

AN I-YOU CHAT

An uproar in an upstate New York town poses interesting questions.

There is a nation-wide trend in the U.S.A. toward increased assessments of land and this is good news for LVTers. But it was not good news for the residents of the town of Clay when the assessor hiked property assessments up to 800 percent. Many of those hit were farmers and they reacted furiously. They said they would not, could not, pay the increased tax.

The assessor explained that he simply assessed according to the "highest and best use" principle and used comparative sales of land in the vicinity. The open land where the farms are located has been zoned for industrial use. But the farmers retorted that their land was being used for farming, not industry, and that nobody has approached them to buy their land. A great many protests have been filed and the town fathers, unprepared for the outburst, are seeking a face-saving way of backing down.

In nearby Syracuse, the Herald-Journal commented editorially: "It isn't right or fair, suddenly, to change ... without due notice .... This applies particularly to men and women who earn their living from the land and to homeowners. Obviously they are not speculators who buy and hold for windfall profits. They aren't reaping tomorrow's super-prices today. Even so, no government in the land can tax expectations .... Further, Clay's new government can't correct 20 years of neglect .... The Town of Tully, for instance, reassessed its citizens' property. An outside firm was hired. Everyone knew what the town board was doing. Hearings preceded application of the new assessment. Changes are being imposed over a number of years .... Assessments in general are higher. No secrecy. No shock."

The situation brings out some points worth pondering. Premature zoning and assessing on expectations is a form of public land speculation which benefits private speculators. The desirability of gradualness is brought out by the example of Tully. Public reaction should not be ignored.

The trend to increased land assessments is a welcome development. But it is one of the tools that has to be refined and applied knowledgeably.

Robert Clancy  
Editor

## NEWS OF IU MEMBERS

We sadly record the deaths of the following IU members: W.J. CADMAN of Enfield, Middlesex, England; an obituary appeared in the May-June Land & Liberty. MRS. A. ELLIS of Kimba, South Australia; she was associated with the Henry George League there. RICHARD T. HALL of Boston, Mass., USA.; an article by him appeared in IUN No. 9. EDGAR TRIER of New York, N.Y., U.S.A.; he was a versatile teacher of the Henry George School.

Recently joined IU members include: CARL McGUIRE, Professor of Economics at the University of Colorado, U.S.A.; ISAMU KATO of Tokyo, Japan; MARCEL CORTVRIEND of Duerne, Belgium; MARC BERK of Quebec, Canada; VIOLETTE ALLEN of New York, N.Y. U.S.A.; LUCIAN T. WILCOX of Fairhope, Ala., U.S.A.; and **several** other good friends.

MRS. ETHEL LYMAN STANNARD (Columbia, Conn. USA) is author of a pamphlet, The Nature of Justice, and she writes: "I sent this pamphlet to the chairman of our Governor's specially appointed Revenue Task Force instructed to present tax recommendations to the legislature. The first response of the chairman, Mr. Frazer Wilde, was an acknowledgment of the pamphlet, saying, 'You seem to be a follower of Henry George. Much of his work was plausible.' I countered, of course, with a reply saying, 'Let me assure you that I am a staunch follower of Henry George whose tax-reform proposal has proven not only plausible but highly workable in many places where it is, at least partially applied' - and sending him material about Southfield, Irene Hickman's efforts, Australia, etc."

HERNAN SANIN-VERMONT, Vice-President of the International Union for Colombia, received an honorary award from the government of his country for his distinguished service to the public welfare through the work of the Escuela Henry George de Colombia.

NOAH D. ALPER, President of the Public Revenue Education Council, has issued its 19th annual report which notes that 4,154 sets of a free reading course in "The Economic Science of Public Revenue" were distributed during 1969. Among the recipients were 767 political scientists, 1,639 sociologists and 481 economists. PREC has a large and varied quantity of literature and reprints. For information, write to 705 Olive St., St. Louis, Mo 63101, USA.

