

the Henry George News

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"Practising the Ideal"

"THIS coming week," James Clarkson, Mayor of Southfield, Michigan, announced at a New York meeting on May 24th, "property owners of Southfield are going to get their first tax bill since a revaluation was undertaken two years ago."

Mr. Clarkson was in New York for the Conference of Mayors and that gave the faculty and members of the Henry George School a first-hand opportunity to hear the Southfield story, as they crowded into the coffee shop on a hot Sunday evening. His pretty wife and two young sons were on hand, too, and very welcome.

Mr. Clarkson reviewed his campaigns in 1960 and 1962 (the mayor's term of office is two years), both of which he won. During his first term he was involved with his assessor and members of the City Council in disputes over his tax philosophy of lightening the burden on improvements and taxing land more heavily. After much "wheeling and dealing" he got authorization to call in expert appraisers to value the land according to the legal requirements. "All that trouble," he said, "just to follow the law as it is written!"

As predicted, the appraisal firm of Cleminshaw found land values to be higher than they had been assessed. In most cases, therefore, homeowners would gain by the revaluation, as their assessments were lowered; commercial

properties, especially vacant lots, found their assessments raised.

The land speculators promptly ganged up on Mayor Clarkson and tried to defeat him during the second campaign but the homeowners were solidly behind him and he was re-elected. "It's wonderful when the people support you. You can *feel* it," he said. "You can't relax too much though, because landowners never sleep." They challenged the new assessments before a Board of Review, and succeeded in getting them cut. Then support came from an unexpected quarter — the troublesome assessor who had fought him in the beginning became a convert and valuable ally. The State Tax Commission was consulted as a final arbiter and so, as of May, 1964, Mayor Clarkson could report that since the new assessments had been supported, the new tax bills *would go out*.

The long, exciting fight has made him a nervous wreck, he said, but it was worth it. Now, having done all he can as mayor of his home city, he has placed his name in nomination for a judgeship in his county.

Jim Clarkson is not quite through as a mayor, however. At the conference in New York he lost no time in proposing land value taxation as a subject to be discussed. (Later in the week a resolution was passed to study this proposal — the complete text fol-

(Continued on page sixteen)

A Word With You

TERROR and sudden death in street and subway are nothing new. We may believe the Gashouse Gang were rough customers; and Prohibition days saw their share of street violence. But haven't we a right to expect that as the city develops, life and limb should become more secure? Instead, lawlessness appears to be on the increase, and more and more parts of the city are becoming unsafe. (I speak of New York but it is also true of other large cities in the U. S. and other countries).

The most chilling aspect of this is the attitude of the citizens. In a respectable residential section a woman is assailed and stabbed to death while thirty-eight people witness it and do nothing. They "didn't want to get involved." A man is attacked and killed in a subway train — and 200 people do nothing.

This is terrible to contemplate, and the agonizing question must be asked: *Why?*

Sociologists speak of "anomie" or "alienation" as a disease of modern times. The individual does not identify his interests with those of the community — he does not feel a part of it.

The city has grown into a big indifferent, faceless monster. The individual is weaving his way through a world he never made (or so he thinks), struggling for a living as in a jungle, protecting himself as well as he may and retiring behind his

private fortress whenever he can. "They" run the city, and he's not at all convinced "they" are on his side. A criminal attack might be part of something else lurking in the city. Best not to "get involved."

This social disease may be compared to the bodily disease of cancer, wherein a "lawless" element appears in the body, and the body fails to build up the necessary defenses against it. The social disease of "anomie" is similar in that the danger is bred from within and the rest of the community does not respond.

In his introduction to *Progress and Poverty*, Henry George describes a scene which is even more true today: "In the shadow of college, and library, and museum, are gathering the more hideous Huns and fiercer Vandals of whom Macaulay prophesied."

What we are undergoing today is one more variation of the paradox of progress and poverty. While we are building a grander city, a world metropolis, the unsolved economic problems are gnawing at the foundations. Slums, poverty, squalor, injustice, ignorance, corruption — and anomie — are sapping the vitality of the city that is aspiring to be the world's greatest. Did not George warn that just as communities seem to attain all they are striving for, these problems hit the hardest? And did he not go on to solve the problem?

— 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, N.Y. 10021, 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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HENRY GEORGE NEWS

Canada Has the Most

by ARCHIBALD McCOLL

I HAVE come to New Brunswick to build a bridge—a very big one. New Brunswick has fishing and hunting, but only one basic industry—the pulp mills. No foreigners or immigrants have come to live here in a hundred years, only tourists from the “Boston States” (New England) — a section cut off from Canada by the State of Maine.

Maine cannot live without Canada, but it has no money to build a road for Canadians to jaunt back and forth on. All their railroads are Canadian. Very few Americans know that. The port of Portland, Maine, was built by the Canadian government to short-haul to Montreal—but it was never used. It is political suicide for a government to take business away from St. John and Halifax in favor of Portland, so the railroads are subsidized for hauling the freight six to nine hundred miles further from Montreal.

