

the Henry George News

PUBLISHED BY HENRY GEORGE SCHOOL OF SOCIAL SCIENCE • JULY 1963

Unemployment and Planned Economy

by ROY DAVIDSON

UNEMPLOYMENT is the overt symbol of economic stagnation for all industrial nations. Yet nowhere is the bankruptcy of modern economics more apparent than in dealing with idle labor and unutilized capital. This failure has been due to confusion of effects with causes and palliatives with remedies.

Georgists have long recognized unemployment, or involuntary idleness, as part of the broader problem of poverty arising from inequitable distribution of wealth. By current definition, if a man receives any remuneration for his labor he is counted as employed. Those who give up the search for gainful opportunities because of discouragement, are not considered part of the labor force. Many workers presently surviving on public welfare doles are likewise excluded. But if all those seeking work could somehow get on the public payroll we would have a "fully employed" but hardly a fully productive labor force.

There is currently a popular misconception that the "gross national product" is equivalent to either the total production of wealth or the general prosperity. This misconception is aided

and abetted by economists and politicians. Somewhat like the land speculator, an adroit politician can watch both the inexorable increase of population and the overtime use of the public printing press work to his advantage by inflating the G.N.P. even though most of the people are no better off than before. Moreover, a very high correlation exists between the rise in both public and private debt and growth of the G.N.P.

The inextricable connection between the supply and demand for wealth needs no elaboration for a free market. Only in the planned economy or where monopolization of natural resources is permitted do we find such manifestations as oversupply or underdemand. The inevitable outgrowth is prolonged unemployment leading to additional planning and new monopoly privileges. While it is true that, in a free market, no guarantees or subsidies go with the wages of labor or the interest on capital, the free access to natural opportunities will assure ever increasing wages and interest (not to be confused with money income) as material progress continues.

(Continued on page 15)

A Word With You

H. G. WELLS wrote a story about a man who went to a remote country where all the people were blind. He got along very well with them except at such times as he would try to explain to them the world of sight; then they would become disturbed at this queer madness of his. His talk of restoring their own sight upset them still more. So painful did the situation become, that the man eventually realized that he had only two choices—either to leave the country, or to blind himself and live there happily.

Wells ends his story at that point, in lady-or-tiger fashion, but the moral is obvious. How can a person who sees a truth get along with people who cannot see it?

But Wells overlooked an important factor. The mere restoring of sight to people is not enough. Seeing is a complex process that involves habits, thoughts, associations and *vision*.

Recent advances in surgery have succeeded in imparting sight to people who have been blind all their lives. These people are at first not at all impressed by what they "see." The patches of light and shade and blobs of color are meaningless to them. They tend to ignore them and go about their accustomed ways of living by their other senses. They reject the looks of things as unimportant, and it takes years of retraining to get them used to living with the world of vision.

(There is an authentic touch in the story of Jesus healing the blind man, who thereupon saw people and described them as "trees walking.")

So it is in the world of ideas. Epoch-making inventions and discoveries, decisions and events that mark turning-points in history, are seldom if ever recognized at the time. The first steamboat, the first horseless carriage, the first telephone, are regarded as novelties, jokes, to be noted momentarily before passing on to other diversions. It takes a good deal more development before these great innovations are adopted.

"If only," we sometimes think when we have a great idea, "if only we could get it in all the Sunday papers and TV networks, the world would be transformed." No such thing. People would, without any trouble, turn to Little Orphan Annie or Ed Sullivan. True, you might catch somebody who is ripe for your idea, but you might just as well meet such a person in a bus.

Then there is "selective vision"—seeing only what one wants to see, like certain African tribesmen who regard strangers as a menace, and so they simply do not acknowledge who visit them.

"Seeing," of course, is very important. But for a truth to make headway, it requires continual application, association and accommodation—and above all, the *will* to see.

—Robert Clancy

Vol. 26, No. 8

July, 1963

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.

Publication committee: William S. O'Connor, Arnold A. Weinstein and Lancaster M. Greene, chairman. Editor: Alice Elizabeth Davis. Subscriptions \$2 a year; single copies 20c. Second class postage paid at New York, N.Y.

How *Not* to Run A City

by LANCASTER M. GREENE

TAXING architectural beauty and excellence reached a new low through the ruling of the New York Appellate Division which approved a special tax on the beautiful copper Seagram Building at 375 Park Avenue. Instead of taxing this land and improvement in the usual way, at approximately four per cent of the assessed value, the city found a way to make good building more difficult than ever. This is considered by many critics to be one of the city's finest structures since World War I, and a prestigious ornament to Park Avenue. It has been hailed as one of the six buildings in the world, which, by sacrificing commercial space, enhanced the architectural beauty of the community. Precisely because it is a "prestige" building, it is being assessed much higher than neighboring structures—not on the market value but on the cost value, which was \$36,000,000.