COMMITTEE FOR BETTER CITIES, P.O. Box 292, Detroit, Mich. 48231, USA, is distributing a questionnaire on land value taxation to all political candidates, and is offering showings of the Schalkenbach film, One Way to Better Cities. The "one way" is, of course, LVT.

THE SCHOOL OF ECONOMIC SCIENCE of Alberta, Canada was host to the Henry George Schools of North America for this year's Conference at Calgary, July 7-12. Many IU members attended and participated on the program. Reports on progress toward LVT in Canada and the USA were heard. The Conference coincided with Calgary's famous "Stampede", a spectacular rodeo.

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## WHOHASNTDUNIT

By BETTY NOBLE (Wellington, New Zealand)

Probably there are few readers of the IU NEWSLETTER who have not read with interest and concern the various contributions which might appropriately be grouped under the heading "Whohasntdunit." In a world caught on the horns of an economic dilemma - recession or runaway inflation - and on the horns of a social dilemma - total subjugation of the individual to the State or to anarchy - it is clear that someone must be to blame for more people not seeking and working for the only possible viable solution - the right one.

It is indeed good that we should consider first opportunities we may have missed, shortcomings we may have, and approaches which are not suitable, before we look for our lack of greater success elsewhere. This is Georgist philosophy in action. However, in the present case I think we are looking in the wrong direction. The blame, I believe, should be placed fairly and squarely where it belongs - on the shoulders of the non-Georgists.

Henry George's theories on economics cannot be separated from his philosophy of life any more than can those of other economists. And the philosophic core of Henry George's thinking, out of which his economic theories develop, is belief in an eternal right. He believes justice is a right relationship between man and man, and man and the earth. He believes man is endowed with certain inalienable rights. He believes man is born a free, self-controlling being responsible for his actions. Finally all these assumptions rest on a belief in absolute moral values. Without this belief the concept of natural law and a moral universe is incomprehensible.

From the time of Heraclitus there have always been many who held the other philosophy - that which avers that all is change, and right and wrong are relatives subject to time and place. But in our own culture until the last war, the weight of thoughtful opinion was probably in favour of absolute moral values. Today this is not so. People are bewildered and confused by the new physics, the pace of technological change, the apparent irreconcilability of a variety of social goods.

Short of time and besieged by the mass media they find it ever harder to see through the superficialities of change to the core of unchanging truth; they find it easier to declare that nothing can be known than to seek what can be known. To try to inspire such people to work for Henry George's economic reforms is an impossible task. Such people walk away murmuring how interesting it has all been ... made them wonder what other economists say... perhaps it's a little naive, isn't it, to say anything is permanent?

The second influence which mitigates against our success, and always has done, is that people like the reward of achievements they can see. That is why charity and do-goodism in all its forms has such a wide appeal. People do not mind working hard but they do like to see something for it. This is almost universally true - almost as much a part of human nature as our attempts to gratify our desires with the least exertion. Men of ability, including Henry George, want to make some visible contribution to their day and generation. Yet true reform depends upon the awakening of thought and the progress of ideas and this is something one can rarely see - except in

the very long term as when one turns back the pages of a history book and reflects on the obsolete barbarities of some earlier Empire. There must be many more people who are convinced Georgists outside the Georgist movement than there are in it. People who would hasten to declare themselves if there- by they could achieve anything in their own eyes, and in the eyes of the world in the short term. I am thinking of Huxley and George Bernard Shaw and Earl Russell and Churchill and Herbert Spencer and other men of comparable intellect who appear to have understood and approved of George's main thesis.

The other obstacle to our success was brought into focus when someone told me a story about a firm manufacturing dog biscuits. This was a very large firm and the directorate brought together all its directors of divisions and all its managers of branches to discuss why sales of its products were not increasing. Close questioning seemed to show that the marketing division, the research division, the production division, the branches, and so on were all very efficient and scarcely capable of improvement. Then, asked the General Manager, if we are so efficient why do our sales of dog biscuits continue to decline? After a longish and uncomfortable pause one of the smaller fry present rose, coughed humbly and said, "If you'll excuse me Sir, the dogs don't like them." I think we are too ready to assume that men do generally hunger and thirst after righteousness, to assume that our end product of individual freedom and personal responsibility are the supreme good for which men hanker. Actually, comfort, freedom from thought, and material success are the real guerdon of very large numbers.

