

AN I-YOU CHAT

Some ten years ago there seemed to be a resurgence of free-trade thinking in the USA. A Trade Expansion Act was adopted and several public figures spoke out strongly in favor of freer trade, among them Clarence Randall of Inland Steel, Charles Percy of Bell & Howell (now Senator), George Romney of American Motors (now in Nixon's cabinet) and Henry Ford III. We seemed to be entering a new era.

Alas, the performance did not measure up to the promise. Tariffs on several products went up, new quotas were imposed, foreign competitors were "requested" to cut down on their exports to the USA and it was made more difficult for travelling Americans to bring back foreign purchases.

It looks rather as though the wide publicity given to freer trade must have alarmed those interests who want no part of foreign competition and that they worked quietly and effectively behind the scenes to see to it that their position was strengthened rather than weakened. Free trade did not seem able to mobilize the same kind of effort.

About ten years ago there also began a new flurry of interest in land value taxation. One of the chief spurs to this was Perry Prentice and his magazine House and Home. From there it spread more and more to influential circles via articles, conferences, publications, research, high-level talks. One recent manifestation of this interest was a 2-page article on property taxation in the May 3rd issue of Time magazine reaching conclusions favorable to land-value taxation. A Georgeist influence was put to work in Southfield, Mich. and Sacramento, Calif. We really seemed to be rolling.

But in the last few years our cause has suffered a series of setbacks. The Georgeists who were running things in Southfield and Sacramento are out of office and their successors show no inclination to continue their good work. In New York City a paralyzing array of new taxes has been imposed plus steep increases in existing taxes - with one exception: there is no increase in the real estate tax. In other countries, too, we hear of reverses. The land value tax system of Denmark has been weakened. Canberra, Australia has abolished its system of leasing land from the state. Giant monopolies, notably in the oil industry, are growing more gigantic.

Can this also be a case where increasing publicity warned land monopolists and they worked behind the scenes to squelch land-value taxation? Did the growing popularity of our ideas, so long desired, actually set back our cause?

These are matters to ponder. We may have to learn new and more effective tactics. Perhaps we need more doing, and as we do we will learn new answers.

Robert Clancy

Editor

NEWS AND MESSAGES

AN ESSAY COMPETITION FROM NORWAY: We are informed by the Director of the University of Bergen, Norway, of the following:-

As a donation to the University of Bergen, Mr. Halfdan Hansen and his wife Ulrikka nee Forthun, have presented the University with Nkr. 10,000 (£580) which will be used as a reward for the best thesis on the following subject:

"Economic liberalism - its characteristic methodology and function. A study, for the evaluation of available data, of liberalism's contribution on the basis of human freedom."

Entrants should forward their papers (as typed manuscripts) to Det akademiske kollegium, Universitetet i Bergen, 5000 Bergen, Norway, before the end of 1971

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RECENT DEATHS of IU members include the following (all USA): LUCIAN T. WILCOX who alternated between Fairhope, Ala. and Cedar Rapids, Iowa; BETTE BREESE BILLE of Arcadia, Calif. and MANNY CHOPER of Albany, N.Y. and in England, MRS. F.G.SUMNER of Morecambe, Lancs and MR. COLIN C.PATON, Kingston, Surrey (formerly of Liverpool, Lancs)

PAVLOS GIANNELIAS apologizes for referring to the President of Austria as Joseph Jonas (IUN No. 15, "Land Value Taxation and Esperanto") when his name is Franz Jonas. Mr. Giannelias blames the error on the Druck- fehlerteufel. Mr. Giannelias visited London, England recently to attend the Esperanto Congress and called at IU Headquarters.

FREDERICK DYER (Cornwall, England) in IUN No. 14 asked if any readers had a tract by C. LeBaron Goeller which contained a statement that there is no need for unrest in America to continue now that the Georgist remedy is available. Some readers sent in tracts by Mr. Goeller (now deceased) but unfortunately none with the statement Mr. Dyer wanted.

KENNETH AND ILSE STILLWELL, who spent two years in Tehran, Iran, have now migrated to Australia and have taken up their abode in Melbourne. We hear the Stillwells will soon contribute a new Australian Georgist to the world.

GEORGE L. COLLINS (Philadelphia, Pa. USA) recently testified before legislative hearings in Wilmington, Del. on tax proposals. He mentioned the example of Southfield, Mich. in emphasizing land rather than improvements as a basis of taxation. Interest was aroused and former mayor of Southfield, S. James Clarkson, was invited to Wilmington to further testify.

