

September-October, 1941

Land and Freedom

An International Journal of the Henry George Movement

The Myth of the Falling Dollar

The Real Causes of Inflation

Joseph Dana Miller

1941 Henry George Congress

Chicago—Sept. 29, 30, Oct. 1

Frank Lloyd Wright the Guest of Honor

Land Value Taxation in New South Wales

A Successful Experiment in Australia's "Empire State"

A. G. Huie

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LAND AND FREEDOM

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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.

"The law of human progress, what is it but the moral law? Just as social adjustments promote justice, just as they acknowledge the equality of right between man and man, just as they insure to each the perfect liberty which is bounded only by the equal liberty of every other, must civilization advance. Just as they fail in this, must advancing civilization come to a halt and recede."—HENRY GEORGE.

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Comment and Reflection

OF late there has developed within our movement a curious attitude which assumes that only an anti-war, "isolationist" belief is the true Georgeist position. While this viewpoint is not widespread, it should nevertheless be criticized as unauthoritative. We feel that opinions on the present war are at least within the realm of "free doctrine"—that is, Georgeists may disagree on such matters without prejudice to their acceptance of the economic teachings of Henry George. To hold otherwise is to deny the larger philosophy of freedom to which we ought to dedicate ourselves. It therefore seems proper and fitting that we take this occasion to counteract the dogmatizing of current notions which have no basis in "Progress and Poverty."

HENRY GEORGE expounded principles of harmonious human relationships, the violation of which leads to war and other social disorders. It is the Georgeist task to continue the propagation of these principles. As to war, the one truly Georgeist pronouncement on the subject that can be made with justification is that it will vanish, together with other evils, upon the universal adoption of Georgeist ideals. To narrow the "authoritative" Georgeist position to a "stand" on the present conflict, and to exclude all other considerations, is gratuitous at best, and we take exception to the impropriety. On the other hand, this does not mean that we must remain coldly aloof from the world scene. As human beings and citizens we cannot help feeling strongly on burning issues of the day. But as servants in a noble cause, we ought not to regard our fellow workers as outcasts and heretics because they happen to disagree with us. What is to be deplored more than anything else is an intolerance of the other fellow's point of view.

LOOKING back over the history of our cause, we find there have been schisms on almost every major issue that has arisen—which is not unnatural when all things are considered. Even Henry George and Father McGlynn could split on political questions. Another cleavage on contemporary events arose over the occasion of the Boer-British conflict at the turn of the century. It is amusing to note (in a symposium held in *The National Single Taxer*, a predecessor of LAND AND FREEDOM) the familiar strains of dissenters. From one: "It seems almost impossible to conceive of a Single Taxer taking the side of the strong as against the weak in the South African struggle, yet there

are some who . . . assume a position positively and emphatically pro-English." And from another: "A Single Taxer, who of necessity believes in equal rights to all, cannot consistently side with the Boers in the present struggle for the perpetuation of their oligarchy."

WE respect the views of those in our movement who are unqualifiedly "against war." On the other hand we resent the impertinence that accuses as being "for war" and not "good Georgeists" those who sympathize with the Allied cause. We would remind these folk of Henry George, Jr.'s remark about his father's attitude: "Much as he hated war, George justified it when waged for natural rights—for liberty." We believe that there is enough of liberty now at stake to justify the struggle being waged by the democratic countries. We have never been able to understand that school of perfectionists which contends that since every measure of liberty we have today is imperfect, what we do have is not worth preserving and defending at all. Nor need we be reminded of defects in the economic structure of democratic nations. We ask: How much further would we be ahead, and how much less would we have to struggle against if we supinely allowed the totalitarian nations to triumph? For ourselves we shudder at the thought of a Hitlerian victory. We prefer to heed the spirit of our esteemed Joseph Dana Miller who, during the first World War, gave this counsel:

"LET it be said that the great body of Single Taxers believe in this war—they are loyal at once to country and conviction, which in this instance are identical. The movement may be set back many years if it is suspected that in this tremendous crisis in the world's history Single Taxers saw liberty assailed and made no protest. The Democratic Party in this country paid the penalty of a generation of exclusion from power and the loss of public confidence because of its sympathy with the slave power of the South. The Single Tax movement would meet a similar fate should its members falter now in a time of more imminent peril to the world's liberties in declaring that they are loyal citizens of the world to whom the cry of Serbia, Belgium and France has not gone up in vain. Our preaching of economic liberty would fall upon deaf ears, or would meet the taunt that when all liberty was in danger we had been false to the message we bring, that our worship of her was not even lip service, that where millions of men gave their lives for liberty, we had not even given our voice."

