

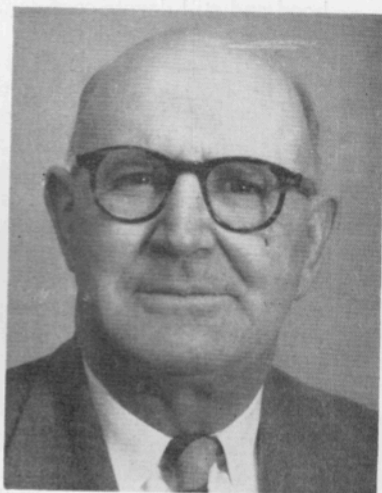
# the Henry George News

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## *See the Goal then Build the Road*

**D**R. ROLLAND O'REGAN, Chairman of the New Zealand League for the Taxation of Land Values urged graduates of the Henry George School to be concerned with obtaining a more equitable economic system in the United States and elsewhere. Addressing the school's annual dinner meeting in New York on May 8th, he pointed out that although the Henry George School is not in a position to enter the activities field, since it limits itself to education in the areas of fundamental economics and social science, this does not apply to graduates.

He believes students should be able to join a society or organization on completion of their courses, and should engage in research on tax matters in order to be in a position to advise local and state taxing bodies and officials on proper methods of scientific taxation. Graduates who would make themselves experts on tax facts, particularly property taxation, would be very effective spokesmen for improved methods of



raising public revenue, he said. It was his impression that the school was of first and fundamental importance, was doing a good job, and should be maintained at all costs—with land value taxation presented as a means to an end, rather than an end in itself.

He believes the real teaching is done in the market place and that the time has come to get into politics, as the Junior Chamber of Commerce members in Erie, Pennsylvania have done. His visits and meetings there convinced him that something similar could be done in a number of states. In Erie the movement has met with a most encouraging response. While action from

*(Continued on page 3)*

# A Word With You

My dear friend:

So you've decided to be a reformer. That's very encouraging, particularly in these times, when they say that young people are apathetic and don't care about social problems.

It's not necessary to be a "career" reformer. I know lots of people who work at something else for their livelihood and still devote considerable time to reform, with good effect.

Whether you pursue it as a vocation or avocation, however, there are some things you should know about this reform business. What I say arises primarily out of my experiences as a "single taxer," but it applies as well to other fundamental reforms.

First of all—if it *is* true that you want fundamental reform—"t aint easy." Remember that people, like everything else in the universe, are moved by the law of inertia. Once set on their course, it takes a powerful counter-force to alter it. Henry George knew this when he wrote, "The truth that I have tried to make clear will not find easy acceptance." Many would-be reformers give up when they find that these are not just sentimental words. Present an unanswerable case for your reform, and people will still find a thousand and one reasons for not accepting it, just so they won't have to change their minds.

But if you stay with it, if you slowly but surely point out the way step by step, the rewards will come. "It

will find friends," George promised.

Be prepared, though, for the rarity of "those who will toil for it," the greater rarity of those who will "suffer for it," and the still greater rarity of those who will "if need be, die for it." There may be others, but I know of only two people whose lives were materially shortened by unstinting dedication to the single-tax philosophy—Henry George himself, and Oscar Geiger.

Understand, too, that all the rules that apply to every other business also apply to the reform business. It is tempting to imagine that one can conquer the world just with enthusiasm and a shoestring, but such is not the case. It's a start, but only a start. In the business world, the shoestring and the enthusiasm need the follow-up of concentrated effort. By and by you have a little pushcart, then a little hole in the wall, then a large store. If you are alert to every possibility, you may eventually open another store, and even a chain of stores.

But a person who has made such a success is apt, when he discovers a reform, to demand that all those rules be abolished, and that you should go swinging at the world like a howling dervish.

Beware of these pitfalls, among others, and assuredly you will find that the game is worth the candle.

Sincerely yours,

—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 21, N.Y., 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 community purposes and abolish the taxation of wealth.

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the Council is slow, they must remember that the power to change the system rests with the taxpayers, and not with the City Council. Those who are working for the reform have learned almost as much as the citizenry, according to this distinguished surgeon and international tax expert.

The world is changing fast, not only politically but economically, and the U.S. is not as big as it used to be, he said. What happens in one corner has a greater effect throughout. The people he has met in the United States have been receptive, willing to listen, and even sympathetic. While he was reticent in expressing himself regarding the problems facing American cities of the future, he noted that housing is "dragging its feet," and this urgency must be met if cities are to become fit and proper places in which to bring up families.

America's biggest potential market, he suggested, is not beyond the seas but among the 32 million who live on the poverty line. This number is comparable to the combined population of Canada, Australia and New Zealand. Every new man in a job is another family of consumers, and to bring in this vast potential market by means of a tax reform is perhaps visionary, but the speaker notes, "it is first necessary to see the goal like a distant mountain range so as to build the road in the right direction."

