

the Henry George News

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To Destroy Beauty, Tax It

by WAYNE S. BERRY

HENRY GEORGE pointed out very clearly in *Progress and Poverty* that present tax laws are in violation of, or contrary to, the natural laws of distribution.

In the early days practically all the wealth in our country was produced by labor working on the land with but little capital. Land was free and the producers of wealth did not have to pay for the use of it. Nearly everything a man could raise was his own and he knew that if he didn't work he and his family would starve.

These were pioneers and they didn't have to take a course in economics to learn that production is the mother of wages. But as communities grew and population increased and division of labor began, due to industrial development land rent became a factor and claimed a portion of all wealth produced on the land. Also, as communities grew and government became necessary, taxes were required to provide the public services.

Soon after the first settlers arrived they decided they should set up schools so their children could be educated. They hired school teachers and immediately there was need for a tax. The rate of this tax should have borne a relationship to the amount of service afforded by the schools and should have taken into consideration the in-

crease in land value over the time when there was no school. There can be no question that each service a town or city renders its citizens increases land values.

Wayne S. Berry, a teacher at the Henry George School in New York, spoke recently before the Society of Professional Assessors. This is a shortened version of his address.

What is it the real estate dealer sells you when you go out into a community to purchase a lot to build a house on? He doesn't spend time telling you that it is good ground for raising potatoes. He calls your attention to the fact that it is desirable because it is near the schools, or has water facilities, sewers, lights, good fire fighting equipment, police protection, etc. These are services that have been paid for by the taxpayers, and yet the owner of the lot you are buying can, under the present laws, collect from you for this very considerable land value to which he contributed nothing.

Because the government is not collecting all this land rent, it has to tax a man's labor and capital to pay for the services. This injustice has been with us for centuries and will continue as long as our present tax laws remain. Henry George offered as a solution taking the tax off all buildings or im-

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A Word With You

THE shenanigans going on in China prompt one to wonder about the merits and demerits of having a revolution. The power struggle at the top, the regimentation of the people, their hysterical and forced enthusiasm, the militarism, the bureaucratic bungling—these follow a familiar pattern.

The earlier Russian Revolution went through a similar phase, and the Soviet Union now appears to be groping its way toward better solutions of economic problems.

These two 20th century revolutions were both based on 19th century Marxist class-struggle ideology. Back in the 18th century, there were the American and French revolutions. Just as the later Chinese revolution exceeded the Russian in extremism, so was the French revolution more extreme than the American. But despite the excesses and distortions, there was a heart and core to the French as well as to the American revolution that has persisted to this day and inspired the peoples of the world—recognition of the rights of man, of liberty and equality.

Thus there is a profound difference between those 18th century revolutions and the 20th century ones, which are based upon the supremacy of the collectivity and the submergence of the individual.

But with all that, there is still an unfortunate similarity among all four—and that is, *failure to solve the eco-*

nomic problem.

For a short time, it looked as though the French Revolution was going to follow through on the rights of man—the land of the nation was briefly recognized as belonging to the people of the nation. But this was too hot a potato, and the leaders dropped it, turning instead to foreign wars, thus inviting the rise of Napoleon.

America was more favored with an expanse of seemingly unlimited land. But by failing to provide for equitable land tenure, we found that greed gobbled it up at an alarming rate, crisis followed crisis, until now we too are in the meshes of Big Government.

Russia had a brief chance to solve the land question under Kerensky, but failure to act fast enough gave the Bolsheviks their chance.

China, too, at long last, had a chance, following World War II—after all the inner turmoil, robber barons and Japanese invaders—to apply the Sun Yat Sen land reforms. But there too, corruption and delays enabled the Communists to seize power.

I am not counting the feeding of people as in a prison to be a solution of the economic problem. The solution comes when free people, with equitable access to natural opportunities, can produce and freely enjoy the fruits of their labor. *This* revolution remains to be consummated.

—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 the community purposes and abolish the taxation of wealth.

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How to Increase Savings

by LANCASTER M. GREENE

THIS question faces the young, as well as the old and retired. Recently a friend gave me a book called, *How to Become the Richest Man in Babylon*. First, said this rich man, you must have the character to save 10 percent of all the sums which go through your hands. Then you must invest these savings in such a way that they will earn and increase. Though it sounds very simple, it still baffles 99 percent of the human race. To save, and then to increase their talents so that more may be entrusted to them, is beyond their powers of self discipline.

Recently the newspapers carried an account of the richest man in Italy. His recipe is simple. He saved 25 percent of all sums he handled and invested them plus 25 percent of the increase. It works.

My concern is that invested savings increase substantially per year on an average, even if there are setbacks some years.

Franz Oppenheimer, great German economist, in a classic entitled *The State* discussed this by implication when he described the economic versus the political means. Referring to Maerlinck's "Life of the Bees," he told how bees normally produce honey slowly and painfully from the nectar of flowers. This Oppenheimer called the "economic means."

Occasionally a hive learns to steal honey from another hive. This, the "political means," is so much faster that these bees can never thereafter be induced to go back to the slower method of extracting honey from blossom nectar. Such hives must be destroyed by the alert beekeeper.

