

the Henry George News

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"We are called upon to answer . . . by our acts as well as by our words for the faith that is in us."

—NICHOLAS MURRAY BUTLER*

OSCAR GEIGER was so limited in means and so alone in his belief, that he could only give evidence of his faith by offering his strength and his modest home; but without his sacrificial effort there might have been no Henry George School thirty years later.

His faith kindled faith in others, and though his life was shortened, as was that of Henry George, friends and believers carried on with voluntary effort keeping the goal in mind. Thus a foundation was built—a world-wide Henry George School—not housed in an ivy-covered citadel but in whatever varied meeting places can be found.

Henry George opposed all poverty—spiritual and material. He was a product of America who typified the best and gave his life in a determined but seemingly futile attempt to insure the continuance of liberty.

He predicted, on the basis of history, what would happen if freedom was not cherished and protected. How did he foresee our present dilemma so accurately in a day when there was so little opportunity for study? Because he was a self-educated, thoughtful reader, he could look both ways in history, and he described our present situation better than we ourselves can.

Time, having proved him right in his predictions, is also exposing the correctness of his economic science. But the early "Georgists" saw purpose in education long before there was any indication that his proposals would ever be considered again.

We are the benefactors of their faith. It would be a pity if, with the foundation so courageously built, and with a world awakening to a need for social and fiscal reform, we faltered in translating our faith into action.

Faith is reflected in membership and cooperation. Those who believe deeply have become supporting and sustaining members of the Henry George School, but there are far too few of these. The broader base is made up of students, instructors, and convinced friends who are \$10 and \$25 members—active and contributing. Even the donor of one dollar becomes an associate member, and a little faith is better than none.

Please help make the Henry George stocking bulge at 50 East 69th Street in New York on Christmas Eve in memory of those whose faith and action made the present possible, and let us not fail those who follow.

*From an address in 1931 at Columbia University on "Progress and Poverty."

A Word With You

LET me tell you something about the Henry George School library.

Bit by bit, over the years, our library has been built up, mostly with donated books. It started with the nucleus of books left by the School's founder, Oscar Geiger. Then, as we sought our absolute charter, one of the requirements was a substantial library, and School friends helped us out with donations of books. One of the largest and finest collections was from the library of the late Chester C. Platt who had been secretary to former Governor Sulzer. (P.S. We got the charter.)

We have not always been so fortunate. There are times when, a few days after the funeral, a surviving relative phones us and tells us we can have certain books from our late friend's library, and presently we find ourselves the possessors of Bobsey Twins and Tom Swift books, a physics textbook of 1910, a worst-selling novel of 1913, a World War I Manual of Arms, a 1928 Guide to Wall Street, and a well-thumbed 1929 edition of *Progress and Poverty*. We can find a use for the P. and P, but the others will have to go to a second-hand bookstore; or in some cases they are donated to other libraries. We've probably had to clear out more books than we've kept.

Some of the clearing out, alas, is unauthorized, and books, especially new ones, have a way of disappearing. The most disappearing books are the ones

that tell you how to make millions in real estate or the stock market.

But this is more than matched by kind donors who anonymously leave their gift of books—good up-to-date works on economics—in the library. If the donor is not anonymous, his name is inscribed in every book he donates.

And the periodicals! They form a slowly swelling tide. Often they are gift subscriptions, and they range from dailies and weekly news magazines to special subjects like organic gardening—and from far-away Tasmania we receive not one but two newspapers. But the core of our periodicals are the Georgist ones. We are trying to keep a complete and permanent file of all Georgist periodicals, past and present.

We also try to maintain as complete a collection as possible of Georgist pamphlets, tracts, letters to editors, manuscripts, etc. For every author, there is a separate folder into which go his contributions. Some fascinating items have been accumulated, ranging from a book of songs sung at Father McGlynn's anti-poverty meetings, to a term paper on George by a current high school student. This enormous mass of material has been catalogued through the kind and patient volunteer services of Mabel Rees.

Come to our library to browse, and be welcomed by our librarian, Muriel Fuller. And if you can donate suitable books, they, as well as you, will be welcome!

—Robert Clancy

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The Henry George News, published monthly by the Henry George School of Social Science, 50 E. 69th Street, New York 21, N.Y., supports the following principle:

The community, by its presence and activity, gives rental value to land, therefore the rent of land belongs to the community and not to the landowners. Labor and capital, by their combined efforts, produce the goods of the community—known as wealth. This wealth belongs to the producers. Justice requires that the government, representing the community, collect the rent of land for community purposes and abolish the taxation of wealth.

