

Address of Fiske Warren

INTERESTING STORY OF THE ENCLAVIAL MOVEMENT FOR
LAND EMANCIPATION, TOLD AT THE HENRY GEORGE
CONGRESS AT BALTIMORE, 1931

MR. WARREN addressed the congress, saying:

The subject on which I am to speak is the Enclavial Movement for Land Emancipation; but, if you will permit me, I will make a preliminary digression to the Philippine Islands, that country from which I have just come, now seething with patriotic fervor for independence, which the Filipinos deserve and which I think we shall find it prudent to concede. What are they going to do with their independence when they get it? It may surprise you to know that the Filipinos are already talking about giving up the idea of homesteading the public lands and, instead, of letting them out for the economic rent of the bare site. That is precisely the plan of Henry George, and I heard a speaker in their House of Representatives arguing that it would be a protection against communism.

Now for my subject. I assume that you are all followers of Henry George and that what you wish to know from me is what progress is being made in putting his ideas in practice. The enclavial movement for land emancipation began in 1895 with the foundation of the enclave of Fairhope. What is an enclave? It is an area of land where, under the terms of leases, the economic rent is collected, as contrasted with the surrounding region, or exclave, where it is not collected, such economic rent being used for communal purposes. The ownership of the land may be either public, as in Canberra and Labuan, or private, as in the other enclaves. Where it is private the rent is used to pay all the taxes, as in Sant Jordi, or certain of them, as in the West.

What is economic rent? It is the annual value of site irrespective of improvements on it. Imagine a piece of land with a forest on it. Cut off the forest; then the value, if any, remaining is the economic rent. Usually it is trustees who hold the land, and they say to anyone wanting a piece of land: If you will take a lease for 99 years and pay the economic rent, we will pay your taxes. The result, then, is this, if the enclave is perfect—it is Henry George's idea exemplified: the economic rent collected, which means equal opportunity for every man, and no taxes.

Beginning with Fairhope, in 1895, there followed twelve other enclaves, till now there are thirteen enclaves, nine in this country, one in France, one in the Republic of Andorra (the only country in the world which has full free trade and no custom house), one in Australia and one in the Island of Labuan. The total area is 925 square miles, with a rent of \$307,000.

A few words about Trapelo, the latest enclave in Massachusetts. It is in the towns of Weston and Waltham. The trustees are John R. Nichols and Francis G. Goodale, which last has made the memorable observation that he

regards single tax as a true development in conscious evolution and the natural next step. Within the last two years Trapelo has increased from one acre to ninety-five and from a rent of \$40 to \$1,829. It has a good golf club; a good school, which is under the able management of John R. P. French, bids fair to be as famous as Mrs. Johnson's Organic School in Fairhope.

A word about Sant Jordi, in the Republic of Andorra, that captive beauty of the Pyrenees! She is beautiful because she has no custom house. She is captive because France on one side, and Spain on the other, with their high tariffs, stand between her and the sea. There is no parcel post going to her from beyond France and Spain. Even the American Express does not penetrate. Everything not important enough to warrant, or be a part of, a special expedition must be paid for in the high prices of France or Spain.

I tried this year to buy 100 bushels of wheat from the Co-operative Wholesale Society of Great Britain to send to Andorra in bond through France, to enable the enclavians to get it at the price of the open market of the world, thus to take advantage of their theoretical freedom of trade. Now, the Co-operative Wholesale Society is trying to extend the bounds of co-operation to include foreign countries, and it also has a heart of gold. It had not yet entered Andorra, was willing to make some sacrifices on a first shipment, the head man was reading "Significant Paragraphs from Progress and Poverty," his assistant had read the whole work already, and when they heard that there was an enclave in Andorra and that I was the treasurer of a co-operative society, their enthusiasm carried them past all my outposts of resistance and they forced the 100 bushels upon me as a gift. Did it ever occur to you, ladies and gentlemen, how much the noble co-operative movement has in common with the ideas of Henry George?

A word in regard to Canberra, our largest enclave, which is, as it were, the District of Columbia of Australia. It is almost a joke how it began its career. Prizes were offered for the best plan, and, as it happened, while the two inferior prizes went, one to a Pole and the other to a Frenchman, the first prize went to our Walter Burley Griffin, of Chicago. One trembles to think what might have happened if the first prize had gone to one of the others. For Mr. Griffin, in addition to his plan for the buildings and the lay-out of the streets, proposed that Canberra's revenue be levied on the principles of Henry George. This has been done, and his lay-out was adopted. How different was the bad fortune of Major L'Enfant, who laid out our District of Columbia! He put the statue on top of the Capitol looking toward what he expected to be the City of Washington. The natural result followed that the land speculators bought on that side, and, conversely, the natural result followed that the prudent-minded bought not from the land speculators but from ordinary owners of land behind the statue, and thus we have the comic situation

today, as a consequence of ignorance of economic laws, of the City of Washington displaying itself on the side of the Capitol opposite to that which Major L'Enfant intended. From such a fate Henry George preserved Canberra.