However, I have a solution for the problem. We have “separatists” in Quebec who raid armories, steal weapons, plant bombs and rob banks, as part of an effort to liberate Quebec, and they are now being sent to jails. I would put these people on the payroll and send them to Maine to liberate it so New Brunswick could annex it and build a road. I think President LBJ would go along with that and give them their independence or “freedom,” because they always vote Republican anyway.

I write this on the Queen's Birthday, May 24th, formerly known as Empire Day, and before that as Queen Victoria's Birthday. They are talking of renaming it Canada Flag Day or Unity Day, or something equally insipid. What we need to remember on Victoria Day is that the British Em-

pire grew big on free trade and fell apart on tariffs.

Here in Canada we have more doctors than any other country, and they are all so specialized that there are not enough to go around. We also have more hospitals and evidently more diseases, because they are full all the time. We have more government officials per capita than any other country in the world, except maybe Castro's Cuba, where you work for the government or starve to death in the Isle of Pines prison (where there are now 300,000 Cubans).

In Ontario, where I live, 2 per cent of all male persons between the ages of 21 and 41 work as policemen, and there are more jails than in any other civilized land. According to Parkinson's law enough criminals must be found to keep the courts busy, provide paper work, employ jail guards and keep governments letting out contracts for more prisons.

But don't look smug—the U.S. and other Canadian Provinces are going that way too, “in the name of progress.” We in Ontario are further distinguished by having more nut houses and psycho doctors on the payrolls than any other province. The wise guys are inside—they don't pay taxes. The rest are trying to get in because the government started sending them income tax forms and they go nuts trying to figure them out. The income tax was slipped in as a “war measure” to catch the war profiteer. Then the rich said, “let's broaden the base,” and they lowered the boom till *everybody* had to pay. So we have more tax collectors, policemen, and SPIVs (VIP spelled backwards) than there are people doing useful work.

They could not rake in enough un-

der the gold dollar wage scale so they inflated the dollar, making it worth only 23 per cent of the pre-war dollar. Everybody now gets four times as many but retains less because, without passing any laws, the government found a way to take a much greater percentage of earnings by putting everybody in a higher tax bracket.

Well, that's where we've gone since good old Queen Victoria built an empire on freedom of trade. Her ships and people sold where they could and lived where they pleased, and there was a respected court system and a government interested in justice. Now that we are a commonwealth, we have old age pensions because everybody is broke when they are old — and they are broke when they are born so we have baby bonuses too. These end when they are 16 or stop going to school, so we have "welfare" for those who are neither young nor old, plus unemployment insurance to pay people who don't work and improvement taxes to fine those who do.

Now you may wonder how Canada survives with this overloaded, overstaffed and overstuffed economy. We were the fourth military power at the end of the second world war, and we have not yet fallen below seventh place. We have the greatest storehouse of mineral rocks known to man and more than adequate oil fields. We produce more than any country on a man-hour basis. Why? Because Canadians are better men? Aren't Canad-

ians just English, Scots, Irish, French, Okies, Poles, Italians and every other kind of immigrant? Yes they are, and the reason is *power*. Canadians use more power per man-hour than any other people to do their mining, farming, milling and lumbering, and more natural power too, because they have bigger engines than the others ever heard of.

But with only 22 million people, and the most wealth producing land, they can afford to keep a vast army of people on the bum, on the pensions, in government chairs, receiving baby bonuses, and on civil welfare. They can also build more nut houses, maintain a military establishment far out of proportion to their population, have more poverty and be crazier than anybody else.

In the glorious days of Queen Victoria and her affluent Edwardian successor, our free trade companies grew to be the biggest in the world, with assembly plants from Argentina to Germany. If in that era some ruling monarch had been wise enough to introduce a tax on land values, the rest of the world would have had to join the British Empire or at least imitate it. But most likely the monopolists of other countries would have started a war to annihilate it, rather than have the "bad example" of land value taxes held up as a good thing. Well, they did do it by war. It was by war that we got the income tax and all the other socialist-inspired gimmicks.

Robert Clancy, Director of the Henry George School, who has been elected to the Executive Board of the New York Adult Education Council, led an evening panel discussion at the Council's all-day conference on June 11th.

The subject, "Adult Education and the Problems of the Metropolis," was presented in talks by Mrs. Alice B. Arrington, a YWCA executive director, and Anthony F. Gonzalez, Chairman of the American Spanish Committee. Dr. Ralph R. Reuter of the International Ladies' Garment Workers' Union could not be present, but a paper was read expressing his views.

Mr. Clancy brought into discussion the moral blight of "non-involvement" on the streets of New York (See "A Word With You" page 2), and this led to enthusiastic debate regarding the extent to which adult education should concern itself with morals and social responsibility.

Again We Go "Boom!"

by SYDNEY MAYERS

THE explosion of an atomic missile is a shattering detonation, but it is rivaled by the impact resulting from intense land speculation. Perhaps it is not merely a semantic coincidence that each of these phenomena is vernacularly called a "boom," since both are explosive in character, violent in action, and sometimes devastating in effect. In fact, it might be intriguing to consider the relationship between the two types of "boom," based on the causal connection between economic disaster and war. However, for the present we will leave to scientists and militarists the boom of the nuclear bomb, while we investigate the other.

