

# the Henry George News

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## Homeowners Rooked

CALIFORNIA continues to take the lead in exposing irregularities in assessment. Largely this is the fruit of an investment of money and effort begun with very little early promise, by the late Sidney Evans of San Diego. When he set in motion the Statewide Homeowners Association he left his imprint on history.

Thus in the March California Homeowner we read of Daniel McCorquodale, former mayor of Chula Vista, now a councilman, who charged, on the basis of a survey, that homeowners were paying 25 times more in taxes than others on equal values, and that the city assessor was not assessing all property according to the law. Some vacant land was actually being assessed below 1 percent. The average assessment was 10.9 percent, and improved parcels were assessed fairly uniformly at an average of 21.6 percent.

After the story broke under big headlines in the Chula Vista Star-News on February 29th, it was revealed that Mr. McCorquodale, while still mayor in 1967, had initiated an assessment study in San Diego County to find out if assessments in Chula Vista, the second largest city, compared equitably with those in other areas of the county. Seeing the need for a wider survey he asked Statewide Homeowners to assist, whereupon Lloyd Maxwell and several others gathered source material

and compiled a most comprehensive report. Only near the end was it revealed to the irate county assessor that the Homeowners were collecting the data.



Daniel McCorquodale

The foreword was by John Nagy, real estate appraiser and president of the association which financed the study through its educational and research fund.

Immediately upon its release so much interest was aroused that a management systems company proposed computerizing the survey. The result was a program which made it possible to calculate, sort and list the 13,500 parcels speedily. With this as a model it would be feasible to do the same for every county in the state every year. Each assessor could have computerized up-to-the minute reports which would be condensed enough to hold in one's hand, and would show clearly the areas needing attention.

Mr. McCorquodale circulated a ten-page summary of the 1692 page report which made the inequities easily discernible. One table of assessed percentages shows them ranging from 2.2 to 83.3 percent of market value. Small

(Continued on Page 16)

# A Word With You

HOW long before the Georgist philosophy becomes generally recognized and accepted? This is a question on the minds of those who have been introduced to it. Some may feel it has no chance at all, but most feel it should by this time be closer to acceptance than it is, and want to know how long it will take. How have other philosophies fared, comparatively?

The classical case is Christianity, which took 300 years to become accepted. In the Middle Ages it took even longer—500 years—for arabic numerals to be adopted by Europeans. But the modern world does at least move faster.

Marx and Engels issued their Communist Manifesto in 1848, and 70 years later the Bolsheviks took over in Russia. Another 30 years, and one-third of the world was Communist-dominated.

The woman suffrage movement started in the U.S. in 1869 and within half a century they had obtained their goal. Freud came out with his strange theories in the 1890's and by the 1920's people all over the world were dropping like flies onto psychoanalytic couches.

Perhaps the most speedy success was that of Lord Keynes. His *General Theory* appeared in 1936, and a decade later governments were guided by it and college economics was permeated with it.

It is now close to 90 years since *Progress and Poverty* was given to the

world—and what's holding up the parade? Sometimes it seems to be around the corner—as in 1964, when some were impressed by Johnson's war on poverty, or by Goldwater's speeches on freedom, and if either took one more step, he'd be a single taxer. But that one step turns out to be across a Grand Canyon.

And there's the rub. The Georgist philosophy, simple as it appears to be, is so fundamental and far-reaching that accepting it means letting go of a universe of fallacies and malpractices that are easier to continue. To take one instance—the notion that money is wealth lies behind our entire practice of foreign aid, urban renewal, gold panic, union demands, international trade and much more. The theories that enable us to tinker with the system without basic changes are readily adopted. Keynesianism certainly does this. Even Communism turns out to be a ruling clique on top and the rest on bottom—it can even be the same clique as before. Georgism wants more than tinkering or cliques—it wants fundamental justice for all men. So our job is much greater.

But as George knew—and as most of us feel—these ideas must eventually be recognized. Even now there is a perceptible advance in our direction on many levels—in education, journalism, in city planning, and internationally. Let's wait till 1979 to see what happens.

—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 the community purposes and abolish the taxation of wealth.

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The Henry George News does not assume responsibility for opinions expressed in signed articles.

## little candle—long beam

IN Toronto in 1897 three men met together every week in a downtown office and wrote news reports which eventually converted the editors to their point of view. They started the first single tax club and might have won Toronto as a single tax city had not the World War intervened bringing with it a "temporary" income tax.

This trio consisted of Arthur Wentworth Roebuck, once a poor farm boy, now Canada's senior and most honored senator; Ernest Farmer, who has just retired as president of The School of Economic Science (HGS), Toronto; and his brother, Arthur Farmer, who is remembered by Archibald McColl as the most convincing speaker he ever heard and the one who introduced him to the philosophy of Henry George.

Arthur Roebuck started a weekly, *The Single Taxer*, in those early days, and later spent several years in newspaper work. *The Single Taxer* re-emerged as *The Square Deal*, edited then and now by Ernest Farmer. Senator Roebuck says of it to this day, "I receive it with pleasure and read it carefully. Ernest Farmer's ability as a political and economic thinker, writer and publisher has been outstanding, and his devotion and industry have been admirable."

