

AN I-YOU CHAT

The United Nations has been a disappointment to nearly everybody, I suppose. There is virtually no international conflict it has been able to mitigate or moderate. National interests dominate and each nation uses the UN as a soap-box for its propaganda. Yet it has endured for more than a quarter-century and still seems to serve a purpose as a world forum.

There is another aspect of the UN, less noticed and secondary, but deserving of more attention - and that is the research it does and the reports it issues on world problems, many of them economic. Two such reports were issued recently, one on rural and one on urban problems.

One was a report of a committee on agrarian reform of the UN Food and Agricultural Organization. This committee, headed by Dr. Lleras Estrepo, former president of Colombia, stated that the "green revolution" which has greatly increased farm productivity in many countries has not improved the lot of rural workers but "on the contrary, frequently makes it worse." This increase in productivity, the committee contended, "is not a substitute for agrarian reform." Distribution of the increased product remains a problem. Landlords have squeezed peasants and evicted them, "lured by the prospect of gaining higher net profits with the new patterns of production." The committee called for land reform as a necessary complement to the "green revolution."

The other report was issued by the Committee on Housing, Building and Planning of the UN Economic and Social Council. This committee launched a global study over several years on urban land-use problems. After reviewing urban problems that have arisen in recent years, the Committee offered its recommendations and conclusions. First among them was that "nations should treat urban land as a natural resource...as a trust whose enjoyment could be ceded to individuals or corporate groups on a conditional basis equivalent to a long-term lease... To society belonged the right to determine the use of land and enjoy the benefits which accrued from changes in kind and intensity of land use. The right of using land should be made available to all citizens... and that right should be fully negotiable and treated subject to the conditions of the trust."

It is interesting that these two reports point so clearly toward the Georgist philosophy. Although they stop short of the specific measures we propose, these could be added with no difficulty. Is it possible that we have come further than we realise and that we have friends and colleagues in high places? It is heartening to think so - and yet there are strong forces arrayed against us, too - and we have much further to go and much more to do.

Robert Clancy
Editor

ARTHUR W. ROEBUCK

On November 17, 1971, Arthur Wentworth Roebuck of Toronto died at the age of 93. He had been a member of the Canadian Senate for many years. A devoted Georgist, he was Vice-President of the International Union for Land-Value Taxation and Free Trade.

Newspapers carried leading articles on the Senator's passing, and tributes far and wide were paid to him. He was lauded for his work in modernising Canada's divorce laws, and among his final tasks was legislation that outlawed racist propaganda.

Before being Senator, Roebuck served in the House of Commons and also in the Liberal government's cabinet. He was dismissed because he opposed the government's use of force against striking workers. He was responsible for the Industrial Standards Act and was active in promoting court reform. Working right to the end, he said, "I've been a reformer all my life. I still am."

A lifelong Georgist, Senator Roebuck was editor of a single tax paper as early as 1900. He was a founder of the Single Tax Association, later was a member of the Henry George Foundation of Canada and was on the governing committee of the School of Economic Science.

The following memorandum on Senator Roebuck was sent by his nephew, Mr. S.R.Walkinshaw:

"One of my early memories concerns a meeting of Georgists in Toronto at which my late uncle was the speaker. It was he who introduced me to Progress and Poverty. I shall always remember him as an uncompromising free trader and eloquent advocate of the Henry George School of economics.

"His career covered such fields as journalism, law and politics. He was successful in all. As a public servant he was twice elected to the Ontario Legislature and held the portfolios of Attorney-General, Minister of Labour and Ontario Hydro Commissioner. He was elected to the Government of Canada in 1940 and moved from there to the Senate of Canada in 1945. He served in this body with great distinction until his death. He will best be remembered for his concern for human rights and as a defender of the underdog.

"The Henry George movement has lost one of its most loyal supporters in his death and the movement will be poorer for his passing."

