

July-August, 1941

Land and Freedom

An International Journal of the Henry George Movement

“Unfinished Victory” and Mr. Nock

A Critique of A False Liberalism

M. J. Bernstein

Kaiser Wilhelm II

Reminiscences of the German Emperor

Poultney Bigelow

A Visit to Switzerland

One of Europe's Last Free Countries

Pavlos Giannelia

In Defense of Ricardo

A Comment on

Mr. McNally's “Three Theories of Rent”

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LAND AND FREEDOM

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July-August, 1941

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WHOLE No. 227

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INDEX TO CONTENTS

	PAGE
COMMENT AND REFLECTION	107
“UNFINISHED VICTORY” AND MR. NOCK	
M. J. Bernstein	108
JOHN DEWEY ON HENRY GEORGE	111
KAISER WILHELM II	Poultney Bigelow 112
A VISIT TO SWITZERLAND	Pavlos Giannelia 113
GEORGEISM—A PLANNED ECONOMY	Robert C. Ludlow 114
THREE THEORIES OF RENT (concluded)	
Raymond V. McNally	116
IN DEFENSE OF RICARDO	119
THE CRITICS CRITICIZED	Jacob Schwartzman 122
OUR AUSTRALIAN LETTER	A. G. Huie 123
OUR BRITISH LETTER.....	Douglas J. J. Owen 125
OUR CANADIAN LETTER	Herbert T. Owens 126
SIGNS OF PROGRESS	128
BOOK REVIEWS	132
CORRESPONDENCE	133
NEWS NOTES AND PERSONALS	135

WHAT LAND AND FREEDOM STANDS FOR

We declare:

That the earth is the birthright of all Mankind and that all have an equal and unalienable right to its use.

That man's need for the land is expressed by the Rent of Land; that this Rent results from the presence and activities of the people; that it arises as the result of Natural Law, and that it therefore should be taken to defray public expenses.

That as a result of permitting land owners to take for private purposes the Rent of Land it becomes necessary to impose the burdens of taxation on the products of labor and industry, which are the rightful property of individuals, and to which the government has no moral right.

That the diversion of the Rent of Land into private pockets and away from public use is a violation of Natural Law, and that the evils arising out of our unjust economic system are the penalties that follow such violation, as effect follows cause.

We therefore demand:

That the full Rent of Land be collected by the government in place of all direct and indirect taxes, and that buildings, machinery, implements and improvements on land, all industry, commerce, thrift and enterprise, all wages, salaries and incomes, and every product of labor and intellect be entirely exempt from taxation.

That there be no restrictions of any kind imposed upon the exchange of goods within or among nations.

ARGUMENT

Taking the full Rent of Land for public purposes would insure the fullest and best use of all land. Putting land to its fullest and best use would create an unlimited demand for labor. Thus the job would seek the man, not the man the job, and labor would receive its full share of the product.

The freeing from taxation of every product of labor, including commerce and exchange, would encourage men to build and to produce. It would put an end to legalized robbery by the government.

The public collection of the Rent of Land, by putting and keeping all land forever in use to the full extent of the people's needs, would insure real and permanent prosperity for all.

“Is it too soon to hope that it may be the mission of this Republic to unite all nations of English speech, whether they grow beneath the Northern Star or Southern Cross, in a league which, by insuring justice, promoting peace, and liberating commerce, will be the forerunner of a world-wide federation that will make war the possibility of a past age, and turn to works of usefulness the enormous forces now dedicated to destruction.”—HENRY GEORGE.

Land and Freedom

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No. 4

Comment and Reflection

WHEN in times like the present—times in which principles are so easily sacrificed to the exigencies of the moment—a world leader, whose words influence millions of people, speaks out for first principles and natural rights, it is indeed cause for rejoicing. Such a declaration has come from Pope Pius XII, in a talk which was broadcast throughout the world on June 1. Whereas from all sides we are besieged with the doctrine of subservience to the state, from His Holiness comes a clarion call against this ideology. It is time, he suggests, for the *state* to sacrifice for the individual and the family, and to take thought of the simple truth—one so easy to forget—that man was not meant to be the slave of society, but society was meant to give more scope to his individual life. Shall we allow any emergency to obscure this relationship?

IT was on the fiftieth anniversary of *Rerum Novarum*—the famous encyclical of Pope Leo XIII—that Pius XII delivered his address. While the latter commended that encyclical to his hearers as “the Magna Carta of Christian social endeavor,” we are happy to note an advance in certain respects in the ideas of the contemporary Pontiff over those of the author of *Rerum Novarum*. True, the same faith in the dignity of man underlies the utterances of both. But on the part of Pius XII there appears to be more awareness of what is required for the achievement of man’s dignity. While Leo upheld private ownership of land, Pius emphasizes the need of allowing all mankind access to nature’s resources. “Goods,” says His Holiness, “which were created by God for all men should flow equally to all according to the principles of justice and charity.” And he speaks of the earth’s surface as “that surface which God created and prepared for the use of all.”

UNQUESTIONABLY, Leo XIII acknowledged the broad principle of man’s right to the use of the earth. However, in defending private property in land he not only did not make clear how equal rights to land could be maintained in a world of landed and landless men, but he pronounced a formula which militated against his own lofty purposes. Leo said, “The earth, though divided among private owners, ceases not thereby to minister to the needs of all . . .

Those who do not possess the soil contribute their labor.” This indeed purports to be our present system; and it does not require extraordinary vision to see that those who “possess the soil” do *not* share God’s gifts equally with those who “contribute their labor.” But Pius XII shows deeper appreciation of the fundamentals of our present world disorder, and he urges a more equitable distribution of wealth, fuller opportunities for every individual, and a more equal diffusion of population over the earth’s surface.

BESIDES his declaration of the right of all to the use of the earth, Pope Pius in other ways comes close to our thought; for he says: “Undoubtedly, the natural order deriving from God demands also private and free reciprocal commerce of goods by interchange and gift as well as the functioning of the state as control over both these institutions.” The Georgeist ideal has been happily summed up in the trinity of “free land, free trade, free men.” We find ourselves again on common ground with His Holiness when he avers that the attainment of material abundance for all is a means to an end; that in society “such abundance represents and offers a really effective material basis sufficient for proper personal development of its members,” including the mental, moral and spiritual aspects. The higher virtues are not to be alienated from any economic consideration of humanity. In that regard Henry George was perhaps unique among the economists. He deferred to the many-sidedness of man, and he considered his proposals as a means to the same end—“If, while there is yet time, we turn to Justice and obey her . . . the forces that now menace will turn to agencies of elevation . . . and who shall measure the heights to which our civilization may soar?”

IT is true that Pope Pius XII does not offer specific proposals to carry out the ideals he enunciates. But, all things considered, it would be ungracious to complain on that account alone. Let *Georgeists* be willing to assume the task of showing how those ideals can be realized. It sufficeth for us that a leader of thought has helped “make straight the ways.” We are only grateful that this Servant of the Servants of God has so forcefully invoked and evoked those principles which but tremble on the lips of other leaders—advocates of “expediency,” and false “realism.” Our task is made the easier for it.

“Unfinished Victory” and Mr. Nock

By M. J. BERNSTEIN

A PROFOUND contempt for the mass of mankind underlies the philosophy of totalitarianism, whether fascist or communist. But more difficult to discern is the same contempt masquerading under a cloak of liberalism, of which Albert Jay Nock's doctrine of the “educable elite” is an interesting example. And in times of crisis such as the world is now experiencing, it is not surprising—indeed, it is inevitable—that the basic sympathy which ultimately unites these haters of their fellow-men, should prove far stronger than the superficial differences which divide them.

In the April, 1941 issue of *Scribner's Commentator*, Mr. Nock discusses “Unfinished Victory” by Arthur Bryant, published in England in 1940, (though written before the outbreak of the war), and waxes indignant at the failure of any American firm to publish the book in this country. Mr. Nock suspects a conspiracy, a Jewish conspiracy in fact, to prevent the American public from reading what he considers a most important book, an “able, cogent and gentle-spirited book,” as he calls it. Mr. Nock dislikes Britain, he has a scarcely-concealed sympathy for present-day Germany, and his admiration for “Unfinished Victory” supports the view that he subscribes to Mr. Bryant's thinly-veiled anti-Semitism. (See *Atlantic Monthly*, July 1941, for further corroboration.)

Arthur Bryant is a die-hard, reactionary Tory, biographer and admirer of Stanley Baldwin, opponent of free trade and of economic liberalism, sympathizer with Hitler's racial dogmas and doctrine of “Blood and Soil.” A few quotations from “Unfinished Victory” will illustrate:—

“Adolf Hitler, unknown to all but a few, was still in the early stages of his struggle, yet it may be said that Germany was already seeking him.”

“Hitler was acute enough to realize that the Marxist did not stand for freedom but for a despotic uniformity, enforced by terror and the annihilation of all who opposed them.” [Hitler, in Mr. Bryant's opinion, obviously stands for freedom and individualism.]

“Hitler's real quarrel with the capitalist and Marxist system alike was that they stopped things from growing. They were concerned not with creation, *but the one with making quick profits* [Emphasis mine—M. J. B.] and the other with establishing an unnatural and sterile uniformity.” [Note the mystic nationalist's hatred for the merchant, the trader.]

“This damning indictment of modern society and ‘its original sin of racial corruption’ constitutes the central theme of Hitler's political philosophy. It has never been properly answered.”

“The dreamer of Munich [Hitler] outlined a new organization of society to undo a century's neglect.”

“They destroyed because they were shocked . . .” [Referring to the righteous moral indignation of Hitler's storm troopers.]

“To the dispossessed millions it [Nazism] offered something even more attractive—status and responsibility.”

And Bryant approvingly quotes a German as writing:—

“A conquered and oppressed people has no place for an internationally-minded and internationally-organized commerce . . .”

Now let us select a few choice anti-Semitic morsels from Mr. Bryant's heavily-laden tray.

“Few of the Jews who set the spiritual and cultural fashions for Germany in the 'twenties had any comprehension of a countryman's point of view. They were not themselves countrymen or producers, *but by long wont migrants and middle men* [Emphasis mine—M. J. B.]; the descendants of men who had been forced to live for centuries as exploiters [though never landowners like Prussian Junkers or British Tories—M. J. B.] rather than as creators . . . Their inherited instinct was to skim the cream rather than to waste vain time and effort in making enduring things . . . They were exponents of the get-rich-quick philosophy . . . lovers of the flamboyant and the arts of advertisement . . .”

“ . . . Who [the Jews] in the nineteen-twenties seemed, with all the invincible vitality and opportunism of their race, to be making of a broken nation their washpot.”

“The lack of common purpose, the *treachery of the Jew* [Emphasis mine—M. J. B.] and the stranger within her too-open gates, above all, the lack of consistent purpose in her leadership, had consigned Germany to the lowest hell of even her unhappy history.”

“And the dispossessed—the lonely and dispirited men and women who had seen their homes, their savings and their livelihood sacrificed to the Jewish speculator when the currency collapsed—turned also to the new creed.”

“To the peasant he [Hitler] promised the freedom of his land, now mortgaged to the Jewish usurer . . .”

“If one had the money, one could stay at luxurious hotels and sit among well-dressed people—rich Jews from Galicia or native profiteers—eating and drinking fabulously expensive food and wine.” [This refers to the blockade-caused famine right after the War.]

“Authorship in Germany almost seemed to have become a kind of Hebrew monopoly.”

“The perversion [homosexuality—M. J. B.] which has always been a major German failing was now exploited

and stimulated by Jewish caterers who, while seldom sharing such tastes, did not hesitate to turn them to their profit."

These few examples are at least indicative of the nature of Mr. Bryant's prejudices. However, even a temperamental bias may occasionally be justified by an appeal to facts, to history, or to authority. "Unfinished Victory" is a jumble of distortions, inaccuracies, misquotations and downright lies. Let us examine some of the statements in Mr. Bryant's book, first those in which he quotes or refers, as his authority, to Edgar Ansel Mowrer's "Germany Puts the Clock Back":—

"Just after the revolution, three little Jewish clothing dealers came to Berlin from Poland . . . They had a gift of pleasing. They received contracts for municipal uniforms and linens . . . In return they provided nearly the entire city administration with free clothes . . . From time to time they arranged Roman banquets with tubs of caviar and barrels of champagne . . . After a trial that lasted three years the Sklareks were given hard labor."

But Mr. Bryant doesn't finish this quotation from Mowrer. Here is what he omits, falsifying as he does always where the Jews are concerned:—

"The Sklareks, etc., all were Jews and served splendidly for anti-Semitic propaganda. But Dumke was incurably Aryan. Conspicuously Aryan were the Lahusen brothers, church-going deacons who built up a wool trust by ingenious financial jugglery. Even worse was the case of the *Devaheim*, a combined bank and a home-purchasing Co-operative under the control of the Protestant Home Missions. The managers were nearly all Lutheran pastors. All in all, a pretty piece of embezzlement of poor people's money by holy and wholly Aryan crooks. Corruption under the German Republic was, sad to say, not limited to Jews and Republicans."

Let us turn once more to Arthur Bryant:—

"The same vivid writer [Mowrer] and others have described for us those innumerable meetings that were taking place throughout the length and breadth of a tortured land under National Socialism . . . The speaker [Hitler] never halts for applause. The audience remains intent, silent, absorbed as it follows every word of his scorn, his indignation, his invincible faith."

But let us read what Mowrer himself actually has to say about it:—

"If he [Hitler] stops, they howl for more. He states the most astonishing and totally inaccurate things. He roars, he pleads; if need be, he can weep. But he never analyzes, discusses or argues. He affirms, attacks, comforts. According to his axiom of aiming at the lowest in his audience, he keeps to the vaguest generalities and formulæ, repeating them with infinite verve.

"So it went on, night after night, for years. Within the thousands were perhaps a handful who did not rise to the

occasion. They looked for persuasion and received only theatricals of a pretty cheap type. They wanted argument and were given rhetoric and preposterous misstatement.

"He [Hitler] collected and disseminated social and political resentments, fostered special hatreds, encouraged the violent suppression of adversaries, appealing one after the other to each of the more brutal human instincts.

"Germans seem obsessed by a desire to obey. And Hitler so thoroughly fostered this feeling that you could hear National-Socialist students at Berlin University shouting in chorus: 'We spit on Freedom!' (*Wir scheissen auf die Freiheit!*)"

Mr. Bryant refers to Matthias Erzberger as "the Social Democrat politician." As a matter of fact, Erzberger was not a Social Democrat, but a Catholic Centrist who was forced to sign the armistice ending World War I because the Junker generals who demanded the armistice refused to accept the onus of signing it. Erzberger, the Catholic (not the Social Democrat), was murdered by fanatical nationalists as a betrayer of Germany—but Hindenburg was elected President and manifested his gratitude by calling Hitler to the chancellorship. Mr. Bryant has no word of criticism for the Junkers who made the war, refused all possible attempts at a peace during its course, forced the Republican government to sign the armistice, bled the Republican government to the tune of hundreds of millions of marks, and then aided Hitler to gain control of the German state.

"Unfinished Victory" depicts Republican Germany and the origins and success of National Socialism completely in the manner in which it is now being presented in the Third Reich. According to this view, Hitler and his movement represented the inevitable and justifiable reaction of the overwhelming majority of the German people against the ignominy, the humiliations and the material and spiritual sufferings engendered by the imposition of the *diktat* of Versailles. They stood for the reunion of Germany with all the German-speaking sections of Central Europe. In other words, the Nazi party, and especially the Fuehrer, are shown to us here as the concrete political manifestation of a Germany resurgent, a Germany reaching out to take its rightful place among the family of nations, as the most important power on the European continent.

This is the National Socialist fable, whole-heartedly accepted by Arthur Bryant, and incidentally by Albert Jay Nock. What are the actual facts in the matter, facts either utterly ignored or crudely misrepresented in "Unfinished Victory"?

The German Army was not stabbed in the back by the treachery of the Jews, the republicans and the radicals at home. The last offensive had failed to reach its objective and American troops and equipment were steadily strengthening the Allied forces. The German High Command (Ludendorf and Hindenburg) *demand*ed that the newly installed re-

publican government (the Kaiser had fled to Holland, his landed estates inviolate, as they still are) request an armistice, refusing to accept responsibility for the inevitable military catastrophe that would otherwise result. In other words, the German Army was a defeated army, incapable of further resistance to the growing power of the Allied arms. And forever after, despite its undoubted achievements, the republican government was unjustly associated with the defeat and the peace treaty.

Nationalist sentiment was not slow to profit. Those elements which later became the backbone of Nazi barbarism, directed all their efforts to the destruction of the Republic. Political assassination was usual, and sad to relate, treated leniently. Mr. Bryant has much to say about Communist violence against the Hitlerites, but not a word about the Nazi counter-violence, and the brutal assaults of both extremist wings against the democrats and moderates.

