. Second class postage paid at New York, N. Y.

Investing for 1964 to 1969

by LANCASTER M. GREENE

HISTORY records a trend of currency erosion and money reorganization dating back to Hammurabi, King of Babylonia, in 2200 BC. It seems that popular pressures for higher wages have always been met by a new increase in money supply and debase-ment of the currency.

The new U. S. President, though not schooled in London's socialist School of Economics, is obviously committed to continuance of his predecessor's program, based on the theory that we do not know how to spend our own money so the government will take it away from us in taxes and spend it for us. Only a small amount trickles back in community, welfare and social security benefits eagerly sought by voters.

A long look ahead indicates therefore that one's savings should be largely in common shares where there is a reasonable possibility of growth in income as the only basis for expanding capital. But how does one pick shares for long term investing? As I have stressed in previous reports, the first safeguard is to limit investments to the 1300 managements which qualify for listings on the New York Stock Exchange. This range is extensive enough in type and quality of industries to suit almost anyone's objective.

Fortunately we made a smooth transition to a new leader in the White House, which helped to underline our relative stability in the world market. Capital investment is important if we are to prosper at home and compete abroad. Some of the industrial surveys indicate a rise of 8 to 11 per cent in equipment, rather than in bricks and mortar. I mentioned the Cincinnati

Milling Machine Company three years ago as an international leader in the manufacture of machine tools — the tools with which production tools are made. October was the best industry month for orders since 1956. Modernizing programs have been put back on the shelf year after year but contracts for them are now being let. Indications are good thus far for 1964, as it takes 6 to 18 months to deliver the larger tools.

A surge of new families and births resulting from the postwar baby boom seems likely in 1964 and up to 1967. If we can maintain a rising standard of living this will strain our industrial capacity, and we have not had a capital goods boom since 1956-7. In the light of new technology much plant equipment is now obsolete and inefficient.

Our steel, chemical and aluminum over-capacity may prove unreal, and the well prepared management may pay rewarding dividend increases to investors who acquire them in 1964. Alcoa and Union Carbide are two leaders to watch here.

With the I.C.C. approving the merger of the Atlantic Coast Line and Seaboard Airline, and the C&O-B&O railroads, the climate appears to be improving for the better earning rails. The latest anti-featherbedding recommendations are a hopeful step toward efficient competitive service. This was tested when 2000 employees of the Florida East Coast Railroad went on strike and the management hired 700 new employees who are keeping the service running adequately.

One of the handicaps in transportation has been the empty back haul of

rail cars and trucks. I called attention five years ago to the development of trailers-on-flat-cars, known as piggy-backing, promoted by U.S. Freight, and I expect its margins to improve each year as they fill up cars for return trips.

Production in our other popular means of transport, the motor car, is growing steadily. As better traffic patterns are developed — 7 million car-sales years are normally anticipated, and 8 and 9 million car years seem only a few years off. Economists are looking ahead to 26 million car years by the end of this century. The solution to our traffic problems however will be very difficult without the important land value taxation reform so necessary to overcoming urban sprawl.

Last year I mentioned General Motors at \$58 as relatively the more attractive giant than American Telephone at \$120. General Motors still yields over 5 per cent at \$76 on a dividend rise to \$4. American Telephone share paying \$4 in 1964 returns about 2.8 per cent at \$138. While telephone earnings per share are about the same as General Motors, they will be diluted by the necessary sale of new shares in 1964 to raise about \$1.2 billion toward new equipment and to back up a much larger loan.

The most successful company in building commercial transports for world passengers and cargo is Boeing. Its management appears likely to gain the majority of its income from such improved equipment as the new 727, a remarkably comfortable riding and landing plane that will bring modern jet service to hundreds of smaller airports which could never take a jet before. Boeing has sold over 42 per cent of the world's jet transports and may well maintain or improve this record.

The airlines have survived six years of difficult times and low earnings, yet some of them have long term growth

trends. The biggest of these in the U.S. is the well managed United Airlines which will fly forty of Boeing's newest 727 jets.

The motion of the world is powered by oil, which does not recognize national boundaries but flows wherever it is needed and can be paid for. The two most ubiquitous companies are Standard Oil of New Jersey and Royal Dutch — both with excellent managements.