When Arthur Roebuck's 90th birthday was celebrated recently, he was amazed and pleased to see so many of the single taxers, workers and companions of the 1900's among the hundreds of invited guests. Everyone received a cordial invitation to a party on February 28, 1978, when the Senator will be a sprightly 100. To talk of age before that would be premature, says the man who still plays golf as often as possible though he habitually keeps office hours from ten to ten. As a second hobby he has painted more than 100 pictures.

He recalls pitching hay on the farm at age 12, when his father used to speak of the Rt. Hon. J. A. Roebuck, a great-uncle and Liberal MP who participated in many reform victories. "I decided then and there to go my great-uncle one better," he said. "It's been on my mind ever since. That is why I am today an intense Liberal\* and reformer."

Archie McColl, as a boy of ten delivering papers, once overheard a plot to put Roebuck "under the ice of Lake Temiskaming" for the single tax views he was expressing publicly. They were considered "worse than socialism." He escaped that fate however, and having saved his money he went to law school at age 37, reached the top rapidly and became the most brilliant of courtroom lawyers.

He served in many important capacities in his country's service. Arch McColl mentions especially that as Minister of Highways he started the first all-lighted super-highway in North America. The Senator himself thinks the most important thing he accomplished was the Industrial Standards Act of 1934, when he was Minister of Labor and held the first permanent wage arbitration court in Ontario. This was hailed as one of the most advanced pieces of labor legislation ever put on the statute books.

Ernest Farmer, meanwhile, was dedicating himself to music and to furthering the ideas of Henry George. Elizabeth McKay has written of him: "for many years there would not have been any organized group or Georgist paper in Canada if it had not been for the faithful and dedicated work of this busy and versatile man. During the

\* As used in the early 1900 sense "liberal" bears little resemblance to the term as used today.



depression years, 1941 to 1956, he kept *The Square Deal* going almost single handed." He studied French and German when he entered McMaster University in 1899 and later went to Germany to study piano theory and composition at Leipzig Conservatory.

Ernest and his brother Arthur came naturally to musical gifts and insight. On finding *Progress and Poverty* in their father's library, Arthur, the younger, was the first to take it up with enthusiasm. This led to his becoming the lucid and powerful speaker Mr. McColl remembers. When he went to McMaster in 1901 he brought up Henry George's ideas frequently in class with this curious result. On graduating from the first class in Honor Political Science his professor encouraged him to continue post graduate studies with a view to taking the chair which it was proposed to establish, warning, however, that he would have to give up some of his "radical ideas." Arthur Farmer declined and charted his life in other important paths which did not inhibit his espousal of the HG philosophy. He became Canada's leading handwriting expert and an authority on related subjects.

Ernest Farmer, besides continuing to produce *The Square Deal*, with its high standards and wealth of facts not available elsewhere, is still connected with the faculty of the Royal Conservatory of Music and teaches piano lessons to students fortunate enough to enjoy this privilege. A member of the Speakers Federation, he is a charming, witty and wise after-dinner speaker who delights his audiences. Hence ever steadily the candles shed their glow though more than half a century has passed.

Canada's tributes paid to its senior Senator, Arthur W. Roebuck, have brought his particular achievements to wide attention. Students of Henry George love him for his personality and charm and are grateful that he has

always accepted invitations to give an address at their conferences in Canada or the U. S. He felt encouraged last year in Montreal on finding younger members present, and says his faith is strengthened as he meets with Georgists of today.

In our milieu where politics often has dreary connotations, it is refreshing to meditate upon the striking fact that no shadow has fallen across his path during 23 years in the Senate. He would no more be expected to deflect from his high principles and unfailing courtesy than he would be expected to appear without his sartorially elegant wing collar. He has lived to exemplify the man who thinks and who, as Henry George said, "becomes a light and a power." His influence is beyond measure. The country is rich which honors such a man.

What a great day it must have been in the Senate at 3 p.m. on February 27th when one colleague after another expressed "felicitations for the 90th birthday" of Arthur Roebuck on the morrow. "His capacities, his enthusiasm, his mental alertness, remain undiminished. He is a remarkable man, an outstanding Canadian," said the Senator from Ottawa West.

Another, speaking with admiration and affection, said, "attaining the age of 90 years is in itself quite an achievement. To do so while still enjoying perfect health is even more extraordinary. But it is without parallel when you do it after such an interesting public career as that of our colleague whom we honor today . . . He is still an eager and untiring worker and shows a vitality that most of us must envy."

"He is known throughout the country as a pillar of Parliament," said one, "because of his wisdom, which is a virtue, and because he has had the gift to keep his heart young. Old age does not apply to him. He hears well. He sees so well that he can read between



the lines. His step is brisk and he misses nothing. We are all proud of him because his presence brings more prestige to the Senate."

And of this "lawyer, statesman, raconteur, Canadian extraordinary" a strong critic said, "in my mind and heart I bear no ill will. I say to Senator Roebuck that if he acted like an old man I would never criticize him. That is the greatest compliment I can make. To do otherwise would be ungallant. It is because he has all his faculties and is in fighting trim at all times that I

look on him as a young man — like myself. He will go down in the history of Senate as the father of this very modern, up-to-date divorce act, which is an achievement of no small significance."\*

It has often been said that the study of Henry George engenders a proclivity for logic. Could it not be assumed that early saturation with George's books aroused the mental ability and strength of purpose later reflected in the lives of these three remarkable men?

