

# SAGES PAGES

VOL. VI

MAY-JUNE 1954

No. 3

75<sup>th</sup> Anniversary of Progress + Poverty



San Francisco

1879

10<sup>th</sup>

JULY 8-10

ANNUAL  
CONFERENCE of the

HENRY GEORGE SCHOOL of SOCIAL SCIENCE



## PRESIDENT'S MESSAGE



The Seventy-fifth Anniversary of "Progress and Poverty" leads us to return to the birthplace of this great work. San Francisco, counting in 1954 about as many souls as all of California did in 1879, was the starting point from which Henry George's message radiated to so many other points of the globe.

It was in the same year of 1879 that California formed its Constitution. Mr. J. Rupert Mason draws our attention to the beneficial results of land-value taxation allowed by the Legislature of California.


"Specifically, the Water Code provides that directors of Irrigation Districts can levy an assessment on the land, exclusive of improvements, sufficient for certain fixed obligations and for other specified purposes. Thus, the burden of the tax falls on the land and not on the orchards, the vineyards, the farm structures or the equipment which are a necessary part of the agricultural enterprise. The man who uses his capital and his labor to improve his place is thereby not handicapped - he is actually encouraged for he knows that his Irrigation District cannot tax the fruits of his endeavor."

Happy to see the lasting value of "Progress and Poverty" in the State where it was written, we greet California and urge all right-thinking followers to meet in San Francisco for the Tenth Annual Conference of July 8th to 10th, 1954.

*D. David Jackson*

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COVER DESIGN--BY ELAINE WENER. 75<sup>th</sup> Anniversary  
1879  1954

# LAND-VALUE TAXATION IN CALIFORNIA

1879  1954

by J. Rupert Mason

The Modesto Irrigation District, Stanislaus County Building Trades Council, two newspapers and four banks joined as signers of the following statement in 1914:

"The Modesto Irrigation District was organized in 1887. It was soon found that the small farmer who had built his house and barn and set out trees on his land was paying an excess proportion of taxes to the Irrigation District. On the other hand the large owners, who made little or no improvements and refused to sell the land, had their taxes reduced ... An attempt was made to relieve these industrious small holders, but the large owners objected so strongly ... that relief was finally gained through an amendment to the law.

As a result of the change, many of the large ranches have been sold off in small tracts. The new owners are cultivating these farms intensively. The population of both country and city has greatly increased. The new system of collecting all the tax (to support the District) from the value of the land has brought great prosperity to our District. Farmers are now encouraged to improve their land. Industry and thrift are not punished by an increase in (Irrigation District) taxes. In the Modesto Irrigation District the man who builds ... will not have his irrigation tax increased. He will pay no more than his neighbor, who allows only weeds to grow on his land."

Can it be seriously doubted the Legislature could also allow counties, cities and school districts to quit taxing buildings and improvements, and pay their expenses from the same kind of tax Irrigation Districts are allowed to use?

## by Louise McLean

Where "Progress and Poverty" was written, by the so-called "Prophet of San Francisco," many laws are the result of his influence. Though ridiculed at the time, even in that year when California wrote a new constitution, there is a provision requiring all assessors to separate land value from improvements for taxing by the state, counties and all taxing districts.

And it might be well for those seeking new sources of revenue to examine the Irrigation District Act of California, where the Water Code provides that the Directors of Irrigation Districts make assessments on land, exclusive of improvements, so that the burden of tax does not fall on orchards, vineyards, ranch structures and equipments. Yes, for the benefit of those in other parts of the country, California mainly has to depend on irrigation for growing things; a large part of it is still desert, for we cannot depend on the rainfall to grow crops.

This has resulted in the breaking up of many large ranches - there are no "farms" in California - into smaller ones, and those who work them know that they are not fined for improvements or the fruits of their labor. That this is still being used is shown by the 1950 reports of the Irrigation Districts, whereby over \$7,000,000 was raised through assessments on land, and the same ones collected \$8,000,000 in water toll.

California highway users at first had no tax to pay; highway costs being paid under a law which authorized a direct, annual ad-valorem tax on all taxable land in the state. The fact that improvements were also subject to this law only means that the tax on land values was less than if improvements were tax-free.