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HENRY GEORGE NEWS

Site Value Method of Taxation Urged for Municipal Purposes

H. BRONSON COWAN, author of *Municipal Improvement and Finance*,* and research director for the International Research Committee on Real Estate Taxation, was asked to speak on the history of site value taxation at the International Conference on Assessment Administration in Montreal last month.

He stated that it was the youngest of three different systems of raising municipal revenue by the imposition of taxes on real property. The oldest method is the annual rental system still in use in Great Britain. The capital system is the one with which we in the U.S. are familiar. The effects are much the same and there is little choice between them since each taxes the assessed capital value of both land and improvements.

The site value system, where fully applied, as in Australia and New Zealand, imposes taxes only on land (site) values. The site value system concerns only a purely local municipal tax, Mr. Cowan pointed out, therefore it is not the "single tax," which involves taxation on the national as well as the local level.

In 1906 the British government requested the New Zealand government to furnish them with information concerning the effects of the site value system which had been introduced there. It was favorably determined in an investigation by the Commissioner of Taxes that the building trade had been greatly stimulated, and much suburban land had been cut up and placed on the market for residential purposes.

New Zealand is the only country where the three systems have been tested side by side over a long period of years, Mr. Cowan explained, and where the taxpayers have been able to compare their results freely and easily. The result is that since 1896 there has been a steady swing from the two older methods to the site value method.

In 1956 a local government commission recommended to the government that there should be one uniform rating system for the whole country based on land values, since it was satisfied that system was ethical, expedient and equitable. Their recommendation has not yet been acted upon, although the municipalities in New Zealand now using the site value system comprise 92 per cent of the total municipalized area of the continent.

Mr. Cowan pointed out in his valuable illustrated report, *Municipal Improvement and Finance*, which has been convincingly quoted by many newspaper columnists, the dramatic effects in New South Wales and Greater Sydney of the adoption of site value rating. The New South Wales government also appointed a "Committee of Inquiry" in 1959 to report on the Valuation of Land Act (1916-51) and to determine whether the new system was causing "hardship."

In general the arguments in favor of the older systems did not seem well founded, and the conclusion of the committee regarding site value was that "a system of raising revenue by means of direct taxation upon land values, irrespective of improvements, would

greatly promote the welfare of the country." Furthermore levying on the unimproved value of land was regarded as a social and economic reform justified because of the need for revenue, the right of the community to acquire some part of the unearned increment of land, and the need to break up large estates.

The case was summarized with a statement that the site value system had "been the basis of local government finance for the past fifty years, during which time remarkable progress has been made in the development of municipalities and shires and in the provision of essential services . . . It would require very good reasons to justify the abandonment of such a system in favor of a system which in past years was deliberately discarded by the Legislature. In the committee's opinion no such reasons had been established."

Mr. Cowan laid before the conference a report on legislative activity in Pennsylvania, California and Michigan, not forgetting the interest expressed last June by the Canadian Federation of Mayors and

Municipalities in a study of property taxation.

He also reminded them that on the suggestion of the Central Mortgage and Housing Corporation, Canada's Housing authority, the Royal Architectural Institute of Canada appointed a strong committee in 1960 to investigate housing developments across Canada. The committee held open sessions in leading cities in all ten provinces and reviewed some 400 briefs. These were summed up officially as follows:

"The Committee is certain that the Provinces, at no great expense, can ascertain for Canadian conditions the benefits or disadvantages of a general change from taxes levied on land and improvements, to a system of real property tax on site value only. The difference in these assessment methods clearly has great import for the quality of the huge residential areas we shall have to create and maintain in the years before us."

*Available from the Robert Schalkenbach Foundation, 30 East 69th Street, New York 21, N.Y. at \$3.

ERIE WILL STUDY LAND VALUE TAXATION

The announcement that a study of land value taxation would be made by the assessor's office in Erie, Pennsylvania, was made recently on the heels of rising interest in Erie in the subject of exempting buildings from local property taxation and deriving the major share of city revenue from taxing land values.

Chester Bukowski, chief assessor, said the study already begun, would continue, and that preliminary figures indicated that many industries would save on their tax bills if city taxes were levied on land values alone and not on buildings.