But despite the attacks upon it, in frequent cooperation, of both extreme Left and Right, the Republic managed to achieve the *de facto* termination of the most repressive provisions of the Versailles treaty. All foreign troops were withdrawn from German soil years before the date provided in the Treaty. This was accomplished by Streseman. Reparations were in effect cancelled during the period in which Bruening held office, and while Hjalmar Schacht still professed a belief in the democratic form of government. When Hitler finally took power at the beginning of 1933, the Versailles Treaty's terms had been virtually cancelled, including the disarmament clauses. And Hitler was interested in this—not to realize the just aims of the German nation, but for the purposes of imperialist conquest, indeed for world conquest. Recent and current events sufficiently demonstrate that.

It is true that Austria wished union with Germany—but with the Germany of the Weimar Republic (a step, incidentally, of which Great Britain approved). Hitler delivered his ultimatum to Austria on March 6, 1938; Schuschnigg, the Austrian Chancellor, had planned to hold a plebiscite to determine the wishes of the Austrian population with respect to joining the Third Reich. But Hitler's ultimatum forbade the plebiscite, and despite its cancellation, the German army nevertheless invaded and absorbed Austria. Does this indicate that the Nazis had any confidence in the desire of their Austrian neighbors to become one with them?

But, it is said, the German people, at any rate, overwhelmingly welcomed "the new order." No cruder lie has ever been circulated. Hitler was a minority chancellor, and at no time in its blood-stained career prior to the acquisition of political power, did the Nazi party ever represent a majority of the electorate. The largest vote it ever polled, roughly, 13,000,000, in the July, 1932 election, represented 37% of the total number cast. But a few months later, in November, 1932, in the *last free* election held in Germany, the Nazi vote

dropped to approximately 11,000,000, a decline of 2,000,000 votes, and the party lost over 30 seats in the Reichstag. The movement had passed its peak and was visibly on the wane. But Hindenburg, under the influence of the Junker clique surrounding him (known as the *Herrenklub*), fearing an investigation into the land frauds in which the East Prussian Junkers were deeply involved, hastily called Hitler, the leader of a minority party, to power, in order to prevent a threatened Reichstag investigation into this filthy business. (This is a story which should be of particular interest to Georgeists, but which must await another opportunity for the telling.)

But what need to go on? Enough has been said to indicate that "Unfinished Victory" is a completely inaccurate and distorted history of the forces and events leading to the conditions which have prevailed in Hitlerian Germany since 1933. Mr. Bryant has attempted to whitewash the horrors and atrocities of the Nazi regime, to find justification for its existence, and to lend the weight of his opinion (for whatever it may be worth) to the myth of a nation betrayed not by its own sins and shortcomings but by the treachery of its enemies within (the Jews and republicans), and the injustice and cruelty of the world without. That the Jews represented less than 1% of the German population, that 12,000 of them (a larger percentage than the non-Jewish total) were killed in the first World War, that Ludendorf invited the Polish Jews into Germany, are all facts which "Unfinished Victory" chooses to ignore.

"Anti-Semitism is a temptation to look for evil, not in oneself but in some other exterior quarter. It is flight from an intellectual and moral demand upon oneself, refuge sought in a material claim upon another, whom one can make responsible for one's own weakness and unhappiness. Further, anti-Semitism expresses the inclination of the present age to substitute general exterior activity for spiritual self-transformation. The evil that we will not recognize in our own natures we combat in the shape of a plausible personification. We do it when we are no longer strong enough as human beings to struggle with it directly."

These are the profoundly penetrating observations, not of one who has always hated Hitlerism, not of a Jew seeking to defend himself and his race, but of the former President of the Danzig Senate and close collaborator of the Nazi regime, Hermann Rauschning, writing in his most recent book, "The Redemption of Democracy." And they constitute a sufficient answer to the Hitlers, the Bryants, and the Nocks.

However, the purpose of this article was neither a discussion, as such, of Hitler's Germany nor of Bryant's book. It was rather an examination of the present position of that supposed Georgeist and Jeffersonian democrat, Albert Jay Nock, as manifested in his most recent lucubrations.

In his article on "Unfinished Victory" in *Scribner's Com-*

mentator Mr. Nock makes the following assertions:—

- "No statement that he [Bryant] makes from beginning to end, can be questioned."

"Mr. Bryant's statements are all true and are all put with the most careful discrimination."

In view of our own careful examination of "Unfinished Victory," it is obvious that Mr. Nock is either deliberately attempting to distort and mislead, or else has assumed the role of irresponsible scribbler. He is completely unconcerned with or unaware of the need for arming himself with some authoritative corroboration for the point-of-view he so unqualifiedly endorses. The history of the German Republic, and of the rise of National Socialism have been exhaustively documented, developed and discussed. There is literally no end of accurate and trustworthy sources of information in this field. But Mr. Nock chooses to stand sponsor for a book that might almost have originated from Goebbel's German Ministry of Propaganda. So we shall gently draw the veil by charitably supposing that Mr. Nock's present attitude is due to ignorance, and in order to help him (and others who share his prejudices) to avoid similar mistakes in any future treatment of the subject, we are appending the following bibliography:—

The Revolution of Nihilism—Hermann Rauschnig.
The Voice of Destruction—Hermann Rauschnig.
The Rise of the German Republic—H. G. Daniels.
The Fall of the German Republic—R. T. Clark.
The History of National Socialism—Konrad Heiden.
Hitler—Konrad Heiden.
The Fascist: His State and His Mind—E. B. Ashton.
Inside Germany—Albert Greszinsky.
Men Against Hitler—Fritz Max Cahen.
The Nazi Dictatorship—Frederich Schuman.
Fascism for Whom?—Max Ascoli.
Germany Enters the Third Reich—Calvin Hoover.
Nazi Germany Means War—Leland Stowe.
The New German Empire—Franz Borkenau.
The End of Economic Man—Peter F. Drucker.
The German Republic—H. Quigley and R. T. Clark.
The Third Reich—Henri Lichtenberger.
The Burning of the Reichstag—Douglas Reed.
Militarism—Karl Liebknecht.
The Recovery of Germany—James Angell.
Fascism and National Socialism—Michael T. Florinsky.
War Against the West—Aurel Kolnai.
Peace With the Dictators?—Norman Angell.
My Austria—Kurt Schuschnigg.
The Vampire Economy—Gnenter Reimann.
Battle Against Time—Heinrich Hanser.
German Economy, 1870-1940—Gustav Stolper.
The Strategy of Terror—Edmond Taylor.
France Speaking—Robert de St. Jean.
Unto Caesar—F. A. Voigt.
Out of the Night—Jan Valtin.

(Mr. Nock thinks that Valtin's book is simply war-mongering anti-German propaganda, and almost purely fictional. He is referred to a review of the same by the Rev. H. A. Reinhold in *The Commonwealth* for March 28, 1941.)

In addition to the above, the following are Nazi sources, or sympathetic to National Socialism. They tell their own damning story:—

Mein Kampf—Adolf Hitler.

Germany Reborn—Hermann Goering.

My Part in Germany's Fight—Joseph Goebbels.

Hitler's Official Programme and its Fundamental Ideas—Gottfried Feder.

Man and Technics—Oswald Spengler.

The Hour of Decision—Oswald Spengler.

The End of Reparations—Hjalmar Schacht.

A New Social Philosophy—Werner Sombart.

Germany Prepares for War—Ewald Banse.

John Dewey on Henry George

Dr. John Dewey, America's foremost philosopher, has written a Foreword to the new "Guide for Teaching the Principles of Political Economy," published by the Robert Schalkenbach Foundation (See the Foundation's report elsewhere in this issue). The Guide is a student's manual based upon Henry George's "Progress and Poverty," and in his Foreword Dr. Dewey has the following to say:

PROGRESS AND POVERTY is one of the world's classics. While it falls technically in the field of economics, it is one of the comparatively few books in that field that link economics with politics, sociology, and ethics, and, in consequence, it is required study for the student of government, social affairs and morals, as well as economics.

Domestic conditions have for a long time forced attention to the need of free access by the inhabitants of a country to land, in which are included the natural resources of mines, forest and water-power as well as farms and building-sites. Present international conditions, the world war included, point with intense emphasis to the fact that the problem is of equal importance in all questions and issues arising in the intercourse of the nations of the earth with one another. That person lives in a dream-world who believes war can be permanently averted and helpful cooperative relations of the peoples of the earth established until the question is faced of free access of populations to the resources nature has provided for the common use of mankind.

Because of my conviction that no person is properly educated today without acquaintance with the problem and with the solution advanced by Henry George, I am happy to write this Foreword. Whether study of the book leads or does not lead a student to acceptance of the views put forth by George, it will immensely widen and broaden his understanding of the world in which he lives and equip him to deal with the menacing problems it presents.

The Guide which is here offered bears on its face the proof that it is a careful and competent aid to any student who is given the great opportunity of becoming acquainted with a book which will enable him to see domestic and international problems in a vitally important perspective which might otherwise escape his vision.

Kaiser Wilhelm II

By POULTNEY BIGELOW

[The recent death of Wilhelm Hohenzollern, third ruler of the restored German Empire up to the close of the First World War, calls to mind that our good friend, Poultney Bigelow, was a boyhood chum and schoolmate of the late ex-Kaiser. Mr. Bigelow wrote about the Hohenzollern emperor and his social views in an article for the March-April 1912 issue of LAND AND FREEDOM (then known as THE SINGLE TAX REVIEW), which was a Special Number for Germany. However we may disagree with Mr. Bigelow's interpretation, we believe it is interesting enough to present to our readers at this time.—Ed.]

THE German Emperor has successfully deceived the world regarding his true character. On the surface he appears a medieval knight with cuirass, helmet and threatening sabre in his "mailed fist." He publicly repudiates allegiance to any law save that of God Almighty. The press knows him as a war-lord, impatient at any constitutional limitation and muttering to his ministers, "*Sic volo, sic jubeo.*" His last sensational appearance in our press is one whose background setting would be a Court of Impeachment or guillotine, had we in mind England or France. Germany has elected to her Imperial Parliament a very large proportion of Socialists who but a few years ago were regarded as outcasts of society. The Emperor had publicly branded them as tramps, vagrants, men without a country, and their chief illustrated organ, *Simplicissimus*, was forbidden at every railway stall in Prussia. Today a Socialist is elected to occupy the Speaker's chair of the Imperial Parliament, and the Constitutional Head of the State repudiates him, and in appearance gives public notice that he may nullify the organic law of the Empire if it suits his personal mood.

All this has to do with the external Emperor, and if we deal with externals only, we may be led astray.

Wilhelm II is a socialist—he is the greatest socialist on earth. He has no quarrel with socialism, but he very properly resents the mixing up of socialism and politics. Socialism has to do with the welfare of one's country—possibly of all countries. Politics has to do only with success at the next election. Theodore Roosevelt is a politician—Wilhelm II is a patriot.

About forty years ago, when I lived with a German family, fitting for an American collegiate, I saw something of "young Prince Wilhelm," as he was then called. Boys are not easily fooled by one another, and the impressions of childhood are apt to be not only lasting but remarkably accurate. The Emperor is no demagogue. He loves the applause of the world almost as much as our two competing candidates for the Presidency. Yet, closely as I have sought to follow his public career both before and since coming to the throne, I have never caught him playing the dem-

agogue or deceiving by false promises. He has made mistakes of judgment, or rather, he has been the victim of time-serving Ministers who had not the courage to oppose him; but throughout his quarter-century of Imperial rule he has been not only faithful to his pledges regarding the maintenance of peace, but he has never forfeited the highest title in my vocabulary, that of gentleman.

The German Emperor has been reared in a political atmosphere where the great problems discussed by Henry George are solved not by an appeal to party expediency or interested bosses, but by a cold scientific study of what is good for the State for all time. Wilhelm II has, I believe, read and pondered Henry George's monumental "Progress and Poverty," and it is no small credit to him and to the administration of which he is the head, that the first practical application of single tax principles should have been made in the Province of Confucius when Germany organized Kiau-Chow in 1897.

To say that Germany is fifty years ahead of this country in what is best in socialism is to state the matter with great moderation.

Germany has solved a dozen vital questions about which our highly paid politicians are pretending to wring their hands in despair; and moreover the reforms which Germany has made since my boyhood are nearly all socialistic in the best sense and conducive to the happiness of the whole people rather than for the enrichment of a favored few.

The Kaiser's government gives the people better railway service, better postal service, better trolley and tram-car service, and above all furnishes a national express or parcel post very much more efficient than anything we know in America, and at about one-tenth the cost in this country. These are all a species of partnership between the Government and the people. The list could be lengthened to include most admirably conducted municipal markets, municipal laundries, municipal street-lighting and in fact nearly every form of enterprise which with us tends to become a trust or monopoly very profitable to a few, but unjustly burdensome to the people at large.

While we are not of those hero-worshippers who look for salvation to any one man alone, we yet recognize the propriety of giving credit to Napoleon for the French Code which bears his name. We cordially assent when the venerable Wilhelm I is called "the founder of the German Empire." To the same degree, we deem it right that in any future record of the progress made in our times by humanitarian ideas, if credit is due to any one man, that man is the one who now rules over the most scientifically governed State of modern times—His Majesty Wilhelm II by the grace of God King of Prussia and Emperor of Germany.

A Visit to Switzerland

By PAVLOS GIANNELIA

AFTER four months of inquiries by French and Swiss authorities, I finally obtained permission to visit Switzerland. Compared with France it is an Eldorado where you see—and can buy—bread in the bakeries, sweets and chocolate in the *patisseries*, sausages and ham in the butchers, and so on. But compared with the Switzerland I knew thirty years ago—and even with the Switzerland of 1939 at the National Exposition in Zurich—the country now reminds one more of the dialogues of Gessler's soldiers, Leuthold and Friesshard, about reverence to empty hats, than of William Tell's dialogue with his son Walter about freedom and independence.

There are indeed restrictions in Switzerland; but while it is almost impossible in France and Germany to find anything besides the rationed food supplies, Switzerland has additional supplies, like potatoes, fine bread, chocolate, meat, and so on.

In addition, every Swiss and every foreigner who has been in the country more than three months, receives separate tickets for soap, clothes, shoes, etc.

The chief reason for this relative abundance is that five months before the war (April, 1939), every household was obliged to make an inventory of its principal food supply for two months. There was published a complete list of the amount of flour, rice, beans, condensed milk, and other aliments that each family had. These stocks were renewed periodically by each household, independently of the large stocks of the State itself.

To maintain this standard of living, all the land is now under the control of Dr. F. I. Wahlen, chief of the agricultural and economic section of the Ministry of Nutrition. According to his plan, every parcel of fertile land, even the lawns of the public gardens of Zurich, Berne and Geneva, must be exploited. Of the 2000 square miles of arable land, only 400 had previously been devoted to wheat growing. Now Dr. Wahlen demands that 1000 sq. mi. be used for wheat, 400 for other grains, and 600 for potatoes and other vegetables.

Together with this goes reduced production in other lines. In the cattle line, cows are to be reduced from 900,000 to 700,000, and oxen from 800,000 to 550,000; pigs are to be reduced from 960,000 to 540,000. Meanwhile, an intensification of dairy production is demanded; and horses and sheep are to be increased by 20%.

Thus Dr. Wahlen hopes to make Switzerland independent and self-sufficient as it was sixty years ago. He reproaches the last two generations for having neglected agriculture and concentrating mostly on cattle and dairy production.

To Georgeists, the danger in this governmental control is apparent. Some leading men in Switzerland also recognize it. There is Dr. A. Johr, for instance, president of the Council of the most important private bank, the Swiss Credit Bank. At a meeting of the General Assembly, Dr. Johr said: "Private initiative, more flexible, more personal and more adaptable, can often succeed where bureaus, more inflexible, acting more by routine, and more formal, fail. The State, embracing too much, finally injures itself."

As I have already emphasized in a previous article,* the chief reason for the high cost of living, as I see it, is in the high custom duties collected by the confederate government, and the almost complete lack of distinction between land and labor property in the cantonal systems of taxation.

It is astonishing that a country that has "no fuel, no coal, no iron, no gold" (a slogan at the Zurich Exposition) should raise 80% of its confederate revenue by custom duties which amount to 100 francs per capita. The reason for this is that every one of the twenty-five cantons, as a sovereign state, must be considered as the highest landowner; hence, there doesn't remain for the Confederation any other important source of revenue than the custom duties and similar measures. It was only due to the threat of war that the Confederation decided to "violate" indirectly the sovereignty of the cantons, by imposing *octrois* on a certain percentage of the cantonal income and property taxes, part of which are derived from land values.