Then there is the land of the Stanford estate, on which Leland Stanford University is built and which contains many more acres beyond the campus proper of Palo Alto. It is called the "Farm," the only one with

that name in the state and used more as a joke by rival colleges. However, many suburban and country homes are built on it under a 99-year lease with the lessees owning the improvements. As the daughter of one of Henry George's earliest converts, who as a young girl knew both him and the Stanfords in California, I never heard my mother speak of any tie between them, but somehow this idea of leased land permeated somewhere.

Visitors to San Francisco this summer will find many things of interest to them, but they should not neglect a visit to Southern California. However, many came to the Conference in Los Angeles two years ago, and the country north of San Francisco, the Redwood empire where grow the largest trees in the world, the largest things that live, should not be passed by if possible.

It is a state where one can get all kinds of climate any time of the year depending upon where you go. But the Japan Current - now called the Pacific Current I believe - makes the coastal climate equable, just as the Gulf Stream in the Atlantic affects the countries where it flows.

NOTE FROM THE AUTHOR—"My mother was Sally Hart, but is spoken of in the LIFE OF HENRY GEROGE, by HENRY GEORGE Jr., as Mrs Charles McLean. My father was also an ardent Georgist, being made so by the reading of PROGRESS AND POVERTY, at mother's insistence."

Louise McLean



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S.A.G.E.  
Games  
Night--  
Sagers --  
enjoying a  
game of  
"Charades."  
D.Goldstein,  
T.Gilmartin,  
R.Roderiquez,  
N.Bianco.

# CIVILIZATION and SERENDIPITY

by Mabel Rees

The conjunction to these two words in the title may seem as odd as the second is unusual. Nevertheless, an understanding of their relationship may serve of clarify the meaning of each.

For what after all, is this magic carpet of white and black threads that we call Civilization but an intricate pattern of ways and means for raising mankind above savagery through the perception of new ideas sometimes called "Serendipity," as the spinner? The word, "serendipity", itself, is derived from the name of old Ceylon, once known as "Serendip", from whence, according to an ancient legend, there set out three princes of the realm, who, in their travels, "were always discovering, by accident or sagacity, things either valuable or agreeable." However, as Pasteur once pointed out, "In the field of observation, chance favors only minds that are prepared," whether it be for selfish ambition or social betterment.

"If wishes were horses, beggars might ride", says the old adage, but unless desire leads to action, nothing is accomplished. James Watt, for example, did something more about improving transportation than just hope for it. On observing the force of steam in lifting the cover of his mother's teakettle, he saw only what many another person had seen before him but, in his case, serendipity played its part and perspicacity led him to the invention of the iron-horse which has since carried so many millions of both the rich and the poor so many untold miles. And when the conquering iron-horse eventually connected our Eastern coast with the West, it was the tremendous rise in land speculation that, one memorable day in 1869, through a trivial incident, led Henry George, "in a flash", to make his all-important discovery of the reason" poverty accompanies progress. "Other men all around him were witnessing this swallowing up of the frontier but failed to make any enlightening deduction. However, through this situation, George suddenly saw the whole panorama of civilization, with its immense power, like that of atomic energy for both good and evil. He

chanced to be riding horseback around the hills of Oakland, California, when, on inquiring of a passing teamster, the price of land at the place where he had checked his horse, he was told there was none for sale nearby, but, pointing to a spot so far off that "cows looked like mice", the teamster said that over there land could be bought for "a thousand dollars an acre." The magic of serendipity never led any explorer or inventor to a discovery of greater significance than George developed as the result of this chance inquiry, and an alert mind.

Now, turning to a different field, and applying serendipity to Malthus theory of increasing scarcity of subsistence with increasing population, we find the refutation of this idea in many new possibilities of adding to the world's food supply.

It was Emerson who remarked "A weed is a plant for which mankind has not yet discovered the use", and it was George Washington Carver who proved this to be true to an unprecedented extent. Taking the accomplishments of Israel as another illustration of the way serendipity works for the good of mankind in turning deserts into farmland, we find again new needs being met by new supplies from the most unlikely sources. From an article in the March Reader's Digest we learn that here in America "Our New Frontier is at Our Feet", as "Much of our 'worn-out' soil can be brought to higher productivity than it ever had", and in "Land for Tomorrow: The undeveloped World", by L. Dudley Stamp, we read that properly farmed "the United States could easily raise enough to feed 500,000,000 people". The "Geography of Hunger", by Josue de Castro, and "The Road to Abundance," by Jacob Rosin and Max Eastman are other recent works which show, that granted access to Mother Nature's resources, human wit can overcome human want.

