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N E W S L E T T E R

No. 4.

NOVEMBER 1967



C A S W E L L B A Y , W A L E S

Venue of the International Union Conference 1968

September 7th to 14th

Enrolments

Sufficient enrolments have already come in to ensure a successful conference next year. To these may be added many of our friends who have said they hope to come but have not yet made a final decision. There is room for more but if you wish to stay at one of the Conference Hotels, we advise you to make your reservation before the end of this year.

Accommodation

There is of course ample additional accommodation in the surrounding district which will present no problem to the young and energetic who enjoy a walk or a ride early in the day.

Booking Form

If you have not already received a booking form we invite you to make use of the one enclosed. The

rooms which have already been booked have been deleted but of course we cannot guarantee that your first choice of room will necessarily be available.

Programme

The Conference Arrangements Committee is due to meet on November 28th to discuss various aspects of the programme, including social events, conducted tours, etc.

London
Visitors

Members who hope to spend some days in London either before or after the conference and who would welcome a list of hotels, restaurants, places of entertainment, etc., should write to us and we will do our best to supply the information required.

USA Members

Readers in the United States who hope to attend may like to get in touch with Mr. Robert Clancy of the Henry George School of New York, 50 E 69th Street, New York, N.Y. 10021, who may be able to arrange a party to travel at reduced rates.

Cut-price
Conference

The recent devaluation of the £ sterling means that you will get more £'s for your own currency than before - you lucky overseas people!

With 240 English pennies to the £ sterling, this means that you can calculate that one U.S. cent now equals one penny. Here is a useful scale of US dollars and British pounds.

1 cent	=	1 penny
12 cents	=	1 shilling
\$1.20	=	10 shillings
\$2.40	=	£1



POLITICAL ECONOMY

H.T. McGahan

NO END IN ITSELF

Matamata New Zealand

THE latest International Union Newsletter has just arrived. I think the venture has justified itself in that it has shown that we have much homework to do before we can influence the people at large and through them the legislature. Somebody suggested we need a dictionary as an aid to getting our definitions straight. It'll be a long time before we reach that ideal.

There is far too much concern with theory amongst our people and far too little with the practical application of our main principle. Take that piece of Dowe's - that land value was due to bad government. How can we sell such a story to a man who has developed a piece of land from the virgin state to a high standard of production? Dowe is a lawyer and he should have a better grip of reality. His elementary law studies should have taught him that the first and essential duty of government is the defence of society against external enemies, and the maintenance of peaceable and orderly relations within the community itself. In other words, from pirates from without the country and from robbers from within.

The trouble with so many of our people is that they have had no practical acquaintance with government at any level. I think many of the disputes on terminology that so engage our Australian colleagues arise because they have had unimproved value rating almost put on their plates without effort, consequently they don't appreciate it. Indeed, some of them declare that it would be better if the system were abolished. Once it goes it'll never come back. Here in Australia and New Zealand, we should hardly ever mention RENT but talk about unimproved value rating. When I am asked what my remedy for the existing mess is, I reply that all taxes should be collected by means of unimproved values. At least the majority of New Zealanders have a hazy notion that unimproved values do not penalise the progressive man. And of course, everyone thinks he is a progressive man.

What all those theorists overlook, or have never known, is that political economy was worked out on a system of agricultural holding that existed nowhere else in the world except England. It concerned itself with the capitalist landowner, the tenant farmer, and the landless farm worker. That's where the misleading term RENT came from. To talk of the landlord in a country like this immediately brings to mind the owner of house property in our cities. And I'm afraid there is a tendency to regard political economy as an end in itself rather than being something that unravels the economic puzzle. More practical government is what we want.

In the latest issue Clancy makes a good point when he quotes Henry George on the subject of what would happen to what is called RENT when government collected it all. How many of George's disciples know of that passage? There is much good comment on current problems in George's

speeches and writings in the STANDARD.* Unfortunately, we are treated to the "rhetorical confectionery" of Progress and Poverty rather than to his more informative stuff.

We should always be working on plans to take over the government of the country so that should we ever get the opportunity to do so, we could move straight into business. We should always be trying to find out what taxes would be the best to abolish with every instalment of the single-tax we proposed to implement. What revolutionaries must never forget is that they cannot allow the wheels to stop while they are introducing their heaven-on-earth. The woman who has never been better off since she got the pension on her husband's death will show no sympathy to you should her pension be stopped in any way. It won't help you to tell her of the glorious world you hope to bring her. "Where's my pension", will be her demand. That she will spend it on some beer and on backing race-horses will only heighten her animosity towards you should you fail.

In spite of all I have said, I think the Newsletter is along the right lines.

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A GEORGEIST PARTY NO !

