

increasing, and in exchange receive from others such of the products of labor for which they have need. However desirable the processes of exchange of wealth may be, however fortunate for a people to possess within their boundaries, the blessings of natural resources, what does it profit them if they be subject to unfair and disadvantageous exploitation by others? Evidently there are places where people not only know how to end an impasse, but definitely do so on an equitable basis.

There may even be some Georgeists who will disapprove the dispositions of these oil lands. They should not, however, fail to appreciate that the prime factor to consider, is, who will benefit? If the question is moot or debatable, it may be difficult to satisfactorily convince either side. Nothing is debatable in the science of economics! One needs only to state the facts, for their acceptance by an open mind! Can there be any question as to the rights of the community to benefit from the presence of oil, or air, or sunshine?

Patrick Webb, Minister of Mines for the Dominion of New Zealand deserves great credit for the *equitable* disposition of an important question.

## Public Hearing For Graded Tax Plan

A LOCAL law to amend the Administrative Code of the New York City Charter was introduced by Charles Belous and Hugh Quinn, Councilmen from Queens County. The bill would impose "90 per cent of the total amount to be raised by taxation upon real estate to be raised by the tax on land values, and the remaining 10 per cent to be raised by the tax on improvements." The bill would also change the phraseology in the existing tax law, whereby the words "valuation of real estate" now appearing, would be made to read "valuations of land area and of the improvements thereon." It may be well to explain, that while the land and the improvements thereon are listed separately on the tax books of the City of New York, they are treated under the general terms, real estate, as the law now stands.

The City Council's finance committee granted the proponents a public hearing on April 20, 1939, and decided that forty-five minutes would be all the time the committee could spare for entertaining the opinions of those who favored the legislation. Of course, such a short period was insufficient to cover the ground necessary to convince the committee that the measure had merit.

In behalf of the idea appeared William J. Schieffelin of the Citizens Union, who warmly urged its adoption. He was liberally interrupted by Joseph E. Kinsley, Chairman of the Committee. Other speakers in favor of the measure were, Vincent McLean of the Central Queens Allied Civic Council, a private body of civic minded local

taxpayers; Andrew J. Wright of the Metropolitan Taxpayers of Ridgewood, Walter Fairchild of Sunnyside, Walter Carmak of Maspeth, Charles Le Fevre and William Quasha of Jackson Heights, all voicing their approval as representatives of the local communities wherein they reside, and all being within the Borough of Queens.

Walter Fairchild, Chairman of the Graded Tax Committee and Harold S. Buttenheim, editor of the magazine, *American City*, both well known to many readers of LAND AND FREEDOM, gave a good account of their knowledge of the realty tax laws and their reasons for fostering the legislation.

The principal arguments advanced by those who opposed the bill were singular, to say the least, if not unique. Quite naturally, the opponents were the direct representatives of the organized real estate groups. They charged that it was "the old Single Tax theory—which for a time had great popularity—but—was dropped, having been proved to the satisfaction of most everyone to be unworkable and improvident." They also maintained that the "scheme is socially unsound." We do not here intend to despoil the time, the ink, nor the paper, nor even to waste the reader's time with a rebuttal to arguments like these. However, to an entirely new angle, we will devote just a little attention; that is, to what was referred to as the unique portion of the reasons advanced to defeat this bill. They endeavored to show that the public utilities corporations would be the main beneficiaries, if the bill is enacted into law. They cited figures to show that in the case of the "Consolidated Edison Company and the New York Telephone Company's properties in the Bronx, there would be a reduction from their 1938 tax of \$1,385,046 to \$499,700." Why they coupled the names and the figures of two enterprises not in any wise affiliated, the nature of whose business is wholly unlike, only *they* will know. They go on to say that in the case of "such public utility corporations as The New York Steam Corporation, Third Avenue Railway System, Western Union Telegraph Company, Manhattan Railway Company and Interborough Rapid Transit in Manhattan, there would be a reduction in their taxation from \$1,678,204 to \$715,815, a reduction of more than one-half."

This sort of argument would seem to convey two implications. One, that the average citizen and home owner would prefer *not* to be benefitted rather than to receive a mutual benefit with the utilities. The other, that the utilities were behind and sponsoring the legislation and therefore it must be considered most undesirable. To the second implication we would point out that the utilities are so *far* behind in their sponsorship that they were nowhere in evidence and that none of *their* representatives spoke at the hearing.