Other recent deaths of IU members include the following: H. BRONSON COWAN of Ottawa, Canada, who had authored a pictorial study of land-value taxation in Australia and other countries; PHILIP CORNICK of Yonkers, N.Y., U.S.A., a Director of the Robert Schalkenbach Foundation and expert on municipal affairs; MRS. A. ELLIS of Kimba, South Australia, member of the Henry George League of South Australia; and MRS. ETHEL L. STANNARD of Columbia, Conn., U.S.A., who had written numerous letters, articles and pamphlets on the Georgist philosophy; and FREDERICK DYER whom many will remember from the last conference, and whose contribution appears on page 5.

LAND - VALUE TAXATION IN FRANCE

By PAVLOS GIANNELIAS (Lyon, France)

Anyone interested in the ideas of Henry George will be glad to hear that in the French Parliament the ex-President Edgar Faure proposed a declared land-value tax. This comes at a time when the government asserts that it wants to avoid all that would discourage investments and profit and when economic policy requires that capital be put to work freely to build up industry.

Henry George showed that the best way to stimulate the production of wealth is to abolish all taxation save that upon land values. Tax manufactures, he said, and the effect is to lessen improvement; tax commerce and the effect is to prevent exchange; tax capital and the effect is to drive it away. But the whole value of land may be taken in taxation, and the only effect will be to stimulate industry, to open new opportunities to capital and to increase the production of wealth.

One would suppose that the French government, in view of its stated policy to encourage industry, would praise Mr. Faure's proposed declared land-value tax. But instead, the present President, Georges Pompidou, laughed at it in a press conference and said: "I have no spirit fast enough to follow Mr. Faure; I try constantly to overtake him but succeed very seldom."

It is sad that in the native country of Quesnay, Turgot and Mirabeau, who demonstrated that the only tax that decreases the price of land and labor products is a single tax on land, this idea is so neglected, or at best misused to hide unjust privileges.

DEVELOPMENT OF LAND RIGHTS IN GERMANY

Gustav Bohnsack of Hanover, W. Germany, submitted a paper for the 13th International Congress of Surveyors, 1971, at Wiesbaden, Germany. Entitling his paper "Thoughts on Future Development of Land Rights in the Federal Republic of Germany (Zukunftsvisionen des Bodenrechts in der BRD)", his proposals are summarized in the proceedings of the Congress. After outlining the problem of the restriction of building sites due to the high price of land, Mr. Bohnsack proceeds:

"The following control elements are suggested:

A land-value taxation to replace the present real property taxation without changing the overall tax revenue.

This land-value tax to be levied on the land only, while buildings or other structures and improvements, i.e. investments made by the owner, are untaxed.

Land-value tax to be levied on the basis of the actual market value, which is to be determined by assessments made by the owners themselves every 2 to 5 years and is subject to verification.

Publication of the tax value of real estate together with approximate average values.

Land-value taxation prevents hoarding of real estate and ensures the best possible urban planning. The direct result of such a taxation will be a drop of real estate prices in the case of sales and, in addition, an increase in the supply of building sites. It guarantees low real estate prices at the time of a first use for urban planning and prevents unproportionate price increases later on. It favours wide-spread general ownership and use of real estate and safeguards the rights of private property in the terms of the Basic Law."

THE CAUSE OF INFLATION

By S. SEVENSTER (Bennekom, Netherlands)

On a trip to London I visited the headquarters of the IULVTFT and discussed with Mr. V.H. Blundell our respective views on inflation. He does not agree with my views, which follow those of Knud Tholstrup (in his pamphlet "Why Put Up With Inflation?"); we say that more money in land values means more inflation. Mr. Blundell's analysis of inflation is that governments are short of money so they print more paper money than is real in connection with the goods and services of the economy. According to this view, inflation is lifted out of the whole of economics.

My idea is that in economics all items are related, so it is our duty to find out how the private collection of the rent of land relates to the cause of inflation. I may be wrong, but until someone can refute my view and give a comprehensive explanation of inflation, I will stick to it.

