HENRY GEORGE SCHOOL MAGAZINE

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HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

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(Edited by a panel of Tutors)

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Editorial



buyers, but what if the land already sold has "owners"? If precedent is any guide, such ownership is not likely to be acknowledged. for as rights to land are concerned, force has too often been the arbiter. But supposing there are people on these planets, and they also are developing satellites and space ships? Supposing they are hawking around title deeds to the earth? Here's a pretty problem! To speculate in another direction, how would a man from outer space regard the earth? What would he think of our modern economic systems? Whatever his "politics", unconditioned by earth economics, he would be likely to express amazement at the complicated processes whereby the wealth of nations is divided, sub-divided and re-divided among the populations. He would think us very queer indeed when he found we had

The launching of the second satellite by

contact with other planets much nearer. Already land on the moon and on Mars has found willing

the Soviet Union brings the possibility of

The purpose of the School Magazine is to provide articles, news and comments dealing with political, social and economic matters as an extension of the study classes of the School; to expound the first principles of economic science and social justice and show their validity, relevance and significance when related to current economic problems; to sustain interest among ex-students and to inspire participation in the School's work.

We would like to imagine the man from outer space taking a common (or uncommon) and uncomplicated view of the production and distribution of wealth. He would see the wealth of nations as Adam Smith saw it:

devised fascinating and learned systems for ach-

ieving this re-division of wealth, i.e., income

tax, purchase tax, import duties, family allow-

ances, subsidies, grants, welfare services, etc.

"The annual labour of every nation is the fund which originally supplies it with all the necessities and conveniences of life which it annually consumes, and which consist always either in the immediate produce of that labour or in what is purchased with that produce from other nations."

He would observe and recognise three distinct and separate factors engaged in the production of wealth of nations, and then he would wonder how such complicated, clumsy, costly and crazy "coonomic" systems ever came to be developed from such simplicities.

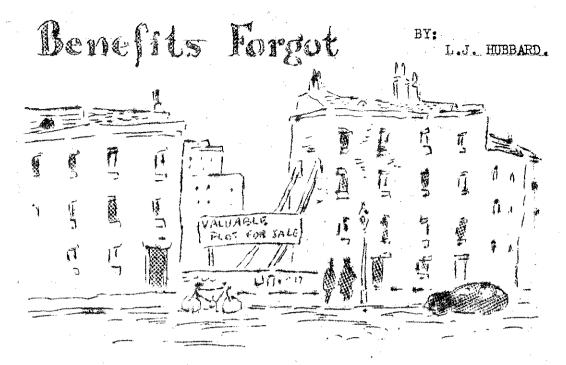
He would not be expected to know what our politicians and economists "know" after years of experience and education, that such systems of state interference are vitally necessary because somewhere, somehow, the just distribution of wealth has gone wrong - or never worked in the first place. If he asked whether this State planning and bureaucratic meddling worked, he might be excused his amazement if told that it did not; that every plan to abolish an evil gave rise to a now one which in turn called for another plan; that labourers, capitalists and landowners were all dissatisfied; that libraries were crammed with books explaining aspects of economics which were totally irrelevant to the basic problems; that groups of people, politicians and economists quarrelled among themselves as to remedies for their self-inflicted evils; that universities were training thousands of economists to study the mistaken notion of thousands of others, to repeat them themselves, and to go on to make new ones.

We can picture the stupefaction at the picture of nations feverishly struggling for prosperity by building trade barriers against each other; by placing penalties upon industry, thrift and enterprise and spending their ill-gotten gains on building infernal machines to destroy each other! Here is a science fiction story for you if you want it. The economic science fiction that the people from other planets might well be pardoned from thinking a little too unreal for serious thought!

POVERTY WITH PROGRESS At Alton, in Upper New York State, 75 workers of all ages and both sexes live in a tumble-down house which looks as if it had been built of huge dirty playing cards. It has one water tap and two outside lavatories. The rent is los. a head. Said one apathetic negro worker from Georgia: "Everything is different from what they told us. They said we'd have work to do. But we've only worked two or three days a week for the past three weeks. They told us we'd live in a hotel - but look at it..."