We live in a society where the pressures towards conformity are so great, the establishment so powerful (and in some countries so corrupt), that it is no wonder frustration rather than thoughtfulness is the response to modern problems. We should take heart that despite the enormous odds some people do continue to think; to believe in reason; to work for economic reform and the truly great society. We are at least managing to keep alight a candle when it would be all too easy to just curse the darkness. We do know that Caesar was right that it is better to push back the frontiers of the mind than to push back the frontiers of an empire, and we do keep trying.

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From THE ALBERTA STORY, prepared by the School of Economic Science of Alberta and presented at the Henry George Conference in Calgary, Canada, July 1970:

"When the magnitude of the 'economic rent' evaluated (in this report) is compared to total revenues from taxation, an appreciation of the extent to which the taxation of only land values could yield adequate funds for local government requirements is possible. For example, all improvements and businesses, etc., could have been completely tax exempt in 1962 if the proportion of the economic rent collected had been increased to 51%. That is to say that such a tax base shift would have increased the tax incidence on land by 2.7 fold and would have resulted in untaxing all improvements, businesses, etc. Comparable ratios for 1968 would be 41% and 2.8 fold . . . . These data strongly suggest that the community-created value of land alone provides a sufficiently 'wide' taxation base for the collection of all necessary local government revenues."

## RECENT LITERATURE

DAS UNGELÖSTE BODENPROBLEM ALS STÖRUNGSFAKTOR IN DER SOZIAL-UND WIRTSCHAFTS-ORDNUNG. (The Unsolved Land Problem as a Disturbing Factor in the Social and Economic Order). By Herbert K.R. Müller, editor of Fragen der Freiheit (Questions of Freedom). This was a paper given at a Seminar for a Free Society on 7 August 1969 and is reprinted by Seminar für Freiheitliche Ordnung, Herzog-Wolfgang-Str. 13 b, Meisenheim 6554, W. Germany.

RECENT THOUGHTS, by Heman Chase of Alstead, New Hampshire, USA. Being a supplement to the 1965 edition of American Ideals - their Economic and Social Basis by the same author. Includes thoughts on rights and obligations, "contrary thinking," and the Henry George philosophy.

BETTER ASSESSMENTS FOR BETTER CITIES, report of a roundtable conference from the May 1970 issue of Nation's Cities. The firm guiding hand of moderator Perry Prentice led many diverse organizational representatives into the area of property assessment so that more public revenue may be obtained from land. Available from the National League of Cities, 1612 K St. N.W. Washington D.C. 20006, USA.

LAND VALUE TAXATION: PRO - and - AN ECONOMIST LOOKS AT THE PROPERTY TAX, by C. Lowell Harriss, Professor of Economics, Columbia University. These two pamphlets contain arguments for reforming the property tax and for LVT. Published by the International Association of Assessing Officers, 1313 E. 60th St. Chicago, Ill. 60637, USA.

THE PUBLIC INTEREST IN LAND, by Mary Rawson. Paper presented at the 12th International Conference on Land Value Taxation and Free Trade 1968. Reprinted and available from the author at P.O. Box 2465, Vancouver B.C. Canada.

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From a BRIEF presented by the SCHOOL OF ECONOMIC SCIENCE of Ontario, Canada, to a SPECIAL SENATE COMMITTEE ON POVERTY, Ottawa, Feb 5 1970

"During your investigation, according to reports in Hansard, it was shown that practically every submission, although presented in all sincerity, would require more public money and consequently additional tax restraints on production. Both of these methods will further increase the poverty of Canadians. We are not asking for more restraints, we are asking for less. By presenting each member with a copy of Progress and Poverty and a means of simplifying its review, we have offered the Government of Canada a gift. This gift, we implore you to accept and to study.

