

BOOKS

WHAT PRIVATE ENTERPRISE CAN DO.
By Charles Johnson Post. American Association for Scientific Taxation, Bayside, L. I., New York. 1950. 29 pp. \$1.

This factual study has been produced with care and research into the somewhat neglected field of specific effects in taxation. Its official statistics are apt and effective. It deals with the ten years preceding and following the passage by New York State of the Housing Tax Exemption law. They are striking. This law exempted a dwelling, or apartment, from taxation to an amount not exceeding \$1.00 per room, or not more than \$5,000 for a dwelling or apartment, provided the tenement had not more than one store on the ground floor.

This study and analysis shows a sudden and enormous increase in building throughout all the five boroughs of New York City. It develops, in three separate chapters, the relation between taxes and the economic prosperity of the businessman, wage-earner and farmer, indicating that if such a speculative choice is to be made, the farmer is the chief sufferer. These chapters show the relationship between taxation and business prosperity — that prosperity itself is dependent upon our national wealth-production. Thus, by taxing wealth-production, we are unscientifically and heavily taxing the production of wealth itself, upon which alone economic prosperity can thrive.

But the name of Henry George is never mentioned! It might be doubtful if such a concept were within the author's mind. No reference is made to the tremendous social philosophy of which Henry George was the inspired creator. It is merely a treatise, shrewd and factual, upon the effects of taxation and its exemptions. This book is not advocating or urging a social philosophy, its emphasis is purely on a realistic scheme of taxation. In this it is, perhaps, a disappointment. The glowing tribute to the vast social philosophy for which Henry George so earnestly fought finds no echo within these pages. The author is entranced by realism. He is not a dreamer and it often reads as if the writer regarded the supreme ideals of social-economics as no more than a mere method of taxation.

One of the author's most interesting phases is his use of the per capita method of computing the economic prosperity that flowed during the period of that law. "In using a per capita figure," he writes, "care must be used; per capita figures are known to be deceitful, thus: I have \$1.00, you have \$1,000.00 Thus our per capita wealth is \$500.50. The arithmetic is correct but the per capita has become nonsense."

The per capita expenditure for the ten-year period preceding and following the 1920 enactment of the Smith tax-exemption law on dwellings is shown. Also the gross amount—and they are astronomical figures. The wages earned by wage-earners in erecting the buildings are indicated to be spectacular in increase and volume. Perhaps the most arresting feature is the comparison of New York with 21 other chief cities from 1910 to 1929 which shows the significant stimulation of building erection and prosperity in which New York City (from being almost the lowest) rushed to the top following that law. Yet this is not a mere book of dry statistics. Quite the contrary. The statistics are never obtrusive and are used to point their own moral. The economic argument, entirely aside from the

statistics, is *admirable*—though always in and on the purely pragmatic business-and-profit plane. But it is a book worth scrutiny by idealists too. It will give them facts to support their arguments and aspirations. —C. J. P.

THE NINETEEN FIFTIES. By Edwin G. Nourse, New York. Henry Holt & Co. 1951. 184 pp. \$2.

The Nineteen Fifties Come First is a rational plea for economic stability by the former chairman of the Council of Economic Advisors to the president. It is an enigma for Georgists because . . . in the words of the late-great Minnie Maddern Fiske . . . Dr. Nourse "has a firm, firm touch on the wrong note."

The firm touch and the wrong note are hard to reconcile.

Dr. Nourse is the man who resigned from the Council when he found that, "under existing circumstances," it could not operate as a "professional and non-political agency," but he didn't just quit in a tizzy because the other boys wouldn't go by his rules. It is a thoroughly reasonable volume. There is no rancor and none of the Potomac petulance frequently found in books written within earshot of the Washington ruckus.

"While the social scientist cannot be as dogmatic as the natural scientist about what will happen," he says, "he can have illuminating and helpful insights as to what may happen."