Spenders predominate, and they insist that money should depreciate each year so that borrowers can more easily repay loans, and so that labor union

leaders may deliver wage increases each year to keep them in power. This is the history of man and his money for 4,000 years.

Is it possible to beat the slow "economic means" of saving and investing with managements of character for what I call the "miracle of growth?"

In the 1920's one customer of mine was a wealthy jeweler. He had beaten the game at the start of World War I. He heard, on vacation in the Adirondacks, that war had broken out. Taking a train to New York he sold everything—his house and his entire inventory of jewels. Six months later he was able to repurchase similar assets at 25 percent of his sale prices, as the squeeze of war made money difficult to obtain. He had a million dollars when values of his assets rose again.

He went back to the slow process of buying and selling jewels and investing his capital for income but dreaming of the fast touch again.

In 1926 a broker told him to stop investing and sell short stocks he did not own but which the broker could borrow to sell for him. In three months he had made three million dollars. He told me he would never invest again, but would just wait to take advantage of patient savers. Each big upswing in the market found him selling short—but each time the stocks kept on rising and he covered at a loss. Finally, by August 1929, his entire four millions had gone down the drain. He was bankrupt.

By the 1930's our country had come to the end of growth—it had become a "mature economy," according to the Administration's economists. Building capital by investing had come to an end, they said. What rubbish, as we look at that widely accepted belief of the 1930's.

In 1941, following Pearl Harbor, stocks collapsed. Our nation's survival appeared in jeopardy. By 1946 the war was over. Washington economists told us we would have as many as 15 percent unemployed.

In 1950 to 1953 the excess profits' tax made it useless to own common stocks, we were told. Again in 1957 a severe depression was forecast. In 1962 stocks collapsed. Through all these difficult times when our problems appeared insurmountable, our economy grew vigorously. Well managed U.S. companies grew—some remarkably.

Shareholders who held through all these threatened disasters have done well. Fortunes have been made—not by buying and selling, but through patient holding—confident that well chosen, capable management would find ways to meet changing conditions in our economy successfully.

Today we have Vietnam, high cost money, the precarious British pound, and our balance of payments deficit—to worry us. Are these problems new? No. They were present early in 1966 when share prices were rising to 1000. However, share prices have dropped 26 percent in the meantime. As problems are obvious to all, they come closer to some kind of solution, or at least to an amelioration. Yet lower stock prices frighten people into selling stocks they should be buying.

Investors should be studying the most capable management teams and becoming share participants. Instead they are wringing their hands and waiting for a time when there are no problems, or at least until other people bring about a rise in stock prices.

There are a few companies worth buying today. One is an aerospace business with a 37-year record of growth. It is earning \$6.25 per share. Next year we anticipate more than \$7 per share on its more than a billion dollars in sales. It sells at only $7\frac{1}{2}$ times next year's probable earnings.

A heavy industry concern which is leading the world in machine tools will earn more than \$4 per share in 1966 and probably \$4.50 or more in 1967. It is selling at less than 8 times earnings of next year. Who believes business will be less competitive or labor less demanding? With these pressures the machines which dramatically increase labor's ability to produce will be in greater demand.

Another company is the dominant supplier of jet aircraft to the airlines of the entire world. It should earn \$4.50 per share in 1966 and will probably earn \$5.25 next year. That any company could catch up to it in the future seems doubtful, almost impossible.

Here is a chemical and metals company earning \$3 a share with \$3.70 likely for next year. It sells at 12 times next year's earnings. Sales estimates of a billion dollars make this an important concern, and a 15 to 20 percent increase per year seems possible to management.

Should you wait for a setback in stock prices, or is it more sensible to risk its dipping a few points while you own it?

Another company has annual sales exceeding a billion dollars in chemicals and rubber tires. It will earn \$3.30 this year and probably \$4 in 1967. It sells at 10 times 1967 prospects. All automobiles on the road require tire replacements about every 20,000 miles of use. Replacement tire sales are more profitable than original equipment sales, so why worry that new auto sales are currently lower than a year ago? You will find that a company's greatest resource is brains plus character of management. If you invest in the most capable minds in management and rule out all but managements of highest integrity, my past 43 years devoted to the investment business convince me that your capital and income will multiply over the coming years.

The Root Of Money

by SYDNEY MAYERS

ASIDE from the fascinating question of how to mix a proper dry martini, no problem has received more attention, or elicited more purported solutions, than that of money and its use. Economic pundits from Adam Smith, John Stuart Mill and David Ricardo to Walter Heller, Bill Rickenbacker and Jim Murphy have propounded a bewildering variety of monetary theories. Some are plausible, and some reasonably persuasive, but the majority, alas, are as phony as wooden nickels.

Considering the important role money plays in modern economics, it seems strange that its nature and purpose remain such a mystery. Perhaps the trouble is that, while there is a general tendency to over-simplify economic questions, in the case of money the error is one of over-complication. Economists come up with all sorts of turbid answers, whereas the truth involved is so evident that, to quote Henry George, "if it were a dog it would bite them."

