

the Henry George News

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The Survey that Shook the Critics

by V. H. BLUNDELL

ONE of the chief obstacles to the acceptance of site-value rating*—or even to its consideration for that matter—among professional people, has been the lack of actual evidence to support the theory of site-value rating. To those well versed in the theory and application of land value taxation some of the objections advanced by critics seem very naive. Yet apart from those who use the argument of lack of evidence because it serves their purpose, there are others who simply cannot grasp what is to them a completely new concept of taxation.

"How can you possibly separate the value of land from the value of buildings?" it was persistently asked, and to the obvious reply that this is done in Australia, New Zealand, etc., came the retort, "Yes, but that is not England." Many critics asserted that while it was all very well to tax land values in new countries it was quite a different matter in old countries like Britain. One would imagine there were kangaroos jumping about the streets of Sydney!

Another favorite argument was that land, as land, would not produce any revenue worth collecting. Various estimates were made, usually based upon the valuation of buildings for local

taxation purposes—a hopelessly inadequate method of arriving at land value! Then there was the "cost of collection" argument and the "cost of administration"; there were the complications that were supposed to arise and the difficulties to be encountered.

All these arguments and many others have now been swept away by the pilot valuation conducted in the small town of Whitstable, Kent, a seaside town on the Thames Estuary. The valuation was conducted by a firm of professional valuers at the request of an independent professional, non-government body, the Rating and Valuation Association. The association is made up of private individuals in private and local government employ and includes valuers, surveyors and borough treasurers. Their survey showed that the figure of land value alone was almost equal to that arrived at by taking the valuation of land and buildings taken together in *their existing state*. It showed that a tax of only 12s.5d. in the pound would suffice to cover current expenditure for which the local authority was liable. It showed that most classes of property would benefit—particularly residential properties; and that the burden would fall heavily on land in the center of the town, but more especially on idle land. The

(Continued on page sixteen)

*In England, rating is local taxation.

A Word With You

THEY say that snuff is coming back. Now that medical research has given cigarette smoking a bad name, its distant relative, "a pinch of snuff," may be due for a revival.

If we took a look around, we might find other things worth bringing back. Not that "the good old days" were unqualifiedly better. I prefer my present hi-fi record-player to the old wind-up victrola. But it might be nice to have the home coffee-grinder back; there's still nothing like a fresh-ground cup of coffee. I think it's better to fly by jet plane than to jog along in a coach-and-four. But how about retiring the twist and bringing back the minuet? I have no nostalgia for the ignorance, cruelty and filth of medieval cities. But wouldn't it be refreshing if we could bring back the days when there was something human about human relations?

I am told there was a time when, if you met with an accident, a Good Samaritan was apt to come along and bind your wounds. That was before my time; I can remember back to the days when, if you suffered a like fate, kind friends would gather round your bleeding body and scream at you to sue the rascals for all they're worth. Even that had something human about it. Nowadays, when you have an accident, nothing can be done until all the angles are calculated — legal-wise, insurance-wise, tax-wise, Blue-Cross wise, government-benefits-wise — all very wise and very foolish.

A while ago, a student hurt his hand in our elevator. We notified our insurance company, who contacted their lawyer, who got in touch with the elevator service company, who told their insurance carrier, who turned it over to their lawyer — and I lost sight of the case as it wended its way through the System . . . except that, some time later, I met the student and asked how his hand was, naively meaning how was it healing. "Oh," says he, "my lawyer says it's getting along fine!"

It might also be good if we could go back to the time when the White Man was going around the world with his Burden — and undo some of the damage whose consequences we are still reaping, in Asia, in Africa, in Latin America.

Our missionaries went to the South Sea islands and saw people still living in the Garden of Eden, innocent of clothing and enjoying common property in land. Instead of being elated, these pious men were horrified — and they gave the natives clothing and took their land from them. O, could we but turn back the clock . . .

But now I'd better end, as I'm beginning to sound like one of Edward Lear's persons:

There was an old man at a station,
Who made a promiscuous oration,
But they said, "Take some snuff,
we have heard quite enough,
You afflicting old man at a station!"

—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, N.Y. 10021, 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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The Problem of Profit

by Sydney A. Mayers

SOME two thousand years ago there reigned as Monarch of Egypt a reputedly alluring, witty and shrewd woman named Cleopatra. Since her self-inflicted demise, her romantic career has provided inspiration for countless literary and dramatic works, including the famous plays of Shakespeare and Shaw. Undaunted by such competition, this writer finds material for yet another, if minor, opus in the most recent epic inspired by the Queen of the Nile. Believe it or not, the subject is political economy.