The land value tax plan involves removing local property taxes from houses, buildings and improvements and taxing land values alone, at the local level. Dr. O'Regan explained that this is to the general advantage of the community, and results in 80 to 90 per cent of homeowners having their taxes reduced—this is why community after community has voted for it. He predicted that soon all New Zealand and Australian local property taxes would be collected through levies on land val-

ues alone. It survives, despite party conflicts, increased by neither party and repealed by none.

### **An Important Reform**

He is convinced this is a serious and important reform, which, when it is complete, will pave the way for other reforms. Success has not been spectacular, partly because there has not been full cooperation from the economists in universities who have been influenced by industrial patterns and by Keynes. What progress has been made can best be traced to distinguished men who have worked consistently through the years to sponsor and explain the advantages of levying taxes on improved land values. In New Zealand the legislature passed such an act in 1896 giving local taxpayers power to untax improvements. Judge Patrick O'Regan, father of the speaker, who was active and influential in public life in Wellington, was largely responsible for that legislation.

At present all improvements are tax free in 85 per cent of the urban areas in New Zealand and in 70 per cent of the rural areas, and three-fourths of all the local tax revenue is levied on land values alone. As the trend continues, a poll is pending in Auckland—New Zealand's largest city, where voters will soon decide the issue.

New Zealand has, in addition, a national land tax, and Australian states levy a land tax, beyond the local land tax. Dr. O'Regan believes land value taxation is an important factor in high employment in both countries and is a factor in good housing and low incidence of slums in all localities which practice it. He termed it "a silent wholesome influence that makes for wider and better ownership of land."

This method of levying property taxes gives an advantage to the worker and improver who puts land to its highest and best use, and places a tax

penalty on vacant land, blighted land, or land put to any inferior use. The speaker was of the opinion that these taxes are a permanently important restraining factor on land prices and that wide ownership of land is one of the best defenses against communism.

It is Dr. O'Regan's contention, based on long experience, that this mode of taxing property is a built-in, constant stimulus to better land use. Construction industries are especially benefited by untaxing improvements, as some 32 per cent of all capital investment was attracted to that field, with resulting beneficial effects on employment.

To summarize a broad and somewhat technical report—placing a tax on unimproved land and taking it off improvements puts the powerful profit motive to work for and not against certain desirable social aims. It tends to cheapen land and discourage speculation, and counteracts the dreaded and costly urban sprawl, promoting mid-city urban renewal by private enterprise.

The six weeks of strenuous lecturing began in San Francisco on April 8th and continued along the West Coast, through the Midwest to the East, and included 24 meetings, seminars, luncheons and dinners. Among those who met with the visiting tax expert were Housing Administrator Robert Weaver; Assistant Secretary of Commerce Herbert Hollomon; Governor Edmund G. Brown of California; former Governor David Lawrence of Pennsylvania; Congressmen Van Deerin of California and Gill of Hawaii; members of the Oregon legislature and numerous other state and local officials as well as university and business leaders.

Both Dr. O'Regan and Miss V. G. Peterson, Executive Secretary of the Robert Schalkenbach Foundation, who sponsored the tour, described it as highly successful and concurred it

would be productive if increased interest in land value taxation resulted. Rolland O'Regan is author of the New Zealand chapter in a book on *Land Value Taxation Around the World*, published in 1955 by the Robert Schalkenbach Foundation of New York. Dr. and Mrs. O'Regan left the United States on May 18th for London.

Thomas A. Larkin, a trustee of the Henry George School, presided at the dinner meeting and introduced the guests which included, besides Dr. O'Regan; P. I. Prentice, Vice President of Time, Inc.; Dr. L. George Paik, former President of Yonsei University, where the Korean *Progress and Poverty* was published; O. P. Gabites, Consul General for New Zealand; and A. R. Cutler, Consul General for Australia.

### Canberra

The Australian Consul General said Henry George was well known to him in student days and had some influence in Australia. He referred to the capital city, Canberra, which was planned by an American Georgist, Walter Burley Griffin, 50 years ago and has been celebrating its anniversary.

The Standard, published in Sydney, notes "it is a cause for great jubilation that the Australian Capital Territory has a valid claim to jubilate, as its land-tenure system has substantially restored to the people their natural and basic heritage—the land. All Australians can take a pride in this."

Progress, another Georgist journal, published in Melbourne, pays a tribute to the architect, Mr. Griffin, and notes that a commemorative stamp was issued in his honor bearing his likeness. Other striking examples of Walter Burley Griffin's architecture may still be seen in Wellington and elsewhere. Ground rents in Canberra are periodically re-assessed and payable to the government for public revenue.



# Alphonse Daudé-Bancel

1870-1963

THE leading Georgist of France, A. Daudé-Bancel, died on April 4th, ending a long and illustrious career, both in the Georgist and cooperative movements. Editor of *Terre et Liberté* (Land and Liberty) right up to the end, Mr. Daudé-Bancel had written a brief autobiographical sketch for the April-May-June 1960 issue of that periodical, from which we glean the following information:

The cooperative movement was Daudé-Bancel's first great interest, he having been attracted to it as early as 1880, when he was only ten years old. This came about from reading a book entitled *Francinet, or a Tour of France by Two Children*, in which the Rochdale cooperative movement was praised.