A people with a finely developed sense of justice and freedom, like the Swiss, tends instinctively toward legislation that divides the tax burden equitably, deriving most of the revenue from benefits that the citizens receive from the community, and falling as little as possible upon labor, skill and initiative. It is characteristic of the conscientiousness of the Swiss that many cantons publish the complete list of figures of the revenue collected by the tax gatherers from the taxpayers! But knowledge of the distinction between land and improvements, a necessary step in equitable fiscal reform, is quite unknown to the Swiss.

During my sojourn in Switzerland, I investigated the land value assessments, and found them inept for immediate taxation purposes. The Peasant Secretariat uses in its statistics separate categories for "inventory" land values and "yield" land values. The inventory land values are based on selling value, and therefore vary with the intention of the landowner to buy or sell, and with conditions in the market. (Inventory land values vary from 20% to 300%

*"Impressions of a Georgeist in Switzerland," *LAND AND FREEDOM*, November-December 1939.

of the average land values!) The yield land values are calculated every year by capitalizing the net yield during the year, the fluctuations thus depending upon the actual yield. However, it is surprising to find that the fluctuations of the yield land values are greater than those of the inventory land values.

The following two tables show the comparison between yield and inventory values in the various land holdings for 1939, and the average of these two values for the years 1901-1938. The figures of the values are in francs per acre.

I. 1939						
Sizes in acres	7-12	12-25	25-37	37-75	Over 75	Aver.
Inventory land value	1570	1280	1190	1030	950	1200
Yield land value	600	760	960	1080	860	890
Proportion of yield to inventory value	38.5%	58.3%	81.5%	105%	91.5%	75%

II. 1901-1938						
Sizes in acres	7-12	12-25	25-37	37-75	Over 75	Aver.
Inventory land value	900	700	620	570	465	670
Yield land value	515	615	710	700	605	670
Proportion of yield to inventory value	57.5%	91%	116%	123%	132%	100%

These two tables demonstrate two things. First, that the proportion of yield value to inventory value varies with the size of the holdings; it is small in the small holdings, increasing with the size of the holdings. The falling off of the inventory values in the large holdings indicates the tendency of small land holders to exaggerate the value of their land, the reason for this being the difficulty and desirability of acquiring money to purchase larger estates. On the other hand, the ascending trend of yield value with the size of the holding indicates that the larger estates can be used more profitably. In a large holding, single plots can be more easily subdivided for different forms of production.

The second thing demonstrated is that these differences are partially compensated in averaging many years together, although the above-mentioned trends for the different sizes do not disappear altogether. (The two averages for yield and inventory values for the years 1901-1938 both happen to be 670, but this, of course, is a coincidence.) These averages give important means for the impartial assessment of true land values throughout the country, excluding the skill of the workers and accidental conditions. This method ought to be adopted and extended by the Peasant Secretariat (which already has the respectable number of 15,000 different assessments), so that the value of every plot of land becomes a matter of public record.

And then—the confederate government and the twenty-five cantonal governments, and the one million voters, must be persuaded of the utility and equity of a single tax on land values. Certainly it is much easier to decree restrictions . . . But is the effect the same?

Georgeism—A Planned Economy

By ROBERT C. LUDLOW

IN the March-April and November-December 1940 numbers of LAND AND FREEDOM, I expressed the hope that Thomists and Georgeists would find it possible to resolve their ideological and practical disagreements and mutually utilize the suggestions each school offers toward the solution of our economic problems. The foremost obstacle mentioned was the "mind-set" of each group—which results in the "planned economy" outlook of the conforming Thomist and the "unconscious cooperation" of the Georgeist. It is the bruited denial of freedom of the will in the economic sphere that would make the Thomist hesitate. But, granted misconceptions of this kind be overcome, there still remains the question of the will and its place in political economy. And if, with the Thomist, we admit volitional freedom, the further question remains: Does this freedom mean freedom to direct economic life, or does this life remain outside the domain of the will? And does a denial of freedom from economic law (except at a penalty) posit a mechanistic conception of man?

We must satisfy this Thomist notion of volitional freedom—we must show that we too believe in man capable of guiding his own destiny and not altogether at the mercy of impersonal forces. But then the difficulty presents itself—how can we reconcile this belief in man with the Georgeist notion of impersonal economic law? Must we not, in justice to man's hierarchical rank and in recognition of his freedom, postulate a planned economic system? A Thomist might complain: Wherein is the Georgeist ideology superior to that of the Communist or Fascist? Does it not enslave man to an ironbound system of so-called natural economic laws? Instead of allowing man to hold his economic life before him and arrange it intelligently, would not Georgeism compel him to leave all things to impersonal laws so that economic life is relegated to the unconscious? In a word, does not the whole Georgean concept degrade man, make him a mere pawn incapable of conscious control over his life—is it not a system of thought congenial to materialism, determinism, fatalism?

On the surface it would appear a damning indictment. Indeed, there are extremely individualistic Georgeists to whom such an indictment would be applicable. Man, they repeat with the laissez-faire capitalists, must pursue his own self-interest, he must not directly work for the common good. Economic life is like the stomach, if you pay attention to it, it works badly—so leave it to natural immutable laws. Conscious cooperation, that civilized concept, we must put from us—each for himself, and then, through some jugglery of "natural economic laws" this "enlightened selfishness" will heave up communal good.

And labor? It is a commodity to be bought and sold—subject to the law of supply and demand as every other commodity. No room here for any idea of the dignity of labor, of a living wage, of the superiority of human rights over property rights—no room here for any thought of labor guiding its own destiny, forming its own association, defending its own rights.

The trouble with transferring the ideological reasonings of Georgeists and Thomists on this question to the practical realm is that such a transfer is the result in both cases of analogical reasoning. The Thomist speaks of man's dignity, his "differentia" from other animals being in his volition and intellect, and then argues that to deny conscious control of the economic process to man is, in effect, to rob him of this "differentia." The Georgeist has his example of the digestive system—how nicely it works when *we* let it work unconsciously and how badly it works when we begin paying too much attention to it. And this he transfers to the economic sphere and likens its laws to the laws of digestion. And because it is analogical reasoning neither example seems to me necessarily to hold. For since it is *we* who leave our economic life to the "unconscious" it is *we* who *will* to do so, and this implies we could *will* not to do so (though we might take a penalty). And again, there are obviously departments in which free will is inoperative (we are all subject to the laws of gravitation whether we will it or not) and whether economic life is one of these or not must depend upon which—a planned or an unplanned economy—better serves the common good. Surely if an unplanned economy *will* work for the common good it would be superstitious to insist on a planned one to conform to our ideological requirements. And if we find that the unplanned economy does not work for the common good, no amount of "digestive process" reasoning should make us stick to it. We have had some experience with the planned variety. As to the unplanned, the Georgeist would say we have never really tried it; traditional capitalist economy was a sham trial.

It is my opinion that Georgeists could very well discard Mandeville's concept of "enlightened selfishness." It might be argued that use of this notion is one reason Georgeism makes so little headway among the general population. Even if we do build, or would build, society on this principle, we wouldn't like to admit it—if our blueprints were idealistic, nothing else would be. But I hardly think that a valid throw at Georgeists, as far as the general populace is concerned. Those among them who have heard of the system think of it as another idealistic venture in the same class with Socialism, Communism, and (God help us) even Townsendism. But, apart from ideological or psychological reasons, I think, for practical purpose, we might well substitute the notion of conscious participation in economic life for the Mandeville principle.

Under the Georgeist system, we are told, if the individual dislikes the terms of his employer he can, having free access to natural resources, go off and employ himself. All very well in a simple society. But we must promise the worker something better than that today. We must offer him a more positive share in the great technical resources that exist today. Something should be done to assist him in getting the means for extracting wealth from land. We must be concerned with individual workers, and find a place for them in our social system.

To realize this ideal, we must look for a way that avoids collectivism of the Communist variety. The most feasible seems to have independent workers band together in conscious cooperation and, by their united savings, obtain the means of production. In short, to make Georgeism applicable to present-day needs we must utilize the Rochdale principles. Thus, after application of the single tax, we would proceed along the path of group (rather than national) planning. This neither implies a centralized bureaucracy, of which Georgeists are rightly suspicious, nor does it imply a "fixed market." For the products of the various labor groups (who banded together to obtain the means to operate separate industries, each a unit from the rest) would have to meet on a free market. This cooperative system is indeed what Henry George himself envisioned as a probable result of the single tax.

This utilization of the "conscious cooperation" concept implies that labor will not be regarded in the same category with goods, as a market commodity. This because, as Leo XIII points out, "the freedom which man enjoys as the ruler of creation, and the personality which he injects into his labor put upon the performance of work a dignity which cannot allow it to be bought and sold and which ennoble it into a super-material sphere." Though, from the point of logic, many Georgeists regard labor as a market commodity, I think they revolt against the notion (unconsciously perhaps) as desirable or in accordance with man's dignity.

Friedrich Wilhelm Foerster speaks of culture as "the repression of egoism." I quarrel a little with the words; I would rather say culture is the sublimation of egoism. It is a non-intellectual definition and the only one I find satisfactory. And applying it to economic systems, I would conclude that any system built primarily upon unrestrained individualism is hardly conducive to the cultural life. Just as no ideology built upon unrestrained nationalism can promote individual or national culture, so no economic system can build itself around a concept of individual greed and expect either individual or communal culture to result from it.

All in all, because of man's place in the hierarchy of beings, because of the cultural and practical reasons discussed, I prefer to think of Georgeism as what, in the last analysis, it really is—a planned economy.

Three Theories of Rent

By RAYMOND V. McNALLY

[This is the second and final instalment of the article, the first having appeared in the May—June, 1941 issue. We take this occasion to correct two typographical errors in that part of the article heretofore published: on page 95, 6th line from top of second column, the word "normal" should read "moral"; on page 96, 28th line from top of second column, the word "ascertain" should read "ascribe." Immediately following this concluding instalment will be found an article entitled "In Defense of Ricardo," a comment on the views of Mr. McNally.—ED.]

The Realists

THE realists are neither moralists nor psychologists. Their method is purely scientific. They insist upon a strictly literal explanation of economic life as *it is today*. In discussing the market, they have in mind only one kind—namely, that which operates today. They regard it as the area in which men bid for the goods and services that other men have to sell. The mere presence of goods and services does not give them value. Human labor alone does not create value. There must be a demand for them. But the mere bidding on the part of buyers is not enough. To have value, the goods and services must be *actually sold*. Before sale, they can have only a potential or speculative value. Every business consists of a buying and production department and an administrative and selling department. Some business concerns of course do not make things themselves but buy them ready-made from other establishments, and their only production activities, if any, consist in getting them ready for sale. Although the owners of businesses supervise the production and buying, their chief personal functions are those of administration and selling. Goods and services may be produced, but they cannot reach the hands of consumers and have value until they are sold. They are sold for money or credit by means of which other goods and services are obtained, either immediately or later, in exchange for those that have been sold. In the market, buyers are free to refuse to pay the price demanded by sellers, and, on the other hand, sellers are free to refuse the price offered by buyers. Neither the buyers nor the sellers coerce or compel each other. Unless this freedom prevails, there is no market and thus no value.

Now just as private services must be bought if people want to obtain them, so public services must be bought if people want to receive them. To receive the latter, one must occupy a certain portion of land, for these services are only delivered to sites or locations and are sold to the occupants by landowners. The payment is called rent. Rent or the value of land, therefore, is based on public services and on nothing else. The landowners do not sell or rent land as such but only the public facilities that attach

to land. If these facilities were obtained direct from the government, they would not be services but *privileges* or *benefits*. To constitute services they must be obtained by purchase through the democratic process of the market. The government officials cannot sell the public facilities, for they are not in the market. Why they cannot possibly be in the market I shall explain later.

The value of the public services is determined by the bargaining that takes place in the market between the landowners and the occupants of the sites. We observe that the landowner and the user of the site enter into a free contract, neither coercing or threatening the other. The tenant is free to refuse to pay the rent demanded, for not only does the landowner not coerce him, but the landowner has no monopoly of public services. The tenant can obtain them at other sites. And by the same token, the landowner is free to refuse the rent offered by the tenant. There is more than one tenant. This is democracy at its best. And so we see that rent is not an arbitrary payment like a tax but is fixed by the competition of the market. The tenant pays only what he believes the services are worth to him.

The public servants comprise the production department of the public service business, while the landowners comprise the administrative and selling department. The former receive stipulated salaries and wages, but unlike the employees of a private business, they fix their own compensations and pay themselves out of the wealth they seize from the people through taxation. They do not receive them from the owners of the public capital by any exchange of services. The landowners, on the other hand, receive their compensation in the market by virtue of their service in selling the public services to site-users. This compensation constitutes the profits of the public service business which remain after all the costs, consisting of the wages of the public employees and the interest on the borrowed capital plus all other costs of depreciation and obsolescence, have been met. The net income or net rent left in the hands of the landowners when capitalized at the current rate of interest gives the capital value of land. This capital value of land is nothing else but the value of the *public capital*.

To the extent of merchandising the public services to site-users, the landowners are the owners or administrators of the public capital. Unlike the owners of private capital, they fail to supervise the employees of the production department. The result is irresponsible government and bureaucracy, for these employees are responsible today, not to the owners of the public capital, but to the electorate, or to be more precise, to the pressure-groups to whom they

grant privileges and subsidies in order to maintain themselves in office. These privileges and subsidies call for taxes in addition to those deemed necessary to provide compensation for the public employees. All these taxes, including those used to compensate the public employees, reduce by that amount the value of the public services to site-users and less rent is paid. But the burden on the site-user is not only the amount of the taxes he pays but the loss caused by the indirect cost of taxation—that is, by the methods used to collect taxes and the restrictions and regulations imposed on his business directly or indirectly by the manner in which the tax funds are spent. Thus the site-user is still further impoverished, and the amount of rent he pays is even more reduced. He does not pay twice for public services, once in rent and again in taxes, as the neo-Ricardians claim. Taxes are a charge against rent. The landowners today do not pay the wages of the public employees and the costs incidental to the maintenance and the borrowing of the public capital directly. These are paid out of the taxes collected from site-users. Not all the taxes, however, are used to finance the public services. Some of the funds are wasted, and a large part of them goes to finance *disservices* such as subsidies and various ventures for the regulation of and, consequently, interference with private enterprise. But the landowners do pay the public expenses *indirectly* when their rent is reduced by the taxes levied on their tenants. If all taxes were abolished, landowners could pay the public expenses directly, because rent would be increased by at least the amount of those taxes. In fact, they would have to pay them and also to see that the funds were spent as effectively as possible, for otherwise there would be no public services and consequently no rent. And it is reasonable to assume that it would be to their advantage not only to do this but also to supervise the public employees and to extend their administrative functions in connection with the public capital, for the abolition of taxes together with their concomitant indirect costs arising out of the restrictive and punitive methods of collecting them and the waste and inefficiency and the devastation of private enterprise involved in the spending of them, would enable site-users to pay more rent and thus to increase the landowners' profits. The realists, however, are careful enough to point out that landowners are no more aware of their real functions and the true nature of rent than are other people.

In order to see more clearly why the site-user does not pay twice for public services, let us turn our attention to private enterprise for an illustration. If a furniture establishment, for instance, were to conduct its affairs as the public service business is conducted, it would soon go into bankruptcy. If the owner failed to supervise and pay the employees and allowed them to compensate themselves by seizing the wealth of his customers, his income would fall

off. His customers, being in reduced circumstances as a result of the depredations of the employees, would not and could not possibly pay twice for the furniture. If a bedroom suite cost \$1,000 to make and to sell and the employees seized \$500 from each customer for their compensation, the customer would pay only \$500 to the owner for the suite. He would pay the difference between the total cost of the suite and the amount seized from him by the employees. In other words, what he would pay would be equivalent to the value of only the administrative and selling services of the owner himself. The same thing is true of public services. The rent the site-user pays today represents not the total cost of the public services (for part of them is financed by taxes—the part that I term the production department) but only the value of the landowner's services fixed by the market plus the amount of taxes that are now levied on the value of land and the wages of any private employees he may have. It is doubtful whether the owner of the furniture factory would receive as much as \$500 for the bedroom suite, for the manner in which the employees would seize the customer's wealth would impoverish the customer by more than the actual amount seized. If these seizures continued, the owner's income would steadily decline until he was forced out of business.

I wish to refer now to the statement that I previously made that government officials cannot sell the public facilities because they are *not in the market*. Only the owners of capital, whether public or private, from the use of which services flow, can sell those services. Government officials do not own the public capital, not even as representatives of the electorate. The masses of the people are consumers of the public services and they cannot also be owners of the things they buy. That would be like a lawyer acting as his own client or a storekeeper acting as his own customer. It might be said that they are owners in the collective sense and consumers in the individual sense; but then there is something else to consider. The owners of capital receive the income from it, but the masses of the people do not receive any income from the public capital. Furthermore, the citizens of a country cannot exercise proper supervision over the public servants, because there is no unity among them. They have many different interests, and each one seeks his own welfare, not the welfare of all. Government, therefore, is responsible only to the strongest pressure-groups, and the particular interests of each conflict with those of the others. The owners of a private business may at times disagree on policies, but they are all united for their common good by a common interest—their income. The citizens receive no income from the public capital and, therefore, have no unity of purpose. And being divided against one another, their only *direct* interest in government lies in the favors that are doled out to them. Their *indirect* interest concerns itself with the public services, but these

they buy in the market direct from landowners as occupants of sites. The public servants have no contact with the market. They could only be brought into the market and made responsible through the medium of landowners if all taxes were abolished and they received their compensation direct from landowners out of the increased rent that would result.