Seeking a suitable role for its most beautiful (and most money-making) actress, a film producing company known as Twentieth Century-Fox decided to star her in a spectacular motion picture based on the legend of Cleopatra. Years were devoted to its completion, which required considerable creative effort, artistic endeavor, technical skill, executive wisdom and administrative know-how. (It also required publicity, of which there came an abundance.) But most of all, to provide these necessary ingredients, there had to be enterprise and money, especially the latter. The production of any motion picture calls for an inevitably speculative investment; the financial needs of "Cleopatra," because of its grandiose nature, were tremendous.

By the time the film was ready for public exhibition, Twentieth Century-Fox and its bankers are said to have expended on it \$44,000,000 — as fabulous a figure as that of Cleopatra herself. A portion of this amount consti-

tuted wages, and another was paid as rent, but the major part represented capital, in the pure economic sense. And a goodly percentage of the same was, to put it mildly, the riskiest kind of "risk" capital, for the producer did not know whether it would ever see its investment again — and still does not know.

Whether "Cleopatra" is esthetically worth the time, energy and money it cost is a moot question, but it is a question that concerns the film critic and the movie-goer, not the economist. What is important economically is that this enormous cost was deliberately ventured. It was made available by entrepreneurs and investors on the hope (or gamble, if you will) that the market would justify it. What prompted them to hazard their funds on this perilous transaction? The answer is simple and obvious — it was the anticipation of a profit, the same motive that encourages any economic activity.

Henry George justified interest as the legitimate return for the use of capital. Profit, of course, where it stems from invested capital, is essentially interest. While we properly decry the maldistribution of the fruits of production, we cannot but commend the great strides man has made in his productive capacities. It is worth considering that this enhanced productivity is sparked primarily by the quest for gain, through which man satisfies his desires. Maybe his mountainous labor sometimes brings forth only a mouse (or a "Cleopatra"), but it also produces the wealth of nations!



Noah D. Alper's Brief Cases

A CURB ON SPECULATION

People who think Henry George is having no influence should remember that ten years ago discussions like those frequently reported in *House & Home* magazine regarding land prices, were very rare.

Edward Eichler, a builder, gave some surprising testimony before a congressional committee when he charged that by making taxes and interest tax-deductible and allowing capital gains on sales of raw land, the federal government had invited speculation. He was among the first to get a statewide political group to back a plan permitting localities to hike taxes on land and cut taxes on improvements.

"Suburban officials in New York and California seem to be getting the message that bargain basement assessments on raw land inflate housing prices in the end," reports *House & Home*. "One Florida land dealer got a rougher message: a widely advertised land auction flopped."

The same magazine stated in its April issue that at opposite ends of the nation, local and state political rows are developing over taxation of land and its assessment.

The California Democratic Council, calling itself the largest grassroot political organization in the nation, has endorsed a proposed state constitutional amendment to let cities put "a higher assessment on non-agricultural land value and a lower assessment on improvements on the land" . . . to encourage good construction and repair and to make long-term raw land holding for speculation unprofitable.

THE PRESIDENT'S OMISSION

President Johnson touched the button that opened construction of the Cross-Florida Barge Canal, to cost \$158 million dollars, and said the canal would "start new and permanent economic growth . . . and open up new recreation areas as well."

What he did not say is that this canal, if it is really worthwhile will add rental value of land which, if collected for public use, would pay, and more than pay, the huge cost of the canal. Talk about tax loopholes? What of the Rent-of-land, Mr. President?

GREAT IMPROVEMENTS — THEN WHAT?

The world's longest highway crossing over salt water opened April 15th. This complex of three bridges and two tunnels, running 17.6 miles over and under the lower Chesapeake Bay in Virginia, replaces a ferry that was a bottleneck which many motorists avoided by taking round-about detours. The Chesapeake Bay Bridge-Tunnel is expected to handle 5,000 cars daily in its first year, as compared with 2,000 carried on the ferry. The prediction made in *U. S. News & World Report*, based on common observations, was that land values resulting from the boom would rapidly become speculative for old as well as new holders, and that these values would in time double or triple the cost of the improvements that stimulated them.

LAND GOES UP FASTER

Plain and simple figures in a *St. Louis Post-Dispatch* item show that the average 1962 home buyer using an FHA-insured mortgage paid \$15,169 for a home on a lot costing \$2,715 (17 per cent of purchase price), as against a 1952 average of \$11,077 for a home on a lot costing \$1,227 (11 per cent of purchase price).

Asses or Assessors

by JOSEPH S. THOMPSON

THAT'S quite a fine new building across the street there.

Yeah, Medical Center.

It's a great addition to the city, a building like that.

You betcher! It's a great addition to the tax roll, too. It's worth ten times the ones that were there before.

What I mean is, it's a fine thing for a city to have buildings like that. We ought to have more.

Yeah, I'd like to be appraising a dozen more.

Oh, you're an appraiser?

Yeah!

In real estate?

No, I'm in the assessor's office.