J. J. Pot - Holland

GEORGEISM is not a party of sectional interest; the Georgist idea is universal! Our principle appeals to the common sense of all members of every party if only we were skilled enough to put it in their minds.

To the liberals, tell them: All right; personal freedom. But may I draw your attention to the non-personal things where your liberty equals robbery?

To the communists, tell them Okay, let us have community ownership of what is common. But may I draw your attention to the non-common things where your equality means slavery?

To those who look for guidance in the Bible, tell them: read the chapter on the Jubilee Year (Leviticus 25) and keep to that.

We must make propaganda in the circles of all existing parties of one and the same universal truth, that is not opposed to any commonsense party man.

We have to teach and approach everyone and show them that we are not an incomprehensible party in opposition; we have to clear the minds of all misunderstanding opposers.

A Georgist Party? Never!

A PRACTICAL

(?)

APPLICATION OF LAND TAXATION

Gaston Haxo

Florida, U.S.A.

* * * * *

THE ultimate purpose of the Henry George program being the collection of the entire rental value of land for society, the ideal method of assessment under land value taxation would be to assess all taxable lands on the basis of rental value. This, however, is easier said than done.

Under our present tax system, land is assessed on the basis of its selling value and taxed accordingly. This puts a stumbling block in the path of land value taxation, because every increase in the land tax tends to lower the selling value, thus decreasing the taxable value. To get around this difficulty, it has been suggested that in order to maintain the tax base, the assessment should reflect, not merely the selling value, but the full economic capital value, which can be determined by adding to the selling value, the capital value of the tax currently collected. Whether this method can be adopted as practical remains to be seen.

But there might be a more practical method to meet the problem; one that would not require adding the capitalized value of the tax. In other words, the current selling value of the land could be used as the tax base all the way.

Of course the first step would be to assess land and improvements separately; this is already done in a number of places. Then, the tax authority would determine, on the basis of present tax procedure, what percentage of the property tax was paid by land and improvements respectively. Thereafter, at stated intervals, these percentages would be increased for land and decreased for improvements. For example, assuming that at present, land paid 30 per cent and improvements 70 per cent of the property tax; the following year the rates might be 31 per cent and 69 per cent, then 32 per cent and 68 per cent, and so on. Thus there would be two independent tax rates, each calculated to produce the needed revenue. Of course the change need not be 1 per cent, but could be any other percentage or interval. When the selling value of land approached the near zero point, the tax on land then collected would give a pretty good idea of the rental value and the tax could, thereafter, be based on the rental value.

Another advantage of this method, over those now used or advocated, is that any building boom, which is to be expected under land value taxation, instead of reducing the burden on landowners, would on the contrary lower the taxes on improvements.

Practical ?

SPECULATIVE LAND VALUE - V.J. Ralph, N.S.W.
Australia

THERE was little constructive thought evidenced in the Newsletter of February 1967; instead, it showed confusion and failure to understand a basic theory as expounded by Henry George.

Book five (The Problem Solved) of Progress and Poverty explains the theory of speculative land value. The "simple truth" to which the reader is led is - "That, as land is necessary to the exertion of labour in the production of wealth, to command the land which is necessary to labour is to command all the fruits of labour save enough to enable labour to exist."

If this theory is correct, land value is the capitalisation of rent plus something. This plus factor depresses labour to bare subsistence, not only when George wrote Progress and Poverty but ever since and now. This is demonstrated by the fact that, notwithstanding the great technological advance, the average worker not only depends on the modern poor laws during his working life but ends up entirely dependent on them.

The fact that land value is the capitalisation of Rent plus something is the reason why there is much confusion, as very few Georgists appear to see this vital point. Some look at land value and see it as Rent while others see it as capitalised rent. Some see land value as good, like a sacred cow, being a source of revenue, while others see it as a manifestation of an evil. Some say rent is oppressive and bad, while others see it as natural and good, and others smother it with adjectives to fit their opinion. The remedy to this fantastic muddle is to know what is speculative land value, the cancerous growth added to the live and vital tissue of rent. When this is seen, the glass becomes clear so that other vital points are seen in their true form.

If we are to accept George's theory that there is speculative land value it must not be confused with capitalised rent. When it is admitted that there is, in fact, speculative land value superimposed upon the capitalisation of rent, the accepted policy of 'taxation of land values' becomes suspect. A policy of the entire collection of society's revenue should be supported, as otherwise a sharing of the plunder of speculative land value by land owners and Government can only damage our case and bring about all sorts of Government policies which gives a respectability to land value, the monstrosity which we should be dedicated to destroy.

