

The San Diego Campaign for Collecting Economic Rent

IN San Diego I find an energetic group of advocates of fundamental reforms maintaining a weekly publication, holding two meetings a week, and publishing and circulating some excellent reform literature.

Only a few weeks before the Wall Street boom collapsed (or perhaps it was a few months), Frederick F. Ingram, of Detroit, sold out his manufacturing plant in that city for a good price. He had always mixed politics with business. I use the word politics in the good sense, and he found each helped the other. He had been decidedly successful in business, but grew tired of adding golden numbers to golden numbers. He was a radical, but not one of the tired radicals whom we have heard so much about. And he did not think within himself saying to his soul, "Soul, thou hast much wealth laid up for many years; take thine ease, eat, drink and be merry." He said something quite different.

And so it happens that the Ingram Institute of San Diego has come into existence. It states its purpose to be, "research to discover the basic causes of poverty, vice, and all other social maladjustments; to publish the results of its work, to the end that a better social condition may be brought about." Prof. Roman, of Los Angeles, was associated with the Institute for some time. Some of its principal research work is now carried on by W. N. McNair, formerly of Pittsburgh, who was a candidate for United States Senator in Pennsylvania in 1928, and received over 1,000,000 votes. He ran on a platform declaring, "The rent of the land belongs to the people and the first duty of the Government is to collect it and abolish all taxes. Therefore I favor collecting school and county taxes the way Pittsburgh collects city taxes, half rate on buildings." For some time past the Institute has been holding weekly luncheon meetings, attended by from 25 to 50 business men, and weekly evening meetings at the headquarters of the Institute, 854 Eighth Street, which is almost across the street from the San Diego city library. At these gatherings Mr. McNair has been the principal speaker, and questions and discussions have followed each talk.

At the meetings of the Institute, and in its weekly publication, the words "Single Tax" are never used, nor is Henry George often quoted. But a good deal is said about the Pittsburgh Plan and "collecting economic rent." While the Institute group is for step-by-step methods, nevertheless its nomenclature in many ways is like that of the London Commonwealth Land Party. Nomenclatures differ, but so long as aims are similar why quarrel about names?

Among pamphlets published and circulated are "An Unshackled Civilization," by Jackson H. Ralston of Palo Alto, "An Analysis of Economic Laws," by Prof. Harry

Gunnison Brown, "Causes of Business Depression," by Henry George, and "Anti-Filipino Race Riots." The latter interested me deeply, and is a report made to the Ingram Institute by E. S. Bogardus, of the University of Southern California.

The Institute has taken a firm stand against a scheme of real estate dealers called The Collier-Ten-Year-Plan under which it is sought to sell vacant lots, not to persons who may want to use them, but to persons who will hold them out of use for future sale at a profit. For instance, the Collier Plan printed matter says, "If you believe that 1940 San Diego will be a larger and better city than today, it is *your privilege to reap the profits of growth* during the next ten years on an investment of only 20 per cent—one-fifth of today's value."

The Institute started right in to show that for individuals "to reap the profits of growth" was all wrong, and that the profits of growth promoted by the presence of population should be used in common, for the benefit of all. Henry B. Cramer, president of the Cramer Bakery Company, appreciating the justice of the position taken by the Institute, joined with others in writing a letter to the San Diego *Union* in which he pointed out that although San Diego had had a wonderful growth in population, yet that growth was checked in 1928 in a very marked manner. And he traced the cause to a change in city assessed valuations. For a long time land values were taxed on a basis of around \$72,000,000, while buildings were taxed on an assessment of from \$6,000,000 to \$8,000,000.

At a later date land values were assessed around \$92,000,000 and buildings at from \$16,000,000 to \$19,000,000. This heavy tax on land values and comparatively light tax on improvements kept down the price of vacant land and thus encouraged home building.

In 1928 a radical change was made in the relative assessment of land values and improvements. The office of city assessor was abolished and county assessment values became the city assessment values. This brought about the reduction of land value assessments to about \$54,000,000, and the value of improvements to about \$24,000,000. At the same time there was a considerable increase in the assessments of personal property.

The letter mentioned, commenting on these radical changes of assessments, said, "Thus the industrious and thrifty were penalized and those who were speculating in the sites which were needed to do business were favored with a lighter tax burden."

The letter pointed out a down town block where land value assessments had been cut in half. The relative land value taxation on seven blocks investigated indicated that under the new assessments there was a saving of almost \$6,000,000 in taxes to the owners of land, and a corresponding increase on improvements.