\* HGN March 1968, p. 13.

## READERS CLIPPINGS

Professor Robert V. Andelson of Auburn University, Alabama, noticed an article in The Birmingham News stating "To Save on Taxes Stars Sink Dollars in Mother Earth." Pictured is the handsome Rock Hudson who paid \$474,000 for a 158-acre sugar farm in Riverside County, California, that he had never seen. A Beverly Hills realtor handles many such deals and is constantly on the alert for this hard-to-find property to be bought by the "land hungry stars" on advice of their business advisers. If the conditions are right the purchaser can lay out most of his purchase price for the following five years. All the interest is tax deductible. "Thus he is using 'soft' dollars, money that would go to taxes if not invested to buy property. The investment of 'hard' dollars, capital savings, can be quite small. A half million dollar purchase might involve no more than \$10,000 to \$20,000 in 'hard' dollars," the realtor said.

A Land Conservation Act passed in California sounded innocent enough, observed Clayton C. Bauer of Spencerport, New York, but it contained one of those gimmicks we often read about. An owner of prime vegetable land could get assessments reduced from the true market value of \$25,000 an acre to \$2,400 an acre if he agreed to convert a 40-acre minimum to agricultural purposes for 10 years. The tax break would benefit owners of all kinds of farm and dairy land. In a short time 104 applications had been received covering 36,000 acres.

But to implement the act the Board of Supervisors of Los Angeles had to approve it, and they did, after a heated debate. Three of them declared publicly that the act ought to be repealed but that local supervisor option placed Los Angeles County farmers under a handicap as compared to neighboring counties that okayed it.

Public reaction was immediate and not to be denied. Accordingly The Herald Examiner reported on February 9th that the supervisors had reversed their decision and canceled public hearings on the 104 applications.

This measure would have placed an additional burden on small homeowners and, as Supervisor Ernest E. Debs pointed out, would have crippled school districts. He introduced a motion to rescind the act and was supported by Frank G. Bonelli, Kenneth Hahn and Warren M. Dorn. Credits are also due County Assessor Phil Watson who instituted reforms but not quite enough. He said his checks revealed that special tax relief would have gone only to large owners.

# Noah D. Alper's Brief Cases

## HIDDEN LOCAL INCOME

Senator Paul Douglas, when interviewed for *Forbes Magazine* (March 1) revealed this untapped tax source. "The way local government costs are rising, the state and federal government will have to give some of their income to localities. But there are sources that the localities are not using too. One is the increase in bare land value. Values have been skyrocketing. These are increasing at a rate of \$25 billion a year. Isn't this a potential source of revenue? It can be taken without punishing effort or destroying investments."

## IF AT FIRST YOU DON'T SUCCEED . . .

St. Louis Comptroller, John H. Poelker (a speaker at the 1966 HGS conference) proposed to the State Tax Study Commission that land be assessed at 100 percent of valuation and improvements at only 25 percent. Although his proposal was refused he intends to try again and push harder for adoption.

As quoted in the *St. Louis Democrat* Mr. Poelker said, a tax plan to take the profit out of slums would give new vigor to the city's redevelopment efforts. Referring to many buildings in premium locations in the downtown area he stated the tax on property in no way reflects the value of land. Structures should either be demolished or substantially improved, but because they are underassessed, owners can keep them in disrepair awaiting a prospective buyer with a lucrative offer. If a property owner in the downtown area or in a mid-city neighborhood improves his property he is penalized with an increase, while the owner who contributes to blight gets a tax-break, the Comptroller said.

## A TALE OF CITIES

A blueprint for Equality of Educational Opportunity in the St. Louis Public Schools was prepared by the Superintendent of Schools, William Kottmeyer. The Board of Education pamphlet contains these enlightened statements:

"When one tries to determine what share of the school costs can reasonably be shouldered directly by the St. Louis taxpayer, one must bear in mind that the Board of Education has only one direct way to get money for schools—the local property tax. There seems to be general agreement among the urban development experts that, as Congressman Thomas B. Curtis says, current property tax policies cry for revision. The experts point out that the traditional practice of taxing property improvements heavily discourages, delays and deters owners from making improvements, and that heavy taxes on unimproved land or LOCATION values would encourage, hasten, or even compel improvements. Thus they assert that the present property tax discourages investment in new city construction and rehabilitation and that a change to a realistic site-value tax would stimulate private enterprise to rebuild our city slums.

"As long as the ghettos are subsidized by tying the land assessment to the building assessment and assessing the land as almost worthless because the building on it is almost worthless, no increase in efficiency of code enforcement or tenement rehabilitation can keep pace with slum growth. These experts maintain that state and local governments have failed to make use of the property tax to prevent or cure poor housing and that assessors seem to confuse the property tax with the income tax, assessing valuable land far below its asking price as long as it is producing no income."

In Lancaster M. Greene's article on "Land and Brains" (Feb. HGN p. 3) the decimal point was missing from the amount taxpayers pay to cover the postal deficit — it should be \$12.3 billion instead of \$128 billion — and bad enough at that!