Henry George did not visualise that a small measure of land value taxation would do anything else than have a tendency for holders to put their land to use. Please read notes pages 16 & 17 of The Condition of Labour (even the very title of which makes my point). I quote part: "So far as price is affected by speculative rent, to compel the landowners to pay taxes on the value of land, whether they were getting any income from

it or not, would make it more difficult for them to withhold land from use." He then goes on to state what we should be advocating without compromise, i.e. "To tax the full value would not merely destroy the power, but the desire, to do so." The method of expression "to tax the full value" was politically expedient at the time to get the meaning across to the man in the street. George knew what he meant and so should we. You can tax part of land value but you cannot tax the whole as there would then be none to tax - only the rent to assess. He visualised the entire collection of society's natural revenue which would bring the margin in and destroy speculative land value as well as the capitalisation of rent. If the margin is artificially extended, the rent thereby created is artificial. We must go for the real rent and remove the oppressive overburden.

If land value taxation has any benefit in bringing more land into use, when only a veneer of speculative land value is taken, this benefit to society as a whole can have only one effect: it flows straight back to the landowners, for the reason that unless the real rent is taken, labour is always depressed to bare subsistence.

What a shame it is that, after all these years, we are advocating government participation in the great robbery. The land owners have the chips and can afford to hold out and are prepared to share their loot so long as they are left with the major portion.

Land value when realised on sale is a lien on future production. It is not only a capitalisation of the anticipated rent but a robber of labour in the speculative land value. It is a lien on future production on that site. It is not a lien on past production when there was no rent nor when there was no labour to rob. A tax on land value hits speculative land value alone. Labour can only be freed by the collection of the entire rent. The arise of land value would then become the danger signal indicating the necessity of reappraisal of the rent. As such it may well be a good thing, but as such, speculative land value could never again rise.

Let us destroy speculative land value by removing its source of nourishment, and get the proper and just revenue into the Treasury. There should be no compromise, neither should our pure policy be contaminated by advocating interim measures, void of morality, upon which we will be judged. If we hold the light high enough it will be seen, but to carry it in the endless corridors of expediency, while half the world is starving, while emerging nations are floundering, while the innocent are dying, is a renunciation of the trust within our hands.

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REPORT FROM THE HENRY GEORGE SCHOOL

NEW YORK, U. S. A.

by William A. Camargo - Head of the Spanish Division

This is one of a series of reports on the correspondence course work of the Henry George School. A report, on the English Language work, will be forthcoming.

THE Spanish Georgist tradition dates back to the turn of the century, when there were many Spaniards involved in the propagation of Henry George's economic theories. This group was instrumental in getting together for the first time Georgists from all over the world to a Conference in Ronda (Málaga) in 1913, where the founding of the International Union for Land Value Taxation and Free Trade was discussed. Among the 1913 conferees was a young man who had already started translating all of Henry George's books into Spanish. This was Baldomero Argente del Castillo, who later became a member of the Spanish Cabinet. Dr. Mateo Alonso, a close associate of Argente, was involved in politics and he was successful in having a land value tax law discussed in the Spanish Parliament and approved for voting, but the Civil war put an end to this law.

Due to the influence of Georgists in Spain, Single Tax Leagues were founded in various Latin American countries. I have in my office a Certificate of Membership dated May 1st, 1916, issued to Roberto Balmer, by the most active of these, the Argentinian Single Tax League.

Taking note of these activities in 1957, the Henry George School started offering a free correspondence course based on Progress and Poverty by advertising on the newly reopened newspaper La Prensa of Buenos Aires, which had been suspended during the Peron era. This program had to be discontinued when the supply of Spanish Progress and Poverty was exhausted. In 1961 an available edition of Progress and Poverty in Spanish was located in Argentina, and so the correspondence course was resumed, this time throughout Latin America. That was the year of the formation of the Alliance for Progress, and the response to advertisements - placed in all the Latin America capitals - was so overwhelming, it took us months to catch up. Since then we rotate the advertising so as to keep a more even flow of inquires coming in. Teachers for the correspondence courses come from the Spanish-language classes we hold.

New York has over a million Spanish-speaking people, plus an active Spanish press and radio. Through these media we enrol students of varied background, including a high percentage of professionals. Not all the Spanish population are permanent immigrants, many are in the States only temporarily as students, political refugees, or in government service. When they return to their countries after having taken our courses and teacher's training they often continue their Georgist work. Some correspondence graduates offer their services to teach Georgist economics in their countries, and in the case of Dr. Edwin Ries Maldonado a school was opened in San Juan, Puerto Rico, under his directorship. New York graduate Hernán

Sanín Vermont, on his return to Cali, Colombia, opened an extension of the Henry George School in 1965 that has very rapidly expanded and has recently moved to larger offices that include classrooms, library, a coffee shop, and administration facilities.