Though he referred to it as "a matter of much perplexity," it is revealing that George devoted little space in his works to the discussion of money: two or three pages in *Progress and Poverty*; a few brief chapters in *The Science of Political Economy*. Wisely, he concluded and demonstrated that: "Whatever in any time and place is used as the common medium of exchange is money in that time and place." It is a logical, sufficient and unassailable definition. What more need be said of our currency?

When I was a lad, a penny bought a fistful of goodies, and a dime bought

a bagful. Later, a dollar or two sufficed for a movie, a chocolate soda and a bus-ride with my teen-age lady fair. A sizable family could eat for a week on what a palatable dinner-for-two now costs. What has happened since then to so devalue our money? Inflation, you say? Correct; too much money in the market-place, vying and bidding for limited goods and services.

In our "time and place," the populace is well aware that the money in its pockets and purses no longer has commodity value. It is merely paper and base metal. Lacking intrinsic worth, its sole value is that which it may be deemed to have as a medium of exchange. When the buying power of money declines, which inevitably occurs when it is not in fair balance with available goods and services, more of it is demanded for what is offered in trade.

We all seek an adequate return for our labor, and "what we obtain too cheap, we esteem too lightly."

Money, not being wealth, is primarily a mental concept. Its value in the market-place derives not from its appearance, but from its acceptance as a medium of exchange. A Confederate bank-note is a handsome bit of engraving, but *qua* money it is worthless, notwithstanding the legend on its face. Yet, if by some quirk an economic community should decide to use it generally as a means of trade, even currency bearing Jeff Davis' portrait would constitute money *at that time and place*.

Money is whatever we mutually agree to recognize as money. It's as simple as that!



Noah D. Alper's Brief Cases

SUPPORT FROM RIGHT, LEFT AND CENTER

"Selective application of a land tax for the common good — the 'site value taxation' of earlier decades in the twentieth century — is not so easy to dismiss. It gets support from right, left and center: from the right because it encourages individual enterprise instead of the 'federal bulldozer'; from the left because it penalizes unproductive wealth; from the center because it holds out the promise of a more beautiful city without extreme remedies or vast government expenditures. In St. Louis it has found a sympathetic audience among those who have been disappointed by urban renewal, and who charge that some urban projects have simply replaced old slums with new slums."

This was the view of St. Louis Comptroller John J. Poelker, who proposed to the Missouri Tax Study Commission that land be assessed at 100 percent of its true value and that improvements on the land be valued at 25 percent of value. Skeptical observers of Mr. Poelker's plan refer to it as the "George Henry Movement."

The City Comptroller was a featured speaker at the Henry George School conference in St. Louis last summer. His remarks were quoted in the St. Louis Post-Dispatch under the heading "The Single Tax in Urban Renewal — High Land Rate, Low Building Rate Urged as Incentive."

One of the critics of the above view, Donald G. Hagman, casting "a respectful look at Hawaii, where site value taxation has been combined with a governmental zoning and planning authority of exceptional scope and power," held that agencies were not free to force the highest and best use. He concluded however that "planners should know about land value taxation. They should know the power of the concept and its worth as a tool... They should make the practice of using property taxation for land-use planning purposes a tool of their own."

IF IT SIMMERS MAYBE IT WILL BOIL

Basil W. Hall, in his column "Keeping Posted" (Charleston Evening Post) offers evidence that the movement to untax improvements by taxing the location value of land more, offers encouragement to Georgists. He points out that an article he received indicates an "obvious flaw in our system of taxation."

As he described it, "when I put some expensive improvements on my house my real property tax goes up. If I let my property run down my tax would be lower. I can't imagine a more inefficient and illogical way to run a community or government."

He goes on to say that if we took the taxes off improvements and put the burden on land, people "would not be penalized for improving their property." The incentive to speculate in land would end, and urban slums and suburban sprawl would not pay rich dividends.

DEALS AND MORE DEALS IN REAL ESTATE

"A new trend in real estate is sweeping the country, bringing profits to thousands, and like all great ideas, it's simple. Indeed, once you know the tax angle, the successful deal swiftly follows," and this is outlined by the Institute for Business Planning.

But this deal follows on the heels of previous deals, compounding them. The Great American Tax Shift corresponds to England's great shift from land to industry. People are caught in a "killing bind" between high priced land and high priced products and services. Any previous study of economic principles shows that the prevention and solution of problems caused by high priced land, products and services, is to be solved by a reversal of this trend — making land and products and services lower priced.

The Postman Drops a Package

by CLAYTON C. BAUER

MARIO J. BEVERE has reason to hate slums.

This mailman was delivering mail on January 15, 1966, to the ramshackle apartment house at 163-165 Oak Street, Rochester, New York. He fell through a trapdoor left open by a furnace repairman. Shaken by a fall of 13 feet, he could not work for seven weeks.

At his lawyer's urging, Bevere sued the building's declared owner, Troy Modernization Corporation, of 8 Exchange Street. The mailman did not know it, but the Rochester Democrat & Chronicle had exposed Troy for one of the many dummy outfits operated on a remote-control basis by Angelo Gangemi, a former Rochester teacher, and attorney Arthur D. Ladds. Ladds has moved to New York City and Gangemi operates from Toronto, Canada.