# From Gold to Token Money-II

by MITCHELL S. LURIO

THE current furore has brought into focus the role of gold throughout history. As outlined last month, tokens came into use to represent gold many centuries ago, because of confidence in their convertibility upon demand. Such tokens now include not only currency but checking accounts, that is, demand deposits. Theoretically convertibility limits the token money supply so long as each token dollar must be backed by a fixed amount of gold. When gold reserves are just sufficient to support a certain amount of token money, the Federal Reserve System has to stop adding to its loans and investments and to its issuance of Federal Reserve notes. This in turn holds its member banks down from adding to their loans and investments. Increases in the token money supply are the result of increases in bank loans and investments.

If the rules remained unchanged by law, inflationary forces would be restrained. But the insatiable undertakings of our government have not been restrained, and the rules have been changed step by step, first by eliminating domestic convertibility, then by reducing the percentage of gold required as backing, and recently by doing away with the requirement for any gold backing.

Our extravagance began long before the Vietnam conflict. As our deficits piled up the government had to borrow. If the public and the commercial banks could not or would not buy all the paper offered by government, the Federal Reserve banks had to buy it. At this writing, the FRS holds the fantastic amount of \$49 billion worth of government obligations. These create "high-powered" dollars, for they increase the reserves of member banks (where government checks are de-

This is the second and final installment comprising contents of a five-lesson course on "Money, Gold and Devaluation" recently completed at the HGS in Boston by Mitchell S. Lurio, its director.

We regret that several errors occurred in Mr. Lurio's article last month. Savings and life insurance values have depreciated by *thirty billion dollars, not ten* (p. 15, par. 1). After "*baleful influence*" (p. 15, par. 2), read *economic rent* for interest. And chaotic situations force man's descent, not dissent, into the depths of despair (p. 16, par. 1).

posited) and permit those banks to lend several times that amount. The token money supply goes up accordingly, gold backing diminishes as a percentage, confidence in the dollar is eroded, and gold is called for by foreign holders of dollars, making matters worse. Hence the last move in the oft-repeated process is complete removal of gold backing.

A climax was reached on Friday, March 15, 1968. The London gold market was closed. Representatives of seven leading nations (France is not included) met to avoid further disruption. They have come up with a stop-gap arrangement, a two-price system for gold. Gold holdings of governments will be kept intact and inter-government dealings will continue at \$35 an ounce.

A free market will exist for newly-mined gold and for gold already in private hands. To seal off violations of this arrangement by all countries is almost impossible. It is now up to the United States to raise taxes, lower expenditures and restore confidence in the dollar.

In my first draft of this article written before March 15th I wrote that the conservative gold standard school still maintains that it is not too late



to build up adequate gold backing without devaluation. To do so requires more than the tax increase and expenditure cut now contemplated. The Federal Reserve System will have to raise member bank reserve ratios, increase the rediscount rate and, most effective of all, sell off its government holdings gradually, without too much regard for the effects on bond prices (which would fall) and interest rates (which would rise). These are Draconian measures which would cause temporary unemployment and retard home building. Followed through, they would restore confidence in the dollar and bring gold into our treasury. Because this is an election year, it is possible that we may take this route. The alternatives may be dollars selling at a discount, repudiation of our commitment to give other nations gold for dollars, and world disorder in exchange rates.

Several other courses have been advocated. We have exerted much pressure on certain countries to establish what might be called an international reserve system which would issue "special drawing rights." It would simply be a device for deficit nations to postpone the day of reckoning. So far the others have resisted our pressure, but there is a likelihood that such an international organization will be established on a modified basis. If that comes about it can be stretched only so far and will bring another crisis.

Many responsible people have recommended devaluation. Some look upon that course with horror because it would give large windfall profits to the Soviet Union which is supposed to own much gold, to France which increased its gold holdings and reduced its dollar holdings, and to South Africa which is the principal free-world gold-mining country. It would reward all the gold speculators and hurt all the friendly nations that held our dollars at our request.

But most of the principal nations

would devalue in the same proportion, thus maintaining the same relative positions in foreign exchange. Some are beginning to say that the consequences of devaluation are not so bad—the disturbance would soon be overcome.

Little emphasis is given to the fact that devaluation is reorganization in bankruptcy—settlement at a fraction of debt. But worse, it does not affect the underlying practice, "monetizing government debt." This is government counterfeiting brought about in part by new economic theories that play right into the hands of ambitious political leaders. It opens the way, as it has elsewhere, to successive devaluations.

Some have suggested that if the tie between the dollar and gold were completely severed the token dollar would float in a vacuum. The prophecy that gold would then sell at \$6 an ounce would seem to have been contradicted by the recent market action, though the tie to gold has not yet been completely broken.

It is true that with or without gold reserves, government may change the rules whenever Congress can be persuaded to do so. With mandatory gold reserves it is more difficult to go through the public process of devaluation. Without reserves no special legislation is needed—the process is invisible until the token money supply is again stretched to the breaking point.

Gold has served remarkably well over long periods of time. Even though its production bears absolutely no relation to population or commerce, its scarcity and costs of production have been such as to cause only minor price level adjustments. It has the remarkable virtues, as stated by President de Gaulle, of "immutability, impartiality and universality." Shall we rely upon the discipline of gold or the discipline of politicians?