And now for a fairy tale—and yet a true tale! Can you conceive of an enclave coming into existence by accident? Can you conceive of persons who, perhaps never having heard of Henry George, yet put his ideas in practice? Can you conceive of an enclave, so formed, escaping, for ten years, not only my observation but also the vigilant eyes of this organization, so hungry to see signs of advancement—escaping also the equally vigilant and hungry eyes of our brethren in Great Britain, when nevertheless it is a part of the British empire? Yet so it is. I will tell you this fairy story, which now appears for the first time.

The Island of Labuan, ten miles from the nearest coast of Borneo, when still uninhabited, was ceded to Great Britain by the Sultan of Brunei in 1846, in consideration of "an undertaking to suppress piracy and protect lawful trade." "On the first of January, 1907, it was annexed to the Straits Settlements and declared part of the Settlement of Singapore. On the first of December, 1912, it was constituted a separate Settlement." The Blue Book for 1929 gives a population of 25 white and 6,000 colored. The present colored population is estimated at 7,000, of which 2,000 are Chinese and the rest are Mohammedan Malays. The normal rainfall is 150 inches. The climate shows little variation during the year. The mean temperature in 1930 was 80.5, Fahrenheit.

The revenue of the island in 1930 was, in silver dollars (worth 56 cents U. S. currency), 122,374.14, of which 66,437.50 came from the opium monopoly, 28,765.16 from the tariff on liquor, tobacco and petroleum, 6,136.91 from land, and 21,034.57 miscellaneous; while, for local purposes, taxes and licenses came to 20,436.87 additional. For that part of the island under lease, the rent, 6,136.91, is 4.30 per cent of 142,811.01, the total receipts.

The Blue Book for 1929 gives the total area as 19,098 acres, of which 8,608 were still in the hands of the government. Of the remaining 10,490, 3,400 were cultivating cocoanuts; 2,850, rubber; 2,000, fruit trees; 1,940, rice; 250, sago, and 50, tapioca. There were 1,705 holdings under 10 acres; 154 between 10 and 50; 10 between 50 and 100; 5 between 100 and 1,000, and 1 above 1,000.

The government, in true, clumsy, unthinking Anglo-Saxon style, began by giving out land in fee simple, that time-honored, but not otherwise honored, custom. Then, slightly, but only slightly, less deleteriously, it began giving out land on leases of 999 years. But it came to its senses with a jolt, and since 1919 new land has in no case been given out on either model.

That jolt came from the Island of Singapore. It so happened that what was rural land at the time, and was

thought would remain so, formed, later a part of the city of Singapore, because of the rapid and unexpected expansion of that great port. Land had been given out on fixed rents for 99 years, and naturally the lessees made great profits. This so frightened the government of Labuan that since 1919 no new land has been given out except on leases of 30 years. These leaseholds have flat rents continuing for the 30 years. The rate is determined by the government on its value as unimproved land. This rate runs from a minimum of one silver dollar per acre to a maximum of eighty. To make sure that the government does not err in its appraisal and also to discount any expected increment in value during the 30 years, each leasehold is sold at a single premium, payable in advance, and this premium is determined by auction.

As for 30 years being perhaps too short a period to give a lessee a sufficient feeling of security, Mr. C. P. Smith, the Resident, officially representing Great Britain in the Crown Colony, told me that the Malays were proceeding with their improvement without a thought of fear of what would happen at the end of the term; and, for my part, cannot persuade myself that at the end of the term the government will avail itself of its legal rights to deprive the lessee of any part of the accumulated value. I think on the rent will change. In the meantime a lessee is free to sell his improvements to anyone, and the government gives a new lease to the purchaser for the balance of the term.

Labuan is divided between what is called the town of Victoria, with its deep-sea harbor, and what is called the country. I am expecting information concerning the 30-year leaseholds. In the meantime, I think it is safe to say that the total area is not less than 2,500 acres, of which not more than 200 is in the town. Now, in the country no levy has ever been made on the improvements, or on the equipment of live stock; hence in an area of at least 2,300 acres there is a perfect enclave, except for licenses and except for artificial prices.

Licenses in the country are two silver dollars on a bicycle, one on a gun, fifty cents on a dog, and at varying rates on automobiles, averaging perhaps \$30. Thus if an enclave in the country does not have any of these articles it remains for him a perfect enclave, except for artificial prices.

What about these artificial prices? One has to do with opium, which is a governmental monopoly; and there are only three others: liquor, tobacco and petroleum, which last covers gasoline. Thus, for an enclavian in the country who does not have occasion to pay licenses and does not use opium, liquor, tobacco or petroleum, it is a 4.30 per cent perfect enclave.

Taking both parts together, the town and the country, I rate the enclave in Labuan as 41 per cent perfect; that is to say, 41 per cent of the total governmental levy comes from site. That is higher than the average for the enclaves in the United States.

Let me now recite what contribution I deem the enclavial movement makes to the cause of Henry George.

It is splendid for advertising, for it reaches the ordinary voter. Every man going into an enclave and seeing things to praise comes out and spreads the story.