Many Rochester properties involving Gangemi had been cited for months by the local bureau in violation of the housing code. Invariably investigators came to a dead end in a baffling maze of switched ownerships. These dummy corporations existed obviously for no other purpose than to throw the municipal inspectors off the track.

Bevere won his negligence suit and gained an award of \$4200 damages. For seven months he tried in vain to collect his due. So he obtained a sheriff's department levy against the Oak Street building and at the compulsory sale he won it for just one dollar.

In this moment Bevere may have exulted. But not for long. He found his dollar had bought building-connected debts of \$7800.

The jury's sympathetic verdict also forced him to repay the workmen's compensation benefits he had enjoyed because of his injuries.

As the new owner of slum property

the mailman was shocked to be cited for 22 violations of the Property Code. Estimators said it would cost \$4000 to right these wrongs. And you know estimates are always on the low side.

This was just the beginning to a long tale of woe. His dollar had also bought a \$7700 mortgage debt on the apartment house. The Troy outfit had not made a payment for two years. Mr. Bevere was further depressed to note back taxes came to \$1800. The water bill was trifling, only \$600. And the county was certain \$600 in taxes was due them.

Bad, bad, bad. But oh the nerve of those slumlords! Just one day after Bevere won legal control of the apartment house, Ladds and Gangemi moved tenants into the building, collecting rents in advance.

Bevere was ready to blow his top. He ordered the tenants out and one family complied. The others had no place to go. It was almost September before the welfare could move them out.

At last! The house was his to use. The mailman drew a slight breath of relief. He went around to look the place over. Oh, what is this! Vandals had broken out every window. Before Bevere can quite gather his wits thieves tear the place apart. The plumbing vanishes to the last tiniest bit.

We will not repeat the things the mailman allegedly had to say about that good and enterprising man, Mr. Gangemi.

Suffice it to note that Mr. Bevere pocketed a grand total of \$145 in rent. He spent \$400 on the house. And then the original owners, Sam and Mary Giunta, entered foreclosure proceedings and won a judgment. The last straw? Rochester has some fine bridges for jumping off. Mr. Bevere refrained

from such an easy way out.

In fact, he had some last words. "I shouldn't have sued . . . I should have paid the corporation . . . I wouldn't have ended up with a nervous stomach, money lost, and time lost from work,

and the rottenest disposition anyone could have."

Say, there's an idea. Let's give the slumlords *carte blanche*, eh? Give 'em enough rope and maybe we'll all hang together.

Untax Buildings and Rebuild

An impressive film by the U.S. Gypsum Company shows the contrast, before and after, on an entire block in a Harlem slum which was rehabilitated. It was found that the cost of demolition and building anew cost as much as \$20,000 to \$25,000 a room, and there are 50,000 five and six story walk-ups, many of which are in deplorable condition with numerous code violations. This demonstration showed that structurally sound buildings can be rebuilt attractively at \$9,000 a room.

With encouragement from the Rent and Rehabilitation Administration of New York and the Department of Housing and Urban Development, they acquired, in addition to this Harlem block, six more apartment buildings nearby, and six buildings in Cleveland. They are seeking slum clearance properties for further "model" rehabilitation in Philadelphia, Chicago, Los Angeles, San Francisco and Oakland.

This 12-minute film is being used to show the advantages of gypsum as

a structural floor material. It may be obtained from the senior vice president of the company, Mr. A. J. Watts, in Chicago, and it could be utilized by any student wishing to dramatize for an audience how owners of old buildings might refurbish their holdings if the improvements were exempt from taxes and there was a tax on location value instead.

"The Death of Cities" by Perry Prentice, reprinted from the magazine *Architectural Forum*, by the Robert Schalkenbach Foundation, has had a wide circulation. It shows how our taxes on improvements discourage rebuilding and encourage holding the locations for speculation, as we "harness the profit motive" in reverse. Harnessed in a positive direction by location value taxation and exemption of improvements, a dynamic change could occur in only one year if present owners of slum buildings would accept this challenge.

—Lancaster M. Greene

Floyd L. Morrow, an attorney of San Diego, who won an overwhelming victory in November when he was elected a City Councilman, said he would press hard against the inequity of present assessment practices. He stands for a system that will help not only those who want to improve their properties, but also the workmen who will receive more employment. The new Councilman opposes schemes which reward those who let their property deteriorate into slums, while they hold up their tenants with high rentals. (He admits he has read everything by Henry George that he could get his hands on and is convinced of the importance of collecting the ground rent.)

The average rate of assessment ratio for business inventories in San Diego is 34 percent. For well kept homes and apartments it is anywhere from 20 to 30 percent, depending on the individual assessor's guess at market value. The rate for unimproved land varies from 5 to 10 percent.

A school site for instance, assessed at only \$3,200 was bought with \$65,228 of taxpayers' money. Another school district paid \$46,839 for a site where taxes had been only \$2,700.