Well, I'd think you'd be appraising a couple more at least, before long.

Nope, land's too high. What they're asking for the land now, a man couldn't get his money back in fifty years.

Then how about the Medical Center there? Was the land cheaper?

Some. It belonged to old man McCurdy. He paid thirteen grand for it 16 years ago. When the medical people offered him two hundred grand for it he let them have it. Figured it would make his other pieces go for more.

I spose, with that increase in value, you were advancing his taxes rather heavily too.

How was that again?

I suppose that, as the property advanced from thirteen thousand to two hundred thousand grand, McCurdy's taxes went up in proportion.

Oh no, his buildings were old and out of date. We assessed them way down.

And the land?

We appraised it at sixty per cent of

his thirteen, that's our regular scale.

Are you going to tax the medical land at the same rate?

Certainly not. With that fine building on it, we'll hitch it up good. We'll assess, with the building, forty times what it brought us when it belonged to McCurdy.

Will you raise the tax on all the land in the neighborhood?

Nope, only when there's a new building.

McCurdy was certainly lucky — one hundred and thirty-five thousand dollars profit, net. Does the city get any of that?

How would the city get any of it?

I was just wondering. If the city nursed him and his old buildings till they got to two hundred grand, it's a shame they didn't get a cut out of the profit.

Oh we'll get it all right, taxing the medics!

But the medical people already paid McCurdy what the city shoulda got. Now when they improve the city they get socked for doing a good thing!

Say, you ain't a commie, are you?

A commie? Why? What makes you ask that?

Well you don't seem to like the way we do business.

Does that make me a commie?

Kinder.

No, I'm no commie. If I was I'd advocate putting the medical people out of business and taking their building — I'd be for taxing them to death, the way you're talking of doing.

Say! You can't get away with telling me I talk like a commie.

Aw I was only kidding. But it'll take a lot of taxing before the city gets that hundred-eighty-seven grand back.

Gets it back?
Well, the city made it. I mean . . .
we all created it.
Who's we?
You and me.
What did we have to do with it?
Well, like everybody else in town,
we're here.

I don't see what that has to do
with it.

If nobody was here, how much
would the medical lot be worth?

If nobody was here it wouldn't be
worth nothin'. Any fool would know
that!

But there are plenty of fools who
don't know what belongs to them and
what doesn't.

That's for sure.

Did you ever hear of Abou Ben
Adhem?

Sure, in school. "Abou Ben Ad-
hem's name led all the rest."

And did you know that in the list
of fools that don't know what be-
longs to who, the average assessor's
name leads all the rest?

Say! I'm tired of your talk and your
wisecracks. I've wasted my time long
enough. We assessors know our busi-
ness and we don't need any advice.
You stay here with your soapbox. I'm
going.

Goodbye, Mr. Deputy Assessor.

(Soliloquy) If I thought you really
knew your business I'd promote you
from ignoramus to criminal! But you
don't.



Auditor: Park Goes Aloft

"Spy in the Sky" was the jangle
label attached to the latest move by
Cleveland's auditor, Ralph J. . . .
For the first time in the county's his-
tory there is to be an aerial survey to
give appraisers a bird's eye view of all
taxable property. It should also prove
a boon to taxpayers, since it will help
to gauge the effects of topography,
urban blight, air pollution, industrial
spread and other factors in property
valuation.

Enlarged photographs will be in-
dexed to correspond with the county's
map books. They will be used in re-
viewing the six-year reappraisal to be
completed in August. The "Spy in the
Sky" will also reveal new buildings
and additions which have not been
reported.

Cleveland's Plain Dealer, in another
recent issue, credited a letter to the
editor with the large headline: Pre-
dictor: Flight of Wealth Will Bring
City Income Tax. K. F. Ziska quoted
Senator Clark of Pennsylvania's obser-
vation that municipal budgets to fight
crime, delinquency and blight grow
while the economic capacity to finance
them is eroded by the flight of wealth
to the suburbs. This has meant abdi-
cation of political as well as economic
responsibility and is symptomatic of
society's failure.

The writer predicted that if the
present attempt to lower taxes on
downtown property succeeds, the city
home owners will be saddled with the
county's loss, and in less than a year
Cleveland will have a city income tax.

"not the highest but the first"

by FRED W. WORKMAN

IN the present agitation to give the Negro his rights it is well to keep in mind that many millions of white persons are also deprived of important rights in this country. Most people are poor and remain poor largely because they have never been granted their basic natural rights. Our legislation should protect all the underprivileged — not just those with a dark skin. That would not be fair.

A first step to alleviate poverty should be to restore these fundamental natural rights. Our Declaration of Independence asserts the right of all citizens to life, liberty and the pursuit of happiness. The right to life presumes the right to the means of life. As sustenance comes from the earth, so the right to life implies access to the source of life—the earth.