In recent weeks, there have appeared in various periodicals (notably *U. S. News & World Report*, and *The Wall Street Journal*) a number of articles concerning the spectacular growth and development now taking place in the nation's southwestern states. The very title of *U. S. News*'s seven-page report is revealing: "Boom in the Desert — Why It Grows and Grows—The Success Saga of Nevada, New Mexico, Arizona." In its interesting account, the magazine covers in depth the story of how the "American desert, long a vast area of forbidding wasteland, is being transformed in a variety of ways that spur growth in three states."

Essentially, these enterprising commonwealths are busily developing increased prosperity by encouraging the influx of population. Nevada offers around-the-clock gambling and entertainment, the governmental proceeds of which provide a "haven for the tax weary." New Mexico presents appealing opportunities in farming, mining, cattle raising and industry. Arizona entices newcomers with manufacturing facilities attractive to both entre-

preneurs and skilled workers. All offer a salubrious climate and pleasant living conditions. It is no wonder that a new breed of pioneers is again taking to the trail followed by the covered wagons of almost a century ago.

Unfortunately, while such commendable energy and drive are making possible the building of a new business empire, land speculation is rampant—inevitably so under the circumstances. As the French say (in French, of course), "the more it changes, the more it remains the same." Runaway land prices have become prevalent. In Arizona, a plot of 160 acres that sold for \$350 in back taxes twenty years ago is now valued at \$300,000. Desert land that brought \$1.50 an acre in the 1940's now sells for \$100 to \$300 an acre. Better land that cost \$200 an acre before World War II currently brings upwards of \$5,000 an acre. But such statistics are no surprise to anyone familiar with the concomitants of the private appropriation of rent and the speculative fever it engenders. Always, as we see in today's burgeoning of the southwest, increasing population and mounting productiveness act as magnets to draw the land speculator, into whose pockets flow an inordinate share of the wealth produced by labor and capital.

Somewhere, someday, somehow, there will be widely learned the economic lessons that Henry George has taught so well, but which so few have absorbed. Only then, when "right action" has followed "right thought," and land value taxation has become a reality, will the evils of private land exploitation disappear. And only then will there no longer exist the fear that the "boom" of land speculation will lead to the "boom" of the weapons of war.

Noah D. Alper's Brief Cases

RESURGENCE IN ATHENS

"Now if I was just interested in making money, I would go down and I would buy every piece of property that I could in Athens, Greece, because Athens will be another Acapulco. In ten years, a piece of property in Athens will be worth from ten to a hundred times as much." This was the confession of a millionaire, Charles Sopkin, from a book entitled *Money Talks*.

"LABOR FOR SALE"

"The Clayton Act states that 'the labor of a human being is not a commodity.' Then what is it?

"When you trace any product back far enough, it is composed of only two things—labor (mental and physical) and land (all raw materials). Thus when you buy anything, you are necessarily buying the human labor that transformed the raw materials into desired product.

"While a free human being is not himself a commodity, fortunately his labor is."

These quotations are from the May issue of *The Freeman* (p. 44) and are written by Dean Russell. When one buys electricity one does not buy the generating apparatus; nor does one buy the laborer when purchasing the energy of his labor and his skill. One wonders at the use of the word "free" in the thought, "that a free human being is not himself a commodity." Is a "not free" human being a commodity even if "the law" so treats him?

But of greater interest is the recognition of "labor (mental and physical) and land" (all raw materials) as the ingredient of all products. Tracing backward, is this not a recognition that taxes, regardless of names, classifications and where or by whom imposed, are the only possible sources of public revenue when we consider the relationship of labor and capital? Might not such a fact lead to a demand for a massive simplification of our tax structure, the abolition of hidden taxes, and the shifting of the burden from labor and land values, thus eliminating the need for political wars on poverty and unemployment in the process?

WHOSE ECONOMICS?

"Whose Economics Should Be Taught in the High Schools?" M. L. Frankel, in an address on this question, said "to put it bluntly, economic principles, like the facts of life, are what they are . . . Economics seeks to find the true answers to our problems; does not teach certain answers as ready-made truth.

"Economics is a discipline in ~~itself~~ right and is no respecter of persons—not a 'smorgasbord' that offers a variety of dishes to suit individual tastes. A decision to offer economics as part of a school program requires adherence to firm principles and a commitment to provide teacher competency in handling the subject matter."

According to this view, "economics itself is made up only of basic principles—principles that serve as guidelines for the analysis of economic problems . . . Economics simply is not a 'good' that can be separated into 'brand names' and merchandised as grocery items or appliances. One would never raise this kind of question in discussing physics, chemistry, mathematics, or foreign languages. Certainly there would be plenty of room to discuss the methods used to gain a command of any one of these disciplines, but there would be no differing of opinion on the concepts that are basic to such a discipline."

