

Keeping Step With Progress

FOOLISH RESTRICTIONS

It is unemployment or fear of unemployment which creates the demand for most of the foolish restrictions which are today proposed for industry. These restrictions are not in any way a cure for unemployment and their advocacy indicates a complete failure to understand the cause of unemployment. For this we must look closely to the fundamentals of our institutions, and if we do so, we shall find it in our faulty system of land tenure.

We are now requiring the owners of land to pay very little in taxes as long as the land is not built upon or improved. On the other hand whenever the land is utilized for industry or home purposes, we add taxes on the improvements and on the profits obtained from them. In this way throughout the country we are directly discouraging the employment of capital and labor by the heavy taxes on such employment, while at the same time we are encouraging the practice of withholding land from use for speculative purposes, and thus indirectly discouraging the employment of capital and labor. The lower the taxes on the land itself, the more readily can speculators withhold it from the use of industry and can thus force industry to pay high prices or high rents to secure its use.

In the years just prior to the big depression, industry was paying higher and higher speculative prices or rents for the use of land, and this burden combined with the heavy burden of taxation, finally made industry so unstable that collapse was bound to follow. Now that land prices have been largely deflated, it is possible for new business enterprises, or for old ones which have adjusted themselves, to go ahead with a prospect of profit, and hence they are able to give increasing employment to labor.

What is needed now is to encourage industry to the utmost and thus absorb the unemployed workers. This can be done by the removal of restrictions and taxes on the buildings, machinery, merchandise and operations of industry, and by increasing the taxes on the mere ownership of land so as to kill the practice of speculation in the first requisite of industry, namely the land upon which to do business.

JOHN S. CODMAN in *Mill and Factory* for January

THE ENCLAVIAL MOVEMENT

May I begin with a personal explanation? I am not here to try to persuade persons to believe in the doctrines of Henry George. I acknowledge that that is a great and glorious mission, but I do not happen to be on it. I leave that to the other speakers. I address myself to believers. I am to give a chronicle of the progress of the movement for emancipation, which, though loaded with figures and other statements of fact, will not seem dull to them, for it shows a successful progress in what they hold most dear. The unbelievers I hope will be very patient with me.

I have a friend, who, when he first heard of enclaves, used to consider them as a small measure of Single Tax. Nowadays, having become wiser, he speaks of them as a large measure of Single Tax on a small scale. That is my attitude. I find great satisfaction in the results actually obtained.

But the movement is even more than economic. It is essentially religious, for it is the embodiment of the verse in the Lord's prayer, Thy will be done on earth as it is in Heaven, and represents the brotherhood of man and hence the fatherhood of God. So far as this country is concerned this movement began with the foundation of the enclave of Fairhope in Alabama in 1895. That was the great work of Ernest B. Gaston, who is here with us today. The latest enclave is the enclave of Wall Hill, Miss., in 1932. These areas have advanced, in the last ten years in number from nine to fifteen, in area from ten square miles to 929 (or 74% of the area of Rhode Island); in population from 1100 to 12,000; in rent from \$24,000 to \$156,000; and from eight states and nations have spread themselves into twelve.

Ten of the enclaves are in the United States and have an area of 5831 acres and a rent of upwards of \$80,000.

—From address of FISKE WARREN at Henry George Congress in Saturday, Harvard, Mass.

PROF. PAUL PASSY ON GEORGEAN SOCIALISM

Some readers of *l'Esprit* have been interested by my July article, "Justice First," and by the allusions contained therein to the theories of Henry George. So much so that they have asked me to tell them more about this subject. I am more than willing to do this, except that I cannot say much in a short article.

The writings of Henry George are not accessible to every one. His principal work, "Progress and Poverty," has indeed been translated into French, but it is a very large volume demanding time and thought. I am, however, very shortly going to publish a translation of his Open Letter to Pope Leo XIII (a reply to the encyclical *Rerum Novarum*). It is easy to read and at the same time is explicit and of compelling interest.