Often people want to know how to get in and out of the market. Despite all the well publicized systems for doing this, and the enthusiasm for switching into stocks that are currently going up, no formulas have proved consistently successful in the four decades of my experience in Wall Street. The patient holders have inevitably achieved superior results, especially when they have tried to invest only with managements they could envision as being firmly established for a lifetime. I always stress that changes should be made only for specific reasons, a principal one would be of course evidence of any deterioration in management.

If you are wondering how to protect your capital in a restless economy keep a cash reserve in the savings bank sufficient for one or two years' expenses. When you invest, if you assure yourself in advance of the quality of any management whose shares you buy, you will be in a fairly safe position to profit as one of the nation's 18 million investors. A marginal number of these — about 15 per cent — will, according to estimates, be the frightened sellers during the coming year, and also the most enthusiastic buyers. The calmer 85 per cent will observe and act with more deliberation. The patience required for success and the discipline with which you meet the questions that arise, will make you feel you have earned the gains I hope you achieve.

It's Mine. I Own It!

by JOSEPH S. THOMPSON

NO SIR! That looks like gov'ment ownership to me. I'm no socialist. I want to feel sure that little piece of land belongs to me! That nobody can take it away from me!!

And if the government was to take the full rental value every year you'd feel the land didn't belong to you anymore?

How could it? It'd be gov'ment property. I'd only be a renter.

You're not a renter now, eh?

No sir! I own it.

So you don't have to pay anybody anything?

That's right!

You're not telling me you don't pay taxes —

Taxes? I pay plenty taxes! What are you talking about?

Oh then you mean you pay taxes but you don't have to?

Say — would I pay taxes if I didn't have to?

Why? What would happen if you didn't?

Boy! The old sheriff'd be down here and I'd be sold out.

I thought you said the little piece of land belonged to you and nobody could take it away.

Well, I'm all right so long as I pay my taxes of course.

You mean if you pay your taxes on your house, lot, furniture, car and income — don't you?

Well I suppose so.

But you don't think that is socialistic?

I don't think it's as socialistic as it would be to make me a land renter.

You don't feel any smarter than the Rockefeller family do you?

What kind of a crazy question is that?

Well, you know they built Radio City? Rockefeller Centre?

Sure.

Did you know they don't own the land, just rent it?

Are you sure?

Look it up. The land belongs to Columbia University.

They put all those buildings on land they only rent?

It works out fine for them. I'll explain it to you sometime. But to get back to your little piece of land. Rather than just pay land rental, you like having the assessors guess how much your house is worth, and you like lying about the value of your furniture, and having your car tax quadrupled because you bought a new car, and making out an income tax return and being considered guilty until you can prove your innocence, and forking over a percentage on everything you buy, and not being permitted to leave your own property to your family. No socialism there!

You're crazy! I don't like any of them!

But suppose you were to quit paying them all and just paid an annual land rent in lieu of your taxes, that would be socialism eh?

It'd be gov'ment ownership wouldn't it?

No more than now. Haven't you just said that the sheriff could take over if you didn't pay your taxes? What could be more government ownership than that?

Well I wouldn't want the gov'ment managing my property.

But you don't mind them managing your income and expenditures, of course. And suppose they didn't stick their shovel into your affairs at all —

suppose they just collected the rental value?

Well that looks like gov'ment ownership to me, and I'm no socialist. Oh say, I see where they caught the

fellow that robbed old man Hogan. He took \$1,145.

Funny, that happens to be within three dollars of what the government took from me!

Not Over Yet!

In an address on "Henry George, Philadelphia's Evangelist of Social Salvation," Clyde E. Reeves, an Assistant Professor of speech at Temple University, produced a thoroughly documented report which was published in the Pennsylvania Speech Annual in September. Here is his conclusion:

"There can be little doubt that George sincerely believed he had found, by a kind of divine inspiration, the $E=MC^2$ of political economy, the simple, comprehensive formula that explains and points the way for the solution of the enigma of great want in the midst of great wealth. It might turn out that his critics and opponents are right who say there is no simple, understandable formula, that political economy is necessarily infinitely and grotesquely complex and impenetrable—so much so that even the 'experts' cannot begin to see through it and find a solution to George's enigma, but must necessarily keep coming up with more and more longer and longer, trickier and trickier tax bills coupled with more and more inadequate services and pyramiding

deficits *ad infinitum*. If they are right we would seem to have a long, bleak, row to hoe ahead of us.