On Long Island 10,000 migrants work every summer. One shack, which housed some 20 men and women, might be a pile of abandoned scenery from a Tennessee Williams play. The floor is jig-sawed with holes. The windows are a few jagged slivers of glass stuffed with rags. The migrantare often illiterate, unhealthy, listless and inefficient.

- Evening Standard, 16 September 1957



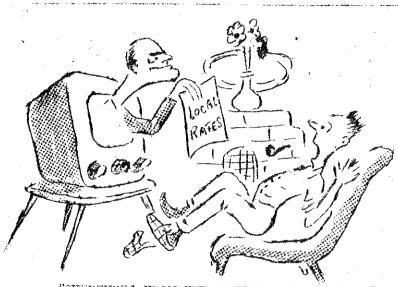
"Freeze, freeze, thou bitter sky, Thou dost not bite so nigh As benefits forgot."

It seems impossible that those who purport to see injustice in the idea of rating idle land on grounds of "benefits received", should fail to see the present injustice of so-called "ability to pay". I say 'so-called' because in reality one's rates are related to size and value of property, not depth of pocket. It means that a man who may have sunk his last penny into a comfortable home pays more in rates than, say, a hermit millionaire who prefers squeezing himself into a rabbit-hole.

Yet how can the "benefits received" criterion be justly applied to unused land? Take a man with an idle site in London. Having no development there - he receives nothing in the way of services. His plot may be a short stagger from the Queen's Arms and within choking distance of the gasworks; it may have a paved and metalled road running along its front, dotted with 'bus stops and street lamps and distinguished by a high road-accident mortality rate. But if the owner happens to live in Ashby-de-la-Zouch he is not receiving those benefits. For him the London street-lamp burns in vain. The City dustcart passes him by. Why pay for benefits not received? Surely the man to pay is the man who is going to build a house there?

The fact is, of course, that the site-cwner, whether living in

Ashby-de-la-Zouch or Timbuctoo, hopes to capitalise his site some time, and from the very man who eventually builds there. knows that each added amenity to the near neighbourhood has increased what he can charge for selling or letting the site. He may not benefit while he holds it idle (except as he is at present ratefree!), but his intention is to benefit to the full, the moment he sells or lets. Then, what he receives in ground-rents or selling price reflects, among other things, the value of the services provided.



"YETTURES FROM THE RATING AUTHORITY...

Eithor way, this amount disappears into the seller's bank account and, having paid it, or agreed to pay, the buyer builds his But hardly house. has he hung up his hat, scarcely have his slippers warmed et his "vory own" fireside, than he is met by overtures from the rating authority; and not until this precise moment is the land itself subject to rates - tegether with the house.

This is putting it simply, I know, but questions clamour for Should the one be exempt and the other not? owner of unused land reap where he has not sown, having held up development in the process? Should a £2,000 house be rated, and a plot worth £2,000 an acre be exempt prior to use? Communal activities do not increase the value of houses - they raise the value of land, and it is this value that is an appropriate subject for rating. Why wait until land is put to use? Use will follow the sooner if assessed while idle!

Sometimes local authorities announce that all land in their area They do not mean it is all in use. They mean that the volves have gathered - that land prices in relation to available funds have at last become prohibitive. Temporarily they may solve the problem by higher rate demands and through Treasury grants. But this is a prodigal course, as there is a bottom to every barrel. When local authorities can get the money they pay it, and let ethics and posterity go hang! When they cannot, they are checked as surely as if there were no more land - and how few people see the dis-There can be no escape from their current dilemas until idle as well as used land is rated wherever it has a value. On

the other side of the coin, de-rating is a great thing - applied to developments only, but there can be no radical change until occupiers see the picture as clearly as their landlords. The opposition is stiff. To landlords old and new, the picture was ever crystal clear.