Recapitulation

The rent we have been discussing is ground rent as distinguished from the rent that is paid for the use of a building or a machine. We have seen that rent is not paid for land as such nor for the natural advantages attaching to land. Rent is paid for those advantages of location that cannot be dissipated or equalized by exchange—namely, the public services, such as public highways, sewerage systems, police and fire protection, etc. It is determined by the competition of the market and is a *voluntary* payment to the landowner. It cannot be paid direct to public officials, for then it would be a tax. Taxes are always paid *under compulsion*. Those who advocate paying rent direct to public officials or who advocate taxing the value of land (which would require public assessments) are in effect demanding that we scrap part of the exchange system—that part which concerns itself with public services—and that we place ourselves *to that extent* under the domination of the state. They are dangerously close to the Marxist who demands that the *entire* exchange system be scrapped and that we place ourselves *entirely* under the domination of the state.

The realists, on the other hand, favor extending the exchange system or, in other words, the democratic way of life, so as to bring the public servants within its scope and make them responsible individuals. They contend that private *property* in land as distinguished from mere private *possession* must be maintained, as private property in land is the bulwark that protects private enterprise from the encroachments of bureaucracy. Destroy private property in land, they say, and the trend toward state socialism would be accelerated.

Some people honestly fear private property in land because they believe that it leads to the holding of land out of use. They view the problem of poverty and unemployment as a land question. This view is invalid because there is no scarcity of land in the aggregate. There is a scarcity of certain types of land or locations but so is there a scarcity of certain kinds of skilled labor. Furthermore, to say that land is held out of use is to set themselves up as arbiters of what rent the landowner must accept. This attitude leads them to demand that land be taxed into use. This is the attitude of the fascist who has little or no understanding of the basic principles of the exchange system. We cannot force the production of wealth. Production is

a voluntary process. Forcing land into use is only one step removed from forcing employers to pay minimum wages or forcing industry to charge prices fixed by the state. It lessens rather than increases the production of wealth. Landowners as a class are anxious to receive an income from their land, and they can only receive it if they rent their land to those who are able and willing to use it. Some landowners of course have very poor business sense, and their land lies idle because they demand too high a rent. This does not force men to go without land, for they merely take some other location. Nor does it compel them necessarily to go to poorer locations, for the owners of the poorest locations sometimes demand so high a rent that producers move on to better locations. If we are to maintain the democratic process of the market, landowners must be accorded the same freedom to refuse the rent offered as site-users enjoy to refuse to pay the rent that is asked. Otherwise there can be no rent. Rent is established by the bargaining process, and there must be freedom on both sides.

We cannot *force* land into use, but we can *increase the demand* for land by abolishing all the taxes and restraints that are depressing industry. When industry is depressed, it uses less land, rent falls, and landowners are inclined in some cases to wait until the demand revives rather than rent their land at too low a figure. Whether land is ever actually held out of use is a matter for the psychologist to determine. Not concerning himself with psychology, all the economist knows is that land is *driven out* of use by taxes and bureaucratic interference with private enterprise. Private property in land today is gradually being destroyed, and land is rapidly passing from private hands into the clutches of the state as a result of the heavy taxes that bear on industry and on land itself. We can scarcely imagine the heights to which civilization could rise, the stimulus to invention and productive effort, the flowering of the arts and the increased mental and physical vitality that would result, were industry freed of bureaucratic restrictions and society purged of political corruption and inefficiency. And it must be definitely stated here that the resultant advantages would not be absorbed by rent, as the Ricardians claim, for as I previously pointed out, rent is not fixed by the "margin." No one would bid for any location if all of the advantages were absorbed by rent.

* * *

A great deal more can be written on this subject, and I realize that many questions may arise in the reader's mind that I have not specifically answered. However, I believe that the thoughtful reader will find that I have anticipated some of them at least, if only by rather broad strokes. My chief purpose has been to stimulate thought on this very important subject.

In Defense of Ricardo

By A COMMITTEE OF RICARDIANS

WHILE we are in accord with Mr. McNally on the importance of the phenomenon of rent in modern society, we cannot agree with his theories. We therefore feel obliged to submit this extended comment on the thoughtful article Mr. McNally has written.

In presenting his analysis of three theories of rent, Mr. McNally begins with the Ricardian, the "orthodox" conception. After a statement of the Ricardian law (in the first paragraph under the heading "The Ricardians"), the author uses the familiar island illustration to attempt to prove the inadequacy of the theory (second paragraph). In settling A on better land and B on poorer, he assumes the need for A to police his own holding. But the assumption is unwarranted that A's excess of five bushels is the result of police protection; it is due to the greater fertility of A's location. Admitting for the sake of argument that policemen have enabled A to produce the extra five bushels, and admitting further that they get the whole excess should we assume that A gets no other benefit from police protection? Since we are asked to assume the necessity of protection for the five (rent) bushels, is it asking too much that the policemen also protect A in his possession of the remaining five bushels, as well as A's person in his daily exposure to the thieves and murderers of all kinds in Mr. McNally's *realistic* world?

As for Mr. McNally's criticism, (in the fourth paragraph) that the Ricardian demonstration does not apply to an exchange society, we say: Not only is the Ricardian theory applicable to an exchange society; it is not really applicable to any other. The simple conditions used by Ricardians in illustrating the law of rent are *situations of an exchange economy*, with society reduced to a few individuals, for the sake of simplicity—but this is not a "primitive" or individual economy as opposed to an exchange economy, which Mr. McNally would have us believe.

In the same paragraph, Mr. McNally attempts to show the inconsistency of the Ricardian theory by asserting that since B would gain no advantage in renting A's land for five bushels, rent would have to be less than five bushels, i.e., less than the excess; the inference being that if B did not rent A's land there would be no rent. This, however, is not true. If B does not rent A's land, we have a right to assume that A will use it himself and collect, out of the produce of ten bushels, five bushels as rent and five as wages. It may be argued that A might have more land than he needed for himself and it is this surplus land which he offers to let for rent. But such an argument would suppose a case of land *speculation*. In other words, the ten-bushel land, of which we have just assumed a surplus, would be the *normal* margin, and the five-bushel land an *abnormal* or speculative

margin. Normal rent cannot be less than the excess productivity, because the competitive bidding keeps the rent up to the whole of the excess productivity. When the supply of land is greater than the demand, that land is marginal and can have no value. If, as in the case here given, A is willing to take less than the "excess" as rent (let us say three bushels instead of five), this is proof that speculative rent had entered the picture, and the acceptance of the smaller, more normal, rent signalizes that the speculative bubble has begun to burst, and speculative rent is coming down. The Ricardian law is still working—the margin is raised from five-bushel land to seven-bushel land.

It is assumed, (in the fifth paragraph) that A and B now exchange products for products, instead of products for land. B on his inferior land produces five bushels of potatoes with the same labor that A produces ten bushels of corn. In the open market, says Mr. McNally, B would receive twice as much for each bushel of potatoes as A would receive for each bushel of corn, in which case A would enjoy no advantage. But this assumes that B's land is the only land on which potatoes are being produced, and that A's land is the only land on which corn is being produced. What of a third person, C, producing either corn or potatoes on still inferior land? In such a case, wouldn't both A and B enjoy an advantage? And wouldn't that advantage be due to the superiority of the natural qualities of their land? And of course it would be quite arbitrary to rule out that on A's land ten bushels of potatoes might be produced, as against B's five, so that A need not exchange at all with B on the basis that Mr. McNally has supposed.

The last paragraph under "The Ricardians" is full of amazing conclusions. We can agree that no one can profit from natural advantages when he does not own land, but must instead pay rent for such advantages. The fact is that landowners always charge for natural advantages, and such are not equalized through the process of exchange; they can only be equalized through the process of a tax on land values.

The statement that A would go bankrupt if he did not own land but rented it from some one, is puzzling. We fail to find any ground for this conclusion in the examples previously given. First, (second paragraph) we are told that there would be no rent. Then, (third paragraph) that the rent would be turned over to the police. Next, (fourth paragraph) it is said that rent could not be more than the excess and might be much less. Finally, (last paragraph) there is another illustration of no rent. But if the sobriety of this type of discussion may be moistened with a little levity, we think Mr. McNally and ourselves are on common ground

when he supposes a situation in which anyone but a landlord is very likely to wind up in bankruptcy!

With all deference, we submit that Mr. McNally misunderstands Ricardo's law. He seems to think that rent, according to the Ricardians, is determined by actually measuring the wealth produced on a given location with that produced at the margin by men of identical ability. Such a process is impracticable as well as unnecessary. Rent is determined by *demand* on the part of many individuals—of varying ability, it may well be—for particular locations. It is obvious that their demand will be determined by the *possibilities* of the different locations, and by a knowledge of such possibilities on the part of the men, with an ability to take advantage of them. The rent of land will *tend* to be determined by these possibilities, and this is implied in Ricardo's statement. Rent can be determined just as easily whether the bidders be of the same or varying degrees of ability. What each bidder is willing to pay for land is based upon its superiority over another location, the value of which in turn can be determined by still less desirable land, and so on until we reach the poorest location in use, which has no (exchange) value, and which is the margin. As long as there is a margin, it will be the final basis of determining the rent of land. When the margin has disappeared altogether, rent will be determined by the minimum of subsistence.

Mr. McNally has not disproved the Ricardian law of rent. We reaffirm our conviction in Ricardo's self-evident proposition: *The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use.*

* * *

More time is spent in "Three Theories of Rent" on the *Neo-Ricardians* than on the Ricardians. Mr. McNally would have done well to spend more time on the latter, for his whole superstructure depends upon a refutation of the Ricardian law of rent, as we shall see.

The "Neo-Ricardians" is a recent name for those who hold that rent is due only to social and governmental services and not to natural advantages. We would like to interpolate at this point that so-called social services, as distinguished from governmental services, are nothing more than the activities of people, springing from the division of labor. If we examine the idea of *governmental* functions it will be seen that they are but the result of a specialization or extension of the ordinary social services, being different only in degree and not in kind.

Mr. McNally considers the Neo-Ricardians a step in advance of the Ricardians. However, he has some criticisms to make of their views. In his second paragraph (under the heading "The Neo-Ricardians") he criticizes the idea of so-called "stand-by" services as a factor in rent. Mr. McNally here seems to misunderstand the Neo-Ricardians in

their meaning of "stand-by" services, for he describes these as consisting of the cost of carrying goods in stores, or standing ready to render some form of service. But this cannot be what the Neo-Ricardians mean if they intimate that the value of stand-by services goes to landowners. No individual service can increase rent. Goods and services are paid for in the price charged to the customer, as Mr. McNally correctly states. But the convenience of being located near the various services rendered is a service over and above that rendered by individual business men. That is a community service, caused by the presence and activities of the population, and is expressed in rent. If the Neo-Ricardians do attribute this service to the individual businesses themselves, they are in error.

In this next paragraph, Mr. McNally includes proximity to market with natural advantages. We contend that this is a community advantage. However, Mr. McNally would eliminate *both* natural advantages and social services as factors of rent. His claim is that while they give *utility*, they do not give *value* to sites. Here he places some of his own philosophy, *realism*, in jeopardy. For it is not possible that these advantages and services can give to all sites the same degree of utility; some sites are bound to get more than others, and as a result, must have some value. This is a truly real, as well as a Ricardian viewpoint. Mr. McNally has not eliminated the market—nor, indeed, any other social advantages—as a determinant of rent. Is it not a matter of common observation that sites near the market command more rent than sites farther away? Indeed, as the Ricardians maintain, *any factor*, in the way of natural or social advantages, that makes one piece of land more desirable than another, will give to that land a rent.

In the rest of his discussion of the Neo-Ricardians, Mr. McNally criticizes their psychology that "rent is a debt due the public." We can discover nothing fundamentally wrong in this view which he assails, but since the limitations of space press upon us, we will proceed to an examination of that concept of rent which Mr. McNally endorses, and which he calls the "Realist" view.

* * *

In the second paragraph, Mr. McNally translates the processes of the goods market into the transaction of *landowners selling public services*. He has sought to eliminate natural and social advantages as factors in creating rent, and to contend that only governmental or public services are factors. We have heretofore shown that governmental or public services are but items in the larger category of social advantages, so that we find here another case of "reasoning in a circle." In his third and fourth paragraphs Mr. McNally further elucidates his conception of the landlord in the market, selling "public services." He says of the bargaining between landlord and tenant, "This is democracy at its best." Now it is obvious that land is needed by labor

in order to produce. Those who do not own land are not on an equitable basis with those who do. Mr. McNally answers this by saying that land is not a "monopoly"; that the use of land is on a competitive basis. We reply that no matter how widely diffused is landownership, the fact remains that the owner has an advantage over the landless man. In countries such as France where there were a great many holdings split up among a great number of landowners, tenants were rackrented worse than where land was the subject of closer monopoly.

The fifth paragraph seems to be the backbone of the Realist view. Herein we are told that waste in government and bureaucracy calls for more taxes than would be required for legitimate public services; that this reduces the value of public services to the site user who therefore *pays less rent*. "Landowners," says Mr. McNally, "do pay the public expenses *indirectly* when their rent is reduced by the taxes levied on their tenants." He proposes that *all* taxes be abolished, and all rent remitted to landowners, who would then, of necessity, be the administrators of public services on a competitive basis. This is indeed cause for rejoicing. (?) All the taxes of which tenants now complain are not the unmixed evil they think, implies Mr. McNally; are they not escaping the additional rent which the landowners would otherwise receive when waste and bureaucracy should be removed? This is a paradox.

All the blame for our present topsy-turvy system is placed upon bureaucratic cupidity. The landowner, as the true administrator of the public capital, says Mr. McNally, finds his hands tied by restrictions. But, he asserts, "landowners are no more aware of their functions and the true nature of rent than are other people." This is realism indeed!—to gratuitously offer landowners a function of which they have been unconscious all these centuries. If their predestined duty has made them the guardians of society, they have been woefully unaware of it. Plunder, aggression, greed, fraud, disregard of the common rights of others—these have been more characteristic of the lords of the earth throughout the ages rather than concern with the common welfare—and in times before bureaucracy could be made the scapegoat for all mankind's ills.

Now it is clear why Mr. McNally has endeavored to do away with natural and social advantages, and to suppose that rent arises only because of the public services rendered. Manifestly, if rent is due to nature, or to the mere presence and activities of population, there is no reason in the world why the landowner should be the administrator of the rent fund. He is then not rendering any service whatsoever in making these advantages "available." They are there for people to come and take, and he is merely standing in the way.

To explain why landowners, rather than the government, should be administrators of the rent fund, Mr. McNally

uses an illustration from private business, in his sixth paragraph. His conclusions as to the private business are correct, but we fail to see their applicability to public services. The analogy is ingenious, but serves no purpose.

Mr. McNally goes on to state that citizens of a country have no common interest; therefore no common administrator, like the State, can serve for all of them. He would accordingly turn over the government to the landowning class. This would be the end of democracy. The proprietary society advocated by Mr. McNally would be but the return to the old feudal system, in a new dress.

The Realists, however, believe that under their plan we would only be extending our free market system. They counter the fear of private property in land with a fear of common property in land. They believe that we would be scrapping our exchange system if we allowed the government to administer the rent fund. To publicly collect rent as a tax, says Mr. McNally, would make it a compulsory payment, not the free exchange that a free society demands. We fail to see his distinction between a landlord and the government, in this respect. If a person chose to remain on a certain site, the landowner would demand that the full rent be paid under Mr. McNally's system, as much as the government would, under the public collection of rent. And under this latter system, a tenant would have a free choice to move to another site if he so desired—even to a site where there was no rent to be paid at all—the margin.

Mr. McNally further objects to the proposal to force land into use by the taxation of land values. It is the word "force" that strikes him as being a bit fascistic. This is a quibble over words. If the "force" that we advocate will lead to a liberation of productive enterprise, let us not be concerned about the word's uglier connotations in the fascistic philosophy.