The Myth of the Falling Dollar

By JOSEPH DANA MILLER

[This hitherto unpublished article by Joseph Dana Miller was written in 1930, in reply to an editorial in *The New York World* (Oct. 5, 1930) on the subject of monetary inflation and prices. At the present moment, when inflation is engrossing the minds of expert and laymen alike, this article should be of interest.—Ed.]

DURING and succeeding all modern wars the Dollar has "fallen"—that is, the relation of the money unit to commodities has undergone a marked change and has bought less of everything. This has sometimes occurred as a consequence of "inflation" and has resulted, not so much from the increase in the volume of money, as deterioration in *quality*. But quite as often it has been due to causes which have been entirely overlooked.

During the World War prices everywhere rose, as prices do in war time. But in the years succeeding we have witnessed a continuance of high prices and the blame for this has been visited on what has been called a "fifty cent dollar." It will be of interest to examine the evidence on which the theory rests and see if there be not other and more conclusive reasons for the high price level.

The only way we measure the value of a dollar is by the amount it will buy. If the dollar buys less than at a former period we say the dollar has fallen. This is the popular terminology and serves its purpose well enough. But when "the best minds" give to this theory a fixed economic interpretation that attributes all the phenomena of high prices to a "depreciated dollar," ignoring everything that is going on at the other end of the line, so to speak—the commodity line—it is clear, or should be clear, that a great mass of evidence furnishing a sufficient explanation of high prices is being entirely overlooked.

THE "FALLING DOLLAR" AND THE FARMER

The buncombe of the "falling dollar" has been very useful to those whose favorite occupation is fooling the farmer. When the price of wheat went up, the speculator on the exchange said it was due to the falling dollar and as the farmer was compelled to pay more for what he bought, he would of necessity get more for his grain. But when the bottom dropped out of the wheat market the farmers were told by the same people that the low price was caused by the inability of Europe to buy our wheat. The manipulators have made no effort to reconcile these two theories.

By this time the farmer had begun to realize that their troubles were due to other causes than a falling or fluctuating dollar. When the value of their crops fell, many of them were compelled to increase the mortgages on their farms. When the price of wheat again began to rise, the public were told that there would be a shortage in wheat due to decreased production in Canada owing to "wheat

rust." The argument for the fallen dollar was retired for the nonce.

The farmer who is getting from three to four cents a quart for his milk, and the city man who is paying from seventeen to twenty cents a quart, will listen with varying emotions to the argument for a fallen dollar. Both will want some reasonable explanation for this difference in price.

The farmer who receives an average of four cents a quart for his milk must provide the cows, pasture, fields, barns, cans and feed for his cattle. He must milk and clean the cows and transport the milk to the station. The milk companies do the distribution. What they receive is out of all proportion to what the farmer gets.

This we must bear in mind. There is no monopoly in cows, but there is an organization of milk dealers who have driven the little fellows out of business so that today there are practically two companies in control of the entire milk supply of New York City. And the manipulators and creators of public opinion send forth the information that all this high cost in one of the prime necessities of life is a money, not a monopoly problem.

REAL CAUSES OF HIGH PRICES

The claim that would visit upon the dollar the indictment of high prices is an all too convenient explanation. Every speculator and monopolist, every highly protected manufacturer, seeks to escape responsibility by pointing to the scapegoat dollar.

But if this is not the explanation of the high price level, where then shall we seek it? We shall find on examination a variety of causes that furnish abundant proof that economists are pursuing the wrong track; that conditions of production and distribution afford a wholly sufficient group of reasons for the prevailing era of high prices.

This misconception in the popular mind would not so greatly matter if it did not lead us to visit the blame for conditions on mistaken causes—that it tends as well to encourage the advocates of every fiat money nostrum. To know the remedy for any evil we must know the cause. In this instance we are treating an effect as a cause and are thus likely to be led astray in the adoption of defective solutions for the evils complained of.