Many who are concerned with education may find this of interest, and the pamphlet containing the entire address by M. L. Frankel, director of the Joint Council on Economic Education, may be obtained free by writing to this council at 2 West 46th Street, New York, N. Y. 10036. Few will question the objectivity of the views expressed, but there is no assurance that the "missing ingredients" of the land-man relationship will not continue to be missing, as they are today.

Effects of Minimum Wage Laws

by ISIDORE L. PULVER

WE study the past to understand the present and to enable us to foretell the future. In the thirties, President Roosevelt signed a 40¢ an hour minimum wage law. President Truman signed a 75¢ wage minimum—President Eisenhower raised it to \$1 and President Kennedy upped it to \$1.25. We have lived with these minimum wage laws for a quarter of a century, so let us examine their immediate effects as well as the aftermath.

The accountant recognizes two types of labor costs—direct and indirect. Direct labor includes those who actually make the product—indirect labor is performed by office workers, shipping and receiving clerks, janitors, elevator operators, warehousemen, etc. Let us assume that a given product is made by 5 workers. What will happen when the \$1.25 an hour minimum wage law gives way to the \$1.50 an hour minimum? (See table below).

This does not include necessary increases in fringe benefits nor the increase in the indirect labor costs.

Because unions keep records of the ability and training of members, demands for increases take place as soon as a new minimum wage law is enacted. Worker B will refuse to work for \$1.50 an hour when A's wages have been raised to \$1.50. Since his work calls for greater ability and training, he will ask for \$1.75 an hour.

Similar requests will come from C, D, and E. From the figures we see too how the direct labor cost of a product has risen from \$8.75 to \$10.

The immediate result of a minimum wage law is a temporary improvement in the living standard of the lowest paid worker. But within a short time those not on the new minimum wage scale demand and get increases in wages, canceling the benefits received by those on the lowest rung. Although indirect labor workers are often not unionized, they also demand increases in wage rates. What have two decades of experience with these laws revealed?

I. Our exports continue to decline. The British, French, German and Italian workers earning from \$30 to \$50 a week cannot afford to buy products made by our labor earning from \$50 to \$150 a week. Engineers and scientists immediately try to increase the production of workers, but our production-line workers frequently resist their efforts. The increased cost of production compels the use of labor saving devices. Finally automation, which is considered evil by George Meany, president of the A.F.L.-C.I.O., is being forced on industry solely because of artificial increases in wages.

II. Imports should increase as a result of the new minimum wage law, yet why should Syracuse Sam pay \$17 for a pair of American-made shoes

	A earns	B earns	C earns	D earns	E earns	direct labor cost of product
Under \$1.25 per hour M. W. Law	\$1.25	\$1.50	\$1.75	\$2.00	\$2.25	\$ 8.75
Under \$1.50 per hour M. W. Law	\$1.50	\$1.75	\$2.00	\$2.25	\$2.50	\$10.00

when he can buy Italian-made shoes for \$11? From Woolworth's on Market Street in San Francisco to Stern's on 42nd Street in New York City, we find international merchandise fairs taking place. Clothing, china, glassware, leather goods, jewelry, toys, foods, household accessories and furniture in endless variety are pouring into this country. We have become a splendid market in which to sell but a bad market from which to buy. Our prices are too high.

III. Fewer foreigners will be able to travel here as the minimum wage goes up because their money will buy so few dollars. Officially 20 Brazilian cruzeros can buy \$1 but in practice our Brazilian friend must give 1500 cruzeros for \$1. A Brazilian earning 90,000 cruzeros a month is really earning \$60 a month. If he can save 10 per cent of his wages he is saving \$6 a month or \$72 a year. How can he travel in our country? As the prices of our goods and services increase the foreign travelers decrease. This invisible export has all but disappeared.

IV. Americans, however, will settle and travel abroad for long periods of time. A couple who cannot live well here on \$300 a month can live very well on that amount in Austria, Denmark, Holland, Ireland, Israel, Italy, Japan, Spain and most Latin American republics. Many English citizens have been living in Italy and Spain for as long as 40 years, since their English pounds buy more there than at home.

V. Insurance policies also have less buying power at maturity than was anticipated when the contract was signed. Does this mean that to provide adequately for one's family a man must carry a greater amount of life insurance than he can afford?

VI. High interest rates plus high labor and material costs result in fewer community constructed projects. The need for additional schools, libraries, hospitals, roads and even prisons is

becoming more pronounced. Many communities are refusing to vote funds for these and other needs. A school that cost one million dollars 20 years ago costs close to four million today.

VII. Non-unionized American workers find their standard of living being whittled away as prices rise. America's labor force numbers 66 million workers. More than two-thirds of this is being adversely affected as successive minimum wage laws drive prices up.

VIII. Civil servants are becoming argumentative and sometimes even insolent in their treatment of the public and their superior officers. The strike of New York City's garbage collectors, subway motormen and school teachers are cases in point. The newest minimum wage law will eventually help to depress further the buying power of a large segment of our population. So few want to become civil servants today that New York has opened temporary quarters in other cities to help recruit efficient help.