"It might be that those other somewhat more optimistic people are right who say there may be a simple, comprehensible formula to solve the enigma, but George's was not in, that it will be discovered, when and if it is, by methodical inductive observation and analysis and will not be graven upon a rock by a bolt of lightning. If they are right, let us hope they hurry and get on with it.

"There is of course one more possibility if we want to round them out—the outside chance that perhaps George was right after all. There are a number of sincere, serious people around who believe strongly enough that he was to be doing missionary work for his cause sixty-six years after his death. They have been denied, but they feel that they have never been adequately disproved. At least nobody else has as yet provided a more satisfactory solution for George's enigma. His crusade may not be over yet."

In October we noted in HGN that it was easy for the Auditor of Cuyahoga County, Ohio, Ralph J. Perk, to raise the tax he campaigned for, and a recent item in the Cleveland Plain Dealer seems to support this. Mr. Perk said the purpose of raising tax valuations on vacant land would be "to keep land speculators from keeping land out of productive use and thus retarding the orderly growth of Cuyahoga County communities." He asked all mayors in the county to supply his office with information that might support this and the first to reply was the mayor of Beachwood. As a result tax valuations on vacant land in that area have been increased by \$1,314,470. This was on 130 parcels ranging in amount from a few hundred dollars to \$176,940. The auditor has promised the Beachwood school district \$65,000 of this 'easy to raise' and just tax.

Sydney Mayers

VIEWS THE NEWS

Although it is diligently trying to sell Ellis Island, once the gateway to America for countless immigrants, the Federal government has thus far rejected all offers for this New York Harbor plot, offers ranging from fifty cents to \$2,500,000. It seems Uncle Sam thinks the land is worth at least \$6,000,000, and it probably is—a value created by the thriving population of the City of New York.

* * * * *

Frankly admitting his country's state-controlled economy has proved "anarchic, chaotic and humiliating," President Sekou Toure, who has heretofore fostered socialism in the Republic of Guinea, is now turning to "free enterprise, private business and higher-profit incentives" in an effort to stop soaring prices and food shortages. Mr. Toure deserves credit for his intelligent and forthright attitude; may we hope that one day he will take the giant step—to land value taxation and real economic freedom?

* * * * *

The Wall Street Journal reports that business firms are increasingly using public auctions to turn assets into cash. We take the liberty of suggesting to our esteemed contemporary that *all* trade is basically an auction, pitting the willing seller against the potential buyer—provided, of course, there is a market place for their higgling.

Meanwhile, back at 34th Street and Park Avenue, New York City is squabbling with New York State about a now unused armory occupying a valuable site, which City Hall once gave to Albany but would like to have back "to put to better use." The state is willing, provided the city will pay \$10,000,000 for the property, which prompts a naive query: is land speculation justified when the speculator happens to be a sovereign state?

* * * * *

A United Press news item reports several "simplified economic definitions" developed by Professor Theodore Krepes of Stanford University: "recession—when the man next to you loses his job; depression—when you lose your job; panic—when your wife loses her job." Economics in one lesson, as it were.

* * * * *

The City of Newark, New Jersey, has closed a deal whereunder a building development company, at a cost of many millions of dollars, will construct seven square blocks of apartment housing, renting for \$19.37 a room per month. One might ask what could prompt so large an investment in such a project, and we gladly provide the simple answer: Newark is granting very substantial tax concessions to the builder—which is one sure way of encouraging production!

The papers of J. Rupert Mason of San Francisco, former president of the International Union for Land Value Taxation and Free Trade, are now in the Bancroft Library, at the University of California, Berkeley—the memorial gift of Mrs. Mason. This valuable source material in the field of economics will be cataloged and arranged so as to be readily available to research workers.

Decentralize Taxes!

THE Hon. Robert E. Waldron, Majority Floor Leader of Michigan's House of Representatives, spoke to friends of the Detroit Henry George School in December on "The Need for Michigan Tax Reform." Mr. Waldron is on a number of committees dealing with labor, taxation and social problems, and he worked closely with Governor Romney in his recent bid for tax reform. He has introduced bills in both the regular sessions and special session of the legislature, which would permit separate and different rates of taxation on land and buildings.