Erie is one of 48 third class cities in Pennsylvania which have the privilege of using land value taxation under laws passed in 1951 and 1959, applying only to city taxation and not to school districts or county areas. If the city of Erie adopted land value taxation it would affect about one-third of the total property tax bill of the individual taxpayers.

John Motley, secretary of the Incentive Taxation Committee of California, reported that plans were being made by the Erie Chapter of the Graded Tax League of Pennsylvania along with other groups and individuals, to request the city council to make a study of land value taxation apart from the assessor's study.

Let George Do It

THERE has never been a time in the world's history that land monopoly has not led to poverty, economic chaos and war, with concomitant suffering and destruction. So there has never been a day when philosophers, politicians, economists and reformers have not earnestly sought a means to overcome the repetitious visitations of these social horrors. A fascinating variety of panaceas has been proposed through the years, many of the recommended cures being worse than the disease they were designed to remedy.

A germ of consolation, and perhaps hope, may nevertheless be found in the very fact that there exists this consistent effort to eliminate the afflictions which have beset mankind almost since he first trod the earth. After all, in any drive toward scientific achievement, who can say that a series of failures does not lead to ultimate success? If a particular experiment proves to be disappointing and worthless, at least one knows what will not work—and to that extent a kind of progress has been made. Thus, as more and more economic and social theories are shown to be ineffective, more and more obstacles are removed from the path to economic and social truth.

A former President once stoutly proclaimed, "There is nothing to fear but fear itself!" It was a stirring political battle-cry, but of dubious logical validity. There is much to fear. Who but a fool does not fear the pangs of want, the ignominy of repression, the nuclear bombs of war? Certainly these fears are prevalent, and because of them frantic efforts are daily made to stave off the frightening prospect that faces everyone. If fear can urgently

prompt people to find a way out of the house of horrors in which they now dwell, then it is a wholesome emotion, for fear is not cowardice. On the contrary, the bravest of men know fear, but to them it is an incentive to challenge and destroy the forces which endanger them.

This is a time to be afraid, but not to cower. It is a time to face up to the basic cause of chaos and upheaval, to isolate it so that it may be clearly recognized, and to endeavor zealously to effect the adoption of the only practicable method of wiping out this dire cause. To those familiar with the principles of Henry George, the cause of man's great problem and the solution for it are both known. Private land monopoly is the cause and land value taxation is the remedy; it is profoundly simple, yet not an oversimplification, because the simplicity involved lies in reducing the problem to its fundamental root and essence.

Moreover, an era of economic and social anxiety is a peculiarly appropriate time to offer hope and encouragement to the world. Worried human beings will listen; Georgists should ask no more. Today one need not search for receptive ears, for there is widespread eagerness on the part of people everywhere to be shown an honest appraisal of where economic discrepancies actually may be found, and to learn by what means these discrepancies can be disposed of. Now is the time for redoubled efforts to educate and to show the way. To all those who anxiously ask how poverty can be eradicated, how depressions can be eliminated, how war can be prevented, the obvious answer (accompanied, to be sure, by specific reasons and clear explanations) can only be "Let George Do It."

Martin Simon

Noah D. Alper's Brief Cases

LABORATORY ODDITY NOW BIG TAX COLLECTOR

It was once reported in Brief Cases that when Prime Minister Gladstone was told by physicist Faraday that they had been able to induce a current to flow through a wire, he asked, "and pray what good is that?" The reply was, "It may one day give you something more to tax."

The Tax Foundation recently stated that this phenomenon which made possible a spark plug had resulted in the collection of \$188.8 million in the fiscal year 1961 on spark plugs and other auto parts. This sum (eight per cent) is of course but a splinter portion of the total taxes related to an electric current flowing through a wire.

UP, UP AND OVER?

Real estate investment is heading for a new high and it is going to be dramatic and interesting to observe, according to Charles G. Haynesworth who is quoted in an article in *The Appraisal Journal*. He notes that real estate is regarded as one of the best investments for "yield, tax shelter and hedge against inflation" and shows how post-war syndicates or private investing groups have attracted small and large investors. "More than 85 companies offered nearly \$400,000,000 in securities to the public in 1960," we read, "three billion dollars were invested in real estate syndicates by over 110,000 individuals . . . this amount of investment in equities could control over ten billion dollars of properties."