IX. Public and private debt continues to increase despite a seeming condition of prosperity. The overall public and private debt exceeds \$700 billion dollars. It is increasing at the rate of \$20 billions a year. Under conditions of prosperity it should be decreasing, but it is not decreasing because we are not experiencing normal prosperity. High costs compel us to borrow a million dollars to build a mile of road which in the past would have cost only a third as much.

X. Apartment rents rise rapidly as they are decontrolled. Private builders find it impractical to build low-income and middle-income housing at current labor and material costs and houses now being built with government aid are considered to be of poor quality.

Yes, the minimum wage law touches every facet of our economic and social life. It certainly should not be increased. Few appear to recognize this cancer in our midst.

"cheap to buy—dear to hold"

PROFESSOR M. Mason Gaffney of the Economics Department of the University of Wisconsin in Milwaukee, has contributed a chapter to an urban study by the Missouri Basin Seminar to be published by Kansas University at Lawrence, which reads like a sparkling back-to-the-city idyl.

He moves with logic and wit through the complicated history of negative urban containment—its threat to cropland (which he minimizes)—its inflexibility and service inefficiency—and its multifarious discriminatory features and exploitation born of monopolies and subsidies shamelessly encouraged by landholders serving as the "permanent party" running the city for "the transients."

He also introduces neutral containment (graduating utility and transportation rates by distance from load centers) and explains that utilities are forced to carry services to sparsely settled fringe subdivisions while the burden of cost is levied on consumers at the center, and speculators wait agreeably for the rewards. "Our cities," he says, "are becoming poorly coordinated spasms," and cheap land "means slow renewal frequency of sites." He suggests correcting this by making land "cheap to buy but dear to hold."

Professor Gaffney discusses the historic basis for greenbelts ("weed belts") and the newer restrictive devices such as large-lot zoning, also "city planning" which makes "millionaires of some and social reformers of others." Such attempts he regards as forms of collusion between the city fathers and the speculators.

He suggests replacement of all negative containment policies with simple positive ones. The first he calls "neutral or passive containment, and it amounts to nothing more startling than desisting from subsidizing expansion,"

which, if tried, might surprise everyone by working very well. Second, he calls for "use of the high latent capacity of central lands as the base of ad valorem property taxation." A new idea goes through three stages. First it is too ridiculous to consider, then it threatens the republic, finally it is a worthy cause. Urban sprawl, he feels, has arrived at stage three, with "gratifying suddenness."

But by taxing buildings we are taxing vertical transportation. "Think how many miles of wires, ducts, pipes and conduits there are in a skyscraper, not to mention the stairs and elevators, all social overhead capital supplied at private expense, and taxed besides. If the same floor space were sprawled out laterally over a section of suburban prairie, the connecting wires would not only be much longer, but would be supplied at public expense and/or heavily subsidized. We tax vertical transportation and subsidize horizontal."

The city, says this professor, who has been doing agricultural research in California, "in spite of the atrophy of central land values brought on by years of underdevelopment, by obsolescence and degeneration of old buildings there, in spite of race and school problems . . . is the best place for most activities of most people," and this is "implicit in its high unit values" (80 per cent of the country's land values are found there).

The heart of his proposal for positive containment then "is a heavy ad valorem tax on the base of site-capacity," which he states "has the remarkable quality of extracting more tax money from the center and simultaneously helping bring it to full flower."

"We have always heard that heavy taxes stifle enterprise, but that is a careless generalization. Taxes do not stifle enterprise just because they are

heavy: what matters is how the tax varies when the taxpayer acts enterprising." The author proposes a heavy tax which does not rise when buildings rise or fall but is fixed according to the capabilities of a site. "A site-capacity tax will move up or down as environment improves or worsens, but remains frozen as individual landowners respond to the environmental challenge. It does not tax a landowner as he improves, but as his neighbors and his government improve his opportunities."

Such a tax will "hit the center of town much harder than the outlands, because that is where the land values

are, and where the ratio of land value to building value is highest." It is not only permissive of site-improvement, but is downright mandatory. This effect is seen in outlying areas where farmers complain that rising property taxes force them to intensify and convert land to urban use. "Apply this potent positive leverage of taxation where it belongs," urges Professor Gaffney, "in the core of the central city, to the end of accelerating its renewal and overall revival. Let central buildings match the mountain majesty of central land values, and leave the agricultural zones in their Arcadian tranquility."

Land Broker Talks Back

Gaston Haxo, a serious Georgist living quietly in St. Petersburg, Florida, sent a letter to the local newspaper editor, as Georgists are wont to do. It was published, and later he personally received a long detailed letter from a land broker, consultant and appraiser who took issue with his views. It seems well at times to face squarely the objections of the opposition, so Mr. Haxo sent the letter to us.

This expert opponent states first that the total of all land taxes paid for county, school and city government, would barely support the schools alone, and that every political unit in Pinellas County would be bankrupt in 6 months if the sole support was land taxes. In 1962 the tax from land was 25.2 per cent of the total income of the people in that county, and taking the state as a whole it was only 17.1 per cent.