Daudé-Bancel decided to become a cooper, but at first made his living in pharmacy. In Montpellier, he came across Charles Gide, Professor in the Faculty of Law, who took an interest in the struggling young man. Later, Gide became president of the Union of French Consumer Cooperatives and invited Daudé-Bancel to be the secretary general. Thenceforth, he was in the midst of cooperative work—both the educational and business ends of it.

Through Gide, Daudé-Bancel

learned, too, about Henry George and the taxation of land values. In 1924, the Georgist leader of that time, Sam Meyer, asked Gide if he knew of someone who could edit the Georgist periodical *La Terre* (The Land), and Gide recommended Daudé-Bancel, who accepted. During World War II, Meyer became a victim of Nazi persecution, and the paper (which later became *Terre et Liberté*) was suspended. But after the war *Terre et Liberté* was revived with Daudé-Bancel again editing it.

One day, along with his friend Camille Belliard, director of *Amitié par le Livre* (Friendship through Books), Daudé-Bancel thought of a prize contest in the writing of a novel which should express both cooperative and Georgist ideas. The contest was launched and the winner was P. V. Berthier, a journalist for *Le Monde*. The book, *On a Tué M. Systeme* (Mr. System Has Been Killed), was published in 1959 and enjoyed a success.

When the Henry George School launched its correspondence course in French, Daudé-Bancel cooperated. His last years were devoted mostly to the Georgist movement. In spite of growing blindness and illness, he continued working right to the end.

## 1949 and 1959—a Reminiscence

In 1949, when the International Conference for Land Value Taxation was held in England, I was at the London office of Land and Liberty when word came that the French Georgist leader, A. Daudé-Bancel, was coming. He was taking the night train from Dieppe, and was to arrive at the Victoria Station the next morning.

Since he didn't know English and I knew some French, wouldn't I meet him at the station and escort him to the office? Yes, of course I would, and so I went over and found that the chore wasn't so simple! There were endless rows of tracks, and hordes of people racing in every direction.

At track 1, I asked where the night

train from Dieppe would be, and was told that it was over at track 8. At track 8 confusion reigned, and I tried in vain to spot Daudé-Bancel, who had been described to me as a small, wiry, elderly Frenchman with a moustache and a beret.

I was informed that another night train was arriving on track 1, and so I hurried back there. But all I saw amid the turmoil was a harried woman asking a frantic question in French of a London bobby. He replied in English that he didn't understand her, whereupon she repeated the question louder in French, and he repeated louder in English that he didn't understand.

I thought of Daudé-Bancel, and my heart sank. After an hour or more of the same, I decided to phone Land and Liberty. But I reckoned without the London phones, which had a series of buttons and contraptions that would put an Eniac to blush. After feeding a score of pennies and half-pennies into the monster to no avail, except to hear a dim voice at the other end as though it were a message from Mars, I finally learned how to operate the thing, and managed to get through to the office. "Daudé-Bancel? He's here at the office!"

Shaken by my ordeal, at last I reached the office myself, and discovered how he had done it. Upon his arrival at the station, which I had somehow missed, Daudé-Bancel went

straight out into the street and pinned on his jacket the front page of Land and Liberty with the address. He would point at it, and passersby would nudge him along in the right direction. This went on until he came to his destination. French logic had won out over American derring-do!

My second encounter with Daudé-Bancel, ten years later, also had to do with a railway station, but was somewhat more felicitous. After the International Conference in Hanover, Germany in 1959, I visited Paris, and sent a telegram to Daudé-Bancel, asking if he would meet me at the station in Rouen, the nearest city to his little town of Mesnil-Esnard. He did, and we spotted each other instantly. He spent the entire day with me, discussing his work, the Georgist movement in general and in France in particular, current world affairs, De Gaulle, the cooperative movement, alcoholism and vegetarianism — all while conducting me on a tour of Rouen. Here was the cathedral bombed during the war and being rebuilt; there was the place where Joan of Arc was burned; and that was a statue of Napoleon, "*ce bandit, ce brigand corse!*" I was greatly impressed by the vigor, enthusiasm and alertness of my cicerone, nearly ninety years old.

Hail and farewell, Alphonse Daudé-Bancel!

—Robert Clancy

## From France

Another French Georgist of long standing, Max Toubau, has recently issued an excellent pamphlet, *L'Impôt sur la Valeur du Sol—Objections et Réponses* (The Tax on Land Values—Objections and Replies). This pamphlet first states the case for land value taxation and emphasizes the justice of it. There follows a list of frequently-heard questions, with Mr. Toubau's well-reasoned answers. Evidently the

same kind of questions are heard in France as elsewhere! "Is it fair to tax a landowner who has vacant land and not tax a man with a building who is getting a revenue from it?" "How can a single tax on land be enough to replace all the taxes we have today?" "Would it not be unjust to exempt from taxation people with great incomes not derived from land?"

