

Letters



Like the advocates of "God is Dead", Mr. H. T. A. McGahan exhibits a splendid disregard for both fact and logic (Sept. HGN). We are asked to believe that "taxation is not robbery," and at the same time that the individual is entitled to "the full exchange value of his product."

In spite of ambiguity in his terminology, Henry George made it superabundantly clear (1) that rent is the public revenue, and that it can never cease to be the public revenue even when misappropriated into unearned private incomes, and (2) that wages are the incomes of individuals and can never cease to be individual incomes even when misappropriated by taxation and called public revenue.

The only honest way for both the community and the individual to receive an income is by labor, living on one's own earnings and refusing to appropriate the earnings of others. Hence rent for public revenues and no taxes on wages (which is only another name for free trade) are essentials for public honesty and good government.

Governments are associated individuals with a particular function — all are bound by the moral law not to steal or covet other men's earnings.

This was Henry George's message, and I am content to align myself with it. Taxation is robbery! In George's own words "the ingenuity of statesmen has been exercised in devising schemes of taxation which drain the wages of labor and the earnings of capital as the vampire bat is said to suck the lifeblood of its victim." (*Progress and Poverty*, Book 8, Ch. 4).

W. A. DOWE
Sydney, Australia

The article, "Services Part of National Income" by Benjamin F. Smith (Oct. HGN) fails to distinguish between production and consumption of wealth. If we adhere to our usual concept that wealth is a material thing produced by labor having exchange value, it is apparent that services — as essential to man as food — are only parts of the consumption of wealth when recompense ensues for such services.

I agree with Roy A. Foulke that including monetary recompense for services in the computation of the gross national product, so often used by economists, is unrealistic except for comparison of GNP during different periods. Even for this purpose GNP varies if the percentage of persons who render services increases or diminishes in comparison with those who produce material wealth.

That the living standard increases as the proportion of its gainfully employed persons rises, is generally accepted. To enable a greater percentage to render services there must be an increase in production of material wealth.

In this country technology and amassed capital have caused such an enormous increase in production of material wealth that the ratio of persons rendering services has steadily increased, but that really means that we are consuming wealth by sharing it with those in the service sector.

In the Orient, until recent times, a man's wealth was estimated by the number of wives he undertook to support. Analogously the wealth of an individual in the West today can be judged by the services he commands. There is a good reason why the United States is considered the richest nation in the world. We produce more wealth than any other and consume it in the increasing proportions of our people who render services.

ALEXANDER M. GOLDFINGER
East Orange, New Jersey

Oscar B. Johannsen in the October HGN suggests that "to depend on free enterprise and the free market" would be "a better solution" than if the post office were to become a private government corporation. Contrary to what has been published, postal unions would favor a private government corporation if there was a labor-management law which included union recognition, binding arbitration and/or the right to strike. Without these guarantees, postal workers would be left to the mercy of political wolves.

Though we have valid reasons in not wanting to become part of private enterprise, Henry George has made some very appropriate observations on this matter in *Social Problems*:

(1) "I do not think the postal department of the government, with its extensive ramifications and its numerous employees, begins to be as important a factor in our politics, or, exerts so corrupting an influence, as would a private corporation carrying on this business, and which would be constantly tempted or forced into politics to procure favorable or prevent unfavorable legislation."

(2) "The post office department is managed with greater efficiency than any other department of the National Government, because it comes close to the people. To say the very least, it is managed as efficiently as any private company could manage such a business, and I think, on the whole, as economically."

In this age of oligopolies, I am wondering how Mr. Johannsen could suggest that the post office department be run "under the principles of free enterprise?" If it was impractical in George's time when free enterprise was the thing, how can the post office be run in this manner when free enterprise is practically non-existing?

KARL ROSENKRANZ
Van Nuys, California

I want to dispute Mr. Johannsen's article on transferring the post office to private industry. This is nothing more than a give-away program. I acknowledge that there could be some improvement in the service, but if the postal service were turned over to private industry the service would be no better. We would be paying more for postage rates and would only enrich the few at the expense of the public. Under government supervision when there are grievances submitted by the rank and file of the postal employees, they appeal to Congress for the betterment of their conditions, as strikes are forbidden. Would those who advocate turning this institution into private hands also approve of the employees' right to strike if there are grievances as they have in private companies?

I cannot understand why those who profess to be Georgists decry monopoly of land by speculators yet approve of turning the post office, which belongs to the public, into private industry, thereby creating another monopoly. As a matter of fact Henry George advocated public control of such monopolies as railroads, telegraph, etc.

EMANUEL MANDEL
New York City

Many points of issue arise in your letter columns (Nov. HGN). J. J. Pot's equation of "non-wealth money" with obligation is correct but he should not have extended the argument to introduce the government as a policer of obligation. The market place is the only adequate guardian of integrity and history records the failure of government coercion to sustain a viable morality.

Government coercion *can* sustain monopoly and one may extend this argument to say that monopoly cannot exist without government coercion. The privileges listed by Josephine Hansen are stepchildren of this heavy father (Aug. HGN).