Despite vigorous assertions that austere measures will be taken, I am afraid I must conclude that because

there is no informed protest of sufficient force to dampen our profligacy, successive devaluations will take place. Savers are confronted with an insoluble problem—that of hedging against continuous deterioration of the purchasing

power of the dollar. Lenin may have been right when he said capitalism would destroy itself by debauching its currency, and if our government refuses to live within its means we will go the way of the Roman Empire.

## Gilbert M. Tucker

GILBERT M. TUCKER, who was for many years, in his writings and lectures, a concise and well informed patron of Henry George, slipped away in his sleep on February 26th in Carmel, California. He was the author of *The Path to Prosperity, For the Good of All, Common Sense Economics, Your Money and What to Do with It* and numerous booklets. His best remembered book is probably *The Self-Supporting City*, which was revised in 1958. It is still in use, quoted, and circulated. Marshall Crane reviewed it for HGN in August, 1958, quoting this paragraph as characteristic of the author's prophetic views:

"By whatever agency our taxes are levied, we ourselves must keep filled the pork barrel from which we would grab, and by and large, the taxpayers lose more from subsidies than they gain. All such schemes are open to another grave objection: he who pays the piper calls the tune, and trying to shoulder off onto state or nation obligations which are ours means the loss of self-government and the destruction of our liberties. We clamor for subsidies for schools, roads, public improvements, housing, the relief of destitution, and for many a supposed benefit, and for this mess of pottage — and a mess it is! — we sell our freedom. Remember Franklin's warning: 'They who can give up essential liberty, to obtain a little temporary safety, deserve neither liberty nor safety.'"

Mr. Tucker inherited *The Country Gentleman*, a magazine of renown published by his father. His lifetime roots

were in Albany, and he and Mrs. Tucker reluctantly closed their home there only a little more than a year ago, when they sought a warmer climate in California. There he lived as he always had, true to his inheritance, a gentleman in manner and appearance.

Few of those who stepped aboard the sumptuous Titanic on its ill-fated voyage with a socially prominent passenger list, survived the tragedy. Mr. Tucker did. Rescued on a lifeboat, he lived to tell the story, though he seldom mentioned it. What engaged his conversation much more was his strong belief in and clear understanding of tax reform.

He was associated with the HGS from the beginning and was a member of Oscar Geiger's committee of founders. Active as an officer in the Henry George Foundation, he later financed the Economic Education League and remained for years a contributor to the Pennsylvania efforts to establish a test LVT city. It was hoped for a time that Erie would choose that honor.

He provided generously for the Albany Academy for boys, which he attended before graduating from Cornell University. It will endure as a fitting and affectionate memorial. He will be sadly missed by his wife, Mildred, whom he adored, and affectionately remembered by many whom he befriended. He was gentle and considerate, and he loved his country. "I am certainly among those who will miss him," wrote Rhoda Hellman on hearing of his death. There are many who would say the same.

# *Nauru—Tiny But Rich*

by OLE WANG

IN the southwest Pacific there is a speck of land named Pleasant Island by its discoverer and now known as Na-u-ru. Though comprising only eight square miles its phosphate deposits are said to be the largest and best in the world. It was recently estimated that with an annual output of two million tons the deposit will last for 25 to 30 years. About thirty million tons have been removed leaving craters which would require vast amounts of fill-in to make the land habitable.

After the World War Nauru was placed under the administration of a League of Nations mandate. The Japanese occupied it from 1914 to 1921 and in 1947 it came under a United Nations trusteeship jointly held by Great Britain, Australia and New Zealand; with Australia assuming administration. Each country was to receive its requirement of phosphates at cost price and the remainder (though non-existent) was to be sold elsewhere at the market price.

This transaction came before the British Parliament when its government asked for money to pay for its part of the take-over. At the invitation of the League of Nations the following memorandum was presented to the International Conference of World Economics at Brussels in 1920 by Gustav Cassel, a Swedish economist:

"The British government wanted to have the whole matter considered entirely as a private business transaction. Three governments had agreed with a private company to buy its assets—no outsider would be permitted to register a complaint. The opposition maintained there was a difference—if a government takes over such an affair it is worked as a monopoly for the benefit of its own country—a private company could not do that. Furthermore, the three

governments had no right to Nauru because a mandate over the island could only be granted by the League, who had not been asked. If the League gives a mandate the terms are rigorous — "equal conditions as to business and trade shall be guaranteed to all other members of the League of Nations." Mr. Asquith clearly stated that the whole make-up was illegal as to its origin, unjust as to its consequences, and in every respect in contravention of both the letter and the spirit of the Covenant of the League of Nations. In spite of all these weighty arguments, however, Parliament voted the sum by a great majority."

When the General Assembly of the United Nations approved a "trusteeship" agreement in 1947 it was with these same three governments, under the terms of Article 77 of the charter:

a) to further international peace and security,

b) to promote the political economic, social and educational advancement of the inhabitants of the trust territories and their progressive development towards self-government or independence . . .

d) to insure equal treatment in social, economical and commercial matters for all members of the United Nations and their nationals . . .

Article 87 of the U.N. charter calls for periodic visits to trust territories, and such a visit was made in 1962. Island representatives, after pointing out the importance of the phosphates for agriculture in New Zealand and Australia, complained of the poor chance they themselves had of advancement in the phosphate industry — also of their lack of housing and modern conveniences.