The Seagram Building has provided a plaza a hundred feet deep on Park Avenue, where fountains play and New Yorkers may stroll at their leisure. For this the city and court say they should be taxed or fined severely, not merely once as the court punishes criminals, but year after year. A cheaper building with maximum coverage of the plot and minimum standard construction, could have been built for 15 to 17 million and would have provided more rentable space, with a lower assessment.

If this tax penalty is allowed to stand it will fine any corporation which builds superbly, as Seagrams did, or as the Chase Manhattan Bank has done downtown, giving plazas to the city and buildings of architectural significance to this and future generations. A number of editorial writers

in New York responded critically to this ruling and might well have drawn attention to communities in Australia and New Zealand which raised the taxes on land values and exempted improvements. All owners started improving right away. No one had to wait for "urban renewal." By the deplorable action of the New York court, architects, builders and investors are warned they will be fined for excellence—with demolition the obvious way to reduce taxes the most.

Henry George, 84 years ago, wrote, "if I have worked harder and built myself a good house, while you have been contented to live in a hovel, the tax gatherer now comes annually to make me pay a penalty for my energy and industry."

Opponents of George's theory have argued that if land value taxation were applied fully it would compel builders to use every square foot of property instead of making use of open spaces, and that in effect the city has simply imposed an extra tax on the Seagrams for the unbuilt portion of their property. This however is not the case. In the first place, the city arbitrarily imposed an extra tax after the building was completed, and thus changed the rules in the middle of the game. Under land value taxation builders would know exactly where they stood. Furthermore, one of the main reasons for applying land value taxation is to bring down the prohibitive price of land. Once this was done, land would be more cheaply obtained and builders would not have to "cram" a structure into every square foot of space. The general effect would undoubtedly be a more spacious city than we have now. Architects, builders, managers, investors—note well!

Sydney Mayers

VIEWS THE NEWS

We quote—without comment—a rather provocative headline from the front cover of U. S. News & World Report: "One out of ten Negro workers unemployed. One out of twenty white workers unemployed. Key to national unrest?" YOU supply the comment!

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Ludwig Erhard, who is expected to replace Konrad Adenauer as Chancellor of West Germany, is being criticized as "a better economist than a politician." In view of his country's phenomenal industrial growth during Herr Erhard's tenure as Economics Minister, it would seem West Germany's choice merits emulation, rather than captiousness.

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The New York Times reports that, in an effort to restrain prices, inflation and concomitant unemployment, governments all over Europe are trying to curb a tendency for "wages" to increase at a rate greater than the rise in productivity. It is indeed disheartening to note the continued widespread failure to understand the true nature of wages—which are not dollars, pounds, francs, marks, lire or such monetary income, but are the economic satisfactions (goods and services) realized as a return for labor expended.

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Fernando Belaunde, newly-elected civilian President of Peru, where a majority of the populace are landless, poverty stricken and hungry, apparently won his office by promising "swift and radical reforms." We very respectfully recommend to Senor Belaunde that he read a book whose Castillian title is

Progreso y Miseria, wherein he will find clearly expounded a basic economic reform which would inevitably bring prosperity to his people.

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Tax reform continues to rank high on the Administration's legislative agenda, but it appears the Congress proposes to adopt only minor changes in the internal revenue structure. Reforming taxation on a modestly quantitative basis is somewhat like reforming a housebreaker by cutting down the amount he is permitted to burgle.

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At an official reception honoring Colonel Bykovsky and Lieutenant Tereshkova, following their reported tandem flights in world orbit, Soviet Premier Krushchev urged that outer space be transformed into a zone of peace and international cooperation. His remarks were enthusiastically cheered by a throng of happy comrades, whereupon the jovial statesman coyly mentioned that the rockets which had launched the astronauts into space could also be used for "other purposes."

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Dr. Alfons Pausch, a tax official in Bitburg, Germany, also serves as curator of a tax museum, whose intriguing exhibits date as far back as 2300 B. C., showing how long the terms "citizen" and "taxpayer" have been synonymous. Dr. Pausch, proudly viewing his collection (which, incidentally, is now government sponsored, i. e.: taxpayer supported), cheerfully observes: "You must agree our methods have become more civil with the years of experience."

Medicine and Taxes

Josephine Montrose, a resident of Brooklyn interested in Walt Whitman's background and in preservation of the building where he helped set and print the first edition of *Leaves of Grass* in 1855, has been reading editorials from the Brooklyn Eagle during the period when he was its editor. Mrs. Montrose calls attention to the interesting parallel that *Leaves of Grass* and *Progress and Poverty*, "two books which gained world wide influence in a thirty-year period, were written by independent newspaper men, editors of note, both leaving school early (Whitman at 14) but pursuing an education on their own through reading and penetrating observation of the world around them."

Both knew how to set type and both had to publish their own books because they were turned down by publishers of the day.