FRANK CHODOROV

1888 - 1966

THROUGH use, misuse, and overuse, the term "rugged individualist" has unfortunately assumed a somewhat humorous connotation. Yet in the language of our day, which he used with such powerful effect, there are no words that better describe Frank Chodorov, who passed away last December at the age of seventy-eight. Rugged he surely was—physically, morally and spiritually; and if ever one man encompassed in his character the epitome of individuality, it was he. To call him a rugged individualist is to do him honor, and at the same time to reveal the essence of his nature.

Frank Chodorov was a fighter. He devoted his life, his energy and his talents to fighting for causes, for principles, for ideals which he considered just and right. He knew no other way; and those who construed his forthright vehemence as mere truculence misjudged him greatly. Basically he was warm, friendly and immensely companionable. But he had tremendous vitality, and given a forum (be it even a soapbox) where he might expound the verities he believed in, he was quick to respond to any challenge.

Early in life, just after graduating from college, Chodorov encountered what became his abiding interest: the philosophy of Henry George. By chance he read *Progress and Poverty*, and found it a revelation. As he observed in his autobiography, *Out of Step*, published in 1962, "I read the book several times, and each time I felt myself slipping into a cause." He soon took up the cause with enthusi-

asm, becoming active in the Single Tax party. From that day on (it was in 1917) he spent every moment he could find teaching and preaching George to everyone who would listen—and many who wouldn't! For about five years, ending in 1941, he served as director of the Henry George School, which Oscar Geiger had founded in 1932; and during the same period he edited *The Freeman*, which was then published by the HGS.

In later years Chodorov widened his activities and engaged in other pursuits. He founded and edited *Analysis*; he was an editor of other individualistic journals, and most recently was one of the founders and editors of *Fragments*. But throughout his days he retained his regard for and belief in the principles of Henry George, highly praising George's "... clear-cut definitions of vital terms, his impeccable logic, his use of telling illustrations and, above all, the well-rounded Victorian sentences in which he clothes his ideas..."

Frank Chodorov was a complex man, and yet the theme of his life was quite simple. He eagerly sought truth, and when he thought he had found it he would not compromise. He was not easy to understand, and the writer of these lines is prompted to paraphrase what Pasteur said of himself, and to say of Chodorov that "those who knew him very well loved him very much." One thing is certain: no one whom his personality reached will ever forget him. May he rest in peace.

—Sydney Mayers

To walk staunchly by the best light one has, to be strict and sincere with oneself, not to be of the number of those who say and do not, to be in earnest—this is the discipline by which alone man is enabled to rescue his life from thralldom to the passing moment and to his bodily senses, to ennoble it and to make it eternal.

—Matthew Arnold

Two Spanish Forerunners

by OLE WANG

NOW that the teaching of Henry George is gaining ground in Latin-American countries it may be fitting to mention a couple of Spanish authors who, in times past, have advocated the same ideas.

First there was the political economist Alvaro Florez-Estrada (1766-1853) who twice had to flee his native country and go to England to escape from the tyrant Fernando VII. Before that he had been foremost in the resistance to Napoleon's invasion of Spain. While in England he became acquainted with the words of Adam Smith, Malthus, Ricardo and others, and in his work *Tratado de Economia Politica* (London, 1828) he preceded John Stuart Mill and others by half a century, but presented ideas similar to theirs in proposing taxation of the "net product," a tax which was to fall entirely on the proprietors of the soil. But before this there had been the French Physiocrats to whom Henry George paid due recognition.

Another forerunner of Henry George is of still earlier date. In Gerald Brenan's very informative book *The Spanish Labyrinth* (Cambridge University Press, 1950) there is a quotation from

a Spanish ecclesiastic of the 16th century, Father Juan de Mariana, who in his *De Rege et Regis Institutione*, says:

"It is a duty of humanity for us to open to all men the riches which God gave in common to all, since to all he gave the earth as patrimony, so that all without distinction might live by its fruits.

Only unbridled greed could claim for itself this gift of heaven, appropriating as its own the foods and riches which were intended to be the property of all . . . God wishes then, and it is laid down by his laws, that now that human nature, corrupted as it is, has proceeded to a partition of common goods, they should not be monopolized by a few, and that a part should always be set aside for the consolation of the people's infirmities . . . In a Republic in which some are over-stuffed with riches and others lack the very necessities, neither peace nor happiness is possible."

No doubt one could find in the various nations who took over the heritage of Spain in the New World, representatives of similar thoughts—just as one finds them in all other countries, among all races and in all epochs.

An American aerospace worker is said to have scratched his name secretly on a part of a rocket, and when it arrived at the moon he claimed partial ownership of the moon in accordance with old Roman law. He would most likely be told in any court that he had already received his reward in wages for his work — but where does that leave the private ownership of the moon? Does anybody remember that only the Creator of the moon owns it? No human being is able to claim that he produced the moon, or the earth either, for that matter — therefore no one can justly say part of one or the other is his private property. "The earth is mine," is a word out of ancient scripture which reminds us that we cannot own a world we never made, but only those things which we produce through our own effort. —From *Vaterland*, translated by Ilse Harder

Georgists are not taking off for the moon this year but will go to Montreal for the annual conference, July 26 to 30, and for Expo 67. The March HGN will give details about facilities available at College de Brebeuf. Meanwhile, decide now to get your name on the list. Write to Henry George School, 4278 Dorchester St. W., Montreal 6, Que. Can.

