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Town Planning—Fulfilment or Frustration?

By A. W. MADSEN (Editor LAND & LIBERTY)

IN THE COURSE of the past forty years the British Parliament has adopted much legislation with the object of controlling urban development and growth. A further chapter has been added by the comprehensive and all-embracing Town and Country Planning Act, 1947 (10 & 11 Geo. 6, Ch. 51) which at the same time consolidates a whole code of laws. The numerous Acts passed in the previous years, the one repealing or amending the other, had successively extended the scope of the planning orders, requiring the preparation of ever new blueprints which made idealistic pictures of things as they should be. But none could remove the shadow of high-priced land which overlay all; and the troublesome problem of "compensation and betterment," which the plans themselves presented by condemning certain areas to certain uses whereby some owners would be damaged and others benefited, was never solved.

These Town Plans, elaborated at the cost of so much time and trouble, litter the desks and fill the pigeon holes of ministerial and municipal departments, but no *Planned Town* has ever materialized. The plans did not or could not take practical shape and the officially-given reason was that there was not sufficient compulsion behind them; moreover, the land question which was so refractory would have to be tackled on much bolder lines. The result is this new Act which creates new planning authorities headed by a Central Land Board armed with extraordinarily drastic powers, and which compromises with the landed interests by placing vast sums of public money at their disposal.

The Act is a massive document of 120 Sections, sub-divided into 405 sub-Sections, supplemented by 11 Schedules and is to be followed by hosts of the necessary operative rules, regulations and orders issued by dictate of the responsible Minister. It will be sufficient to examine and judge the main provisions, but first of all consideration should be given to certain essential matters which all this legislation has completely ignored.

When the earliest of these Acts was passed, the Housing and Town Planning Act, 1909, Prime Minister Asquith, whose Liberal administration was responsible for it, said at Birmingham on June 19, 1908: "I agree with those who think that the necessary accompaniment is a complete reconstruction of our valuation and rating system." How long ago, and even now that system is unreformed. Nay, it has been rendered still more harmful and inequitable by intervening legislation favouring special interests, notably by the Churchill 1929 "Derating Act" which exempted all agricultural land, no matter how valuable, from local taxation, and gave three-quarter relief to manufacturing establishments. I will digress too much if I dwell on the social effects on that measure; any



economic student will be able to give instruction in what happens when tax burdens are taken off land.

Here some explanation of the British rating (i.e. local taxation) system may be helpful, seeing that it has such an intimate connection with the problems which the Planners seek to solve by their arbitrary enforcements. Noting that national taxation of real property (via income tax and death duties) has much the same incidence, apart from the question of who pays, let us look at our "rates" as we call them—namely the taxes which are levied and collected by the local authorities.

In our assessments of the "rateable value," we take as the basis or standard the rent being paid for the property, land and buildings lumped together, or the rent which it would command if let year by year in its existing state.

The Town and Country Planning Bill, instituted by the British Labor Government a year ago, contained the proposal that £300,000,000 of public money should be paid to owners whose land had a speculative value for building purposes. This was hailed in some circles, erroneously of course, as stemming from Henry George. By decree of this bill no one could build on any land or materially change its use by structural alterations or otherwise, unless he had the sanction of official authority. "It is hardly necessary to observe," wrote Mr. Madsen at that time, "that this measure is not only a travesty upon the principles of land value taxation but is in direct conflict with them." In this issue the *Land & Liberty* Editor sets forth for American readers a brief history of this much discussed legislation.

These twin conditions cause all vacant land, however valuable, to be quit of both assessment and tax. On the other hand, the better the improvement, the higher is the tax. The rates being payable by the occupier, the local authority loses that revenue as long as the premises are empty—except that in Scotland some part of the rates fall upon owners (of buildings) so that "empty" in that country are not entirely exempt. As already indicated, all land used for agricultural purposes (think of its high building value in or near towns) is specifically excluded from assessment, and over the whole countryside not a penny in rates is paid in respect of it. No wonder that rural districts, robbed of their land revenues, are forced to go in procession like beggars to the Treasury seeking grants-in-aid. In cities as in villages the burden of local taxation on houses and other buildings becomes intolerable. Time and again the system breaks down to be patched with the dodge of Treasury subsidies to the local authorities. More burdens are thrown on the over-burdened taxpayer to ease the load on the distressed ratepayer, but the economist knows into what pool that money filters, swelling the monopoly price of the tax-exempt land.

Such then is our rating system; a potent cause of congestion and restriction; of the narrow street and lack of open spaces; of high rents and bad housing conditions; of the stopped production with limited opportunity and poverty in its train. Taxation as it is now levied penalises all building and improvement, but the evil of land speculation is given shelter and endowment.

Surely, if there were sense and sensibility or honesty among the Planners, who now have so much influence over parties and governments, their first task would be to sweep the board clean of these fiscal and monopolistic obstructions and give release to the now imprisoned forces which could so wonderfully and spontaneously mould the world to heart's desire. Were that done, we could sit back awhile and decide what room there is for the conceit and impertinence of those who would plan our destinies for our own good. But the Town Planners (I have the British fraternity in mind) will have none of the idea that had taxation or an unjust land tenure has brought about the very conditions they would remedy. In that respect they are in the landlord's camp. They allege that the trouble is wholly due to faulty planning and the unfortunate accident that these Supreme Minds were not available sixty or a hundred years ago to ordain how cities should grow and to arm authority with power to say when and where one brick should be placed on top of another.

The Planners now have their chance in Minister Silkin's Town and Country Planning Act. (Continued on Page Five, Col. One)

A Word With You

By ROBERT CLANCY

There's an old Greek or Yugoslav proverb: "You can toss Nature with a pitchfork, she will always come running back." The more strenuously she is tossed, it might be added, the greater the impact of her return.

In this bit of homely allegory, may we not find the key to our cyclical economic headaches? We have vainly been trying to stave off the consequences of our colossal folly. Instinctively we must know how futile and fake our efforts have been, because now we are apprehensively waiting for what we know must come sooner or later—that frightful return of Nature spurned—a depression. A few feeble gestures are still being made to ward off the return, but the prevailing atmosphere is one of shaky waiting.

The Nature-tossers' most devastating weapon (they think) is to ignore her. Perhaps their most defiant act is the ignoring of the earth under our feet, the waters of the sea, the organic and inorganic gifts of nature, yea, the great globe itself. They've been telling us: "Land may have once played an historic role in a feudal society, but today it is insignificant." Rot! Feudal or free, capitalist or communist, land and its ownership was, is and will be the deciding factor in man's economic weal or woe.

To root out the abominable thought-tumor that denies this, man will probably have to undergo some terrifying operations. Tossing away the earth itself means having the earth itself some day flung into our faces. And this not because Nature hates us and wants to destroy us, but because the Old Lady loves us! If we will have to crawl in the dust among the ruins of our tinny towers of Babel and fill ourselves with mud to keep from dying, it will only be Nature's way of telling us to start again, on the right basis, minus the rebellious pitchfork.