The Eagle was said to have had the largest circulation of any evening newspaper in the United States in the 1860's. The following editorial dated January 14, 1947, is reproduced as it appeared, and it is assumed to be by Walt Whitman, since it is his style:

AMONG the subjects on which people have been privileged to go mad, and to take silly action, from time immemorial, are taxes and medicine. When a man grows ever so little unwell—instead of returning to nature, which would so often remedy the result of non-compliance with sanitary law—the cry is

"Go call the doctor! ride with speed!"

And when that gentleman comes, "he ne'er forgets his Cal-omel" . . . When a legislative corps wants to try its hand at enacting especially foolish laws—laws that will annoy every body in some way, and do no body any real good in any way—it develops its

folly by attempting some of the phases of *taxation*. Thus in old times almost everything has been taxed, directly or indirectly—not only tangible things, but immaterialities. And it is the hardest task in the world to *un-tax* any thing again, after the taste of the stimulant has once been thoroughly obtained: because a thousand selfish interests grow up from prolific taxation, which will fight to the death, before they give up the blood-sucked fountains of their life! This it is, more than any thing else, that makes all kinds of officious taxation so full of danger. The mere paying of a few thousand dollars for two or three seasons is not important. Having a tickled-throat and a slight cough for a while, is not very important, either; but where those trivial ailments evidence the sure verging, unless quelled, into an irremediable decay of the lungs, the matter assumes a somewhat different aspect.

As money must be raised, however, for the expenses of the government, the question is resolved into that mode of taxation which is simplest, least liable to litigation, and the fairest to all parties. This is effected by taxation on real property, or *real estate*. All other objects of taxation are liable to so many escapes and so many injustices, that they cannot for a moment compare with real estate. —Besides, whatever expense falls upon real estate is filtered through upon all business, upon operatives, upon work, upon consumption, upon capital, upon the strength of the poor man's sinews, and the industry of the farmer in the fields . . . These Aldermen of New York who would tax non-residents' personal values, thrown in to N. Y. by their owners in such channels of business as to *increase the wealth and resources of*

that metropolis, are the greatest Fools the Nineteenth Century has yet produced! The *injustice* of the move is evident though; but this might be pardoned, if it were not at the same time so silly. Besides being silly, it may likewise prove impracticable. The N. Y. *Express* of this morning, which is generally ready to grab all it can in the way of high duties, says:

"The tax on merchants residing in Brooklyn, Jersey City, Staten Island and other places, will be difficult to collect. These people pay taxes in the counties where they reside. How far it may be possible to collect a double tax, remains to be seen."

We remarked the other day that impositions on personal property, by an old and wise rule of law, *Always follows the person*. There is no other way of managing it. A truer way still would be to *stop the practice of taxing personals altogether*. This will no doubt strike certain thick-headed gentlemen as quite a wild heresy: wilder heresies, though, have been put in shape and operation in time . . . The bother of collecting the proposed tax is also thus alluded to in the N. Y. *Mirror* of last evening:

"The city must pay its own expenses,

and if personal property is not to be taxed, an additional tax must be laid upon real estate, so that what is gained in one way is lost in another." . . . "The subject will be full of difficulties, and if the bill should become a law, we foresee a vast amount of litigation and trouble in determining who are proper subjects of taxation."

— New York ought to be really too great, rich, and noble a city, to think of adopting these petty means of increasing her revenues—nominally increasing them, but in fact taking away the nesteggs of her prosperity. Let her rise above such narrow views, and realize the widest scope of what such a metropolis should be and do! The compulsory inspections—one form of taxes—are already abolished: let her chase off her island all the kindred—a most wicked stock—of that unprofitable family! As to the proposed warf tax, surely its own absurdity must prevent its sober consideration by the Legislature. It is as though there were two inns, with two owners, and one should be senseless enough to put a raised drawbridge across the lane that leads to his very door! . . . The immigrant tax we shall take occasion to treat of in another article.

Seats in the same section of a theater cost the same whether they are occupied by fat men, small children, average people, appreciative people, sleeping, deaf or blind people—or left vacant by the ticket holders. The same show goes on for all of them, just as the same general services and neighborhood advantages are available to all holders of land in similar locations. Among the "neighborhood advantages" are of course those of nearby buildings—which may be skyscrapers next to parking lots or slums half a mile from prosperous centers. The slum dwellings lower the land value for each other, until there is a hint that the prosperous area may soon expand. It is not merely government but the whole community which creates or lowers these values, but government as the community's agent should collect the market rent . . .

Unless the prevailing mood of heavy lending is utilized to "anaesthetize the surgery" involved in setting up a new pattern of self-reliant enterprise, untaxed on its productivity but paying its own way for benefits received from the community, the future will offer nothing but recurrent chaos or disease in one blighted spot after another, to be remedied by constant spot therapy, or in the long run by an all-powerful government.

—John C. Weaver

Founder of "Allegheny Roundtable" radio and television programs.

Obituary on Keynesianism

by HAROLD J. KING

Author's Note: This prophetic excerpt might appropriately appear in an economic review of 1982.