(Continued bottom of page 10.)

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WHOEVER HE MAY BE, AND WHEREVER HE MAY BE PLACED,  
THE MAN WHO THINKS BECOMES A LIGHT AND A POWER."

# ECONOMIC SCIENCE VS MARXISM

## Part "2"

In "Understanding Our Free Economy", Doctor Fairchild defines wealth as - "all useful, material things owned by human beings". What would Henry George have thought of this definition?

Nothing can be ascertained with greater certainty by the scientific method of inquiry than that a human being endowed with capacity to produce, that land and its contents of natural resources as created, and that products produced by man so as to satisfy wants, are different in origin and in nature; and that they are therefore naturally of different scientific economic classifications. Yet each of these is "material", "useful", and can be "owned by human beings". By Dr. Fairchild's definition each is wealth. Such a hash-like definition must delight the Marxist intellectual who, needing no scientific basis for his planned schemes, covers the same ground with a similar "shot-gun" definition, calling wealth or capital and land, and perhaps labor, "Implements of Production." Dr. Fairchild's definition makes it impossible for students to be keenly and scientifically aware of the difference between man (when a slave), a product - a hammer made or cotton grown by man, and land - the source of matter converted into wealth by man., It causes students to "love" other scientific subjects all the more; "econ" not at all.

Capital is a material product of labor, of given capacity to satisfy human wants, that has value in exchange, and which is used to produce more wealth yet to be exchanged for income. No analysis can be made by Marxists or others to prove that capital itself, or its private ownership, carry (in themselves) the

power to exploit mankind. To secure income (interest-wages) is the essence of capital ownership; and to serve this end capital must serve others. This fact infers no power of exploitation. However, the privilege of private and exclusive use of land, freed of full and just obligations that naturally go with title, to give up RENT-of-land for this privilege, has the power to exploit people in two ways: one, by causing capital to be scarce in relation to need, and two, by causing land to be high-priced and speculatively held.

The factor labor, and the derived or secondary factor capital, are natural affinities; and anything, such as an act of legislation, truly good for one is also good for the other. Not only must labor and capital owners team-up to work to overcome the natural resistance of land to their efforts, they must also greatly increase their efforts to overcome the actions of land title-holders who demand tribute of them in the produce of their efforts, in forcing them to use inferior lands to those held in speculation, and in paying the very taxes which, in turn, add value to their land.

Joe Doakes left the tavern and staggered down the street. One of a group of neighbors, who saw him, said: "Too many hi-balls." "What do you mean, too many hi-balls?" asked another. "It wasn't the soda, or the lemon juice or the cherry in the hi-ball that did it, it was the alcohol; you can drink all you want of other elements of a hi-ball and never stagger".

Capitalism is made up of land, labor and capital - of title-holders, workers, and capital owners. We have the economic staggers; boom and bust; slums in generally bad housing areas, labor-capital fights, parity fights and other symptoms. Are all the elements that make up "Capitalism" equally to blame for these conditions, or is "Capitalism", as a system, to

blame? It is here that American economists have failed the American people and undoubtedly supported the communist lines. American youth are chucked full of humanism and sympathy by school and church, and lacking ability to apply some science knowledge to the situation, they seek to substitute "charity" for justice. Since private charity cannot carry the burden, they do not hesitate to use the powers of compulsion and coercion of the State to do, as Agent, what they would not do as individuals: establish "Robinhoodism" to rob Peter to give to Paul. Unable to learn the true science that is the science of economics, or the difference between economic science and Marxism, they never learn the great truth that "Earth-lordism, not Capitalism, fathers Communism". And how will they ever learn of the amazing, and as yet untapped, potential of our free-way economic system to produce and justly distribute a most generous quantity, quality and variety of wealth and services?



Noah D. Alper.

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All Sagers wish to extend a word of cheer and hope of a speedy recovery to Mr. Bennett Challis, who is ill and hospitalized. We all miss you Bennett.'