SIGNPOSTS IN ECONOMIC THOUGHT

By John Bathe

1. Plato

This is the first of a series of thumbnail sketches of the Development of Economic Theory. We start with Plato. Later sketches will cover the works of the Physiocrats. Adam Smith, J.S. Mill, Karl Marx, Hayek, Maynard Keynes. etc. They cannot be more than signposts in economic thought but they might encourage the student to exa pand his knowledge of Political Economy.

"Economics" as a word comes. from the Greek OIKONOMIS - housekeeping. The Ancient Greeks applied the term not only to households but to the management of the state. The use of the word in connection with Government later gave rise to the term "political economy". All thought is influenced by social conditions. In the Ancient Greek society in which Plato lived there was bitter conflict between the landed aristocracy and the growing legion of merchants and business men. Plato was an aristocrat and an authoritarian, and like most of his class did not approve of commercial In his work "The Republic" he sketched his ideal society - the totalitarian state. In this society all

property was to be owned by the state; there was to be an equal distribution of wealth and no political rights for the workers.

Plato was aware of the dangers that beset such a society. He therefore recommended that rulers be educated for their job from birth and then chosen by competitive examination. Such a training, he felt, would reduce the risk of a despotic dictatorship. As a further safeguard he recommended that the state be small enough for everyone to know everyone else. Plato considered tyranny more likely to rise in a large totalitarian state than in a small one because of the greater difficulty in the administration of the former. Plato's recommendation while reducing the chances of tyranny would, because of the smallness of the state, keep down the standard of living. Plato admitted this.

To the aristocratic Plato who had been brought up to regard the pursuit of wealth as immoral this was a good thing.

What Plato had to offer was a plan to be imposed upon society. This plan was not designed to take cognisance of natural economic laws. Where it did, such laws were vaguely perceived and not formulated into any cohesive relationship. What could be said in favour of Plato's plan was that it represented good intentions. However, seeing that many of our modern economists are still pre-occupied with devising schemes for the running of society (though not always with the interests of the whole community in mind) it might be observed that they have not advanced much in thought since Plato.

It must not be thought, however, that the mere passing of time represents or measures the growth of economic thought. Sometimes we have gone back - sometimes forward - and sometimes we have stood still. We advance only when truth and justice are scrupulously observed; we go back when vested interests shape political economy to their own ends.

Among other Greek thinkers who contributed to economic thought was Xenophon. In his book "Oikonomis" he advocated the use of silver money in order to facilitate trade, and the formation of joint stock companies. A number of Greek thinkers, including Xenophon, appreciated the use of the division of labour. Plato wrote lucidly about it in his "Republic", yet it was not for another 2,000 years that the theory was fully developed by Adam Smith in his "Wealth of Nations".

当然数据宗教

UNCHARITABLE?

A report in the "Evening News", London, 6th Nov. comments on the wealth of the Sultan of Brunei who comes from one of the oil rich countries. The 40 year old Sultan is not only concerned with

himself, for instead of collecting all the revenues into his own coffers he spends most of them on welfare schemes for his subjects. The question whether the wealth that comes to him is rightfully his to dispose of might appear uncharitable, but it is one that many people feel compelled to ask!

WELFARE IN THE WILDS

In an article ("Manchester Guardian", 4th Nov.) it appears that the Uralis of Vangivayulu (Kerala), India, are not concerned with having money spent on them and

do not like being organised, or interfered with. They do not want charity. "All they want is to be allowed to cultivate cardamom, a crop they know and for which there is a ready market in town. All they need from the Government is three acres of jungle land per family and they will be set for life, but the Government is deaf to their repeated prayers". The moral is obvious. Given free and equal rights to natural resources and the Welfare State will become an anachronism - instead there will exist a state of welfare.