FARMERS, TARIFF AND MISSING LINK

"Farmers are showing a new interest in imports from foreign countries of items that affect their production expenses," according to Roger Fleming, secretary-treasurer of the American Farm Bureau Federation, as quoted in the *St. Louis Globe-Democrat*.

"If farmers could not utilize imports of production supplies like barbed wire, bale ties, baler twine and petroleum products to help hold down production costs, the already serious cost-price squeeze would be even worse," he said. "If we don't use the land, labor and capital to produce for export, a lot of these agricultural resources will go into production of commodities for a domestic market already over-supplied—and that would compound our problem."

Almost universally admitted is the logic of trade being a two-way street deal, and conducive to higher productivity and standards of living, and peace. Yet the political pendulum swings up and down as a middle-group of voters switch for or against freer trade because of the wage and employment changes. Henry George exposed the missing link in Protection or Free Trade, but the over-all tax problem is not considered.

ABSENTEE OWNERS LACKING IN PRIDE

"It seems to us that the towns in the better agricultural districts where family farming is the rule not only have the greatest charm, but also a feeling of well-being. . . . In the absentee-owned, tenant farmed country, towns tend to run downhill. Here business drags, there is less pride in the schools and churches, and out in the countryside the farmsteads grow shabby.

"This land has to provide three profits; one for the absentee owner, one for the farm management firm that supervises the operation and one for the tenant farmer. Much of this income is drained away and leaves the neighborhood. And sadly, much of it comes from government subsidy, since these farm lands tend to raise only the subsidizing crops. Nothing is more unfair, in fact, than to blame the bad features of the farm program on the family-owned farms when the great bulk of subsidies goes to the big one-crop farms and factory-type farming operation."

—Written from Guelph, Ontario for the *St. Louis Globe-Democrat* by Leonard Hall, a well-known Conservationist, whose home is in the Ozarks

Maurice William, Sun Yat-sen and Henry George

IN THE November 3rd issue of the newsletter, *Human Events*, appeared an article about Dr. Maurice William, a New York dentist who wrote a book which changed the views of Dr. Sun Yat-sen, father of the Chinese Republic, and thereby changed the course of Chinese history.

The book, which appeared in 1921, was *The Social Interpretation of History*, a refutation of the Marxian economic interpretation of history. Briefly, Dr. William's thesis was that "Marxian principles can be applied only through a class movement of producers, whereas democratic principles are the agency of a social movement of consumers... The social interpretation of history is based upon the theory that man's effort to solve his problem of existence is the propelling motive force in history. This is primarily a consumer problem." The "final, historic test to which all social systems are submitted" is this: "Do its productive forces register an advance in the direction toward a solution to the problem of existence?"

This book reached Dr. Sun Yat-sen, who was at that time a Marxist. Apparently it converted him from pro-Marxist to pro-democratic and pro-capitalistic views. Before retiring as President, he enunciated these new principles, which envisioned China as a democratic rather than a communistic society. Twenty-five years later, China did fall to the Communists anyway, but at least it was staved off, and constructive work was done meanwhile.

Several readers of both HGN and *Human Events*, recalling that Sun Yat-sen favored Henry George's principles, have inquired whether Dr. William had anything to do with this aspect of Dr. Sun's conversion.

It does not appear that Dr. William directly converted Dr. Sun to Georg-

ism, as *The Social Interpretation of History* does not speak of George. However, William's analysis is congenial to Georgist thought. (George posed the matter in equivalent terms when he spoke of the central economic problem as being not the production but the distribution of wealth, which he solved in a non-Socialist, free-market way.) It may very well be that Dr. Sun discovered George around the same period and fitted the pieces together, for, at the time of his retirement, when he was announcing the new democratic principles, he also told the following to American reporters.

"I intend to devote my future to the promotion of the welfare of the Chinese people as a people. The teachings of your single taxer, Henry George, will be the basis of our program of reform. The land tax as the only means of supporting the government is an infinitely just, reasonable, and equitably distributed tax, and on it we will found our new system. The centuries of heavy and irregular taxation for the benefit of the Manchus have shown China the injustice of any other system of taxation.

"A single reasonable tax on the land will supply all the funds necessary to put China among the first of the civilized nations in political and economic advancement. We will embrace all of the teachings of Henry George and will include the ownership by the national government of all natural monopolies. No private interest will be allowed to tax and exploit the people through control of any material or service which is a necessity to life and happiness.

