

# the Henry George News

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## The Paradoxes of George

by CLYDE E. REEVES

THE title of Henry George's major book, *Progress and Poverty*, and the main thesis that underlies his significant work is a huge paradox. The paradox is universally recognized as a powerful instrument of destruction. In its bite is an indictment. For exposing the sham, condemning the fraud, and castigating the unjust, it is without peer.

As might be expected, in George's speeches as well as his writings, we find the paradox one of his favorite and most frequently used devices and probably his most effective tool. Rare indeed is a speech of his, major or minor, and he made more than 800 of them, that does not confront the audience member with at least one ironic paradox, usually current, or within reach of his imagination.

To an Irish audience he points out the irony of thousands of emaciated Irish children literally starving to death while thousands of pounds worth of Irish-grown food are loaded on ships and transported to England where there is no food shortage at all. He points to hundreds of poverty-class men, women and children living in windowless houses in France, deprived of air and light, not because windows are expensive or scarce, but because there is a "window tax" they can't afford to pay. In addition to these



factual paradoxes taken from life, George also used the hypothetical or fictional paradox of his own invention to great advantage, such as Robinson Crusoe's position when he

refuses to take Friday as his chattel slave, then claims the island and all of the seas surrounding it and requires Friday to give up as rent everything he can produce except enough for mere existence.

Paradoxes not only redound in his speeches and writings, but they seem to have surrounded the man during his lifetime and ever since. Cecil B. deMille recalls that people were either passionately for him or passionately against him. Yet Anna deMille, George's daughter, notes from her personal experience that virtually everyone with whom he came in contact, friend or opponent, appeared to respect and even to love him. In my own inspection of any number of commentators contemporary with George I have yet to find a critic, however sharp, who does not render praise of one kind or another, sometimes rather grudgingly, but generally quite will-

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# A Word With You

**A**N interesting editorial in the April issue of *The American Home* begins with the question, "Why is it that ownership of land disagrees with so many of us?" This has been going on, says the article, "since heaven only knows when," with all sorts of wars, disputes and lawsuits over land ownership. The editorial sensibly advises that we should not consider ourselves as "landlords" but as "caretakers" and that we should have regard for the rights of others to the use of land.

This is most encouraging, and even though *The American Home* doesn't answer its opening rhetorical question, it does draw the right conclusions.

That rhetorical question may be worth looking into, however, as we often hear it said that the urge to own land is so deep-rooted in man that the Georgist reform cannot buck it. In fact, students of nature find that even birds and animals stake out land claims for themselves, and woe betide any rival who invades their territory.

What then? Are we fighting nature? Not so. For the birds and beasts are merely seeking to live and propagate and to find the necessary means and security for doing so. And we certainly do not ask any less than that for man!

It is natural and right for man to seek enough land to secure his livelihood. We must not forget, however, that *all* men are in this situation.

The "disagreeable" part of the business comes when man seeks *more* than

his share. "Woe unto them," says Isaiah, "that join house to house, that lay field to field, till there be no place, that they may be placed alone in the midst of the earth!"

The urge to own land becomes more intense as the insecurity brought about by the monopoly of land by a few increases.

The private collection of the rent of land acts as a heady narcotic. This is what makes "the most rational and considerate individual," in the words of *The American Home*, "start acting in a most peculiar fashion." The grimness with which this privilege is grasped bears this out. People do not act with a fraction of the hysteria when earned income is taken from them as when unearned income is taken from them. For when earned income is taken, a person can calculate how much has been taken and he knows how he can recoup that amount. But when the unearned income of rent is taken away, its proprietor has been despoiled of an Aladdin's lamp, a mysterious source of bounty that he would not know how to replace. And so the continuance of this privilege is protected and defended like nothing else on earth.

But despite all the irrationality, there is a trace of rationality in man, and so there is still hope that we can buck — not nature, but the unnatural.

— 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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ingly—a very paradoxical situation for a very controversial figure.

He entered the field of practical politics, not once but a number of times, and at a number of different levels—a field in which in his day and ours, and every other day in recorded history, success and the retaining of personal integrity intact are anathema to each other. Yet he never, to my knowledge, sacrificed one iota of his personal integrity—a situation so paradoxical among politicians as to be unique. In fact there is another paradox in the almost ridiculous ease with which he seems to have turned aside, not only in his own time but for all time, all imputations against his integrity. It is almost as if the men who brought the charges didn't believe them themselves, and pursued them only half-heartedly.

From his own day to the present George has been labeled as a Marxist, a socialist and a communist by people who did not begin to comprehend the nature of what he was proposing. Apparently those who called him a Marxist, never bothered to find out that Marx himself labeled *Progress and Poverty* "the last ditch of capitalism." Neither, apparently, have those who called him a socialist bothered to learn that the socialists of Great Britain, the United States and elsewhere, after going only a little way down the common pathway with George, drew apart to go their own, individual, separate collectivist ways.