Any comparison of prices that prevailed in 1913 and those of any period down to 1928 loses sight of some very important facts. 1913 was a year of intense business depression. Nearly four million men were out of work. Their purchasing power was nil. Rents were low because there were many vacant apartments and stores. We were getting more for the dollar in many cases than could be

produced for the dollar, for merchants and manufacturers were selling at a sacrifice in order to get ready cash. A panic was on. The dollar was rising, not because the dollar was scarce, nor because anything had happened to it, but because there were serious disturbances at the commodity end of the line.

With the beginning of the World War in 1914 all this was changed. There was a great demand for our products from abroad. Great numbers of workers found employment in making arms, ammunition and supplies for the Allies. With our entry into the war an era of hectic prosperity began such as always occurs in war times; wages, profits and prices rose. With the conclusion of peace these conditions continued. The high wage scale wrung from war conditions was maintained by restriction of immigration and renewed demand for our goods from abroad. Also, the lessons of profiteering out of situations created by the war had been too well learned.

Besides, the habit of extravagance in buying and spending took possession of the workers, now in receipt of wages greater than they had ever known. The high wage scale was highly deceptive, of course, since the workers were paying for rents and commodities more than they had ever paid. But the prosperity was real nevertheless. And because they saw no end of it the orgy of spending continued uninterruptedly. This operated to prevent a diminishing price level such as overtook the era of high prices following our own Civil War.

MONOPOLY AND PROFITEERING

With the introduction and improvement in labor-saving machinery the cost of production has been reduced. This should have been followed—and normally would be followed—by a slightly rising dollar, that is, the dollar would have bought somewhat more of the products of labor. But much of this gain has been absorbed by monopoly and the profits of middlemen. In many instances a commodity whose cost of production has been reduced has actually risen in price. When the cost of making a pair of shoes was lowered by a reduction in the price of leather, the price of shoes went up. The tariff and wastage in distribution, not the falling dollar, were the main factors in this increase.

Rail rates were increased at the request of the railroads. The reasons given for such demand were the higher wages they were compelled to pay. Statisticians have figured that these higher rates have increased the cost for construction of dwellings about \$250 per room.

Up to a few years ago the department stores of New York and other cities were owned by individuals and were under their personal direction. Now it is the custom of these stores to incorporate and put their capital stock on the market. It has been figured out by the statisticians of Harvard University that following these incorporations the

“overhead” of department stores went up from 28 to 50 per cent. This increase must be added to the price of goods before any profit can be made, and the dividends must have a further tendency in maintaining high prices.

Perhaps it would not be wholly unfair to indict the department stores and instalment houses on another count, that of encouraging the almost universal practice of buying goods on the instalment plan. To this there can be no objection *per se*; it is only when carried to extremes, as it is in modern practice, that it has an injurious influence on prices. The mortgaging of the future in this way has passed all safe and reasonable bounds. As the family budget is arranged to provide for these future payments ready cash is not available for the purchase of current necessities, for bargains that may be offered in the markets, and often for the most pressing needs.

Where so large a sum is set aside to be drawn upon at future dates, the demand on current production is lessened, and in consequence production itself slackens. But the direct influence occurs in this way: Where payment of sums so enormous in the aggregate involves a large element of risk, higher prices are the insurance for this hazard. And thus we have another factor in the many we have indicated for high prices. The “falling dollar” argument begins to look a little frayed at the edges.

The Tariff Commission in its investigations made some time ago showed how certain articles bought from the manufacturer had a 300 per cent profit added by the retailer. Of course, if profits could not be added there would be no handling of goods. Profits in reality are returns on investments, plus an amount for service. But abnormal profits due to monopoly, the follies of a buying public, the irrational decrees of fashion, together with enormous wastage in distribution, are all factors in high prices. The millions spent for advertising all kinds of wares, which has reached almost fabulous proportions, must all be added to price.

GENERAL TENDENCIES

Passing from particular causes we come to some more general tendencies making for a high price level. American parents, for the most part, both native and foreign born, are educating their sons to earn a living without physical effort. They are being taught to regard as an inferior class the mechanic and the laborer. They are adding to the numbers of the largely unproductive class of the population already out of all proportion.

Our girls are being taught to evade household and family responsibilities, so that they may make advantageous marriages with aristocratic and well-to-do young men who are removed from the necessity of laborious occupations.

While these tendencies contract both the numbers and sphere of actual wealth producers, the trades unions are adding to this contraction by limiting the number of opportunities in the crafts, through the medium of curbs on

apprenticeships, reducing by perhaps fifty per cent the number of recruits to the manual professions that would otherwise make good the losses caused by death and old age. And at the same time they are reducing the output. There has been, too, in recent years a great increase in the ranks of unproductive workers, bond salesmen, solicitors for investments, realtors, etc., all contributing as factors to the stabilization of prices.