How Many People in the Year 3000?

by HEINRICH RICHARD

IF THE current population increase continues at its present rate and proportion, by the year 3600 the weight of the population will match the weight of the earth itself—according to a prophecy by the National Geographic Society in Washington, D.C. At an equal rate of increase the population will have doubled by the year 2000, and by 2600, if the increase does not slow down, according to this prophecy each person will have less than one square meter to exist on.

Paper is patient and it absorbs wisdom and nonsense with equal equanimity. Up to now it has been understood that, excluding occasional meteors, the mass of the earth is constant and its weight is six quadrillion kilograms. Elephants, fleas and humans are included in this weight, because all creatures are children of the earth and owe their existence to that immortal substance, the secret of which nobody has yet discovered. If, therefore, within 1600 years these weights are to become equal, then the total weight of mankind will have to be three quadrillion kilograms.

The rigid substance of the earth would have to shrink into half, reducing its radius roughly from 6400 to 5000 kilometers. The number of people then alive might be computed by dividing an assumed average weight of 60 kilograms into the before mentioned combined weight of 3,000,000,000,000,000,000, resulting in 50,000,000,000,000,000 people. This would be about 16,000,000 times today's approximate number of 3,200,000,000 and they would hardly fit on the earth's surface. With the specific gravity of humans being only 0.2 that of the earth, the space required for the population will be about 5.5 times that hypothetically gained in the assumed earth shrinkage. This does not take into

consideration the weight of the air.

Furthermore, about 70.1 percent of the earth's surface is taken up by oceans, and nothing indicates that during the next 1600 years we will develop fins and gills. To aggravate the disaster, the surface will be shrunk to not much more than half its present size. Only somebody with too much time on his hands would try to compute how 50,000,000,000,000,000 people, not counting other creatures, could live and find food on such a reduced ground area.

Actually nature is being violated by a wrong concept of property which spreads unopposed over the world. It is wrong because it does not consider that the right of private disposition must remain confined to goods which have been produced, and that nature's gift—with its treasures and powers on the earth's surface as well as under and over it—must be common property. This condition can be reached most easily and efficiently by means of a tax reform as proposed by physiocracy; which applies solely to the value of the land and leaves all products and capital objects free. Until this condition prevails there will be no way of avoiding wage fights, class squabbles, monopolies, inflation and other shortcomings on the social level.

The simplest and silliest pretext however, is the implication of overpopulation. Consciously or unconsciously the chemical industry is drawing on this in its promotion of remedies for reduction of the birth rate. But birth control pills, whether poisonous or non-poisonous, organic or inorganic, are bad for the prevented-mothers, even though they bring dividends to the stockholders. This brings to mind an ancient saying, that today's knowledge is tomorrow's error.

—Translated by Eugen Hugo Michaels

Letters



I read with interest and appreciation the letter of J. J. Pot of Slikkerveer, Holland commenting on "Many Taxes—Two Sources" in (Nov.) HGN. I consider the exclusive use of rent-of-land to support government to be the ideal. In this I do not compromise. Furthermore I think this can be achieved when costs go down, production goes up and rent-of-land increases, as I believe it will. Aside from this, Mr. Pot and I have, at the moment, different viewpoints.

Where we collect some rent-of-land, either as part of the general real estate tax or as specific location value taxes, we do not support all government or take all the rent-of-land. I accommodate myself to the facts as they are and I seek a beginning and an increase in the use of this source we should use—and I realize it is not a tax. I see an advantage in using today's terminology and will strive for full education in spite of this. Further, in by-passing the idea of "single tax," I find we break down resistance, especially among economists — many of whom will approve higher taxes on land values. But on the basis of limited application we can seek an understanding of the basic facts of economic science regarding two sources of revenue and the effects of using one or the other or both, directly or indirectly. Mr. Pot's viewpoint is that of a scholar and differs from mine; since I seek to educate for application under today's conditions. I want the nose of the camel in the tent; maybe more of the camel (land value taxation) will get in in time—then perhaps all.

NOAH D. ALPER
St. Louis, Mo.

Replying to Mr. J. J. Pot's letter (Nov. HGN), free-enterprise-minded Georgists should not object to direct payment for direct services — fire and police protection proportionate to the value of personal property and improvements—or for the use of streets, roads and highways measured in a practical way by gasoline consumption as a close approximation, or for street lighting and sewer service.

Land value taxation is a social problem. People-created land rent should be collected publicly for two reasons: 1) to eliminate land and resource speculation which causes industrial crisis; and 2) to distribute the amount collected in equal shares to all citizens (shares to minors to be used for their education).

Otherwise Georgists will have to be able to convincingly answer in one sentence this question asked in any taxpayers' meeting, "you (Georgists) mean to say that the man with the \$5,000 house pays the same tax as the man with the \$50,000 house, both houses on equal-sized lots side by side?"