A former assistant of the Spanish Division, Mrs. Lucy de Silfa, has also opened an extension of the School in Santo Domingo, with the cooperation of the National Federation of Teachers, whose facilities they are using for the courses.

In Guayaquil, Ecuador, Dr. Alfonso Loaiza Grunauer, has been teaching a course based on Progress and Poverty, to the students of economics in the Law Faculty of the University of Guayaquil. In collaboration with Dr. Aurelio Rios, a graduate and teacher of the New York Henry George School, Dr. Loaiza will start to teach the courses outside the University, on the same basis as International Headquarters, but he will also continue with his college courses.

In San José, Costa Rica, the government under President José Trejos, favors land value taxation, and with the cooperation of correspondence course graduates, a New York graduate Carlos A. Riveros, has founded a School of Economics. The first course graduated 97 students from Fundamental Economics in June 1967, and he is now teaching the course based on Protection or Free Trade? and a new Fundamental Economics course. The faculty and students of this school have organized a Costa Rican Georgist Association which is publishing a bilingual economics magazine Ideas Economicas, with an initial circulation of 2000.

Spanish language activities have also involved tours of Latin American countries by members of the New York faculty and staff. In 1967, Peter Patsakos, then Assistant Director of the New York School, traveled through northern South America, giving lectures and teaching the Progress and Poverty course at the Catholic University of Arequipa, Peru. In 1966, James A. Murphy, a teacher of the New York School, also went to Peru, where he taught advanced courses on Henry George. One of the Arequipa students, Enrique Borda, graduated from the University in June and is now interested in starting a School extension in Arequipa.

The Spanish basic courses are patterned after the English courses, using the translation of Henry George by Baldomero Argente and reprinted by the Robert Schalkenbach Foundation. For the advanced courses we use books by Spanish Georgists such as Reforma Agraria en America by Prof. Carlos P. Carranza and El Sistema Fiscal by J. Anglada Prior. Prof. Carranza, born in Spain but a long time resident of Argentina, was the Director of the Institute of Economic Education, in Buenos Aires, a post-graduate school that taught economics along Georgist lines. He is the author of many books on economics and sociology in the Spanish language which are contemporary and modernized treatises of "Economics of the Natural Order". His books are being reprinted and revised and the Spanish Division expects to make them the nucleus for more advanced courses.

Since we do not have the course in Portuguese, we offer Brazilians their choice of Spanish, Italian, German and English. Most of the students take it in Spanish but answer the questions in Portuguese, since there is quite a similarity between written Spanish and written Portuguese.

In the city of Belo Horizonte, there is a very active small group of Georgist mining engineers, who write often for the local periodicals and also for the Journal of the Association of Engineers, on Georgist topics, in a technical and mathematical manner.

In 1963 members of the Spanish Division faculty and students in New York organized an Alumni Association - Asociación Georgista Latino-Americana (AGIA) - to promote Henry George's ideas through cultural and artistic events and to raise funds for the Latin American extension. They also publish a monthly Bulletin which has a circulation of 500, throughout the Spanish speaking world. Fund raising Fiestas are given twice a year at a Ballroom and a series of Cultural evenings at the School auditorium. All of these events get very good press coverage which attract more students to the School. Our purpose is to create an image of active cultural and intellectual Pan Americanism in the city, which will supplement the courses in the Social Sciences. Among the members of AGIA are Latin American government representatives at the consulates and United Nations, professionals and community leaders.

In the Latin American extensions the courses are attended by a cross-section of the literate population with a high proportion of politicians and professionals of high rank. These persons upon graduation form the basic core for publicity and public relations, since these extensions have to rely on free advertising and the minimum of expenditure. All of its Directors serve Ad Honorem and the New York Headquarters supply them with the lesson material and the books at cost.

Latin America today is a land of chaos on the verge of anarchy. The Georgist message is imperative as the only rational solution, and we hope that through the Henry George School - both by correspondence and by classes in a growing number of extensions - we can reach enough influential people to turn the tide.

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C O R R E C T I O N

IN the last issue of Newsletter, we published a report from the Henry George School of New York written by Mr. C. Matthew Osias. Mr. Osias has now asked us to publish the following correction:-

Mr. A. Sabino who attended the recent conference in Montreal, was inadvertently described as the Italian Consul in Montreal. Mr. Sabino wishes us to make it clear that he is not an employee but an official with a Mission from Italy to the Italian Consulate in New York. Mr. Sabino originally took the course in Fundamental Economics in Italian from the New York School while living in Rome.