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VIEWS OF THE NEWS

SYDNEY MAYERS

We quote from a Tokyo dispatch by The United Press: "General Douglas MacArthur announced today he will use Allied troops to back up collection of Japanese taxes." Write your own comment.

The fabulous Canadian Pacific not only operates trains, steamships, airplanes and hotels, but also vast oil, coal and other mineral properties. Thanks to Barbara Schmitz, we learn that this "landowner extraordinary" gets more income from the properties than from running the railroad.

* A Connecticut manufacturer will stop withholding federal income taxes from employees, stating if the President "wants me to get that money for him, then he must appoint me as an agent for the Internal Revenue Department . . . pay me a salary for my work . . . and reimburse me for my expenses incurred in collecting." Call out the Marines!

"Pot Roast Prices Equal Those for Steak As Demand Rises for Cheaper Meat Cuts," headlines The New York Times, and a Department of Agriculture spokesman comments "It is a funny picture." We don't think the higgling of the market is as "funny" as it is inevitable.

A Washington wit (Republican, no doubt) poetically describes our tax-conscious administration: "You make it; we take it. You lend it; we spend it."

Herald-Tribune Correspondent Marguerite Higgins reports on her visit to the German Ruhr: "The peasants . . . live on little plots of land on the 1250-acre estate of Alfred, Prince of Byck, in circumstances reminiscent of feudal times. The prince, an absentee owner, lives in Bonn. A farm superintendent collects the rent." As another columnist might say, H'mmmmm!

A. C. Kaufmann, newly installed Philadelphia Chamber of Commerce president, said one of his chief aims would be to change the Pennsylvania tax structure so the state can keep the industries it has and attract new ones. We refer him to Presidential Candidate Bill McNair of Pittsburgh, who will gladly show him how.

We saw this letter in The New York Times Magazine: "Francis Williams, in *A Vital Fact in the Battle of Ideologies*, points up the differences between Russian communism and British socialism. To this I reply, it will not make any difference to me whether the one who steals my economic freedom is a gentleman or a rogue."

A manufacturer of carbonated beverages, pessimistically prophesying the disappearance of nickel soft drinks, urges the minting of 7½ and 12½ cent coins. That's really inflation—we remember when we kids ordered "A chocolate soda, plain" and the vendor asked, "For two cents or three cents?"

Sir Henry Tizard, whose resounding title is Chairman of the Government Advisory Committee on Science and Production, complains that the average American industry is twice as productive as its British counterpart. Shall we tell Sir Henry what encourages industrial efficiency here—and what causes it to lag in the semi-nationalized United Kingdom?

President Mason, of the National Retail Lumber Dealers, reports that "free of taxes, an \$8000 house would cost \$5864, and at 1940 tax rates would cost \$6845; between 1940 and 1947, \$1135 in taxes have been added." The many groups now trying to solve "the housing problem" might ponder this intriguing phenomenon.

A toast overheard in our favorite bistro: "May you have enough money to make you happy, but not enough to make you miserable paying taxes on it."

The Philadelphia Federation of Women's Clubs is campaigning for the repeal of the 20 per cent federal luxury tax on baby powder and baby oil, on the ground that they are not luxuries. Who, the babies, Mr. Gallagher? No, the toilettes, Mr. Shean!

Among Our Contributors

XAVIER F. DREXLER was born in Switzerland, receiving his formal schooling there and later being employed in a bank. Since his arrival in the United States in 1925 he has lived in Chicago, Dallas, and Montreal and now resides in New York, where his work in the commercial field brings him into daily contact with international currency problems. He is an avid student of the exact sciences and of economics, and has been an instructor at the Henry George School for four years. The class which catapulted him into popular favor was the one last year on Monetary Theory. Since then he has been a marked man.

LANCASTER M. GREENE is a New Yorker who has just returned with his family from a long motor journey during which it would appear, at every turn of the road, he sighted matters of economic significance. After leaving Williams he plunged into the investment world and landed in Wall Street. This does not prevent him, however, from singing with the University Glee Club, presiding over meetings of the Friends Society, skiing, playing tennis, teaching Fundamental Economics, or settling grim problems at Henry George News editorial meetings—all of which he does and more.

ARTHUR W. MADSEN was born in Edinburgh. He graduated B.Sc. at the Edinburgh University and continued his education at the Marburg University in Germany, after which he removed to South Africa where he got acquainted with Henry George's ideas.

Mr. Madsen's pamphlet on *Land Value Taxation in Practice* is still the last word on that subject. He is also the author of *The State as Manufacturer and Trader*, and the editor of a popular collection of essays in book form under the title, *Why the German Republic Fell*.

As Editor of *Land & Liberty* in London, we consider Mr. Madsen the one person who knows most about the legislation in operation of various countries; and we rely upon his writings for information regarding Parliament. He was present at a conference in New York in 1935, and a year later established the Henry George School in London.

Mr. Madsen is Secretary of the International Union for Land Value Taxation and Free Trade and is therefore busily engaged with other members of the Committee arranging program details for the international congress in 1949.

The French Franc

By XAVIER F. DREXLER

WHEN ON January 25, 1948 the French Minister of Finance released to the press the government communique on the franc, the reverberations of dropping this bombshell could be heard around the world. The excitement over the report was not confined to financial circles. Foreign correspondents, economists, commentators and editors saw to it that the general public took notice. Now, as most of the returns are in, the storm has abated. With everyone watching for the effects of the French gambit, we, too, might profitably examine its significance.

Briefly, what happened is this: the cabinet decreed, first, to increase by a uniform "bonus" of 80 per cent the rates at which the Exchange Stabilisation Fund buys and sells all moneys against francs (the new rates thereby were lifted from Frs. 119 to Frs. 214.392 for the U. S. dollar—from about Frs. 480 to Frs. 864 for the pound sterling), and second, to permit, beside this official market, a free market in foreign exchange, initially limited to dealings in U. S. dollars and Portuguese escudos.

On the free market may be sold half the proceeds of the exports (the other half must be turned over to the Exchange Stabilisation Fund against payment in French francs at its official rates), as well as all funds having an origin other than that from exports; among the latter will notably be included moneys acquired from non-commercial transactions, moneys corresponding to movements of capital into France from abroad, moneys brought in by tourists. These resources of the free market may there be bought to pay for imports of non-essentials (for the payment of imported merchandise deemed essential, the Exchange Stabilisation Fund will make available foreign currencies at the official rates) and for practically all other payments representing movements of capital from France abroad.

Complementing this action, the National Assembly, a few days later sanctioned the return of a free market in gold; along with a general amnesty in favor of French holders of undeclared foreign assets, provided they repatriate these hitherto illegal possessions and pay a fine in the form of a special tax amounting to 25 per cent of their value; and finally the withdrawal from circulation of the 5000-franc notes.