It may well be, that some day, the utilities will appreciate that the "advantages" to be gained by them, if the figures cited in their behalf are correct (though wholly

without their knowledge and consent) are *mutual*, and that whatever may be *just* to one *must* be just to *all*. Furthermore, if and when the utilities realize that the philosophy of Henry George is sound and just and they, too, shall put their shoulder to the wheel, with us, to effectuate just laws, we shall wholeheartedly and unstintingly welcome their cooperation.

## The Present Paramount Issue

THE reply made by Henry George when told that the Single Tax is no panacea, "No, but liberty is," is often quoted. This signifies what we are apt to forget, that the Georgan philosophy is broader than the Single Tax doctrine. It means complete economic freedom. This freedom cannot be secured by the mere adoption of the Single Tax.

Land is but one of the factors of production and the interference with economic freedom caused by the private appropriation of rent is but one of such interferences. Other interferences are equally unjustified and may at times be even more harmful.

How much liberty does another factor, capital, enjoy? Almost everywhere we find laws restricting the rate of interest, on the theory that the owner of capital is presumably an extortioner and must be discriminated against. Some ridiculous results follow. Brown cannot borrow money of Smith or Jones because they prefer 6 per cent with good security to 7 per cent from Brown. They cannot take 8 per cent per annum from Brown, for the law says that is usury, deserving of severe punishment. However, they can form the Smith-Jones corporation and make the loan at  $2\frac{1}{2}$ ,  $3\frac{1}{2}$ , or perhaps 5 per cent per month.

So far is this hampering of capital carried by discriminatory laws, moratoriums, etc., coupled with the policy of making the creation of debt easy, through installment buying, supersalesmanship, etc., that the middle class has practically quit accumulating capital. As might be expected, thrift is more and more a thing of the past. We all have heard dozens, perhaps hundreds say, "Hereafter I am going to spend all I make. It doesn't pay to save." So those already rich do the saving and capital remains in the hands of a few, making control more easy.

But there is another and much more serious interference with economic freedom. Labor is the most important factor in production and in economic life; and it is subject to the greatest interference. For years we have been told that labor is not a commodity, that it should not be subject to competition; that it is all right for the value of a bushel of wheat to be fixed through competition, but that man's labor should be protected from such competition. It is as logical to argue that if a man and a bushel of wheat fall from a cliff, the law of gravitation is unjust if both strike the ground below. If the producer of any commodity finds that his reward depends

on the operation of economic law, it is equally fair that he who produces that commodity for another person at a certain wage should have that wage fixed by economic law.

So many people think they prove they are soft-hearted because they want to protect the laborer from the effects of economic law. They only succeed in proving that they are soft-headed.

Some no doubt will say, in fact have said, that in both these cases economic law should be set aside and satisfactory rewards fixed by arbitrary group or governmental action for both labor and commodities. This of course is also impossible. Interference with economic law cannot prevent its operation. It can only cause it to operate in a manner that harms instead of benefits. Before we make such an attempt let us think the problem through.

We have recently seen the enactment of a national wage and hour law. This is not the first but the latest of a series of interferences of similar nature with the operation of economic law. For many years, by governmental or group action, through the efforts of unions, strikes, coercion, regulatory laws, licence ordinances, or other governmental aid or connivance, one group after another has managed to have competition set aside. In the greater part of the industrial world, labor seems to succeed in maintaining wages 50 to 100 per cent higher than would result with free competition. What has been the result? Every few years the higher prices made necessary by this policy check demand, so-called overproduction follows and a crash results. Sometimes this takes several years. In the 1920's the industrial workers secured the greater part of the total wealth produced and lived better than ever before. Through installment buying and the general extension of credit the period was prolonged and when the crash came it was so much the greater. In the past few years we have taken another step in the same general direction. We practically say to the workers, "You are exempt from the operation of economic law. If nobody will pay you the wages you think you should have, stop working and we will feed you till somebody does meet your demands." Naturally under such conditions unemployment has become a permanent and increasingly difficult problem.

What would the Physiocrats or John Stuart Mill think if they could behold the present situation and then hear some so-called "liberal" complain about the failure of laissez faire economics. There has been no such failure. At no time and in no nation has the laissez faire doctrine advocated by the real economists of former times ever been given a trial. Nothing could be further from that system than the conditions that have arisen since the development of labor unions.

Perhaps we can see the situation more clearly from another direction. Last year our national income was about 60 billion dollars, of which labor received between 30 and 40 billions. In 1929 the total was 90 billions. We are now easily capable of producing 120 billions.