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THE SQUARE DEAL

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If the great majority of the teachers of economics in the universities and colleges of the United States were convinced Communists desirous of following the party line, if the leaders of the party in Moscow were seeking to corrupt capitalism into as poor a system as it could be made, in order that it might operate so badly as to provoke revolution, and if the Communist leaders had for that very reason given to all Communist teachers of economics definite instructions either to keep students from even thinking about the land value tax program or to cast discredit upon it, the situation as regards education of university and college students on land rent and its taxation could hardly be worse than it is. -- Prof. Harry G. Brown.

Communism will never be hated out of existence. It must be reasoned out of existence. -- Elenor Yorke, in "The Mess of the Masses", The Broom.

O do not know that Marx educated any one, what he did was to confuse one. -- Ernest Bevin, British Foreign Secretary.

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EXPERIENCE TEACHES

Mr. J. R. Firth informs us that lately, acting under the provisions of the N.S.W. Local Government Act, fifty ratepayers in the Fourth and Fifth Wards of the Municipality of Burwood petitioned the Council to hold a referendum on the question whether the rates should continue to be levied on land values only or on the composite value of land and buildings. The poll took place, those 50, and no one else, voting for rating the composite subject. The voting for continuing to levy rates on land values only, numbered 568. A significant feature of this referendum is that only property owners can vote. The land values system, tested and tried, has also their overwhelming approval. Burwood is an important Sydney suburban municipality.

The revaluation of East London, South Africa, was recently completed. Councillor E. J. Evans reports the results which compare as follows with the last general valuation made in 1943 and which stood until 1948 with only interim valuations occurring in the interval.

	1949 after Revaluation	1948 Valuation based on the 1936 general valuation
Total site value ...	£4,435,485	£2,217,038
Total building value	£12,000,108	£8,745,820

In 1948 the rates had been 9½d in the £ of site values and 2 1-8d on building values. As a result of the new valuation the rates for 1949 have been struck at 1s 3¾d on site values and ¾d in the £ of building values. It appears from this that whereas, before the revaluation took place, the annual revenue raised from land values was £196,300, it is now £291,080 -- an increase of £94,780. On the other hand, the taxation of buildings, as the result of the revaluation and the altered rates in the £, has decreased from £77,437 to £37,500. This certainly marks progress. The next step would be to eliminate the buildings tax altogether and obtain the whole of the rate-revenue from land values.

Greatly encouraging was it to know from Councillor Evans that at the September, 1948 municipal elections, the "Site Raters" obtained a majority; the first real one since the policy of Site Value rating, to relieve buildings from rates, was adopted in 1919. -- Land and Liberty, April-May, 1949.

UNDER-DEVELOPED AREAS

Robert Clancy

The now famous Point Four -- President Truman's "bold new program" -- calls for improvement of the under-developed areas of the world. A worthy goal.

The first step, of course, will be to request a Congressional appropriation of many millions of dollars. This will be simply for turning the idea into a program. How much more the carrying out of the program will cost is another matter.

Perhaps a step that should precede this "first" step is the settling of some questions.

"What is 'underdevelopment'? Is not the measure of the need for development expressed in land value? In that case, is it necessary to look to far-away places? I can think of a lot of places right here in New York that could stand such development.

If there are under-developed areas in remote corners of the globe (assuming you will accept land value as the measure), why aren't folks there doing a little developing? I wonder if we would find very different causes from those at the bottom of our own under-development? To wit: monopoly of natural resources by privileged groups, practices that stifle production and trade, burdensome taxation and similar all-too-familiar phenomena.

"Lack of venture capital, you might say. All too often 'investments of capital' have been made to secure control over natural resources rather than to develop them. If some of the causes noted above were removed, wouldn't more venture capital turn up -- the kind that is used for production, that is?

Here's another matter the program boys might think about. President Truman asked that developments be carried out in a way "to benefit the peoples of the areas in which they are established." What is going to be the effect of these projects on land values? If developments do take place in areas where there is some logical need for them, certainly land values will soar. Who will benefit? Not the peoples of the areas, if the increased rents go into the pockets of landowners.

This is a problem that can be anticipated, but you need not wait for it -- because we've already had it with us for a long time. Why not take the rent of land, as is, in taxation, and abolish other taxes? You'll see a bold new program develop naturally that will knock your eyes out -- without a Congressional appropriation. -- Henry George News, June '49.

