

Lafayette College Winners

SIX students of Lafayette College shared in the prizes offered by the John and Emma Allen Foundation for essays based on the subject "Economic Rent." Professor Frank R. Hunt, of the Department of Economics, has made the winning essay available to the editors of *LAND AND FREEDOM* for comment.

Certain interesting conclusions can be drawn from our observations of the students' work.

1. Not one of the contestants accepted land value taxation as a complete answer, fiscally or morally, to our economic situation.

2. Only the two young men who shared the first prize seemed to have convictions of their own. The other contestants tended to fall back upon the authors of their texts for the pros and cons of their arguments.

3. One student said, "The present excess profits tax on corporations does take economic rent more so than any other one" and . . . "the graduated income tax probably appropriates economic rent better than any other tax on individuals can do." Another student said, "Do away with economic rent, and peace will be more enduring." (!) A third student would take no stand on the issue.

4. Only three students listed George's "Progress and Poverty" in their bibliography, although it is apparent that all of them read some land value tax literature. It is apparent that Prof. Harry Gunnison Brown's works are used extensively at Lafayette College.

5. None of the students recognized the factor of rising wages and interest in an economy where the annual value of land redounds to Society in the utilization of social rent for government services.

6. The most exhaustive preparation was submitted by Robert Henry Yahraes, who prefaced his analysis of the assigned subject with a clear-cut condensation of economic viewpoint prior to George. We append below some concluding remarks by this writer:

MR. YAHRAES' CONCLUSIONS

The very arguments which Seligman and others have used against the single tax of Henry George pave the way for a revised evaluation, and raise the curtain upon a new concept of taxation which answers all objections, and yet bears the

brand of George and every other single tax advocate. And this revised theory of single taxation is moreover, the keystone, the thesis, of our discussion in this paper.

Harold S. Buttenheim sums up the facts admirably in his article, "If Henry George Were Writing Today," which appears in the February, 1935, issue of *The Journal of Land and Public Utility Economics*. Buttenheim points out that George's era was one of rapid expansion in the use of land, and that therefore much of the economic evil of the day lay in the increasing economic rent of land. . . . The population curve is flattening out. Buttenheim insists that if George were writing on the economic situation of today, he would modify and change some of his premises.

Henry George wanted a tax on unearned increment, one which was socially just, one which could not be shifted, one which would not hinder progress or restrict production. Seligman argued for a tax with an adequate base and sufficient flexibility. We can combine and satisfy all these demands by modifying our single tax to include economic rent, excessive income, and inheritance. Seligman might immediately object that this would not be a single tax, but we answer that it is still essentially the single tax of Henry George; there has been no change in kind, only in degree.

A PLEA FOR THREE BASES

In other words, every argument which George used in favor of a tax on economic rent can be applied to our two additional bases. Therefore, we have not changed the views of the single taxers in the slightest; we have merely looked around and discovered two additional bases which are entirely similar to economic rent. Let us look at them more closely in order to make our contention perfectly clear.

Our income tax would start at a fairly high level and be steeply graduated. It would fix a maximum of say fifty or a hundred thousand dollars annual income. We agree with Buttenheim that such a system would not discourage initiative appreciably. As he says, "Suppose that the normal minimum wages of able-bodied or able-brained American adults were to range from three thousand to five thousand dollars a year—and even assume, if you will, that this would in-

volve the inability of other American adults, whether working or loafing, to collect and retain more than thirty thousand to fifty thousand dollars a year. Would not this income spread be sufficient incentive for all the initiative and enterprise which our twentieth century civilization requires?"

Even a maximum of fifty thousand dollars a year would be more than fifteen times the salary of the average worker. Remember, too, that there would be no other taxes to cut down spending power. Likewise, a substantial tax on inheritance would not dim initiative, and would tend to eliminate the huge handicaps that exist in our economic set-up today.

We contend that it would. Inheritance is certainly enough unearned wealth. What about high incomes? If we take the view that any income over a certain high amount depends for the most part upon society, which in most cases it does, it is socially justifiable to tax away unearned surpluses. One would be hard put to find the man who is worth a hundred thousand dollars annually without the presence of society.

Nor can either of these bases be shifted appreciably. An inheritance tax certainly cannot, and the man who tries to shift his income tax onto the price of the product he sells will find that his sales are declining, or that his income is increasing, which means an even larger tax.

Seligman can find little to object to, because we now have a sufficient tax base, taxes do not rest entirely on the land-owner, and our system, with its inclusion of a graduated income tax, is highly flexible. Single taxers cannot object, because the tax on economic rent is an integral part of the plan, and the other two taxes are based upon the qualifications of Henry George and every other single tax advocate.

The fundamental point is that under our revised single tax plan, the basic doctrine of Henry George holds true, and more and more are economists coming to agree with him. For example, Robert Pettengill, reviewing the California tax plan of 1938, says, "The probable gains from more extensive land-value taxation make it desirable. . . ." He points out, however, that careful legislation is a prerequisite, and intelligent governmental control essential.