The purpose of these combined measures aims at implementing earlier fiscal and budgetary means adopted by the present administration to place the chaotic French economy on a sound and workable basis. The emphasis rests, therefore, on reforms in the domestic field: stimulating dwindling exports, in order to forestall unemployment—inviting tourist traffic—luring hoarded dollar bills and gold, variously estimated at from 1 to 2 billion dollars, into the open where they can be usefully employed, for instance helping to pay for necessary imports—attracting both exiled French and foreign capital, further to aid production—abolishing black markets and forcing the large cash operators to the tax block—and, generally restoring confidence in the franc.

Of these anticipated results, the one affecting illegal trading in dollars has been achieved overnight. The speculators in this sector are twiddling their thumbs or, as one reporter tells

it, returned to peddling French picture cards. The former black market quotation for the dollar left off in the neighborhood of 340 francs. On the assumption that the free franc would step in at this level, an exporter could calculate the proceeds of a dollar to yield him 277 francs, this figure lying exactly midway between the free rate and the official one. However, the free franc opened much lower and tentatively settled around 300. When we contemplate this point as being close to the true value of the French unit—reflecting the unrelenting law of supply and demand—the difference between it and 340 reveals its nature as that of a premium for an element of risk, the risk of the black marketeer to be apprehended. By wiping out this differential, the French government scored once more, narrowing the spread from the official to the free franc. The ultimate goal is to have the two coincide. The other expectations need be given more time to crystallize.

Money, as we recall, is whatever in any time and place is used as the common medium of exchange in that time and place. In our time and place (United States), gold, although no longer actually in use for exchanges between private parties, is at least by law the standard money material. Its unit, called the dollar, is an arbitrarily set quantity, derived from the equation: 1 troy ounce (480 grains) of fine gold = \$35.00. Hence, one dollar has the same value as 1/35 part of a troy ounce of fine gold. This figures out at 13 5/7 grains, for which the equivalent in the metric system is 888.67 milligrams. France likewise defines its monetary unit as a certain quantity of fine gold, namely 7.47 milligrams of it being the franc. Comparison of these last two magnitudes at once establishes the relative value of the two kinds of (gold) money. Such ratios are called *par values*. In our case, then, one franc equals about .0084 dollars, roughly 5/6 of a cent. Expressed the other way around, one dollar is worth nearly 119 francs.

This latter rate we recognise as the one mentioned at the outset of our inquiry. Raising it by 80 per cent, i. e. to 9/5, means that the dollar will now fetch 95 francs more than it used to. Viewed from the opposite angle, the value of the official French franc has been lowered to 5/9, that is to say by 44.4-9 per cent. Specifically, the reduction amounts to .00374 dollars or 3/8 of a cent, the official franc now being worth only .00466 dollars or 7/15 of a cent.

Applying our arithmetic to the free franc and the "export franc" (half official, half free), we arrive at the following:

(Basis \$1 = Frs. 119.)					
	Rate	Bonus	Value	Devaluation	
Franc	Frs.	Frs.	%	cts.	%
Official	214	95	80	.467	44
Export	257	138	116	.389	54
Free	300	181	152	.333	60

The reaction to the French financial *coup d'Etat* brought sharp criticism from two quarters.

The International Monetary Fund—one of the war-born Bretton Woods twins—had to object, at least formally, by the tenets of its very

organisation. Committed to a scheme of elaborate currency management, the Fund specifically was compelled to reprove the heretical member on exceeding the 10 per cent depreciation limit and on the multiple currency practice feature. We perceive at once the impracticability of the One-World-Wilkenium. The nations, especially the big ones, are simply not willing to surrender any substantial part of their sovereignty.

Antagonism of the socialist government of Britain is rooted much deeper. They fear the immediate impact on their currency and, later, competition in the world markets. This writer shares the view of those who predict that the pound sterling will, rather soon, be devalued, all assurances to the contrary notwithstanding. At the pegged rate of \$4.03, possible only with the support of the U. S. government, the pound is grossly overvalued. In the black market it is parted with for \$2.50*. The idyll of the fictitious sterling rate has permitted the British, ever since 1939, to levy tribute on their customers to help finance first the war and after that the unfortunate Marxist experiments. A Dunkirk in this realm might well prove disastrous to the socialist majority.

American average opinion ranges from mild disdain (the tongue-in-cheek variety) to outspoken approval. What the general public questions most often, is the effect on French imports. True, their cost will perhaps double. In the over-all picture the disadvantage is presumed far to be outweighed by the plus-factors.

I hold that the present French government deserves unstinted encomium for the display of courage in facing realities. Their acute logical reasoning power could not for ever remain oblivious to the bare facts of economic life. Lulled into lethargy in 1936 or thereabouts, they are now stirring. To my way of thinking, the strongest argument in favor of the French action is found in its bearing on the European Recovery Plan. Here we discern the first sign of a strong will to self-help. Why douse it?

As every Georgist knows, there would, in a free society, be no call for such courage. This quality of mind is, though, urgently needed in a world beset with the palliatives of our "social planners" who try to supplant the natural laws of economics. Shades of Lord Keynes, of Harry Hopkins! The futility of their efforts has by now been sufficiently demonstrated. Statism, regimentation, "management" of production and distribution of wealth, have by statute, ukase, order-in-council, and presidential proclamation erected for us a tower of Babel, which to the wary eye discloses the shape of a vast inverted pyramid. One of the tenants calls for a moving-van and up goes the clamor of the settlement. My vote is cast for the French who yet may have rekindled the torch on Bedloe's Island.

*Incidentally, when the moment of devaluation arrives, there may be afforded a gratuitous opportunity to confer the benefits of the decimal system to British money. Assigning to the shilling its old value, approximating that of an American quarter, the new formula would read:

1 £ = 10 sh. = 100d. equal to \$2.50
 1 sh. = 10d. " " .25
 1d. " " .025

"Economics Is a Fascinating Pursuit" MSGR. L. G. LICUTTI

Ottawa

"Prove all things; hold fast that which is good."

The Ottawa Society has been studying *Protection and Free Trade* and learning much with which it was not previously acquainted. All seem amazed, for instance, at the example given of the great bull so closely tethered to abundant food yet unable to reach it because of the rope. "In the world today," writes the correspondent, Miss Marion E. Minaker, "this rope is our own ignorance with which we are bound when, with a few twists—perhaps clever twists but not at all difficult—we might be freed."

Montreal

New classes have begun with 87 students in the Fundamental Economics classes and 12 in the trade class. These are being taught by Phil Blackwell, Oscar Boelens, Thomas James, Marcel Sylvain, James Turner and Strehel Walton.

The meeting with Mr. Cowan as speaker had to be postponed indefinitely. Miss Walton writes to ask whether we can send the names of possible speakers on the philosophy of George. Wouldn't it be a good idea for our readers to keep this in mind and notify Miss Strehel Walton, 1502 St. Catherine St. W., (well in advance) if they happen to know of any qualified speaker who is headed for Montreal?