THE LAND TAX OF 1692

A. W. M

In his Budget Speech, April 6, Sir Stafford Cripps referred to the old 1692 Land Tax in these terms: "It is time that it was got rid of. It has long been redeemable, and 60 per cent of the tax, which varies from 1d. to 1s. in the £ of annual value, has already been redeemed. What remains yields less than £600,000 a year to the Exchequer, from a total of 1,100,000 assessments. I propose, therefore, to make redemption compulsory when the property first changes hands, on sale or death, after April 1950. There will be two exceptions. Where the annual charge is less than 10s., which is the case in 700,000 of the assessments, the tax will be abolished outright, at an annual cost of only £74,000 to the Exchequer. I further propose that, if the property changes passes on death but forms part of an estate below the Estate Duty exemption limit of £2,000, the redemption shall not be chargeable."

The story of this Land Tax is told more fully in the late Joseph Edwards' A Brief History of Landholding in England. It begins in 1660, when the Convention Parliament debated the question whether, in view of the partial abolition of the feudal duties, an Excise duty should be imposed on beer and other liquors, or whether a right and proper equivalent for the feudal services should take the form of an annual rent-charge on lands bearing a fixed proportion to the yearly value thereof. On November 21 of that year the motion to raise taxation by an Excise was carried with 151 voting in favor and 149 against. Thus by so small a majority as two was the entire future history of the kingdom changed. This Act completely altered the fundamental constitution of the kingdom. Previously the Government was a feudal monarchy, the public expenses both in peace and war being defrayed by the various feudatories, any deficiency being met out of the public property vested in the King for the time being, and by taxes and subsidies on land and personal property granted by Parliament. The Act gave the feudatories a complete discharge from "the oppressive fruits and incidents" of their tenure. While discharging their obligations it confirmed their rights, and created the moral and legal anomaly of rights without obligations.

In 1692 came a tardy execution of justice in the imposition of the Land Tax which was regarded as a payment by the feudatories in lieu of their obligations under the Military tenures which had been abolished. Although it was called a "Land Tax" it was really a general property tax, and it also assessed personal property and income.

The important point, however, is that the tax (at 4s. in

the £) was to be levied on the "true yearly value" of all manors, messuages, lands and tenements, quarries, mines, tithes and tolls, and an assessment was made to provide a basis for the tax. In 1697 the fixed sum of £1,484,015 ls. 11<sup>2</sup>d. was voted and ordered by Parliament, and since then no fresh valuation for the purpose of the tax has been made. From 1697 onwards to 1798 no increase in the amount levied was made, although, naturally, the land and property values had enormously increased in the interval. In 1798 the amount was increased to £1,905,077, and was then made perpetual. The tax is based on the antiquated system of quotas from various parishes. Under the provisions for its redemption it has been largely extinguished, and now, as Sir Stafford has stated, it yields a net revenue of less than £600,000 a year. Meanwhile also personal property had been allowed to escape assessment, and in 1833 personal estates were altogether exempted

It is interesting to recall some of Richard Cobden's Anti-Corn-Law speeches bearing on this subject. "Honourable Gentlemen," he said on December 17, 1845, "claimed the privilege of taxing our bread on account of their peculiar burdens in paying the highway rates and the tithes. Why, the land had borne these burdens before Corn Laws had been thought of. The only peculiar State burden borne by the land was the Land Tax, and I will undertake to show that the mode of levying that Tax is fraudulent and evasive, an example of legislative partiality and injustice second only to the Corn Law itself. ... For a period of 150 years after the Conquest, the whole of the revenue of the country was derived from the land. During the next 150 years it yielded nineteen-twentieths of the revenue -- for the next century down to the reign of Richard III it was nine-tenths. During the next 70 years to the time of Mary it fell to three-fourths. From that time to the end of the Commonwealth, land appeared to have yielded one-half of the revenue. Down to the reign of Anne it was one-fourth. In the reign of George III it was one-sixth. For the first thirty years of his reign the land yielded one-seventh of the revenue. From 1793 to 1816 (during the period of the Land Tax) land contributed one-ninth. From which time to the present (1845) one-twentieth only of the revenue had been derived directly from land. Thus the land, which anciently paid the whole of taxation, paid now only a fraction, or one twentieth, notwithstanding the immense increase that had taken place in the value of the rentals.

