



In the natural order land is not a commodity that can be bought, sold or exchanged. Where it does become a commodity and bears a price, man (labor) likewise becomes a commodity which is "priced." Economic rent being that share of the produce which rightly belongs to government as revenue, does not exchange in the market and hence does not bear a price. Land value which is the value of the legal right to confiscate the natural revenue of society does exchange freely in the market along with all those other legal rights that buyers seek so frantically in the stock exchanges.

The use of the term land value therefore may be permissible for tax reformers but economic science is degraded if we make the mistake of substituting it for economic rent. Perhaps this will clarify my views in reply to Harold Inglis (November HGN).

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Generally I agree with what Robert Clancy says in his "Word," but I feel like arguing with the December one. He is right in saying that we Georgists do not know *everything* about economics. I do not know how many packages of bran flakes were eaten the day before yesterday in Chicago. But I claim we know all that people need to know to be vigilant for freedom.

No doubt Mr. Clancy was concerned with the best approach to public consciousness, which concerns me, too. Our problem is to get the "man in the street" interested in the simple facts of economic life. Now he has the idea, promulgated by academic

economists, that economic principles are so abstruse that only a brain like Albert Einstein's can hope to understand them. That is what we must combat.

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Robert Clancy replies as follows:

Yes, I was in part concerned with an approach to public consciousness. Better attention is gained with "sweet reasonableness."

But I was also concerned with our own mental grasp of the situation. The Georgist philosophy covers at once more and less than may be noticed by the Georgist student.

If I may resort to a medical analogy: The human body includes a number of systems complete in themselves but correlated—skeletal, muscular, digestive, circulatory, nervous, reproductive, etc. Each of these affects the entire body, and anything wrong with one system affects the other systems. The "body politic" likewise has numerous interlocking systems. Let us say that the circulatory system compares to the distribution of wealth. Like the circulation of blood in the body, this affects the entire economy "from top to toe," and its malfunctioning impairs all other systems. We must get the damage repaired if the economy is to survive and flourish—and there is no doubt in my mind that the Georgist philosophy holds the key to this problem. We may not be professional doctors, but we do see this particular pathology clearly.

But we ought to appreciate the existence of the other "systems." With economic freedom and a good "circulation," there could still be a "disorder" of the "nervous system," let us say, as there has been in our own country, with such results as holy-rolling, polygamy, witch-burning, xenophobia, etc. With this reservation, we can still pursue our goal.

A reply from Mr. Parker:

With reference to Mr. Johannsen's review of my talk on money (Feb. HGN), the opinions of both Andrew D. White and Mirabeau only bear out the misuse of paper money: Not only was it issued vastly in excess of production, but they (the French) were compelled to continue to settle their trade balances in gold; thus depreciating their currency further.

This is an entirely different proposition from the U.S. notifying the world that our currency is a claim on our wealth, both for persons in the country and for trade balances between nations. Our currency is therefore good to exchange for gold and silver (which henceforth will be commodity products), or anything else they may desire that we have; but we will not necessarily sell anything short in supply in this country. Thus our currency in international trade is a bill of exchange and represents a claim on our wealth, the purpose of which is to facilitate exchange of goods.

Now the reverse of this is that the purpose of trade is to move gold around the world and results in the bombastic notion that an excess of exports is a favorable trade balance. If this were true and we keep on trading we would get down to our last shirt;

but holding the gold for the "favorable trade balance" would neither feed nor clothe us.

The U.S. will soon remove the 25 per cent gold reserves from behind the Federal Reserve notes and the silver certificates are being replaced by Federal Reserve notes. And rest assured that the time will come when gold will also be removed from behind the settlement of trade balances between nations, as a matter of necessity. Nations will be told, as have our citizens, that the Federal Reserve notes are backed by U.S. government bonds and are just as good as gold, and if they want to trade with us they will have to accept them (and they will be good for a while). Therefore it is plain that the advocates of "sound money" are really not opposed to paper money, they are just opposed to any that does not pay interest to the monetary interests.

Abraham Lincoln demonstrated that United States notes (non-interest bearing currency) are sounder than a currency backed by a debt eventually destined to be repudiated unless replaced by United States notes issued against the rental value and/or royalties of land.

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Plan now to attend the 1965 Annual Conference of the Henry George School to be held at Asilomar Hotel, Pacific Grove, California (about 100 miles south of San Francisco), from July 14th to 18th.

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