

Tennessee Shows the Way

COLLIERVILLE, Tenn., shows the way to the Nation!

By unanimous endorsement of its progressive Board of Mayor and Aldermen, it asked the Legislature of Tennessee to adopt an amendment to its City Charter, to permit the operation of a municipal enclave of economic ground rent.

And the Legislature of Tennessee adopted the bill. After its passage, Governor McAllister signed it on April 21, the law taking effect immediately.

This is the first time in the United States that a legislature of any state has authorized the existence of a municipally owned enclave; and the first time in this country that the philosophy of Henry George has been embodied into law by a legislature with the approval of a governor.

Collierville is a town of over one thousand people. It is located in Shelby County, twenty-four miles from the city of Memphis. Its people are substantial and conservative. Only once in its history has there been a business failure and that of small consequence. It is practically free of crime and criminal problems. In the past several years, only a very few offenders have appeared before its City Court. It has an aldermanic form of government. Its tax rate is low, the municipal rate being less than one dollar per hundred of assessed valuation. It boasts a municipally owned water system. It has no bonded indebtedness except for water purposes, which issue is less than thirty thousand dollars, and that is virtually self-liquidating from water rents received. It has excellent school facilities, and its churches compare favorably with towns of similar size. The average of its citizenship is highly intelligent. The town is ripe for an economic experiment. Its Board of Mayor and Aldermen are alert, progressive and forward-looking.*

The town has gone through the depression with perhaps better fortune than the average small American town, due largely to the thrift of its citizenship.

But with the coming of the depression, its governing body began a study of the problem of the vacant lot. They realized that it was necessary to lay water mains in front of vacant lots; to give them fire protection, police protection, streets, sidewalks and other town facilities. This leads to a costly and spasmodic development of the town.

And, moreover, the municipal taxes on some vacant lots were delinquent.

About this time, the enclave of Wall Hill, Miss., was founded. Within thirty miles of Collierville, therefore, was a small demonstration of two things: first, that economic ground rent alone was sufficient to pay the taxes

assessed by municipality, state and county; second, that access to land would relieve involuntary unemployment. The Wall Hill enclave owed its existence to Col. Kenon Taylor, who donated the land, and Abe D. Waldauer. And Waldauer happened to be the City Attorney for Collierville.

The Legislature of Tennessee adopted a law at its session just concluded which conferred powers upon incorporated towns in that state which the towns and cities had not theretofore possessed. That law gave to the towns and cities the right to purchase lots and lands within their corporate borders which were sold for delinquent taxes. It was inevitable, therefore, that under this law, Collierville, like other towns, would probably acquire lands and town lots.

What to do with this property?

Collierville did not want to buy lands and then sell them. It has seen how the private ownership of land, and the holding of it out of use, waiting for a speculative rise in value, has retarded growth and development. Its Board of Mayor and Aldermen also know that the taxing of houses and improvements operate to penalize thrift and industry, and to prevent or slow down improvement. And in this time of depression, Collierville wanted to speed up,—not slow down. It wanted to stimulate growth, development and employment; and to do it at home, not by sending its citizens and its young men to distant reforestation developments, or elsewhere in search of employment.

So it was that the Mayor and Aldermen turned to the philosophy of Henry George, and resolved to give that philosophy a trial, through the medium of the enclave. A bill was drawn by Mr. Waldauer, and introduced in the House of Representatives of Tennessee. It is House Bill 1,269. Omitting the formal caption, the bill follows:

"Whereas, the Mayor and Aldermen of the town of Collierville will become vested with the title to lands hereafter sold for taxes, or otherwise acquired; and

Whereas, the said lands should be rented or made use of for the greatest benefit of the municipality and the inhabitants thereof; and

Whereas, a critical economic depression exists throughout the nation and the welfare of any community is made more secure by the profitable use of land and it is advisable that unemployed citizens should go back to the soil and as far as possible maintain themselves by raising food for man and beast; and that labor should be granted easy access to land to relieve poverty and unemployment; and

Whereas, it is the judgment of the General Assembly of the State of Tennessee that the Mayor and Aldermen of the town of Collierville should be vested with the widest possible powers to make use of all lands now owned and to be hereafter owned by said town of Collierville for these purposes; now therefore:

Section 1—Be it enacted by the General Assembly of the State of Tennessee: that the Mayor and Aldermen of

*We are glad to report that Mr. R. L. Strong and his entire ticket were reelected Mayor and Aldermen of Collierville. This insures a four-year trial of the enclave plan, its administration now being in the hands of its friends.—Editor LAND AND FREEDOM.

the town of Collierville, or other governing body thereof, are hereby authorized and empowered to retain and to take title to lands located within the present or future corporate limits of said town, whether purchased at tax sales, or otherwise; and to hold title thereto, even though said land may not be necessary for use in the discharge of municipal purposes or functions.