* * *

Mr. McNally has spoken out against the evils of the bureaucracy of our present democratic processes. We join him in his sincere wish to be rid of the present corruption of officialdom, and we commend his able indictment of the arrogance of many of our public "servants." On the other hand, we feel there is less reason to distrust government of the people, with all its faults, than the aristocracy of landed proprietors which Mr. McNally offers as a substitute. We still believe in *democracy*, and one day we hope to attain a government *of* the people, *by* the people, and *for* the people—and to replace high-handedness with high-mindedness. Mr. McNally has said that landlords have not yet been made aware of their true function in society. We submit that this observation would have more weight if directed to the unawareness of our officials and electorate to their functions and duties. Government can be no better than the intelligence of the citizens who comprise it.

The Critics Criticized

By JACOB SCHWARTZMAN

[This is the fifth of a series of articles by the same author, dealing with the objections of noted economists to the doctrines of Henry George, and the refutation of such objections.—Ed.]

IN a mildly-worded essay, Prof. Charles J. Bullock, in his "Introduction to the Study of Economics" (Silver, Burdett & Co.) denounces Henry George's proposals.

(Charles Jesse Bullock was born in Boston in 1869. He received his Doctorate from the University of Wisconsin, and has taught economics in Cornell, Williams College, and Harvard. He is now Professor Emeritus of the latter university. He is a Fellow of the American Academy of Arts and Sciences, and former President of the National Tax Association. He is the author of numerous books on finance and economics.)

Prof. Bullock's ten objections follow:

1—All social progress does not increase the demands made upon land.

(a) Improvements cause better lands to be more intensively cultivated, thereby contracting the margin, and throwing poorer grades of land out of use. Therefore, rent is decreased.

(b) Rent is increased only in large cities.

2—The second fallacy is that of supposing, in any case, that the demand for land can increase indefinitely, and can throw most of the product into the hands of landlords. Beyond the point set by the standard of living, population—and hence this principal demand for land—will not increase. It can never increase beyond the point set by the claims of capital, and by the desire of laborers to maintain their standard of living. Nothing can be more incorrect than the theory that rents paid to landowners are a necessary cause of poverty, attending all social progress.

3—On financial grounds, which cannot be enlarged upon here, any single tax is highly objectionable, and is condemned by all authorities. (E.g., Bastable, Plehn, Ely, and Seligman.)

4—There is no such thing as "natural rights" of society to land. Landownership is justified because of social utility.

5—Economic rent cannot be called unearned, since, in one sense, it accrues mainly to people who incur the risks of investing in land, and cannot be secured without exercise of foresight. Investors should at least be guaranteed their losses on capital invested in improvements.

6—As a revenue measure, the single tax would often prove a disappointment. In England, the rents of agricultural lands have steadily fallen.

7—There are other unearned incomes besides those secured from some pieces of land. They should be taxed also.

8—As a simple matter of fact, all those persons who

have the good fortune to be favorably affected by each actual turn of social development are likely to receive unearned incomes. It is just to tax them all; but not to tax them away.

9—In the United States, any unearned increment is likely to be distributed quite widely, because landownership is widely extended. Too many people would suffer by the tax.

10—Confiscating the value of land without compensating present owners does not appeal as just to the conscience of the average American. The present owners have invested in land in good faith.

* * *

My answers follow:

(1)

(a) It is untrue that if better land were more intensively cultivated rents would therefore fall. The rents of the more productive lands would rise tremendously because of the increased demand for that type of land. Statistically, this is borne out by facts. Rents have risen sky-high on such super-productive sites.

(b) The concession is amazing. First it is claimed that intensive cultivation decreases rent, then it is asserted that "rent is increased *only* in large cities". Where is production intensified the greatest if not in large cities?

(2)

Bullock here claims that people's demands for land will never be much more extensive than they are to-day. He feels that our desires are limited. No greater fallacy could be uttered than this attempted destruction of the second Georgeist axiom. "Man does not live by bread alone." He may, and does, want cake, both of the physical and spiritual variety. Man's demands always increase, all things being equal. History proves this from time immemorial.

Secondly, the professor feels that capital can set the limits of men's desires. This is a cousin to the "wages-fund" doctrine, which looks upon capital as the source of wages. Men will not be bound by any current standard of living, or the amount of capital in a country. If that were so, we would still be living in caves; if that were so, labor would not produce any more capital than has ever been produced!

Thirdly, increase in population is not the only reason for increased demand for land. Satisfaction of primary desires leads to satisfaction of still higher ones, which in turn leads to a greater valuation of the land in use, the source of the increased production.

(3)

We cannot answer this objection here, since no reasoning is offered save an invocation to authority. We shall therefore examine it when we criticize Ely and Seligman jointly in the next article.

(4)

Even if the author challenges the "natural rights" theory

of ownership of land by the community, this still does not justify private ownership because of "social utility"—an ambiguous term, which may be used to justify slavery, robbery, prostitution, and practically everything else under the sun. If not because of a "natural right," then on ethical and moral grounds (which Bullock does not attempt to eschew) all men in common must own the earth. Private property in land results in nothing but inequality, injustice, poverty and bloodshed.

(5)

I have already refuted this objection in the third article of this series. Nevertheless, I shall repeat that since the investors had no right to the ownership of land they have no right to any proceeds in connection therewith; and the community is not concerned with the speculative enterprises and "losses" of the "owners" of the universe.

Bullock is evidently confused when he speaks of guaranteeing "losses on capital invested in improvements." In a Georgeist society the community will not take over the improvements, but only the land.

(6)

Even if the single tax would be financially inadequate, it would still replace certain havoc-producing taxes of today. It would result in what is really the prime benefit of the proposal: the sweeping away of all restrictions to the use of land, the "ownership" of which is a bar to production. The taxation of land is not merely a fiscal measure; it is a thoroughgoing social proposal. Nevertheless, it is not reasonable to aver that the single tax would be a fiscal failure. As the community grows, so grow its needs, so grows the demand for land, and so grows the rent, which would result in greater revenue under the Georgeist plan.

Why English agricultural land is singled out is indeed puzzling. Naturally some rents will fall, and some will rise. But a rise usually occurs in the great cities, where the pampered parasites of society drain the life-blood of the laborers and the capitalists alike.

(7)

This objection has been frequently answered. We feel that all other monopolies will tend to disappear when the land monopoly is destroyed, since they all directly or indirectly spring from land monopoly. However, it is no argument against the taxation of land values to say that there are *other* monopolies. It is an admission of the evil in the mother of all monopoly. As a matter of fact, the Georgeist philosophy means much more than the taxation of land. It is a sweeping condemnation of all that is unjust in society.

(8)

Here the author, in his attempt to avoid "land socialism," falls, astonishingly enough, into the trap of complete socialism! All favorable developments should be taxed he says

(albeit not taxed away, he hastily adds), which means that all profits would be discouraged, and personal, as well as real, property taxed. Needless to say, Georgeists do not believe in taxing the fruits of human labor.

(9)

The fact that there are more landlords in the United States than elsewhere in the world should cause about as much jubilation as would the statement that there are more kidnapers in this country than anywhere else in the world, and that therefore we should not punish the kidnapers, because more of them would suffer. If landlordism is an evil, the multiplicity of its members can hardly be a reason for permitting it to live.

(10)

That which cannot be originally owned cannot be owned after a series of transactions. The passiveness of the people to robbery of any kind, especially when in their ignorance and weakness they have been unable to combat it, cannot be construed as a waiver of their rights, either in law or in equity.

Our Australian Letter

From A. G. HUIE

[We welcome Mr. A. G. Huie as our new Special Correspondent for Australia. Since the death of Percy R. Meggy, of Sydney, in 1935, LAND AND FREEDOM has up to now been without an Australian Correspondent. Mr. Huie is Secretary of the Henry George League of New South Wales and Editor of their organ, *The Standard*. Readers will recall previous articles by him in LAND AND FREEDOM. One of the earliest and foremost leaders in the Georgeist cause in Australia, Mr. Huie is well qualified to keep us informed on the current economic scene in that country. We look forward to further Australian letters from Mr. Huie, of which we present the first herewith.—Ed.]

THE AUSTRALIAN ELECTORAL SYSTEM

OUR system of electing members to the House of Representatives and the Senate is defective. Like yours in the United States it fails to provide for freedom at the ballot box and for effective representation in the legislature.

For the House of Representatives it is preferential voting, that is, the elector numbers the candidates in the order of his choice. If the leading candidate fails to secure an absolute majority of the votes recorded, the ballot papers of the lowest candidate are taken and allotted among the others on the second preference. If necessary, this process is continued until only two candidates remain and the man with a majority is declared elected. Of course it is right that where one man has to be elected he should have the support of a majority of the electors.

At the same time a group of adjoining electorates may return members of the same party although there is a very substantial body of public opinion unrepresented. For example, South Australia sends six members to the House of

Representatives. The Labor Party polled over 42 per cent of the votes but only elected one member.

For the Senate we have a most extraordinary method of counting the ballot papers. The electors number all the candidates. Usually three are elected for a State for six years, sometimes four if a Senator of the other group has died and his position was temporarily filled. When all the ballot papers are counted according to the first preference, the lowest is counted out and the process is continued until only two remain. The leading man is then declared elected.

The ballot papers are then put back to the original number one position. Then the ballot papers of the man elected are counted on the second preference to the other candidates. The elimination process is then gone through again, and so the second man is elected. This plan is repeated until the number to be elected is complete. The system is designed to give the party in a majority in a State a monopoly of representation.

At the last Federal Election the United Australia Party—United Country Party elected sixteen Senators and the Labor Party three Senators. It had a majority in only one State. Throughout Australia the U.A.P.—U.C.P.—the Conservative Government Party—had just over 50 per cent of the votes in its favor and elected 84.21 per cent of the Senators.

The Henry George or Single Tax movement in Australia strongly supports Proportional Representation. It objects to the two main political factions monopolizing representation. We hold that electors should vote according to the merits of the men offering their services. They should be required to think, even as to the respective merits of the candidates of the party they favor, instead of recording a blind party vote.

Electoral reform for municipal and shire elections is long overdue. The voting system to elect these councils, except the City of Sydney, which uses the Senate system, is the most primitive in use in New South Wales. The electors vote by making crosses opposite the names of the candidates they favor. There is one exception—the country City of Armidale has Proportional Representation.

It is quite a common thing for the aldermen for a ward, and sometimes for a whole municipality, to be elected on minority votes of the electors. In this way men may control a council when the electors voted to keep them out of it. We want proportional representation for all Council elections.

The present position is that the local people can adopt Proportional Representation for their elections, but the option is in an unworkable form. Only Armidale has P.R. after 22 years. In fact, through the widening of the local franchise, it could not adopt it now. Our view is that proportional representation should be adopted straightout for all Council elections. The least that should be done is to make the option workable.

RECENT ELECTIONS

We have just had elections for the New South Wales State Legislative Assembly. The U.A.P.—U.C.P. (Conservative) had been in office for nine years—a record term. They were badly defeated; the A.L.P. (Labor Party) secured a substantial majority and a new Government has been sworn in under the leadership of Mr. W. J. McKell.

We were specially interested in these elections as four candidates were put forward by the New Social Order Party. It had a straight out Henry George program. They did good work of an educational character but were unsuccessful at the ballot box. It seems plain that both parties are inclined to make common cause against Independents, especially if they have a radical policy.

Mr. E. J. Craigie, who was a member of the South Australian House of Assembly for a number of years, was recently defeated in that way. The party nominees, who hated each other, advised their supporters to give the second preference to the other party nominee and to put the Independent candidate last. Mr. Craigie was leading on the first count and the Labor nominee was lowest. The bulk of his ballot papers, when he was counted out, went to the Conservative candidate, so Mr. Craigie was defeated.* (Readers will recall that Mr. Craigie attended the International Conference in New York in 1939 and was elected President of the International Union.)

We welcome the return of the Labor Party to power in New South Wales. The late Government proved extremely reactionary from our point of view. We could not get them to do anything. It was first led by Mr. Stevens, who professed to be a single taxer. His father was understood to be an ardent Henry George man. Not only did he do nothing, but he put a Mr. Spooner in the key position from our point of view and he proved a hopeless reactionary—a vested interests man.

OUR PROSPECTS NOW

There are primarily three steps in advance which are overdue and justified by the state of public opinion in New South Wales. They are: government support of the Valuation Department, revision of assessment methods, and rating reform for water supply.

Government Support of the Valuations Department.—In 1916 a Valuation of Land Act was passed into law. Previously, the Local Governing bodies made their own valuations. This proved unsatisfactory as local influences intervened to prejudice the valuations. The idea of the new Act was to provide valuations of land, etc., for all public purposes by an independent authority. Since that time no government has given the Valuation Department sufficient support to enable it to complete its work. Mr. Spooner was very hostile to it and did all he could to hamper it. The Department,

*See Mr. Craigie's letter in the Correspondence section of this issue.—Ed.

however, in spite of its disabilities, has done very good work. It was a Labor Government that passed the Act in 1916 and we want the new Labor Government to give the Valuation Department adequate support.

Revision of Assessment Methods.—The N. S. W. system is defective in one important respect. Its purpose is to assess the selling value. We pointed this out when the bill was under consideration in 1915, before it was passed. We urged that a tax upon the value of land did not affect the value, it enabled the State or the local Council to share the economic rent with the owner. Assessing selling values, however, has been the plan hitherto adopted in Australia.

This defect is avoided in the very interesting constitutional amendment framed for the State of New York, published by LAND AND FREEDOM. Selling value is rightly the value apart from improvements in or on the land and assuming that no rate or tax is imposed upon it. Where a rate or tax is imposed the owner then shares the economic rent with the taxing authority. He can only sell his equity in the land and the selling price is reduced in proportion.

Valuing according to the selling price sets up a variable and uncertain basis of taxation. That necessitates a higher rate of tax to get necessary revenue. We want to get our new Government to realize this and amend the Act accordingly. As long as the rate of tax is small it does not matter very much. But raising substantial revenues from land values would produce an impossible position. Taking the whole of the economic rent for the use of the people would mean that land would have no selling price, but its value would probably be greater than ever on account of accelerated social and industrial progress.

Rating Reform for Water Supply.—Our rating system used by our Councils throughout the State, from the City of Sydney to the remotest center, except in the sparsely settled Western Division, is on unimproved land values—all improvements are exempt. In the Sydney and Newcastle areas there are Water and Sewerage Boards. They rate on the old rental value basis. For 25 years we have sought to get these rates also imposed on a land value basis.

By means of public meetings, petitions to Parliament, letters to the press, deputations to Premiers and Ministers, we have demonstrated that the public is in favor of it. Vested interests in land speculation and property interests in the City of Sydney have hitherto prevailed. The "City" makes its own valuations, the suburbs are under the Valuer General. The Valuer General should have taken over the work in the City long ago.

We hope that the new Minister will be more favorable than his predecessors. If we could only get a vote of the ratepayers there would be no doubt as to the result. In fact these rates would have been on land values years ago if the rate-payers had had the power to decide the issue.

Our British Letter

From DOUGLAS J. J. OWEN

ON April 7 the Chancellor of the Exchequer introduced his Budget, showing an estimated expenditure of £4,207 millions, of which £3,500 millions is expenditure under votes of credit for carrying on the war. These figures do not include the value of supplies from the United States under the Lease-Lend Act, nor for payments under existing orders in your country. The amount to be raised in taxation is £1,786 millions, leaving a balance of £2,421 millions to be met by the creation of debt.

A remarkable feature of this Budget is that there are no new taxes. Commodities are evidently taxed enough. There is an increase in the Income Tax and this is made heavier still by reductions in the allowances formerly made on account of "personal" income and "earned" income. These reductions of allowances will hit the lower incomes heavily. This one alteration will make over two million more people liable to income tax, including those whose incomes are of the 45 shillings a week level. Sir Kingsley Wood boasts of this as a "first class revolution in our fiscal system—deducting Income Tax from salaries and wages. Four million taxpayers now have tax deducted from pay week by week or month by month."

An entirely new departure is what *The Times* calls "this infiltration of Mr. Keynes' ideas into the financial front." This is the provision that any extra tax paid because of the reduction in personal allowances and earned income allowances will be credited to the taxpayer in the Post Office Savings Bank after the war, £65 being the maximum allowance. This is a compulsory savings scheme designed to reduce spendings and thus help to close the inflationary "gap." *The Times* says: "The real menace is the gap between revenue at home and expenditure at home; and it would be quite misleading to enlarge the gap by taking account of expenditure abroad, more especially since the passage of the Lease-Lend Act in the United States. The size of the gap is therefore put at about £500,000,000." The Budgetary task is therefore said to be that of controlling and limiting any upward tendency of prices due to the pressure of purchasing power on available supplies. Huge spendings by the Government have generated a corresponding amount of spending power in the hands of the public. If all of this were used to purchase goods in the shops it would destroy the precautions against inflation, that standing menace of Governments in wartime. It is therefore held necessary to withhold a substantial part of surplus purchasing power through controls and through the instrument of taxation, to avoid the vicious spiral of rising costs (wages) and rising prices. The total war economy now includes rationing of food and clothing, price control, raw materials control, Price of Goods Act, direction of labor, requisitioning of

factories and warehouses, Limitation of Supplies Orders and the concentration of industry. And now compulsory savings. But in all this there is no control of land speculation; no taxation of land values.