"Our School members have the utmost respect for the august Senate of Canada. We believe that individually and collectively you have the best interests of Canada at heart. After studying Progress and Poverty and the supplements, we have every confidence that you will realize that there is real substance to this philosophy. Our School, which is dedicated to a better life for Canadians is prepared to cooperate in any way within our means."

SOMEBODY'S FACTS By W.H. Pitt (Bayswater, Vic., Australia)

In IUN No. 11, Mr. E.P. Middleton (in "The Real Enemy") is astray in both fact and logic. He belies the truth in alleging that "LVT as now imposed (is) already a failure in Australia." To prove him wrong, I invite him to come to Melbourne to see what I call the Camberwell-Hawthorn disparity, where LVT as imposed by Camberwell for its municipal revenues, has made that suburb a more pleasant place than the adjoining Hawthorn.

To show where Mr. Middleton's reasoning fails, I assert that it is only because LVT has not been imposed (apart from some very trifling ways) for other than the local government revenues, that Australian conditions fall short of those in his Just Society.

I submit to Mr. Middleton, who is busy suggesting that everyone else change course, that a campaign to correct the shortcomings in the Sydney land valuation figures and then to swing the Water Board revenues to LVT - land rental values, incidentally - would pay wonderful dividends for the Georgist cause. It would appropriate to public revenue an additional part of the rental value of land, exactly as advocated by our own master of economics, Henry George.

But first, please, let him assess his facts more carefully.

THE COMPULSION OF EVENTS By E.P. Middleton (Sydney, N.S.W. Australia).

"Basic Principles First", as John Tetley says in reply to me, in IUN No. 12. Hear, hear, to that! But I cannot understand how Mr. Tetley could get such a garbled impression of my proposition that we've got things back to front. "To first attack economic problems other than raising government revenues" - did I say that? "Solution of other problems, such as the monetary system, would enable the adoption of George's proposal with less opposition" - did I say that? What I did say was, "We should be attacking the economic theories of the present rulers of our society and working to eliminate the effects of these theories, so that we should have cleared the ground," etc. Surely a very different matter! And this, I insist, is what we must do: make the politico-economist and the econo-politician prove their fancy theories against the basic principles of Political Economy which at present they reject, but which they are slowly being forced to accept by the compulsion of events and the bankruptcy of their own nostrums

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In the April 27, 1970 issue of Sports Illustrated, a note in their "Scorecard" section stated that a Mr. E.M. Loew has donated a 30-acre site for the Boston Patriots football team for a stadium. The note does not explain what it means by "donate" - but notes that Mr. Loew owns adjoining land. Incredibly, the article goes on to state that the 30 acres in Foxboro, Massachusetts is only a 30-minute drive from Boston and Providence - yet it is assessed at \$6000 and taxed only \$252 yearly.

- JOHN P. CURLEY (New York, N.Y. USA)

## PRO AND CON THE TERM "LAND VALUE TAXATION"

By FRANK F. BILLE (Arcadia, Calif., USA)

Complementing the remarks of Mr. J.J. Pot in IUN No. 12: A duty upon the privilege granted to occupy a site could be termed "Ground Duty." That is the exact translation of the Danish "Grundskyld." Yes, let's get away from the word "tax".

By M. MCCARTHY (Director, School of Economic Science, Ontario, Canada)

The article by J.J. Pot regarding "Objects of the Union," we believe should be carried further to prevent misconceptions, by calling our proposal Site Value Rent instead of Land Value Taxation. If this suggestion were adopted universally, it would reduce many objections on the part of those who may become interested in our philosophy.

By JULIAN P. HICKOK (Philadelphia, Pa., USA)

Mr. J.J. Pot takes exception to the statement in "Objects of the Union" that "the Union favors the raising of public revenue by taxes and rates upon the value of land." He says that "as soon as the rent is taxed away there is no value left."

Under land value taxation it is the market price and not the rent that is taxed. The price is determined by that part of the rent assured to the owner after taxes and other fixed charges on the land. Obviously 100% of rent taken for public use would result in zero market price. It is unnecessary as well as impracticable to take 100% of rent. There is a law applicable to the resulting price of land and public revenue. It is: As the tax rate is increased and approaches infinity as a limit, land value (price) decreases and approaches zero as a limit, and tax revenue increases, approaching the full economic rent as a limit.