Mr. Toubau handles all these mat-

ters and more, simply and deftly, adds practical examples, and tells about various organizations devoted to this philosophy. These include the French League for Land Value Taxation and Free Trade of which Mr. Toubeau is secretary general, the International Union in London, and the Henry George School in New York.

From France has also come the April-May-June 1963 issue of *Terre et Liberté*, a special number dedicated to Daudé-Bancel and edited by Mr. Toubeau. We are happy to learn that this fine paper will continue. Information may be obtained by writing to: Max Toubeau, 15 Rue de la Bourgoigne, Meudon (Seine et Oise), France.

## Land Reform in the Far East

IF you had been a visitor on April 23rd at the Northwestern Visayan College's sky hall in the Province of Aklan in the Philippines you might have been surprised to find a group of distinguished persons discussing "Economic Progress through Land Reform." This Economic Reform Forum was held under auspices of the Henry George School and arranged by Romeo Y. Roquero, Executive Secretary.

Among the speakers were the President of Northwestern Visayan Colleges, Don Vicente Salas Reyes, who praised the efforts of the Forum; J. U. Montemayor, Dean of a law college and President of the Federation of Free Farmers; and Nito Doria, who represented the Henry George School.

Land reform is a burning issue in the Philippines where farmers live in extreme poverty and have at last tried to organize for enforcement of the Tenancy Law introduced by President Macapagal of the Philippines, after a land reform in 1955 failed to bring significant changes. This new law gives a tenant an option to become a lessee tenant instead of a sharehold tenant. The Philippine President, in an address in January, called the tenancy problem "the centuries-old tattoo of economic slavery and social degradation for the man who tills the farm." Farm laborers on plantations are poor and powerless; an attempt is being made by the FFF to organize these workers also, despite handicaps.

An important book about *Land Reform in Taiwan*, by Chen Cheng, Vice President and Premier of the island province, was reviewed in April in the Australian journal, *Progress*. The application of land reform took place in a peaceful, orderly process that protected the rights of all involved, yet kept the goal of land-to-the-tiller in mind. It began with reductions in rentals paid by farm tenants. This left more funds in the hands of tenants to make improvements with and gave them added incentive. Finally holdings were acquired from landlords and sold to those who formerly worked the plots. Compensation was by land bonds based on value.

Chen Cheng was appointed Governor of Taiwan Province in 1949 when morale was low. Farmers constituted three-fifths of the population, and more than two-thirds of farm families were tenants. Economic development could only take place through land reform. At present 80 per cent of the farmers own their farms.

The book deals effectively with the principles of Sun Yat Sen as its basis, and their relationship to the ideas of Henry George, John Stuart Mill and Adolf Damaschke. The stress is upon "equalization of land rights for both rural and urban lands." This concept leaves the thought that the primary function of taxing ground rents for public revenue in lieu of other taxes is to preserve equality of opportunity.

Sydney Mayers

## VIEWS THE NEWS

We have long accepted Henry George's cogent exposition of the continuing extension of the margin of production, but we had no idea it might extend clear to the moon, as now seems likely in view of Major Gordon Cooper's highly successful voyage in orbit. Well, at least our adventurous astronauts do not have to pay rent for the use of outer space—no yet, anyway.

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France and Monaco have signed a "peace treaty" ending the tax war between them, and now, after five years' residence, French nationals will receive the same tax-free status enjoyed by Monacan citizens. With a handsome Prince, a beautiful Princess and no taxes, Monaco sounds like a combination of Shangri-La and My Blue Heaven.

\* \* \* \* \*

An article in *Time*, the news magazine, discloses that in 1900 Frederick Weyerhaeuser, founder of the lumber empire which bears his name, bought 900,000 acres of Oregon forest land for \$5,400,000, and today this property is worth \$1,750,000,000. This fantastic increase in value may be "news" to *Time*, but the writer of a book called *Progress and Poverty* (or any of its readers) could have predicted the phenomenon with the greatest of ease.

\* \* \* \* \*

After much soul-searching, New Hampshire has adopted a bill providing for the operation of the first legal lottery in the United States since 1894, from which the state hopes to make a \$4,000,000 profit. It may be that a

lottery is no more immoral than taxation; and besides, at least a few taxpayers will wind up with a prize.

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There has been a tremendous upsurge in orders placed by American factories for new machine tools, the widespread demand being attributed to a desire to update or replace obsolescent equipment. We might incidentally (?) observe that the federal government recently provided for quicker depreciation allowances and more liberal tax credits affecting plant modernization costs—which just could be another reason for the sudden activity, don't you think?

\* \* \* \* \*

The fine art of tax exasione has reached such a peak in France that, thanks to countless schemes to hide earnings from the authorities, over 75 per cent of the population pay no income tax at all, those who do pay being for the most part wage-earners whose income can be readily ascertained. We gladly and gratuitously call to the attention of *le Fisc Francais* that the only tax which is certain of collection (in addition to being just, equitable, convenient and sufficient) is a tax on land values—which isn't a tax at all!