I have issued a pamphlet in which I place side by side the following observations (making use of a comment on President Nixon's speech on protection in the liberal weekly, Free Netherlands):

From Free Netherlands:

"At the sacrifice of the most disadvantaged people in society, Nixon is proceeding with a doubtful policy. The only thing to his credit is that the western economists do not have a good solution for the problems the American economy is struggling with. Perhaps therefore the modifying of economic science must be tackled seriously."

Things the economists do not know

Healthy economy

Rent of land in town and country (goods and services) intended for the community as social wages, instead of taxes.
 No inflation.
 No unemployment.
 No speculation in land values.
 Justice, Freedom and Peace.

Sick economy

The money value of land is 20 to 50 times the rent. The 19/20ths to 49/50ths of this value are not goods or services, and this is the cause of inflation. Wrongful private collection of rent leads to inflation, unemployment and war.

The rent of land is real, but the price of land is not real, as it does not represent real goods and services. It is this price governments are making bank notes for, though they are not backed up by goods and services.

REPLY TO MR. SEVENSTER BY V. H. BLUNDELL

I am afraid I cannot altogether understand what Mr. Sevenster is saying, particularly when he speaks of the money value of land being 20 to 50 times the rent. He seems to suggest that where land values increase beyond their true production value, then this speculative value not being backed by goods is somehow inflationary. This in turn would suggest that additional paper money is put into circulation in order to make up the difference between true land value and speculative land value. Alternatively, that somehow speculative land values cause this money to come into circulation. I would maintain that there is no such connection between land values, speculative or not, and inflation.

Where production takes place on a piece of land, rent represents a share of the wealth produced. If the rent is a speculative rent, and thus takes more than is due, then this can only be at the expense of the returns to labour and capital. This may put up the cost of living to the producers but it lowers it for the land-owner. There is no inflation here. Where land is sold at a price which includes the speculative element, there is again a mere transfer of wealth from A to B, and whether this amount is high or low, justified or unjustified, it has nothing to do with inflation.

Perhaps Mr. Sevenster could explain the practical process whereby governments are making bank notes in order to support speculative land prices. There is no evidence whatsoever that governments specifically issue money for this purpose or that they are somehow obliged to. Certainly Mr. Sevenster offers none. Speculative land values are only evidence of the power to take goods and services that are already produced if and when the land is sold. If speculative land values are "unreal" then so are all values arising from obligation - but this has nothing to do with inflation.

RICHARD COBDEN ON LAND REFORM

When land laws were passed in England, benefiting the landlord, Richard Cobden said: "I am bound to exclaim that it exhibits an instance of selfish legislation second only in audacity to the corn law and provisions monopolies. It is a war on the pockets that is being carried on and I hope to see societies formed calling upon legislation to revalue the land and put a taxation on it in proportion to the wants of the state. I hope the agitation will go on collaterally with the agitation for the total and immediate repeal of the corn laws. I shall contribute my mite for the purpose. There must be a total abolition of all taxes upon food and we should raise at least £20,000,000 upon the land." This was said in 1845.

Cobden's last speech was made at Rochdale on November 23, 1864. There he said: "If I were five and twenty or thirty instead of unhappily twice that number of years, I would take Adam Smith in hand and have a league for free trade in land just as we had a league for free trade in corn - and if you can apply free trade in land and to labour too - that is, by getting rid of those abominable restrictions in your parish settlements and the like - then I say the men who do that will have done for England probably more than we have been able to do by making free trade in corn."

- Contributed by FREDERICK DYER (Gunnislake,
(Cornwall, England)

THE SECRET OF HENRY GEORGE

By MARY HUTCHINSON (Glen Iris,
Victoria, Australia)

David Chester of Tel Aviv (IUN No. 16) has expressed my outlook exactly. I agree with him that so often we are preaching the message of Henry George and leaving out a very important part of it. Our Humanist friends may disagree with me, but I believe that the secret of George's greatness was his background and general cast of mind, which was deeply religious. This was the mainspring of his outlook and sustained him through many trials and disappointments.