"These reforms China is certain to adopt, and under them we will grow into an industrious, peace-loving, prosperous people."

The Chinese Republic did actually

adopt the Georgist reform in its new Constitution of 1946. But three years later the Republic went down before the Communists in one of the great disasters of history.

On Formosa, Chiang Kai-shek seeks to continue the principles of Sun Yat-sen. Land reforms have been instituted there, though they are unfortunately not so clear-cut in their Georgism as the 1946 constitution specified.

As for Dr. William, in view of his services, he was made an honorary member of the Chinese Republic's Kuomintang, the only American so honored. He expressed high regard for Henry George, and the copy of his book in the Henry George School library is inscribed "To my good friend Mrs. Anna George de Mille, a worthy daughter of an immortal father, with the warm appreciation of Maurice William." (There is also a book in our library, *Maurice William and Sun Yat-sen* by Maurice Zolotow, which tells the story of the influence.)

Dr. William spoke at the Annual Conference of the Henry George School in New York in 1949, just before the fall of China. He agreed that Sun Yat-sen's conversion to his own views and to those of Henry George went hand in hand. And he

made a desperate last-minute plea for Americans to come to the aid of Republican China.

Too late! But history hasn't recorded the last word yet, and if indeed the social interpretation of history be true, Chinese communism must certainly fail the test of being "a solution to the problem of existence." Nobody likes perpetual famine.

—R. C.

"Fine With Me"



Land-Value Rating by Lord Douglas of Barloch, is a small, useful book, published in London, which explains concisely the principles of local land value taxation, and describes how land values could be assessed and how a tax on them could be collected. This practical book includes, as a working model, a map of a section of the city of Copenhagen.

Taxation's New Frontier, by Joseph S. Thompson, president of the Henry George School, is meeting a popular demand, and readers are enthusiastic in their praise of this new book which represents the philosophy that has made Mr. Thompson a leader and successful business man in San Francisco.

BOTH BOOKS ARE AVAILABLE AT \$1 A COPY FROM THE HENRY GEORGE SCHOOL, 50 EAST 69th ST., NEW YORK 21, N.Y.

Christmas Gift Values

THIS is the month for the big gift-giving spree, and with skyrocketing price tags attached to most coveted items, Georgist scholars may want to take a closer look at that much debated concept—value.

We accept the dictum that we seek to satisfy desires with least effort so this seems a good time to relate effort to cash (Oh those Christmas crowds). Add to the trials of shopping, the fact that the gifts may be the wrong size, color, or shape, or in some other way totally unacceptable, and your value-satisfaction tends to ebb away.

That excellent little magazine, *The Freeman*, published by the Foundation for Economic Education, Inc. at Irvington-on-Hudson, New York, carried in its October issue an article on "Value—A Moral Issue," by Robert M. Stocking, who owns and operates an advertising agency. This is recommended to everyone for enjoyable study. It is a serious article contrasting the labor theory of value (amount of labor incorporated in production) with the free market view.

He describes market value as "the principle of supply and demand," observing "that people will demand (try to get) the things they want; and when the supply is great, they will pay less, when short, pay more." He points out a difference between "scientific efficiency and scientific officiousness" and says "it is just as officious to try to tell someone that you know better than he what he wants scientifically as artfully."

Now back to our Christmas shopping. Do we ask ourselves, in selecting a gift, what utilitarian gadget he or she really wants and needs and hasn't had time to buy? Or do we look for something that will be impressive when the package is opened

—something we ourselves would not use but believe (artfully) that another would or should? Or, having heard someone express a desire for something we rush to select it—a woman's bag, for instance. But it turns out to be so completely wrong for her that she gives it away. On the other hand the bag she receives may not be like the one she had in mind at all, but may, when she uses it, attract so much favorable attention that she is glad she didn't get the one she *thought* she wanted.

The author of the article has a hypothetical defender of the free market saying "there is one question on which I am the world's leading expert—the question of what I want." This is never more debatable than at Christmas time. Some fortunate individuals do reach the point where they know what they want, but they are rare. If more people knew there would be less work for counselors and psychiatrists, and probably a minimal amount for advertisers.

In a discussion on the profit motive, which he traces to Aristotle, he shows very undeniably that "profit is a physiological phenomenon." The word is useful to us not only in referring to what a merchant has left to pay income taxes on, but on all the intangible rewards.