•



Dear Sirs: The musings of Pendennis in the "Observer" 20th October, on the ownership of outer space appear as if meant to be taken at least half seriously; that new legal problems arise out of space travel is certainly true, but the serious use of the word "ownership" in this context is almost too imbecile for belief.

What leads me to think that the verb "to own" may have been used without tongue in cheek is that already it is so used on this planet. It is carefully differentiated in legal documents from other verbs such as "to lease" or "to rent".

A man crawls for his few seconds upon the face of the earth with a piece of paper which proclaims that he owns a part of that earth. Since one can no more own area than weigh it, it must be supposed that the "ownership" extends as a segment to the core of the earth, and out in space to infinity. If it does not, then exactly how deep under property must a tunnel be, for the tunnellers to be innocent of transaco? Exactly at what height over property may a helicopter hover with impunity?

It is the job of lawyers to think about such things, but surely from a user of part of the physical universe an ad valorem rent or tax is due to society. Until such time as mankind invents immortality there can be no "ownership". Or if some think there can, such absurdity might at least be restricted to earth and not projected into outer space.

Yours, etc. J. RICHARDS. (London, N.4.).

Dear Sirs: I refer to the first point only of Mr. Southcott's letter in the October issue, on "whether a policy of free trade under existing conditions is better than a policy of protection." Unfortunately, existing conditions include protection, but let that pass. In my view, it may not be better - but it's 'honester'.

What else need be said? Protection was nover intended to benefit any but sectional interests, and cannot be effected without discouraging trade in general, robbing other producers and swindling the housewife.

To free trade, on the other hand, means simply to rid it of these "protective" shackles, to allow trade to expand naturally

and wealth increase. Is this an unworthy ideal, under any conditions?

The fact that existing conditions make it a foregone conclusion that benefits will accrue mainly to landlords in the end, is a separate issue; but one, I admit, that has to be dealt with before we can brag truthfully of being free men.

Yours, etc., RYAN-FAVERSHAM (Horley, Surrey)

Dear Sirs: Apropos Mr. Southcott's letter. The final proof that the Single Tax works is the opposition to it of landed interests. Therefore, if it is true that free trade would increase land values, why is not similar proof forthcoming? Shouldn't we expect to see landowners, as a class, among the staunchest supporters of free trade? Yet they are not, and I am terribly worried about this.

Yours, etc., TERRIBLY WORRIED, (London N.W.5.)

We are terribly worried in case a landowner should read this! The fact is that their education in economics has not gone that far. (Eds.)

Dear Sirs: Your correspondent Mr Southcott asks whether a policy of Free Trade under existing conditions is better than a policy of Protection. I would like to counter with the question: "Is a policy of Protection good under any conditions?" In my view Protection is costly, inconvenient and wasteful. It fosters crime, deceit and lying; is an affront to human dignity and an insult to our traditions of freedom. I therefore give an unqualified "no" to Protection under any circumstances.

So far as European Free Trade is concerned it appears that the cost of such limited "Free Trade" is to be higher tariffs from the group as a whole against the rest of the world. Individual countries within the Common Market will not be free to lower their tariffs against other countries outside, and are condemned to a perpetual tariff system with not only their own vested interests to placate, but also with those of their partners should they ever want real free trade.

In all I have read on the subject I can only conclude that it is a battle between exporters and manufacturers in protected industries. The consumer is not considered.

We should not worry too much about exports. Every import gives rise to an export seeing that we don't get imports for nothing. Other countries do not, and will not buy from us just to suit our convenience.

Yours etc., J. CARTER (London, N.13).

Contemporary Comments

THEY'RE AT IT AGAIN! An Apple & Pear Board is proposed by the National Farmers! Union, as part of a scheme which would require authorised wholesale merchants to comply with certain conditions and would improse a levy on growers who supply them. It is anticipated that growers would have the choice of contributing to the board's revenue either on a flat rate acreage basis of mature trees or by package.

The purpose of the Scheme is to publicise apples and pears produced in England and Wales and to stimulate consumption of the home-produced fruit. Scotland and Northern Ireland are excluded from the scheme which does not apply to cider apples or perry pears.