The speaker expressed the view that local governments could meet their own expenses better than state governments, and that state governments could meet theirs better than the federal government could, and to this degree he considered himself a decentralist. Taxation, he believes, is something which individuals view in various ways according to their philosophy of government.

In reforming Michigan's tax policy he said the legislators tried to consider first the fairness and ease of collection. Other questions were: will it contribute to social reform, and will it yield a reliable amount consecutively (no reference to its effect on production). The design was to be reform by shifting rather than increasing taxes, with the shift scattered so as to help all segments of society. The sales tax was not relieved from all goods, but only from food and drugs. The flat rate income tax was 2 per cent on wages and $3\frac{1}{2}$ per cent on corporate earnings. Cities were given an additional option of local income taxes. Aged homeowners were allowed an exemption on prop-

erty taxes. Provision was made for an overhauling of property assessment procedures by a training program for all property assessors, reorganization of departments of equalization, establishment of standard practices for determining cash value of property, and greater facility in appeal procedures. He considered tax reform only one part of fiscal reform, and said most of these suggestions would be included in other proposed legislation at a later session next year.

Mr. Waldron first heard about differential taxation from James Clarkson, a former faculty member of the Henry George School in Detroit, now mayor of Southfield, a flourishing city near Detroit. Although Clarkson is a Democrat, his views had a profound effect on Republican Representative Waldron's knowledge of taxation. He told the Georgist audience he would be happy to introduce the differential taxation bill because he believed in it and he would keep introducing it just as long as his constituents wanted him to.

The chairman, George R. Averill, called attention to the significance of taxation and its effect on nineteen democracies that have fallen because of internal decay. As warning symbols he pointed to examples in the Detroit area of great amounts of unearned increment going to private individuals. Mr. Waldron however predicated hopefully that as far as Michigan is concerned, this year's deficit will be only 23 million as against $85\frac{1}{2}$ million last year, and in 1964 the state will actually have a surplus in its treasury if expenses do not exceed their present level.

"In some cities they tear down buildings to save taxes. They might try tearing down some taxes to save buildings." — B. J. Dahl, in *Wall Street Journal*

The Land Question in Mexico

by E. S. HANSCH

A LITTLE publication has recently made its appearance that may have come to the attention of some Georgists. The editor is a Mexican businessman with maternal U.S. American ancestry. He calls his newsletter the "Mexican-American Bulletin";* it is published in Mexico City, in English.

The November 1, 1963, letter contained an excellent analysis of Mexican economic conditions. Of its six pages, the first four could easily have been written by a Georgist.

The first part described in some detail the contrived intervention in Mexican industry by the government, and the unfortunate situation resulting from it, with constantly increasing necessity to greater and more far-reaching government regulation and control of the economic life. Even the U.S.A. is being blamed — and perhaps quite rightly — for encouraging the Mexican government in its present interventionist policies, and in general no particular benefit is seen coming from the Alliance for Progress in Latin-America. Free trade on the American continent is greatly hampered by many governments on this hemisphere following similar interventionist policies in their respective countries, so that it will not be easy to cause these restrictive policies to be abandoned in favor of freer trade.

The author, who seems to have a good grasp of economics, also realizes the disadvantage at which the agricultural part of the Mexican population finds itself.

Solutions suggested by him do not include the so-called "ejidos," or free, or common, land, some of which has

been taken from large landowners. He maintains that these "free" lands cause a serious distortion of the pricing mechanism in the economy. In his words:

"The disastrous agrarian reform which came after the revolution of 1910 with its motto: 'The land should belong to those who work it,' did not give the land to the peasants; instead, a communistic system was imposed, under which the 'ejido' (community) owns the land, and it is lent to the peasants, but cannot become their property. This land cannot be bought or sold, it has no market value; there is, therefore, no economic calculation possible based on the value. The land is worked in uneconomical small plots, it cannot be developed however great sums of capital are sunk into it by the government, because it has no private owners who relate the value of their land to the value of their production.

"The land cannot be worked at optimum efficiency, until it is considered as a factor of production, that is to say, as capital. And no one can consider it as capital until it exists in private property, and acquires a price in the land market."

The problem is well stated, but the age-old error is maintained in the proposed solution that land must be equated to capital.

Capital is wealth, produced by human effort. It is that part of wealth which is used to produce more wealth. Land is not produced by human effort, it was created for all to use.