On the contrary, as Albert Jay Nock, Charles Albro Barker, Anna deMille and others tell us, George was probably the greatest champion of private property, in everything else but land and other "natural monopolies." He wanted the wealth created through labor or the genius of the individual to remain one hundred per cent and for all time, individual in nature and pos-

**This is a shortened version of an address by Professor Clyde E. Reeves of Temple University, Philadelphia on September 2, 1964. (Photo by George W. Lachner of San Bruno, California.)**

session; and nobody, past, present or future can be more individualistic than that. Beyond a hundred per cent we cannot go. At the same time he wanted the wealth created by society itself, by the press of increasing population for the use of the land and other natural monopolies, to remain one hundred per cent that of society; and nobody, past, present or future could be more collectivist than that.

With his left foot planted further left than the most advanced collectivist, and his right foot further right than the most rugged individualist, what, then, was George? The answer, it seems, is rather obvious. George was himself a paradox. He was the most socialistic-individualist the world has ever seen, the most spiritual-materialist, and the most humanitarian exponent of laissez-faire. In his honest concern for protecting individual rights and individual property his position was the most "isolationist," and in his land policy the most "internationalist." For the single human being as a small "one" he had a great and genuine understanding—and for all mankind, as a large "one," as full and complete an insight. He demonstrated in the most convincing and concrete way that it is possible, within one philosophical system and one man, to bring together those two opposite positions which, in the efforts of each to "bury" the other, seem about to "bury" the world.

If today, one hundred and twenty-five years after George's birth and seventy-five after *Progress and Poverty*, we can't find in the paradox of George the answer to our pressing "one-world" question, we can at least find there a reasonable hope of finding an answer.

# Philadelphia Memories

by RHODA HELLMAN

**S**EPTEMBER 2nd, the 125th anniversary of George's birth, was a sparkling day. In the early afternoon visitors to the international conference in New York forsook the lecture room and found themselves in three conversation-packed busloads, speeding over the New Jersey Turnpike, past marshes, factories and woodlands, into Philadelphia. There two birthday shrines awaited them. First they toured Independence Hall and the adjacent historic buildings. Then they visited the old house on Tenth Street, serving both as school and museum, where Henry George was born. It was cheerful and satisfying to climb the narrow stairways and look into the little rooms with their mementos redolent of a great but simple life. And Joseph Stockman was not forgotten as people paused in front of the shelves holding a collection of his books on China.

The next stop was at Temple University for a dinner meeting. After remarks by Director George Collins; by Paul Hartenstein, who presented Mayor Tate's proclamation of Henry George Day; and by Julian Hickok accepting this document; there were two main speeches.

Professor Raymond T. Bye, an emeritus of the University of Pennsylvania, said he was really a "has-been," who had also been called a crackpot, and that looking around the room he saw some of both. He charmed his audience by addressing them as "fellow has-beens and fellow crackpots." This eminent economist—one of the few modern textbook writers to accord

George any real approval—explained his position on the land-tax theory. If he were dictator, he said, he would make the 100 per cent taxation of rent part, but not all of his program. He cautioned against claiming too much for the formula because on most large fortunes the unearned incomes were not solely from land. Outlining three main objections of economists to the theory he said the first was the oversimplification of complex problems. The second was that it is hard to separate the value of the soil from certain improvements that are part of it, but Dr. Bye thought this difficulty not insuperable. The third was the old question of injustice to landowners who have put their savings into land. Here the speaker offered as a special solution giving owners a life annuity in the amount of the land value to be confiscated (this data is developed in *Applied Economics* by Bye and Hewitt, third edition).

Professor Clyde E. Reeves, in his address on "The Paradoxes of George" (see page one) also captivated his audience, who greeted his points with laughter and applause, though the latter was decibels louder when George was called an individualist than when he was called a collectivist.

The program closed appropriately when Mrs. Otto Siebenmann of the Henry George Women's Club of Chicago presented Lucia Cipolloni of the Philadelphia Henry George School, with the gift of \$100 to be used for further restoration of the birthplace.

George Collins, in his first term as Philadelphia director, has opened five classes with a total enrollment of 89 students. One class is being held in the famed Junto, an educational organization founded by Benjamin Franklin.



# The 'Pittsburgh Plan' in Hawaii

A DELIGHTFUL feature of the recent international conference of Georgists in New York was the visit to the World's Fair for a luncheon at the Hawaiian Pavilion. On that festive occasion Miss V. G. Peterson outlined new tax legislation adopted in Hawaii in 1963. Known as the "Pittsburgh Plan" because like the Pittsburgh Graded Tax it provides that land and buildings shall be taxed at different rates, the new act aims to shift to land values at least 30 per cent of the burden now resting on improvements. This increased tax pressure, it is hoped, will force sufficient land into the market to lower land prices and open the way for the housing construction so badly needed in the urban areas.

The "Pittsburgh Plan" is the latest in a series of acts aimed at bringing idle land into use. In 1957 a Land Study Bureau was formed and a Planning Office established with the responsibility of outlining a General Plan for land development, the first such plan to be made by any state or territory under the United States Government. Thereafter, in 1959 and 1961, laws were enacted allowing for the condemnation of lands where necessary, and the strengthening of existing zoning ordinances relating to land conservation and better land use. Still to be passed is the Ground Rent Redemption Bill introduced in 1961, which would give occupiers of leased property the right to purchase that property after 15 years. The leasehold system, long established in Hawaii, was devised by the large estates as a means of perpetuating the traditional pattern of land ownership.