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Robert Schalkenbach Foundation

By V. G. PETERSON, *Executive Secretary*

"We ought to do something about the Army and Navy." Our visitor, a gray-haired little lady, was full of gentle reproach at our apparent neglect of the boys in uniform. The fact is, as we explained to our visitor, they are one of our chief concerns.

Early last year we offered books to camp libraries, but were rejected. Later, when the Victory Book Campaign was launched, the ban on serious books relaxed and one hundred copies of "Progress and Poverty" were accepted.

Further sleuthing has revealed that pamphlets meeting government requirements can be circulated through the USO. One organization has printed two hundred thousand pieces for this purpose. Not to be outdistanced in this race to the soldier's heart, we are preparing a pamphlet which we hope will prove acceptable for similar large-scale distribution.

Uncle Sam has become the nation's largest publisher. Popular books, fiction, non-fiction and some of the classics are being printed by the hundreds of thousands and will be spread through every branch of the service. Will "Progress and Poverty" be included? We have petitioned the Committee on Selection and await their decision as we go to press.

Our shipping clerk says he has lost ten pounds this winter and is casting sly hints about a raise. More than a thousand orders for "Progress and Poverty" alone,

have come in as a result of our newspaper advertising. Add two thousand copies of "Economics Simplified," a thousand "More Progress and Less Poverty" and five thousand miscellaneous books, and you will see what has made our clerk grow slimmer.

Welcome visitors this spring were Judge and Mrs. John Fuchs of New Braunfels, Texas. The Judge, a tall, broad-shouldered Texan, has been a Georgeist for twenty years. The journey north was made to give Mrs. Fuchs her first glimpse of New York and to find publishers for two books the Judge has written. A small group, including trustees of the Foundation of the Henry George School and Associate Editor, William Newcomb, of *LAND AND FREEDOM*, entertained the Judge at luncheon.

Sylvanus A. Stockwell, honored member of the Old Guard, will rise no more to plead for freedom. He died on April 17, at the age of eighty-six. Born of New England pioneers, he devoted his life to supporting Indian relief, the Negro cause, public ownership, various farm and labor movements, Henry George, the initiative and referendum, American Civil Liberties Union, and defense of Political Prisoners. He entered the Minnesota House of Representatives in 1891 and served in both chambers almost continuously until 1939. We mourn the loss of this kindly and distinguished man and extend our sympathies to the bereaved family.

Correspondence

EDITORS, *LAND AND FREEDOM*:

In your January-February issue, Benjamin C. Marsh makes a plea for the management of agriculture by government, but to my mind, nothing could be greater folly or more at variance with George's philosophy of freedom. That much of our agriculture is inefficient and wasteful is obvious, but it is far less open to condemnation on that score than the operations of government. Would control by political bureaucracies bring any improvement?

Is there any reason to suppose that officeholders are superior to our farmers in wisdom or judgment? Can they direct farm operations any better than those directly concerned with getting results, and conversant with local conditions and needs? The writer has had long years of contact with agricultural problems and has also been in close touch with political affairs. He has lived all his life in the Capital City of our greatest state, has had the contacts with political administrations which newspaper work brings, and has spent years in the state service. Leave farming to farmers and recall Jefferson's warning: "Were we directed from Washington when to sow and when to reap, we should soon want bread."

Are we to be blind to the obvious fact that no small part of the food problem of today is the direct result of the disastrous AAA experiment—the "farming for famine," the plowing under of crops, and the slaughtering of young livestock? It is high time to reverse the trend, and to end subsidies and controls which hold back production, and which have already prostituted the farm bureaus to political ends.

With the ever-growing drift to the expansion and centralization of the powers of the state we are fast going the way of the totalitarianism which we profess to fight, and it is high time to call a halt. It must be conceded that in a time like the present crisis we cannot well be over-insistent on every petty right, but this is no reason for sacrificing our liberties in ways which spell disaster to our economic life. A legion of keen thinkers have sounded repeated warnings of the imperative call to control our own governments, which may easily become agencies of oppression rather than of protection. Put your faith in natural law and in liberty, as George taught, "oh ye of little faith."

GILBERT M. TUCKER.

Lafayette College Winners

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Our answer to the problem, then, is acceptance of the single tax theory of Henry George with modifications to fit the modern economic scheme and to provide as economically sound a measure as possible.

The college and its president, William Lewis, are to be commended for their support of the contest. Professor Frank R. Hunt, representing the Department of Economics, deserves special mention for his counsel to the students in the face of interruptions occasioned by the war. Four of the prize winners are now in the service.

H. Norman Markland

The Montreal Georgeist movement has sustained a severe loss in the death of Mr. H. Norman Markland, who died on April 16th, at the early age of 45. Mr. Markland was born and educated in England, and had been connected with the firm of J. & P. Coats Co., in England, Switzerland and Belgium. He came to Canada in 1936 as Canadian plant manager of the Canadian Spool Cotton Co. He joined a study group in Montreal, was sold on the Georgeist philosophy, and became a voluntary teacher and led groups from season to season. His groups were popular, his enthusiasm and earnestness contagious. He will be sorely missed.