A spokesman for Nauru said, "sometimes it makes us feel that we, the in-



digenous people, are being looked upon as a bit of a nuisance and a humbug, and should have been somewhere else away from this phosphate island. We submit that the island is being exploited primarily for the benefit of other countries and peoples and request that whenever clashes of interest occur ours be given first consideration."

The remonstrance evidently had some effect, for in 1965 the three administering governments provided for a Legislative Council with powers to enact ordinances subject to assent by higher authority in all matters except defense, external affairs and the phosphate industry. These were to be referred to the Governor General.

By 1967 a strong movement for independence was under way. Although Nauruans had been offered a much larger island off the coast of Queensland for resettlement, this was refused—they preferred to stay on their own island. Another alternative was considered but found impracticable. This consisted of replacing sub-soil and top-soil in the same proportions as phosphate bears to top-soil in the unmined areas. It would have meant fetching millions of tons of refill ballast and soil from afar. The question of restoring the island after exhaustion of deposits was a crucial one, although it was decided that cost should not be a consideration.

Agreement was reached in June of that year—the local government of

Nauru was to own the phosphate enterprise and assume complete control and management as of June 30, 1970. With assets provisionally estimated at \$22 million, the three partnership governments agreed to buy the entire output.

Accordingly, on January 31, 1968, Nauru became an independent republic with a president and council of ministers chosen by himself. The per capita income of the 3,000 native Nauruans is now the highest in the world. In many ways the "pleasant" island is a veritable paradise. Shops are full of merchandise from all parts of the world. There are already 1,000 motor cars, but considering the limited area these may be paradisaical or the contrary. The natives will be exempt from taxes—an advantage that will not be extended to some 400 Europeans, 1,200 Chinese and 1,500 contract laborers from other Pacific Islands.

What a chance these tax-free Nauruans could have of making their republic a great center of activity if they would only adopt a complete free trade agreement with the rest of the world. It was Kipling who said the first thing that must be done to further international peace and security was to remove trade barriers. This ideal always recedes further away, notwithstanding attempts at circumscribed arrangements which harm rather than benefit immediate prospects of peace, and carry within them the germ of future discord on a greater scale.

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Fifty adult educators in the New York area assembled at the Henry George School on March 25th for a meeting sponsored by the New York Adult Education Council. The theme was "Opening the First Session" of adult education classes, and demonstrations were provided by Norman Newmark and Robert Clancy.

Dr. Newmark, who teaches Group Dynamics in college, showed how she got new students to "warm up" by mixing in small groups, the participants continuously moving to other groups until each had met all the students. Mr. Clancy demonstrated part of a first session of Fundamental Economics as conducted at the Henry George School—the opening questionnaire. There was much interest in both demonstrations, with lively discussion.

## *The Dutch and the Patroons*

by STAN RUBENSTEIN

ONE memorable September day, almost three hundred and fifty years ago, the Half Moon under the command of Henry Hudson, sailed into the harbor of New York, and ushered into the New World a part of the Old World. The subsequent fifty year period was one of trading and settlement by the Dutch, with many roots of land ownership and tenure formulated. It appears characteristic of many colonial powers to transplant the archaic traits of their culture and economy in colonies. A case in point is the Netherlands, for many of its democratic aspects appear not to have taken root in their New York settlements.

Although he was English by birth, Henry Hudson transferred his reports of discoveries in the New World to the Dutch East India Company. Since the United Netherlands was primarily a sea-faring country during the first half of the seventeenth century, trade was of prime consideration and colonization secondary. Therefore, rather than commence emigration on a scale comparable to the English, the establishing of trading posts was of utmost importance. Accordingly a charter was granted by the Estates General of the United Netherlands to the New Netherland Company authorizing exclusive rights to visit and navigate the area called New Netherlands.

The Dutch West India Company, several years later, was granted a new charter with almost unlimited powers, and an era started which had collateral effects in rent riots two centuries later, and three and a half centuries later in land ownership. In 1623 the New Netherland set sail under auspices of the newly chartered trading company

with approximately thirty Walloon families, for the purpose of colonization. These families of hearty Protestant stock were deposited at strategic locations in lower Manhattan, along the Delaware and Connecticut rivers, on the western shore of Long Island and in Albany.

Colonization progressed at a slow rate and the Dutch company and the Estates General were anxious to facilitate the process. In 1629 they both adopted the Charter of Freedom and Exemptions which authorized private persons, with the permission of the governor and his council, to "choose and take possession of as much land as they could properly cultivate and hold in full ownership." The Dutch company granted to certain members known as patroons, manorial rights frequently in conflict with the system conceived by Van Rensselaer, one of its directors. Since permanent settlers were needed for successful colonization, he evolved the plan of granting large estates to men who would pay the cost of transporting and settling them. A bona fide patroon was one who obtained fifty adults within a period of four years. This entitled him to have lands extending sixteen miles on one side or eight miles on both sides of a river and as far in as necessary.