Meanwhile here is a short resume of the system:

The main principle is that natural resources, or that which is the product of the labor of an unknown and unrecognized multitude, should belong to the community. On the other hand, the product of the labor of an individual should belong wholly to the individual that produced it. Society must see to it that these principles be enforced.

(One can see by this that Georgism is really socialistic—be it said without offense to most of its devotees.)

But how can Society make sure that these principles be carried out? Here is the plan—Natural resources mean the earth, that inexhaustible reservoir, which every man has to use, directly or indirectly, in order to work. The value of land, nothing to begin with, grows with the development of society, in other words, through the agency of an anonymous and unknown multitude. Wherefore that value must belong to the community. The community collects that value by levying on the land, the bare land regardless of any improvements made upon it, a tax equal to the economic rent of that land, that is, what its site value is worth. Hence only those have an interest to hold land who wish to use it for their work.

For example, a piece of land in Champagne worth 500 francs a hectare would be taxed 25 francs. One square meter of land in Paris worth 10,000 francs would be taxed 500 francs, which would mean five millions a hectare.

The money supplied by this tax is used for the benefit of the community, and this one tax takes the place of all other taxes—taxes which Henry George calls sheer robbery. Hence the name Single Taxers is frequently applied to Georgists.

Henry George and his followers believe, with strong reasons to support them, that this one reform would completely stop land exploitation and speculation, and would bury foul capitalism once for all.

I myself am not a docile disciple of Henry George any more than I am of Proudhon, Malon, or Marx. I am not entirely sure that Georgism, even rigorously applied, is all that is necessary without supplementary measures to attain the goal of an equal access for everyone to natural resources. Other questions spring up in one's mind. The tax is levied "for the benefit of the community."—What community? The town, city, county, state, nation or the world? Would there be a distribution, and, if so, following what principles?

However these reservations and one or two others do not prevent me from saying that Georgism attracts me more than any other form of socialism. I see several advantages in it.

1. It is Libertarian, exactly the contrary of state socialism. There is no bureaucracy, no central organization as in Russia. Far from that, it would allow of a heavy reduction in the number of office holders and functionaries, for the value of land is the easiest thing to estimate and would therefore need the fewest experts, and fraud, one might say, would be impossible.

2. It would be practicable immediately. There would be no need

to wait for an international agreement before starting. A nation could inaugurate it at once. (That is what should be tempting to our right-wing socialists). Even better it could be tried on a small scale; that is what they are now doing in Australia, and what our friend Warren, with such splendid energy, is doing in his enclaves.

3. Although profoundly revolutionary in its essence, Georgism could be started with a minimum of disturbance, for practically all that needs to be done is to change the manner of taxation. One could even do it in easy stages: for instance, start in by levying only a quarter of the economic rent, at the same time suppressing a corresponding quantity of other taxes (this is essential); the next year levy half, and so on.

But what pleases me more than anything else about Georgism is the spirit that animates it. This spirit is an eager, flaming claim for justice. It doesn't concern itself whether the present system makes for a social revolution or not as do the Marxists. What it does say is that the present system is unjust, and, since it is, it must be overthrown. To be replaced by what? By the natural order of things which capitalism has been desecrating with sacrilegious hands. In fact, far from seeing capitalism as a normal stage in revolution, Henry George sees it as "an evil resisting the benevolent intentions of the Creator." (The phrase of Monsignor Nulty, the Bishop of Meath, in Ireland, but which Henry George thoroughly accepts.)

I have now given good reasons including especially to Christian socialists, for a further study of Henry George, and I commend them to his Letter to the Pope, which I hope everyone will wish to read.

(Note: When Prof. Passy uses the word capitalism, he means what followers of Henry George in America usually describe as monopoly.)

From *L'Espoir du Monde* translated by Marjorie Warren Whitman in *Saturday*, Howard, Mass.

ILLUSIONARY PROSPERITY THROUGH SCARCITY

What is the main principle running through the government's agricultural policy?

Stripped of all camouflage, it is simply that, faced with starvation in the midst of plenty, it proposes to remedy matters by abolishing plenty.