Emanuel Choper's argument involves loyalty to Henry George and the single tax. The single tax was among the least of George's accomplishments. However, his analysis of societal problems was superb and virtually impels *some kind of solution to the exposed cause*. George's artistic solution was the single tax and equally artistic was his advocacy of it, but the advocacy did not begin nor end with him. The importance of George was his ability to make easy to understand the apparent complexity of economics. His popularization of basic principles of economics renders particularly appropriate his name at the masthead of the School, for the purpose of the School is to make widespread an understanding of these basics.

My final argument is directed at Steven Cord.

Statistics, hopefully, cannot be faulted on mathematical grounds but is a dubious endeavor in almost every other aspect. It is an art and the practitioner is an artist—not a scientist.

Should an answer emerge from the mathematical morass, it may show anything—from the result desired by the employer, to the result measured by the statistician after he has artistically diminished some information and amplified the rest.

The use of statistics, particularly those labelled "Official" to prove a point, is suspect as Steven Cord knows. Long before any calculation or analysis is attempted, the raw figures are wrong. Yet the calculation and analysis are attempted. Morganstern gives an estimate of GNP statistical accuracy as plus or minus 15-20 percent — a range of error of 30 to 40 percent. To achieve an increase of GNP of (sic) 5 percent a year appears to be an artistic triumph of comparison between errors.

The measurement of economic rent suffers from all the statistical inaccuracies apparent in less important calcula-

tions. An example of this was the study funded by the Lincoln Foundation and made by three New York professors several years ago. It measured a residual that can in part be described as total rent less charges against rent plus speculative increment, etc.

As one can make a convincing argument for the proposition that ALL taxes are paid out of rent (what else can pay them?) any measurement of rent should have added to it total collected taxes. Care to think about that?

Before a statistician begins work, his instructions must be precise. Before he is asked to measure rent a political economist should define it. Before he is asked to measure wages or interest they should be defined.

Then he can begin and after appropriate elision of the inappropriate a useful picture of the truth may make itself apparent.

Circumstantial evidence is "better" evidence than witnessed evidence. In the same way reasonable expectation may be surer than "measured" fact.

Perhaps HGN readers would like to begin an exercise. List the things which must be included, or excluded from a measurement of total rent. The list should include all those things which would affect the final figure.

We might all be surprised.

HARRY POLLARD
Los Angeles

Claire Meirowitz is asking for a two-hour lesson in the fifth suggestion of her letter (Nov. HGN). Using as a guide the condensed statement on the HGN masthead, page two, the following may be assumed regarding full LVT.

Wise conservation of natural resources becomes the desideratum for each community competing with its neighbors to attract population and industry. Result: higher rental value of sites. Rent is the community's only income. Today shopping malls as well

as commercial and apartment buildings offer beauty, convenience and elegance to induce rental of their sites. So communities would respond under LVT.

LVT cannot tax land heavily. Individual sites produce (actually or potentially) unique rental values. Only such rent may be taken. Tenant will not pay more. Excessive taxation leaves valuable sites unused. LVT eliminates speculation, putting best sites to full use, thereby raising the margin and extending amount of unused land—an open frontier for future generations.

Rescinding taxation on wealth (buildings and improvements) should leave farmers paying less and enjoying greater incomes. If, however, they persisted in farming appreciating sites required for intensive use, they should pay full LVT. (Upper Manhattan was farmland 100 years ago.)

Elderly homeowners would encounter similar situations. Compensation for their improvements, offered by industries seeking such locations, would enable moving from congested centers to pleasanter surroundings.

It is axiomatic that unkempt buildings disappear under LVT. Untaxed, they are uneconomic on fully taxed sites.

Depletion allowances and tax incentives are based on taxable incomes. They disappear as LVT is substituted for income tax on interest and wages. Collection of rent of natural resources is LVT. Result of LVT is ASSOCIATION IN EQUALITY.

Needless to say I agree with Mr. Choper's statement in the same issue, that "land monopoly is the greatest monopoly." When he adds "the elimination of this monopoly would remedy all the others," he is on speculative ground.

From *Progress and Poverty* through *The Science of Political Economy*, Henry George enumerated existing government granted privileges and urged they be revoked. Over and over

he stressed the great power of concentrated money and credit.

The Federal Reserve System was created in 1913—years after George wrote. The system has grown in power and prestige until it overshadows the entire exchange economy. It may expand or contract the money and credit supply—thereby tampering with the measuring rod we use to translate rent, wages, interest, land values, etc., into meaningful terms. Under the single tax such an elastic rod could alter values of community collected rent.

In agreeing with Henry George's philosophy and yet, as Mr. Choper says, agreeing with Dr. Galbraith (I haven't read *The New Industrial State*) that concentrated wealth has a stranglehold on the economy, I see no contradiction. Concentrated wealth includes the whole bag—money, credit, natural resources, legislated privileges, lobbying power—that's my understanding of this phrase.

Would a philosopher of Henry George's breadth wish to restrict thinking to the limits of his ideas? I doubt it.

JOSEPHINE HANSEN
New York

It has always seemed to me an erroneous concept that services are a part of national income (Oct. HGN p. 11). Such an accounting is really a subdivision of the product which occurs after it has been distributed among the three elements of production.

As a producer I naturally spend part of my product for services, and the more I earn as producer the more I spend for services—but this is merely an exchange, not an addition to wealth. It gives me satisfaction which I value enough to share some of my wealth for. The first prerequisite of the exchange is the production of wealth and this is what determines all exchanges.

JAMES HAIR
Birmingham, Michigan