The system of patroonship resembled in many respects feudalistic times in medieval Europe. The patroon administered justice and established the court system to implement it. He received a tenth of all grains, fruits and other products raised; obtained a rent of 500 guilders or \$200 a year; and received from the occupants of the patroonship a multitude of services including quit

rent, wheat, butter and fowl. The Rensselaerwyck was the most successful and after several purchases controlled the counties of nearby Albany, Rensselaer and part of Columbia, but there were others whose size was a major factor in their importance. The Van Cortland manor comprised 85,000 acres, and the Livingston manor, now located in Columbia County, 160,000 acres. Cornelis Melyn controlled all of Staten Island, Thomas Pell controlled Pelham, James Lloyd possessed Lloyd's Neck on northern Long Island, John Archer owned Fordham, and Caleb Heathcote occupied Scarsdale.

Although history has a tendency to record mainly the grandeur of the large estates, the majority of the colonists were neither patroons nor lords of the

manors. Those who occupied western Long Island and various points along the Hudson river played an important role in the development of the province. The patroonship system was doomed to failure because it attempted to implant a feudalistic society in an area where much land could be obtained free, or for beads, shells, blankets and trinkets traded to the Indians.

In 1664 the Dutch ceased to rule in New York for they were defeated by the English. The lords of the manor now took on proportions of a landed aristocracy. A footnote to the cessation of Dutch rule in New York was the recognition by the Duke of York of England of the validity of all titles granted by the Dutch Trading Company.

The Long Island Extension of the HGS, under direction of Stan Rubenstein, has produced a thirteen-week series entitled "Conversation with Georgists" in conjunction with Station WVHC (88.7 FM). It will be an hour-long Monday evening feature beginning April 1st at 7:30. An attempt will be made to clarify some of the challenges that confront bewildered taxpayers who are burdened with local and school taxes, unemployment, inadequate public services, slums and related problems. The causes and cures will be examined and analyzed critically.

Some of the topics will deal with confusion and myths in economics, the importance of land, poverty and recessions, current tax procedures, Georgism vs. Socialism, etc.

At a faculty meeting on March 28th, David Sklar, a member of the HGS faculty at New York headquarters, was heard on a recording made at WBAI, a New York FM station, where he spoke on the Henry George method and philosophy.



Spring is here and summer is not far behind. That means travel plans—and while we are not in the tourist business, we have never had so much to offer to vacationing Georgists. Miami Beach will be in the news this year. Meet us there at the Barcelona Hotel July 3 to 7, for the annual conference of the HGS.

If you speak or understand German you can go continental this year with some of the best people. Arrange to be in St. Gallen, Switzerland early in September for a three-day conference at the Hotel Johannes Kessler. Ilse Harder of the New York headquarters staff is taking reservations now.

All this will put you in just the right frame of mind for the craggy, scenic coast of Wales, where the International Union for Land Value Taxation and Free Trade is arranging, at Caswell Bay, September 8 to 14, the kind of conference to delight every HG enthusiast.





A descriptive phrase for Henry George's remedy is a most interesting issue and I would like to comment on recent contributions to this subject made by Ethel H. Van Buskirk and Lancaster M. Greene.

The most important aspect of a descriptive phrase must be its accuracy, after accuracy would follow clarity, 'catchiness,' etc. Neither phrase—land value taxation nor location value taxation can be really accurate. If an individual pays to the community income unearned by him but earned by the community, how can taxation be involved at all? "To tax" means "to burden" according to the dictionary, and clearly, no burden is involved when you give up something that isn't yours! If anything, land value is the opposite of a tax—it's more like a bonus or a free gift from the nature of communities.

Here are some possible alternative names: land value collection, location value collection, and economic rent collection. Maybe also community reward collection. Can others come up with better ideas?

LANIE JOHNSON  
New York, N. Y.

JOHN A. MORALES  
Balboa, Canal Zone

Elizabeth and Harry G. Brown, two busy retired persons, great workers in the Georgist cause, now living in Columbia, Missouri, have been reaching congressmen, journalists and others with appeals in defense of LVT. "Why should federal taxpayers, including those who have only their wages, be required to contribute billions of dollars to pay for subsidizing housing," they ask, "when the cost of private enterprise housing is kept high by the anti-incentive local tax policy that encourages the speculative holding out of use in our cities, of millions upon millions of vacant lots, thereby keeping the price of land and housing high?"

Further quoting an article from the Columbia Daily Tribune, they state, "if millions of Negroes, and many whites too, are to be freed from having to live in the slums, our local tax system must be reformed. This does not mean higher taxes on 'real estate.' It means progressive untaxing of housing and other improvements, compensated for by higher taxation of community-produced location values. This usually means lower taxes for the majority of homeowners, and it means also, no tax penalty on owners of slums who so improve them that they are slums no longer."

A Free Cities Plan for Vietnam was proposed in The Humanist of January/February. These cities would be free ports similar to Hong Kong, responsible to the U.N., furnishing trade outlets but bearing no political relationship to the country.

Although the authors do not mention economics, an opportunity could be afforded to implement land value taxation as the economic base of such city states if they were ever established.

Certainly the proposal would be doomed from the outset if the role of the U.S. were, as suggested, to "contribute capital at the rate and in the amount now being spent on the war—about two billion dollars per month," without assuring equitable distribution of such capital and the subsequent increased production of wealth.