"When I look into the question of the Land Tax," Richard Cobden continued, "from its origin to the present time, I am bound to exclaim that it exhibits an instance of selfish legislation second only in audacity to the Corn Law and provision monopolies. ... It is a war on the pockets that

is being carried on; and I hope to see societies formed calling upon the legislature to revalue the land, and put a taxation upon it . . . in proportion to the wants of the State.

I hope I shall see petitions calling upon them to revalue the land, and that the agitation will go on collaterally with the agitation for the total and immediate repeal of the Corn Laws, and I shall contribute my mite for such a purpose. There must be a total abolition of all taxes upon food, and we should raise at least £20,000,000 upon the land." (Notice that this was said in 1845).

Richard Cobden's last speech was made at Rochdale on November 23, 1864. There he said: "If I were five-and twenty, or thirty, instead of, unhappily, twice that number of years, I would take Adam Smith in hand -- I would not go beyond him, I would have no politics in it -- I would take Adam Smith in hand, and I would have a League for Free Trade in Land, just as we had a League for Free Trade in Corn. . . .and if you can apply Free Trade to Land and to Labour, too -- that is by getting rid of those abominable restrictions in your Parish settlements and the like -- then, I say the men who do that will have done more probably for England than we have been able to do by making Free Trade in Corn."

The Free Trade question is the Land Question. Would that all Free Traders who have reverence for Richard Cobden and his work would but speak his language. There would be no question of a speedy triumph for Free Trade with that liberation from monopoly and privilege which alone can rescue civilization from its present desperate state. -- Land and Liberty, April-May, 1949.

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It is depressing to see the great Labour Party ignoring the problem of the land and swallowing the idea of the "poor German professor" that capitalism must be destroyed.... The British have been the most stubborn and successful in the struggle for freedom, and to exchange this for the bureaucratic domination of Socialism would be treachery to the past. -- H. R. Lee in the Portsmouth Evening News.

What the land monopolist gets without working, must be made good by somebody's effort. He does not pick his unearned riches out of the air. -- The Free People (Johannisburg).

Land monopoly is an ancient institution. Long before the Christian era it divided humanity into drones and workers, rich and poor, oppressors and oppressed, and through the centuries it has been a constant cause of wars, famine and the decay of civilizations. -- The Porcupine, May-June 1948.

GAMBLING EVILS -- I

Ernest J. Farmer

Gambling is one of the subjects upon which comparatively few people are able to think logically and consistently.

One reason is, that any serious thought upon the subject involves some consideration of the laws of probability, or chance, and few people have learned to think with any exactness in terms of probability. There is a certain solidity about the conclusions of ordinary arithmetic, like the steadiness of a four-wheeled vehicle on the road. Compared with this the conclusions of problems in probability are like the stability of a bicycle, a canoe or an airplane. Just as some people's minds refuse to function when they are on or in the water, many are confused when asked to evaluate chances. Yet a skilled person in a canoe, or a passenger in a regular passenger plane, is considerably safer than one in a private car on a busy highway, and some of the conclusions of calculations in probability are surer than many things regarded as certainties.

The other reason -- which might be regarded as but a phase of the same one -- is, that most people find something exciting about the whole subject, something which appeals to widespread emotions and prejudices. There are people who think there is something splendid in a man's risking money which he cannot afford to lose, and there are people who think there is inherent sinfulness in games involving cards (also called "the devil's books") or dice. Both classes find it difficult to give any reasoned attention to matters involving the assuming of risks.

Among the results is, that there is a great deal of opposition to certain harmless and instructive forms of amusement -- in the past opposition to any form of insurance -- while the seriously destructive forms of gambling are unopposed, or even upheld, by many who class themselves among the morally elite. Indeed, the whole study of probability has been denounced, on grounds incoherently expressed.

Any calculation of probabilities involves a confession of ignorance. If one knew all the physical factors involved in a certain toss of a certain coin, one would know definitely whether it would fall heads or tails. In mathematical language, the probability of its falling heads would be 1 in the one case and 0 in the other. But in a casual toss, all one knows is, that coins are minted with as even a balance as possible; and one does not know the bias of a given coin. The chance, or probability, of heads is therefore  $\frac{1}{2}$  and that

of tails  $\frac{1}{2}$ . It can easily be calculated that the chance of any given order in five tosses is  $1/32$ , and the chance of any given order in 20 tosses is  $1/1,024,576$ . If the coin should have a bias in favor of falling heads, the chance of any order including a preponderance of heads would be slightly greater, but in a new coin this bias is so slight that, like the probability of the coin standing on its edge, it may be ignored, except in calculations involving an immense number of tosses.