In Biblical times Moses, recognizing the equal rights of all his people to the land, tried to establish these by dividing the land equally in every fiftieth year — characteristically known as the "Year of Jubilee." But the division never remained equal, for the shrewder ones soon took advantage of the others and the old inequality continued.

This equal right of all to a fair share of the earth in perpetuity continued largely as an unsolved and mis-

understood problem until the publication of *Progress and Poverty*. Its author, Henry George, saw land (exclusive of improvements) as a natural inheritance of all, and concomitantly, the rent of all land could and should be enjoyed by all. The land rent, taken as a tax, if applied gradually, could make all other taxes unnecessary. This ethical, just and equitable method would do much to alleviate poverty and would eventually restore to all citizens their natural rights in the earth.

If this seems like a drastic step, it is no more so than other changes of recent years. But since none were founded on sound economics all failed to accomplish what was promised. Henry George's proposal, which now remains to be tried, is one which can strengthen our economy and save it from the threat of socialism and communism.

With basic rights established, our responsible, able-bodied poor could begin to live as free men and women, and race problems would lose much of their emotional impact. Benjamin Franklin said, "an empty bag cannot stand upright." Henry George said, "this reform is not the highest in the ethical scale, but must be the first to make the others possible."

ICELAND'S ENLIGHTENED LAND POLICY

Frank F. Bille of Arcadia, California is the author of UNTAX, a booklet obtainable from him at the above address — P.O. Box 838. The price is 40 cents or three for a dollar.

Mr. Bille's research has revealed the following "remarkable facts about Iceland" by way of Denmark's Georgist journal, *Vejen Frem*. Ninety per cent of the Icelanders own their homes — even apartment units are individually owned. Therefore rent restrictions and land speculation are virtually nonexistent.

Practically all land suitable for building is publicly owned and made available on payment of an annual rental. Since home owners are not burdened with mortgage commitments or payments for land, the possibility of land speculation is circumvented and Icelanders who build for themselves seem also to enjoy larger than average floor space in their dwellings.

Early American Antique

SEVERAL readers commented enthusiastically on a report from Colonel Harwood's American Institute for Economic Research at Great Barrington, Massachusetts of March 23rd, entitled "Our Obsolete Real Estate Taxation." According to this, certain institutions interfere with the most efficient use of land, and the solution lies in the reform of our system of real estate taxation. When enough citizens become aware of the advantages of shifting taxes from improvements to site values, the prediction is that "such shifts can be expected to occur with increasing frequency."

Our present system dates back to the time when land was abundant and largely agricultural — the real estate tax laws were designed to provide incentive to land ownership. Institutions and customs of long standing often are perpetuated long after the conditions that gave rise to them have changed. But any community that is far sighted enough to shift real estate taxes from buildings to land will be a better place in which to live because of improved community services and increased opportunities.

When structures are taxed, the owners are not inclined to improve or replace them because of the increased assessments and higher tax penalty. Instead they allow buildings to deteriorate further in order to take advantage of the reduction in assessments and taxes.

When the cost of shelter is increased the investment return is reduced, and some investment funds are diverted to other uses. Building is therefore checked until the price for the use of structures increases to a level at which the normal return to

investment in construction is restored. The increased building cost is therefore shifted to, and borne by, the users. On the other hand, an increased tax on the assessed value of the land tends to increase the amount of land made available for use and to reduce its price, because of the increased cost of holding it off the market in anticipation of a future gain.

Reference is made in this American Institute report to an article by Hubert Kay in *Fortune* last October on "The Strange Leveling Off of Land" (following the boom in which prices in some areas have multiplied many times).

"Land prices," Mr. Kay noted, "are not made by people who sell their land . . . but by those who won't sell . . . and the resulting artificial scarcity of land is only beginning to be understood." Land sites are shown to vary widely in their usefulness and "the actual selling price of anything that is in absolutely limited supply is determined by the demand for it." The laws not only permit but actually encourage monopolistic holding of land, "the most essential of all commodities."

Federal action is neither advocated nor necessary in achieving this much needed reform, the AIE researcher explains, since real estate taxation is levied almost exclusively by local governments; subject, however, to state legislation. Pennsylvania is one state fortunate enough to have passed a law permitting cities to adopt this site or land value method of taxation, and that is why some Pennsylvania city could create history by being the first to break with an outworn tax tradition and reconstruct its community along modern lines for a better tomorrow.

Erie's Leadership in Adopting LVT Could Attract Worldwide Attention

IN a series of detailed and informative articles published weekly in two newspapers by the Erie Land Tax Association (Pennsylvania), a number of compelling personal statements have been made by various members.

Robert D. Meyer, an engineer at General Electric, said, "we know now that poverty will never be dealt a lethal blow until LVT has been applied. It is the primary antidote . . . let us stop looking to Washington. We have the right to tax land value here and now. This alone will raise wages, lower rents, create jobs and keep opportunity alive."

