Letters

IN the November Reader's Digest, there is a condensation of a New York Times article by James Reston, which stresses that unless the developing nations can do something to control their bursting populations, all attempts at aiding them will surely fail. The article makes particular mention of India and of Latin America.

Henry George made the point that unjust social organization and distribution, and not overpopulation, were a major cause of social distress.

It is clear that whatever *economic* effects an extremely dense population might or might not have, it would certainly create serious problems for provision of adequate recreation, restful, noise-free environment for work and play, pleasant and tranquil and spacious housing conditions, efficient political adminstration and democratic governance, conservation of resources, and the like. Finally, it can also be argued with some force that although dense populations are probably not the major cause of social distress, an extremely rapid rise in population may bring mouths into the world too fast for the increasing hands to organize to feed them. Mr. Reston, I think, is quite right in pointing out that fact.

However, the neo-Malthusians of today are still quite mistaken if they think that the poverty of Latin America, for example, is caused by "overpopulation." It is to that type of argument that Henry George directed his heaviest fire. There is poverty in Latin Amrica in sparsely populated as well as densely populated regions. Among the poorest countries of Latin America, as well as the most sparsely populated, are Bolivia and Paraguay. El Salvador, among the most densely inhabited countries of Latin America, is neither better nor worse off than the rest. Human hardships in Latin America would appear to be quite unrelated to either sparsity or density of population.

Latin American poverty *is* very definitely related to the persistent, feudalistic, land-monopoly system of the region. Almost all parts of Latin America are plagued by an extraordinary degree of concentration of land ownership, and hence of accumulation of unearned, non-invested increment by a very small minority of the population.

In this sense, Henry George was quite right in insisting that it is bad social organization, and not population density, that is primarily responsible for extreme poverty. To believe *that,* one does not have to absurdly insist that extremely dense population can never be a problem, under any circumstances.

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Your front page article (June) "The Menace of Nationalization," by Oscar Johannsen, has roused me to write to you. I am very pleased to discover that at least one Georgist is bent on re-assessing his Georgism in the light of modern developments. Have you many in New York who favor this re-appraisal?

He has drawn our attention to the deep-rooted aversion, shown by Georgists everywhere, to government appropriation of land, in spite of their advocacy of the taxation of land values. This naturally suggests that we should re-examine our principles, and determine just what we mean when we say that the land belongs to the people. Which people? What can we do about it *without* government intervention? Land values are created by our customers, at home and abroad—by all who are prepared to pay us for the surplus products of our land.

The community of our customers, to whom our land values belong, is the whole of the people of our country, using a common currency, and also all those people abroad who buy our goods and services, and who therefore are directly interested in the value of our currency. . . .

Now that national currencies are becoming independent of gold standards, and paper monies are legal tender among an increasing number of people, the way has become easy for us to pay our land values to the people who have created them. We who may be tenants have simply to get together and agree that on an appointed date, six months, a year, or two years from now, our land value shall be deemed to have been restored to humanity, and thereafter its economic rent shall be paid to those who have created it, *by destroying its equivalent in currency notes.*

Georgists can lead the way, and perhaps it is fitting that an American should be the first to fulfill the teaching of Henry George.

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SAMUELSON'S FIFTH EDITION

Colonel E. C. Harwood, director of the American Institute for Economic Research at Great Barrington, Massachusetts, reviewing the fifth edition of *Economics, An Introductory Analysis* in the October Economic News* indicates that while this shows some improvement over earlier editions, it still includes major flaws which make its implied stamp of approval a tragedy and a betrayal of intelligence.

This book by Paul A. Samuelson, professor of economics at Massachusetts Institute of Technology, is reported to be the text most widely used by students of economics. It supports the Keynesian methods which have "brought Sweden to the brink of disaster, all but ruined France prior to the fiscal and other economic reforms effected by DeGaulle, and greatly endangered the future of the United States." The author seems to take comfort in the fact that "most economists agree with various views he offers and asserts that the basic Keynesian analysis is "increasingly accepted by economists of all schools of thought." He refers to this as "neo-classical economics" acceptable to "all but a few left-wing and right-wing writers."

He has altered his opinion in one respect, writes Colonel Harwood. "In his fourth edition he suggested that creeping inflation be 'held down to, say 2 per cent per year' and in his fifth edition he says 'price increases that could be held down *below* 2 per cent per year are one thing' as though that would be negligible. To the casual reader the differenc between 5 per cent and 2 per cent may not seem important, but from the viewpoint of anyone who would live under those conditions the difference is striking. At 5 per cent per year, a dollar's worth of life insurance or funds for a retirement pension would decrease in 60 years to a little more than 5 cents worth, a loss of nearly 95 per cent of one's life insurance and pension funds; but at 2 per cent per year, the loss would be much less, only about 65 per cent."

Colonel Harwood, in reviewing the fourth edition of this work in HGN, May, 1959, pointed out that while many writers of economics textbooks give only superficial consideration to a tax on site values, Professor Samuelson "describes how a tax on site values would fall in its entirety on those privileged to hold exclusive titles to such sites and would not burden either those who labor or those who invest in the reproducible capital of our economy." However, he leaves it at that and does not mention, even in the fifth edition, any of the cities where it has proved effective.

*Economic News, published 9 times a year by the American Institute for Economic Research, Great Barrington, Massachusetts, is $1 a year for 9 issues, or 10 cents a copy. Many other valuable publications are available from the same source.