He reminds us that "money itself is not consumable. The only purpose of profit-in-money and profit-in-goods is the ultimate realization of profit-in-satisfaction."

How true. A girl yearns for an engagement ring from her fiance. On Christmas day it arrives and her joy knows no bounds. But at nights she lies awake and recalls how meager are his earnings, and she begins to wonder how he managed such a huge

expenditure. If she is driven to questioning him, only to find that he acquired it by endangering his integrity or his health, her joy will be replaced by much less "profit-in-satisfaction."

Can it really be said, as this author does, that "modern psychological studies reveal there is no such thing as intrinsic value." Not only, it would seem, is there intrinsic value, but there is more than the advertisers admit—there is the intrinsic value they destroy when they create such a gripping desire for certain things that many people *must* own them, even if they have to be bought on long and costly credit terms.

The free market has made this the most thing-minded country in the world and has created so many labor saving devices that students are now being coerced into exercising muscles that would not have become so useless if there was more labor to be done. Still, it's pleasant this way.

and we are not against advertising. The magazines in which a few articles will be tucked in among the ads this month, are accepted as indulgently as the "world news" every hour interlarded with commercial tunes and doggerel.

Everything changes, but at this point in history our country, with all its madness, still seems to be the one others envy most, and not, we suspect, for its moral values. Don't be influenced against "Value—A Moral Issue" by this gentle carping. Here is its very sound conclusion:

"To question the morality of the law of supply and demand, upon which the free market is based, is to question the individual's right to value. It implies that it would be more moral for a clique [through automatic thought control] to impose its own values upon the majority. To some personalities, such tyranny may appear supremely moral. But to the majority it sounds insane!"

Why Tax the Land?

W. Wylie Young, working closely with the Economic Education and Graded Tax League, has prepared for circulation among Pennsylvania's cities of the third class, "A brief explanation of the Graded Tax Law." This points out the advantages possible under that state's local-option law, the effects of taxing buildings, the effects of taxing land, the mechanics involved, and the legal limitations. He suggests for further study, the book by Dr. Harry Gunnison Brown, *The Effective Answer to Communism*, and *The Self-Supporting City* by Gilbert Tucker, both of which are

available from the Robert Schalkenbach Foundation, 50 East 69th Street, New York 21, N. Y. at 35 cents and one dollar respectively.

Mr. Young's four page bulletin was published under auspices of The Graded Tax League of Pennsylvania, 710 Bakewell Building, Pittsburgh—a group busily engaged in an educational campaign to persuade business and political leaders in Pennsylvania's "third class cities" to adopt the Graded Tax Law and pave the way for full land value taxation to be extended throughout the United States.

BOOK REVIEWS

THEORY AND MEASUREMENT OF RENT by Joseph S. Keiper, Ernest Kurnow, Clifford D. Clark and Harvey H. Segal. Chilton Co., Philadelphia, 1961. 194 pp. \$6.

Reviewed by ROBERT CLANCY

THIS book is an elaboration of the studies made on the subject by Professors Kurnow and Segal (who presented summaries of their findings at the 1959 Henry George School Conference). These, and the other two professors who collaborated on the present book, are with the Graduate School of Business Administration of New York University, and their work was made possible by a grant from the Lincoln Foundation.

A foreword by Raymond Moley, adviser to the Lincoln Foundation, notes that the subject of land-rent has been neglected by economists and that this work shows rent to be more significant than they have supposed. "It is not so large as some Georgists have claimed," he says, "nor so small as most recent economists have asserted, but it is considerable and deserves a great deal more attention by those lawmakers who are seeking to find new sources of taxation and to shift some of the great burden on productive enterprise."

The book includes a historical survey of the theory of rent. Not widely known is the fact that the law of rent was first formulated by a Scottish economist, James Anderson, contemporary with Adam Smith and several years before Ricardo.

There is a chapter on Henry George in which he is praised as a tax and land-tenure reformer, but the authors do not think George succeeded in explaining poverty and depressions. They admit that his logic in explaining depressions is sound, but they dispute what they say are his assumptions, one of which is "that all economic activity involves the use of land in relatively

inflexible proportions." This is an incorrect statement of George's premise, and the authors would do well to re-examine the question. (One is reminded of the story of Tom L. Johnson who gave *Progress and Poverty* to his lawyer to check its logic. The lawyer reported that "the logic is sound but the facts are wrong." "Never mind the facts," Johnson replied, "I am a businessman and I know they're right. I only wanted the logic checked by an expert.")