Briefly, the "Pittsburgh Plan," to become effective January first, is comprised of three steps, to be taken two

years apart. At each step the tax rate on improvements will be reduced by 10 per cent from the rate that is applied to land. When the three steps have been taken the local governments, which in Hawaii are the county governments, have the option of making one, two or three additional transfers, each of 10 per cent.

The governor may, in his discretion, delay all transfers except the first, for an additional period up to two years. The state tax department appraises all real property for tax assessment purposes, and the counties determine the rate to be levied within their jurisdictions. The state then bills the taxpayers and turns the revenue over to the counties. There is no personal property tax.

One complaint lodged against the graded tax, Miss Peterson explained, was that it would tend to depress agriculture. "To meet this opposition the legislation was revised to require that all properties be classified into six groups, according to use, with a separate tax rate applying to each classification. The responsibility for dividing the lands is given to the state director of taxation.

Hawaii, when it was discovered by Captain Cook in 1778, was inhabited by some 30,000 carefree people living in a tribal economy. A few years later, a need for the unification of the Islands brought in the Kamehameha Monarchy under which the king was recognized as the sole owner of all land.

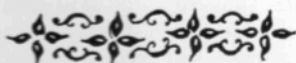
The first division of landed rights was made during the reign of Kamehameha III (1825-54), when 1,600,000 acres, or about two-fifths of the area, was awarded to his chiefs. It was mainly into the families of these chiefs that missionaries from the West later

married. The king set aside 1,500,000 acres as public lands to support the operations of government, and 30,000 acres were vested in the common people, but few claimed any share as they had no understanding of the value of private property or any interest in it.

Nearly a million acres were kept as crown lands and when the monarchy terminated, what remained of this land was merged with the public lands. There are still about 2,000,000 acres in the public domain.

"Land reform was launched in Ha-

waii by a generation no longer willing to tolerate a landed oligarchy," said the RSF Executive Secretary, "and circumstances were ripe for the effort. Between 1950 and 1960 the urban population increased 33 per cent and land prices went sky-high. In all the 50 states, Hawaii ranks lowest in the number of families owning their own homes. The demand for one-family houses is so great that existing structures in Oahu command a resale price 60 per cent higher than the average in the other 49 states."



### CONFERENCE ECHOES

Vic Blundell, editor of *Land & Liberty*, writes from London: "In retrospect the conference seems even better than it did at the time. We have much to remember for the future. I could go through it again and again and still find many notes to make, many questions to ask and many points to raise."

From Toronto Jim Ramsay reports: "I got about 35 hours of tapes taken at the conference and the little bit that I have already played for the executives of the Alumni certainly impressed them."

Phil Wallace from Jamaica: "What a conference! I enjoyed it immensely, and meeting delegates from various countries was most stimulating. I was greatly encouraged in my lonely fight here for those truths which alone can save our world from chaos. I now know I'm only one of a vast army of workers, and have been reassured and strengthened, and given a new lease on life."



Opposing parties in England have been moving toward recognition of the fact that in crowded Britain, too, the day of the landowner "in his traditional sense" is over. The Labor party would nationalize "undeveloped land." Others would abolish the concept of freehold and substitute the British system of leasehold. Even the Henry George single tax has been mentioned, according to a recent article in *The Atlantic Monthly*.

Capital gains, says the report, cannot much longer go untaxed. For a long time Labor campaigned against removal of the surtax on earned incomes above £2000 and below £5000. This brought quite small earners into the upper tax brackets. But this seems only to "accelerate the 'brain drain' to America and Australia." The Labor prejudice against large incomes is therefore disappearing "provided the incomes are earned."



Elmer Russell Greenlee dug up "The Perfect Squeleh" from a 1959 issue of the *Saturday Evening Post*, in one of his recent *Bluebird Letters*. A "Mr. Finch" objected when the school board asked him to sell a strip of land for \$10,000, complaining that it was worth at least \$75,000. At a noisy meeting a councilman said, "I am in favor of giving Mr. Finch the \$75,000 he asks for the right of way." Then over the protests, he added, "and of reassessing the rest of his property on the same basis."

# Little Old New Amsterdam

by SYDNEY MAYERS

**A**STROLL along Park Avenue is especially impressive to visitors who may have seen it last a decade ago. But to appreciate fully the extent of the transformation that has occurred, we must wander back in time from New York to *Nieuw Amsterdam*.

Some 300 years ago, a gentleman on horseback rode into what were then the northernmost reaches of Holland's colony in the New World. His name was Isaack de Rasieres, he was the Secretary of the Dutch West India Company, and he was seeking attractive farmland for settlement. The area he cautiously explored is known nowadays as the "fashionable east side" of Manhattan. Meinheer de Rasieres thought so little of what is now midtown Park Avenue that he crossed it off his map; it was too hilly, too rocky and too heavily forested.