Sir Kingsley Wood also rejoiced at the low rate of interest on Government borrowings. This will mean, he said, that post-war expansion and recovery would start with a lighter interest burden. "In rebuilding our cities after the war the maintenance of a low rate of interest will do much to ease the financial problem." Here we see another attempt to keep wages and interest at a lower level than if uncontrolled and left to normal economic influences. Meanwhile, land is outside this controlled sphere, and rent will rise as wages and interest decline. Those who will continue to seek high returns will simply invest in land, and there is ample evidence, referred to later, that this is what is happening. A tax on the value of land would be effective control against speculation, at the same time increasing those "available supplies" to offset increasing spending powers. But the only mention of such a tax in the Budget was that it was impracticable in war-time, "apart from other considerations." This is pretty thin as an excuse, in view of the ease with which control schemes of all kinds can be operated. No doubt the "other considerations" weigh most with the Chancellor, who will not fail to consider the claims of the vested interest in land monopoly.

Meanwhile, as stated, "The Price of Land is Soaring," to quote the headline in the London *Evening Standard* of April 22. Prices of land, this paper says, are almost double pre-war prices. Good farm land worth £30 an acre before the war, is now selling at £80 per acre. In a number of cases land has realized £100 to £150 an acre. This land, of course, is not assessed for local taxation purposes at any value at all. One authority states there is hardly any land left for sale. "The most popular investments are rich dairy farms of between 150 and 500 acres. The large joint stock banks and insurance companies have been very active in these land purchases. People feel that land values are more likely to remain constant than those of movable commodities. Land is least susceptible to bombing."

The pages of *Land & Liberty* for April and May continue to give many more instances beside the above of the unchecked ramp in land. Public opinion is far in advance of the Government on this question. The Commissions set up on Reconstruction, on the Bombed Sites scandal, etc., promise their reports and plans. There are suggestions to fix the price of bombed land at its pre-war level; also that the Government or the local authorities should buy up such land. There is a proposal that the City of London should purchase all the land in its area. All the time there is no doubt that the public are ready for bold legislation on Henry George lines to end the "racket" not only in bombed sites but in all valuable land, town and country alike.

Our Canadian Letter

From HERBERT T. OWENS

CANADA'S FINANCIAL STATUS

PARLIAMENT has been dealing with Canada's record budget. Expenditures for the next fiscal year are estimated at \$1,768,000,000, and may, of course, go higher. In addition, the financing of our own and Great Britain's purchases in the United States will very probably increase our commitments to \$2,500,000,000. That is quite a far cry from the tempo of \$500,000,000 which was the pre-war rate of spending of our federal government.

In pre-war days, customs, excises, sales tax and income taxes were the main reliance as income sources. Today consumption taxes, though larger in volume due to more general employment and a larger national income, have not been unduly increased, but income taxation is much steeper. For war purposes, resort was had to a national defense tax of 2% on wages, and it is now proposed to raise this to 5%. An excess profits tax was also imposed last year as a war measure, and this is being made heavier. A tax on interest and dividends payable may be modified due to a protest from the Premier of Ontario. Sugar will pay an extra cent a pound, a total of 2c, which is in the nature of an extra consumption impost, and another whack is taken at cosmetics and toilet preparations. A tax on purchases of automobiles and buses is also increased in the new budget. All classes of imbibers will be hit by new taxes on beer, malt and wine as well as on carbonic acid gas used in soft drinks.

The government is invading the following new fields: Inheritance taxes, or succession duties, hitherto the exclusive domain of the provinces, will yield an estimated \$20,000,000 to the federal exchequer. There will be a federal tax on gasoline gallonage of 3c a gallon. All types of transportation tickets will carry a tax of 10%, while a 20% impost will be put on receipts of movie theatres. A tax on race track betting is expected to yield \$1,000,000.

Predictions that the sales tax would be increased have not come to pass, and the government has evidently developed a conscience on this particular consumption tax. The sales tax rate of 8% has been left as it is, with this exception: that building materials, which have been exempted from sales tax for the last few years, are now made subject to the tax. The sales tax is expected to yield \$203,500,000.

There is one item in the expenditures which is reminiscent of the New Deal and that is an item of \$35,000,000 set aside to provide for payments to "stimulate reductions in wheat acreage"—because the Western wheatgrowers have been producing chronic surpluses of this commodity.

In order to prevent overlapping, the Finance Minister has revived a recommendation of the *Sioux Royal Commission* that the provinces should abandon income and cor-

poration tax fields, only the proposal now is that this should be for wartime duration. The provinces have been offered a *quid pro quo* so that their revenues will not suffer, and all of them but Ontario have signified some agreement, and it is thought that Ontario will climb on the band wagon, too.

The proposed new levels of income tax are being criticized in some quarters because they are not steep enough. The combined federal and provincial income taxes in Ontario, Prince Edward Island and Quebec permit the married taxpayer still to enjoy \$85,000, \$88,000 and \$90,000 respectively of his \$500,000 income, whereas the \$1500 income has to pay \$75 plus \$30 wages tax, leaving \$1,395 net. Manitoba and British Columbia permit a taxpayer to retain \$69,000 and \$47,000 respectively out of a \$500,000 income. On the other hand, Alberta and Saskatchewan demand virtually a capital levy, for the income taxpayer in those two provinces, after the federal government has its cut, pays \$48,000 more than his \$500,000 income in Alberta and \$83,400 more in Saskatchewan. That is one reason why the wealthy and the framers of the Sirois Report want the provinces to abandon this field so that there will be uniformity. The feeling has been voiced in parliament, however, by the Socialist and Sorced groups that such sums as those still permitted in the highest brackets in most of the provinces are much too generous; and this correspondent agrees.

THE ST. LAWRENCE SEAWAY

Since the signing of the agreement between Canada and the United States on the St. Lawrence Seaway, provision has been made for the huge Beauharnois power development in Quebec province, now in private hands, to be expropriated and turned over to the Quebec Hydro Commission. Up to the present, practically all of the hydro development in Quebec has been by private interests, in contrast to Ontario where practically all water powers are a public monopoly. The private power interests in Quebec had their spokesmen in the lower house, and Premier Godbout had to use his influence to obtain the passage of the measure. He said: "When all other provinces are putting electricity under state control, I don't want Quebec to stay behind . . . We don't want to antagonize anyone. But we cannot allow companies to retard the development of our resources. I want Quebec province to move ahead of all the others in the after-war period. This provincial hydro has been promised by practically all governments and by all government leaders." The lower house passed the bill, but some opposition is being met in the upper chamber. It is to be expected that the action of the U. S. Congress on the seaway scheme, will affect not only public ownership of hydro in the United States, but also in Quebec.

. . . .

A FREE COPY of LAND AND FREEDOM is an invitation to become a subscriber.

Note to Readers

WE are desirous of securing copies of the May-June 1911 and September-October 1912 issues of LAND AND FREEDOM (then known as THE SINGLE TAX REVIEW). The May-June 1911 issue was a Special Number for Vancouver, and the September-October 1912 issue was a Special Number for New Zealand. If any of our readers have copies of these numbers, or one of them, and would be willing to part with same, please communicate with us, quoting the prices desired.

* * *

We have available for free distribution extra copies of LAND AND FREEDOM for the years 1934 to 1939. The issues for those six years contain innumerable articles of enduring value, and should be circulated widely. They are especially excellent for introducing new people to the philosophy of Henry George. Copies of these issues, in the quantity desired, will be sent upon request. For each copy, enclose a 2c stamp for postage. In the following list, one article from each issue has been selected, to give some idea of the range of subjects covered, and to help you make a selection:

- Mar.-Apr. 1934—Harry Weinberger on the N. R. A. Hearings
- May-June 1934—Albert Einstein on Henry George
- July-Aug. 1934—Death of Oscar H. Geiger
- Sept.-Oct. 1934—Analysis of New York Slums
- Nov.-Dec. 1934—Comparison of Henry Ford and Henry George, by C. O'C. Hennessy
- Jan.-Feb. 1935—Complete Single Tax Questionnaire, by H. J. Foley
- Mar.-Apr. 1935—Gold Clause Cases, by R. V. McNally
- May-June 1935—Henry George School Progress
- Sept.-Oct. 1935—Statement on the Single Tax, by Henry George
- Nov.-Dec. 1935—Statement on the Single Tax, by Henry George
(continued)
- Jan.-Feb. 1936—Figures on Land Values, by G. H. Duncan
- Mar.-Apr. 1936—Curiosities of Taxation, by J. D. Miller
- May-June 1936—Economic Aspects of Land Titles, by W. Fairchild
- July-Aug. 1936—The California Campaign, by J. H. Ralston
- Sept.-Oct. 1936—International Henry George Conference at London
- Nov.-Dec. 1936—The Fight of Mayor McNair of Pittsburgh
- Jan.-Feb. 1937—Social Credit Summarized, by David Chodorov
- Mar.-Apr. 1937—The Romance of New York Real Estate, by J. D. Miller
- May-June 1937—The Assessment of Land, by Lawson Purdy
- July-Aug. 1937—Tenancy in the Philippines, by Will Lissner
- Sept.-Oct. 1937—The Difficulties of Democracy, by J. D. Miller
- Nov.-Dec. 1937—Henry George and Princeton University
- Jan.-Feb. 1938—Henry George the Economist, by Prof. B. Mitchell
- Mar.-Apr. 1938—The Story of Joseph II of Austria
- May-June 1938—Where Marx Agrees with George, by Bolton Hall
- July-Aug. 1938—Henry George, Jr.'s Campaign, by J. H. Newman
- Sept.-Oct. 1938—A World Survey of the Land Question, by M. Bateman
- Nov.-Dec. 1938—Federal Laws on Land Tax, by B. W. Burger
- Jan.-Feb. 1939—Public Education as a Course of Social Action, by Will Lissner
- Mar.-Apr. 1939—Public Education as a Course of Social Action, by Will Lissner (continued)
- May-June 1939—In Memoriam—Joseph Dana Miller
- Sept.-Oct. 1939—Centenary of Henry George
- Nov.-Dec. 1939—The Father McGlynn Case

Signs of Progress

GEORGEIST ACTIVITIES THROUGHOUT THE WORLD

Henry George Foundation of America

The Single Taxers of Chicago, under the able leadership of Chairman Clayton J. Ewing, are busy with plans and preparations for the Sixteenth Annual Henry George Congress which is to assemble at the Hotel LaSalle Monday, Tuesday and Wednesday, September 29 and 30 and October 1. A strong program is being prepared and, as it is now seven years since the Henry George Congress has gone to the Middle West, members and friends in that section are exhibiting a special interest in this year's gathering.

Facing the tremendous social and economic problems of the present world crisis, as well as those which may arise after the war, the program this year will feature an interpretation by prominent speakers of the Georgeist attitude towards war and its causes and a discussion of the part which the Henry George movement may and should play in the effort to reconstruct our social and industrial system on sound economic principles.

"The Georgeist Task in a War-Torn World" will be the topic to be presented by Sidney J. Abelson, of New York City, Chairman of the newly organized American Alliance to Advance Freedom. Among other well-known speakers who will address the Congress are: Col. Victor A. Rule, author of the book, "Chain the War God"; Hon. Peter Witt, Cleveland, Ohio; Benjamin W. Burger, New York City; Gilbert M. Tucker, Albany, N. Y.; Charles H. Ingersoll, President of the Manhattan Single Tax Club; Horace J. Haase, Director of the School of Democracy, New York City; Robert Clancy, Associate Editor of *LAND AND FREEDOM*, New York City; former Congressman Charles R. Eckert, of Beaver, Pa.; Dr. Mark Millikin, Member of City Council, Hamilton, Ohio; Mrs. Anna George deMille, New York City; John Lawrence Monroe, representing the Henry George School of Social Science, of Chicago; Mrs. Helena Mitchell McEvoy, Washington, D. C.; John B. McGauran, Denver, Colorado; E. S. Woodward, of Vancouver, British Columbia; Henry H. Hardinge and J. Edward Jones, of Chicago; Harold S. Bittenheim, Editor, *The American City*, New York City; Hon. George E. Evans, of Pittsburgh, President of the Henry George Foundation; Mrs. Lyril Clark Van Hyning, Chicago.

The usual annual banquet of the Henry George Foundation will be held on Wednesday evening, October 1, as the closing feature of the convention, and a special evening program of dramatic entertainment is being planned under the leadership of Mrs. Clayton J. Ewing with the cooperation of young Single Taxers of Chicago.

A printed invitation with full program details will be mailed to members and friends of the Foundation during the month of August, and a representative attendance from all sections of the country is anticipated. Ample time is being set aside on this year's program for open forum discussions of some of the more important questions which are occupying the minds of prominent Georgeists, both theoretical and practical, dealing with economic, legislative and political aspects of the movement to advance the Georgeist philosophy.

Robert Schalkenbach Foundation

REPORT OF V. G. PETERSON, SECRETARY

The big news this month is the publication, by the Foundation, of a Guide for Teaching the Principles of Political Economy, based on the text of "Progress and Poverty," by Henry George. This Guide, which was prepared by one of our trustees, is designed expressly for use in college classrooms. It divides the book into fifteen lessons, with questions and answers, and assigns approximately forty pages of reading for each. Dr. John Dewey, famous educator and philosopher, has written a Foreword to the Guide, the full text of which appears elsewhere in this issue.

Besides the large universities with which we are all familiar, there are about three thousand small colleges in the United States, teaching economics. An announcement of the Guide sent to a thousand, as a test, brought requests for copies from eighty-three professors. Practically all branches of the economics departments are represented in these returns. Three college presidents wrote personally for the publication.

One of the encouraging things about our work has been the increased use of "Progress and Poverty" as a college text, and we confidently believe the new Guide will help us tremendously to further cultivate this important field.

Winston Churchill's speeches on the land question, now available in pamphlet form (ten cents), are causing considerable comment, and some speculation as to whether the Prime Minister can be expected to put his knowledge of land value taxation to practical use when the war is over. I am told that the late John Paul, beloved English Georgeist, was Mr. Churchill's mentor in his early parliamentary days, and responsible to a large degree for bringing the land question, and its importance, to his attention at that time.

We placed our order last week for 17,000 more copies of books by Henry George. This includes 10,000 "Progress and Poverty," and smaller editions of "Protection or Free

Trade," "The Science of Political Economy," and "The Land Question." When these books are printed, they will bring the total number of George's books published by the Foundation to 104,950 copies.

You have probably been reading about Colonel Josiah C. Wedgwood, British Georgeist, in this country on a lecture tour. The daily press has devoted considerable space to a chronicle of his progress from platform to platform, along the Eastern seaboard. It is appropriate, then, to announce at this time, "Forever Freedom," published in England and now available in this country, the work of Colonel Wedgwood and our own American author, Allan Nevins.

"Forever Freedom" (twenty-five cents a copy), is an anthology in prose and verse from England and America. It is well seasoned with selections from Henry George, and is rich with the words of men whose greatness we learned about in childhood days. Old friends like Benjamin Franklin, George Washington and Patrick Henry are represented, as well as the inspiring words of some unfamiliar writers such as Leno and Dennisthorpe. The speaker who would stock his verbal larder with choice sentences, as well as the reader who desires only to share the fruits of these brilliant minds, will greet "Forever Freedom" as a book of enduring worth.

Henry George School of Social Science

The First Annual Convention of the School was held at the New York City headquarters, July 9, 10 and 11. Representatives from the various extensions and out-of-town visitors attended, as well as many New York Georgeists. There were over 200 registered delegates, besides many unregistered visitors.

The first day (Wednesday, July 9) was given to welcoming the delegates, familiarizing them with the School, and allowing them to become acquainted with one another. Anna George de Mille, Otto K. Dorn and Frank Chodorov addressed the delegates.

The morning session of the second day (Thursday, July 10) was taken up with panel discussions on various theoretical topics, including "George and Cooperatives," by John T. Tetley, "Will There Be Enough Rent," by R. M. Connor, "Housing," by David Targ, and "The Value of a Teacher," by Jacob Schwartzman. In the afternoon, different branches of the School's work were discussed. Teresa McCarthy spoke on the relation of extensions with headquarters; Gaston Haxo discussed the work in the correspondence course division; Herbert von Henningsen told of the Lecture Forums; and Alfred M. Gants spoke on ways to get publicity for the School, presenting an interesting advertising program. The Robert Schalkenbach Foundation was also represented at this session by V. G. Peterson. At the evening session, John Lawrence Monroe of Chicago gave an inter-

esting account of the Henry George movement before the advent of the School, stressing the failure of political movements without a background of mass enlightenment and intelligent leadership. M. B. Thomson presented an enactment of a typical classroom scene, himself in the role of instructor, and various assistants throughout the audience acting as students. Mr. Thomson's demonstration was entertaining as well as instructive.

