

"Comment and Reflection" in the July-August issue of LAND AND FREEDOM?

As you may have surmised, I have been a Democrat ever since the Cleveland campaign and was converted to free trade by General Francis Walker who was my Professor of Political Economy at Massachusetts Institute of Technology, and have voted for President Roosevelt on both occasions; yet, as I have written Roger Babson and others, I suppose I am more fundamentally opposed to many of Roosevelt's doings than many Republicans who seem to have no fundamental ideas whatever.

Babson himself agrees that if we elect a Republican in 1940 he will probably have to carry on pretty much the same as Roosevelt, which indicates that the trouble is the unenlightenment of the people as a whole.

As Cleveland said, it is not a theory but a condition that confronts us, and while you would not administer strong medicine to a healthy person as a regular diet it must be given when people are sick. To continue the analogy, even medical treatment ought to be fundamental but unfortunately it is not. This is not always the case, but the use of "dope" by reputable physicians is all too common. So this palliative treatment is not confined to political spheres only but is an unfortunate state of mind of the people of today. Some of this comes, of course, from false leadership and its general acceptance is due to the mass psychology that was engendered during the War and it may take a generation to overcome.

People must learn to think for themselves and it is encouraging to note that some are beginning to do so more and more among the so-called "middle classes" rather than among the "Captains of Industry" and their satellites in small businesses.

I have heard it said that the servants of nobility in England are the most ardent supporters of the system under which they live and it seems that up to now some of those most seriously affected by the unjust system under which this Country is operating are its most ardent supporters.

But even the National Association of Manufacturers is beginning to see things in a different light and possibly we are on the verge of a new era.

Cincinnati, Ohio

CHARLES G. MERRELL

### INTEREST RISES WITH PROSPERITY

EDITOR LAND AND FREEDOM:

My thanks to C. H. Nightingale for his argument that we should not drop this matter of interest till we get to the bottom of it; and my thanks to you for publishing his statement.

But while we are delving into this matter, and while C. H. Nightingale is supposing all these things mentioned (see your page 126, July-August, 1938), suppose some one devote himself to explaining how interest "would go to zero," if the earnings of the people (which would include the earnings of business) "increased to such an extent that every one became a capitalist."

Our earnings in the commercial sense include returns on our capital; this is interest. Suppose borrowing does cease, what of it? Interest is still interest; and it can't "go to zero," when it is soaring in the stratosphere of prosperity.

Stockton, California.

L. D. BECKWITH.

### TAXES ON THE IRRIGATION DISTRICTS OF CALIFORNIA

EDITOR LAND AND FREEDOM:

Congratulations on Comment and Reflection upon the psychology of the New Deal voters.

Let me, also, add a word of caution relative to the paragraph on page 126 in which you appear to be quoting J. Rupert Mason on the tax system of the California irrigation districts.

It is true that improvements and personal property are exempt from these irrigation districts taxes. It is even true, as Mason failed

to state, that these taxes are levied on all land in the district, including speculative holdings in the towns and cities of the district and id land in the rural sections of the district.

But these taxes are flat or acre taxes. A farmer on the last far in the far corner of the district on a back country lane pays the same tax per acre that is paid by the owner of a finer farm at the edge of the county seat; so does the owner of a lot in the poorest section of town and on a back street, "down behind the gas works," pay the same tax that is paid by the owner of the best business corner in the county seat, assuming that the lots are of the same area.

There is another thing about these districts that ought to be better understood. Because there is no attempt to recover all the rent and every effort is made, on the contrary, to keep the taxes as low as possible, there is still a speculative value in these lands—that is, the privilege of collecting rent in the districts is still considered valuable.

However, because this value is much less than similar privileges in the cities, these district values have been hard hit by the depression so much so that they got behind on their bond interest.

Then a thing was done that will be remembered with shame when the people get their economies on straight. What happened is that the bondholders were "put through the wringer," and bought out at discounts running sometimes over 30 per cent, and bought out with federal money furnished for the refinancing. Of course it must be remembered in this connection that not a cent of our federal revenue is taxed against land!