THE HENRY GEORGE INSTITUTE, newly formed, has attracted a number of members and has begun a program of promoting the Georgist philosophy in various ways. The Institute has absorbed the work of COLT (Committee on Land Taxation), reported in IUN No. 15. Present address of the Institute is the same as the IU NEWSLETTER: Room 462-A, 55 W. 42nd Street, New York, N.Y. 10036, USA.

## A NEW FOUNDATION IN THE NETHERLANDS

(From an article in the July 1971 issue of Ons Erfdeel, Dutch Georgist periodical. Translated by Dr. P.H.Hermans and transmitted by Mr. S. Sevenster)

Since the diffusion of Henry George's doctrines, some activities relating to his ideas have been continuously undertaken in the Netherlands. Progress and Poverty has been translated and published three times (as Vooruitgang en Armoede).

Since World War II the society Recht en Vrijheid (Justice and Freedom) has been in existence and it still issues the bi-monthly journal Ons Erfdeel (Our Heritage).

In the course of an attempt to set up a European Party, which would include a search for an entirely new taxation system, the society has come in contact with Mr. Griffioen. This gentleman has the capacity and means to operate on a grand scale outside the circle of our followers. To that end, a Stichting Grondvest was recently formed. (For these two Dutch words there is the English word "foundation" that conveys the same meaning).

This Foundation is meant to be the apparatus through which, in a political sense, a number of people, who can no longer see the wood for the trees, may find guidance to a better understanding of what modern society is or could be.

The society Recht en Vrijheid collects and presents from the past and present, scientific knowledge and facts from experience pertaining to human society, which leaves much to be desired with respect to justice and freedom. The causes and remedies for improvement constitute its stock of knowledge and vision

Those who ask why Grondvest and Recht en Vrijheid should join forces may be answered as follows: Recht en Vrijheid is, through its historical background, limited to a fixed way of thinking. For some it is the sole and obvious way. For many others it is mere "abracadabra." Grondvest sees as its aim the bridging of these contrasting views. To that end entirely new ways and means will be attempted. The fixed pattern stays and next to it Grondvest will undertake research. It plans to explore the reasons why the Georgist message is so sluggish in its dissemination, to examine and make explicit the lack of officers and non-commissioned officers (leaders and followers), all on a broad basis.

To begin with, exploration requires means and money. It is thought that if the position is well formulated and disseminated, many as yet unknown people will be interested in laying bare existing social tensions and the puzzle of their causes, and thus many may become receptive to Henry George's ideas. We all know the frequent attempts undertaken by broad groups of the population to collect money by mail solicitation for the purpose of alleviating emergency situations of all kinds. The position of our society also represents an emergency, but of a more fundamental and righteous kind. We have the real remedy, but our road is blocked.

If we can dispense the vision and the apparatus to spread the message, the appeal will surely find response. Two targets may be hit in one move: the attention of many will be focussed on so far neglected perspectives; and money will come in to work with. This work consists of doing and promoting research, independent of the existing "Establishment" and directed to the goals of Grondvest in answering such questions as:-

- a. Who are entitled to enjoy the gifts of nature - soil, water and air?
- b. Is the present distribution and control of those gifts right and just?
- c. How could the claims of individuals as well as those of society be realised in a balanced way?
- d. To what socio-economic consequences will this lead, particularly with regard to the present system of taxation?

Just as today we have "applied scientific research," we are in this way aiming to have "applied economic research."

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"A NEW JERUSALEM" By DAVID CHESTER (Tel Aviv, Israel)

Recently I happened to see an early unabridged edition of Henry George's Progress and Poverty and compared it with the later abridged edition. The striking difference is not so much one of logical presentation but of the moral approach originally adopted by George. Having seen a little more of his religious outlook - e.g. in his "Moses" - it is clear to me that in spite of the logic of his argument (which we generally tend to follow when introducing Land-Value Taxation), it is the more spiritual approach that is the mover behind this truly great idealist.

In this uncertain age, when popular religious values seem to be getting more attention amongst the wilder youth (e.g. the Beatles' "Love, love love", hippie flower symbolism and the pacifist "make love, not war"), it seems to me that we are being too logical. In propagating only the theories of Henry George, we are losing the most important part of his message. May I suggest that more attention be given to the original Progress and Poverty and that, as a minimum, the basic course should also mention the emotional background to George's writings?

We are quick to recognize how difficult it is to convince landowners of the ideas of our school of thought. Maybe instead we could turn more towards those religious institutions that see its practice in everyday life. There might even be a possibility of building a "new Jerusalem" somewhere.