\* \* \* \* \*

The current militant struggle by southern Negroes for equal rights seems to have met with some success, even in Alabama. It is perhaps noteworthy that the concessions gained in Birmingham were not made by governmental agencies, but by a committee of businessmen, moved not by justice or humanitarianism, but by the costly pinch of economic pressure.

# Legitimate Revolution

by ROBERT TIDEMAN

LET me tell you about two little revolutions, both growing out of a deep sense of injustice—one irrational, disorderly and a failure; the other rational, legitimate and a success. The one that didn't come off occurred in Ecuador 40 years ago. The one that succeeded—whose fruits we still enjoy—took place in California's Central Valley several years earlier.

Forty years ago the large Cayambe Valley in Ecuador was almost entirely owned by two families. It is also a relatively densely populated valley, filled with Indian tenant farmers and minifundia. Lester Mallory of the State Department told this story:

"Some shysters, posing as Socialist idealists, went to Cayambe and told the Indians they had discovered a deed proving that the whole valley belonged to them and that if enough contributions were made they would prove the case in court. The Indians scraped the bottoms of their almost empty pockets and moved into the big estates, gaily, as if going to a fair and staked out sizable plots for themselves. The shysters decamped, the Indians were driven off the land by troops, and the uprising came to an end—but not the feeling among the Indians that they had a right to the land, and we are told that the Cayambe Valley today is a hotbed of Communist agitation."

The scene 60 years ago in California's Central Valley was comparable. We think California is a state of large landholdings today—and it is—but 60 years ago it was much more so. Henry Miller, the Cattle King, could drive his herds from Oregon to Mexico and camp each night on his own land.

But there were a number of small holders who wanted to farm the land and needed water to do so. They formed irrigation districts, with taxing powers, to build canals and dams. At first they levied the taxes on land and buildings together, but this was felt to be unfair. After a time they exempted improvements and levied on land only.

Henry Miller and the other great landholders didn't like the law. They contested it all the way up to the Supreme Court, calling it "communism and confiscation under guise of law." But they lost. They were compelled by the irrigation district taxes to let go of land they were not using, or not using very well.

In testimony presented before an Assembly Interim Committee on Water three years ago, Robert Durbrow, Executive Secretary of the Irrigation Districts Association, told of the revolutionary effects of this law.

"Irrigation districts," he said, "do not tax improvements on the land, and this has been a primary reason why this type of district promotes development. All land in a district is assessed (taxed), whether it is irrigated or not, and this tends to put idle lands into production, or cause them to be put up for sale, as landowners can't continue to pay substantial taxes and not have the land in production. In irrigation districts, too, all registered voters can vote at district elections, whether they are landowners or not. As land goes into irrigation production, families of workers are required to farm the lands, and these families form the nucleus for colonization of land as it becomes available through

sale, inheritance or tax deed."

Bert Smith, who was at the time editor of Western Water News, published by the Irrigation Districts Association, made the same kind of report at an international conference in San Francisco five years ago.

"In the assessment techniques which were provided in the state law," he said, "we find one of the very basic concepts of the irrigation district movement. Irrigation districts assess on the basis of the cash value of the land, exclusive of the improvements. Beyond a doubt, this type of assessment resulted in the dividing of the large farms of the early days and the passing of the land from the few to the many. The large, unirrigated farm was definitely penalized in the operation of the assessment. The small farmer who worked to plant his orchard or his crops and build his buildings was encouraged—improvements were not penalized. This concept in the irrigation district act has persisted and continues today to be one of the basic factors in our district system."

The California law achieved by legitimate methods precisely what the Indians of the Cayambe Valley in Ecuador failed to achieve by direct action 40 years ago. It achieved a revolutionary transfer of land "from the few to the many."

Look at it this way. In Ecuador's Cayambe Valley revolution the troops pointed their guns at the poor and landless who trespassed on the great estates of the rich. But in California's Central Valley revolution, if the sheriff was there, his guns were aimed at the rich and powerful who tried to interfere after their uncultivated holdings were sold for taxes.

Land value taxation is one of the great institutions Professor Buchanan is looking for when he says, "it would be a great thing if we could discover what it is that would bring revolution in as a legitimate process."\*

\*Scott Buchanan and Joseph Lyford, "On Revolution," a pamphlet published by the Center for the Study of Democratic Institutions in Santa Barbara, a creation of Ford Foundation's Fund for the Republic.



## CANADIAN STUDENTS BRIEF ROYAL TAX COMMISSION

Members of The Alumni Group have formed a Taxation Committee of Toronto, representing the School of Economic Science, and have prepared an impressive brief for submission to the Royal Commission on Taxation. Pointing out that "the Canadian citizen is now at the breaking point where he pays taxes on profits and taxes on taxes on profits," the problem and solution are outlined followed by a detailed explanation of the factors of production.