The authors proceed to the more difficult job of estimating the total rent of land in the United States. They do a conscientious job and use what available evidence there is, including assessment data, Census Bureau figures and studies made by the National Bureau of Economic Research. They come up with a figure of \$249 billion for taxable land in 1956. (More than \$100 billion would be added to include the value of tax-exempt land, public land, subsoil assets and public utility land.)

The authors hold no hope that a single tax on land could cover all expenses of government, but they think that it might cover about 20 per cent of such expenses.

This is indeed a long step in the right direction, as rent is at least discussed as a source of public revenue, and rent is shown to be more significant than has been supposed by economists. Much more work is needed, however, in order to reveal the full extent and scope of land values and land rent in our economy, in all its ramifications; and such further studies would, I am sure, show the figures to be much higher.

But even apart from that, the authors tend to be a little too static in their estimation and do not take sufficient note of what happens to the economy and to land rent as rent is taxed higher and other taxes lowered or abolished. Such studies as Rolland O'Regan made in New Zealand indi-

cate that rent actually increases as it is tapped for public revenue.

We can conclude by agreeing that *Theory and Measurement of Rent* is an important scholarly contribution to the study of rent; and we look forward to more such serious discussions by the academic world.

New Book on Liberation of the German Economy

Reviewed by PAVLOS GIANNELIAS

Liberation of the Economy (Die Entfesselung der Wirtschaft) is the title of an important Georgist work by Heinrich Richard just published in Germany. In a preface to this book Count Schwerin von Krosigk refers to it as a contribution worthy of consideration by all German taxpayers, and states that even a partial application of the land value tax reform, accompanied by abolition of taxes detrimental to the economy, would in a sensible way, simplify the tax system.

Taxes must unite the right of the state with the rights of citizens without causing damage, writes the author. He does not criticize the amount of the taxes nor their use, but limits his study to the most useful way of raising them. Unlike most of the economists and legislators he distinguishes between land and capital and says this is the unavoidable condition for understanding the precept contained in one single phrase epitomizing the economic philosophy of Henry George, "abolish all taxation save that upon land values." This principle which runs all through the book, must, he says, be followed literally.

The land is essential for the existence of every creature as a dwelling place and means of livelihood, he points out, while capital is the purveyor of material goods. The capitalist is a benefactor insofar as he is not a land monopolist, and, echoing George, he states that everyone may be allowed

to get rich so long as others are not deterred from doing the same.

The science of the single tax on land values is presented clearly, and for added emphasis, diagrams and the statements and criticisms of numerous influential economists are included. Insofar as the government holds onto present taxes, it must suffer the consequences. Insofar as it takes in taxes a part of the property its citizens have acquired by their own labor, it cannot estimate the full value of properties, since repressive measures keep down the value of land.

Another aspect that is often neglected, although it seems quite obvious, is the distinction between the full rent that could be earned on a parcel of land owing to its fertility, use conditions, location and other advantages, if there were no restrictions; and the net rent that the landowner keeps after a part has been removed by obvious and disguised taxes, and after a part of the possible full land rent has been hampered by the threat of higher taxes.

The full land rent determines the real value of the land, but the part remaining to the landowner determines the price of land. The land rent created by the activity of society would naturally furnish the revenue that society needs. Among the most important economists the term "value" is used for two things as different as value and price. The proposed tax reform would cause land *value* to increase, but the *price* would tend to fall until a minimum was reached.

Mr. Richard presents mathematical evidence to prove the failure of all such misguided reforms as price ceilings, redistribution of land, and even land value taxation without abolition of other taxes; whereas the successes attending the true Georgist tax reform are likewise proven. In the final chapter he gives directives for the application of this reform in the German Federal Republic.



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 administration 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 America 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 population¹ can never be a problem, under any circumstances.

JAMES L. BUSEY
Boulder, Colorado

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 peo-

ple 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.

GEORGE R. EDWARDS
London

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 difference 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.