It must also be kept in mind that these districts are in the heart of California where the state's fine highways system is at its best, and that not a cent of the expense of these highways is taxed against land!

Then, too, we have a sales tax which has reduced our school taxes about 80 cents per \$100 of assessed valuation, thus lifting that much more of the tax from land.

All in all, the receivers of rent have been well cared for.  
Stockton, Calif.

L. D. BECKWITH.

### A FUTILE CONTROVERSY

EDITOR LAND AND FREEDOM:

There is among Georgists a controversy which has always seemed to me unnecessary, namely, on the question, "Does rent enter into price?" I have never been able to see that there is any real disagreement as to the answer to this question; but whether that answer is "Yes" or "No," all depends on what the question means to the individual answering it. If it means to him that rent, together with wages and interest, is a part of the price which has to be charged for commodities, then the obvious answer is "Yes." On the other hand, if the question means to him that prices of commodities are high because of the fact that rent has to be paid, then the answer is "No."

The latter interpretation of the question was, I think, the interpretation usually in mind until comparatively recently, and, therefore, the older Georgists agreed with Ricardo that rent did not enter into price. It was Mr. Emil Jorgensen, I think, who first prominently insisted that rent did enter into price, and this because his interpretation of the question was as first above given, and not because he had any real difference of opinion about the effect of rent on prices. This is clearly indicated by the following statement from page 31 of his book: "Did Henry George Confuse the Single Tax?": "The illustrious Scotchman (Adam Smith) knew as well as the next man that rent never operated to make the price of goods go up—in other words, that it did not result in making the goods produced on the high-rent lands any higher in price than the goods produced on the low-rent lands."

The moral to be drawn from the controversy is to avoid making a statement that rent does or does not enter into price, unless the statement is modified or enlarged so as to make its meaning clear.



Since the above was written a friend has sent me an apropos quotation from a book by the British economist, Alfred Marshall, as follows: "But it is easier to interpret the classical doctrine that (rent does not enter into the cost of production) in a sense in which it is not true, and to scoff at it, than in the sense in which it was intended and is true. It seems best, therefore, to avoid the phrase."

Boston, Mass.

JOHN S. CODMAN.

#### WANTED—MORE EXACT INFORMATION

EDITOR LAND AND FREEDOM:

"The Dilemma of Communists" in the last number of LAND AND FREEDOM is a timely antidote for Marxian narcotics now so freely distributed in many places. It leads me to suggest that you might fill a long-felt want by tabulating some statistics concerning the condition of labor in Russia.

Quite a number of publications of communistic origin have reached my desk. They are devoted pretty much to depicting Russia as a militious nation of mirth and song. Red armies and athletic girls in shorts, all ablaze with joy and patriotism, swarming about the Kremlin.

Collective farms, factories, power plants and other achievemants illustrated in approved Standard Oil and General Motors fashion. Comely nomads and factory girls surrounding Stalin, like Father Divine at Krum Elbow.

It strikes me these pictures and fulsome praise are not so much to the point in proving the success of communism or failure of "capitalism." One might gather up any amount of such pictures in the illustrated papers and magazines of all "capitalist" countries.

What seems to me so strangely lacking in this Russian propaganda, is data concerning the compensation meted out to these proletariats for the work they do. Following Chodorov's contribution, will you be kind enough to publish some information regarding wages and modes of living in this Russian Eldorado.

Digging the Volga Canal ranks as a great achievement. Can you tell us the class of labor that performed the work and wages received? Do they observe the Marxian rule: "From each according to his ability, to each according to his needs?"

There is no desire on my part of be captious, but a suspicion that the literature coming to my desk does not show more than one side of the shield. Communism has been in full swing in Russia for twenty years with its planned economy. Wages should be far in advance of what they are in capitalist countries, but are they? Please tell us.

Seattle, Washington.

OLIVER T. ERICKSON.

#### SOME THOUGHTS ON CONCENTRATION ON A SINGLE STATE

EDITOR LAND AND FREEDOM:

An excellent circular letter has been received from the Henry George Constitutional "Committee On Organization And Action." The letter "talks turkey" and, in the parlance of the proletariat, it puts every Single Taxer "on the spot." The letter concludes by requesting each recipient to answer one way or another—"count me in or count me out."