Section 2—Be it further enacted: that the governing body of said town of Collierville is authorized, in its discretion, to sell said lands on such terms and conditions as they may deem advisable; and or is further expressly authorized to rent the same to any person, firm or corporation for the annual economic rent, which is defined to be such annual payment for the rent of land as represents the value included in the right to use the bare land, exclusive of the value of any character of improvements on said land such as buildings, crops and trees, less any municipal taxes that may be assessed upon the leasee and upon any of said improvements. And said governing body of the town of Collierville is further authorized to rent said lands upon any terms of lease which said governing body may determine.

Section 3—Be it further enacted: that said leases may extend for any term not to exceed 99 years, provided that the annual economic ground rent shall be determined each calendar year by said governing body of said municipality.

Section 4—Be it further enacted: that said governing body is hereby vested with all the authority necessary to maintain, operate and conduct a municipally owned enclave of economic rent.

Section 5—Be it further enacted: that if any section, sentence or clause of this Act be held unconstitutional such unconstitutionality shall not effect the remainder thereof.

Section 6—Be it further enacted: that this Act take effect from and after its passage, the public welfare requiring it.

Passed: Pat Officer, Speaker of the Senate.

Frank W. Moore, Speaker of the House.

Approved: April 21, 1933.

Hill McAllister, Governor of Tennessee.

The bill was introduced by Hon. W. H. King, of Forest Hill, Tenn. Mr. King is an alert legislator, and although he may not be an avowed Single Taxer, he is interested in the development of enclaves. Under his able leadership the bill was piloted through the house.

After its passage there, he saw to it that the bill did not die in the closing days of the session. Zealously he watched its progress in the senate. He had the assistance of Hon. Fletcher Cohn in the House, and of Senator C. P. J. Mooney in the Senate. Senator Mooney and Mr. Cohn, though not enclavians, are liberals, and they wanted to give the people of Collierville the right to develop a municipal enclave. Thus, under the guidance and direction of these

Shelby legislators, a far-reaching municipal experiment has been made possible.

After the bill passed the Senate, by a unanimous vote, Mr. King did not rest. He haunted the Governor's office, explaining the object and purpose of the bill. To him goes a large share of the credit for inducing Governor McAllister to approve the law. The governor was also urged to approve the bill by officials of Collierville, and other interested citizens. By approving the bill, Governor McAllister achieves the distinction of being the first American governor to give the municipally owned enclave a chance to operate.

We come, now, to an analysis of the law:

The "whereas" clauses give the economic reasons motivating the legislature to pass the law. These clauses are valuable, as the courts, in determining the constitutionality of the measure, will accept the clauses as the statement of economic truth.

The right to sell land is retained by the town, not that Collierville wishes to sell its lands, but because it realizes that the problem of financing improvements may be presented. Therefore, it will give long time leases for the annual economic ground rent; and if the lender, whether banks or building and loan associations, insist on a fee simple title then the town is in a position to contract to convey the fee in the event the borrower defaults in payment for the improvements.

In Section 4 of the Act is the heart of the measure. It reads as follows:

"Section 4—Be it further enacted: that said governing body is hereby vested with all the authority necessary to maintain, operate and conduct a municipally owned enclave of economic rent."

This section confers the broadest municipal power to operate an enclave of economic rent that the draftsmen of the Bill could imagine.

The law is not self-executing. The town must acquire land, either by purchase, gift, or tax sale, and rent that land for economic rent through leases executed by its governing body, before real results will flow from the enactment.

There is no doubt as to the constitutionality of the law among the lawyers who have studied it. For the town will be merely leasing its own lands, which is a right possessed by all land-holding corporations, whether private or municipal. To deny this right to a municipal corporation would be to upset rights that the courts have recognized in other corporations for more than a century. And by giving to the corporation the right to rent lands on any terms, in addition to the right to lease for economic rent, a constitutional question of unfair classification is eliminated.

Inasmuch as lands or improvements owned by municipalities are exempt from state and county levies, interesting questions of law and taxation will probably arise from the Collierville experiment.