When an improved property pays out more than 20 per cent of its gross income for local taxes, we are told, it is in danger, and some shopping centers pay as much as 28 per cent of their gross. He maintains that single family areas and downtown

business properties grossly underpay for services — shopping centers' overpay, as do high rise apartments, vacant land, and parents of children. Furthermore he estimates that not over 5 per cent of the county land is in the hands of speculators, and that 95 per cent of it has been in the same families for 10 to 100 years.

He characterizes the ad valorem tax — as in fact two taxes. On the improvement it is a use or income tax — on wild and vacant land a capital levy. On idle land the owner must pay the tax from other income or lose his land, and this he believes unsound, since "government renders less service and benefit to wild land than to any other type of property." He holds it as a truism that taxation should be in proportion to ability to pay and to benefits received.

Comments from readers would be welcome.

Mr. Haxo has recently participated, along with Mr. and Mrs. William Newcomb of Melbourne, Florida, in the forming of a Florida Homeowners Association, patterned after the one in California.

Sydney Mayers

VIEWS THE NEWS

According to a report from London, Britain is quite worried that the proposed tunnel through the English Channel will attract even greater population to its already crowded southeastern corner. As they complacently await the inevitable rise in land values, we are inclined to doubt that southeast England's landowners share their government's concern.

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"Are recessions a thing of the past?" is the title of a New York Times article, which then states that "as the national economy continues to expand . . . government policy is credited for maintaining the present boom, which shows no signs of abating." This news is welcome and encouraging, but also a bit confusing, since we cannot resist asking a question: whatever happened to the War Against Poverty?

* * * * *

The United States has signed a trade agreement with Rumania, and is trying to build other "bridges" to Eastern Europe, in an endeavor to weaken Russia's hold on its satellites. We may cynically take a dim view of the *bona fides* of the Soviet block, but we must concede that people you do business with do tend to be friends, not foes.

* * * * *

The New York Times attributes the current economic development of Guatemala to the "rare" honesty of its present regime. Such governmental integrity is certainly commendable, but let us also note another phase of Gua-

temala's new policies which doubtless contributes to the growth of its economy, i.e.: the warm encouragement the government is giving to the nation's productive capacities.

* * * * *

The pending proposal by Nassau County, New York, to subject all vacant land to the same tax assessments as improved land has aroused bitter opposition, and has been vehemently denounced on the curious ground that it is "discriminatory against owners of unimproved land." Ludicrous as this claim is, it seems to stem logically from an illogical system of taxation, which penalizes the diligent and rewards the slothful.

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Page 34 of a recent issue of The New York Times headlines: "U. S. Is Urged to Encourage Role for Private Capital in Latin America," and a news caption on Page 36 of the same issue reads: "Chile's Leftist Candidate Vows Legal Seizure of U. S. Concerns." To paraphrase a classic proverb, you invest your dollars and you take your chances!

* * * * *

In France, where there are 11 telephones for every 100 inhabitants, compared with 43 for each 100 in the U. S. A., the usual wait for a telephone installation is 14 months — and right now there are 2,300,000 applicants for service on the waiting list. Might it be a coincidence that France's phone service is administered by its Post Office Department, whereas ours is provided by private enterprise?

Federal Loans and the Price of Land

"Would federal land development loans boost land prices?" No, said federal housing administrator Robert C. Weaver, in reply to an article in *House & Home*. In June that magazine published his objections and his defense of the proposed loan program. He denied the allegation that the government would "directly guide and control" development and use of land around the edges of cities but said his proposal would "provide for economic analysis to prevent overvaluation of the land to be developed with FHA-insured loans.

Weaver said the program would result in reduced costs which would be passed on to builders and consumers, also that it would encourage more economical use, bring cheaper outlying land into competition, and discourage over-development. He does not claim it would cure "scatteration" or solve

high land costs, but suggests it would "encourage basic facilities of a scope responsive to future growth needs."

"But we still think he is wrong," states the editor of *House & Home* who would like to share Dr. Weaver's confidence that insuring easier financing for land would bring down the price. The editor doubts any such result as long as the government — federal, state and local — permits preferential tax treatment to set vacant land apart from the normal market action of supply and demand.

Quoting from an article in *Fortune*: "There is an evident inequity in a system that puts most of the tax burden on property improvements while preserving an anachronistic tax incentive to land ownership that encourages an artificial land scarcity — and resultant high prices underlying all building."

James A. Murphy left recently for a brief teaching mission in Arequipa, Peru. Last year Peter Patsakos, now Assistant Director of the Henry George School, accepted an invitation to teach the three basic courses in Spanish to second-year college students at the Universidad Santa Maria in the same city. This summer it will be high school students who will learn the fundamentals from Mr. Murphy, a linguist and teacher of long standing at New York headquarters. The arrangements were again made by Nicholas Reynoso, Director of PACE (Peruvian American Council on Education).