A more unusual quote, in this hour when the man who wants to study the military budget is *ipso facto* guilty of treason, is this: "National security is an intergrated whole, in which economic soundness is just as important as military force . . . National security rests on the dollar, the government bond, and the price index just as much as it does on the tank, the atom bomb, and the radar net."

There is some petit-point, and an occasional slap on the wrist for those selfish people who won't do what they should, but on the whole the author exhibits a rare and valuable sense of fairness.

Dr. Nourse, however, is like the rabbit hunter who sees only the ones that are running. He cites agriculture, labor and business as the dynamic elements in our economy, and ignores the role of land.

A balanced budget — which he wants — is difficult because of their growing tendency to use government as a crowbar and in Dr. Nourse's opinion the reason for the trend is the "deep-seated human craving for personal security."

He fails entirely to see that the three contributory groups, who are standing up waving their arms, are being robbed by a non-contributory group, sitting down in the corner. He fails, therefore, to give his threesome credit for a "deep-seated craving to hang on to what they create."

The book's shortcomings, which are apparent to those of us who think land-equity a vital, ethical and economic principal, are not the result of bias.

Dr. Nourse fails to see what we would have him see but there's reason to believe it isn't just because he won't open his eyes. The book is enigmatic, in my opinion, because its shortcomings leave me wondering how much they reflect on Dr. Nourse and how much on our ability to speak our piece.

—RICHARD NOYES

John C. Lincoln Says—

IF WE assume that all men of all generations are equally entitled to the use of the earth (is any other position tenable?), there can be no morally defensible right to private property in land. Yet mankind has learned from experience that the best results are obtained only when the user is assured of complete and continuous possession of his land. To nationalize land, for the government to take it over and rent it out, would entail needless difficulties, to say nothing of a giant bureaucracy in which opportunities for graft, favoritism and corruption in general would be virtually unlimited. Equality of opportunity in the use of land may be achieved by the annual collection by government agencies of the rental value of all land privately held, whether it be in use or not, and the employment of such funds in meeting the public expense. Thus no man would be deprived of his land, nor would his title be disturbed, so long as he paid his ground rent, just as now he retains possession of his home and other improvements on his land only so long as he pays his taxes. In many parts of the country land values are now taxed at the same rate as improvements. I propose merely that the public appropriation of ground rent be increased to approximately 100 per cent, and that taxes on improvements and other products of labor and capital be reduced accordingly.

—From the January Lincoln Letter

ECONOMIC DOCTRINES. By Frank Neff, New York. McGraw Hill Book Co., Inc. 1950. 532 pp. \$4.50.

Economic Doctrines by Frank A. Neff of the University of Wichita is a well ordered, though not complete, resume of economic thinking from the Golden Age of Greece up to, and through, the totalitarian ideologies of Fascism, Nazism and Sovietism.

Students of the evolution in economic thinking will find this book richly endowed with an understanding of the historical events which prompted the development of new concepts and from time to time led to a restatement of classical economic philosophy.

In his introduction, Dr. Neff, probably without meaning to, damns this science by saying: "Idealists emphasize the importance of social institutions and consequently a restricted sphere is allotted to individualism. The individual is held subordinate to society and the idealistic principles of morality and duty are stressed in spite of material limitations. By the idealist the *laissez-faire* principle is given a severely restricted role. What is good for man and what he actually needs may, under the doctrine of idealism, have to be determined by the state and provided for him through its intervention. It follows that the state may have to decide what is economic overproduction and underconsumption. Thus in times of economic stress, the theory of a planned economy obtrudes.

"According to this view, a slump below an ideal standard of living calls for a managed productive economy and a stimulus to consumption through state intervention. The materialists with their belief in the unlimited expansion of human wants, in theory conclude that overproduction is impossible. For them abundance of goods betokens economic well being."

I think a science which offers this as its ultimate form is dismal and incomplete.

—ROBERT HUFF