

HENRY GEORGE NEWS

VOL. 12—No. 6

APRIL, 1949

10C A COPY—\$1.00 A YEAR

Georgist Colonies -- Those Uneconomic Enclaves

By M. B. THOMSON

IF ANY of you intellectually elite do not know what an enclave is, then you don't belong among the intellectually elite. However, in the event there are some who, like myself, cannot be classed among the mental giants of Georgism, I'll explain that the word enclave means an area of land where, under the terms of leases, the economic rent is collected and used for communal purposes, as contrasted with the surrounding regions, or ex-claves, where the rent is not collected.

This economic rent is to cover the taxes levied upon improvements and the land, by the governments of the county, city or state — and that rental is to be charged irrespective of the improvements on the land. In short, it is a so-called "single tax community," although in reality there can never be a single tax community when multiple taxes are paid directly or indirectly by the members of that community.

There are several of these enclaves but I will confine myself to the one with which I have the greatest familiarity and of which I am a leaseholder. This is Free Acres, in Scotch Plains, New Jersey. . . . Here, three miles away from the nearest railway station, four miles from a main highway, are ninety homes, the majority of which are well kept and comfortable; a large playing field, tennis court, meeting house and swimming pool. You cannot understand why such enterprise should be carried on so far from good roads and transportation. Furthermore, many people in the colony do not understand.

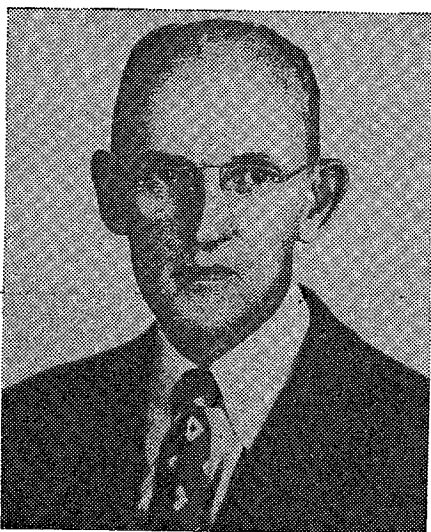
However, if we turn to the history of Free Acres and tie it up to our knowledge of economics, we may find the answer. The whole project was started by Bolton Hall, a friend of Henry George, who believed in the single tax theory. He decided to carry on an experiment similar to those conducted by Fisk Warren and Frank Stevens in Arden, Delaware; and by the founders of Fairhope, Alabama, the largest of the enclaves. With this in mind Mr. Hall bought a large tract of land and gave an important portion of it to the Free Acres Association, for experimentation along Georgist lines.

Bolton Hall believed in the rule of land being worth a thousand dollars a person. Any land anywhere is worth just about that. At least it is according to the rule. And, before the crazy chaos of the present inflation, you could pick up a World Almanac and in any city where the land values were separated from the improvements, you found this to be pretty true:

New York, 8 million population—land value 8 billion
Chicago, 3 " " " " 3 "
Towns of 20 thousand " " " 2 million

Of course in some locations it will be worth \$750 per person—in others \$1,250 per person, but it is rather startling how often this rule applies.

Therefore, Mr. Hall reasoned if he could get a piece of land on which there were ten people, for ten thousand dollars; then if he



could get one hundred people to live there, the value would go up to one hundred thousand dollars. He never realized very much out of the transaction for he died just when this land was starting to prove attractive. Right now, however, just outside of Free Acres, lots of 50 x 100 are selling for five times what Mr. Hall paid for an acre.

In July of this year, Free Acres will be 39 years old. It has not proven a working model of single tax, but it certainly is a shining example of a self governing community and the nearest thing to a democracy that I have ever seen. It would be very difficult to find a community consisting of approximately 300 persons where so many different religious, political, economic and sociological beliefs were held and still caused so little friction. There are people of every religion and no religion — as well as Republicans, Democrats, Socialists, Communists, Cooperativists, and—if you look very hard you find a strange individual completely apart from all the rest—*he's a Georgist—and that's me!*

Let us turn now to the economic side of the colony's development. It was Bolton Hall's wish that Free Acres be divided into as many small leaseholds as possible, thus allowing to the greatest number accessibility to the advantages offered by free land. Anyone who wanted a holding made application and was given a tract of land free with the condition that he pay ground rent regardless of the improvements he might put upon it. At the beginning many took whole acre plots; but as the colony grew, the trustees started giving out smaller and smaller parcels, down to an eighth of an acre.

Computation of ground rent was a rather hit-and-miss proposition. The township sent assessors who appraised the value of all buildings in the colony. They then prepared a bill for the entire taxation on land and improvements, totaled it and submitted it to the Free Acres Association. This was divided according to

leaseholds, each sharing according to the amount of land under lease by each tenant.