More Bread Upon the Waters

BLUEBIRD Letters, mimeographed on legal sized sheets, from Muncie, Indiana, reach a small, select audience, and surely no one would want to miss a single copy. Elmer Russell Greenlee, the author, is one of those convinced persons who reached a place where he wanted to share the wisdom that had been revealed to him. The letters were the result, and enough evidence of their effectiveness filters back to him to encourage him in continuing them, although his name is not featured.

Mr. Greenlee majored in social science in high school and at Ball State Teachers College, where he heard nothing about Henry George. But much later he was gratified to learn of two social science teachers who had used Bluebird material in their classes for discussion. The letters are intended merely as springboards for conversation among friends. Articles from The Henry George News are often included.

In 1946 Elmer Greenlee met "Uncle Jim" Carson of Muncie, who was a Henry George enthusiast. Vigorous and persistent as he was, it took him several years to overcome the doubt in the young student's mind. When at last Mr. Greenlee had no more objections and was eager to extend the philosophy, Mr. Carson sponsored the Bluebird Letters and produced the subject matter from his voluminous files and out of a long adventurous life.

Uncle Jim is gone now, but his influence lives on, for the letters still issue forth from the orderly room where Mr. Greenlee has his files and mimeograph machine in the Greenlee farm home on the Pike a few miles out of Muncie. He believes

this is the best contribution he can make at present and trusts the letters "will accomplish gradually that which Uncle Jim accomplished gradually and with great skill" with him.

Portland's Tax Letter

The idea for a publication had long been considered by members of the Portland Tax Savers, Inc., but it was Erick Hansch who "got it off the ground." In June, 1960, "without any ceremony" he introduced the Tax Corrector which he financed and edited. In October he brought out a larger edition and the name was changed to Taxpayer Digest. By that time an enthusiastic group of supporters had gathered. Mr. Hansch, however, bears the financial burden as well as being "a relentless reporter, a patient researcher and its single largest journalistic contributor," according to the editor, H. James Hotaling.

In April this year the Digest was incorporated under the auspices of Taxpayers Publications, Inc., both non-profit making organizations, with Mr. Hansch (Henry George School director) as treasurer. It chooses to publish George's ideas "subliminally" and hopes to put some of his tax theories to a test. "Whatever the Digest is and becomes," writes its editor, "it is what Erick has made it. We can but try to meet and maintain his standards."

The Digest holds that homes used as homesteads by the owners whose yearly income is less than \$3,000 should be tax exempt and that taxes should be placed where they will hurt the economy least and from where they cannot be shifted. Its scope includes all public affairs which may affect the taxpayer.

This May Save Humanity

THE response to an advertisement by the Henry George School of its correspondence course in economics, just one day in one newspaper in each of 14 of the Latin American countries, has already brought in well over 5,000 requests. We sent introductory information about the course by airmail to persons living in the southern part of South America, and mostly by third class surface mail to those in other parts of the continent. Enrollments and requests for *Progress and Poverty* are coming in at a rapid rate—the total so far is about 300. The world, and certainly Latin America, seems to be hungering for a solution to its economic problems.

Our movement offers something on behalf of the people—a method of study. Others can use political pressures and manipulation, but for us there exists only the slow process of education, consisting of classroom teaching, correspondence courses, books, pamphlets, magazines, documentary films, T.V., radio, etc.

The people we have been reaching through our advertising are mainly students and professors, though we are hearing from other groups too. Being intelligent they understand what they

read quickly and easily, and they are influential. Eventually we can count on a sizeable representation, and who knows—this may result in the emergence of a new civilization! The nations of the world may have other goals than national aggrandizement, power rivalry and alignments, if an understanding of the baleful workings of customs tariffs should become general and lead to the removal of trade barriers. Furthermore, Georgism has the perfect answer to the teachings of Marx and to all forms of totalitarianism and authoritarianism.

If any readers feel inclined to help with the propagation of George's philosophy to South America, let him come to Room 33 at New York headquarters. There volunteers are busy addressing and stuffing envelopes and alphabetizing the complicated Spanish names. Everyone would like to do something to relieve poverty and suffering—and where is there more of it than in Latin America (the annual income in some parts is less than \$100). First returns on our lessons show that we are bringing out the best in our new students, and many are on the way to becoming ardent Georgists.

—C. Matthew Ossias

The author of the above encouraging report, formerly international secretary of the Henry George School, is now head of the Correspondence Division. On November 26th a second son was born to Mr. and Mrs. C. Matthew Ossias.

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