Indeed the U.S. failure in all its aid programs is precisely the inability to dictate how much aid shall be distributed. With an equitable tax system we would eliminate most of the graft and corruption that is now rampant and which undermines our moral and ethical position before the world. I believe a committee of qualified and outstanding Georgists should be named to study such a plan and see how our ideas could be incorporated in it.

# *The Henry George School in New York*

**SACRAMENTO** branch of the Northern California Extension reports encouraging results from a class taught by its director, County Assessor Irene Hickman. The students are Negroes with leadership qualifications, and Dr. Hickman says this is the most responsive class she has ever had. Several are preparing to become discussion leaders as new classes are begun.

**ALBERTA** enrollments are encouraging in director James Ramsay's "long course," a combination of the three basic subjects, at a tuition fee of \$29. The 82 current students include senior executives, researchers, plant managers, sales and office personnel, teachers, nurses, social workers, etc. A former student at Calgary who has returned to his home in Tokyo, wrote to say that he would consult with directors of economics in two universities in Japan about publication of Henry George's work. He himself hopes to translate at least two of the books.

**HARTFORD** announces a course in Political Economy which started March 4th at the Unitarian Meeting House. Nate Brenner is the instructor. It is featured as a weekly study group that will consider the production and distribution of wealth.

**NEW JERSEY** welcomes students to Newark headquarters for a basic course beginning April 3rd at 7:30 p.m. The only charge is an enrollment fee of \$2 which includes the textbook, *Progress and Poverty*. Afternoon film and discussion groups continue to meet the second Tuesday of each month from 1 to 3. These are open to the public.

**ALBANY** has welcomed Emanuel Choper, an attorney, formerly director of the HGS extension at Syracuse, who

is now conducting a basic course there. On March 14th he was invited to address the Economics Club of the State University of New York at Albany on the "Economic Philosophy of Henry George."

In the spirit of "noblesse oblige," an Albany Geogist, Kenneth Hunt, has moved to Syracuse and is planning a class at Le Moyne College, in cooperation with William Frank.

**LONG ISLAND** is moving ahead rapidly with new classes following the first fall term. Advanced and basic classes are well attended, especially one in Seaford, a community of only 8,000 families, where 40 are enrolled in the Fundamental Economics course, with Stan Rubenstein as director and instructor. Locations in three libraries have been confirmed for next fall, probably with more to come.

**NEW YORK'S** spring term begins with advanced classes the week of April 1st at headquarters, and includes English Conversation, Law in a Changing Society, Public Speaking, Dynamic Psychology, Social Pathology and (in Spanish) The Philosophy of Oscar Geiger. The following week 19 basic courses will be offered in English, French, German and Spanish—13 will be in Fundamental Economics, 4 in Applied Economics and 2 in Economic Science.

Friday Evenings at Eight will bring films on April 5th; color travel slides and narrative on Norway and Switzerland by Mr. and Mrs. Joseph Jespersen on April 19th; and on April 26th a talk by J. M. Braga of Hong Kong—"Crossroads of the Far East." On Saturday the 27th the Spanish Division of the school is featuring an outstanding program of Peruvian Music (live) at 8 p.m.

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and medium sized properties pay a median assessment of 79 percent while large properties (over \$200,000 market value) drop to a median of 71 percent. Tax administrators call this a regressive pattern because owners of low value properties pay more than their proper share.

The councilman used the four-month study to prove that more than \$45 million in revenue is lost each year in San Diego County due to under-assessments, and an unjust burden is laid on homeowners, businessmen and farmers who make up the difference. This is bad for the economy, he said—it makes slums and vacant property more profitable than good housing. A breakdown of assessments revealed that of 502 parcels assessed below 11

percent of market value, 94.4 percent were acreage or vacant parcels. Of parcels assessed 21 percent or higher, only 6.5 percent were vacant.

If assessments on all property in the county were equalized the total tax rate, including city, county, schools and special districts could be dropped 22 percent, it was claimed. The same saving would be extended to all homeowners and the only ones who would be paying more taxes would be the owners of the 8.7 percent of underassessed vacant land. Owners of vacant land in Chula Vista wouldn't even have an increase in total tax payments. If assessments on land were raised and taxes lowered the tax payments would remain virtually the same, said Dan McCorquodale, latest public official to discover the facts behind land value taxation.

Newsweek magazine, on March 25th, predicted a report due by the end of the year by the National Committee on Urban Problems. Senator Paul Douglas was appointed to head the commission. It is expected to oppose existing housing codes and tax methods and to suggest that the administration revise the tax system to pay for returns. It may recommend raising taxes on unimproved property and lowering them on improved property as a means of reclaiming slum areas. Freeways and urban renewal projects that destroy settled neighborhoods are also expected to come under criticism. Walt Rybeck of Washington, D.C., columnist for The Dayton Daily News, a Georgist Ohio is proud of, is a member of this commission.

In the Royal Oak (Mich.) Daily Tribune there is another stirring of discontent over assessments, this time from the Mayor of Madison Heights who charges that property taxes are disproportionate. He says city land is not being assessed at 50 percent, as required by the state, but even so, homeowners are paying more than others. While residences are assessed at 40.97 percent of actual value, owners of vacant industrial land are assessed at only 25 percent of value, and owners of vacant land for business and residential areas are paying 38 percent. He is urging that homeowners' assessments be reduced to the same proportion as vacant properties.

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