The pricing mechanism of the free market is in no wise impaired when government collects the entire economic rent as revenue. This either has

not been done in the case of the ejidos, or else the plots are uneconomically small. But fragmentation of landownership is not necessary under land value taxation. However, the tax must be assessed according to the economic value of the land, not its sales price. And further, improvements must be relieved of taxation. When this is done, title to the land can be retained by the owner without harm to the community.

Taxes on land values to the extent

of the full economic rent will eliminate the vicious speculation in land, and prevent the increment in land values going to private owners as unearned income. Taxes on improvements stifle industry. These economic axioms are valid for any country, including, as Georgists sorrowfully know, the U.S.

*The Mexican-American Bulletin is available at Apartado Postal No. 15049, Mexico 15, D.F., Mexico from the editor Señor Hugo Salinas Price. There is no charge.

Jamaican Revaluation to Continue

THE revaluation of land in Jamaica, West Indies, which was described in detail in the October, 1960, HGN, was proceeding steadily through the Island's 14 parishes, with the first six having been completed, when in 1962, it was abandoned owing to the defeat of the People's National Party.

According to encouraging news in the Jamaica Gleaner, this revaluation program, based on taxing the unimproved value of land, is to be resumed under direction of the Ministry of Agriculture and Lands. It will begin in St. Elizabeth, the parish where it was left incomplete when the new party came into power.

Several instances of inequality in the proportion of taxation were brought to the attention of the authorities as the program got under way, but the government recognizes that no system of taxation has yet been devised which will satisfy everyone and cause hardship to none. Many complaints arising from imposition of the unimproved-value tax were thought to have been due to a lack of knowledge on the part of the taxpayers of the provisions

of a relief law which would have served their purposes.

This Land Taxation Relief Law is due to expire in 1969, but may become permanent with a provision that at any time after a valuation period taxpayers would have the right of appeal for relief. Taxpayers who had not appealed previously would be allowed an extended period of six months in which to apply.

This would mean that any relief granted would apply to the current valuation roll and when a new valuation was compiled the situation would be reviewed so that taxpayers could benefit from any change in their circumstances.

It has been recognized that such corporate communities as the popular Kingston resort area will present peculiar difficulties. Therefore sample valuations will be made in urban areas to provide information on the basis of which a special formula can be worked out for the glamorous shore areas. But while the government has decided that this revaluation should be resumed, the whole program must await staff reinforcements and qualified assessors.

darkening counsel

by URQUHART ADAMS

"NEVER underestimate the power of complexity," said Dean Rusk, implying no doubt that complexity, like adversity, has its uses. Diplomats have long been familiar with conferences that solved no problems because they deliberately confused issues with double talk designed to prevent the finding of solutions. Complexity can be useful, no doubt, for weaving a tangled web such as our forbears used to deceive the people with whom they dealt, in the hope of taking advantage of their confusion and perplexity. It is a technique much admired among charlatans of every description, and the science of economics has its share of men who are very clever at the deceptive art of darkening counsel.

Observe for a moment that politics, the business of government, is always designed to further some particular economic policy—and government is the most powerful organized influence in our lives. So if people can be persuaded to think that the economic principles which determine whether a government is good or bad, are too complex for them to understand, they will lose interest and leave all decision making to the bureaucrats. Eventually things get so bad that they rise in revolt as a last resort when it is evident that reason will not avail.

These cycles of deterioration, climaxing in revolution, solve nothing. This ever-recurring waste of human effort can be avoided if people can be made to realize that economic principles, and the political policies resulting from them, are so simple that practically all untutored savages have understood them and, in consequence, have

been able to survive, sometimes in the most inhospitable environments.

All it is necessary for any man to know about economics in order to comprehend the principle of good government is this: man is a creature of the earth from which he came, to which he returns, and on whose fruits he lives all his life. He must have access to land in order to live. Good political policies are such as make for easy access to land, bad policies make access to land difficult, or prohibitive in price.

Freedom means nothing unless we see in it essentially the right of man to use the land and take from it the means of life. Wherever that right is denied, trouble follows. No one can tell what form the trouble will take. It may be the death of millions, as in the Irish famine, or a large scale genocide as in Germany. Or it may be a Civil War like the unpleasantness in the United States a hundred years ago. We cannot foresee what will happen, or what form it will take, but we can be sure that it will be bad.