Protection, quotas, restriction or prohibition of imports, are all plain devices to restrict supplies and create scarcity, while the marketing schemes make no provision whatever for better marketing, increasing efficiency, reducing the costs of distribution, preventing rises in rent, or increasing wages.

Take the potato scheme. It simply aims at reducing supplies and incidentally gives the Potato Board powers to forbid anyone becoming a potato merchant and to forbid a farmer selling direct to a retailer, or even to a consumer.

The upshot of it all will be to create a vested interest in the form of a close corporation of potato merchants, entry to whose ranks can only be accomplished by buying a partnership, while the right to grow potatoes will be jealously guarded by a fine of £5 per acre for every new acre.

In none of the government schemes is any mention made of rent or wages. Yet the policy is put forward to help agriculture, and the only people engaged in agriculture are left unprotected against rack rent and sweated labor.

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All through history it has been high rents and not low prices that have caused farming depression. From 1775 to 1795 farmers thrived well enough, with wheat about 46s., yet in 1804 we find a commission reporting that agriculture would be ruined unless the price of wheat exceeded 70s.

Why? The answer was that rents had more than doubled. From 1795 to 1815 Scottish rents had risen from about two millions to over five millions a year. Farmers were ruined and workers were on Poor Law relief. Wheat rose 80 per cent. and poor rates rose 50 per cent., while rents rose 150 per cent.

One wonders if any of the advocates of the Government's policy of crazy price-raising ever think of what actually happens when agricultural prices rise fictitiously.

It happened after the war, yet it seems all forgotten.

When prices rise the competition for farms at once increases and rents and prices offered by the wildest speculators and optimists rule the market. The prudent farmer is compelled to accept these values under the threat of "Pay or Quit."

ARTHUR R. McDUGAL in London *Daily Herald*.

DOES NOT BELIEVE IN TAXES

I frequently receive letters of criticism from readers who after all these years have not developed the picture I have tried to paint of my personal economic philosophy.

I am an individualist and I do not recognize the right of the state to dictate to me in my private affairs so long as those affairs do not impose on the freedom of my fellows.

I do not believe in tariffs, in taxes, in enforced labor, or enforced idleness.

I hold that there is enough natural resources on this earth to provide a good living for every human being on the earth and I hold that the private monopoly of land is the sole reason for the ills that beset civilization.

I do not regard money as wealth, and I hold that the man who from the earth produces wealth is entitled to ALL the wealth he produces.

I hold that the user of the land should pay to the government an annual rental, say one-fifth the value of the land, but that he should pay no taxes on his chattels, tools, house, store building, factory or other improvement.

I am against state bureaucracy and therefore am just as much opposed to state socialism as I am to state communism. I am just as thoroughly against Hitlerism and Mussolinism as I am against state capitalism ruled by the house of Morgan.

Fifty years ago it is to be doubted if there were fifty men on earth who held to the above philosophy of economics. Today there are hundreds of thousands of men who so believe and the adherents of this philosophy are increasing in greater numbers each year than the adherents of any other theory.

The co-operative commonwealth, with all natural resources held forever for all the people, is the only way out—at least that has been my notion for years and all my reading and inspection of affairs merely makes stronger my adherence to this cause of human freedom.

HILL BILLY, columnist in the *Seattle Star*.

SHOULD HAVE BEEN DONE LONG AGO

A fruitful and fair means of increasing the resources of the State and of the municipalities may be found in a measure which we Liberals have advocated for many a long day past—the taxation of land values—(cheers)—the recovery for the community of the values that are created by mere growth of population. That should have been done long ago. It would have brought in, had it been done, an abundant revenue today for the lessening of our rates and taxes. It has not been done because of the successful resistance of the Conservative party, and it is now for us to see that that resistance is overcome.

SIR HERBERT SAMUEL as reported in *Manchester Guardian*.

OF THE FIRST MAGNITUDE

The taxation of land values is not a new item in Liberal policy, but it has lost none of its importance as a proposal of the first magnitude.
London Spectator

PRELUDE TO ANOTHER DEPRESSION

The Mortgage Guarantee Company of Los Angeles today withdrew its San Joaquin Valley ranch holdings from the market with