Michael Gregory, a chemist with the same firm, proclaims, "Erie seems to be on dead center. With land value taxation available it could easily become a star among American cities."

George E. Dawes, a sales representative, urged, "our present real estate tax policy is as obsolete as some of the 100 year old buildings on State Street. Let us get rid of both by adopting land value taxation."

Blaine G. Momeyer, an insurance executive and president of the Erie Jaycees, said, "research by the Erie Land Tax Association proves that homeowners in Erie pay far more than their just share of the real estate tax; also that land value taxation is both just and fair for all."

Neal Hopkins, manager of Manpower, Inc. wrote, "we of the Erie

Land Tax Association insist that under full and complete LVT there would be no need for anyone to be unemployed longer than it would take to make a telephone call or go to see a man about a job. In fact this is the only weapon we have against the spectre of automation. Shorter work weeks? We don't think so!"

Bertram A. Wilson, president of ELTA and of the Wilson Research Corporation, in announcing the campaign for informing the citizenry through the newspapers, said, "land value taxation is legal, just and beneficial for all. The full weight of custom and tradition may be on the side of those who would leave things just as they are. Nevertheless we are convinced that we can make it plain to the people of Erie why a change in tax policy should be made."

W. Wylie Young, Executive Director of ELTA prepares the brief treatises published each week on some aspect of land value taxation. "Cities do not have to die at the core," he said. "This tendency is so common that it is accepted as inevitable. It is not. . . . Erie cannot afford to postpone men take off. They are taking off in droves, and those who are left have to carry the tax load. It keeps getting heavier and heavier for fewer and fewer people. Wake up, Erie! This is a golden opportunity!"

Somehow, after what happened last month at the tax office, that old April Fool trick of putting a fat pocketbook on the sidewalk and yanking it away from somebody doesn't seem so hilariously funny any more.

—Burton Hillis

(From the Bluebird Letters edited by Elmer Russell Greenlee, of Muncie, Indiana)



Economic Literacy

by PETER PATSAKOS

CHALLENGE, a magazine published by the Institute of Economic Affairs at New York University, devoted its March issue to "economic literacy in a free society," with reference to corporations, unions, foundations and the government. Contributions were by various university professors and representatives of private and governmental agencies. Present day economists should avoid ivory tower attitudes and be students of society, not merely of economics, we read, since people generally should understand how the economy operates.

Schools, instead of merchandising this or that branch of economics, should teach people to reason independently. These four steps are suggested as an approach: 1, define problem and facts; 2, identify goal or objective; 3, look for feasible ways of attaining objective; 4, analyze consequences of each line of action and choose the most promising one.

"Economics is a social science based on human behavior, with all its motivations, incentives, whims and value systems. "That was a definition offered by Edwin G. Nourse, former chairman of President Truman's Council of Economic Advisers. Here's another: "The science and art of economizing or, in everyday language, getting the most for your money."

The wide disagreement among faculty members as to the purpose of this science is explained by the fact that "textbooks, like platforms of political parties, try to be all things to all people. They are designed to cover a multitude of purposes, and try to echo the most widely accepted doctrines in a manner that will offend no one." Conservatives and liberals, business

and labor, put forward positions which conflict sharply on free enterprise, private property and the role of government.

One writer believed that "better interpretive reporting in the daily press would be a basic step toward a greater degree of public understanding of economic issues." He suggested that economic journalists be trained much as science writers are, however, until cause and effect relationships are followed regardless of where they may lead, economics will continue to be confused and biased. Statistics, no matter how high their quality, can form only the framework for understanding of economic affairs," said one contributor, "but what bridge exists between the presentation of raw data and its interpretation in terms meaningful to the public?"

Europe seems somehow to have missed this "economic education movement." Professor Benjamin Higgins of the University of Texas attributes this to rigid party discipline in some countries allowing no "need" for economic information. Most European economists are said to be content to give training to an intellectual elite destined for leadership positions, although in many countries there are private organizations which provide more general information. "The Fabian Society and the Henry George Society continue to thrive," he noted.

This scholastic publication confirms the opacity that has often been deplored by Dr. Harry Gunnison Brown, former head of the Economics Department of the University of Missouri, who taught economics for 50 years, wrote an important textbook and many articles, and is currently making his

experience available to the Henry George Foundation in Pennsylvania.

The urgent need for lucidity and simplification of economics is still evident throughout academic texts. Small

wonder that students who were economic majors at college express surprise and pleasure when they discover the logic of Henry George's approach clearly expounded in ten lessons.



