

Letters to Editor

11223

Opposes Land Tax Proposal

Editor, The Courier-News:

In his letter "Houses or Vacant Lots" Mr. Freeman advocates "A single tax on land values" as a solution to current economic problems. A tax on land values must ultimately be paid in terms of dollars from income derived from productive values. Land alone cannot produce dollar income.

Taxes, of course, represents but of its non-essential activities and thus permit labor to divert that portion of income, paid as taxes to the purchase of the essentials that will contribute to higher material standards and serve to perpetuate the reproduction of that particular type of production that is the ultimate source of his wages, thus keeping such surpluses in a normal balance with the total potential demand within the limitations of the system under which we operate.

When Henry George wrote *Progress and Poverty*, too great a portion of the income and profits generated in wage source production was diverted to speculative dealings in marginal land and too little to the purchase of the products that made the income valid; the result was that it tended to drive land values higher than its true relative worth and left the uncanceled production to accumulate as inventory surplus resulting in mass unemployment.

The products, to which a specific value can be attached and which contributes to higher material standards are the wage and profit builders; all other types of production and service which levies on the surplus of this type of production serves to maintain proper ratios between spending, investments in the means of end production, and the wage spreading expenditures and services, are wage spreaders. The more that is consumed by spent wages, the less that remains for capital investment and state support; conversely, the more that is spent for the non-essentials, the less will be available, for investment and federal dissipation. The proper distribution and use of all income will serve to establish a balanced ration that will provide for a full and sustained employment while regulating the size and cost of government to proportional dimensions.

Paradoxically, since the time of Henry George, we have made tremendous progress in material production and distribution in spite of increasing land values under private ownership, which seems to repudiate the theory, that land held for speculative increase is the cause of low wages and economic depression.

Wherever the ancient custom of returning the people to the land or returning the land to the people at intervals by the nationalization of the land, regression and declining standards has always resulted.

FRANCIS HALLY.

Letters to Editor

Henry George's Tax Doctrine

Editor, The Courier-News:

This is a reply to Mr. Francis Hally on the Merits of Land Value Taxation.

It is a pity that Mr. Francis Hally did not trouble to study Henry George before criticizing him, as in his "Letter to the Editor" of Nov. 9. The man who for the last 10 or more years of his life was the most talked-of person in the English-speaking world, whose books were sold by the million, with more copies of "Progress & Poverty" alone sold to date than of all other works on Political Economy put together; who lectured triumphantly throughout this country, Canada, the British Isles (four times), Australia and New Zealand, is at least worthy to be treated with respect, whatever the personal opinion, and not carelessly maligned with catchwords out of their context, plus repeated misstatement of fact.

Henry George's doctrine is based entirely upon laws of nature, invariable sequences, eternal and universal, and he never put words to paper until he had demonstrated, beyond peradventure, that they stood this test. He took great pains also to distinguish between individual and social ("political") economy, a distinction unfortunately disregarded by many so-called economists, with the sad result that for the hundred or more years prior to the appearance of "Progress & Poverty" such confusion reigned in this branch of learning that the development of a science of Political Economy was utterly impossible.

George had already shown in *Progress & Poverty* (as had John Locke 200 years earlier) that property ("ownership") only results from human production, "the produce to the producer", then in his analysis of VALUE (see "The Science of Political Economy," Bk. III, Ch. XIV) he proved that "values from production." Things produced, constituted the only community wealth, while "values from obligation," stocks, bonds, promissory notes, paper money, etc., although wealth to the individual because exchangeable for tangible goods, could all be destroyed without diminishing community wealth by one iota.

Land, labor, and capital are the only factors of production, land the passive, labor the active, capital the subsidiary, auxiliary factor. There can be primitive production with land and labor alone, but capital (tools, machinery, equipment) has acquired such importance in modern industry that our civilization, in its present complexity, could not endure an hour without it. This led Karl Marx and his many followers to invert the order and make capital the primary rather than the subsidiary factor, although they all acknowledge that wealth—of which capital is but a part—can only come from labor exerted upon land!!! From this failure on their part to think straight have arisen a multitude of woes.

Mr. Francis Hally, e.g., begins his argument against land value taxation with the apparently harmless remark that such a tax "must ultimately be paid in terms of dollars from income derived from productive values," without even implying that said productive values can only come from land; on the contrary he proceeds to inform us that "Land alone cannot produce dollar income." Who, said it could? But land worked upon by labor—wheth-

er on a farm, in a factory, or in the Empire State building—produces all the dollar income that there is or can be. Without land ("natural resources" in political economy) labor is helpless, just as land and capital are both entirely useless without labor.

The plain English of the second paragraph, when not in need of translation for my limited understanding, would seem to claim that taxes are primarily and chiefly for the benefit of federal, state, and municipal employees. To how horrible an extent this may be true is of course an open question, even though we are not accustomed to hearing it so blandly expressed. In any event, under the Henry George system, all government would be so wonderfully simplified that this and all other forms of corruption would soon be noticeable for their absence.

As to "unjust levies on vacant land amounting to expropriation by default," such a statement fails to take into account the several millions of unemployed (even during this "war prosperity") not all of whom are already insured to professional pauperism, and thousands of whom would certainly jump at the chance to earn their own living, especially if they had no taxes to pay, and with ground granted them in full possession on the mere payment of ground rent.

The idea of "letting the land to the highest bidder," mentioned in a later paragraph is not only vision-

ary but superfluous; the natural method is much simpler: All the land, urban, industrial or agricultural, is to be assessed by trained experts according to its potential production value (which will usually be very close to market quotations) and attempts at bribery or favoritism are to be curbed by frequent assessment reports in the daily press. That parcels of land of equal desirability and site value are to be equally assessed whether improved or idle, is true, but not so much to "force vacant land into use" as to force the present owners who live in comfort or luxury with nothing to do but collect the rent, either to put their vacant land into production, i.e. go to work, or vacate to some one who will.

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