THE collapse of the dollar a year ago impoverished millions. The United States had known nothing comparable since the stock market crash of 1929. As the purchasing power of the dollar sank to zero people found their bank accounts, pension rights, insurance policies, bonds and the like all claims to nothing.

Inexorably every operation based on fraud contains the seeds of its own destruction. Twenty years ago, in the early sixties, the first signs of the crumbling of the Keynesian structure began to appear. The appointment of Keynesian policy makers by President John F. Kennedy, following the exceptionally close election of 1960, blurred the picture for a while. But to the keenest observers it was evident that the House of Cards that Keynes built was living on borrowed time. Despite desperate pleas of the President, and many diverse, and influential organizations, right-wing groups were mushrooming so fast they could not be counted. In retrospect it is obvious that this was the germ of disenchantment with the mathematical mysticism of the followers of the High Priest. It had only to spread. For once a mass-fraud cannot feed on new victims, its days are numbered.

The Pied Piper of Deficit Financing and his huge chorus, sang the voters a song they were longing to hear, a melody of escapism—from the hideous economic facts of life. . . . Keynes promised the gullible security, through the euthanasia of the rentier. But by the early sixties too many of the victims found the rentier in the mirror. The fun disappeared when the rentier did not turn out to be the other guy.

This is a condensed form of an article by Dr. King, professor of economics at Seton Hall University, South Orange, New Jersey, which appeared in the May 1963 Journal of Business published by Seton Hall's School of Business Administration.

Ponzi was a piker compared to Keynes and his latter day saints. For Ponzi (like most swindlers and operators of gambling houses or race tracks) had to depend on the *voluntary* actions of those to be fleeced. Even ward heelers have merely a license to steal. But compulsory, continuous, well organized and fully legalized larceny were the characteristics of the Keynesian intrigue. What the masses were not to be relieved of through high and graduated income taxes, or forced social security contributions, was to be extracted from them by the foulest and most deceptive of all tax mechanisms—government-sponsored inflation. To add insult to injury, in exchange for some of their taxes the suckers were given "social security" under a scheme that would make anyone trained in actuarial science blush (with its reserve fund composed of government I.O.U.'s). In time they learned that all the "social security" hoax did was to prevent them from adequately providing against old age and the emergencies of life. Of course, since the lesson had to be learned empirically, the knowledge came too late.

For nearly half a century genuine economists were so busy refuting the Keynesian fallacies they had little time for constructive work in the development of economic science. The task that befell them was that of keeping the light burning during the dark decades.

Does Rent Enter Into Price?

Anent the matter of "rent entering into price," current in the last couple of issues of HGN, would it not be easier to explain this statement to the student by saying that "rent does not make a *difference* in the price of goods? It is true that all the factors of production enter into the cost of producing goods, or selling them. But the *difference* of rent paid by the seller cannot create a difference in the cost of goods to the consumer.

It does not clarify the matter sufficiently to say that competition to sell takes care of that. *Location* is the answer. For example, a merchant in a large city may pay a thousand times the rent paid by one at a cross-roads or in a small village, but he cannot, for this reason, charge a thousand times as much for his goods. On the contrary, he is likely to sell at a lower price. It may be argued that he can afford to do this because of the volume of business he does. But what makes this greater volume of business possible? His superior location, of course. He pays a higher rent because his location (affording

him access to a greater or more affluent purchasing population) is worth that much more rent. Hence, while the cost of his rent (as all rent) is a factor in his accounting, it cannot enable him to charge more for comparable goods. In that sense, it does not enter into the price he charges.

Rent paid by the merchant to the landlord (whether or not they are one and the same) goes directly into the landlord's pocket, and does not enter, one way or another, into the price of the goods he sells. Rent is determined by the greater or lesser advantage of the location, and is always *all that this location is worth*. The seller, or producer, neither can retain it or pass it on to the consumer in higher prices. It goes to just one person, the owner of the location.

Which brings us back to the basic question; who is entitled to the price of the advantages adhering to a given location—the holder of the title deed or the public which gives the value to that location?

—Bessie Beach Truehart

THE FIRST STATE!

News has reached us that in the closing days of the Hawaiian legislature in June, a law was passed aiming at higher taxation of land and lower taxation of improvements. It will allow the state's four counties to establish lower rates on commercial, residential and industrial buildings than on land. As we get more information on this significant break-through we shall report on it.

Ken Hunt, a student at the University of Kansas City, has completed a term paper for a senior seminar, entitled: "A Brief History of the Single Tax Movement in the United States, 1920-1963." The paper covers the post World War I period, the formation of the Schalkenbach Foundation, the founding of the Henry George School, current legislative programs, etc.

An increasing number of students are finding rich material for papers and theses in the Henry George philosophy and movement, for history and political science as well as economic courses. The Henry George School will be glad to cooperate with students who are contemplating such a project.