And that is in accord with the precepts of our religion, one of which is that the wages of sin are death. Sin, we can suppose, is disobedience to the laws of God, which, as a wise man said, are the laws of Nature.

Our political and economic institutions must conform to the nature of man, because he is a land animal and his base of supplies is the earth. There can be little freedom when a majority of men, the great masses of mankind, have to pay tribute to a minority for the right to live on this earth. That is the situation all over the world today, and nobody but a fool or a tyrant could expect any good to come of it.

Noah D. Alper's Brief Cases

AMERICAN LAND REFORM

Land distribution took place in the United States 101 years ago, as reported in files of the St. Louis Globe-Democrat, to wit: "The federal government ordered the sale of all confiscated land in Virginia, South Carolina, Florida and Tennessee on January 19 (1863).

MORE RECENT POLITICS

From results of a questionnaire on city government published in a newsletter of the 25th Ward Republican Organization of St. Louis:

"A slight majority favored a revamping of the property tax to stress land value more than improvements as a way to encourage better land use. This is a field which must be considered because of the present difficulties which most cities are having in financing their services."

BOOMING CANBERRA

"Canberra, the national capital, is Australia's boomingest boom town. It has a faster rate of population growth and a higher building rate than any other town or city in the country," according to the Chicago Tribune's press service and released through the St. Louis Globe-Democrat.

"Still following closely the plans made by the American architect, Burley Griffin [a Georgist], Canberra is nearing the 100,000 mark and has almost unlimited space to spread, yet real estate prices are doubling every few years, circumstances.

"No land is owned privately in the federal capital territory, and new regulations are designed to prevent land speculation. Those who lease land from the government must use it themselves and can sell their lease only under special

"However, residential blocks are still valuable. In the more exclusive areas of the Garden City the cheapest home is \$20,000. Others, without being elaborate, sell for \$40,000. Land in Mort Street was auctioned in 1946 for \$450 because of its 'limited industrial use.' Recently a single-story garage built on two such blocks in Mort Street changed hands at \$250,000."

This may be one more indication that the people are being "short changed" on the public collection of the publicly earned rental value of land.

TO TAX IS TO DESTROY

"The Outlook for the State Taxpayer," as outlined by John F. Sly, director of the Princeton University Project in State and Local Government in the Tax Foundations Tax Review in May, is that "property taxes are bearing a continuing lower ratio of state and local service support. This means tax pressures at the state level, local non-property taxes at the local level, and ultimately increased federal aid."

He stated there are only four tax bases, or combinations, most of which are a permanent part of our life. We create others, which, when authorized become prolific revenue sources, such as fees, licenses and permits. Others sometimes begin as regulatory devices—"gaming, liquor, cigarettes, pari-mutuals, wire services, lotteries (not yet here, but closing in), amusements of all kinds, and the anomaly of estate and inheritances." These, he believes, may shape new economies and new patterns of wealth distribution, all of which confuse the layman when reading the report of the state comptroller, for "taxation is no longer mainly a matter of service support (if it ever was)—it also regulates, protects, distributes, stabilizes and develops."

Not to be overlooked is Dr. Sly's warning that "we cannot tax a base that for a good reason or for no reason constituents do not want; and we should never tax a base so as to impair the productivity of that base, unless, for regulatory or distributive purposes, we intend to impair it."

Was It Really An "Economic Miracle"?

FISCAL POLICY FOR GROWTH WITHOUT INFLATION: THE GERMAN EXPERIMENT, by Frederick G. Reuss. The Johns Hopkins Press, Baltimore, 319 pages. \$7.50.

Reviewed by SYDNEY MAYERS

THIS work, which is unusually scholarly, yet well written and agreeably readable, examines the connection between the phenomenal economic growth of West Germany since World War II and its fiscal policies during this period. The author contends there is a causal relationship, and that a major reason for the remarkable progress realized by the Federal Republic in the short span of fifteen years is the tax and monetary system it has developed and applied. He persuasively supports his views with an impressive series of data and statistics: the book contains eighty tables, three graphs, twenty-six pages of reference notes and innumerable quotations.