Perhaps some of we Single Taxers are too diffident about getting into action—too lackadaisical about centralization of time, energy, finances and location, but there may be some who yet believe that the most logical plan for action has not been advanced. With due respect for the Committee's selection of Michigan as the scene of action, we arise to ask what determined this selection? Does this state offer the line of least resistance? Is it the most representative state?

Our curiosity leads us to learn that the following five States and District present the following situation as of the last federal survey:

State	Urban Pop.	Rural Pop.	Farm and Bldgs. values
District of Columbia.....	100%	0.0%	\$ 0,000,000,
Rhode Island .....	92.4	7.6	34,508,000

Massachusetts .....	90.2	9.8	773,663,000
Michigan .....	68.2	31.8	341,000,000
North Dakota.....	16.6	83.4	951,000,000

U. S. Totals.. .....	56.2	43.8	\$47,879,838,000
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In selecting a state for taxational action, we believe that the prime question is, shall the state be dominantly urban or rural? In other words, which are more vulnerable to taxation talks and legislative action, farmers or flat dwellers? Which class is the immediate victim of ground-rent exactions?

The next question is which state presents the least number of constitutional obstructions to the inauguration, or wider application, of site-value taxation? Personally, I do not know the constitutional limitations set up in any of the five foregoing localities except those of Massachusetts. In the Bay State an old Act of the legislature provides that a "betterment tax" may be levied upon land values which result from public service—an old Act which has been on the books since the early days when the first publicly-constructed turnpike was financed by assessing the value of land resulting from this public service. This Act has passed the Supreme Court's scrutiny as to its constitutionality, and long has been in use in a desultory, incomplete and unpublicized manner. Our Constitution also follows the national custom of requiring the taxing of personal property except in certain exemptions.

The Massachusetts picture thus is shown to be one where half the usual tax battle may be avoided by authority of the "betterment tax" statute. The personal-property-tax obstacle may be coped with by a non-discriminatory reduction in personal-property valuations down to a very nominal amount—an amount which meets with the constitutional requirement to tax this class of wealth—a reduction which would impose the least load upon labor and capital.

Perhaps Michigan offers an equally inviting prospect as to legal limitations. We do not know. Whether or not, Massachusetts' population presents a far greater percentage of immediate victims of ground-rent exploitation than does Michigan; 90.2 per cent in the Bay State as against 68.2 per cent in the Wolverine State. In answer to this comparison it may be argued that such mode of procedure appeals to the tenant's pocket-book rather than to his understanding, but we have to "be shown" that the altruism of Michigan muddlists ranks higher than that of the canned culture of our state of mind.

Many of we Single Taxers cannot afford to attend a Single Tax congress and substitute action for words in a centralized campaign which, in principle, we heartily endorse; nor can we afford immediately to dispatch a devalued dollar to each individual, or nucleus, which advises us of its determination to go over the top pronto, because these number more than a few—a number which at once defeats the centralization principle.

Personally we believe that the Henry George Congress is the most appropriate body about which to centralize for organization and action, because it appears to be the largest representation of all the Single Tax factions. It appears to be the only faction acting in parliamentary-congressional manner periodically at divers points.

This communication is not to be construed as an ultimatum to the effect that if you do not fight in my backyard I won't fight at all. It is offered merely to suggest and to learn about the selection of a state for campaign action. There may be a better battle ground than either Michigan or Massachusetts. In other words, has the Committee on Organization and Action a better campaign outline than any other Single Tax nucleus or free lance?

If LAND AND FREEDOM is in a position to act as a clearing-house, perhaps many Single Taxers would like to learn campaign specifications of each Single Tax group which evidently prefers its own methods. Perhaps each group would inform us why "less than 10,000" of all the Single Taxers in this nation failed to sign up with Secretary Rule on the dotted line (not meaning that Mr. Rule is on the dotted line). Perhaps the great army of silent Single Taxers will inform us why Secretary Rule cannot count them either in or out.