The Alumni Group recommends that the government vacate the sphere of business which can best be carried out privately in a free and competitive market, and remove all special privileges and subsidies. It further recommends free trade with other nations and between individuals within the country, and advocates that "the government must appropriate to itself, in the form of taxes, those values created by society as a whole, and control, by means of taxes, those natural monopolies that are properly the only business of government."

J. W. Ramsay is chairman of the committee which includes Peter Van Meggelen, John Cameron and William T. Phillips.



# "The Bigger the Lie..."

by URQUHART ADAMS

WHEN the Wheeling Steel Corporation raised the price of steel \$6 a ton there was no reaction from the White House except a bland statement that it probably didn't matter one way or the other. One thing however is almost certain—we're going to hear a lot about the wage-price spiral before too long. Economists, remembering the inflation in Germany after the World War are going to start warning us again about the danger to the economy and are going to point out every possible reason for inflation, except the right one.

Inflation helps the debtors in a country and hurts the creditors and the people on fixed incomes. The immediate cause of the phenomenon is the issuing of more money than there is wealth to sustain it, with a consequent depreciation of buying power in the day-to-day market and an appreciation of buying power for items delivered in the past and not yet paid for. It is a useful device to stimulate the economy whenever the debtors outnumber the creditors and the people of fixed income, as politicians well know.

But behind every immediate cause, an investigator can find a basic or fundamental cause, and such an investigator may well ask why it is that so many people get into debt that politicians, to win their votes, deflate the value of a country's currency. Unfortunately some knowledge of economic principle is required in order to understand the answer.

Assuming a stable economy, with stable prices of goods and incomes, people get used to certain standards of living that are in keeping with their

incomes. If they live beyond their incomes they are pulled up sharply and forced to limit their expenditures. But supposing that with new and improved methods of production and increased population land values rise and rents increase. Prices go up to pay the increased rentals and people find it more and more difficult to live within their incomes. Business falls off and merchants extend credit, hoping to be able to collect eventually and so stay in business. Installment buying, on a "buy now, pay later" basis, is offered to all and sundry, until people buy everything from a pound of butter to a Cadillac on credit. And all the time, on paper, land values keep rising. Since the value of land (its rental value) must be added to the cost of everything produced from land, competition between sellers cannot bring prices down to any appreciable extent. In an effort to keep from going too deeply in debt, the great mass of the people, who have only their wages or salaries to support them, ask for more money in the pay envelope. That gives the real beneficiaries of the swindle an opportunity to talk about wage-price spirals and if, because of a strike, they do put more money into the envelopes, they immediately increase prices again for a good deal more than is justified by the wage increase—remembering the old maxim so often referred to by Adolf Hitler, "the bigger the lie, the more readily it will be believed."

Instead of focusing solely on the wage-price spiral, we should be aware that inflation is caused by a rent-price spiral, helped by political chicanery.

This was brought out in Time maga-

# They Couldn't Take it With Them

**THE LAND LORDS** by Eugene Rachlis and John E. Marqusee. Random House, 302 pages, \$5.95.

Reviewed by MURIEL FULLER

**T**HIS book goes literally from A to Z with the story of America's landlords—John Jacob Astor to William Zeckendorf. Astor had two convictions about "the pastures of Manhattan," both of which proved to be right. New York was going to grow, and the only way it could grow was north. He bought what is now Times Square for \$25,000, plus another \$9,000 later. Profitable pastures!

In a lively and colorful style the authors tell of the early land merchants who followed Astor. An English musician touring this country in 1796 remarked, "Were I to characterize the United States it would be by the appellation of the land of speculations." This was not confined to Manhattan. The Van Sweringen brothers, Oris P. and Mantis J., established Shaker

Heights in Cleveland, the "most spectacular" of early American suburbs. The Shakers left in 1888, and where three real estate agencies failed to sell it, "the Vans" did.

Henry Morrison Flagler, a Yankee, continued in Florida where Ponce de Léon left off, and died worth a hundred million dollars. The one man in this book who worked for something other than personal gain is Abraham Kazan; he went after New York's slums. "In 1886 New York's slum landlords were slightly intimidated, but only temporarily. Henry George, the advocate of the single tax and the author of *Progress and Poverty*, became a candidate for mayor. His denunciation of landlords attracted huge crowds, and worried the politicians." Because of George's fight, years later Kazan succeeded with his Amalgamated Housing. Fred French, Harry Black, who built the Flatiron Building, the Levitts and Zeckendorf are all here. A valuable and highly entertaining book.

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## "The Bigger the Lie..." Cont.

zine (April 19), and the same issue had an item about the oil rich Murchisons of Texas, who are getting into the real estate business. Here is a sample—"an acre in New Orleans for which they paid \$300 now sells for \$21,600."

While the wages of labor, some

labor, so essential to the production of wealth, have gone up since the bad days of the Great Depression, perhaps five times, and in the case of very well organized labor, even more; the rent of land, equally essential, has increased, in this instance, and in many others, seventy-two times.