Announcing the scheme in London yesterday, Mr. Giles Tuker, chairman of the Fruit Committee, said it was expected to be introduced in about two years. It required parliamentary sanction and the county branches would first give their opinions. Only sales through the wholesale market would be touched and apples and pears grown by registered producers would be sold through the agency of the board's authorised salesmen, with exceptions in the retail class.

- "Manchester Guardian", 18th Oct.

where Laws corrupt: The existence of a large-scale black market in the jewellery trade, so extensive that "it is now almost impossible to sell some things in the normal, legal way" is disclosed in a leading article in this month's "British Jeweller" - the official journal of the British Jewellers' Association. Illegal dealings, aimed at avoiding purchase tax, have grown so much that "not a few firms are reaching a point where they will have to choose between wrongdoing and bankruptcy," the article states. The most common method of tax avoidance is said to be the representation of new diamond rings - which should bear tax at 60% - as second-hand rings, which bear no tax. This is accomplished by a loophole in the invoicing procedure....
Many of the firms involved in this type of trading are old-fashioned businesses of high repute, the article claims.

- "Manchester Guardian", 18th Oct. Abolish purchase tax and you abolish a crime. Maintain foolish and extortionate taxation and you destroy respect for laws (Eds).

THE LAND STAYS IN THE FAMILY: A far-sighted move by the fourth Marquess of Bristol, who died in 1951, enabled 16,000 acres of land in West Suffolk, Essex and Lincolnshire to be kept

in the family.... The fourth Marquess left the life interest in the Bristol settled estate to his wife - and then not to his 87 year-old brother who succeeded him in the title, but to his nephew, 42 year-old Earl Jermyn. No duty has had to be paid on the land following the death of the fourth Harquess's widow last month

—"Evening Standard" 16th Oct.

THE SCIENTIST'S RESPONSIBILITY: My claim is that the individual scientist should exercise his own personal conscience. This is his duty. What is the duty of governments in this respect? It is to make it possible for him to exercise his conscience. The responsibility of governments in this is to create the conditions in which a scientist can say: No! to projects in which he does not want to take part. He must even be able to give advice which is distasteful to those in authority, and still must not be hounded out of public life or provented from making a living.

In all countries, the serious threat to scientists who have once touched the fringes of secret subjects is that they are then caught in something from which they can never escape again. They do not get a passport, in case somebody captures them. They cannot get a job because, if they do not want to do this then they are too dangerous or awkward to be trusted with anything else. This is what we must prevent governments from doing, and this can only be prevented by the opinion of quite ordinary citizens. This is the duty which citizens owe to scientists, to insist that governments shall make it possible for scientists to be conscientious objectors if they wish.

- J. Bronowski, "Bulletin of the Atomic Scientists".

QUESTICN OF HOW ONE LOOKS AT IT: Moscow, October 17th. Dr. G.

Zadorzhny, a Russian legal expert,
writing in "Soviet Rossiya" says that the satellite was not violating
international law: it was not the satellite that was moving over
foreign countries but the countries that were moving under the satellite
because of the rotation of the earth. It would be as absurd to question
the legality of the satellite's appearance over the territory of various
countries as the appearance of the moon, sun and or any other heavenly
body. (British United Press) - "Manchester Guardian", 18th Oct.

We should not be put off by this verdict. Why not see if we can put an import duty on the satellite - and of course an export duty. Or could we not track the course of the Blip so as to ascertain exactly ever whose land it passes? All earth owners (landowners to you) could then claim an air (land) rent. -(Eds.)

QUOTE: I wish somebody would criticise the officials of the Treasury, a most incompetent lot. They do not understand money. They have allowed it to lose its value, and they cannot stop it losing its value. Mr. Richard O'Sullivan, Q.C., reported in "Daily Express", 23rd October.