I regard my social reform work as flowing from my outlook as Christian and obtaining its dynamic from that. We are told to "love God and neighbour." While not covering it all, Georgism is a very important way of doing this. George's Social Problems is full of the spirit Mr. Chester finds in his reading of the unabridged Progress and Poverty. May I quote a key paragraph from Social Problems:

"The intelligence required for the solving of social problems is not a mere thing of the intellect. It must be animated with the religious sentiment and warm with sympathy for human suffering. It must stretch beyond self-interest, whether it be of the few or of the many. It must seek justice."

I believe that people today are disillusioned with "19th century utopianism." That is, the idea that any "outward" social system, however good, will by itself bring the perfect good life for all. People are inclined to dismiss the Georgist philosophy as just one more utopian scheme. I believe this is one reason for our lack of progress.

But I believe the other chief reason for our slow progress is just plain selfishness. If people were really motivated by a desire to help their brother they would be more amenable to our reform. So I believe we need deliverance from selfishness - and we can only do this on a religious basis.

AN UNCOUNTED BAND

By ERNEST BRYAN (Aldergrove, B.C.,
Canada)

We like to enumerate our friends, and if they have increased in number there is cause for satisfaction, for no matter how concerned we are with the material things of life, when we come to absolute values at critical times, such as when we stand faced with death, there is really only one thing that buoys us up to face the unknown and that is the thought that we are not alone.

I like to have the feeling of being a member of an uncounted band who are bound by an intellectual tie. I believe that I have friends in all parts of the world. Their existence assures me that my disagreement with popular opinion is not because of some defect in rationalisation within myself, but that it is likely to be founded on a logical basis.

Were I alone in the world in the beliefs I hold, I should not for that reason discard them, but the comfort of fellowship certainly lends strength to carry on effectively.

A FAIRY TALE FOR 1972

(On New Year's Eve, CEES GRIFFIOEN, Dutch publicist, appeared on a TV show viewed throughout Netherlands. He presented the following talk - translated by J.J.Pot.)

Last night, after I wrote my last New Year's greeting, suddenly I heard an ironic laugh. Seated next to me was an old bent man, Mr. Old Year. "Hello, 1971," said I, "why do you laugh at me?" "Because of these New Year's greetings," he said. "A silly joke. You should not wish for a Happy New Year, you should choose it. Else you may perhaps get some happiness, but surely a heap of misery. Shall I show you a little of your 'Happy New Year'?"

And on my TV appeared a fast stream of newsreels of 1972: higher prices, higher wages, higher taxes, more unemployment, more bankruptcy, more pollution - and 100,000 people still waiting for decent housing. Furiously I cried, "1971! Is that our happy 1972?" He looked at me ironically. "Yes, for some people indeed. For others not. One man's meat is another man's poison." "Then, you bad old man, what have you to say about 'meat' for 1972?" 1971 looked at me sympathetically but slyly: "This is the best, safest and most profitable way: buy, if you can, land. And wait. Do nothing, just wait. The longer you wait, the higher your profit. And tax free! For the time will come when your fellow man will need that land and then you can ask gold for every inch. That, then, will be your Happy New Year. Of course not for those people who build their houses on your land. They will have to work all their lives to pay you your profit. One man's meat, another's poison."

"But Mr. 1971," I cried, "Almost none of us can buy land. This is crazy, unjust, infamous!" The old voice trembled: "Sure it is crazy, unjust, infamous. But if you want it otherwise you can choose something else." "But what?" I cried despairingly. "Well, have another look at your TV," he said.