However, all I have to say is I don't want any spend-happy public officials to squander *my* share.

With a suggested limitation of one per cent of market value on the property tax (excluding land), each property owner will pay a small amount according to the value of tangible property. And each owner of land will pay the economic value of his land. Fair?

ERICK S. HANSCH
Portland, Oregon

My wife and I are visiting our daughter and her family here in Ethiopia. The sun shines every day, the climate is excellent, and it is 1500 miles above sea level. After the Italian occupation (1941) America and other countries tried to help, but there is as yet no orderly registration here of the population or of land ownership. Agri-

culture is the chief occupation but more and more heavy industry is coming in. On the large holdings there is an attempt to effect land reform for a better level of production.

As far as I can see we Georgists don't have any point of contact here, but the country is worth our attention. Its economy is growing fast and prices of land will go up of course. I am told a landowner can order a surveyor off his land—so while there is a tax on the land, nobody knows how much land anyone else owns.

King Haile Selassie is a great man who knows how to keep a balance between the common people and the landlords. The common people are getting more educated, but it is difficult for them to see what is ahead. The Amharen, or leading people, are all kings in their own right. All tourists and visitors to the country are the guests of the kings!

My son-in-law pays 16 percent of his income in taxes—that of course is a hindrance to business coming in from outside. Land is never sold to foreign occupiers, but is rented for long periods. English is the second language, so as I see it we can try to spread information on land value taxation to Ethiopians.

S. SEVENSTER
Wonje Sugar Estate
Ethiopia

From his concluding statement I infer that Gaston Haxo (Dec. HGN p. 15) would divide the GNP into three portions labelled wages, rent and money interest, but with the advent of LVT, borrowing would not be necessary or allowed. Will he please confirm?

VICTOR WASICKI
St. Louis, Missouri

Interpretation of Rights

Dr. Robert V. Andelson, Assistant Professor of philosophy at Auburn University, Auburn, Alabama, has received a \$5,700 grant to complete a book entitled *Imputed Rights: An Essay in Christian Social Theory*. It is an effort to construct a Christian philosophy of law growing out of his concern over various interpretations of human rights.

"I was disturbed about some attacks on the ideas regarding human rights coming both from Marxist quarters and from pragmatists," says Dr. Andelson. "I was disturbed because the idea of positive law had gained accept-

ance, even among members of the Supreme Court—the idea that law is an expression of power and nothing else." In his interpretation, rights are grounded on responsibility and provide freedom to perform obligations.

The author holds two degrees from the University of Southern California. He has been a member of the Auburn University faculty since June 1964. While at his former position in Northwestern State College of Louisiana he was instrumental in organizing a tax reform association. From 1959 to 1962 he was director of the HGS in San Diego.

It happened in a Great Books course. Nina J. Jensen inadvertently dropped some Henry George literature on a library magazine shelf. Someone picked it up and enrolled in a correspondence course to study *Progress and Poverty*. Miss Jensen, surprised and encouraged by this, began passing her copy of HGN around, even sending one to a state senator. Recently she gave information on the local radio station at Hastings, Nebraska, for listeners wishing to take the course by mail from the Henry George School.

On Understanding Current Problems

Mrs. Mina Olson, executive secretary of the Chicago extension of the Henry George School, invited two of her students to give their views of the recently completed class in Basic Economics:

It seems to me that through the readings and discussions that I have taken part in during the course of this study, I have learned a great deal.

Basic, of course, is a whole concept of economics which had previously been a rather nebulous collection of data for me, but which has now taken some focus. Although Henry George's theories sound quite plausible, I wonder if it would at all be possible to employ them in our present structured society. As he said, "Where there is anything like an equal distribution of wealth...the more democratic the government the better it will be; but where there is gross inequality in the distribution of wealth, the more democratic the government the worse it will be; for, while rotten democracy may not in itself be worse than rotten autocracy, its effects upon national character will be worse."

I think that my scope of interest has been broadened through this course. As I read through the newspapers and current periodicals, I find myself interested in topics that I previously knew nothing about.

Some of our class discussions have been quite stimulating and I have been able to carry some of it into my own classroom teaching situation. It has also provided me with a more intense background for my teaching work.

—Sister M. Neil, O.S.F.

Actually this course has meant many things to me. First of all it has meant an opportunity to learn some of the fundamentals regarding economics. This was my prime purpose in enrolling in the course since I knew practically nothing about economics. The terms: wealth, land, labor, production, capital, wages, and rent, and how each of these affects the other while all in turn affect progress has taken on meaning for me. My understanding of these terms and effects before the course was indeed narrow.

Secondly the course has caused me to become more aware of and interested in current economic problems as well as some ways in which these problems might be allayed. In particular, causes and possible remedies for poverty have been clarified for me.

Thirdly just coming together and sharing insights on Thursdays proved to be a profitable and enjoyable experience. Even the tangents that we often moved to during our discussions were most profitable.

Lastly the course has been an incentive to me to keep abreast of current economic problems, and, if possible, in the future to study more economics.