The morning and afternoon sessions of the third day (Friday, July 11) were devoted to further discussions of the School's problems and activities, including classroom techniques, the speakers' bureau, extension activities, and other educational problems. Raymond V. McNally delivered a talk on "Whom Can We Teach?" which evoked much debate. A visitor who took part in the discussions was M. E. Kriegel, one of Oscar H. Geiger's original students, and now a lecturer, radio commentator and editor.

In the evening—the last session of the conference—Hon. Lawson Purdy and Col. the Right Hon. Josiah Wedgwood addressed the group. Lawson Purdy delivered an interesting impromptu talk on some progressive achievements made during the past half century. He expressed the belief that the Georgeist doctrine should be taught in all its purity, but added that at the same time Georgeists ought to strive for reforms worth attaining on their own merit, without bringing the Georgeist philosophy or the name of Henry George into them.

Col. Wedgwood, Member of the British Parliament, now in the United States on a speaking tour, addressed the group on the principles of freedom for which Georgeists are struggling. His talk was broadcast over Station WQXR. Mr. Wedgwood related his experiences in South Africa where, after the Boer War, he was in charge of a town. There was a fringe of common land around the town which Wedgwood allowed the veterans of the war to use. They worked upon it and built their own homes. In consequence, wages throughout the whole town rose to the full product of each laborer's toil—illustrating the effect of free land on wages. More of Col. Wedgwood's adventures may be found in his book, "Essays and Adventures of a Labor M. P." Col. Wedgwood is also co-author of the new anthology, "Forever Freedom."

At the conclusion of the last session, William Newcomb presented his recently completed slide film, "The Story of the Savannah," based upon Henry George's eloquent description of the growth of a city, in "Progress and Poverty." M. B. Thomson acted as narrator.

Thus concluded the First Annual School Convention. It has helped to foster fellowship among the various workers and friends of the School in New York and out of town. It is hoped that there will be more of these conferences in the future.

Henry George Committee for Legislative Action

LEGISLATORS' REACTION TO THE FRAMEWORK

Over a thousand copies of "A Legislative Framework for the Philosophy of Henry George" have been sent to various legislators and public officials throughout the country. Many acknowledgments and expressions of interest have already been received from federal, state and local authorities. William Hildebrand, Jr., Executive Clerk for the State of New Jersey, has requested ten more copies of the Framework. Three acknowledgments have come from the U. S. Treasury Department, two from Acting Secretaries John L. Sullivan and Herbert E. Gaston, and one from the Legislative Counsel, Thomas N. Tarleau. Mr. Sullivan wrote to the Committee as follows:

"This will acknowledge receipt of the copy of your pamphlet . . . which outlines constitutional amendments and enabling legislation to permit the taking through taxation of the full annual value of all land, exclusive of improvements.

"It is the purpose of the Treasury to cooperate with the Committee on Ways and Means of the House of Representatives in the formulation of a tax program which will be borne equitably by all citizens.

"Permit me to thank you and the members of your organization for their recommendations and to assure you that they will receive careful consideration in our current study of tax revision."

Walter Fairchild, Counsel for the Committee, has replied to Mr. Sullivan as follows: "Our advocacy of a uniform land value tax is based upon the proposition which we consider to be an economic fact, that the taking of land value in taxation is the only tax which in its effect bears equally upon all citizens. The enclosed statement which follows the language used by Henry George deals with this point and shows the basis for the truth of this proposition. We believe that equity must be based upon equality." (The statement referred to was taken from "Progress and Poverty," Book VIII, Chapter 3, wherein Henry George tries a land value tax by the canon that a tax should bear equally.)

Herbert E. Gaston wrote as follows: "President Roosevelt has referred to this Department for consideration the copy of your pamphlet. . . The Treasury Department always appreciates the advice and suggestions of organizations devoted to the study of tax matters. Permit me to thank you on behalf of the President and myself for submitting the pamphlet. I am sure that it will prove very helpful in our current study of the tax structure."

PROGRESS MADE WITH THE FRAMEWORK

Mr. Charles A. Kee introduced the Legislative Framework at a meeting of the Resolutions Committee of Council 77 of the Civil Service Forum, on May 13. Resolutions

adopted by the Forum are recommended to the Annual Convention of the State Association of Civil Service Employees. Mr. Kee, a member of the Committee, reports as follows:

"At this meeting there were four resolutions for the Committee of twenty-six to consider, and after these had been disposed of in quick succession, I introduced the Legislative Framework. The immediate reaction to such a far-reaching resolution was to sidetrack it as not within the realm of the organization. Even the labels 'red' and 'communistic' were applied by a few, and my fellow Forum member, Frank Berman, bore the brunt of this. However, we persevered for more than a half-hour in defense of the single tax philosophy. As the hour grew late, the members asked that they be given a chance to study the bill, and so discussion was postponed until the next meeting, May 20.

"At the May 20 meeting, our resolution was the first item of business, and the result of a week's study by the members amazed such an old campaigner as Frank Berman by the intelligence displayed by both our opponents and supporters—for in the short interval, we had gained both!

"An interesting sidelight of the discussion was the attention paid to the provision in the State Constitution that the land shall forever remain 'allodial.' The members, having a great reverence for the Founding Fathers, were sold on the idea that the Fathers never meant to have private ownership of land for speculative purposes.

"After more than an hour's discussion, a vote was called for. Feeling that we had had fair success in exposing the Committee to the philosophy contained in the Framework, and feeling also that the resolution would stand a better chance of being passed next year, after more careful study, I withdrew the resolution so that it could be re-introduced at the next meeting. In the interim, Frank Berman and I intend to carry on a propaganda campaign so that the members will be better informed."

Mr. Hugh Wilson, of the Committee on Legislation, Local 23 of the Oil Workers International Union, wrote to the Henry George Committee for Legislative Action: "I am in favor of the proposed Committee. And I am in favor of affiliation with other reform groups. If these organizations then affiliate or back one of the major political parties or a strong competent progressive third party, so much the better. Can you tell me what the general opinion and prospect of such action is among liberals?"

Mr. Fairchild's reply to Mr. Wilson helps to clarify the functions of the Committee: "It is the purpose of the Henry George Committee for Legislative Action to encourage the introduction and passage of legislation placing the tax burden on the site value of land exclusive of improvements and removing taxation from labor products of all kinds. It is not the policy of the Committee to join in political party

action. We will, however, be glad to furnish our literature and argument to all parties."

Mr. Jim Busey of Valdez, Alaska, hopes to make use of the legislation contained in the Framework, in Alaska. He writes as follows: "To carry through a Georgeist program in Alaska, we must have statehood. Territory is at present run under Organic Laws set by U. S. Congress and practically immune to change. Alaska is on the threshold of statehood. A statehood bill calling for a referendum passed the House in the last legislative session, but was tabled in the Senate. If we can have a definite legislative framework ready, we might be able to accomplish something. We have contacts which can put such material before the legislature. Could you draw up the sections of a new State Constitution which would bear on taxation?"

The following is Mr. Fairchild's reply: "I do not feel competent to draft constitutional or legislative enactments suitable for Alaska. If your Committee will arrange for local counsel to prepare a draft which will cover the local situation, we will be glad to go over it and give the benefit of our suggestions as to the application of the land value tax provisions."

This invitation is extended to all who wish to introduce land value tax bills in local legislatures. The Legislative Framework contains a model amendment for the United States Constitution, with necessary enabling legislation, and also a similar model amendment and enabling legislation for the State of New York. These may be used as guides in drafting other state and local amendments, and the Committee would be glad to examine them and offer suggestions. It might be added that the Committee has placed a copy of the Legislative Framework in the hands of every member of the New Jersey Senate and House of Assembly, where the Sanford Bill, Assembly No. 233, has been introduced as a home-rule measure for putting the Georgeist plan into effect in New Jersey municipalities. Messrs. Charles H. Ingersoll, John Allen, and Harry Haase constitute the spearhead of our forces in the New Jersey campaign.

Any inquiries concerning the Henry George Committee for Legislative Action or the Legislative Framework for the Philosophy of Henry George should be addressed to the Central Committee, care of LAND AND FREEDOM, 150 Nassau St., New York, N. Y.

American Alliance to Advance Freedom

The expanding activities of the Alliance, now functioning almost exclusively in New York, include a plan to organize on a national scale, with the ultimate purpose of coordinating all Georgeist efforts in the United States.

With this in view, the Alliance recently accepted invitations from leading Georgeists in Philadelphia and Boston to confer with them on the question of uniting their efforts with the Alliance. In both cities the matter is now under

advisement. Sidney J. Abelson, Chairman, represented the Alliance in these conferences.

Since its formation last January, the Alliance has concentrated its efforts on unifying Georgeists and preparing them for bringing the Georgeist message to the public. Enough of a nucleus of active workers has been organized to warrant inauguration of a campaign directed toward non-Georgeists. Plans for the Fall include activities of this nature.

The American Alliance welcomes inquiries from all sources. Pamphlets, handbills and other descriptive literature will be mailed without charge to all who inquire. Address Elbert E. Josefson, Secretary, American Alliance to Advance Freedom, Suite 505, 22 W. 48th St., New York, N. Y.

Great Britain

Mr. Douglas J. J. Owen sends us the following news:

The Henry George movement in all countries will be greatly concerned at the total destruction by enemy action on May 10th of the offices at Knightrider Street, London, which were the headquarters of the International Union for the Taxation of Land Values and Free Trade. All records, manuscripts and the library are lost. A duplicate mailing list which was not burnt enabled the May issue of *Land & Liberty* to be posted to the usual subscribers. Fortunately, also, the precaution had been taken of dispersing the stock of publications for sale to a number of addresses in other parts of the country, and these publications are still available. Another piece of good luck is that the safe has now been retrieved, opened after much effort and the contents found intact. Our secretaries, Messrs. Madsen and Douglas, were quickly at work and at once found alternative accommodation, and the new offices are now at 4 Great Smith Street, London, S.W.1. These offices adjoin the printers of *Land & Liberty*, and are also near the Houses of Parliament, and on both counts and in other respects are very convenient. The June number of the journal has inevitably been delayed, and so has the publication of the new 2s 6d booklet: "Why the German Republic Fell." This contains twenty-eight of the best articles from *Land & Liberty* in the past eighteen months, dealing with the economic cause of war and with economic freedom as the basis of social justice and world peace. It comes in remarkably useful at the present juncture and does in a sense make up for the loss of our back numbers in the fire that took place. This will be out by the time these words are in print.

[The book of which Mr. Owen speaks, "Why the German Republic Fell," has just arrived, as we go to press. It will be reviewed in our next issue.

Also arrived by recent mail—too late, unfortunately, for inclusion in the current issue—is an interesting article from Mr. J. W. Graham Peace, whom we take pleasure in welcoming back to the fold of LAND AND FREEDOM Correspondents after an absence of some years. (See News Notes and Personals in this issue.) Mr. Peace's article will appear in our next number.—Ed.]

BOOK REVIEWS

LAND SPECULATION AND PREMATURE SUBDIVISION

"Premature Land Subdivision a Luxury." A 60 page Report prepared by the New Jersey State Planning Board, Trenton, N. J. 1941. 50c.

For those who would know more about premature land development as a factor in municipal finance problems it is recommended that a careful reading be made of the above entitled study. The report is well documented and admirably complements and corroborates the more theoretic findings and conclusions to be found in "Progress and Poverty." It brings us face to face with the housing evils that result from the unscientific system of land tenure now in practice. A regrettable omission is that of any recommendation along the lines proposed by Henry George, but then, after all, perhaps only a Georgeist can really "see through" the lop-sided city "planning" that now obtains. Nevertheless, it is only fair to say that the compilers have done a conscientious job in disclosing the ugliness of our housing system. Even their recommendations are good, so far as they go.

Premature land subdivision is a natural concomitant of our present revenue policy, which unconsciously abets the speculative development of sites in areas not economically fit or ready for urban population. The consequent costly municipal servicing of such sparsely settled and distant points, with highways, sanitary and water systems, lighting, schools, etc., must invariably be followed by a vicious circle of higher taxes, special assessments, increased public debt, and bankruptcy.

"Like unemployed people, these unemployed vacant lots become public charges when private sources of support dry up. Not only do they cease to pay their share of governmental costs, shifting the burden to properties which are still paying taxes, but in addition, their debts, in the form of unpaid special assessments, must be shouldered by the municipality. Thus many municipalities throughout the State, already acutely conscious of the high cost of unemployed people, are becoming aware of the high cost of unemployed lots."

"These arrears mount to their greatest heights during depressions, when the reduced incomes of property owners generally are strained to the limit to meet normal taxes and their own fixed charges. Consequently these added burdens can be met in some cases only by the sacrifice of the essentials of life by people who had no part in the speculative ventures, and who could have reaped no benefits from them had they been successful, but who must nevertheless assume the costs entailed on pain of losing their own homes and places of business."

"Prematurely subdivided lands in New Jersey are sufficient to supply over a million 50x120 foot vacant lots, one for every family now resident in the State. Sample studies in nine suburban municipalities show that 45 per cent of all vacant lots in those areas have been tax-delinquent for more than one year, most of them for more than five years. Assuming, on the basis of previous studies, that similar conditions are general wherever there is a large surplus of subdivided land, it is estimated that at least 40 per cent of all vacant lots in the State are chronically tax-delinquent."

"Further evidence of the vulnerability to financial collapse of municipalities suffering from excessive land plotting . . . reveals that 12.4% of New Jersey's municipalities are under state fiscal control." (I. e., under authority of a Municipal Finance Commission or Local Government Board, fiscal agencies created by the State to take over tottering communities).

An enlightening disclosure brought out in the report is the liability, in many cases, of a town to pay to the County, State, and School Districts a tax based on its own inflated valuation of lots platted from old farm and other rural types of land, which formerly as mere

acreage bore no such fiscal burden. Despite the non-payment of taxes on these lots by the "real estate" developers, who have long since abandoned them, in many cases they are assessed on the town's tax rolls at as much as \$30 a lot, whereas in fact they are entirely worthless. The actual taxpayers of the community must of course pay for this folly.

A large part of the report deals with the difficult and, in many instances, hopeless task of collecting tax arrearages.

"Of the eight selected municipalities studied in detail, only six made sales of (tax) foreclosed and deeded properties in 1938 . . . None received prices even approaching the accumulated taxes and other municipal charges. Three of them collected about two-thirds of their lost revenue, one about a half, one about a third, one only seven per cent. It is impossible to judge how typical these 1938 sales are of the amount that might be recouped over a period of years by these or by other municipalities. But this and other scattered evidence seems to support the conclusions that few municipalities have recouped or will ever recoup any considerable portion of their lost revenue by sale or foreclosed or deeded properties."

A rather remarkable phenomenon in the maze of contradictions resulting from our present social setup is the tendency of smart towns to discourage the construction of modest price dwellings.

"In Teaneck, for instance, the intended use of land is carefully investigated. Houses of less than \$5,000 or \$6,000 value are not considered municipal assets because of the low tax return in relation to the probable cost of municipal services to be rendered."

It is indeed a peculiar state of affairs in which low level income parents are not encouraged to own houses in such places, since the cost to the town of providing education for their children is said to exceed the amount of real estate taxes collectible from the property they occupy. This will amuse Georgeists, who know that, with all taxes abolished except a single tax on land values, communities would develop in keeping with natural trends and needs of population, being automatically removed from the problems which plague society today.

In concluding our review and comment of this very able study of urban planning, we have purposely refrained from dwelling upon the various recommendations of the authors, for the reason that they are more ameliorative than curative. To be sure, the compilers have done their work honestly and with exceeding care, to the extent that it has been given to them to understand the problem. By the same token we can well afford to cooperate in any endeavor that has for its object the clearance of slums and establishment of better living quarters for all. Georgeists must be ever ready to submit their views to our modern government housing agencies.

LESLIE PICOT

A WARNING FROM ANDRE MAUROIS

"Tragedie en France," by Andre Maurois. Collection "Voix de France," Maison Francaise, New York. 229 pp. \$1.50.

The Collection "Voix de France" presents works by expatriate French authors now residing in the United States since the fall of France. The present volume by Andre Maurois is the first of the series. In "Tragedie en France," Maurois—one of France's most distinguished writers, if not the most distinguished—presents his version of the great tragedy.

Maurois concentrates on the political and military deficiencies of his country, and offers a timely warning to the remaining democracies to act swiftly and strongly. But throughout his excellent survey, we can sense another warning—not to abandon the principles of Liberty. We are reminded of Henry George's words: "We speak of Liberty as one thing, and of virtue, wealth, knowledge, invention, national strength and national independence as other things. But, of all these, Liberty is the source, the mother, the necessary condition."