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"POLITICS is like witchcraft - either you must use it or it will be used against you." - DR. J.L. BUSEY.

I did not agree with J.J. Pot's article "Many Ways" in IUN No. 15.

(a) Giving away land would not achieve our goal unless every family received his just share, which is not considered practicable or desirable in an industrialised and mechanised community. It was the best way in a more primitive and predominantly agricultural community and was the recommended method in ancient Israel with the built-in protection of the release at the Jubilee.

(b) Taxing the land is the recommended method, but Mr. Pot makes it sound a very rusty method.

(c) Buying the land does not achieve our goal but merely fixes the unjust private benefit at the present level, as the present title-holders will receive the capitalised value of the present economic rent, or, more likely, the expected rent in a few years' time.

(d) Confiscating land by a dictator or a revolution might work if one had the right dictator and the benefit of the land was distributed among the general population, but, in practice, it is found that a new set of monopolists are substituted for the old. In Russia and China good men are tortured and murdered because they do not hold the official and permitted views of the state.

If Mr. Pot does not want to "spoil his principle" he would be well advised to keep to the taxing of the land.

His last paragraph shows his variance with Georgeist teaching. When he mentions the "wrong of taxation" is he including the taxing of land? If so how are we to achieve our goal, or is our goal different to his? Or does the calling of the tax "site duty" make it all right? It is possible to have land-value taxation and no other tax. Is this still wrong? It is not possible to carry on efficient business without security of tenure. The usual way to attain this is by title deeds to land. If these only retain the use of the land to the holders of the title deeds and all the economic rent of the land reverts to the community is this still wrong and against Mr. Pot's principles? If so, how does he propose to ensure security of tenure? Henry George made certain proposals and gave reasons for them. Mr. Pot has not demonstrated how George's "opportunistic reasons" are not valid.

RENT, NOT LAND By J.J. POT (Slikerveer, Netherlands).

Land is a gift of nature. Is rent of land also a gift of nature? No, of course it is not. Rent is a sum of money, man-made, not grown in nature. Land without man produces no rent at all. So because the presence of man is necessary for rent to come into existence, rent is labor.

The first man who occupied a site was not aware of a notion called rent. Then a second man came, who for one reason or another wished to occupy exactly the same site as the first man. He expressed his desire in an amount of money that he declared to be willing to pay to occupy that site. For what

reason? Because on every other spot he has to exert more labour for the same result. The saving of labor is balanced by the money he pays.

So rent is labor. But not the labor of the owner of the land but the labor of the other man, of all other men. That's the reason why rent belongs to the community as a whole, and not to the owner of the land. The rent of land can in some instances be calculated by the saving of labor called excess of productivity over that of marginal land. But the rent of land is determined by competition, for whatever reasons.

Therefore paying rent is not a burden. It is not a tax nor a burden on labor or thrift. By its nature it belongs to the community and every penny of it collected by a private owner is plunder.

Rent cannot be shifted, for it is not a tax.

Rent does not discourage, for it is not a tax.

Rent does not deteriorate buildings, for it is not a tax.

Rent is not a burden upon labor and capital, for it is not a tax.

The "selling value of land" is a misnomer. Land is a gift of nature. What is meant is selling value of rent, for the amount of money referred to is the capitalisation of rent. And "taxation of land values" is a double misnomer. What is meant is collecting the rent. And collecting the rent makes land no longer payable with money.

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A CORRECTION Mr. Halfdan Hansen had an article in IUN No. 15, "A Practical Proposal," wherein appeared a table showing his plan to transfer land value from the private owner to the community, and he corrects it thus:

"In my table I had in mind the transfer of 10% of 1000, as the established land value, from the owners to the community, in 5-year periods. The headings of the tables would be better presented as follows:-

5-year periods	Land value in possession of the community	Royalty 5%	Land value in owner's possession
			1000
1st period	100	5	900
2nd "	200	10	800
3rd "	300	15	700
10th "	1000	50	0

"The Royalty does not refer to ten per cent of the land value but to the annual rental value. It is impossible to transfer all the old land values in ten years."