R E N T
V E R S U S
L A N D V A L U E

b y

W.A. Dowe, Director, Australian School of Social Science

THE International Union is to be congratulated on providing a forum for the discussion of vital questions, for it is not by noise and shouting but by discussion and the progress of ideas that progress is made. Ideas take time to digest and come to fruition, and calm discussion on controversial matters is the best way to speed them.

I therefore regret any suggestion that Georgist should taboo any subject for discussion, or that the raising of controversial issues might cause disruption. Bacon's "lumen siccum" ("dry light") and "truth needs no defender - only an investigator" are two of the mottoes of the Australian School of Social Science of which I had the honour to be one of the founders.

Since my introduction to Georgist literature and ideas, for which I am eternally grateful, I have found an illuminating, satisfying and scientific basis for both economics and government, and I am anxious that this discovery should be shared by all. I have found that Henry George is without equal in the art of illuminating the mind on these subjects, and on many other subjects as well. But I have also found that others have both criticised and developed George's ideas, that among Georgists there are many divergences of both emphasis and belief, and that the two major points on which Georgists are divided are Interest and Value. The former I do not propose to discuss here, but have found that discussion of Interest among Georgists has been inadequate, emotional and disappointing, and that the Georgist impact as a whole has been much weakened by this, although fortunately the subject does not lie at the heart of Georgist philosophy and forms no part of our proposals.

Value, however, is different. In the first place George's exposition of Value is perhaps his most masterly achievement, and not only are many Georgists not apparently aware of his theory of value but they still advocate a policy (as did Henry George himself) which is contradictory to George's theory of value, namely the taxation of land values.

THE TWO SOURCES OF VALUE

George has shown the existence of (1) value arising from production, and (2) value arising from obligation. The former is economic value, and the whole force of the universal economic principle in society, i.e. economy of effort, is directed to reducing economic value to the minimum. Unfortunately it cannot be eliminated, but its elimination is always the unattainable economic goal. High values are economically bad, and vice versa.

Value arising from obligation, however, forms no part of economics. It arises from injustice, and in modern times exclusively from bad government which establishes or maintains inequality and privilege. The greatest example of value from obligation is unquestionably land-value (Science of Political Economy, 1962 edition, p.265) and as all value from obligation is the result of bad government and is politically bad, land-value is the greatest of political evils. It is dead contrary to justice and freedom, and upon reversion to freedom and justice it will disappear. In all respects land-value is the opposite of rent, which is both economically good and politically good, and it arises from the misappropriation of rent when by political power rent is perverted from being the public income into being private income. Rent is economically good, and socially healthy, and arises from progress. Land value is economically and politically bad, socially unhealthy, and arises from the misappropriation of rent.

It is a great tragedy that all Georgists have not refused to follow George in his repeated confusions of rent with land-value. I do not in the least blame George for his human failure, but I do blame many Georgists who still fail to assimilate his teaching on value and to correct his self-contradictions.

In doing this I do not diminish my admiration for the work of many Georgists who disagree with these views, nor do I cut myself off from the closest fellowship with them. Fortunately, the land-value-taxation presentation to non-Georgists is often effective and I do not advocate that beginners should be introduced to this subject at all. The traditionalist single-tax presentation, if capably handled, is most convincing to the ordinary student. But not to trained economists, many of whom have perceived that to tax land-values will cause them to diminish and disappear, and so will defeat itself. And therefore all convinced and whole-hearted Georgists should be able to present, for the use of government when our influence becomes sufficiently powerful, proposals involving the appropriation of rent as public revenue (not the taxation of land-value) and the reduction and ultimate abolition of all taxation.

COMPROMISE Finally, I must vigorously disagree with the editorial suggestion in issue No. 2 of the Newsletter that we should adopt a compromise and remain silent on points of disagreement. This would amount to a surrender in logic and principle. The poor quality of so many treatises and suggestions on these points which we read even in leading Georgist journals shows that what Georgists need is a fuller understanding of the philosophy of freedom, and the elimination of confusions and self-contradictions. This will in no way disrupt, but will unify and strengthen, and the skills of avowed "single-taxers" can still be employed in presenting Georgist truths even if they do not agree with the contentions put forward in this article. My faith, however, is that agreement can and must be arrived at with patience and sincerity.

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THE STATE -

NATURAL OR UNNATURAL

Bernie Donohue

N.S.W. Australia

AS Richard Grinham feels so outraged by my concept of government (the State) as a natural institution I would refer him to what George has to say on the subject. (Science of Political Economy, Chapter 4). One brief quote must suffice for the present. "This body economic... always precedes and underlies the body politic. The body politic or State (government) is really an outgrowth of the body economic, in fact one of its organs, the need for which and appearance of which arises from its own appearance and growth."

Hence, if the body politic is artificial (a product of man's art) then the body economic must also be artificial and there can be no natural economic laws?