CORRESPONDENCE

MR. CRAIGIE EXPLAINS

EDITORS LAND AND FREEDOM:

You will have noticed by the last issue of *The People's Advocate* that I was not successful in the last South Australia elections in winning the Flinders seat in the House of Assembly—a seat which I have held for the past eleven years. There was a determined effort made by both political parties to prevent me from returning to the House. At various times during debates I have freely criticized the party men and shown that their ideas were not sound. As they had no effective answer to my criticism, both parties combined to see that I was not elected. They issued "How to Vote" cards, and both parties put my name at the bottom of the list. I was at the top of the poll on the first preference vote, but when it came to a transfer of votes I was defeated.

Although I have not won the seat I am not downhearted. There is a lot of educational work to be done for right principles, and I shall continue to do my part in this direction. Many voters are already regretting the vote they gave against me, and there will be further opportunities for doing work in Parliament. A great number of electors are carried away with the war hysteria, and thus easily led astray by unscrupulous party leaders.

I read with interest of the work being done in America for Henry George principles and regret that there is such a difference of opinion as to the best means of propaganda. There is work for all to do, and anything that will give publicity to our principles is, in my opinion, doing educational work for the Georgean doctrine.

Adelaide, South Australia

E. J. CRAIGIE

HENRY GEORGE AND "ISM"

EDITORS LAND AND FREEDOM:

The suffix "ist" and "ism" added to a name or a cause carries an implication of disparagement to the mind of the average person. Webster's Collegiate Dictionary defines an "ism" as a distinctive "system or practice—usually disparaging."

For example, the word "sophos" (Greek) means wisdom. Our word "philosopher" means one who loves wisdom, with no disparagement implied. On the other hand, Webster's Collegiate Dictionary defines "sophism" as an argument intended to deceive or embodying a subtle fallacy; and "sophist" as a master of adroit and specious reasoning. "Philosophism" is defined as "spurious philosophizing."

"Ist" and "ism" imply something false, fallacious, spurious, adulterated, specious, subtle. The words "Georgeism" and "Georgeist" fall unpleasantly to the ear. Our diction would be improved by avoiding "ist" and "ism" when referring to the followers or principles of Henry George.

New York, N. Y.

WALTER FAIRCHILD

AN "INCONSISTENCY" CLEARED UP

EDITORS LAND AND FREEDOM:

In your last issue, Mr. A. G. Huie's article, showing that under the Sydney practice of exempting improvements and raising municipal revenue chiefly from land values, the value of land has continued to increase, and my article, arguing that land value taxation will ultimately take away the selling value of land, seem to be in conflict. That, however, is seen to be only a surface impression when the facts are analyzed.

1—Sydney is the second largest city in the British Empire in white population, and being the principal trading center of Australia, its land values are great on both counts.

2—Sydney's budget does not include either the cost of education or of police. These are considerable items in our civic budgets here; but the State of New South Wales looks after these functions and they are paid chiefly out of income tax and especially out of a wage or payroll tax. Land in Sydney is therefore relieved of the incidence of these two heavy taxes, which would make it relatively more valuable on a selling basis.

3—New South Wales, unlike its sister State of Queensland, does not now levy a state land tax. Landowners in Sydney, however, pay their share of the Commonwealth, or Federal land tax. The Commonwealth land tax, however, is not a heavy impost, being but a relatively small percentage of Commonwealth revenue. These facts both contribute to keeping up land values in Sydney.

4—Sydney's taxation system has contributed greatly towards making it the thriving and beautiful metropolis it is. It would seem inevitable, however, that if and when the State and the Commonwealth see the wisdom of raising their revenues also on the use value of land, the selling price of land and its assessment on that basis will disappear, and the necessity for the Woodward formula will arise. That may be some time in the future, but it should be gratifying to Georgeists to know that not only have we a real science of economics, but also a scientific methodology in applying our principles.

Ottawa, Canada

HERBERT T. OWENS

MR. SCHLEY DISCUSSES RENT AND GOVERNMENT

EDITORS LAND AND FREEDOM:

In his criticism of my article, Mr. James Snyder says, in your last issue, that the "collection of rent" and the "taxing of land values" are projects so "different that one of them can wreck the best laid plans of Georgeists." I fail to understand the distinction. The rent of land is the income derived from the ownership of land which is in excess of the income derived from the best free land in production. The owner of rent-producing land can hire labor to work his land by paying a wage equal to the amount labor can get by working the best free land available; and merely by exercise of the sole function of ownership he can keep the difference between the wealth his better land produces and that which the poorest land in use would yield to the same quantity of labor. This difference is the rent of his land. This rent accrues to the landowner for the sole reason that his title of ownership is socially or legally recognized and enforced, not for any productive act of his.

The market value of land is a mathematical function of its rent; it is caused by its capacity for yielding rent, which is the income the landowner does nothing productively to earn and which is what he sells when he sells the land. Land that is exchanged for wealth thus has its value set by the amount of rent it yields; and the amount of its value is precisely equivalent to that of any other investment that returns an income equal to the rent yielded by the land, speculative inflation apart. In the jargon of the economic writers, the value of land is its rent "capitalized"—the calculation of what quantity of capital would return that quantity of income. To collect the rent of the land and to tax it at the full going income of its capitalized value are therefore one and the same operation—by whichever name you call it, the effect is to pay the expenses of the state by taking the income yielded by the ownership of land; or so at least I have always understood the matter. If Mr. Snyder has valid ground for distinction of two processes named by the two phrases, I regret to say he has not made it clear enough for me to see.

From a distinction that seems to me hollow, Mr. Snyder goes on to use two senses of the ambiguous word "value" as though they were interchangeable, and so arrives at an absurdity. He says, "If we tax land values 100% the land values disappear, we have neither tax base nor taxes, the government is bankrupt." If we tax land values

100%, the marketability, the exchange value of the land disappears, but the capacity of the land to produce wealth, to produce an excess of marketable products over the production of the best available free land, is not necessarily diminished. This depends on that original productive quality of super-marginal land and on the distribution of population from which rents arise in the first place. If we tax land 100%, its value as marketability is destroyed, but its value as productivity is unaltered. So long as the land whose marketability has been destroyed by the single tax continues to produce an excess of wealth beyond the cost of the labor and capital employed at rates determined by the productiveness of labor and capital on the least productive lands in use, just so long will the flow of rent available for the expenses of government continue. The problem of assessing the tax after the market values of lands have been destroyed is an administrative problem, doubtless a difficult one, but it is not one of fundamental policy. The fundamental policy of the single tax aims at the destruction of the abuses inseparable from effective private ownership of land—it aims at the substance of public ownership under the familiar forms and the nominal aspect of private control. We must not be surprised if in destroying substantial private proprietorship we lose some of the administrative conveniences characteristic of the form.

Mr. Snyder's view of the nature of rent appears to me to diverge very widely indeed from that of Henry George. If I understand him, he holds that rent is a consequence of certain explicitly productive functions of government (the building of bridges, power dams, etc.) which are exactly like in kind, though perhaps superior in scope, to those of private productive enterprise. These productive enterprises of government confer increased value upon the portions of land which they serve, and the increased income of these lands is the rent on which alone the government is to levy its taxes.

If Mr. Snyder believes that the whole of the phenomenon known as "ground rent" or "economic rent"—the total share of the social income received or diverted by the ownership of land, as distinguished from the shares received by capital and labor—is a consequence of these activities of government, I think the point wants a great deal more support than he has given it. That phenomenon has been traced to other causes, and he would need at the least to show that these other causes are sufficiently characterized and specified by the formula: services of government.

It is true that in a sense land rent may be considered to be a value imparted to the land by the activities of government; that is, this value could not exist without the stability of social relations and productive processes characteristic of an orderly and regulated, a policed, community; and government may be viewed as the principle of cohesion, security, and regularity in the orderly society. But the same thing may be said for the other forms of productive income—wages and the return for the use of capital. No regular voluntary productive operation could take place if society lacked rules that secured to effort and risk the enjoyment of some settled portion of their resulting product. The husbandman would soon weary of planting if unchecked brigandage commonly robbed him of his ripened fruit; and to the degree that government protection induces the planting the fruit may be said to be a consequence of the activities of government. Government regularizes, enacts, and effectuates the modes in which the members of a society acquire and alienate their property, and in doing so may be considered the prime cause for the existence of all property not consumed at the very moment of production. Not only rent, but in this same sense wages and interest also are "values imparted by government."

This view of government is not so much inaccurate as it is too all-embracing to furnish us with answers to specific questions about

what distinguishes the separate phenomena of rent, wages, and interest. It is a logical principle that any one of the contributing conditions of a phenomenon may, within a given field of relevancy and in response to a given question, be isolated as the causative agent. If we ask the question, What portion of the wealth of society is due to the existence of government?—the answer must be, All of it—it is the cause of whatever phenomenon would cease to exist in its absence, all other conditions remaining the same. The existence of an accepted social order is a ground condition for the production of any wealth whatever; and it is the essential function of government to embody and make effective those regularities of conduct and securities for the production of wealth that express the stable will of society. If we ask, What acts of government cause the phenomenon of rent?—it would be fatuous to respond that rent was caused by the building of roads, power dams, and such overtly productive, extrapolitical services of government; for the phenomenon of rent and rent-caused paucity could exist in quite as virulent form as they do if government undertook none of these productive enterprises, though it could not exist in the absence of exercise of the genuinely political functions of government. Nor could society afford to leave the strong right arm of its organized will to subsist precariously by trucking and huckstering such avocative turnips and carrots, to the detriment of its essential functions. Universal wisdom is no more for the most stringently rationed of politicians than it is for the business men; but one private enterprise may sink without serious damage to the community, while a government forced to curtail its vital duties by the failure of an expected income from an unwise investment would keep society trembling on the brink of anarchy.

No. The one service of government which affects rent is the "service" attended to by Georgeists—namely, the service of regularizing, legalizing, and securing the private receipt of rent—the private appropriation of land: the power of excluding society from the land at will, of admitting society to the use of land only on condition of payment arbitrarily fixed, which evermore drives the landless laborer farther into the desert searching for a livelihood as his only alternative to accepting a decreased share of the product his labor might bring forth on richer land. The total market value of all land is a consequence of this one governmental service, without which not even the bridgebuilding business could increase land values. This is the one truly political function which imparts value to the land, and the only possibility private landowners have of enjoying the superior income which their land affords them over the best free land, the best worthless land, is in the continued exercise of this one political function.

The contention of Georgeists is that the exercise of this function by government unjustly enriches one segment of society, whose members have not turned a hand to produce this superior income, and unjustly pauperizes another segment whose members cannot live without access to the land and who by their productive labors create the wealth thus diverted to the unequally favored landowners. They further contend that the stupid and unsystematic imposition of the taxes required for the expenses of government increase the impoverishment of the landless, both directly and by throttling the production and exchange of wealth; and that both of these great causes of poverty would be abated if the government abolished all of the other taxes it now collects and imposed the full weight of its expenses upon the unearned income now accruing to private landowners.

My article, to which Mr. Snyder's letter was a reply, considered the question whether this unearned income would be adequate for the expenses of government; concluding that it would be adequate. Mr. Snyder's only direct comment on this speculative question is in

the following words: "It is true that rent would be insufficient for all the present expenses of government"; but as he offers no considerations of his own to support this assertion, and as he reviews none of the considerations in the article from which it was concluded that rent *would* be sufficient, I am unable to see in what precise respect I have roused his disagreement. His own separate conclusion, that if government were limited by law to collecting rents created by its own productive enterprises, and if its only expenses were the costs of its productive enterprises, then, given practical wisdom, its income would equal its outlay, is unassailable; but I cannot see that it sheds any light on the question whether true economic rent, the differential income of lands superior in productiveness to the best available free land, would be sufficient for the expenses of government.

Portland, Oregon

ROBERT SCHLEY

A SUGGESTION AS TO "EMINENT DOMAIN"

EDITORS LAND AND FREEDOM:

Our President says: "The principle of eminent domain permits the government to acquire or to use, for a fair and reasonable price, any property necessary for the proper functioning of the United States."

Is that principle to be used only when the government wishes to make more up-to-date killing machines? Why not use the principle of eminent domain to buy the natural resources from the few who now own and control them, for the whole people, *never to be sold again*? Would that not add to the proper functioning of the United States?

Is this idea at variance with the basic aims of the Georgeist philosophy? Why not write to Congress and the President, suggesting it?

Philadelphia, Pa.

GEORGE T. FELDER.

IS INTEREST NATURAL?

EDITORS LAND AND FREEDOM:

Mr. Hodgkiss' "Australian View on Interest," in the November-December issue, agrees with Mr. Haxo (and "an avalanche of letters to the Editors") that interest is not due to the reproductive forces of Nature. But notwithstanding this basic scientific error he endorses the "Progress and Poverty" theory that "wages and interest rise together"; resting it upon the familiar proof (!) that wages and interest were high in the Gold-Rush field.—Apart from the fact that *Rents also were high*, more careful consideration is vitally important.

The Georgeist teaching of increasing interest is obviously antagonizing workers so as to practically prevent acceptance of the land rent remedy. Therefore advocates of the remedy must responsibly determine whether such teaching is true or libelous.

When the remedy cuts off all land-investing, it is obvious that *all* savings of normally prosperous and provident people will have to be used as capital,—or else suffer natural wastage. This will naturally *increase the supply of capital available for business demand* as compared with the *present supply apart from land investments*. And even under present less prosperous conditions "idle" savings mount up enormously, safety being the main requirement.

Interest yield to owners of capital *must now be "equalized" with rent yield to owners of land* (in the judgment of investors). But when the alternative of land-investing is cut off, the law of supply and demand will naturally control, and scarcity alone can compel interest. Of course *capitalists may earn indefinitely by participating investments*, but this has nothing to do with "increasing interest" to mere owners of capital.

Intelligent investors commonly recognize that "safe" interest to

mere owners of capital *does actually equalize* with "safe" rent yield from land investments; and that *only participation in business doings and risks gives hope of further (indefinite) yield*. No capitalists are converted to public collection of rent by this promising of increased interest, but workers are strongly (and wrongly) antagonized by advocacy of increasing incomes *to do-nothing owners—whether of land or capital*. Business earnings apart from monopoly are naturally respected; confusing them with unearned income breeds Communism and Socialism.

Reading, Pa.

WALTER G. STEWART

NEWS NOTES AND PERSONALS

FRIEDA S. MILLER, Chairman of the Committee on Discrimination in Employment, New York State Council of National Defense, has requested LAND AND FREEDOM for a statement to assist in the campaign to crystallize public opinion on the principle of equality and non-discrimination in employment. We have submitted the following: "The fulfillment of the American way of life involves the provision that every person be granted an opportunity to earn his livelihood on an equal basis with every other person, and that no discrimination be made on account of race, color or creed. Where such discrimination exists, an endeavor should be made to seek the cause and to remove it."

FROM Josef Hoop, Chief of the Government of Liechtenstein, has come an appreciative acknowledgment of the article on that tiny country—"Liechtenstein, Land Without Army or Taxes," by Pavlos Giannelia—which appeared in the November-December 1940 issue of LAND AND FREEDOM.

READERS will note the addition of two Special Correspondents on the masthead of this issue—A. G. Huie of Australia, and J. W. Graham Peace of Great Britain, the latter being restored after a lapse of some time. We regret being obliged to drop two of our other Correspondents—J. J. Pikler of Hungary, and Lasar Karivanove of Bulgaria. We are unable to communicate with them at the present time, but look forward to the day when we shall hear from them and be able to restore them as Special Correspondents.

BERTHA SELLERS writes: "John F. Conroy, a late veteran, though perhaps not a conspicuous one, in the Henry George cause, formed a chain of about two dozen letter writers covering many cities in the country, contributing to many papers. It is proposed to reorganize this group and to greatly enlarge it. If any readers would like to join, please address: Bertha Sellers, 133 Ogden Ave., Swarthmore, Pa."

AMONG the most tireless writers of letters to periodicals and persons prominent in the political and educational worlds are H. W. Noren of Pittsburgh and J. Rupert Mason of San Francisco. Both men, and the many others who engage in letter writing, serve to keep before prominent people the fact that Georgeists are still in the field to secure a much-needed reform.

O. B. COLLIER, a friend in Detroit, has commenced editing a new series of releases entitled "World News Analysis." A sentence in one of the releases suggests the aim of the series: "A straight reporter may call it a day when the day's greatest catastrophe has been written up, but W N A believes that someone must ferret out the hidden news and expose it to the public eye."

B. W. BURGER's valuable collection of Henry George memorabilia was exhibited in the Annual American Hobby Show in the Hearn's Auditorium, New York, July 14-26. Mr. Burger's exhibit included photographs and a bust of Henry George, autographed editions of his work, letters and notes, and other interesting material. It is Mr. Burger's hope to stimulate interest in George by presenting the biographical aspect.