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If the world is really getting smaller, why do they keep raising postal rates?

What we call real estate—the solid ground to build a house on—is the broad foundation on which nearly all the guilt of this world rests.

Hawthorne—*The House of the Seven Gables*

# "Countdown for Trouble"

THE St. Petersburg (Florida) Times, owned and edited by Nelson Poynter and his wife, devoted two full pages with colored illustrations, in February, to a full discussion of the land speculation around Cape Canaveral—described as a huge crescent-shaped area on the East Coast. The real estate editor reported this as a threat to orderly growth and a burden on Florida's taxpayers.

The vast crescent extends 125 miles along the coast, reaching inland over 3000 square miles—an area that until now has remained a wilderness with only four highways bridging a river basin. Now a few "barons"—ranchers, foresters, speculators and developers—are in the vanguard, with ten owners able to administer more than 1000 square miles. Counting the government-owned properties, 13 owners control half the area. It is expected that four counties in this crescent and the adjoining Brevard County expect a population growth of 100,000 a year up to 1970.

Hundreds of millions will be spent in public improvements, including costly new toll roads, intersections and even a possible new waterway. Although practically everyone has been offered some kind of real estate investment, such as a waterfront home, the fact is that though thousands of acres of wooded and swamp areas are unsettled, a newcomer in need of a shelter will not find rental housing within reasonable distance. Many sites are in unbuildable, undrained areas with no plans for utilities and no roads. There are plenty of mobile homes for sale, but no place to put them.

Such controls as have been placed

on descriptions of sites apply only to out of state promotions. Prospective buyers or renters in Florida are not so pampered and may be offered an investment tract for a small down payment that cannot even be reached for inspection. Rules drawn up seven years ago by a state real estate commission curb some of the misleading terms but only on advertising leaving the state, and this is hard to enforce.

Another Florida item, this one from Cape Coral, was quoted by Robert Clancy in a recent faculty letter: "If you had invested \$1,000 in a savings account in January, 1958, it would be worth \$1,090 today. If you had invested \$1,000 in common stocks in January, 1958, it would be worth \$1,399.32 today (based on Dow-Jones 65 industrial common stocks—and assuming you were lucky enough to pick the right stocks!) But if you had invested \$1,000 in a Cape Coral Home-site in January, 1958, you would be the owner of a choice home site that sells for \$2,240 today."

Frederick R. Barkley of Gulfport keeps us in touch with the Florida boom, and from Colorado come similar reports from Mrs. Leoane Anderson of Denver, whose reading ranges over a wide area.

From the Rocky Mountain News comes a page advertising "an extraordinary new property bargain — five homesite lots all for \$10 a month, in the path of a major city's growth (El Paso)." The lots are 60 x 100—total price of all five is \$995. These are suggested for retirement and investment, as they are "almost certain to rise in price." One dollar would reserve your lots, and money would be refunded, by the developers of Hori-

zon City, "rapidly coming into existence" half an hour's ride from El Paso, a city planned by the "internationally famous designer of Brasilia" (the new but unsuccessful capital of Brazil, See HGN Feb. 1961).

Also in the Rocky Mountain (Global) News we read under a Recife, Brazil dateline, that a nearby sugar plantation worth \$50,000 is on the market for \$10,000, with no takers. Another for \$125,000 can be bought for a fraction of its value. In this northeast area of Brazil primitive methods used on worn-out soil do not produce sugar, cotton and beef as cheaply as in southern Brazil so the hungry workers have adopted violence under Communist influence. They squat on the land refusing to work or to allow the owner to set foot on it. Some owners have been shot despite attempts to deal justly with the workers. "Blood is on the land."

Colorado may have been the 34th state to have passed a memorial asking Congress to hold a constitutional convention to limit the federal income tax and do away with the U.S. inheritance tax. Article V of the U.S. Constitution states that Congress shall propose amendments to the Constitution by

two-thirds vote of each house or when "on the application of the Legislatures of two-thirds of the several states shall call a convention for proposing amendments." Two-thirds of the 50 states is 34.

The Colorado resolution declares that during the past 30 years the proportion of each dollar of taxes paid by residents of the state has changed from a ratio of 77 per cent for state and local governments to a ratio of 73 per cent for federal purposes and 27 per cent for state and local use.

A Denver planning board working with two city departments, has issued a "Gulch and Flood Plain Policy" after studying protection from flood damage. The first of five of the policy positions states, "Gulch and flood plain lands should be in public ownership."

As this central state moves more and more toward urbanization, it is not surprising to find the U.S. Department of Agriculture reporting that the number of farms in Colorado is a thousand less than last year and the smallest since records began in 1910. The average size however has increased, motivated by changes in farming methods, increased mechanization and new equipment.



### SOMEBODY IN CLEVELAND REMEMBERS

According to The Plain Dealer (Cleveland, May 20th) County Auditor Ralph Perk offered a tax reappraisal policy which "approaches the philosophy of Henry George, apostle of the single tax, without actually embracing it."