De Rasieres turned east, toward the river, and liked what he saw. There the land was high and flat, the soil was tillable, and it fronted on a fine waterway. He recommended the section, and years later, when the settlers came, his judgment proved to be sound. But no settlers came to Park Avenue, since all who inspected it agreed that its land would never have any value.

Park Avenue remained dormant for centuries. It did not even have a name until 1811, when it was dubbed The Fourth Avenue — no more than a line on a map. The City Fathers were delighted in 1831 to turn it over to railroad promoters as a right of way, confident the municipality was getting by far the better of the bargain. The railroad was built, and by 1870 Fifty-Fourth Street had been cut through. Yet the Avenue remained ugly and undeveloped for many years, occupied

only by squatters living in dingy and unhealthy hovels, blackened by the soot from coal-burning locomotives.

After long years of neglect, the area finally attracted a few industrial enterprises, such as a piano factory and a brewery, but it continued to be a civic eyesore. Only a miracle could change the sorry situation, and it took a catastrophe to bring this about. In 1902 a collision between two trains approaching Grand Central Station resulted in laws banning steam locomotives, compelling the railroad to go underground. By 1910 the last squatter had been evicted, and by 1935 (as if by magic) Park Avenue bloomed into a veritable Gold Coast of magnificent homes. The Ugly Duckling had been transformed into a Princess.

Park Avenue retained its splendid residential character until just after World War II, when another remarkable transition began. Stately mansions and luxurious apartment houses have swiftly made way for striking majestic office buildings, which are still being erected where rent-free squatting was once the normal way of life.

We can imagine the astonishment of the early settlers of the "fashionable east side" if they could see the dazzling architectural beauty of today's Park Avenue. But beyond imagination is how they would react to the current multimillion-dollar site values New York's population and productivity have given to the very acreage that in their day was not worth even the price of a few seeds.

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This article is based on material prepared by the Irving Trust Company, whose 400 Park Avenue Branch is located on the site herein discussed.

# Noah D. Alper's Brief Cases

## AND YOU MIGHT STRIKE OIL!

Did you know that nearly a third of the acreage of the United States is still in the public domain and may be leased or bought from the government in tracts of five acres or less for home or camp sites? This is in accordance with a small tract act of June 1, 1938 and you can read about it in a 15 cent booklet issued by the Government Printing Office, Box 2353, Washington, D. C. entitled "Small Tracts."

Who knows, there may even be land somewhere that can be had for nothing. But how do you get there?

## TAX LESSON SIMPLIFIED

In 1922 a Minnesota amendment permitted higher rates on iron ore producers than on others. For years it didn't really matter. "We had a lock on ore, and passed the tax increase on to our customers," said a mining company official. "Steel makers just raised their prices a bit."

Now times have changed as reported in The National Observer. There seems to be an open range on iron ore. "It's just everywhere." Also a new process which converts "Taconite" into pellets can cause a harvest of what has heretofore been waste in Minnesota, and there seemingly are endless supplies. So there is an amendment on the ballot to repeal the 1922 ruling and treat steel producers like others as far as state tax rates are concerned. If the amendment fails this pellet-making operation might move to Michigan or other states, and Minnesota land holders would not like this.

The amazing, compounded tax-confusion of our people, with its costly and crazy-complex operation, demands a quicker and more widespread propagation of the Henry George idea.

## HOW MAJOR IS THIS BREAKTHROUGH?

"A major breakthrough is now being made in efforts to solve America's problems of urban sprawl," we are told by the National Association of Home Builders. "Five years of intensive land use research and experimentation," we read, "have begun to produce effective ways of developing better communities and at the same time of conserving land." This involves density zoning to check residential costs, cluster plans to preserve recreational areas, and diversified development of entire communities.

"Though solutions have been discovered," the Builders state, "the problem still largely remains of inducing local government—city and county, with state legislative support—to cooperate in throwing off shackles and turning to the attractive and efficient new concepts."

But this "breakthrough" fails to touch the land speculators, the real makers of urban sprawl, and so the results are bound to be disappointing.

## EXCISE THE EXCISE TAXES

Our playboy politics men heard many complaints about excise taxes, especially those levied as a wartime measure. These run from 5 to 20 per cent of the item's cost and were levied on a hodge-podge assortment of manufactured products and services such as automobiles and parts, luggage, gasoline, telephone calls, electric clothes dryers, liquor, television sets, concerts and plays. Those on jewelry, furs and cosmetics are sometimes called luxury taxes.

A National Observer article queried "More Money in the Wallet?"—and pointed out that the consumer will take the rap for about \$14.6 billion this year. The proposed cuts amount to only about \$1.7—but should we count on it?

Odd, isn't it, that after some 150 years of tax education in our schools, during which time our leading business men and industrialists have been exposed to the economic facts of life, they have failed to learn two things: that all taxes (pumps) draw from land or labor values, and that a tax on one is a tax on all? How they resist taxes on "me" and seek to put them on "him."

