

EDUCATION OF A BUSINESS MAN

By Laurie J. Quinby

William Fales Baxter, whose recent passing was indeed a loss to the Georgist movement, became interested in the single tax in a most unusual way. At the time of the incident related below he was secretary of Thomas Kilpatrick & Co., an Omaha department store.

A devoted friend had been telling him about the theories of Henry George. He was always tolerant, unconvinced. One day his friend said: "It is a proven fact that as ground-rent rises, wages, interest and the profits of business decline."

Mr. Baxter's quick come-back was, "Now any business man knows that statement to be untrue. Take my business. You will admit that what is true of this would be a fair example of all business. And you will admit, I think, that land values in this location have at least quadrupled during the last ten years. I can assure you that our payroll, in proportion to our business, as well as our profits have enormously increased during that decade."

That statement seemed to be a squelcher, but his friend was engaged in spreading the idea of cost-finding systems, as well as preaching Henry George. The friend said:

"I believe your company owns this building and the land on which it rests?"

"Yes."

"Do you maintain a cost-finding system, and do you charge against your merchandising business a rental for the premises you occupy?"

"Yes," said Mr. Baxter.

"Well, then, during the past ten years, while rents in this locality have advanced, as you say, four times, how many times have you revised the 'rent item' cost in your cost-finding system?"

Mr. Baxter caught his breath. They had not revised it.

"Well, then," said his friend, "when you have time, will you study over that question, bring your rent item up to date, then tell me if your payroll and your dividends, in proportion to the volume of your business, as merchants, have really advanced, as you say?" He promised.

Several days later, as his friend entered the store, Mr. Baxter met him with a smile. "I am having lots of fun with my partners," said he. "I am proving to them that we are losing money."

"So you found," said his friend, "that you have been profiting not as merchants, but as landlords?"

"Yes," he answered, "and I am certain that thousands of other business men are being deceived by the same fact."

From that time on, Mr. Baxter became an ardent student and champion of Henry George.