Henry George proposed using the existing machinery of taxation and wrote in Progress and Poverty: "By leaving to land owners a percentage of rent which would probably be much less than the cost and loss involved in attempting to rent land through State agency, we may, without jar or shock, assert the common right to land by taking rent for public purposes."

Back in 1924, at the National Convention of the Single Tax Party, the name was changed to Commonwealth Land Party, with the intention of abolishing all taxes and invoking a process to take all of the rent for public uses, the implementation of which was not clearly defined. This set the movement back over forty years.

Also in IUN No.12, Arch McColl writes: "Land Value Taxation is confusing and contradictory." There should be no confusion. LVT is the implementation of the proposal of Henry George to use the existing machinery of taxation. The public would be confused by some vague process of government to take the rent as such. Land Value Taxation requires no change in the form of government and embraces the institution of title deeds to land, the right of private property and the preservation of free enterprise.

FREEDOM AND "THE STATE"

BY FRANK F. BILLIE (Aurora, Calif., USA)

By JOSEPH JESPERSEN (Flushing, N.Y. USA)

There is a view accepted by some Georgists, as expounded by Franz Oppenheimer in The State and Albert Jay Nock in Our Enemy the State - that "government", which is the economic body, is all good, while the "state", the political body, is all bad. In this view, government, resting upon consent, is concerned with justice and freedom, and its purposes are those of the people, while the state, using political means, is concerned with law and compulsion, and its purpose is to benefit the group in control. These concepts have some validity, but I submit that no nation now or in the past that we have any record of, fits either concept. Every nation has effected some compromise between the two, some with more freedom, some with less. Even the most totalitarian state must make some concessions. Russia has at least curbed land speculation.

BY JULIAN P. HICKOK (Philadelphia, Pa., USA)

How much freedom have we in the United States? In 1848 a group of Italian guardsmen were ordered to fire at a mob of protesting civilians. One refused. To escape court-martial, he ran away; he got out of Italy and came to the United States, 47 years old. He had considerable skill as an artist. Three years after coming he was engaged to paint the interior of the Capitol building in Washington. He spent 25 years doing that, then he was crippled by a fall from a scaffold in the dome and died soon after.

Millions of people have looked up into the dome of the Capitol at the allegorical figures painted by Constantine Brumidi. He said his sole ambition was "to make beautiful the Capitol of the one country on earth in which there is liberty!" This state was not oppressive in the eyes of Brumidi who found more freedom here than in his own country. Many others over the centuries came to America seeking freedom.

Despite the encroachments of recent years, the USA still has a great measure of freedom. Whether we use the term "state" or "government", the job is to work for greater freedom. The obstacle to freedom is not just the state, Emerson said: "The people don't want liberty, they want bread; and though republicanism would give them more bread after a year or two, it would not until then, and they want bread every day."

The Georgist philosophy is unique in offering both liberty and bread. The struggles of our movement were compared by Robert Glancy in his "I-You Chat" in IUN No. 12 to a battle of an emerging island with the ocean. This reminded me of a quotation by Stefan Zweig in Erasmus of Rotterdam:

"An idea which does not take on material shape is not necessarily a conquered idea or a false idea; it may represent a need which, though its gratification be postponed, is and remains a need. Nay more, an ideal which because it has failed to secure embodiment in action is neither worn out nor compromised in any way, continues to work as a ferment in subsequent generations, urging them to the achievement of a higher morality."



There is so much going on today for which we have answers. Causes that excite people to some sort of action, usually the first apparent solution that comes to mind. We have answers ready, and have been trying to get them across. It seems so frustrating. Recently a television program concerned pollution, urban blight and urban sprawl. The solution offered was that we should be prepared to pay more taxes to clean up the environment. I would trace the cause of the pollution to taxation and deny the possibility that further doses of the poison will cure the patient.