Dr. Reuss places German fiscal policy away from any extreme economic philosophy, stemming neither from socialistic planning nor from free-wheeling *laissez-faire*. Instead, it calls for delicately manipulated government control, ever sensitive to a constantly changing economic environment. He suggests the basic economic and political principle which dominates the German economy might be called that of a "guided democracy" and a "guided" free market. This Dr. Reuss finds evidenced by what Germans call "fiscal dirigism," which he defines as "governmental insertion of incentives and deceptions into an

otherwise reasonably free competitive market system.'

Essentially, as Robert Clancy pointed out in HGN, November 1963, the early post-war policy of West Germany was to tax consumption (production?) heavily, and investment very lightly, though this imbalance has in recent years been somewhat adjusted. This was a deliberately deflationary measure, aimed at diverting funds from the market. (Germany well remembers the economic horror that accompanied the unchecked inflation of the 1920's!) Unfortunately, a considerable amount of investment money went to buy land, and inevitably widespread land speculation ensued.

Dr. Reuss mentions Henry George only briefly, albeit rather respectfully. He speaks of a tax procedure which tends to favor improvements as having "a certain Henry George flavor." In connection with another type of tax assessment, he says "some memories of Henry George arise." Regrettably, the author does not consider in depth the economic benefits a full application of George's principles might have effected.

However, the fact that Dr. Reuss clearly recognizes the Georgist origin of some of Germany's wise land tax procedures is gratifying. It would be captious indeed to criticize him simply because he does not go far enough to satisfy the proponents of land value taxation. His book is a commendable addition to current economic literature, and merits wide reading by students of history as well as those interested in political economy. We need more books like this to help counterbalance the deluge of collectivist writing that threatens to engulf us.

The Danegeld

DENMARK IN WORLD HISTORY, by Viggo Starcke. University of Pennsylvania Press, Philadelphia, 1963. 381 pages. Illustrated. \$10.

In this book, the noted Danish Georgist political leader reveals himself as also being a thorough scholar of history. The theme of the book is the influence of Denmark on the rest of Europe, with special emphasis on England, up to the time of the Norman invasion.

The last of the wayfarers *en masse* from Denmark were the Vikings. They settled in and for a while dominated England. Dr. Starcke never forgets the land question throughout his narrative. He points out that the tax imposed by

the Danes, the Danegeld, was basically a land value tax; and that the part of England where it was levied was notably more prosperous than the other parts of the country. The land tax, even after Danish rule was ended, remained the basis of England's public finance up to the 18th century, when the powerful landlords succeeded in throwing off their burden and imposing it on the public. The land value tax, with its long tradition in Denmark, remains to this day an important part of that country's public finance system.

Numerous illustrations, humor and a very readable style help make this one of the most fascinating history books I have ever come across.

— R. C.

"SINGLE MINDED APOSTLE"

Robert Gillogly, a graduate student at Harvard University, is writing a thesis on the influence of Walter Rauschenbusch, proponent of the "social gospel." In reading Dr. Rauschenbusch's *Christianizing the Social Order*, Mr. Gillogly found the following passage: "I owe my own first awakening to the world of social problems to the agitation of Henry George in 1886, and wish here to record my lifelong debt to this single-minded apostle of a great truth."

This brought Mr. Gillogly to the Henry George School in New York for further research, and he said the more he learned about Henry George the more he became convinced that the world needs to hear much more about his great work and to consider it far more seriously than it has to date.

THE COMMUNITY SERVICE CHARGE

Whereas the rent of land should be a community's "service charge," taxes are an exaction of private property: fines for building a house, for improving a house or for creating wealth. Taxes on goods and services are added to the price of goods and services. As prices go up, sales go down. As sales go down, jobs go down. Back of unemployment and inadequate purchasing power is a basic "cause" — the private retention of a large part of the rent of land, plus taxation.

Unknown to most of us, this basic cause of America's unsolved problems arose in England when Charles II became king of England in 1660, and made a deal with his barons. He relieved them of their feudal dues and shifted the cost of government onto the mass population via taxes. England thus changed from labor-rent feudalism to "money-rent feudalism." This system was brought to colonial America and unfortunately was not abolished when the United States came into being.

— Herman Ellenoff

Graduates Score Dropouts

THE winter graduation exercises at the Henry George School in New York proved again how diverting and varied the unrehearsed expressions from students can be. One curious note caught the attention especially of the teaching staff, because no one could recall a time when the graduates themselves had been troubled by dropouts.