For example: if the tax bill on all land and improvements in the colony came to \$6,000 and there were sixty acres, the rate was \$100 an acre. Thus, if one had a half acre plot he paid fifty dollars. On top of this the colony levied a charge for such communal services as roads, meeting place, the common grounds, up-keep, swimming pool, etc. In other words, the tax on improvements was shifted to the ground and the greater the improvements, the greater the taxation to be met—not by the leaseholders, who made and received the benefit of the improvements, but by the community in general.

There are some who may say that here is a real demonstration of single tax principles because a man who wishes to improve his holding will certainly have an incentive to do so when he knows that others in the colony are going to be forced to share the tax imposition placed upon him by the state. Suppose he adds a thousand dollar value to his house and the taxes come to thirty dollars. If there are some sixty leaseholders in the community his share will be only fifty cents.

This, however, is but one phase of the economic injustice that exists in Free Acres. There are in the colony today holdings on which poor leaseholders have built modest homes, and year after year, because their more fortunate neighbors have been able to build large houses, these poor leaseholders find their rents going up while they receive communal benefits by no means commensurate with their payments.

To mention a particular case—an aging artist came out to the colony when it was started. He leased an acre of ground upon which he built a log cabin adequate for his requirements. His first tax bill was \$8 a year, but at the time of his death, because others had built large modern houses, he had to pay over \$200 a year.

Faced with this condition and not having a grasp of the economic significance of the situation—the colony decided that the only way to protect the poor man from paying the rent of the rich man, was to prevent the rich man from building too big a house. So they imposed a limit on the size of building to be erected. Also there is a limit to the number of houses that may be put up on one holding, only one being allowed.

In the enclave of Arden, Delaware, founded in 1900, and evidently nearer the single tax ideal than Free Acres, one needs no building permits to put up any sort of house. There is no limit to the size of the house or building, and no limit to the number of houses on a holding. Unlike Free Acres it has no bonded indebtedness. In view of the fact that there are paved roads, water and fire mains and many other communal advantages, it seems that as a town free of debt, Arden has nothing of which to be ashamed.

However, as a Georgist colony there are
(Continued on Page Seven)

Georgist Colonies

(Continued from Page One)

some things of which it may not be so proud. There have been some types of land speculation, for instance—and there was a case of a man who had a rather desirable location who lost his house in a fire but sold the ruins for \$1,800. Leaseholders move out in the summer and rent their houses, receiving a far greater amount than they pay the community. A certain amount is justifiably collected for the use of the house, but most of this is economic rent which accrues to the leaseholder and not to the colony.

Just outside of Arden is the colony of Ardentown founded in 1921. Fish Warren, the great champion of enclaves, bought the land and was to be repaid out of the economic rent collected. Now the rent in Ardentown is the real economic rent of the land and is ninety per cent higher than the rent in Arden. This does not mean that the land in Ardentown is over assessed. The proof is that Ardentown is practically full and that no one has been forced out because of the rent being too high.

Fairhope, Alabama is the most important step in the procession of enclaves—a laudible experiment as far as township management, development and general welfare of the enclavians is concerned. It is a thriving community and by comparison to other towns in the same locality, some of which have far greater locational advantages, it seems to be much more successful.

The Milk River experiment in Alberta, Canada, is a pretty good example of Georgist principles and has considerable economic significance. Here is a section where the entire tax burden is borne by the land.

All of the attempts to carry on the Georgist idea are taking place on marginal or semi-marginal land. In order to effect a real working model of these principles it must extend from the agrarian margin to the center of urban activity. Then the rents of choice sites in the city for which there is great demand, will perform their function of contributing to society that which society has created. Unless we have a demonstration of this all important factor, the experiment must fall far short of the mark.

I would however like to point out one or two other things regarding the enclaves. First they do have one important economic indication. Let us take Free Acres again as an example. The colony is located on very poor clay soil, full of rocks, and hard to work. If this experiment had not been carried on, the place would have been broken up into one or two poorly paying farms or would be rotting away in speculative stagnation. As it is, nearly a hundred homes have been built.

Was it because the land was good? I have already said that the land was poor. Was it because the climate was particularly propitious? Well, it is a few degrees cooler than New York in the summer; but there are a lot of mosquitoes. Was it because of accessibility? The nearest railroad is three miles away and the nearest main highway four miles away. It was because of none of these things. This section was developed because *land was free*.

These potentialities prove that people *will* build and produce. They will apply their God-given energy to God-given land provided they can have access to that land, even if it is in some *seemingly* inaccessible location. Let it be habitable, and capable of assuring a reasonably comfortable living, and that land will not only be used, but will be developed far beyond expectations.