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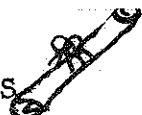
(continued from page 7)

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Epictetus is credited with saying, "It is impossible for anyone to begin to learn what he thinks he already knows," and until such time as more people are willing to make an impartial study of the proposals of Henry George concerning just use of the earth, even the miracle of serendipity cannot turn the dark spots in the network of civilization to white. Prisons will continue to rise beside palaces and starvation mock surplus. To end on a hopeful note, however, it should be said that Georgists agree with the belief that "the guaranty of the instability of evil lies in the moral order of the world."



## SPRING COMPLETION EXERCISES



Graduation exercises at the school for the students completing the first 1954 course in fundamental economics were of unusual interest. Not only were the three-minute student speeches worthwhile but, in addition to the opening remarks of the director, Mr. Clancy, and of the regional director, Mr. David Goldstein, which were right to the point, the large audience gathered in the auditorium had the opportunity of hearing one of the school's trustees, Mr. Ezra Cohen, and also were fortunate enough to be addressed by a distinguished visitor from abroad, Dr. Viggo Starcke leader of the Justice Party in Denmark. Dr. Viggo Starcke is in the United States at the invitation of the Robert Schalkenbach Foundation to explain the progress of the Georgist movement in his country and to attend the annual conference of members of the Henry George Schools in San Francisco this summer. His party, represented in the Danish Parliament, is the only Georgist political party in the world.

Among the points emphasized by several of the more than twenty class representatives were the following: appreciation of the chance offered by the school's free course "to become acquainted with the teachings of a great social philosopher opposing all surrender to predatory interests,"; the determination to continue with the advanced courses in order "not only to raise the standard for the proposed Georgist remedies but also to know how best to defend them"; the discovery that the prevalence of poverty need not be accepted as the normal condition of the world;" the fact that "the study of natural law inspires a greater belief in the application of a universal moral law" and the pleasant feeling of friendliness that wells up in the heart when one Georgist unexpectedly finds that a chance acquaintance is also a Georgist".

At the conclusion of the exercises Mr. A. David Jackson, president of S.A.G.E., and Mr. Irving Faust, chairman of the distribution committee in charge of securing new enrollments, explained the activities of our alumni association and invited all present to adjourn to the coffee shop for a social hour of refreshments.

# "THE PERFECT LAW OF FREEDOM"

1879  1954

by Neva Bianco

Sage members who attended the April meeting had the opportunity to hear Mr. Howard L. Freeman deliver a brilliant and informative talk on "CAN THE GEORGE PHILOSOPHY ACHIEVE ITS GOAL IN AUSTRALIA AND NEW ZEALAND?"

Mr. Freeman cited two types of Georgists: both working diligently to overcome the cause of Poverty amidst material progress. One type has the Single Tax as its objective, because it abhors special privileges enjoyed by owners of land and also because the Single Tax is logical. The second type has faith in the Perfect Law of Freedom (James 1-25, Christian Bible.), and it believes that all other forms of taxation outside of the Single Tax violates the principle of freedom. The principle of freedom may be kept intact by proper application of George's philosophy. This second type will not accept any economic philosophy that violates the principle. If, then George's philosophy does not seem to work fully, the fault may be with the interpretation and not with the principles of his philosophy.

Continuing to reason from the above two concepts, Mr. Freeman showed how Australia and New Zealand had achieved great success for the Single Tax, but less success for the cause of Freedom. This was due to the fact that land had been capitalized at the prevailing rate of interest for investments taken as a whole, namely five percent. Mr. Freeman reasoned that it should have been capitalized at the rate of ten percent instead. Lacking this higher capitalization, Australia has had to retain the income tax, excise taxes, tariffs, etc., as well as the land value tax. Buildings have been exempt from taxation.

Land speculation however, continues in Australia. The federal budget in 1951 took 51.64% of the total production. There are now more and better buildings in Australia and better distribution of population in those cities where the

tax on land values is collected, while improvements are exempt.