# There'll Always Be a Canada

by ARCHIBALD McCOLL

I KNOW that Americans have respect and admiration for Canada and are concerned when the newspapers report trouble or disaster here. Newspapers being what they are, trouble always has more news value if accompanied by violence or threatened revolution, and the newspapers had a ball over-publicizing the flag issue and the Quebec "separatist" incident.

The flag issue, if it is or ever was an issue, has been barred around for many years and ballooned out of all proportion by political promises. To their surprise French-speaking Canadians were told it was to please Quebec that Canada must have a new flag.

Canada was created and held together by a group of people who did not want to join the other "colonies" who became the United States. To this group belonged the people of Quebec. They were not worried about a flag and they wanted no part of a revolution. If they did not prefer to remain British, they *did* prefer the prosperity they were enjoying with little or no taxes. This was the largest language group then, and had they chosen to throw in their lot with the thirteen colonies or even to wait until the U.S. was established and accepted the overtures made to them then, there never would have been a Canada.

Going back a little further to the conquest of Quebec, if the citizens had united behind General Montcalm there could have been no conquest—and the reason they did not was simply one of taxes. The history of French rule is one of overtaxation which continues to this day. The British "heroes" who took Quebec were disbanded on the spot and stayed there. The government left a small garrison and nobody to collect taxes, so Quebec prospered.

Federation with other groups came later, 88 years after 1776. Quebec willingly joined the federated Dominion of Canada, and it is this federation to which Queen Elizabeth referred when she said in Quebec recently: "A dynamic state should not fear to reassess its political philosophy. That an agreement worked out a hundred years ago does not necessarily meet all the needs of the present should not be surprising."

Canada is big, bigger than the U.S., and it has big problems—land problems, trade problems, tax problems—the same problems apply to us all.

I am at present in the Miramichi Valley in New Brunswick where I am helping to build a bridge (see "Canada Has the Most," July, HGN). Here the population dwindled from 25,000 a hundred years ago to 3,500 before the last war. Why did they leave? The answer is taxes and land monopoly. Here they do not differentiate between land and improvements. A farm with a house on it is so highly taxed that it can never pay as a farm, so the land has grown back to brush and moose pasture, and most country places, if they are kept up at all, are hunting lodges or resorts for the well-to-do from the "Boston States."

All this I am newly learning, as a Canadian. I find that New Brunswick is famous for the brains it exports. Its people are well informed on most everything. If they do not understand (and some do) that the poverty of this district and the fleeing of brains and industry elsewhere, was due to the granting of great tax-free monopolies to the timber barons, they are looking for a way out.

The entire province has only 550,-

000 people, less than a third of the population of Toronto, and less than the population of Hidalgo County in Texas, where I lived a while, and yet it has more in mineral wealth than Texas has oil. It also has more people living in ancient one and two-room shacks without plumbing or heating or insulation—the result of taxes and more than a century of land monopoly and special privilege. Yet these Northland slums send boys and girls to colleges who then leave home and serve the rest of the world with their talents. This would be a fertile field for the Henry George School, because these people are not contaminated by communist or socialist influences, and have the capacity and desire to absorb education. My work is in the construction field and I know good men when I see them. Here I find most intelligent and capable men, all descendants of the old Irish and Scot settlers and the French Acadians.

Today the new immigrants go right by. They can see with only a glance and even their meager knowledge of the language, that something is wrong. Taxes, that is what is wrong. Here there is a \$20 poll tax for everybody over 18, even though they will not vote until they are 21. There is a 23 cent gasoline tax, so 55 cents a gallon is usual for filling a car to go to work, or a truck to haul pulp wood. A car license costs from \$35 to \$45 for a passenger car, but on a truck there is a business tax besides. This is the highest rate in all Canada, and Canada is the most overtaxed country in the "democratic" world.

No British country that I know of has a poll tax, and I know of no municipality which taxes a vehicle. Oh

yes, they offer a bonus—free hospitalization—with no charge or deductions from pay. For this they raise the price of whisky a buck a bottle, and the government sells all the whisky in the government store. Well, hospitals were always free anyway, because no one could afford them, so they went "on the county," as the saying was, unless they were visibly affluent.

The minerals discovered here afford the greatest tonnage of copper, zinc, lead and tin to be found in North America. I looked at the mining map—the mining land is all taken up by the giants of the industry that already control the lead, zinc and tin of the world. There is no tax yet, and these deposits may be held out of production for years, but the winds of change have started. I met the assessor this evening and he mentioned a heavier acreage tax on mining land to force development. I had not heard such an intelligent remark from an assessor in years.

Some timber limits have been released and a large pulp mill has been built. Two to three ships a week are carrying both the pulp and the wood to Italy. Two lumber mills, a wood products mill, and a large paper mill, started production this year, but they were given special tax-free concessions which will not save the people from their burden. I think they have a government which is determined to get something done and is feeling its way out through the darkness and the cobwebs of ages.

So American friends, do not worry about our flag—or our separatists. They are small issues designed to take the hounds off the trail and to mask the real dangers.