The extremely small probability of 20 consecutive tosses showing heads has led many to believe, that after a long succession of heads the next toss must show tails, or at least tails must show soon. This is not the case; the succession of heads 19 times followed by tails is no more probable than that of heads 20 times. Indeed, considering the possibility that the coin has a bias, a long succession of heads is rather an indication that the coin has a bias in favor of heads, and that the next or any toss is more likely to show heads.

If a coin is tossed 40 times, there are over a million million possible sequences; all equally probable, so long as the coin is free from bias. However, in only two of these sequences do all tosses give the same result, and there are millions of sequences consisting of 20 heads and 20 tails in various orders. It is therefore millions of times more probable that heads and tails will be evenly divided than that there will be 40 heads or 40 tails. This fact gives rise to the superstition that "the luck must even up in the long run." Mathematical analysis shows, however, that this idea is only partially true. The larger the number of tosses, the smaller the probability that the number of heads will differ by more than a given percentage from the number of tails, but the greater the probability that the number of heads will differ by more than a given number from the number of tails.

Few people realize the cumulative effect of small probabilities, where similar conditions keep recurring. An impatient motorist may be in the habit of running some small risk, say one chance in 10,000, of a serious accident, on an average ten times a day. He may have an accident the next time he takes this risk. It is unlikely that he will have an accident during the next three months -- the probability is less than .1. But the probability that he will have an accident within two years is more than  $\frac{1}{2}$ , and the probability of his having an accident within 20 years, if the habit persists, is more than .999 -- people often speak of smaller probabilities as certainties.

The case is very similar where many risks of the order of  $\frac{1}{2}$  of less important losses are concerned. A person who places



a stake of \$5 on a color at roulette, played as at Monte Carlo, receives for his \$5 a 15-31 probability of receiving \$10. If he makes ten such plays, he may receive for his \$50 \$100 (the probability of which is about 1-1413) or any smaller multiple of \$10, or nothing at all (the probability of which is about 1-791). How he is likely to come out if he becomes fascinated by the game (as many have been) is best understood through a consideration of actuarial values. The actuarial value of a probable gain is the amount of the gain multiplied by the probability. The actuarial value of a \$5 stake placed on a roulette table is a shade less than \$4.84. The other 16 cents is what the customer pays for the experience of seeing the ivory ball roll. The outcome of ten or twenty such tries is so unpredictable as greatly to obscure the principle involved; but in a thousand tries the probability is very high that the experience will cost between \$150 and \$170. The probability of his getting a "free ride" is so much less than one in a million that it may reasonably be taken as nil.

These considerations may seem, surely will seem to some, a long way from Georgist theory. The writer is convinced, however, that he has brought out points which few understand, but which are necessary for a clear understanding of gambling, and in particular of land speculation, which is decidedly of interest to Georgists. The connection will be made clear in two following articles.

#### GOOD MEETING IN OSHAWA

Meredith H. Moffatt

Mrs. Donald Rice, one of our graduates, addressed a home study group of Business Women in the spring on the subject of "Basic Economics." Mrs. A. H. Dancey of 89 Cadillac N., the group leader, said that they enjoyed the address very much. I sold her a copy of "P. and P." and supplied a number of pamphlets, etc.

I had the pleasure of visiting the H. G. Headquarters in New York during the Easter week. It is really a beautiful building. Mr. Clancy took my family and myself through and introduced us to a number of the staff.

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(Referring to Karl Marx and the third volume of Das Kapital) After a million words or so of economic nonsense in the first two, he wrote that men cannot be exploited until they have been expropriated from the land. -- C. O. Steele in The Individualist, Nov. 1948.

THE MARCH OF BUREAUCRACY

I have recently heard of the lady in England with a cow who found herself in a fearful tangle of red tape spun by various Boards and authorities; being a misfit and quite unplanned she must neither give, sell or pour the milk down the drain, but was advised by the very top Joss to only draw off enough for her daily needs. . . . I recently came across the following bit of Australian imbecility. A grazier had arranged for manpower for help with his lambing. At the appointed time, the promised help not having arrived, he wired the department to jog their memories, only to be advised officially to "postpone the lambing." -- B. C. in The Standard (Sydney) March 1949.

A truly free Englishman walks about covered with licences.  
-- Sydney Smith.

"The time has come," the Planner said,  
"To talk of many things;  
Of ballots, confiscations,  
Of peanuts, pools and rings,  
Of socialistic State control."