The Joy of Wasting Money

by HOWARD W. L'HOMMEDIEU

IT WAS stated by Walter W. Heller, Chairman of the Council of Economic Advisers, that unemployment would rise to 7 per cent by 1964 if the tax cut proposed by the President was not forthcoming. The Secretary of Labor expressed this tax cut as the "release" of ten billion dollars in purchasing power so that goods would continue to be bought and unemployment would not increase.

Purchasing power, however, is not a side of beef waiting to be released from a hook in the butcher shop, so that the public can consume it. If the government spends as much as before, it must receive as much as before, and when government expenditures exceed acknowledged taxation the difference must be made up in the unacknowledged tax inflation, which appropriates wealth more or less in proportion to one's current assets. The idea must therefore be for the government to seize purchasing power, through inflation, from the well-to-do, who are not using all theirs, and, through slight tax reduction, leave a little more to those with low and moderate incomes than it takes away by the same inflation. By printing bonds and forcing banks to buy and use them as a basis for extending credit, the government creates "printing press money," as there are no additional goods in the market place to back up this money.

The reason for this is that the cost of goods, and therefore the selling price of goods, is made up of the money paid out in their production. Unless all the money paid out is used to purchase this production all the goods cannot be sold, and unemployment will follow.

As the concentration of income in the hands of a few is fantastic, and

will not be spent for consumer goods or charity, nor can it always be invested to advantage, it is apparent that we shall have periodic depressions. The Ford Foundation alone has 100 men working five days a week, trying to spend constructively half a million dollars a day. Even with the best of intentions and considerable effort, the whole idea of receiving and disposing of vast sums of unearned income is unwholesome and unworkable, as is further apparent in the endless stream of nonsensical government projects, such as a study of "Prehispanic Settlement Patterns of Teotihuacan" and the sex life of male rats.

If we try to compensate for idle private funds by government spending, the procedure must continue until money has been inflated into worthlessness, or government debt is simply cancelled. A depression continues until land owners can no longer sell or lease their land at inflated prices or rentals, and thus land is offered at its true rental value, whereupon people can again use land—both urban and rural—for any type of business, or for residence. This, combined with a great reduction in unearned income, so that it will all be spent on consumer goods and charity, or can again be invested to advantage, restores employment.

If we do not wish these periodic depressions we must assess the full annual ground rent for the following reason: by eliminating the principal source of unearned income, the rent of land (through public collection), we should greatly reduce the enormous supply of funds concentrated in relatively few hands. This would result in great fluctuations in their use and thus would help to stabilize the economy.

Noah D. Alper's Brief Cases

LEAD US NOT INTO TEMPTATION

Mail fraud charges have been brought against seven men in the sale of Oregon desert land described as Lake Valley in promotion material which came to the attention of the Department of Justice. According to a UPI news release "the indictment charged that the group bought nearly 7,000 acres of desert wasteland in Harney County, Oregon. The land was offered for sale at \$395 an acre by mail to potential customers in several western states. Department of Justice officials said local authorities estimated its value at \$20 an acre."

AMERICAN MOVIES STIR SOCIAL REVOLT

"The peasants and Indians are not going to wait 20 or 30 years for reform," said Edmundo D. Flores, a Mexican economist in a talk at Washington University, St. Louis. "They have learned from American movies that their miserable conditions can be improved, and are aware that with nearly all productive land owned by three to five per cent of the population, only drastic redistribution will benefit them." He also warned that funds distributed to most South American republics through the Alliance for Progress served to enrich entrenched landowners, and predicted social explosions unless land reforms and equitable taxation systems were instituted.

KENNEDY KINSMAN JAILED IN IRELAND

From Dublin came a dispatch purporting that a nephew of President Kennedy's grandfather, James Kennedy of Dungastown, was jailed by the British as a rebel, serving three months at hard labor in 1888 for "resisting and obstructing the Sheriff." During that period "Ireland was ruled by the British, and the land war, a period of civil disturbance and anti-British agitation, was in progress," according to the Dublin news report. Of greater significance for newspaper readers, might be the fact that the "period of civil disturbance and anti-British agitation"—in other words, the land question, was the reason why the Kennedy's came to America, with results that are well known.

CULTURE'S COSTLY HALF-ACRE

An editorial in the Labor newspaper of Washington, D. C. has again made reference to Henry George's proposal in reporting a land deal. "A half-acre of land for the National Cultural Center was purchased recently for \$774,000," the editorial notes, and "three additional acres will cost the taxpayers more than \$5 million for the bare land before construction can begin. Yet this is far from the highest-priced land in Washington."

Government or private agencies have to buy land from speculators at fantastically high and rising prices, and, states the editor, "this is a gigantic road-block to adequate home building and the entire construction industry."