At this point in his argument Mr. Freeman spoke of freedom. Men, he contended, such as Hitler and Stalin, performed their acts in the name of freedom just as much as their adversaries. Surely, some must be opposed to freedom, who claim to uphold it or there would be freedom for all. By anyone's definition there is now very little freedom. Mr. Freeman's definition differs from that in the dictionary, in that his conveys more feeling. In his own words, "I define freedom as the right of a man to make a fool of himself, so long as he does not infringe upon the life, liberty or property of any other man in so doing. I say this, because in one person's eyes, another is a fool. For example, the man who drinks on Sunday is a fool to the man that goes to church on Sunday; the one who goes to church is a fool to the man who drinks on Sunday; further, the man who drinks and the man who goes to church are both fools to the man who spends Sunday playing golf. In history's dark ages, they even went so far as to fall into the error of protecting men from making fools of themselves."

Keeping this concept in mind, he concluded, "The Perfect Law of Freedom needs definition to make it understandable. It requires faith in divine power to trust in freedom and correct one's philosophy, and avoid compromising freedom for the sake of promoting one's philosophy."



Mr. Howard Freeman  
enjoying social  
hour in the Coffee  
Shop of the HENRY  
GEORGE SCHOOL, before  
his talk to SAGE.



# GEORGE ECONOMY VIA YENOM

1879  1954

by James Murphy

In the last issue, SAGES PAGES introduced, for the first time anywhere, a new medium of exchange, YENOM, which differs from money in that it circulates from seller to buyer. Yenom is a negotiable YOU-OWE-ME or debit-bill such as one gets from a grocer or cleaner along with the goods, except that it can be repassed along to one's customers or employer. They in a like manner can then use it to bill their customers, thus after a few such exchanges, it returns to the original issuer, who can start the same cycle all over again. Yenom can only be issued as an act of trust, so its use will tend to increase the general confidence in the system, as well as in society as a whole.

According to Gresham's Law, cheap money tends to drive dear or sound money out of circulation, if this is true, Yenom, being far cheaper than even the most inflated currency in the world, (negatively valued) it will supplant money wherever it is introduced. Also, Yenom being less than valueless would not be hoarded nor could it be inflated, deflated, or stolen. If it is counterfeited, the mere act of passing it renders it a bona fide Yenom bill. Loss of Yenom currency is no loss at all, one merely calls up the biller for a replacement. Stealing a debt-notice would only cause the printing of new replacement bills, while pilfering of money can mean disaster to a person or business. Besides, the presence of large sums of cash or valuables is a constant temptation for otherwise honest people.

While it can solve many of our currency problems can Yenom solve the biggest problem of all, poverty? Or will it be just another improvement in the art of production, so the tax collectors and landowners can carve themselves larger hunks of the production pie? To be worth considering, Yenom must help shift taxes from off the backs of labor and capital, and on the rents of land. Let us therefore examine the effects that widespread use of Yenom would have upon an economy.

Since Yenom would be a free market competitor to money, the greater the demand for Yenom, the less of a demand there would be for money. When the need for money declines so will its value. Debts contracted in terms of the money unit will be easier to pay off. As a large proportion of past debts are either national debts or mortgages on land values, people can unburden themselves of these obligations with little expense. With State credit declining, centralized government will find its power declining, too.

Government tax collectors will be faced with the problem of vanishing revenues when people cease making money and contract debts instead. The presentday policy of penalizing profit making will back-fire as more and more people cease making profits by trading in Yenom instead of money. Landowners will probably not like the use of Yenom, but if they insist on payment in money they will be receiving an income, thus making themselves tax-liable. Governments will be in trouble unless they change their present tax policies to meet the changing conditions. No longer will they be able to confer tax exemption favors on landownership, under the guise of non-profit or charity institutes, since everyone will in effect have become non-profit institutions.

With increasing tax load on land income, decreasing money value, and easier mortgage payment, speculation in land would be profitless. Vast tracts being held out of use will be thrown onto the market, with the you-know-what effect upon wages and interest, the margin of production and jobs.

In the resulting expanding economy, with wealth production growing by leaps and bounds, with producers freed from the blight of taxes and land speculation, even luxuries will be within reach of all, and a new era of trust and plenty will begin.

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SAGE'S PAGES---Published every other month by the SOCIETY FOR THE ADVANCEMENT OF THE GEORGE ECONOMY, Inc., 50 East 69 Street, N.Y., 21, N.Y.

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