Man as a creature is a natural physical organism endowed with a free will but by virtue of his nature bound to unite his individual powers with those of his fellow man. The body social is not a natural physical compound but a natural moral organism produced by the co-operation of physical persons who unconsciously become integrated into a body economic for their common good.

The body politic or State is a natural organ of the body social and its authority and laws are properties of the body social and it must be allowed therefore that it has a right to a sufficiency of revenue for the effective performance of its duties.

Thanks to the great and glorious vision of Henry George we see rent, not only as the natural fund for this purpose but also as a natural equalising force between producers, and Georgists should be the last to advance any proposals that will degrade it to the level of a "social welfare fund" to be re-distributed arbitrarily by bureaucrats.

After all, rent is not a profit but a cost of association, being that part of the natural bounty which society must forego as the "cost" of the preservation by government of that common good - the saving of effort - which is the real profit of association.

LAND VALUE

IS

PEOPLE VALUE

B. Carver

Cremorne, Australia.

WEBSTER gives well over twenty meanings to rent but his definition of economic rent comes very close to ours. "That part of the produce of land which remains after expenses of cultivation and interest of capital are deducted including remuneration of management." Usually it is understood as the sum paid to the owner for the use of land and capital thereon, but this embodies a very common error inherent in our thinking. Rent, site-rent is not money and is received by the user be he owner or tenant in the form of the special advantage of the site much as proximity to inhabited markets.

The workman's wages are his product, which he sells to his employer mostly for money, but he is not really paid till he spends it and receives in exchange. Thus we see so often a so called rise in wages, after taxes, and risen costs added to price, to have become a loss in real wages.

The tendency to think in terms of money and not in money's worth conceals the fact that money is only a means of exchange "The wheel which circulates", It is no longer a true measure of value since governments have taken to that meanest form of theft, debasing the coinage and calling it inflation which they pretend to be fighting so heroically. No one is capable of estimating the value of a site to any given person save that person, which he does by the price he offers in the market, but even here the question of speculative rent enters to inflate the cost by anticipating future rises. Here again our system of taxing site-rent serves as a cure, the only cure for an ever present present evil.

Land has no value until more than one person wants it, then rises in value without cost by every additional person who desires to possess it. In thinking of land we tend too much to visualise broadacres and overlook the enormous values of cities and their ownership. I have yet to see any reference to the ownership of say Moscow.

Land value is often visualised in streets and gutters but is really people, the more people the greater the value, streets without people have no value. Land value is really uncollected rent which is a great evil and spells poverty in the most affluent towns.

THE LAND QUESTION,
A REVENUE QUESTION

Mrs. I.A. Akeroyd

Sydney

Australia

IN exposing taxation as both evil and unnecessary and proving that the social organism as it advances generates a natural and perfect revenue; in explaining that trade is "the essence of civilization", and in demonstrating that natural social laws are entirely beneficent and, (as surely as the laws of physics) have their place in the order of the universe, and in acknowledging a wisdom superior to human wisdom - Henry George has given magnificent service to mankind.

The almost world-wide propagation of his work has called forth an enormous and unselfish expenditure of time, toil and talent, yet, most unfortunately, much of this expenditure has been misdirected. Our great cause has been presented as "The Land Question" when, primarily and essentially, it is The Revenue Question. This conviction impels me to recommend further consideration of terminology concerning the socially produced revenue. There is little doubt that, had Henry George lived even a few years longer, he would have extended this section of his work considerably. Those who are now engaged in seeking a clearer image of this entirely good social fund are not trying to split hairs, or to add to or detract from the work of a master. They are investigating carefully, sincerely and with profound respect for Henry George, in the hope that his vital work may be more clearly understood and more adequately and more precisely presented.

A REPLY FROM THE HENRY GEORGE LEAGUE, KIMBA, AUSTRALIA sent
by Betsey J. Harris, Hon. Sec.

AT our recent meeting it was agreed to reply to Mr. Grinham's letter in the International Union Newsletter No. 3 as follows: Firstly we would like to explain a Government based on Economic Justice has the exclusive right to all Economic Rent and no individual has any right, equal or otherwise, to any part of it.

A Just Government is a natural result of a Community of people and is not artificial. A dictionary definition of artificial is fictitious. We ask Mr. Grinham what is fictitious about a Government appointed by the people.

With regard to Mr. Grinham's inference that individuals have a right to Rent we would refer him to the fact that individuals collect the Rent today. Is it not this very action that we as Social Reformers so strenuously oppose?

There is no limit to what could be spent by a Just Government for the benefit of the people; the only limiting factor would be the sum total of the Economic Rent.