He suggests "heavier taxes on land values," because this "would discourage wealthy owners and speculators from holding land off the market while waiting for bigger unearned profits . . . the proposal originally made by Henry George in his still renowned book Progress and Poverty." He adds that Henry George "also advocated lightening taxes on homes and other buildings to encourage the construction industry, provide more jobs and wipe out slums."

This "still renowned book" is still a friend to man.

The Winning of the West

by URQUHART ADAMS

A NEW motion picture, "How the West Was Won," is very epical, but does not touch on information of the type received from an Ottawa correspondent. A Mrs. Worthington, well versed in Indian customs and habits of thought, was called on to testify at a Parliamentary committee hearing. She told how the North American Indians welcomed the Whites as potential friends and allies, and offered them an equal share in the right to use land they occupied under a form of tribal tenure—such as the right to hunt, fish, plant a garden or build a house on any vacant parcel.

The White Man, then, would ask that the permission be set down in a formal treaty, and the Indian would oblige. The "Paleface" would accept the treaty, probably with expressions of gratitude, and then, after his numbers were sufficiently reinforced by new arrivals from the East, he would bring out his copy of the treaty and tell the Indians to begone, since they

had, by deed of gift, forfeited all claim to the area. The Indians having no conception of private property in land, would be confused and bewildered at this new turn of events. They were unable, and in fact never permitted, to explain that they had not intended to give up their own rights. If they had been astute enough to hire a competent lawyer to argue their case, he would have pointed out that a contract, to be valid, must indicate a meeting of minds. The "treaties" were not valid contracts because the Indians meant one thing while the Whites meant, or said they meant, something else.

No doubt the Whites, who were superior in numbers and fire power, would have taken the land anyway. But the Winning of the West would have been more difficult if they had not relied on treachery. This story indicates that Henry George was right when he said that all land titles rest on either force or fraud. The Indians were victims of both.

As we celebrate Independence Day we might give a thought to our oldest and most neglected "race problem." The Indians, who were here first, have made an invaluable contribution, and provide us with a sterling example. A California group recently started a drive to help Indians in Santa Domingo, New Mexico, because their food seemed unpalatable and hard to chew. The surprised Indians, however, promptly sent back, the way they came, truck loads and plane loads of charity offerings.

Their cordial response was, for the first time, to issue an invitation to

white people to be present for their festive dances, to see how happy, healthy and industrious Indians are. "There is a difference between being poor and being in want and distress," said the tribal leader, an army veteran. "Nobody here is starving. All we want is to be left alone, we don't want charity from anyone." Their livelihood comes from farming on 2384 acres of the total 66,081 acres on the reservation, also from tending the cattle, bartering silver and turquoise jewelry, and the tourist trade. They are happy in their way of life—how many of us can say the same?

Cities on the Danger List

SICK CITIES, by Mitchell Gordon. The Macmillan Company, New York. 1963. \$6.50

WHEN one considers the state of affairs in our cities—congestion, decay, smog, crime, blight, fiscal crises—the term “sick cities” is a very apt one. The author of this book, however, is not like a doctor, diagnosing and prescribing. Instead he reports the various rashes and dislocations afflicting today's urban areas, and speaks of their “patch-quilt” growth. Unfortunately, this book is something of a patch-quilt itself, piecing together a great amount of information about a great number of cities.

Nevertheless, it is a good reportorial job, and along with the horrible side, Mr. Gordon presents some constructive solutions being attempted by various cities. But these measures, too, seem rather miscellaneous and do not hang together according to any recognizable principle. They range from attempts to purify the air, to efforts at getting borrowed books back to the public library, and from parking problems to city annexations.

The author might have found, but

did not, a common denominator by looking more closely at the land on which cities are built. The high price of land, the monopoly of land, the effects of land speculation, the under-taxation of land—closer attention to these matters would have shed much more light on the diagnosis of our sick cities.

Here and there in the book, some pertinent cases are related, but without being given the emphasis they deserve. The author acknowledges that, with all the crowding, there is still plenty of space, but that it is becoming “less and less accessible,” and more and more high-priced, but he lets this fact slip by. He also sees that, despite complaints and crises of municipalities, they have not made as much of the property tax as they should, but he makes no distinction between land and buildings.

Mr. Gordon also observes that cities, instead of turning to Washington for relief, should learn that the resources for solving their problems must be found within the municipalities themselves. This is a good note, and if cities do so, it might lead them to fundamental solutions.

—R. C.



Erie is the first Pennsylvania city to give serious study to the merits of land value taxation. The City Council, acting through its Fiscal Committee, has appointed a special study committee of 15 to investigate the advantages of L.V.T. The Erie Land Tax Association, which has strongly urged this action, is confident that if a thorough and complete study is made it will be found that land value taxation will encourage the building of larger and better homes, stores and factories, and the improvement of old ones. Also it will make landsites available at lower cost and encourage investment in properties, making the ugly and decaying portion of the city attractive, and providing incentive for well-built homes, stores and shops for rental at attractive rates.