## TAXING RENT VS. TAXING LAND VALUE

DR. W. HAROLD EMSLIE (Glasgow, Scotland) writes:-

"I was puzzled at S. Gilchrist's statement in IUN No. 14 referred to by Julian P. Hickok in IUN No. 15 that "At a rate of about 2 to 3 cents in the dollar some 25 per cent of the site rent is thus collected." I can only conclude that the dollar refers to the capitalised site value. Up to now I have not been in favour of this method of 'taxing' just because the capitalised value does vary according to the amount of the tax. Personally I would be in favour of a duty on the actual economic rent, which does not fluctuate with the rate of the tax; so that if it is decided to obtain 25 per cent of the rent the rate would be 25 cents in the dollar of rent - assuming there are 100 cents in the dollar."

JULIAN P. HICKOK (Philadelphia, Pa. USA) replies:-

"Dr. Emslie favours a duty on the actual rent. Henry George proposed the use of the existing machinery of taxation.

"I have made a scientific analysis and believe I have discovered the law applicable to land-value taxation. 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.

"To justify this law I developed formulae and constructed graphs based upon these premises: 1. At any given time the rent is a constant regardless of the tax rate; 2. Rent is compounded from the tax rate and the interest rate on the investment value; 3. The price of land is the capitalisation of that part of the rent assured to the owner. I recently published a booklet, Land Value Taxation and Land Speculation (available from the Henry George School, 213 S.10th St. Philadelphia, Pa.19147, USA for \$1). It presents the development of these formulae with charts illustrating their application. One chart, "Tax Revenue Relative Rent", shows the percentage of rent taken for public uses for respective effective tax rates. It was the close approximate agreement of these values with the citation given by Mr. Gilchrist that prompted my letter in IUN No.15.

"The 2 to 3 cents in the dollar means 2 to 3% as a tax rate, whether it applies to the actual rent or to the capitalised site value, whether in dollars, pounds or any other national currency. If the tax is to be on site value it should not be on a predetermined price but on the resultant price determined in the open market after the application of the tax rate, with the effect the increased tax rate would have on speculation and inflation."

(Mr. Hickok, in his 80's, recently ran in the primary election for Council-man-at-large in Philadelphia, pledging himself to real estate tax reform and issuing strong statements on land-value taxation. He gained 22,689 votes but did not win the nomination. However, he is in contact with the nominee for Mayor and other Republican leaders and hopes to influence them in the direction of land-value taxation.)

## ALL THE WAY, GLOBALLY

By OLE WANG (Osteras, Norway)

I beg to disagree with what is said about "internationalisation" in the "I-YOU Chat" of IUN No. 15. If we do not, now that it has become technically possible, "go the whole hog", I think we shall fall back into oblivion and the "powers that be" will have the game to themselves.

How much of the assets of giant corporations is due to the value of the exclusive use of indispensable natural resources in all parts of the world, or to the hindering of competition? The impressive pyramids of capital would be much deflated if natural resources were subjected to an unshiftable levy (call it tax, royalty or whatever you like), and if trade monopolies were done away with. The doers of the World's Work, including those who save the product and let it take the shape of an aiding factor in production, true capital, would benefit correspondingly.

No reform policy will now be of any avail unless it is applied globally. There is a connection between social injustice wherever it occurs and the monopoly values all over the earth. If our message is to be heard, we must be "whole-hoggers".

By PHILIPP KNAB (Vienna, Austria)

Either we arrive at a universal acceptance of the Georgist view that the earth belongs to all of us and consequently everybody who claims part of it for his individual (or group) use has to indemnify the rest to a trustee organization (the nearest approach to which is at present the United Nations) - or we cling to the old idea of individual or national property entailing universal strife in future and final self-destruction of the human race.

W. Harold Emslie is perfectly wrong in believing that this is a query appertaining to the indefinite future, for it has already begun as the dispute about the bottom of the sea and the seashores shows. There is no satisfactory settlement in sight in respect of these questions unless the Georgist viewpoint is accepted as principle.

The United Nations, I admit, are at present a sorry show and not an attractive institution, but they are a platform of general interest and if financially strengthened by the application of Georgist principles they might become the nucleus of world government. It is true that the great powers owning the largest part of the globe would have to give up part of their imperial position, but a commonwealth of nations can never exist as long as its sovereign authority is not established.

I hope that Georgists will realise that theirs is not only a nationwide but an international axiom, far away though this day may seem to some of us. The great differences of opportunity nature offers - barren, icy mountains and fertile blossoming valleys and plains - cannot even out by themselves as Mr. Emslie hopes, they must be evened out via land-value taxation.