And now I saw a fine town and heard a speaker say, "Almost every one in this town has a house of his own without a mortgage. Unemployment and poverty are unknown. Gas, light, water, education and health services are free. Handicapped and aged persons have generous pensions, students receive an income. Food is cheap, there is no sales tax nor income tax." "Stop with that nonsense!" I roared. "That is a fairy tale - or else that town has command over an inexhaustible resource." "Indeed that is so," said the old man, "but not by chance. The resource of that town is the land on which the people live and work. The rent of that land belongs to the town, that is, to all the people. Land speculation, a detriment to society, is impossible. You could make it the same way, not by wishing happiness but by choosing it. Happy New Year!" And with that he disappeared. "I will choose," I called after him. "Do it together," I heard from a distance...

(Mr. Griffioen is a founder of the Land Charter Foundation (Stichting Grondvest) in Amsterdam. The Foundation will assist young scientists, economists and others to study the principles brought out in the above TV talk. For information about this work, write to Stichting Grondvest, P.O. Box 6254, Amsterdam, Netherlands.)

Our International Union says it favours "the raising of public revenues by taxes and rates upon the value of land apart from improvements in order to secure the economic rent for the community."

However, I see the selling price of land as useless for a tax reform that should transfer the land values to the community. Therefore I propose to stop the selling price of land in the owner's possession on the basis of the value already established. This value should, every five years, be reduced from the owner's possession with one of ten equal parts taxed, after an initial five per cent. Rising land values above this level should not be for sale but should be automatically secured for the community by an annual collection of its use value. If this reform were started it would immediately stop land speculation. The millions now collected as rent privately which as purchasing power throw the money and trade market out of balance, will also stop. Then trade will be a natural exchange of earned capital, and service nationally and internationally will be balanced. That will give the solution to the world trade "deficit" which experts are pondering in vain.

(See also Mr. Hansen's explanations in IUN Nos. 15 and 16.)

CORRESPONDENCE: OLE WANG (Norway) and GUSTAV FISCHER PUBLISHERS (W.GERMANY)

From Wang to Fischer:

It seems strange to me that in your Dictionary of the Social Sciences I could find no article on the American economist Henry George (1839-1897) and I take the liberty of asking whether this is pure forgetfulness or whether he was not considered sufficiently important to be worth mentioning.

From Fischer to Wang:

Thank you for your kind letter of July 30. There is indeed no special biographical article on Henry George in the Dictionary because biography was deliberately shortened due to excess of material. However, a basic explanation of Henry George's thoughts appear in Volume 2 on page 336 in the article on land reform (Bodenreform).

From Wang to Fischer:

I am glad to see from your kind letter of August 4 that it is not due to underestimation that your Dictionary contains no specific article on Henry George. I would like to mention that the American Encyclopedia of the Social Sciences contains an exhaustive article on George. The famous American philosopher John Dewey, co-editor of the Encyclopedia, says elsewhere: "Henry George is one of the great names among the world's social philosophers." The article on Franz Oppenheimer in your Dictionary is very interesting. It is said that the originator of your "German Miracle", Professor Ludwig Erhard, was a student of Oppenheimer's (who was in turn an admirer of Henry George). Perhaps your current Chancellor could start the development into a "World Miracle"?

(Translated by Eugen H. Michaels)

IS MONEY BASIC?

By WILLIAM J. HARRINGTON (Madison, Wisc., U.S.A.)

It has been said that money is basic. A few moments' thought will show that it is quite superficial. One should see that it is not an economic element, or factor, as commonly considered.

We will begin with the view that the reader of these lines already knows of money as a universal abstraction with the sole purpose, in its use, of the acquisition of the wealth of others. This presupposes the antecedent production of wealth, and its distribution, as taking priority. Following distribution of wealth as an economic process we find true exchange, or barter, taking precedence over the use-of-money which is used only in the redistribution of wealth, not as an economic process but as a contractual situation occurring between individuals. This relegates the use-of-money to a solely philosophic process in the consumption of wealth. Thus, in the use-of-money as a great convenience in the acquisition of wealth the laws of philosophy must apply with increasing complexity, to the exclusion of economic law. The vagaries of human emotion add to the confusion throughout, suggesting that the more clear the understanding of money and the more dependable its origin, the less confusing will be its use.