Florida was pointed out as an example to show that high land values do not make for prosperity, but on the contrary they check it and bring disaster. My observation

confirms this emphatically. The disastrous bank failures in every large city in Florida were to a great extent caused by land booming tactics. School houses were built, not for educational purposes but to help sell lots in subdivisions. Hundreds of miles of broad paved streets were built, not needed at all for transportation purposes, but to enhance the selling price of land. Bond issues for all sorts of purposes were recklessly voted. The enormous aggregation of these bond issues soon resulted in the default of principal and interest on millions of dollars worth of paving bonds, school bonds and municipal, town and county bonds.

These defalcations ruined hundreds of banks and caused thousands of individual bankruptcies.

The Collier-Ten-Year-Plan people at first met the letter of Mr. Cramer and his associates in a typical land booming manner. Instead of answering the letter they said they would have his bakery boycotted. But the threat has not intimidated Mr. Cramer, nor any of the Ingram Institute group, but on the contrary it has put pep into their battle for a correction of the evils of unjust taxation.

—CHESTER C. PLATT.

Harry Weinberger Creates A Diversion

AT a luncheon held Jan. 3, 1931, by the Foreign Policy Association at the Hotel Astor, this city, the subject for discussion was "The World Wide Depression—Ways Out." The principal speaker was Professor Hamilton. In the course of his speech he was interrupted by a questioner from the balcony who asked, "What about the Single Tax?"

Professor Hamilton, who had admitted that he knew of no way out, attempted to answer. The answer must have seemed inadequate to the audience, for Chairman McDonald commented as follows:

"I am sure that answer hasn't been satisfactory to everybody. I know it hasn't been satisfactory to our Single Tax friends, and so we are very fortunate to have here at the guest-table a gentleman, a distinguished member of the New York Bar, Mr. Harry Weinberger, who says he would be delighted to show Professor Hamilton why Mr. Henry George's theory is a way out." Mr. Weinberger then addressed the audience as follows, his speech being punctuated with applause:

"Mr. McDonald wanted something with a little more excitement and perhaps the gentleman up in the balcony started it. If Professor Hamilton read 'Progress and Poverty' so long ago, the probabilities are he has forgotten most of the book and he ought to go back and read it over again. (Laughter). I say that without any intention to belittle the Professor's speech, which I enjoyed very much, especially his admission that he knew

no 'way out.' Henry George's idea of taxing the land, or rather taking the full rental value of the land and taking off all taxes from industry, is not a rural form of economics. The same thing applies today as it did then. The professor might read the speech of 1885 of Mr. George, called 'The Crime of Poverty,' and if he didn't look at the date when it was delivered, he would imagine that he was hearing a speech of today. There was then the same so-called overproduction, the same unemployment, the same question of free trade or tariff, except that Henry George did have, in his opinion, and in my opinion, a 'way out.'

One of our friends said something about having a tremendous building boom, lending people money to build houses. Certainly, let's say a building boom right here in New York,—that is a city problem, that is a so-called civilized problem that we have in the cities. Suppose we all began to build houses or wanted to build houses, what would happen? Why the price of land would go up so greatly that after a while building would stop and you would have the same stagnation that you have today. You read about the New School down on 12th Street paying \$200,000 or more for the mere fee of the land to build the building on. No one produced that land; no one except the community produced the value of that land. If I dropped 1,000,000 people in the City of New York tomorrow, the value of the land of the City of New York would go up tremendously.

Might I urge as an immediate way out that we take off all the taxes from all industry tomorrow. If we then put all the taxes upon the bare rental value of the ground, certainly there wouldn't be any less ground tomorrow than there is today, except that the speculative value of the ground would disappear.

You have recurring depressions, as one of the speakers stated. You find it every five years, or every ten years, or every two or three years, and the question is, 'why?' Some people talk of overproduction. I am glad most of the speakers here today did not take that fallacious point of view, though some of them hinted at it.

The most notable description of short-sightedness in history is one of the old fables of a king who said he would walk abroad in a marvelous costume. Everybody said, 'How beautiful and wonderful it is,' until one child said, 'Why, the king is naked.' We, too, are similarly short-sighted. We have this wonderful machinery making too much clothing so that millions are without clothes. We have agriculture—that produces so much wheat that millions have to go hungry. There is no limit to human consumptive power. There is only under-consumption caused by inability to purchase, and the question is, 'how and why?'

At the table here we were talking about emergency measures. There are certain emergency measures. That is not the thing I am going to talk about, except to mention one or two. We might say this is an emergency like war