The Long Arm of Dr. Plummer

John Gould, writing in *The Christian Science Monitor* of February 27th, recalls a well-known Georgist, Dr. Plummer — referring to him as a "Latter Day Georgic," of Lisbon Falls, Maine. He remembers Dr. Plummer's single pointed emphasis on land value taxation, and seems to imply that something of what he was trying to say has been curiously clarified, but also challenged, in a transaction involving a large grant of unused (worthless?) land from a paper pulp company to the State of Maine for a park on Moosehead Lake.

The Park Department was delighted, and as improvement proceeded the Commissioner found that a few more acres were needed for an access road. The price paid for the few acres was \$75,000. This startled the populace for a time, and put a new value on all the land. According to Dr. Plummer, should the tax assessor now assess all the vast woodland tracts at the same value? The message of the "Georgic" which amused his generation may be less mirthful to the next, as more land speculators invade the woods. The old freedom will be nibbled away by a beaucroatic state and by one penetrating question — what are you doing with your land, farmer?

But for the present, precarious and evanescent though it be, Maine farm-

ers are still laconically cordial to campers in their brief flight from "civilization" and they will continue to enjoy quiet evenings and sweet syrup from their maples — for a while.

Dr. Albert W. Plummer died in 1959 at the age of 90 after 65 years spent in the practice of medicine and support of economic justice. He served in the Maine legislature for three terms and was affectionately known as the "elder statesman" of the Democratic party.

In June, 1958 he demonstrated his spirited interest in *The Henry George News* by offering the following statement of purpose for use on the masthead:

"The earth may be regarded as an estate entailed through successive generations in the use and enjoyment of which all men have equal share and right. . . . To secure to everyone his rightful share in the heritage, government should collect from the holders of the superior parcels the value of such superiority, the ground rent."

We'd like to tell Dr. Plummer that five years after his passing his message was recalled in an important daily newspaper. Many a campaigner for justice has been honored more in death than in life. Truth, like poetry, glows in retrospect.

AN IRISH TOAST

"Health and long life to you / The women of your choice to you: / Children without end to you, / Land without rent to you, / And death in Ireland."



I am the happy owner of a portrait of "The First New Yorker," a fine old painting from 1688 portraying the unhappy King James II of Great Britain and Ireland. In 1664, when he was still the Duke of York and Albany, the English took over New Netherlands and New Amsterdam from the Dutch. His brother, King Charles II, gave the district to James, and both the state and city of New York received his name: York. The state capital, Albany, was also named after him.

This painting is in the middle of the Atlantic now, on its way to the World's Fair. It was painted by Sir Godfrey Kneller, Rembrandt's pupil, who was painter to the Court of five English regents. It will be exhibited in the Danish pavilion in 1964-5. Go and pay homage to him, for even if he was not a great king, New York is a great thing.

He will be reproduced in colored postcards, and the American public relations director who visited Copenhagen a month ago was quite enthusiastic over the idea of exhibiting him in New York during the 300th anniversary of the city. I hope King James will feel at home over there. He will take my best wishes, greetings and compliments with him to all of you who attend the International Henry George Conference.

VIGGO STARCKE
Lyngby, Denmark

Mr. Hair, in his letter appearing in the March HGN expressed his belief that my views on value, prices and wages are at odds with those of Henry George, and "would like to see the

confusion cleared up by someone who is an authority."

If Mr. Hair will accept Henry George himself as an authority, I refer him to George's work *The Science of Political Economy*, Book II, Chapter XI, page 232. Here he will find George saying that the higgling of the market must be the real measure of the toil and trouble of exertion. In other words it is what you get in the market for the stuff you produce that constitutes the value of your labor, assuming, of course, that you are producing for sale in the market. This is a far cry from saying that wages are an element in prices. And it must apply where money is used as a medium of exchange, as well as where trade is on a barter basis. Of course "what you get for the stuff you produce" is usually subject to a rent deduction, but this has nothing directly to do with the selling price per unit of product.

Mr. Hair's view that goods do (or should) exchange on a basis of equal amounts of incorporated labor is strictly Marxist. It is also to be seen, with a little thought, that the view is incorrect. Of what concern is it to a producer-trader how hard or how long the party with whom he trades, works? How can he even know? But each party will seek to get the most of the other's goods for the least of his own. Each has the alternatives of trading with a third party or not trading at all.

RICHARD T. HALL
Boston

By way of commenting on several letters in the December HGN, the owner of a shoe shop on a corner of the main street pays, say 25 times as much rent as the owner of a similar shop in the suburbs. But if I buy a pair of shoes there will be little difference in price, though they are sometimes more expensive in the latter shop. Clearly rent is *not* passed on (added) in the price of the shoes!

May I ask why the rent on the main street corner is 25 times that of the suburban street? Is the answer perhaps that the turnover is 25 times higher? Well then, rent *is* paid for by the customer of the shoes, but it just equalizes the prices of the product. In other words, allowing for equal exertion, equal profits and equal prices, rent *is* the difference. That is Ricardo for the

shoe shop.