Boston

It is always difficult for a Georgist to get letters accepted by newspapers, but when one containing the "full gamut of sales material" is printed just before the opening of a term, that is news. The following is from the Boston Herald:

People are naturally suspicious when they are offered something for nothing. They can't quite believe that any group that advertises an economics course "absolutely for free" is not subsidized by sinister forces or hasn't got "a catch" to it somewhere.

We who volunteer to take the phone calls at the Henry George School have no easy time convincing our inquirers that the course in Economic Analysis and Remedy of Henry George is non-political and non-mercenary. Yet these same inquirers will do many little acts of kindness entirely without hope of reward.

Considering the economic pressures to which folks are subjected it's remarkable that there are still so many willing to make sacrifices for others, in all sorts of efforts. Those who teach for nothing and support the Henry George School do so because they feel that the people are the ultimate repositories of power and upon their economic thinking depends our ultimate fate.

Henry George's economic philosophy is not so naive as to depend upon the preaching of goodness. It takes men as they are and shows how under conditions of justice and freedom the efforts of men to satisfy their desires with least exertion, rebounds to the common welfare. It supports a system of genuine capitalism and offers a method of purging the monopoly of privilege from the atmosphere of so-called "free enterprise."

Those who bestir themselves to go to the school wonder why we are not besieged with applicants. But they have to get there first to appreciate what the school offers. No one has to agree; no one has to continue; there are no marks, credits, examinations, prerequisites except the willingness to tackle ideas in the light of their own practical experience. All who attend agree that Dr. Hutchins' remark that the "course is worth \$100 to anyone" is a gross understatement. M. S. Lurio

Chicago

The Hon. William N. McNair of Pittsburgh will be the guest speaker at the March 10th Commerce and Industry Luncheon. Headlining the school luncheon on March 24th will be an

address, "A Farmer Looks at the High Cost of Living," by Weld S. Carter of Mount Joy, Pennsylvania, once an industrial salesman and now a full-time farmer. At a luncheon on February 25th, friends of the school heard John J. Miller, research chemist and formerly editor of Progress Guide speak on "Food, Land and Freedom."

During January, in addition to the work of addressing done at home by scores of friends, 65 people contributed 411 hours to the school at its headquarters on Clark Street.

Among these was an architect, Herman Frenzel, who also addressed 800 postcards at home. He is a member of the teaching staff and lends his office for use as a classroom one night a week. Another, Miss Minerva Kaapke, a retired school teacher, who uses three different means of transportation to reach Chicago from the suburb where she lives, stood on three windy corners in sub-zero weather to put in a ten-hour day at headquarters.

Ralph Nash and F. A. Long have rarely missed a day doing any desk work required, or delivering kits and books to teachers in the city and suburbs. Even visitors like Miss Dorothy Sara of New York and James P. Russell of Pocahontas, Iowa, added their bit. The launching of the 57 basic classes and 20 advanced classes was facilitated in large part by those volunteers who addressed and mailed 100 thousand announcements.

Houston

With a course in Fundamental Economics now in progress at Houston's Court House, an essay contest is also being conducted which any resident of Texas not connected with the Henry George School may enter. The judges are: Miss Martha Schnitzer, Librarian, Houston; Judge John R. Fuchs, New Braunfels; Prof. R. A. Tsanoff, Rice Institute; and Jake Aston, also of Houston. The subject is "Public vs. Private Interest in Land Speculation."

This reminds us that all Georgists who are not fortunate enough to be Texans can enter one of Noah Alper's contests and have just as much fun even if the prize won't be as high. Noah, who wrote following publication of last month's News, "I know a guy who ain't speaking to you no more," is however sublimating his grievances and has settled down to reading the entries. Subjects: "How I first became interested in Henry George" and "How the Henry George News Can Help the Graduates." Suggested length: 50 to 100 words. Address of Contest Editor: 818 Olive Street, St. Louis 1, Missouri.

St. Louis

Long awaited results of the unique fall campaign in St. Louis are very encouraging. This was a "special drive on recommended names." Graduates were asked to send in names of prospective students, with the understanding that the sponsor's name would be revealed. A postcard served this purpose and announced that material regarding the course was being sent separately.

Shortly thereafter letters and school catalogs were sent and these were followed by class announcements. The graduates who proposed the names were asked to telephone or write their friends at least twice during this time.

Mrs. Elizabeth Angell did a fine supervisory job and offered this final report: "3 per cent of our enrolled came from the special list of names. In other words, we obtained a third of our graduates from a list of approximately 88 selected names. The other two-thirds came from about 16,000 cards sent out in the usual way."

"This shows," writes Noah Alper, in what he termed a "snooze item," "that graduates are important in getting classes together, and it reveals that there is something for them to do. The problem is up to us. How can we improve the process?"

Los Angeles

The popular Salom Rizk, noted author of *Syrian Yankee*, spoke at the Swedenborgian Church late in January on the heated Palestine question. Being a native of the Near East Mr. Rizk is eminently qualified to speak on this subject and as might be expected he championed neither the cause of the Jew or the Arab, but spoke instead as a student of economics.

The Los Angeles Director, Mr. Truehart, adds "A speaker with such pleasing personality, and so much of interest to say is a rare treat, and we feel it was a stroke of good fortune for us when Salom Rizk decided to make Southern California his home."

On January 25th Lancaster M. Greene of New York, (who, incidentally, was Salom Rizk's teacher) visited Los Angeles headquarters and addressed an informal gathering of instructors, graduates and friends.

Mr. Greene told some of the history of the school in New York and related also how in a comparatively short time the folk schools in Denmark had popularized Henry George's ideas there. The result was the application of a land value tax in Denmark with practically no unemployment during the depression of the '30's. He also spoke of Australia, New Zealand, and other parts of the world where the land value tax is in effect.

David Simmons has been added to the Los Angeles staff and is already proving a valuable asset in the promotion of spring classes which begin in March.

San Diego

Captain Jesse B. Gay, U.S.N., Ret., spoke on "The Philosophy of Henry George" at a study forum of the League of Democratic Women in San Diego recently. A keen interest was evinced the speaker being interrupted frequently, with his permission, by questions from the audience.

Harry E. Bing, a member of San Diego's faculty, and some other Georgists, have ordered the Henry George News to be sent to a number of local leaders in the civic and educational field.

Bessie B. Truehart, who gave us this information, writes, "It is my opinion that such action by George-spirited folks in other cities would be a good investment in spreading enlightenment as to the nature, motives and progress of the school. This is particularly desirable in these times when the laudable zeal to protect American individualism and free enterprise may unwittingly be suspect. Certainly no reader of the News could suspicion advocates of the Henry George philosophy of being subversive!" (We couldn't have said it better ourselves!)