What good cheer do the enclaves give us about the great depression? They tell us in the case of 12 of the 13 enclaves (from the 13th I have not heard) that there has been no case of money going from taxes to poor relief.

The enclave in Labuan tells us that, since its foundation, although the Chinese money lenders ask 15 per cent, the limit of legal rate of interest, when security is given, there has been no case of failure to repay, although there has been a prodigious drop in the prices of copra and rubber.

The enclave of Saint Jordi tells us that there is neither depression nor unemployment there, in spite of a drought.

Then again the enclaves are valuable to our cause as laboratories where the best forms of operation are being evolved, in practice, to serve as models for legislatures.

Next, is it not an achievement of importance that the total rent of the land under enclavure is now handled in behalf of the people and that the area represented is no longer handled by private landlords, privilege or monopoly?

Finally, if the cause is not marching on as fast as most of us desire, is it not deep satisfaction to be able to prove that it is really marching—to watch the increasing areas, to mark the increasing rent, to know that justice is gaining ground?

Taxes—and How We Hate Them!

MORE than a half century has elapsed since Henry George wrote "Progress and Poverty." Therein he explained this paradoxical situation: the more progress we have the more we suffer from poverty—that is, some of us.

Great riches seem nearly always to bring extreme poverty, and Henry George pointed out a definite remedy.

Until our recent unpleasant experiences we had always been convinced that we were the greatest people in the world; that our customs and laws—everything American, in fact—were the best in the world. In comparing ourselves to the various foreign countries we always had a definite feeling of superiority.

But now we have been shaken from this satisfied complacency; we are definitely willing to admit that something is wrong. And Henry George told us more than fifty years ago that it is our taxing system.

Nicholas Murray Butler, President of Columbia University, has maintained that the remedy suggested by this outstanding economist would be dependable. Tolstoy, the great Russian author, maintained that this system would ultimately be accepted by the world because it is so logical.

The advocates of the Single Tax maintain that it will discourage and ultimately destroy speculation in land which makes its price high. It will transfer the economic rent in annual land value to the public treasury. It will displace all taxes on labor and capital, all of which are taxes that increase the cost of living.

Taxation is invested with the power of life and death; it is a two-edged sword: if it is right it will conserve prosperity and dispel depres-

sion; but if wrong, it will create unemployment and make living costs unbearable. Our present system of taxing everything, it is maintained by Single Taxers, is oppressing both capital and labor. It is one of the causes of our financial troubles.

Every constructive effort we make adds to community wealth, to its land value; and that land value is our own because it is the product of mutual efforts. It is the result of gathering into communities, and of our cultural association, and of the social services we organize and operate. This wealth is just as tangible and extensive as wealth we create and store in warehouses and bank vaults or build into great city structures.

And here is where the Single Taxers maintain we should secure our funds to support our government—from land values. Exchange several taxes for one tax. They maintain that the advantage of this form of taxation is its simplicity and efficiency. The tax on land is out in the open, easy to inspect and easy to value. Compare this method with the present system with its horde of officials employed in administering taxes such as the tariff, income, tobacco, gasoline, etc., etc.

Taxation of land values will destroy the "industry" of holding land idle for years—sometimes decades—while population grows and makes it valuable.

And it is further maintained that the farmer would not suffer from this form of taxation because improved land would be exempt under this system. The farmer would be taxed only on what he would call the "run-down" value of his land.

The Single Taxers believe that their system will break up the bread lines and frozen deposits in banks, as well as in tin boxes and socks, and put both idle capital and idle labor to work building on vacant lots and in the business enterprises to follow.

Now that we are looking for remedies, even revolutionary ideas that will bring about a more equalized distribution of wealth are worth consideration, and the enthusiastic advocates of this Single Tax system deserve attention.—Editorial in *Liberty*, Sept. 3, 1932.

TRUE free traders have never enthused over Great Britain's spurious free trade, and have few tears to shed over its abandonment. So long as industry must bear taxation it is better that the tax be called by its right name than be misbranded "free trade."

BOOK NOTICE

"THE HOLY EARTH"

Such is the title of a small book by Dr. Liberty H. Bailey of Ithaca, N. Y. A descriptive title might be: "The Right Use of the Earth." It is inspiring, prophetic, optimistic, and democratic. It is refreshing to one who, like myself, has been nauseated by reading real estate board literature and the flaming, mendacious advertisements of the large land speculators, who actually call land a "commodity," as if it is of no greater economic importance than are groceries. "The Holy Earth" treats land respectfully, even reverently.

Dr. Bailey is not a political economist, but his book will be agreeable to readers of *LAND AND FREEDOM*. The wide sweep of his short essays cannot be shown by a few paragraphs, but the following may be quoted as especially interesting:

"This will necessarily mean a better conception of property and of one's obligation in the use of it. We shall conceive of the earth, which is the common habitation, as inviolable. One does not act rightly towards one's fellows if one does not know how to act rightly toward the earth."

"We begin to foresee the vast religion of a better social order."

"More iniquity follows the improper and greedy division of the resources and privileges of the earth than any other form of sinfulness."

"The naturist knows that the time will come slowly—not yet are