A tax on land cannot be passed on? If you double the tax on the main street corner shop and "pass it on" by raising the prices of the shoes, you will sell no shoes — the customer will buy them in the suburban shop. That is Henry George for the shoe shop.

J. J. POT

Slikkerveer, Netherlands

The Nature of Rent

**LOCATION AND LAND USE:
TOWARD A GENERAL THEORY
OF RENT, by William Alonso.**
Harvard University Press, 1964.
204 pages \$5.50

"This work," states the author in his preface, "developed out of a sense that there might be value in generalizing and articulating with care the classic theory of rent and location that has been in the air for a century and a half." There is indeed value in such an aim, and the author is furthermore concerned with extending the concept of rent so as to include urban cases as well as agriculture.

The book surveys all too briefly the history of rent theory, beginning with Ricardo and the classical economists. Professor Alonso seems not to have heard of Henry George, and he skips from Mill to Marshall. This is all the more peculiar in view of his stated aim, as George went to great lengths extending the Ricardian law of rent to industrial and urban land. Twentieth century writers on rent theory cited include Hurd, Haig, Ratcliff and Wendt.

The author develops his theme by presenting various equations which show relationships between supply and demand of land, distance from the center of the city, bid prices, etc., and states his case in three different ways:

in mathematical formulae, in diagrams and in statements — thus making his arguments more accessible. He does not move to deeper implications of rent theory, however, as the classical economists did.

He does recognize the unique nature of land value, but unfortunately makes up his mind that he is not going into the nature of this value. The result seems to be that he moves on the same surface level with endless varieties of equations showing all degrees of bid price curves, etc. In fact he feels impelled to justify his work as "more than a lengthy formal exercise," and says that it may throw light on marketing, taxation and the income elasticity of the demand for land.

While his book may make a contribution in these areas, — much more is needed before a "general theory of land rent" can be achieved. A good many more factors (including "expectations") should be more thoroughly explored. The nature of rent certainly should not be ignored. More attention should be paid to the taxation of rent (though Alonso's brief statements are correct, as far as they go); and to complete the theory, some real-life situations, some flesh and blood should be added to the dry bones of abstract formulations.

R.C.

Sydney Mayers

VIEWS THE NEWS

Intrinsic to the philosophy of Henry George is an abhorrence of war, and it is revealing that the late General Douglas MacArthur, though primarily famed for his military genius, shared this sentiment, saying: "I know war as few other men now living know it, and nothing to me is more revolting." Yet he also said: "In war there is no substitute for victory," a slogan even the most pacific can fervently apply to the War Against Poverty.

* * * * *

The terrifying earthquake recently experienced in Alaska reminds us that, every once in a while, as if by design, Nature impressively demonstrates how puny are man's efforts against its might and power. Let us remember that among Nature's laws are those affecting political economy, and that we cannot violate these natural economic laws any more successfully than we can quell a terrestrial tremor.

* * * * *

It is interesting to peer into smoke shop windows and see the attractive variety of new pipes, tobaccos, cigars and the like that tobacconists are happily supplying to meet the demand of those whom scary headlines have deterred from using the pernicious weed in the form of cigarettes. Even more intriguing (at least to the student of economic phenomena) is to observe how quickly and certainly the production of satisfactions follows an effective desire for them.

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The export of caviar is so important to Iran's national economy that the production and sale of this delicacy is a strict government monopoly,

which to some extent accounts for its high cost. However, as with many less glamorous commodities enjoying a brisk demand, black is not only the color of the finest roe, but also of a thriving market on the banks of the Caspian Sea, where astute buyers can acquire the tasty product at half the government price.

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For the first time in many years, more Puerto Ricans are returning to their native island than are coming to the continental U. S. A. Apparently the reason for this reverse migration is that new industrial and commercial activities have brought prosperous times and bright opportunities to Puerto Rico and its people—which is reason enough to board the first plane for sunny San Juan.

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By an odd coincidence, Soviet economists have proposed a new planning system for the U.S.S.R., based on rigid cost accounting instead of "arbitrary decisions," at the same time Congress has passed a law requiring all television sets made or imported in the U.S.A. to be equipped for 82 channels, even though a vast majority of TV viewers have access to only twelve, and will have to pay extra money for something they cannot use. It seems droll that America should thus adopt a practice which our Soviet friends, after decades of trial, now concede to be economically unsound.

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A New York Times statistician reports that the average taxpayer works 117 days a year to meet federal, state and local taxes. We eloquently refrain from comment.

The Henry George School in News

LOS ANGELES held its third winter debate in April to discuss real estate taxation. The panel of experts consisted of Dr. Fred E. Case, Claude Cunningham and Stanley Sapiro. They were interrogated by Arleigh Chute, Roy Davidson and Dr. Felix J. Weil — a formidable battery. Director Harry Pollard as usual was the referee. Basic courses began in April at several locations, and an advanced course in the Science of Political Economy started late in March at a private home in Anaheim.