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The June-July issue of the Great Books Foundation's *Gadfly*, published the response to some 500 questionnaires on the subject of books in print for at least 50 years to be added to its newly revised list. Readers named 150 books they would like to see included, and among the 34 classics most frequently mentioned was *Progress and Poverty* by Henry George.



## The Milwaukee Freeze

**P**ROFESSOR MASON GAFFNEY of the University of Wisconsin's Economics Department at Milwaukee, addressed the National Tax Association in Pittsburgh last month, on the solemn subject of property taxes and the frequency of urban renewal, but he used such facile language that this technical subject proved entertaining.

In Milwaukee he said real tax rates are up to 3 per cent of true market value and destined for a rise. This is "quite a lump for a supposed corpse (like the property tax) to hang on a new building," and building taxes must now be counted a larger deterrent than land taxes where the rate exceeds 1½ per cent.

Referring to this "reluctant corpse" he said if the real estate tax as it continues to grow is not to scorch the earth it must be modified to exempt improvements. That can be done by focusing it on the base of land value or site-capability, which not only permits improvement but prompts it, (by arousing sleeping landowners").

The welfare economists have said that an ideal tax base would be one not conditioned on the taxpayer's productive activity. Capital will not do, nor labor, for both are migratory. Land, however, is not. "You can tax the living daylight out of it, and not one square foot will get up and walk out of town. Milwaukee keeps losing people to Los Angeles, and capital (and an occasional ball game), but so far it has not lost any land, regardless of taxes... It is a remarkable quality in a tax base that its response to being taxed is not to flee, nor yet to shrivel up, but to offer itself like the fabled shmoo for the full accommodation of its human masters. Surely such a base is devoutly to be desired, and its possible use to be seriously considered by responsible fiscal authorities."

Wisconsin has special tax abatement laws allowing assessments to remain frozen for up to 20 years under certain limiting conditions. These laws have already moved quite far towards full building exemption. Two new buildings have risen under the 7-year freeze. A 7-year freeze is said to be as good as a 30 per cent tax cutover full life; a 20-year freeze as good as a 66 per cent cut.

Professor Gaffney's proposal to the tax association resembled the freeze, but differed in three important ways. It would apply generally, it would be permanent but subject to change as environmental forces made sites worth more or less, and it would be based on the best future use of the site. "Land taxes, he said, differ from building taxes in their time-distribution. Building taxes are highest when a building is new.

Land taxes should usually remain constant or rise over time. Those persons will benefit most who are most in need of credit. "That is in harmony with accepted public policy, but it achieves the end without subsidy or public assumption of large contingent liabilities, and without the double incubus of combined bureaucratic and lender conservatism and routinization." In other words, the proposed tax will benefit Mr. Out more than Mr. In, because it discounts future values.

The speaker quoted a statement by Leon Hickman from Urban Land of May, 1964: "the early and heavy imposition of property taxes will in the long run defeat this urban renewal concept and the hoped for improvement of the municipal tax base. If taxes could be imposed at lesser rates in the earlier and more difficult years, urban renewal would have a much more certain future than is the case today."

Sydney Mayers

## VIEWS THE NEWS

The Anaconda Company recently advised its customers of a 25 per cent cut in copper deliveries, caused by a work slowdown at a Chilean refinery, and the reaction was as prompt as it was inevitable. According to *The Wall Street Journal*, "the company's announcement sent copper prices to record levels"—demonstrating anew the self-enforcing power of the Law of Supply and Demand.

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Not only has General Motors lost a part of its share of the 1965 automobile market because of the United Auto Workers' strike, but it is anticipated that total car sales in America will drop as a result of the strike's impact. What was it Henry George said about the consequences of a broken link anywhere in the chain of production?

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President De Gaulle's flamboyant junket through South America has resulted in considerable public excitement, but no evidence of any governmental desire to jump on France's bandwagon. *The Wall Street Journal* offers a logical reason for this lack of interest: "Practical Latin Americans know their economic future lies with the United States."

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Thanks (it is said) to current global prosperity, tallow, a basic ingredient of soap and livestock feed, has been enjoying a briskly increasing world market, American exports having risen some 500,000,000 pounds this year. It seems gratuitous to point out that the price of this greasy but useful by-product of meat has also risen during the same period, by about 40 per cent.

Northern Rhodesia, preparing for independence under its new name of Zambia, has announced that it will institute a program of protective tariffs in an effort to encourage and aid new industries. It is to be hoped that before this new nation is much older, its leaders will learn that such tariffs, whilst mulcting its people, will "protect" only the privileged few who will benefit from the barring of vital trade with the outside world.

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Despite full-capacity production in American aluminum mills, which would seem to prompt price-hikes, smelters of the metal have in fact had to shave their prices to encourage buying by fabricators, this apparent inconsistency being readily explained by the existence of intense competition. However, it is interesting to note that the competition prevails not within the aluminum industry, but outside it—from producers of steel, copper, zinc, lead, tin, mercury and tungsten, all of whom are jockeying for a better share of the market for metal.