Town Planning

(Continued from Page One)

1947, to show how their scheme of things is to work. It is a fatal road. In *Land & Liberty* I took leave to call that Act the Labour Government's Worst Exploit. The whole country is placed under a ban against building developments, minor alterations excepted, and against changes in the use of premises, which have not official sanction. The Act invents what is called the "development value" of land, being the difference between what a piece of land is worth if permission to build, or to change its use, is granted, and what that land is worth if it is restricted or condemned to its present use. By virtue of this overall restriction, the "development value" becomes an interest in land belonging to the State. The landowner's equity will in future be no more than the "restricted value" of his property.

Building development will be subject not only to the trouble and delay of obtaining permission from the planning authorities, which under the Act have three years to get their plans in shape, but also to the exactions of a "development charge" by the Central Land Board, newly constituted for that and other purposes. While the Board is supposed to "have regard to" the development value when imposing its charge, it has absolute discretion in determining what the charge will be. There is no appeal against its decision. The charge may be put so high as to prevent development which the Board considers to be undesirable or in the wrong place; or the charge may be lowered to a favoured enterprise which in effect makes it a present of part, or may be the whole, of the "development value" and so provide a subsidy. It will be a subsidy, since this new monopolist agency, the Central Land Board, does not become possessed of the "development value" without very considerable cost to the State and the squandering of public revenues.

The legislators sweep the dirt under the carpet and freely open the house for raiders to enter. This brings me to the chief enormity in the Act. This so-called "development value," what is it but a value in land which the community creates and to which the landowners have no title whatever? Yet the Government, the Labour Government, proposes to pay the landowners as "hardship compensation" the sum of no less than 300 million pounds for taking the speculative value of land from them—a sum which is to be apportioned among them according to rules and regulations yet to be promulgated.

In what was said about the present rating system we have seen that our cities and towns are surrounded by a veritable iron curtain of land monopoly where land, entirely exempt from taxation, can only be procured at ransom prices. For having held it out of use, the speculators are now to be thus rewarded at the public expense and they can begin again with their speculations in the "restricted value" which remains to them. It is true that if they develop the land themselves they will be subject to the "development charge" but for most of them that will be easy bookkeeping, the State having richly provided them with the means to pay the charge. Minister Sillkin has already undertaken that preference will be given to the owners of "near ripe" land in the apportionment of the 300 million fund and not a penny

of the "development charge" will reach the public treasury as net revenue, until the amount of charges collected exceeds the sum being paid out in the way of landlord compensation.

The complications and qualifications in the Act are too many to treat of in one writing. An example is that owners of "dead ripe" land—the kind of land that is at the top notch of speculative withholding—are ruled out of the provisions in the Act. No "development charge" will be levied on them when they develop. Their private appropriation of land values is untouched and *pari passu* they of course do not share any part of the 300 million compensation fund. They are compensated by exemption from the charge. Again, wherever there is an increase in rents and land values without any development or change in use taking place, the Act deliberately allows the owners to pocket that increase. The fact that the Act puts so many barriers in the way of new building development is now causing an exceptional demand for accommodations in old buildings, to crowd them, to prolong their life, and gloriously to enrich the proprietors of them.

Furthermore, wherever development does take place, the existing rating system unreformed comes into play to inflict heavy taxes on all improvements that are made. Take the case of the genuine developer who is acquiring land for building purposes; how will he be placed? He has to bargain the price of the "restricted land," get permission to develop it, stand the racket of the "development" charge and he is left in the same position as he ever was, victimised both by dear land and repressive taxation. The final condemnation of the Act is given in the words of the Lord Chancellor in the debate in the House of Lords who frankly stated that "the object of the bill is not really that the purchaser should get the land any cheaper."

The land is not to be rendered any cheaper. On the contrary. Besides the 300 million that is to go to the landowners in compensation, the Act provides for immense sums by way of public land purchase, which may run to 1,000 millions or more. One of its provisions ensures that agricultural land, when required for public purposes, is to be bought at the "current market value," namely the value that has been boosted not only through the "Denating Act" I have earlier mentioned, but also by all that this and previous Governments have done by way of financial aid to farmers, which simply raises rents still higher.

Under parallel legislation "New Towns" are projected on the same basis of land purchase, each town of 50,000 inhabitants being reckoned to cost 19 million pounds (of public money) to create. They are merely samples of a State-conducted land spec-

ulation with its enormous risks, and they will also foster land speculation all along the line, since there are no provisions for periodically assessing the land values for contribution to public revenues. Inhabitants of the new towns will come under the whip and penalties of the rating system as everywhere else, while that system lasts. Virtual "labour compounds" will be established since it is implicit that no one shall reside there who has not employment on the spot.

Some people have pointed to our existing "garden cities" of Letchworth and Welwyn as models. But these cities do not fall into this picture. They were established by private capital. Although little exception can be taken to the design and plan of them, it would be a grave mistake to assume that they in any way approach the practice of sound and just land tenure. Within them also, the present rating system operates to penalise all buildings and improvements, permitting land values to pass into private pockets, and exempting valuable vacant land from any contribution.

In conclusion I hope I have made clear the fantastic nature of the suggestion that the Town and Country Planning Act respects the principles of Land Value Taxation. That preposterous claim was made (in self-defence?) by its sponsors. The pretension was well publicised, and it was amusing to notice its echo in some important American newspapers, notably the *Christian Science Monitor*, which querulously asked if the British Labour Government had indeed been captured for Henry George! If only it had!

NEXT MONTH
How Real Estate Is Assessed in
New York
By LAWSON PURDY

It Might Be a Good Idea



—Courtesy New York World-Telegram

Georgist Holiday — 9360 Miles

By LANCASTER M. GREENE

THE GREENE Expedition to Discover the U. S. A. started by Ford on December 22nd, returning on February 7th the same way. In Washington we (Nadine, Bradford and I) called on Senator Robert Taft who was refreshingly frank in stating his opinions. He is a low tariff man who was exposed at Yale to the William Graham Sumner school of free trade and free competition and equal opportunity. We left with him a review of the book *Free Trade—Free World* by Oswald Garrison Villard, suggesting that he order it from the Schalkenbach Foundation in New York. We hope this persuasive book will make some of the arguments we thought of as we left.

Thomas Jefferson, whose consistent philosophy of freedom was expressed in the Declaration of Independence and in his statement that the "usufruct of land belongs to the living," had a home at Charlottesville which was for us a mecca which we had to visit.

Before going to Carlsbad Caverns from San Antonio we called Judge J. R. Fuchs in New Braunfels and drove back thirty miles to spend a few hours with this ardent educator in fundamental economics. He does his educating through speeches to Rotary Clubs and other service clubs and shows how the Henry George ideas are the antidote to collectivism.