There is the cause of youth, disinherited, frustrated, rebellious; the plight of the poor long-suffering peasant caught between the fires of great warring powers; the reliance on drugs by people of all ages; the slump whose cause and cure is only too obvious in the light of Henry George. Somehow we have to break the communication barrier. Somewhere I am sure someone will find the inspiration. In the meantime I and my colleagues are happy to work quietly and unsung in the field of education.

May our efforts be crowned with success!

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RENT AND PRICE - THE REAL ISSUE By S. TUCKER (London, England)

In IUN No. 12. Gaston Haxo uses a very ingenious and contrived argument to refute my statement that rent comes out of total price and not unit price. The greatest concession that could be made to Mr. Haxo's explanation is that while he may have established his own theory of unit price, he has not disposed of mine! Our two theories explain a situation: one is contrived, the other is natural, and I suggest that Mr. Haxo's is the former.

It is of course possible to spread the surplus rent over the unit price of each article sold thus reducing the "costs" of each unit. The same could be done with any extra ability of labour or of capital (new invention). But such manipulations do not alter the economic facts.

Prices are determined at the margin of production and if the selling price of units produced there is say one shilling, then quality for quality the price will also be one shilling on superior lands. Since rent does not - and indeed cannot - enter into unit prices on the margin, how can it enter into the same unit prices on superior land? If rent is as George and Ricardo defined it, then it is a surplus of quantity.

The whole point of establishing that rent is not part of price or does not affect price is to prove that a tax on land values cannot be shifted on to price and Mr. Haxo's arguments are not helpful, achieve no useful purpose and tend to confuse the issue.

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"Have an open mind but don't let it be a wind-swept area."

- Dr. Glenn Frank

## OUR ULTIMATE GOAL

By DAVID B. ASCHER (Haifa, Israel)

John Stuart Mill says, "A tax on rent falls wholly on the landlord." Henry George says, "The rent, or value, of a piece of land, is the highest price that any one will give for it." That assumes a free market.

Today, however, the market is denatured, falsified and manipulated. In a good many countries, tenants are protected by law; they are not compelled to pay for the use of land, of a flat, of a workshop, the highest price that any one will pay, but substantially less – either what they paid years ago or an amount fixed by law or by an official "rent-fixer." In all such cases the landlord can and will shift the tax on to the tenant.

Let us suppose I take a flat in town on lease; I pay £10 per year per square meter of floor area. My contract says that I have to pay the land-value tax falling on this flat. Let the tax be £1 per square meter. But my salary is so small that I cannot pay this tax. Am I now compelled to leave the flat and sleep on the street? By no means! My trade-union, my tenants' association, or my party will induce Government to find a remedy. If my landlord's association, party or union is not strong enough, my rent will become restricted, or shifting taxes will become forbidden by law; but if they are rather strong, Government will, as a compromise between these pressure groups, discover that my salary is not high enough. It will be linked to the cost-of-living index, and my employer, the suffering third party, will be ordered to pay me just so much more that I shall be able to pay the land-value tax shifted upon me.

My employer, however, belongs to a pressure group, too. This group will press upon Government for permission to demand from the consumer so much more for their products or services that they will not suffer from the enhanced salaries. The consumer will have to pay these higher prices, and as he is an employee too, his pressure group will claim higher salaries. The outcome will be inflation – a most unjust tax on all poor people!

In other words: A tax on land values cannot have the desired effect unless the free, natural and unmanipulated market will have been restored.

All soil banks, rent restrictions, taxes on improvements and services, salaries and wages tied to a cost-of-living index, manipulated prices paid for commodities and services, must disappear.

This does not mean we have to postpone our demand for introducing land value taxation. On the contrary! We might succeed in one country to introduce it as a purely fiscal measure so that Government or a municipal corporation will get more money than before; in another country we might succeed in introducing it as a valuable tool in the hands of the town planner; and then there might be a place where we shall be able to put through land value taxation for ethical reasons; and so on.

But we should never forget that our ultimate goal cannot be reached otherwise than by a total restoration of the natural order.