## IS CANBERRA IN CRISIS ?

By LIONEL BOORMAN (Eastwood, N.S.W. Australia)

(In IUN No. 15 appeared a review of a book, Canberra in Crisis, which reported that Canberra, the capital district of Australia, has abolished its system of leasing land from the government and has converted to freehold - a development deplored by many. - Ed)

As Georgists we should not shed too many tears over changes which have taken place in the leasehold system as it applied to Canberra. For many years Georgists have erroneously held Canberra up as an example of the application of Georgist principles.

I would never be critical of a universal leasehold system - a system in which all land is owned by the State and leased in perpetuity at the best rental obtainable with re-appraisals at short regular intervals and by virtue of which taxation can be abolished.

To my knowledge no one has ever followed through and examined the effects of a universal leasehold system when applied to a whole state or to a large commercial or industrial city. The Australian example has been Canberra, no bigger than a large town, the seat of Government, but with almost a total absence of industry except to serve the needs of the local population.

There thus being very little "produit net" or surplus product generated within the area of the Canberra leasehold system it follows that the economic rent content of the total rentals collected is very small. This results in the greatest portion of the total rental being in fact a tax on wages and pensions.

Some of the facts about the Canberra leasehold system are that the citizens of Canberra have not received any relief from taxation whatsoever notwithstanding that they are paying rental plus rates. The land is only released in subdivision in order to relieve a shortage of sites and therefore there is no land which can be used without the payment of rental. I purposely avoid the use of the word "margin", which relates to production, and in Canberra a rental is payable for homesites on which there is no production. It is claimed that land is cheaper to obtain the use of in Canberra than elsewhere because of the leasehold system. In my opinion land is cheaper in Canberra than in Sydney or Melbourne because it is released more efficiently. If the authorities were to cease creating new subdivisions in Canberra and the population continued to increase, the premium for leasehold homesites (not shop and commercial sites) would skyrocket notwithstanding an increase in rental.

It would be well worthwhile for the Georgist movement to examine a universal leasehold system as it would apply to a whole state or country or even a large commercial and industrial city such as Sydney, Melbourne or New York where there are large accumulations of economic rent - where there is a surplus product. I am strongly of the opinion that under such conditions the rental paid by the holders of the great commercial and industrial sites would be economic rent and that most homesites would have no price and pay no rent.

## WHY ARE WE NOT SUCCEEDING?

By E.P. MIDDLETON (Norfolk Island, Australia)

The editorial "I-YOU Chat" together with the contribution by S. Gilchrist of Sydney in IUN No. 14 impel me to offer the following comment in the hope of assisting the process of arriving at the cause of the Georgist movement's lack of success which is rightly deplored.

No better illustration of the reason for this regrettable state of affairs is required than the very substance of Mr. Gilchrist's assertions of the alleged success of land value taxation in Australia; for these assertions spring from a misconception of the nature of economic rent.

Let us examine the paragraph headed "LVT Has Not Failed." Mr. Gilchrist makes the assertion that "some 25 per cent of the site value is collected." Without disputing the percentage (which for this purpose is irrelevant), it is important to ask what he means by the "site rent." If, as I suspect, the term is his own synonym for "economic rent," I unhesitatingly refute his allegation, for "LVT" as applied in Australia, is levied on all land subject to local government control, a very large proportion of which comprises private homes in which no form of production takes place and from which, therefore, no economic rent arises. If, on the other hand, Mr. Gilchrist is not concerned, as I also suspect, with the collection of the economic rent but only with a "site rent" based on land values which are the direct result of the failure of government to collect the economic rent (the surplus product) and the permitted withholding of sites from the market, this is an entirely different matter and not the true revenue with which this movement ought to be concerned.

The point I make here is, I submit, of fundamental importance to this movement: We have for more than seventy years since George's death, been following a false trail, the path of "LVT". It has been all too easy to plod along mouthing a formula and living in a fantasy world in which, as stated in the I-You Chat - "we are right and they are wrong" - and making no real attempt to create a dialogue with "them" or to understand "their" inability to comprehend our formula.

I need do no more, I think, than quote Mr. Gilchrist's own words to demonstrate the chaos in which so many Georgists are floundering: "As for the various proposals to substitute some other term for 'land value taxation' - what does it matter what it is called so long as it is collected - rent, rental, economic rent, land tax, site tax, duty, or a rose by any other name?" Until Georgists are willing to go back to the task of applying critical analysis to what George wrote, instead of repeating half-understood slogans, this movement will continue to have no effective impact.

We may feel that we do possess the key to economic truth, but let us be willing to prove it on demand; which we cannot do as long as the kind of complacency and defeatism evident in the two contributions to IUN to which I have referred dominate our attitude to world problems.