The perpetuation of the false notion of money as a tangible substance has proved disastrous on many occasions. Attempts to make it appear as basic and economic in nature will only lead to future disasters. While it has been shown that money is superficial in its relation to fundamentals, it can also be shown that as a human contrivance it has many inherent human weaknesses. E.g., money is a natural universal concept that is part of human nature, in which the human contrivance for its use is commonly considered as money itself, which is false. It is difficult today to separate money in one's mind from the mechanism of its use, the monetary system. No part of the monetary system is money, but the system is essential to the use-of-money. Without it money cannot be used.

Further complications in the use-of-money through a monetary system tend to further weaken any claims to the basic nature of money. In the beginning it is a human fallible decision that makes an arbitrary choice of a standard. This is also true of a standard unit of measurement. If this were not enough we have added all the human variables in the choosing and making of a currency as presumptive evidence of money. Any part of the monetary system can be readily changed almost at the whim of a demagogue. Parts may be removed, making it non-functional in relation to money. The situation lends itself to prolonged periods of the use of a mere facsimile of a monetary system for the acquisition of large amounts of the total wealth of a country. The annual destruction of sixty or more monetary systems over the world supports this contention.

While money is important as a universal abstraction, and in its use is a great convenience, we must not allow ourselves to be led into a quagmire of confusing terminology the purpose of which is to lead the unsuspecting to give up their wealth for false evidence of money.

NEW APPROACHES NEEDED

By H. T. A. McGAHAN (Matamata, New Zealand)

Unfortunately, there has been too much of the closed mind in our movement. Had more sympathetic treatment been accorded men like Beckwith, Jorgensen, Cullman, Wilcox, to name a few, when they tried to break fresh ground forty years ago we would not be experiencing barren discussions on Rent. Concentrate on the every-day problems of government. Never cease working out how the single tax would operate in practice, how it could be introduced with the least disturbance to existing interests, broaden our knowledge of men who have tried to reform the world and find out why they failed. Get away from Henry George.

Not that there isn't much to be learned from George. I never cease being amazed at the grasp he had of the problems of government and the modern approach he made to them. But most "Georgists" (a hateful word to me) having never read anything except Progress and Poverty are unaware of the good stuff to be found in his lectures, speeches and writings in The Standard. We have had too much idolatry of George and not enough effort to learn from other men.

Idolatry leads to superstition just as much in politics as in religion. Idolise a man and you accept and are responsible for his mistakes as well as the truth he preaches. Turgot, the only single taxer to get his hands on power, never joined the Physiocrats because of his distrust of "sects." George himself would have rejected the suggestion that any one should call himself a "Georgist."

Let us use the IU NEWSLETTER as an outlet for those with a new approach to our problems. There is need for new thinking. At a time when the world needs our remedy for its ills, for all practical purposes we are dead from the ears up. All legislation introduced since we got the first small installment of the single tax (in Australia and New Zealand) has been in the other direction. Nevertheless I would not agree that land-value taxation has been a failure. On the contrary it has been successful to the small extent that it has been used. When the land tax was introduced in the nineties of the last century it was at the rate of a penny in the pound - the first step. In the minds of single taxers, if not in the government's, another penny would have been the next step with a corresponding reduction in commodity taxation, probably customs. But the second step was never taken. Our taxation policy since has been away from the single tax.

In the meantime the taxation policy has created vested interests that will fight vigorously against a more scientific system. Our task is to work out how the transfer from the present unbusiness-like system to a single tax system can be made with the least disturbance. Discussions on Rent are of little help to us. Let us use the NEWSLETTER for discussing ways and means of introducing the single tax system, an objective that will tax our talents to the utmost.