At El Paso we were warned to unpack all our belongings before going to Mexico lest we be charged a tariff tax on bringing our own USA possessions back. Aztec Indian prices were much below Navajo and Pueblo prices we had seen, so we splurged. Later at the smaller town of Agua Prieta south of Douglas, Arizona, we found prices much higher and selection poorer. Rent appeared to be the only thing higher in Juarez, while active trade competition made prices of labor products lower in the larger city.

When we returned to El Paso we had to fill out a declaration, and since it was under the \$100 per adult limit, we had no tariff to pay the USA. Alongside the federal taxing station, to protect us from buying in a lower market, the proud state of Texas had a hut from which a tall Texan came trotting over to say that if we had an spirituous liquor we would owe his state 32 cents per bottle for passing it through. They search diligently lest some free trader—I mean "smuggler" should bring in a bargain.

In the sunny State of Arizona we called John C. Lincoln, President of the Board of Trustees of the Henry George School, and were invited to dinner at his fabulous Camelback Inn. He and Mrs. Lincoln came to Arizona for her health. Later, Jack Stewart and a Chicago architect interested him in building this beautiful inn surrounded by cottages set out in the desert with a rocky range of hills in the distance resembling a camel lying down. This was in 1935-36, just as the water from the Hoover Dam became available for irrigation in this section around Phoenix. Population has leaped forward since then. Jokake Inn and Paradise Inn have followed Mr. Lincoln's lead, and he has been rewarded for understanding the Law of Rent and risking investment on what he saw ahead under our present rules. Swimming in

the inn pool with an eight foot glass shield on three sides, we thought of Mr. Lincoln's claim that "Arizona has the climate that California and Florida brag about."

We visited Mr. Lincoln's grapefruit and orange groves and picked many sacks full of the fruit for the men at Bagdad Copper. Then we drove northwest through dusty corrugated desert roads to join Mr. and Mrs. Lincoln again at the bottom of the Bagdad canyon at the President's House. He roamed over the operations during the day and met with the executives in the evening to keep tabs on what had been accomplished and what should be projected to pay off the RFC loan with which the mine has been burdened and to take this mine out of the class of marginal producers in a great copper state. Mr. Lincoln keeps young by being interested in problems, such as this mine, but still more important to him is the extension of the educational efforts of the Henry George School. Some of the people we met at the company mess were interested in taking a course in economics by mail. They have the first lesson now.

In the "lowest spot in the world," (279.6 feet below sea level in Death Valley) rent for land is very low but the charge for staying at the ranch is higher than for better accommodations where there is competition. The prices of food are high as typified by the charge of 60 cents for a plain ham sandwich with no butter, and 50 cents for a plain cheese sandwich. Gasoline was 33½ cents a gallon—the highest price in the country.

In Los Angeles we saw Bill Truehart, who invited me to speak to the faculty at a tea on Sunday afternoon. We discussed all the problems which various teachers could think of. They are an enthusiastic group with able leadership from Bill and Marcile (Mrs. Truehart). Bob Bryant told us how Mrs. Louis Post had said to him, "Young man, if you come to grasp the true inwardness of Henry George's works it will make you a profound thinker on any subject you undertake."

On the way to San Francisco we stopped at 17-Mile Drive Cottage Court owned by Fred Workman, who says that nothing is so important today as showing the world how practical and important are the ideas of Henry George. This is one of the most impeccably clean and lovely motor courts we saw on our entire trip. (Mr. Workman has mimeographed a talk on Communism vs. Americanism, which we will send to those who request it.)

Driving to San Francisco through Big Basin we were thrilled with its redwood forest, but the narrow winding roads kept us from reaching the Bohemian Club in time for a luncheon which Joseph S. Thompson, author of *Progress Without Poverty*, had arranged. We met Rupert Mason, authority on irrigation districts of California, went sightseeing with him, viewing the Presidio, the Golden Gate Bridge, Alcatraz, and the Oakland Bridge.

Later Bob Goerner of KQW interviewed me on the air, asking why I was in San Francisco, and I told him to get a Henry George School

extension started to compete with those in Los Angeles and San Diego. He was interested, and stressed the fact that the courses are free.

Joseph Thompson is an active business man, president of Pacific Electric Manufacturing Company and former president of the Bohemian Club. Rupert Mason is retired. When the right extension secretary can be found they could give effective backing.

We treated the breathtaking streets of San Francisco with respect as we had the up and down streets of Jerome and Bisbee, Arizona; and marvelled at the way natives risked their necks dashing down the cliffs they call streets.

Boulder City by the Hoover Dam impressed us as one of the loveliest little cities we saw. Here the wise arrangements of the Bureau of Reclamation gave incentive and encouragement to people to build attractive homes and stores and business buildings, as they were needed, with the result that there are no unkempt vacant lots and shacks. The land is owned by the Federal government and leased to individuals who can thus put all their funds into improvements and waste nothing on the price of land.

The Painted Desert with its miraculous colors, and the Petrified Forest, fascinated us as we paused to absorb them on our dash for home. We had seen much of the Navajos and we grieved at what federal policies had done to corrupt and beggar them. We desired to see some Pueblos and stopped at Isleta near Albuquerque, where we sought out the Sheriff to explain their government and economic policies. As the Sheriff and the oldest Councilman explained their theory of ground dues to the community, and private property in labor products, I brought them over to Nadine and Brad to make sure their arguments went home. Why these people were arguing for Henry George's ideas of social justice and individualism, and had been for hundreds of years before George! It was a revelation when we were reminded that they are not wards of the USA but independent, at peace among themselves all through history and thus at peace with their neighbors, as well as self governing. They fear USA citizenship which might bring them the vicious taxes which could discourage the Isletas, ruin their equal opportunity and individual result, and destroy their self government. "Lo, the poor Indian!" We fear lest he suffer with us.

At St. Louis we took the by-pass around the city, but could not leave without calling that hard-working Extension Director, Noah Alper. He has already received several contributions in the surprise contest announced in last month's Henry George News. Although he is somewhat reluctant to accept the job as editor on two contests, we suggest that you send him your letter (50 to 100 words) on "How I first became interested in Henry George," or, if you prefer, a letter on "How the Henry George News can help the graduates." We look forward to the interesting selections Noah will be sending in.

We are safely back in the New York traffic now, but we will wear our cowboy boots at the drop of a saddle on a horse or a mule.

Some Important Axioms By JOHN CROMWELL LINCOLN

IN ORDER that mankind could exist, the Creator provided air for the lungs and land from which, by labor, man could produce food, clothing, and shelter. Therefore, everyone has the same equal right to land that he has to air. The word "land", used as above, means everything provided by the Creator or nature for the satisfaction of man's desires, and would include waterfalls, oil, oyster beds, mines, and fishing grounds.

When agriculture and mining arose, it became necessary to have continuous, exclusive, and private possession of land in order to use it to the best advantage. Private property in land arose in this way.

As population increased, the demand for land increased, and land values appeared. It is clear and a matter of common experience that land values are created by the size and activity of the community, and that therefore they belong to the community.