A Committee on Land Value Taxation is being formed at the Henry George School in New York, with Gilbert Herman, librarian, as secretary. He is compiling information on land value taxation in practice, and will also study problems of application, regarding assessments, tax rates, special lands, etc. Correspondence giving well authenticated data relevant to any phase of this subject will be appreciated. Inquiries are also invited.

CORRECTION

Near the end of the article by George Collins on Unemployment Panaceas on page 6 of the June HGN, "the more we have the less efficient we are, etc.," should read: "the more work we have to do and the less efficient we are the better off we will be." This statement, however, is disproved by the author.

The Problem Solved?

by PAUL S. NIX, JR.

WANT to get rid of poverty? Easy. All you have to do is get the government to guarantee everyone an adequate income. So says a report submitted to President Johnson by the Ad Hoc Committee on the Triple Revolution, a 32-member self-appointed group of "economists," college professors, lawyers, bankers, labor leaders, scientists and authors.

Two parts of the triple revolution are supplementary to the third—one is the "weaponry revolution," which threatens to wipe out the "strong support for the economy" that has been provided by military and space budgets. You don't see how devoting land, labor and capital to the production of bombs and rockets has helped people who need food, clothing and shelter? Well, the importance is not in what they've been making, but in the fact that they have had "jobs."

The second, or "human rights revolution," concerns Negroes who are demanding jobs as well as freedom. The third holds the key to the solution—provided we take the advice of the committee.

The problem is that people who don't have jobs have no income. What about the incomes of landowners? Well, it must be a drop in the bucket, because the committee said, "the income-through-jobs link is the only major mechanism . . . for granting the right to consume." You don't think pocketing the rent of land is a "minor mechanism?" Well, okay, then maybe landowning is a "job."

Anyway, to get back to the people who have neither jobs nor income, the implication is that the reason they don't have jobs is that they don't have access to economic resources. Now *that* makes sense, doesn't it? Oh, you want

to know why they don't have access to land? Well, according to the committee, it certainly isn't because any land is being withheld from use, or even from its *best* use.

The Ad Hoc boys say that "economic resources have been distributed on the basis of contributions to production." Of course they don't say who does the distributing, nor how the distributors came by their franchises, nor what they get for performing this indispensable role, but that can't be very important. Any system that allots resources to the best producers must be a pretty good system.

Actually that's where the trouble starts, since men compete with machines for the use of these resources. Who makes the machines? Perhaps they are made by other machines. Because if men made machines the competition for economic resources, between men and machines, would really be competition between one group of men and another group of men. But that would spoil the whole argument, and we haven't even got to the point yet.

Now, these new-types machines are capable of "potentially unlimited output" with "little cooperation from human beings." That's right, people don't "run" machines anymore, they "cooperate" with them. You think "unlimited output" sounds like perpetual motion? Well, that's our third or "cybernation revolution." It's the "combination of the electronic computer with the automated, self-regulating machine."

So these cybernated machines produce so much wealth that the competition between men and machines is getting all lop-sided. Since "economic resources are distributed on the basis

of contributions to production," the machines must now be getting most of the land! But the people that the machines displaced have no income, so there's not much demand for all that "potentially unlimited output." It's quite clear, then, as the committee says, that the continuance of the income-through-jobs link acts as the main brake on the productive system.

So what should we do? Should we give everyone an equal chance to produce something else that he might exchange for all these potentially cybernated products? No, there's no need to go to all that trouble. It's not really the lack of jobs that shackles

the system—it's the link between jobs and income. So the thing to do is to break the link. The way to do it is for "society" to provide, through government, "every individual and every family with an adequate income as a matter of right."

Certainly everyone has a right to an adequate income! Yes, even if he doesn't work! But you don't think that taking wealth away from the people who produced it will encourage them to produce faster because it didn't work that way in the Plymouth colony or Soviet Russia? Well, you simply missed the point; it's not *people* who produce wealth anymore, it's *machines*!

THE HENRY GEORGE CONFERENCE IS IN AUGUST

Now let's not have any more dear readers writing to say they thought the conference was in July. Please note — it will be in the City of New York from August 30th to September 5th, at the Henry Hudson Hotel, 353 West 57th Street (New York 10019). If you are a subscriber to this trusty HGN you should have received by now a full report on prices and other necessary information.

However, we'll make it easy for you. Rooms are \$9 for single occupants; \$7 and \$7.50 for doubles; and \$6 and \$5 for 3 and 4 persons respectively. Air conditioned? Why certainly! If you haven't made a reservation yet please write *today*, direct to the hotel. Think for a moment of how lucky you'll be to have hotel accommodations in New York this summer at this low price.

Although you are coming to a joint conference of the International Union and the Henry George School, the sessions will be in English or will be interpreted. The talks and reports will be of vast interest to every true Georgist, but please don't imagine

you'll be denied the lighter moments. The World's Fair is within easy access, and 57th Street is in the heart of New York's fashionable shopping and restaurant area (inexpensive eating places are handy too). It's hard to see how anyone could stay away from a conference like this.