The Alumni Group prepared a model resolution for submission to the Parent Teachers Association convention meeting in Sacramento in May. This brings to the attention of educators the failure in California to assess according to the Constitution.

DETROIT students and friends heard a first hand report on the Erie (Pennsylvania) campaign when W. Wylie Young, Executive Director of the Erie Land Tax Association visited them on April 4th, at the Whittier Hotel. On April 16th Robert Clancy of New York spoke of "The School's Future" and the progress of LVT education generally. He also outlined plans for the International Conference to be held in New York in August.

Three classes in the spring term were advertised in the Free Press "to help you see how taxes cause poverty."

ST. LOUIS held a winter term commencement for 44 graduates of six classes. Dr. Arthur C. Meyer of the St. Louis University Department of

Commerce, the main speaker, felt that Henry George would today be considered more a social philosopher than an economist — several of his students have chosen to write papers on George and his taxation theories.

Five basic and two advanced classes comprise the spring term.

Noah D. Alper's Public Revenue Education Council has reproduced an extensive article by Robert de Fremery, Vice President of Onox, Inc., San Francisco, on "Our Unsound Tax Laws and Measures for Reform," from The Commercial and Financial Chronicle, New York. Considering the importance of this article, those who missed it might like to write for a copy to the Henry George School, Room 308, 705 Olive Street, St. Louis 1, Missouri.

NEW JERSEY graduates from Verona, Cranford, Metuchen and Newark gathered at headquarters in Newark for a completion celebration at which a former resident, Louis I. Weitzman, reported on his activities in Israel. He hopes to return there soon and help organize a Henry George School, now that *Progress and Poverty* is available in Hebrew. New Jersey's dean, Alexander Goldfinger, spoke on "The Functions of Government;" and the film, "Land . . . and Space to Grow" was shown. HGS award pins were presented to instructors, Virginia Harvey, Ernest Eblovi and Dr. H. A. Lazaar. At the suggestion of a former graduate, now retired, a monthly afternoon meeting for graduates and friends is being arranged at headquarters with varied programs.

The Honorable S. James Clarkson, Mayor of Southfield, Michigan, will be in New York for the Mayors Conference and will address a teachers and members dinner at the Henry George School on May 24th.

(Continued from page one)

valuer stated that valuing land only, was quicker and simpler than valuing land plus buildings and improvements; that it could be done in a shorter time and that it presented difficulties no greater than those experienced under the present system.

When the report was published, newspapers all over the country made reference to it, many newspapers carried articles on the subject, as well as news items. Politicians have suddenly become interested — and most critics have remained silent!

At a conference sponsored by the Rating and Valuation Association in order to discuss the Whitstable Report between eight and nine hundred people attended, ninety per cent of those who spoke, spoke favorably of site-value taxation. So far the local authorities have shown the greatest interest.

Here in Britain the burden of the rates on residential properties is prov-

ing an intractable political problem. No one had the answer. Now the Whitstable Report gives it. The United Committee for the Taxation of Land Values held its own conference in London on the 11th of April, and supporters and workers for land value taxation here in Britain are determined to squeeze every ounce of publicity from the Whitstable Report. It has been the biggest single weapon presented to them for many years.

V. H. Blundell of London is editor of *Land & Liberty*, director of studies of the Henry George School in Great Britain, and Secretary of the United Committee for the Taxation of Land Values (parent organization of the International Union for Land Value Taxation and Free Trade, co-sponsor of the Henry George Conference). This very capable Georgist, "Vic" Blundell, was a protege of the late Arthur W. Madsen, and he carries much of the responsibility for the forthcoming international conference in New York.

The conference at the Henry Hudson Hotel, 353 West 57th Street, New York, Aug. 30 to Sept. 5, will bring together the International Union and the Henry George School for reports, renewed acquaintance and entertainment.

BAD FOR SOME — GOOD FOR OTHERS

It's a long lane that has no turning, and in an editorial signed by Perry Prentice in the *March House & Home* there was a hint of a turning. A friend of his in the construction business in Phoenix had lost \$1,000,000 on a "sure-fire land speculation," and he wickedly called this the best news heard in a long time. He added that he was sorry for his friend, but not as sorry as he would be if he had not been able to write off much of his loss against taxes he would have to pay on other profits.

"A few more bits of good news like this," Mr. Prentice said, "may save thousands of other builders from a like mistake and warn hundreds of land speculators that they had better start selling the land they are holding before it is too late . . . This could free the homebuilding industry from some of the crushing overburden of land costs and bring down the cost of houses . . . Anything bad that happens to land speculators is good news for everyone else."

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