All who want to know more about land value taxation are invited to ELTA headquarters, 2217 Peninsula Drive, any Thursday evening during the summer for open house discussion periods.



Urquhart Adams (May HGN) thinks we should not "object to the state building the roads and post offices and operating the schools." Siding with neither Adams nor Johannsen, I beg to point out a few examples showing that in a good many countries such or similar activities were and are carried out by private enterprise to the full satisfaction of the public.

Post: For hundreds of years, the Princes of Thurn and Taxis served Central Europe as postmasters. Their organization was cheap and efficient. Cables, wireless transmission, TV, telephones are often operated by private operators.

Army: Wallenstein is dead, and so is his private army. But the police can be in private hands. I once proposed a watchmen's cooperative society, and all the big insurance companies in Israel promised me to allow their clients to deduct our salaries from the premium. Unfortunately, I then believed (like Mr. Adams) that the government ought to do this job, and refrained from carrying out my plan. Somebody else did it and earned a good many bucks!

Roads: When I was sitting for the Valuers' Examination (25 years ago) they asked me whether a subdivider ought to build roads himself and pay himself for the job, or wait a couple of years for the government to build them at their expense. I proved mathematically that he should build the road; I also submitted evidence that most subdividers are actually building those roads. The examiners agreed with me.

Schools: Henry George Schools are set up and managed by public-minded

private persons, *not* by government! The proof of the pudding is in the eating.

DR. DAVID B. ASCHER, MAI
Haifa, Israel

The May 1963 Federal Reserve Bulletin points out the broadening use of installment and revolving credit. A larger proportion of our citizens have debt liabilities. There will be rapid growth in new households headed by those under 25. Such families are likely to use credit in increasing volume.

The article concludes that "a continued upward drift in the repayment-income ratio would not necessarily restrict new consumer purchases, unless the ratio increased because of a decline in income."

The squeeze of rising land or location rent is the trigger which Henry George saw reducing incomes at some point. When incomes decline the confident use of credit leaves us vulnerable to a further spiralling squeeze on new purchases. If we solve the location rent problem by land value taxation the swing in installment credit could not cause a recession of the depression order, in my view.

LANCASTER M. GREENE
New York City

Robert Clancy concluded his "Word With You" in the May HGN with "Wonder what the next age will be like?" Nuclear annihilation is, of course, a terrible thought to contemplate, but the current misrepresentation and apathy lead me to believe it can happen. So I wonder if there will be a "next age."

Incidentally, William L. Hall, mentioned on page 11 of the May HGN and in the first article in the April issue, was formerly director of the Henry George School of New Jersey.

JOHN T. TETLEY
Newark, New Jersey

The Henry George School in the News

NORTHERN CALIFORNIA'S first year under the Branch Organization Plan ended with gratifying results under the leadership of its president, Robert de Fremery. Present branches serve San Francisco, Marin, Berkeley, Sacramento and the Peninsula. Each has a board which sets the goals for the ensuing year. Several reached their membership and contribution goals while two exceeded them. The plan provides for classes, meetings, memberships and public relations. Newly formed groups gain independence and increasing powers as they fulfill more of the requirements of the Extension Board, and become eligible for branch charters.

The first annual conference on June first brought together all branch directors and volunteer teachers, and was followed by a banquet to which all school friends were invited. The guest of honor was Louis Wasserman, Professor of Government and Philosophy at San Francisco State College, who summarized a study of the Danish Justice Party as reflected in a national poll on land value taxation in Denmark. His report will later be published in book form.

ST. LOUIS reports that the first recent classes in Applied Economics taught by the director, Noah D. Alper, were especially significant in that nearly all students who enrolled remained to complete the course.

Mr. Alper still has copies of Dr. Rolland O'Regan's address in St. Louis in May, and will send them on request, from his headquarters, 818 Olive Street, St. Louis 1, Missouri. Robert Clancy of New York, Director of the Henry George School, was the speaker at a graduation exercise in May which brought out so many interested per-

sons, that the Women's Club, directed by Elizabeth Sausele, ran out of refreshments—this has never happened before in hospitable St. Louis, so it can only be taken as an enthusiastic endorsement.

CHICAGO reports that certificates were distributed to graduates of three classes in Fundamental Economics on June 14th at the Peoples Church, 941 Lawrence Avenue. These were taught by Mrs. George Menninger (Claire), Mrs. Nazarene Clayton and George Tideman. Eleven students completed an advanced course, Applied Economics, under George Menninger's instruction. Most of students from the Fundamental Courses expect to return for an advanced class in the fall.

Former graduates and friends of the newly graduated students enjoyed brief addresses by Rev. Ruth Ann Bassler, Mrs. Mina Olson and Edwin Hamilton, and a panel discussion by new graduates, with Mrs. Edith Siebenmann as moderator, on "What the Study of *Progress and Poverty* Has Meant to Me." Members of the Henry George Women's Club of Chicago were hostesses and served refreshments.