RENT - A DISEMBODIED CONCEPT

J.T. Tetley

New Jersey

U. S. A.

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YOU are to be congratulated upon the splendid publication "Newsletter". These are extremely helpful and valuable to me and our School Library will keep them available in a prominent place for use of Faculty, students and graduates.

In issue No.2 appeared a short contribution of mine headed, Terminology in which I endeavored to state my concept of "Rent". Some years ago, a member of the Faculty of the New Jersey HGS wore on his lapel a small gold bar-pin. Upon this was engraved RENT. The object was to provoke a discussion of economic rent.

The Newsletter in its short period of existence has referred to this word frequently. In No.3, Bernie Donohue said "John Tetley did not help us out of the muddle when he said rent is a part of produce and rent is a payment for the privilege of using a natural resource. The two concepts are as different as chalk and cheese."

Thank you Mr. Donohue for calling this to my attention. However, if you will reread my statement, I did not say rent is payment. I said a portion of the product is termed economic rent. I made two distinct statements: (1) Chalk - Rent is part of product (2) Cheese - the user of natural resources makes a payment for the privilege of using natural resources. A portion of the product may be claimed by the owner of natural resources, regardless of whom the owner may be - we may consider he "pays" himself or others. This payment is not rent as such. Rent is the label for a concept, a disembodied concept, a word of high abstraction. As I understand and accept it, Ricardo in stating the Law of Rent and how rent is determined, implied rent is a part of product.

My understanding is that when land (surface of the earth) is used in production, the part of product representing "excess productivity - rent" may be considered "return" for the use of this natural resource. The payment may actually be beans or boxes, depending upon what is produced; or these products may be converted into money which is used for payment.

This does not accord with those who say "home sites yield rent" - economic rent. If the land (surface of earth) is used for residential purposes, no production takes place, then the user could not pay part of product produced there. The payment which is made for home-site can be determined and is for location being used.

What do say, Mr. D.? Clear? or pass the aspirin?

On the other hand, Dr. T.G.S. Cameron, in Issue No.3 (thank you sir) says my remarks helped him and does me the honor of coupling me with my very respected friend Ashley Mitchell.

M O R E O N

R E N T !

S. S. Gilchrist
Sydney
Australia.

RENT is satisfaction resulting from the privilege of having a periodic use of a site, to the exclusion of the remainder of the community. Rent can be expressed only as the market value of this privilege. The community suffers the disadvantage of the exclusion from the site.

Good government should remove privileges and corresponding disadvantages. This can be done by the privileged being made to pay to the disadvantaged the market value of the privilege. Governments guarantee by force the privilege of exclusive use of sites, so they should be responsible for collecting the market price of privilege and using it in the best interests of all the community. (Defining these best interests is a separate problem). The market price ("land-value") for permanent use of land is merely the price of the long term privilege, and is the sum of all the expected yearly prices of all the future potential satisfactions, but with a discount according to how long one will have to wait. Land value is therefore directly related to all future expected rent and nothing else. As with all exchanges, there is an element of expectation (or speculation). When we buy an apple or a television set, we are speculating on the expected satisfactions therefrom. Virtually all trading and effort is speculative as to future satisfaction, and it is satisfaction which we seek.

There is therefore no such thing as speculative rent as apart from normal ordinary rent.

FREE LAND, FREE TRADE, FREE MEN

S.S. Gilchrist

I BELIEVE that the slogan "Free Land, Free Trade, Free Men" is hopeful jargon, but in the main "Free Trade" is the only clear cut item. However, "Free Land" is very doubtful. What we

need is equality in our shares of the land factor. This can most nearly be obtained by the community collecting the rent (worth of site privilege). This means that accordingly as to how much 'land factor' we use (either directly or as part of goods and services) then we should pay (either as direct revenue to government, or as part of the price for revenue cost of land factor used in goods). The land should not be free to the individual, he should pay according to the share he receives. "Free Men"? well perhaps, but we can never be free from our environment, and this includes the rest of the human race with all its brain washing and fixing of taboos and beliefs at childhood, and even if we all in this generation were "logical", "rational" and "good", we cannot control the mutations of chromosomes of the next generation.

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SUMMARY OF THE MUDDLE AROUND
LAND VALUE

J.J. Pot

Slikkerveer

Holland

WHAT IS RENT ?