Mr. Perk is quoted as having said, "by increasing the taxes on speculative land we will encourage owners to sell for industrial, commercial and residential developments, thus increasing our tax duplicate as buildings go up." He also suggested high assessments for slum dwellings but it was noted that this would probably require a change in the state law.

The editorial pointing out that Henry George believed there should be a tax on land values only, to discourage land speculation and encourage owners of vacant land to build or sell to someone who would, concludes that Mr. Perk's program would be worth while if it eliminated any necessity for city income taxes.



I would like to clarify a point in my article in the May HGN on "The Tax Cuts—Their Ultimate Effect." One proposal is to decrease the top rate on long term capital gains from 25 per cent to 19.5 per cent if the property is held for more than a year. If I failed to make this clear, the reason for it is to give farmers and others a greater incentive to sell their land instead of holding it. At present they can give the land to an heir without any tax on the increased value from the time of original purchase. Another proposed change is to tax the increased value that the land may acquire between the original purchase and the time it changes hands due to inheritance. The tax rate would be based on the capital gains tax which under the new proposal would be 19.5 per cent. The administration hopes to bring more land on the market with these changes and so to make it easier for labor and capital to find employment.

PETER PATSAKOS  
New York

My letter to Mr. Hair (March HGN) stemmed from an idea of Hugh McGahan, a New Zealander who impressed on me the need for

much letter writing by Georgists, this to widen our contacts and to get practice in clarity of thought and expression.

I can only repay my increasing debt to him by suggesting that yet more Georgists should start earning themselves some of the joys I get from it. A typewriter (second hand) is not dear and, with a bit of practice, greatly facilitates things!

Of course I've had an axe to grind in my letter writing—the pushing up of the annual value of land as the correct and therefore the most useful form of expression for the Georgian target—and I flatter myself that our movement is profiting thereby. But in the process I have made personal contacts which I hold most dear. While the writing of a letter may not be simple, it need not be hard and its rewards are manifold.

W. H. PITT  
Melbourne, Australia

It was in 1886 that I first saw the Single Tax "cat" and I was greatly enthused. I wanted to serve our great cause and could have done much more if I had had more confidence in my ability and fewer ups and downs. So wishing Godspeed to the movement I remain, yours for true American freedom.

WILLIAM BURGNER  
Norwalk, Connecticut

### PERU UNIVERSITIES INVITE HENRY GEORGE INSTRUCTORS

The Henry George School has been invited to send two teachers to conduct economics classes during the summer at two universities in Peru operated by the Marianist Fathers. Expenses are being borne by the two widely separated universities of Arequipa in the south and Piura in the north.

Peter Patsakos, International Secretary of the school, will go to Arequipa; and James A. Murphy, a faculty member, will go to Piura. The entire three basic courses will be given in Spanish to the students of the two universities.

The National Home Study Council recently issued a list of 127 distinguished alumni of its member schools. The Henry George School is represented with 11 names. As it is but one of 59 member schools, it has contributed more than its share of the total.

# *Spend the Independence Week-End in Canada*

Celebrate the Fourth of July in Toronto this year—the Canadians are broadminded about such things.

On that time-honored holiday, the 19th annual conference of the Henry George School of Social Science will be going on at the University of Toronto, where everybody will be invited on the campus to make it possible to listen, all in one day, to such vital Georgists as Mitchell S. Lurio of Boston; Benjamin F. Smith of Grand Rapids, Michigan; S. James Clarkson, Governor of Southfield, Michigan; and W. W. Young, Chairman of the Erie Land Tax Association. There will be luncheon addresses by the Mayor of Toronto, by James W. Ramsay, director of the Toronto extension, and director John T. Tetley of Newark, New Jersey.

During the next three days there will be more eagerly anticipated school conferences. July 5th is See Toronto Day, and in the evening a panel discussion will go into Toronto's land problem. The participants will be Neil Gough, President of United Steel Corporation; Ian Evans, tutor of the School of Economic Science; and William Phillips of the Metropolitan YMCA. Helen Nesbitt, President of The Alumni Group, Toronto, will preside. (See page 10).

The social hour and banquet on Saturday evening are always rather special, and this July 6th will be no exception. The Honorable A. W. Roebuck, Senator and gifted orator, will speak; also Lex Schrag, a columnist for the Toronto Globe and Mail. Ernest Farmer, President of the School of Economic Science, will act as toastmaster.

The conference will end Sunday, and visitors will undoubtedly want to visit nearby Canadian points of interest. The entire conference package for five days is only \$40. This includes a room for four nights on the beautiful Toronto campus with a pleasant roommate (naturally, all Georgists are pleasant). The University is in the city of Toronto, bounded by Spadina Avenue, College, Bloor and Bay Streets.

If you haven't sent word to the Toronto hosts, do it now. Address: School of Economic Science, 1318 Daimler Road, Clarkson, Ontario, Canada.

Mr. Robert Plancy,  
33-53 82nd St.,  
Jackson Heights, L.I., N.Y.