This community-created land value can be measured by the yearly ground rent it will produce. Therefore, it is fair to say that land value is ground rent, actual or expected, capitalized.

At the present time, only a small part of this community-created ground rent is collected by the community as yearly taxes. Most of it is collected by land holders, and this privately collected ground rent, capitalized, is the selling value of the land. For instance, land values in Phoenix, Arizona, where this is being written, have at least doubled in the last three or four years, due to the fact that the population of the city has doubled.

It is evident that if the community collected all the community-created ground rent in yearly installments, land values would tend to sink to zero.

Community expenses increase with the size and activity of the population. Community-created ground rent increases with the size and activity of the population. Therefore, ground rent is the natural source of revenue for the community. Ground rent belongs to the community because the community creates it.

Since land values appear as population increases, population is a measure of land value. If 0.8 of the population of the United States live in villages and cities, 0.8 of the land values are in the villages and cities. Land value and population are related. Land value and land area are not related.

A land-holder is one to whom our man-made laws give the privilege of collecting part of the community-created ground rent. A land-user is one who uses land to produce wealth. A tenant farmer is a land-user, not a land-owner. A tenant in a New York apartment house is a land-user, not a land-owner. There is an increasing proportion of land-users, but not land-owners. In New York and Chicago, probably less than 10 per cent of the land-users are land-owners.

As a land-owner, no one produces wealth; only as a land-user can one produce wealth. Our man-made laws make it legal for the land-owners to take part of the community-created ground rent, thereby enabling him to get something for nothing. Getting something for nothing is stealing, and stealing is wrong, notwithstanding the fact that our man-made laws make

it legal. Slavery was just as wrong a hundred years ago when it was legal as it is today when it is not legal. We live in a world in which moral laws are enforced just as certainly and inevitably as natural laws. In fact, moral law is part of natural law. The amount of community-created ground rent taken by the land-owner from the community is of the order of one hundred billions of dollars per year in the United States. The penalty inflicted by the moral law for this legal stealing is unemployment, poverty, depressions, and the unjust distribution of wealth, for it is impossible for land-owners to get one hundred billion dollars a year they do not produce unless the land-users produce one hundred billion a year they do not get.

Our man-made laws which permit the land-holder to collect most of the community-created ground rent are responsible for high land values. High land values make it possible for the land-holder, a non-producer, to take half of his product from the land-user. This is very apparent on farms where it is the usual practice for the tenant to pay about half of what he raises for the use of the land. In villages and cities, it is harder to trace the amount the land-user pays to the land-owner, but it is probable that the proportion is larger than on the farms.

All wealth is produced by the land-user. All wealth equals land plus labor, assisted by capital. Wealth has a very short life. Wealth in the form of milk has a life of only two or three days. In the form of most food, it has a life of six months to a year. In the form of clothing, not over three or four years. In the form of

houses, thirty to forty years, provided labor is used quite frequently to make repairs. Land is the source and sepulchre of all wealth. Labor has to be continually applied to land or its products in order to make up for the decay of wealth, if the amount of existing wealth is to remain constant.

Wealth producing employment is impossible without access to land or its products. The truth of this proposition is obvious in the primary industries of agriculture, mining, fishing, and lumbering. Transportation moves the products of primary industry to the factories and mills. The products of the factories and mills go to the warehouses and stores, which serve the people directly. It is clear that employment is decreased by anything that makes it more difficult to get land from which to produce wealth. As land increases in price, land is more difficult to get. If the price of land gets high enough, it does not pay the land-user to pay the price the land-owner demands, and production stops, employment stops, and we have a depression.

Experience shows that as the rate of wealth production increases, people tend to gather together in villages and cities. It may be difficult to persuade a city man who lives in an apartment house and works in an office building, and who never touches the ground except on his trips from one place to the other, that land is necessary for his existence. Nevertheless, the extremely high land values in cities demonstrate that the city office worker is just as dependent on land as is the country farmer. There was a time when the land values in New York City were equal to the land values of all the southern states that fought in the Civil War.

If land is to be used to the best advantage, it must be possible for an individual to have private, continuous, and exclusive use of certain land. The size and activity of the community creates ground rent in the land the individual wants to use. At present, a small part of this community created ground rent is collected as yearly property taxes. Most of it is collected by the land-owner and, when capitalized, equals land value. Does not justice require that the community collect and the land-holder pay all the community created ground rent yearly to the community? If this were done, land values would go to zero and the land-user would not have to pay half his product to the land-holder for the privilege of using land and producing wealth by providing employment.

The community has a right to community-created wealth (that is, ground rent) but has no right to individually produced wealth. At present, because the community refuses to collect more than a small portion of community-created ground rent and allows the land-owner to collect it (from a moral standpoint, to steal most of it), the community takes from the individual privately produced wealth to support the community. In other words, the community allows the land-owner to steal most of the community-created ground rent, and therefore has to steal enough from the members of the community to make up what the land-owner steals. All this is from a moral, not a legal, standpoint.

(To be continued next month)

The assassination of Gandhi is being mourned by the whole world. His death is not only a great loss to India, but to the whole world. Born into a caste Hindu family, Mohandas K. Gandhi broke down the shackles of caste, liberating over 70,000,000 untouchables. He won independence for India without shedding a drop of Hindu or British blood. He practiced what he preached, namely non-violence. He was a friend of the rich and the poor, Hindus, Moslems and British. His was a life dedicated to simplicity, renunciation and service to humanity. He was a champion of freedom and equality for women. He traveled third class, worked long hours and ate the meagrest of food so as to share the poverty of the masses for he did not believe in enjoying luxury and comfort if his fellow beings could not have the same things.

Gandhi shares honors with Abraham Lincoln as an emancipator, with Henry George as a breaker-down of monopolies, with St. Francis of Assisi as a saint, with Jesus Christ as a lover of God, and with Buddha as the teacher of truth.

He had an indomitable will power, which became even stronger through a life of fasting and prayer. He courted imprisonment and confinement to make others free. At one time the masses mocked him and the British feared him, but the world at last revered him. This was Gandhi who won the title of Mahatma, or great soul. He represented the supreme moral force of our time for peace and unity.

When Dr. Sant Ram Mandal, who has been since 1930 a follower of Gandhi, appeared at the school on the evening of January 30th prepared to teach his trade class, he was asked instead to conduct an extemporaneous memorial service. The above tribute is a brief excerpt from his address. Dr. Mandal, who recently became an American citizen, is the author of "Gandhi and World Peace" and other books.

Who Says the "News" Isn't Being Read?

IN THE "Canberra" article which appeared in your February issue my interpretation of Mr. Dominguez' thesis was that Henry George was not averse to ownership of the land with the provision that society could rent the land, paying the State the full rental value.