1. Rent is a toll upon the other two factors for permission to use the earth. HGS. Mag, October 1966.
2. In no circumstances whatever is rent a toll on labor and capital. Donohue, Newsletter 1.
3. Rent is an ever increasing charge upon production and living space. L&L, April 1966.
4. In no circumstances whatever is rent an ever increasing charge upon production and living space. Donohue, Newsletter 1.
5. The real unassailable argument for the collection of the rental value of land is that land is a natural element and necessary for all life. Mitchell, Newsletter 2.
6. Rent is a secondary bounty of a beneficent Creator - land being the primary bounty. Donohue, Newsletter 1.
7. Rent is a part of product. Tetley, Newsletter 2.
8. Rent is ... handing over the excess product. Donohue, Newsletter 1.
9. Rent - product - surplus arising from human association. Grigg, Newsletter 2.
10. Rent is the value of location among people. Thompson, Newsletter 2.
11. Rent is "profit of association" (Pearce) channelled through the differential advantages of LOCATION. Grigg, Newsletter 1.
12. Rent amounts to what one is willing to pay (irrespective of its produce). This is my contribution to the muddle. Pot.

In my opinion, Joe wins the prize.

WHAT IS LAND VALUE ?

1. Georgists often say that land values are community produced. This is uncontested. Cord, Henry George News, May 1966.
2. The fallacy that land values are created by the community when in reality it is rent that is produced by the community. Donohue, Newsletter 1.
3. Neither individuals, neither the community "create" the ability to save effort. They co-exist. Grigg, Newsletter 1.
4. Economy of effort gives rise to a social value. Grigg, Newsletter 1.
5. "Price" expresses something of certainty that clinches a deal, while "value" reflects the idea of evaluation. Pitt, Newsletter 2.
6. The total value of land is arrived at when we add to the selling value of land, which is commonly called its price, the (capitalized) value of all taxes and other public charges. Knab, Newsletter 2.
7. When discussing a Georgist government, land values would never be mentioned. Betsy Harris, Newsletter 3.

Betsy wins the prize.

WHAT ABOUT MORAL ?

1. The use of the earth by individuals is not a privilege but a right. Privilege only arises when individuals can charge for its use (usury). Donohue, Newsletter 3.
2. The moral justification for taxing rents rests on the moral principle that all men have equal rights to what is not a product of labor. I&L May 1966.
3. Our whole movement is exposed to ridicule - if we project its image (rent) as a social evil, when we are fully aware that it is a social good. Donohue, Newsletter 1.
4. Rent is a social product, and entirely good. It is the antithesis of land value, which is the bad produce of injustice, (bad government). Dowe, Newsletter 1.
5. Neither land value nor land rent is a social evil or a social good. Whether a thing is good or evil often depends upon its use, and is the concern of justice, not economic science. A science can have no opinion. Byrne, Newsletter 2.
6. I do not agree that rent is a "social good", nor a "social evil". To me rent ARISES: it is completely impersonal. It has no moral qualities at all. Hudson, Newsletter 2.

Okay Hudson

IMPEDIMENT TO GEORGIST PROPAGANDA - Frank Dupuis - Ruthin, Denbs.

I AM left so confused by the terminological exactitude contents that I am beginning to wonder if 2 plus 2 equals 4. I had imagined that land value economic rent, site rent, etc., all denoted the same thing approached from different angles and as we are more concerned to convince outsiders rather than each other the practical question is to decide the best term to convey our meaning to the man-in-the-street. This, of course, will vary according to time and place and some factual examples from readers might be useful.

But I think the greatest impediment to Georgist propaganda today is the mental atmosphere created by universal State education, welfarism, the great press combines and radio/television. All these while presenting an appearance of impartiality or free discussion are, in fact, controlled by forces instinctively interested in discouraging personal investigation into the deeper questions of human life, not only in the economic sphere, but in all spheres. In consequence any person who does not conform to the general tendency is in danger of being labelled a reactionary and few have the courage to brave this diatribe.

There are of course chinks in the armour of the dominating publicity and Georgists can seek them out and exploit the opportunities. But without relaxing our efforts in this way would it not be possible to develop another side to Georgist Schools? We preach freedom in economic matters but could we not also preach the value of freedom of thought in all matters? I think that Mr. McEachran's book, Freedom - The Only End, might give some hints towards formulating a suitable textbook.

E N O U G H S A I D

T.O. Evans, Slough, Buckinghamshire

I'M getting not a little tired of this wrangling on definitions and all this high-flown, philosophical, hair-splitting and sometimes hair-raising academic discussion. I would think it about as fruitful as discussing how many angels we could put on the point of a pin.

Let any Georgist stand up at a conference and assert he believes in individual freedom, free trade and land-value taxation and we all know what he means. So far as outsiders are concerned, we must use whatever words, phrases or even economic jargon that best suits our potential convert.

The hallmark of a good salesman, writer or teacher, is the manner in which he adapts to and identifies himself with his audience. The more flexible and accommodating he is, the more success he will have, providing he uses the terms he has chosen with complete consistency.

Now let's drop it !