The law excited the keen interest of the late J. T. Patrick, Mayor of Collierville. Mayor Patrick, unfortunately, died after the bill had passed the Tennessee House of Representatives, but before its adoption by the Senate, and approval by the Governor. His last official act as Mayor was performed when, on what proved to be his death bed, he gave the law careful study, and sent a verbal message to the Board of Aldermen urging approval of the Act by the Board, its adoption by the Legislature. The law will stand as a monument to a beloved Mayor, and to the courageous and far-sighted officials of the town. They are: D. G. Delaney, vice-mayor; Fred Kirk, treasurer; W. W. Hutton, register; M. V. Kirk, alderman; J. R. Keough, alderman; R. L. Strong, alderman; and Abe D. Waldauer, corporation counsel.

All the lands in Collierville will not at once be put on the enclavial basis; but will rather seek a step by step development, gaining experience by trial in putting the law into operation. At present there are about thirty lots upon which the municipal taxes are delinquent. Where the owners do not wish to pay the taxes on these lands, the town will seek to acquire them through the medium of tax sales; proceeding slowly, however, to the end that no property owner who wants to retain the property will be done an injustice. This course will safeguard the plan and the law from attack.

The outstanding lesson from those advocating collection of economic rent is that at last a way has been found to permit the operation of municipal enclaves. Thus the movement for land emancipation by enclaves enters a larger and, it is believed, more important phase of development.

This law may ultimately open the whole State of Tennessee, as well as states similarly situated, to an approach to the Single Tax through the enclavial method of land emancipation.

The Collierville law also demonstrates that the legislatures of states will listen with favor to small scale, local measures, affecting specific towns or cities, whereas an attempt to put over a general law, without sufficient political organization, and with little general economic education, would likely lead to defeat. Thus, the "step by step" method should carry powerful appeal to Single Taxers, now that the Collierville law has passed the legislature and been signed by the governor, and has behind it a unanimous Board of Mayor and Aldermen who will attempt to put into operation the first municipally operated enclave in America, sympathetically and intelligently, and as rapidly as the people favor its extension.

Thus, after more than fifty years, the philosophy of Henry George has become translated into the statute law of a State; and will be locally applied to the area which may be acquired by Collierville.

Thus the town of Collierville, Tennessee, takes the lead in the movement to set free the land and men.

Steps to Economic Recovery

DR. JOHN DEWEY OVER RADIO STATION WEVD APRIL 28

YOU have heard much about various steps that should be taken to promote economic recovery. I propose this evening to concentrate attention upon one step, a step absolutely fundamental to permanent recovery of the patient as distinct from remedies that dope the patient into a temporary hectic burst of activity; a step so simple and so basic as to be generally neglected.

The one thing uppermost in the minds of everybody today is the appalling existence of want in the midst of plenty, of millions of unemployed in the midst of idle billions of hoarded money and unused credit as well as factories and mills deteriorating for lack of use, of hunger while farmers are burning grain for fuel. No wonder people are asking what sort of a crazy economic system we have when at a time when millions are short of adequate food, when babies are going without the milk necessary for their growth, the best remedy that experts can think of and that the Federal Government can recommend, is to pay a premium to farmers to grow less grain with which to make flour to feed the hungry and pay a premium to dairymen to send less milk to market.

Henry George called attention to this situation over fifty years ago. The contradiction between increasing plenty, increase of potential security, and actual want and insecurity is stated in the title of his chief work, "Progress and Poverty." That is what his book is about. It is a record of the fact that as the means and appliances of civilization increase, poverty and insecurity also increase. It is an explanation of why millionaires and tramps multiply together. It is a prediction of why this state of affairs will continue; it is a prediction of the plight in which the nation finds itself today. At the same time it is the explanation of why this condition is artificial, man-made, unnecessary, and how it can be remedied. So I suggest that as a beginning of the first steps to permanent recovery there be a nationwide revival of interest in the writings and teachings of Henry George, and that there be such an enlightenment of public opinion that our representatives in legislatures and public places be compelled to adopt the changes he urged.

Do not the following words sound as if they were written today? "So true it is that poverty does not come from the inability to produce more wealth than from every side we hear that power to produce is in excess of the ability to find a market; that the constant fear seems to be not that too little, but that too much, will be produced! Do we not maintain a high tariff, and keep at every port a horde of Custom-House officers, for fear the people of other countries will overwhelm us with their goods? Is not a large part of our machinery constantly idle? Are there not, even in what we call good times, an immense number of unemployed men who would gladly be at work producing