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An amusingly worded advertisement in the real estate columns of *The Wall Street Journal* offers to sell, at \$375 per acre, a 991-acre ranch located in Florida not far from the Palm Beaches. Whether the ranch, which is described with circus-like eloquence, is really the "bonanza" the realtors enthusiastically claim may be a matter of *caveat emptor*, but we cannot quarrel with the thought-provoking question that climaxes the sales pitch: "Do y'all know of a better inflation hedge than land?"

# The Annual Value of Land

by HAROLD INGLIS

CAN the phrase "annual value of land" do duty for the term "economic rent?" The word value in an economic context implies exchange-value. It can hardly be denied that there is an exchange between tenant and landholder. The latter is in a position to supply a site (sometimes aluded to as a valuable site); the tenant gives rent, usually a cash rent, something that can be converted into anything within the circle of exchange by its recipient—sometimes it is rent in kind. The landholder thereby sells in effect, for a period of time or in perpetuity, the available communal services which have a continuing value.

This exchange is not invalidated by reason of the fact that the landholder has no moral right to what he supplies; he has a legal right and in the context of this discussion, legality is all that counts, because even if the community through its appointed officers were to step in and itself effect the exchange by directly supplying the site, it would do so legally. Of course in this instance the terms legal and moral would coincide.

So the landholder is appropriating to himself the value of communal services (with the open connivance of the community) and, in exchange for a consideration, affording their use to the tenant. The tenant has bid their market value (exchange value) and the landholder has accepted that offer for what he is in a position to give—a weekly, monthly, quarterly, half-yearly, annual or perpetual tenancy, or "holdership."

To repeat: the whole community could be the landholder without spoiling the logic of this transaction or exchange. Then of course the whole body

of citizens would supply directly those communal services whose value inheres in land and for which the tenant gives a *quid pro quo*, and without the intervention of that private citizen called a landholder, landowner or landlord.

Nor is the logic of this transaction and its attendant emergence of "value" invalidated by calling the bid rent a "net product" (something that wells up independently of individual labor). The word "product" connotes value.

So there is an exchange of advantages, rights and goods, out of which a value or values has arisen. Such value, including that of land, evinces its very imprimatur, the ability to save its possessor toil and trouble in the attainment of desire. And, as mentioned above, services have value measured in time.

Therefore it would seem that the phrase, annual value of land, merits acceptance as another way of saying economic rent, profit of association, etc. To estimate whether this term is better than all the rest, its usage in time and place has to be considered. However, anticipating some argument, yet not quite taking sides, this writer observes that the term exhibits no overtones of arbitrary compulsion, designates the essential qualities of the phenomenon it names, and is the more readily seen to be made by the market, that is, by all the people.

Our Australian friends have for some time been advocating use of the term "annual rental value" in preference to economic rent of land in both Georgist periodicals on that continent: The Standard (Sydney) and Progress (Melbourne). More comments on this subject may be expected next month.

## Ralph Maurice Dreyfuss

"Maury" Dreyfuss and his wife and friends were a gay and smiling group at the closing banquet of the recent conference. We are glad to recall this, for soon afterward he was seized by a heart attack and died on October 12th. For more than 25 years he has been a loyal teacher, dating back to the school on 79th Street. His Saturday classes had an air. Students knew that he "spoke with authority."

What can we say of these faithful ones who die on the field of battle? We can say he has been a generous contributor all these years, but he gave far more than money. While brooding over his unique contribution we searched out copies of his correspondence over several years.

He had written letters which elicited replies from national magazines, newspapers, colleges, universities, foundations and business firms. But most voluminous were letters to 20 or 30 state and federal senators, congressmen, representatives and committee chairmen. Naturally the subject of housing drew his attention and he kept in close connection with the director of research in the New York State Division of Housing.

Letters were always addressed to an individual and stated objectively but firmly. "If we want to maintain a genuine free enterprise economy within the framework of competitive capitalism we must get at the root of our economic difficulties," he wrote to the vice president of a chemical company. "All taxes on capital and labor products are deterrents to production. We cannot play fast and loose. The communists have a solution, albeit a false one, but we put our heads in the sand and avoid the question."

Since he had a large acquaintance-ship in the movement he wrote to many Georgists. To one in the Midwest he explained: "In many of my

letters I do not mention George or single tax. I merely point out the foolishness of taxing products of labor. Of course any competent economist could see that I am a Georgist."

He was against "rulings or laws contrary to state's rights and local self government as called for in the Constitution of the United States." To a member on the House Rules Committee he voiced strong opposition to a bill which "merely involves the government in additional activities that should be left to private enterprise."

To a liberal Senator he wrote: "The increasing tendency toward socialization makes it incumbent on us to offer suggestions. As you no doubt appreciate, the present free spending approach and the heavy tax burden on labor and capital are adversely affecting our economy and hastening the day of reckoning through inflation and deficit financing."

When the repeal of the income tax was being advocated he concurred, but added: "if we are really to avoid possible bankruptcy we must take first steps first. Our lopsided taxation system is what is choking off our capital accumulations and production. The natural fund, the economic rent of land, is readily available, and its collection should be our first step."