One student, Colin A. Henderson, an Australian, expressed appreciation, as did others, of their teacher and the generosity of the school in presenting the course. He referred to Henry George's theories as the cornerstone of the two great political parties and the prime motive for the preservation of the free world, and he wondered why these theories were not now reflected in government.

"Judging from our class," he said, "the school is suffering from a chronic disease rampant in America today. I refer of course to the dropout problem. George's conclusions prove to us that we have everything to gain and nothing to lose, even in a totally automated world. If we are truly sincere when we say we appreciate this free education and see merit in it for a better world, then I say it is incumbent upon us to further the institute by word of mouth, which is of course the most effective advertising.

"We must let our friends and associates know that we appreciate what has been done for us, and that we basically agree with what we have been taught. We must try to insure that the new students will at least complete *Progress and Poverty*.

A foreign language graduation exercise was held separately at the Henry George School on December 14th. Graduates of the French and Spanish Fundamental Economics courses enjoyed a rousing program of talks by students and instructors. Matthew Ossias and William Camargo of the Henry George School staff spoke; also Henri Bellande, teacher of the French class, and Gaspar Delgado, teacher of the Spanish class. In the Spanish course, North, Central and South America were represented, and in the French class three

"It is almost a hundred years since Mr. George completed this book. Even if it takes another one or two hundred years, what is that compared to eternity? Even if it means that these reforms will not benefit mankind for many generations to come, let us depart this transitory life secure in the knowledge that we at least recognized the need for equality in our lifetime as propounded by Henry George."

Another graduate, Jerome Goldstein, plunged into his short talk with three blunt questions: "Why did forty people make the effort to start this course? Why did they buy *Progress and Poverty* for \$2? And why did only fourteen complete it?"

While acknowledging that it is difficult to determine motives, he ventured an analysis by suggesting that there are three basic reasons why people attend school—fear, anger and curiosity. Henry George's social philosophy, he said, would destroy the fear or anger of which perhaps one was not aware, but which was directed against economics as an unknown factor. With this fear destroyed the fear of the future would also be destroyed—man need have no fear of such emotions, he stated, since he owns himself and all his inner creations.

He urged graduates to destroy fear and anger and keep their own curiosity alive, and proposed introducing economics to children in the simple understandable terms of Henry George, possibly through the media of cartoons, picture books and primers. "Curiosity," he said, "will lead to solutions."

The Galbraith Plan

Economist John Kenneth Galbraith has recently proposed a massive assault on poverty by bringing a high level of education to distressed areas. (Naturally, it's the federal government that must finance this project.) Galbraith reasons that "there is no place in the world where well-educated people are really poor."

We might also note that well-dressed people are not poor, either, so why not a federal program to bring Paris fashions to poverty-stricken areas? We've already tried a similar stunt in the field of housing. With federal funds, good-looking houses have been built for low-income people, with

the result that their poverty is more effectively hidden behind a new brick facade.

Ralph S. Huntington of San Francisco, who called Mr. Galbraith's plan to our attention, writes: "Is there no poverty in his own Cambridge or Boston? People are educated in New York City, but is there no poverty there?"

Henry George discussed the proposal to raise the educational level as a means of combatting poverty, and proved it was an "insufficient remedy." It's high time some of our contemporary economists also learned some fundamentals of economics.

OUR PRICELESS HERITAGE

In a book on *The Quiet Crisis*, Stewart L. Udall, the Secretary of the Interior, warns of the pollution, noise and blight in America where open space is shrinking, beauty is vanishing and ugliness is increasing. "Men must grasp completely the relationship between human stewardship and the fullness of the American earth," he wrote. "Our economic standard of living rises, but our environmental standard of living — our access to nature and respect for it — deteriorates. The crisis may be quiet, but it is urgent."

The National Wildlife Federation recently made an appeal directed towards conservation of wild life and natural beauty, by stating that ours is a "priceless heritage loaned to us to use, enjoy and pass on, unspoiled, to all generations to come."

The Henry George philosophy makes clear the reasons for this deterioration by showing that the most profitable locations are those in the population centers which support the production and distribution of wealth. If these were taxed at their true land value the charm and structure of our cities would be preserved, and much of the sprawling urbanization of the countryside with its careless destruction of natural beauty could be avoided.

Mr. Robert Clancy,
33-53 82nd St.,
Jackson Heights, L.I., N.Y.