Supplementing the program information in the June HGN, there is news from Raymond Crotty, a gentleman farmer from Kilkenny, Ireland, who is currently teaching in the University of Wales. He's coming. Dr. Hengste Tu, director of the Henry George School in Formosa, now pleasantly sojourning in Paris, will be present to tell of his work, and there will be a jolly delegation from Austria.

John Nagy, well remembered from West Coast school conferences, president of the California Homeowners Association, will be here. And everyone who is watching the Erie Pennsylvania contest with bated breath will be glad to know that Wylie Young and perhaps one or two of "the boys" are coming, and those Erie Jay Cee's make LVT sound fresh and new.



Sydney Mayers, in "The Problem of Profit" (May HGN), refers to Henry George's justification of interest as the legitimate return for the use of capital. As I recall it, Henry George used the word *interest* to denote the return from invested capital.

Today the word interest would be defined as the amount a borrower would pay a lender for the use of capital, which competition holds as ranging around 5 per cent.

Manifestly no one could borrow money at that rate with the limited expectation of earning 5 per cent by using it. Therefore a borrower takes the risk that the borrowed money will earn more than the interest. And that earning over interest and current expense is profit.

If the user of capital did not need to borrow the capital and was seeking interest only, he could lend it safely and relinquish responsibility, but fortunately there is an incentive and stimulus to earn more than interest which results in investment and the borrowing of capital with the hope of future earnings.

This stimulus alone amply justifies interest and profit. The word profit has nothing to do with earnings in the case of land transactions, and would not be used in this connection if speculation were recognized as the advantage accruing from public and governmental incompetence.

JOSEPH S. THOMPSON
San Francisco

The power to tax is of course the power to destroy, and if it is the desire of our statesmen to destroy the will of man to work as a means of bettering his position in life through

labor, then that purpose is fast becoming a reality.

A government is at no time a producer, but is at all times a consumer of wealth, and in time of war it is a destroyer of capital. The practice of placing a tax on the value of a product of man's labor consequently merely displaces existing wealth without encouraging increased production.

The constitutional government of the United States was conceived from the injustices of taxation without representation. The Bill of Rights was inserted in the provisions of the Constitution to protect the individual from being imposed on by a majority through misrepresentation. The fact that a majority of voters favor a tax does not guarantee that it is just, nor yet that the majority cannot some day become a minority and fall a victim to its own folly.

LUDVIK L. KROMAREK
Scranton, North Dakota

In addition to the tribute paid to the late C. LeBaron Goeller in the June HGN for his many years of devotion to the reforms advocated by Henry George, I wish to express my thanks for the many small leaflets he printed which often serve a uniquely useful purpose. They are available free at the Henry George School and are handy to put in with a letter to clear up confused thinking on economic topics when writing to friends or to further clarify particular answers of correspondent students taking the fundamental courses in need of help in understanding wages, capital, and the difference between speculative, monopoly, and fair or economic, rent, etc. They supplement the school's supplements.

MABEL L. REES
Brooklyn, N. Y.

(Mrs. Rees is the author of *Georgist Poems*, a recently published book available on request by writing to her c/o the Henry George School.)

(Continued from page one)

lows this article). "I could count on the fingers of one hand the people at the conference who know anything about land values," he said, "and that's where you come in. Your work of education is of the utmost importance. You must get the people to understand. And don't stop there. Work through your legislators. Get them to know what you want.

"Whether we work through education or politics," Mr. Clarkson concluded, "it requires dedication, the kind of hard work — yes, and suffering — that our Detroit director, Robert Benton, has put into it. Do something! If you know the great truths taught by Henry George, you owe it to yourself and the world not to sit idle but to go forth and work for it."

In announcing his candidacy for the Oakland County Circuit Court in

Michigan, James Clarkson, who has practiced law for twelve years, stressed the need for a judge to be experienced in dealing with charters and their interpretation, zoning and other ordinances, and all such vital issues. His experience as a former member of the Michigan House of Representatives and a member of its tax committee, not to mention his signal success in Southfield, make him eminently qualified to serve in this important office.

He was a graduate of the Henry George School in Detroit and for many years one of its instructors. After the conference in New York he was a guest speaker at a dinner meeting of the Henry George School in Detroit. On July 10th at 8 P.M. he will speak at a mass meeting in Chicago, organized by Wilbur Johnson at the Progressive Baptist Church, 3658 South Wentworth Avenue.

WHEREAS, property taxation is always of importance to cities; and

WHEREAS, property taxation has, in some areas, fallen into ill repute because of improper application; and

WHEREAS, land value taxation legislation is being studied in the states of Michigan, California, New York and Alaska, as a step towards more modern application of property taxation; and

WHEREAS, the state of Hawaii has recently adopted its Land Value Taxation bill, following in the footsteps of the state of Pennsylvania; and

WHEREAS, the application of urban renewal and the eradication of slums in the cities of the United States is in need of modern methods to carry out this result and (the application of) land value taxation to the exclusion of taxes on improvements being such a valuable tool,

NOW THEREFORE BE IT RESOLVED that the U.S. Conference of Mayors go on record as supporting the staff study of the principles of land value taxation in the various states of our Union.

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