Mr. Dreyfuss must have distributed a volume of Georgist books and pamphlets totalling as much as the sum of his generous contributions to the work of the school. It is astonishing to discover what a vast number of persons received the works of H. G. Brown, H. B. Cowan, John R. Fuchs, Joseph S. Thompson, and occasionally a copy of HGN.

This good man is irreplaceable and unforgettable. Sympathy is extended to his dear family from the HGS staff and from his students far and wide who must number many hundreds.

# *The Henry George School in News*

**CHICAGO'S** activities include two classes for a large Negro group, following the activity of Wilbur Johnson, whose campaigning for the Henry George theory had a persuasive effect on Reverend Billingslea, minister of the Progressive Baptist Church, 3659 South Wentworth Avenue.

A group of Georgists meet for lunch every Thursday at Kibby's Restaurant. This is known as the "Exit Club," Neil S. Booth writes, and "for the most part world happenings are related to our simple way out of the confusions that rend men's souls."

**NEW JERSEY** has a class in the public library at Summit under Dr. H. A. Lazaar, which attracted a large group for the opening in September.

Afternoons at headquarters in Newark are being resumed for those free to attend at 2 p.m. They are open to the public and are of general interest. November 12th and December 10th are the dates to remember for those who would like to spend a productive social afternoon. Leo Cohen has been elected to the Board of Trustees of the New Jersey Henry George School and is chairman of the Special Activities Committee.

Director John T. Tetley presided at New York's Friday Evening program on October 30th when Warren Edgar of Baltimore presented "Chinese Philosophy" in memory of Joseph A. Stockman, former Philadelphia director.

**DETROIT**, in pursuit of the city's sprawl, has announced seven classes broadly situated, not only downtown Detroit but at high schools around the city. New students who want to learn economics quickly and easily were asked to participate in "an adventure in economic conversations,"

one evening a week for 10 weeks at a charge of only \$2 for the text and materials. The conversations should be buzzing along merrily by now.

**ST. LOUIS** also is spreading out into the county and across the river into East St. Louis, Illinois. They favor libraries for their meeting places, and at the central library downtown a class in Fundamental Economics meets on Tuesdays and one in Applied Economics on Thursdays, both at 6:45 p.m. With the help of a new, simplified manual they are making a strong bid for students who will take a teachers training study course and become class leaders, having proved that much can be done with the help of enthusiastic, willing workers.

**NEW YORK** started its fall term with 13 basic economics classes (in English) at headquarters, plus six more at neighborhood locations. Fundamental Economics is again being offered in Italian, French and German. The Spanish class was so large it quickly became two. Applied Economics is also being given in Spanish.

Other subjects available at 50 East 69th Street are Applied Economics (in English), A Philosophy of Life, Comparative Sociology, Current Events, Economic Science, Money and Credit, Teachers Training, and Georgism and Catholicism. This is under the leadership of William Camargo, the international secretary, who recently married Miss Mary AcAdam.

November Fridays at Eight will include a lecture on the 6th to be announced; and three films on the 13th. On the 20th Dr. Geoffrey W. Esty, a distinguished Georgist of Princeton, New Jersey, will speak on "A Revolution in Education," with emphasis on thinking for ourselves.

## Herbert Hoover

When Herbert Hoover died on October 20th he had the distinction of being the longest-lived President of the U. S., both in respect of age and of years lived after his term of office. When he left office in 1933, he was a scorned and unpopular figure, widely blamed for the "Hoover depression" — simply because he had the misfortune of being President when the Great Depression started. But he lived to become a revered and respected elder statesman.

Hoover was of course not responsible for the depression, which came about from forces long set in motion. He coped with it as well as he could, using as capably as possible the inadequate methods at his disposal.

Frederick Lewis Allen in his book *Since Yesterday*, tells of Hoover staying up all night into the morning of March 4, 1933, his last day in office, in order to try to avert a bank crisis.

"At 6 o'clock a worn and haggard Hoover got up to perform the last routine tasks of his presidency. He was told that on the last morning of office the banking system of the United States had stopped functioning. 'We are at the end of our string,' said he. 'There is nothing more we can do.' The stage manager of history had been too cruelly precise. For all Hoover's asperities, his awkwardness, his political ineptitudes, he had been a resourceful and resolute soldier of a doomed order, and deserved no such personal humiliation. But now the curtain was coming down and he could do no more."

Could it have been different? Could we have reached Hoover's ear with *Fundamental Economics*? Or did the drama have to work itself out, and is our time reserved for a better tomorrow?

— R. C.

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### "THE GREAT AMERICAN TAX SHIFT"

"Local governmental units (in New York State) collected \$735.3 million in non-property taxes during their fiscal years ending in calendar 1963. A record amount, it was \$59.1 million or 9 per cent more than was collected in the corresponding periods in 1962. It was an increase of \$169.6 million or 29.9 per cent over 1961," states the New York State Taxpayer of September, 1964.

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Several requests have been received for the September and October Henry George News, but the supply is exhausted. If anyone has extra copies of these issues and will send them to us we shall be grateful.

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