NEW YORK'S summer term is in progress with classes on Tuesdays, Wednesdays and Thursdays only. Of the six Fundamental Economics classes, two are reserved for high school graduates. Classes in Applied Economics, Science of Political Economy and Spanish Language and Culture, complete the curriculum.

Peter Patsakos, the school's International Secretary, has reached Arequipa in Peru and is ready to begin his teaching assignment. The program in Piura is slightly altered and James Murphy who was invited there may go later to teach another subject.

(Continued from page 1)

In all societies, the monopolization of land has led to either socialism or the planned economy. Fiscal policy has been the major weapon of these managerial economists. Instead of examining the basic causes for the inequitable distribution of wealth they have *post facto* proposed palliatives through taxation and fiscal manipulation to achieve their aims. Economic cause and effect have been camouflaged by the monetary system and the complexity of social organization.

Several salient facts emerge beneath the subterfuge of higher gross national product, growth rate and rising per capita income. First, the economic progress of a society can only be evaluated in relation to its productive capacity or base within the framework of existing technology, inventions and raw material availability. Where the productive potential has increased tenfold but actual production has only doubled or tripled, it should be obvious that certain impediments exist in equating potential with actual production. This gap is a very realistic measure of unemployed resources.

Secondly, the statistical index of economic progress should signify the growing ability to provide for the material needs of the population. Even if the gross national product or growth rate is adjusted for both devaluation of the currency and population increase, the failure to measure annual production of wealth masks the true progress behind a facade of statistics. Finally, national income or per capita money income reveals nothing about the distribution of wealth. Since money is not

wealth but only the means by which an individual can command the wealth producing efforts of others, it is at best an imperfect measure of well-being. High per capita income is not inconsistent with marginal standards of living for a majority of the population.

The monopolization of land is the basic cause of unemployment, business depression and economic stagnation. The widespread social maladies of crime, juvenile delinquency and mental illness are its derivatives. Because this gross injustice has not been remedied by public appropriation of economic rent, which is a precise measure of publicly created value, the appropriation of individually created value has been the inevitable consequence. The contradictory and anti-social effects resulting from the taxation of wealth become apparent in the periodic crises of the interrelated national economies. Often the cure appears worse than the sickness.

A singular remedy exists but has nowhere yet been applied. It would eliminate unemployment, remove slums, extirpate poverty, provide more of the benefits of an advancing civilization to more people, and lead the world from the abyss to fulfillment of man's material, cultural and spiritual needs. This basic remedy is embodied in the philosophy and application of the "single tax" or the collection by the community of its rightful source of revenue—the full economic rent from land. At the same time all restraints upon production, restrictions of trade and commerce between individuals, and protective tariffs between nations should be abolished.

Joseph S. Thompson, President of the Henry George School, has made a contribution toward expenses of the Georgist international conference to be held in New York in 1964. This is the start of an International Conference Fund that we hope can be built up. We especially have it in mind to use such funds to help worthy Georgists from far-off lands to attend the conference, who might not otherwise be able to come.

"You'll Never Be the Same"

An address by Howard E. Kronish, a graduate of David Sklar's class in Fundamental Economics, at a recent commencement of the New York Henry George School.

ABOVE all else I feel gratitude toward those who made it possible for me to attend this course in political economy and thus be exposed to the teachings of Henry George. I use the word gratitude because I now understand the nature of the socio-economic world in which we live, or at least I'm on the road to understanding it, as I never did before. Not any college course, book, play, conversation or other medium of the spoken or written word has so enlightened me as the reading and discussion of *Progress and Poverty* over the last ten weeks.

Ours was a typical class of men and women who gathered together to learn something new. There were the skeptics among us, the cautious, the curious, the placid and the argumentative. But I do not hesitate to say now, that having opened our minds and hearts to Henry George, we finished this course with the realization that there is an answer and a solution to the world's ills. There was one gentleman who offered many negative thoughts until he found out that his income taxes would be eliminated, as such, under the economic rent system. He didn't offer much opposition after that. I'm

sure he finished the course a better individual in spite of himself.

The instructor indicated at the outset that life would change for us. We were told we would never read the newspaper exactly the same again and we might lose some friends. How right this was! What he neglected to warn us about was that we would feel a little superior to others who had not been exposed to Henry George. Superior, because we were in possession of a basic form of knowledge more valuable perhaps, than anything we'd ever learned.

Some of us were a bit frustrated during the course because we couldn't find the right words to explain the George philosophy to those "lunk-heads" out there. The only real difference between them and us is ten, far too short, weeks. Now I have learned to be patient with them and with myself, and also have learned that I could misrepresent George by not being fully prepared to answer the questions that inevitably arise.

Only now can I begin to feel somewhat educated despite my four years of college. I wonder why the educational system does not make *Progress and Poverty* required reading in the economic curriculum.

Mr. Robert Clancy,
33-53 82nd St.,
Jackson Heights, L.I., N.Y.