One surprise that I received from the course was the seeming modernness of Henry George's books. Except for some of the prose style one would have thought that it was written during this half of our century. I found the last section of the text — association and progress — to be the most enjoyable and most thought provoking.

—Sister M. Aileen, O.S.F.

The Henry George Foundation in Pittsburgh, formerly on Grant Street, is still observing its 40th anniversary, but at a new address. The Henry George Foundation, the Graded Tax League, and the Henry George School are using the same headquarters, now at 404 Magee Building, 336 Fourth Avenue, Pittsburgh, Pa. 15222.

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provements and placing it on the value of the land.

We could learn many lessons from history, but we don't seem to. The British Parliament placed a tax on fireplaces and thought it fair since rich people had many fireplaces and poor people had only one. But many of the poor had to board up their open hearths and suffer cold and illness until the tax was discontinued.

In France a ridiculous window tax caused the poor to build their homes with only one window. This law was not repealed until near the end of the last century. If fireplaces and windows disappear under taxation it is not illogical to suppose that we have fewer and poorer houses when they are targets for taxation. For every improvement you put on your dwelling you are penalized with a higher tax bill. If you add another room or a new coat of paint your assessment jumps accordingly.

Taxation is certainly necessary and no one would deny to the community the income needed to provide public benefits. Economists will agree that taxes are fair and acceptable when they comply with four conditions. They should bear lightly on production, be easily and cheaply collected, afford little opportunity for corruption or evasion, and bear as equally as possible on all citizens.

There is only one tax that meets all these conditions, and that is the land value tax as described by Henry George. The income tax meets none of these conditions, nor does the real estate tax, except insofar as it is based on the land value.

The rapid rise in tax values on land has reached an alarming stage. After construction of the New York Thruway and the Tappan Zee bridge the land rose to more than ten times its former value within a few years. A small town on Long Island wanted to build a library last year, and when they

found a suitable corner of a former farm they inquired as to the cost and the owner asked \$150,000. An alert Geogist went to the assessor's office and found that the entire farm was assessed at only \$25,000 and the owner was paying only a few hundred dollars in taxes. Next year he will pay more, and the small city will gain in much needed taxes for its growing schools. How many extensive areas are lying in wait for the exploding population while paying only token taxes, no one knows. But slowly, very slowly, officials are being alerted to such inequities.

Many visitors have seen the Seagram building on Park Avenue, considered by some to be "the most beautiful curtain building" in the world. This is set back from the pavement with a plaza and fountains, but for this "open space" the firm was taxed \$400,000 more than the normal estimate. A public protest arose over the obvious inequity and the case was appealed, the court however awarded the verdict to the City of New York who claimed the right to add the "prestige value" to the assessment. Is this not reminiscent of the fireplace and window taxes?

Life Magazine was one leading periodical which came out strongly against the heavy assessment in an editorial entitled, "How To Make Any City Ugly." In sound Henry George style they pointed out that after this verdict no New York buildings would be planned with space around them, for few firms would be willing to pay an added "prestige" tax. So we have constant evidence that "the power to tax is the power to destroy." Our cities are being destroyed, and slums are increasing faster than they can be reclaimed.

All this was described and predicted in *Progress and Poverty*. Fortunately its modern message is being rediscovered by a few people of influence.

Speaking of George . . .

From Brockton, Massachusetts comes a news report of a talk before the Chamber of Commerce on Land Value Taxation by Charles A. Hainley of Stoughton. A spirited discussion period followed his remarks which reflected his enthusiasm after reading *Progress and Poverty*.

"There is but one way to remove any evil," he said, "and that is to remove its cause. We must, and this truth will arouse the most bitter antagonism, we must make land common property. Let it be understood that it is not necessary to confiscate land; it is only necessary to confiscate ground rent, or to put it another way, we must appropriate rent by taxation. This is the land value taxation proposed by Henry George and alluded to by many since the time of Moses . . . The tax on land values is the most just and equal of all taxes. It is the taking by the community, for the use of the community, of that value which is the creation of the community."

So why aren't you up in arms leading the fight for the simple tax reforms needed to turn the tables on the landowners who have been getting rich at your expense?

—Perry Prentice to the Home Builders Association

Your teacher tells me no one here ever heard of Henry George, author of first book on economics to be read by the public as a best seller. Sold 400,000 copies, translated into 30 languages, electrified the entire intellectual community of the world. All America united in paying tribute to this great man who had the largest funeral since Lincoln. His epitaph—the night before he died he said he was not for the workingman or the Negro or the poor, he was "for man."

—Harry Golden at Charlotte Piedmont Community College

The Hong Kong branch of the Henry George School in Kowloon, was referred to by the leading government newspaper, The South China Morning Post, as a "School to Eliminate 'Economic Illiteracy.'" About 150 persons attended the opening ceremony, mostly from educational and industrial fields. A prominent local industrialist was the guest speaker.

The director, Wong Po-Shang, said in his address that the world was moving toward an age of technology, and any economy was subject to a continuous process of change or evolution as technical knowledges grew. To keep pace with this one must advance, otherwise one would go back, since "we cannot stand still."

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