I venture to offer George's own words from *A Perplexed Philosopher*: "I am not a land nationalizationist, as the English and German and Australian land nationalizationists well know. I have never advocated the taking of land by the state or the holding of land by the state. From my first word on the subject I have advocated the raising of public revenues by taxation on the value of land irrespective of the improvements on it—taxation which, as fast as possible and as far as practicable, should be made to absorb economic rent and take the place of other taxes. And among the reasons I have always urged for this has been the simplification of government."

Georgist writers have a perfect right to advocate land nationalization; but they should never lean on Henry George for support. It is my belief that the "Canberra" article misinterprets George's emphasis on taxation. Justice the object, taxation the means.

SANFORD PARKAS
Boston

Dr. Dominguez has raised some pertinent questions in his very fair article. One of these is the matter of compensation for privately-owned improvements when a lease terminates or an estate has to be settled. I would agree with Mr. V-D that a fair compensation should go to the lessee. A lessee could be required to record with the leasing authority the value of his improvements, and it would be a simple matter to find the value less amortization at any time that the leasing arrangement is terminated or modified.

I agree with Dr. V-D's statement that "the scientific method for determining the price of a thing is to submit it to free bidding." What bidders bid on is the estimated value to them of occupying a particular site for a definite period. I agree that 20-year leases at a fixed rental are unfair to the public, in that land values will increase with the growth of the community and the relatively long period permits lessors to appropriate the unearned increment of land values. Five year revaluations should be the limit. In Northern Nigeria, where the same kind of an extension was made, the principle was vitiated to that extent.

HERBERT T. OWENS
Ottawa

I have read the "galley proof" of the Villalobos article on Canberra and I find it wanting in several respects. Fact is that in addition to the land rents which are payable for the revisable leases (at 20 years' intervals) the landholders have to contribute local taxation based on the land value of their properties. The "land value tax" is at the rate of some one shilling in the pound of the "capital value", i. e. 5 per cent of the capital value in addition to the leasehold rents. The Canberra story was told fairly completely in *Land & Liberty* Aug.-Sept., 1927. Now, however, the story much needs retelling.

We ought to know and be able to say what has happened with regard to the leasehold rents. They were supposed to be revised on the lapse of 20 years. The 20 years have more than elapsed. Have they been revised and with what result? I have shot off a number of air letters to Australia to get this ground covered. Meanwhile all that you and we have been able to say is what the intentions of the Canberra system were; but nothing at all about its actual practice—and that is what counts in the minds of those to whom we present our testimony!

The author is certainly mistaken about Welwyn and Letchworth which cannot in the slightest sense be pictured as criteria of "Georgist" practice. And then to say that it has been "wisely" resolved to create seven similar cities with "public funds"! How "wise" indeed to pour public money into the maw of landlordism!

The coming *Land & Liberty*, very late in production but printing at the moment, is a special 20-page double number. It has, I think, very much in it and a large extra supply is being run off. I will send you, for the school and for other distribution (with help of the Schalkenbach) 30 copies for your kind and helpful distribution and I would ask that you may send me a cable if you can take more.

[Ed. Note: Please write in if you wish one of the above mentioned special copies.]

A. W. MADSEN
London

How did you ever let that "Newark" article get past your blue pencil? I refer to the January 48 *Henry George News*, page four.

I expected better than this of Mr. Rusby who was always supposed to be a Henry George man, but this article is diametrically opposed to Henry George.

The fourth quoted paragraph is out of line with *Progress and Poverty* and totally ignores "Potential Rent." See Book III, Ch. 2, Par. 3: "Wherever land having a value is used, either by owner or hirer, there is rent actual; wherever it is not used, but still has a value, there is rent potential. It is this capacity of yielding rent which gives value to land. Until its ownership will confer some advantage, land has no value."

Commit above to memory.

Why in paragraph five, quoted, does Rusby deny the Law of Rent? See *Progress and Poverty* as quoted above. Rent is the price you pay for staying on the planet earth. Thus if you lie down on the couch to read (pleasure) the land on which you lie does not yield rent. But what if you lie down, tired out from your day's work, and recuperate for the next day? Does the land then yield rent? In the law of rent (a general and universal law) I see no distinction in rent as to what you do while occupying space on this planet.

I think Mr. Rusby is wrong in the same manner as the socialists. He fails to differentiate between the "absolute" and the "relative." Thus "land" (Mother Nature) and "Labor" (man) are absolute terms. I have some copies of the HGSSS "Book-Mark" with economic axioms but I cannot very well pass them along because under definition of wealth we have the words, "Having exchange value." That is an error similar to saying that no wealth can be produced

without capital—good socialist doctrine. I mention this to show confusion somewhere.

Henry George thought he had really made the concept of wealth plain in *Progress and Poverty* Book I, Ch. 2, Par. 23 (I concur). Now add the words "having exchange value" to that paragraph and the absoluteness is gone. Also the simplicity. And also the science. Note the sentence: "It is... labor impressed upon matter... to minister to human desires." That is absolute. Thus Adam (Hebrew for Man) had to produce wealth at first without capital, and such wealth could have no exchange value. I know this would be irksome—splitting hairs—for a socialist but not for a scientist.

C. LEBARON GOELLER
Endwell, N. Y.

Attached is my check for renewal of subscription. I am pleased that the *News*, on the whole, is improved over former years, but I question the wisdom of opening your publication to those writers who betray a lack, or misunderstanding, of the philosophy and the economics of Henry George.

The Loomis article "Georgism and Decentralism" is a case in point. Not only has Miss Loomis made several glaring misstatements, but the whole idea of decentralism constitutes a vision of social action which Georgists should repudiate—how can you say that its philosophy "is based upon Henry George?"

Mr. Rusby states (January) that idle land and residential land does not, cannot, produce true economic rent, but qualifies his statement by saying "provided no wealth is there produced." The proviso is meaningless because there can be no site value, or land value, or rent unless wealth is produced on the site, or, in the case of idle land there exists the certainty of future production. Wealth was produced when the residence was originally erected. It is wealth and the premium paid for the use of the site is economic rent.

It is Mr. Rusby's contention that now the residence, used only for residential purpose, enters the field of "consumption." The premium paid for the use of the site is now site value, or land value, but no longer rent. Has the production of "wealth" in or on the residence stopped because it is used strictly as a residence?

Everyone who has owned a home knows that continuous labor must be exerted to maintain it. The house needs the services of cleaners, paper hangers, carpenters, painters, tanners, and plumbers. Is this labor now to be thought of as "in the field of consumption"? Does not such labor produce new wealth to replace the wealth consumed by use and the elements of nature?

Henry George tells us that actually we neither produce nor consume, we merely change matter, a conclusion consistent with the theory of the conservation of energy. Wealth is a perishable value attached to matter, providing a service which may be dissipated as produced, or may have some extended service in time, but it is wealth only as it satisfies a desire, and is exchangeable for other wealth. How then, can the desires of consumers, and the satisfaction of desire by service be excluded from the field of political economy?

HARRY E. KUCK
Cincinnati