The next morning we offered our house-boat for sale for six dollars, with all its belongings. The fisherman explained to us that he not only had no money, but rarely had use for it. Everything he needed he paid for in fish. and often went months at a time without a glimpse of money of any description. To my surprise the one thing that did seem to claim his attention, for which he could not help but display some greed, was the large stone which we had brought with us from St. Louis, and which we had used for am anchor. This stone certainly had no vein of gold or silver in it; it was not granite or marble, and could boast of no beauty, being a very ordinary looking stone indeed. but it seemed to have a strange fascination for this man. The fisherman had no money, and had nothing to barter which might be of use to us, so we made him a present of the whole lot, and left him sitting on the stone, watching our departure. "He seemed very eager to possess that stone", I remarked to Scotty, as we followed a trail through a thicket, so that we might reach the high road. "Yes", said Scotty, "for in this part of the country, where there is little but sand, wood and mud, a stone, a piece of iron, or any small thing of weight, can be put to many uses".

- "Autobiography of a Super-Tramp", W.H. Davies.



Who Wrote It?

"Who Wrote It?", No.2, published in our last issue, was by Patrick Edward Dove, a precursor of Henry George, and a Scotsman. The extract was from his "Elements of Political Economy," written in the mid-Nineteenth Century.

(Two tickets for the Henry George School Christmas Party will be sent to the first person to write and tell us the author of this month's "Who Wrote It?")

If a rise in stocks and shares confers profits on the fortunate holders far beyond what they expected or indeed deserved, nevertheless that profit has not been reaped by withholding from the community the land which it needs, but, on the contrary, apart from mere gambling, it has been reaped by supplying industry with the capital without which it could not be carried on.

If the railway makes greater profits, it is usually because it carries more goods and more passengers. If a doctor or a lawyer enjoys a better practice, it is because the doctor attends more patients and more exacting patients and because the lawyer pleads more suits in the courts and more important suits. At every stage the doctor or lawyer is giving servise in return for his fees, and if the service is too poor or the fees are too high other doctors and other lawyers can come freely into competition. There is constant service, there is constant competition; there is no monopoly, there is no injury to the public interest, there is no impediment to the general progress.

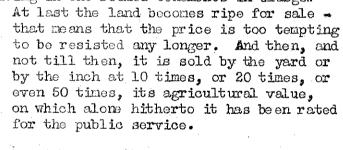
Fancy comparing these healthy processes with the enrichment which comes to the landlord who happens to own a plot of land on the outskirts or at the centre of one of our great cities, who watches the busy population around him making the city larger, richer, more convenient, more famous every day, and all the while sits still and does nothing.

Roads are made, streets are made, railway services are improved, electric light turns night into day, electric trams glide swiftly to and fro, water is brought from reservoirs a hundred miles off in the the mountains — and all the while the landlord sits still. Every one of those improvements is effected by the labour and cost of other people. Many of the most important are effected at the cost of the municipality and of the ratepayers. To not one of those improvements does the land monopolist, as a land monopolist, contribute, and yet by every one of them the value of his land is sensibly enhanced. He renders no service to the community, he contributes nothing to the

general welfare; he contributes nothing even to the process from which his own enrichment is derived.