(Where contact men pull strings! See Lynsky Report) -- Progress (Melbourne) March, 1949.

We have never doubted the capacity of economic planning for achieving general scarcity, any more than we doubt the capacity of private monopoly for imposing that sectional scarcity called poverty. -- Land and Liberty, January, 1949.

Recently three clippings came from different papers in the Cincinnati area which outline the history of wheat and flour milling through three specific areas. Pictures and script under "Last Flour Mill in County Passes" told of the closing of a lava-stone burr mill (brought from France) on a site where a mill had been doing custom grinding for 150 years. For the last seven years the mill has been dormant, and its 70-year-old proprietor says it would be doing business now "except for too much meddling by the government" -- even though the bakeries had taken most of the business. The man who has been grinding flour for his neighbors for 50 years will now operate a feed store. -- The Interpreter (Brookville, O.) June 15, 1949.

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The United States, the only nation of importance in which free enterprise exists today, is now supporting almost the entire world. -- Dr. Paul R. Hawley, in The Christian Science Monitor.

ROBINSON CRUSOE'S ECONOMICS

Samuel Danziger

(This article, published several years ago in The People's Advocate, is again timely. -- Ed.)

"Friday", said Robinson Crusoe, "I'm sorry -- I fear I must lay you off."

"What do you mean, Master?"

"Why, you know there's a big surplus of last year's crop. I don't need you to plant another this year. I've got enough goatskin clothes to last me a lifetime. My house needs no repairs. I can gather turtle eggs myself. There's an overproduction. When I need you I'll send for you. You needn't wait around here."

"That's all right, Master. I'll plant my own crop, build my own hut, and gather all the nuts and eggs I want myself. I'll get along fine."

"Where will you do all this, Friday?"

"Here, on this island."

"This island belongs to me, you know. I can't allow you to do that when you can't pay me anything I need. I might as well not own it."

"Then I'll build a canoe and fish in the ocean. You don't own that."

"That's all right, provided you don't use any of my trees for your canoe, or build it on my land, or use my beach for a landing place, and do your fishing far enough away so as not to interfere with my riparian rights."

"I never thought of that, Master. I can do without a boat, though. I'll swim over to that rock and fish there and gather sea gull eggs."

"No, you won't, Friday. The rock is mine. I own riparian rights."

"What shall I do, Master?"

"That's your problem, Friday. You're a free man, and you know about the rugged individualism maintained here."

"I guess I'll starve, Master. May I stay here until I do, or shall I swim beyond your riparian rights and drown or starve there?"

"I've thought of something, Friday. I don't like to carry my garbage down to the shore each day. You may stay and do that. Then whatever is left of it after my dog and cat

Have been fed you may eat. You're in luck, Friday."

"Thank you, Master. That is true charity."

"One thing more, Friday. This island is overpopulated. Fifty per cent of the people are unemployed. We are undergoing a severe depression, and there is no way that I can see to end it. No one but a charlatan would say that he could. So keep a look out and let no one land here to settle, and if any ship comes in don't let them land any goods of any kind. You must be protected against foreign labor. Conditions are fundamentally sound, though, and prosperity is just around the corner."

### VIEWS OF THE NEWS

Sydney Mayers

We quote a discerning comment by Crown Prince Aduaye Emeni of Kwali, member of Liberia's U. N. delegation. Said His Royal Highness: "I don't believe any law to force social equality will do the Negro any good. If you improve their economic status, the Negro people will create respect, not have to demand it."

A leading Belgian merchant declares that a downward revision of America's present high customs duties would be of immeasurable value to Europe. As a postscript, may we add that eliminating all tariffs would be of immeasurable value to the entire world.

The campaign of certain nations to raise crude rubber prices by getting the United States to restrict its production of the man-made kind has been called "a cartel road which leads to totalitarianism". May we respectfully observe that only "legal" monopolies, especially of land, make such cartels possible?

Reporting the "dollars-and-cents" story of Congress' war-born farm-price support program, the magazine Look informs its readers that "potatoes add more to your taxes than atomic bombs." Add to this, please, the increased cost the consumer must pay for his spuds.

Abundant supply, lowered demand, and the so-called "fair trade" laws are bringing about a curiously reversed development of the Black Market -- wherein "under the counter" sales are at sharply cut prices. You just can't beat the higgling of the market. -- Selected from Mr. Mayers' columns in The Henry George News, June and July, 1949.