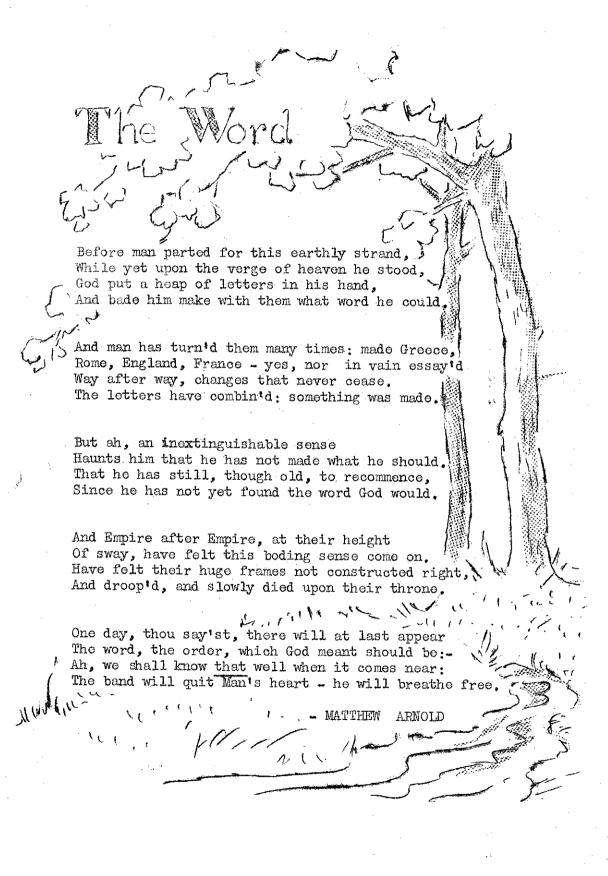
If the land were occupied by shops or by dwellings, the municipality at least would secure the rates upon them in aid of the general fund; but the land may be unoccupied, undeveloped, it may be what is called "ripening" - ripening at the expense of the whole city, of the whole country, for the unearned increment of its owner. Roads perhaps have to be diverted to avoid this forbidden area. merchant going to his office, the artisan going to his work, have to make a detour or pay a tram fare to avoid it. The citizens are losing their chance of developing the land, the city is losing its rates, the State is losing its taxes which would have accrued if the natural development had taken place, and that share has to be replaced at the expense of the other ratepayers and taxpayers; and the nation as a whole is losing in the competition of the world both in time and money. And all the while the land monopolist has only to sit still and watch complacently his property multiplying in value, sometimes manifold, without either effort or contribution on his part. And that is justice!

But let us follow the process a little further. The population of the city grows, and grows still larger year by year, the congestion in the poorer quarters becomes acute, rents and rates rise hand in hand, and thousands of families are crowded into one-roomed tenements, There are 120,000 persons living in one-roomed tenements in Glasgow alone at the present time. At last the land becomes ripe for sale



The greater the population around the land, the greater the injury which they have sustained by its protracted denial, the more inconvenience which has been caused to everybody, the more serious the loss in economic strength and activity,

the larger will be the profit of the landlord when the sale is finally accomplished. In fact, you may say that the unearned increment on the land is on all fours with the profit gathered by one of those American speculators who engineer a corner in corn, or meat, or cotton, or ome other vital commodity, and that the unearned increment in land is reaped by the land monopolist in exact proportion, not to the service, but to the disservice done. It is monopoly which is the keynote, and where monopoly prevails the greater the injury to society the greater the reward of the monopolist will be.





WEDNESDAY. 20th NOVEMBER, 7.0 p.m.

the Street Corner". Mr Baker White of the Economic League. Church House, Great Mr Baker White is Pub-Smith Street, Westminster, S.W.l. licity Director of the Economic League, a very active organisation. Its aims are: "To promote and improve the knowledge and study of economics and of other industrial and social subjects affecting the interests of the community". His Talk will cover: State Centrol, Inflation, European Free Trade, Relations in Industry, &c.

Talk on "Economics at

What kind of Economics are the Economic League teaching? What is their answer to inflation? Are they Free Traders?

FIRST PRIZE (\$200) in the Film Script Competition organised by the Robert Schalkenbach Foundation, New York, was won by Mr L. J. Hubbard. Among prize winners in the "Single "Idea section were V. G. Saldji and Hartley Bolton.



CHRISTMAS PARTY AND

Saturday, 7th December 1957

Westminster Arms Ballroom, Murubam St., S.W.l.

Novelties Disguises Prizes Surprises 7.0 to 7.30 p.%.

Tickets from Miss Jessica Baker, 4 Great Smith Street, Lordon, S. W. 1.

As. Single 7/6d Double