We have had a widely extended housing shortage. In consequence the cost of building mounted. The "falling dollar" again, of course. Only it happens that here the explanation lies nearer at hand. Labor unions in the building trades hampered building operations by excessive wage demands. Worse than that, they put into effect oppressive regulations to which employing builders must conform or go out of business. In some trades, too, five days constitute the week's work.

To sum up; high prices are caused by combinations in trade, exorbitant tariffs, patent rights, re-sale agreements, styles, demands for goods of which there is a market shortage, decreased production on the part of producers for the purpose of keeping up prices, taxes on production, land speculation, restriction of output by trade and labor organization, strikes, bonuses for financing industries, and last but not least, stock jobbing. Every little concern is now capitalized and its stock floated and sold to the public. If you want lower prices the manipulators will tell you that then your dividends will be less, and what the holders of stock want are dividends. These represent prospective earnings at present prices. It may be said that conditions making for high prices set in motion by the war have been continued under peace conditions and there is yet no sign of an arresting tendency.

That there is something that looks very like a conspirators' agreement among the organs of public opinion, banking and financial circles, to lay all the blame for high prices on a "fallen dollar," is obvious. When did the dollar fall and from what great height has it fallen? Who precipitated it? How comes it that a "falling dollar" falls so unequally? That it blesses the milk distributors in cities and leaves untouched the four cent milk of the farmers? That it rebounds so lightly on the white collar workers and falls so heavily in favor of the workers in the building trades with their powerful and compact organizations? The theory of a "falling dollar" whose descent is so eccentric is open to grave suspicion.

The dollar, facing all of which it stands accused, can point to what has happened along the road it has travelled since 1913 and retort, "Thou canst not say I did it." There is too much in favor of its innocence and integrity. The responsibility for what has occurred, the influences and tendencies which the dollar must reflect, lie elsewhere. It stands acquitted.

Strength and Activity

By J. L. BJORNER

[From *Grundskyld*, Copenhagen, Denmark, March 1941.

Translated by Hans Bjoerner.]

IT is a sad sign of weakness, when time after time we have been told in the press that "what we need is a strong and active government." Let it be said at once that this is not the voice of the people, fortunately, but just a journalistic expression of the day. God forbid that we should have "a strong and active government." What the country—our country as well as all other countries—needs is a strong and active people; then the activity and strength of the government will automatically be that of the people, and will be neither too strong nor too weak.

The people will become strong and active when they have the right to live their own life without law-made monopolies for individuals or groups, together with equal right for all to elect the government—that is, home rule. And they must also have the right to make mistakes. A self-ruling people, whose industries are not weakened by monopoly and restrictions will always be a strong and active people, and its government the respected servant of the state.

The director of the government of Greenland, K. Oldendow, recently made a speech about Greenland. The Greenlanders, he said, were a strong and active people, like all other esquimaux. Ordinarily, when the white man came into contact with the esquimaux, this hardy tribe deteriorated. But not those in Greenland. The Danish Government took the fate of the Greenlanders in its hand. The Greenlanders were permitted to keep the earnings of their own work; and they were not only permitted, but helped to keep their own language—also when it was in print. The Greenlanders were well situated economically; and because there is in Greenland no land monopoly there is no unemployment. They were well taken care of. The Danish-Greenland government acted as a mild, enlightened, absolute power. And yet—the Greenlanders did not thrive. It seemed that their development had come to a standstill. They became stunted under the Danish, humane dictatorship.

Then, half a century ago, the Danish-Greenland colony-managers gathered to discuss what could be done to help the Greenlanders. A clever man said: "What the Greenlanders need is to have some responsibility or co-responsibility in the ruling of their own affairs." This was done—and behold! Almost instantly the advantages of self-responsibility could be seen. The Greenlanders again came to life and became the happy, strong and active people they had been before.

It is consequently not enough for a people—as Henry George says—to be well governed. The people themselves must govern their own fate, good or bad. Only that gives strength and activity.

Land Value Taxation in New South Wales

By A. G. HUIE

SOME account of the tax system in the Australian State of New South Wales should be of interest to your readers. Taxes in cities, towns and rural areas in New South Wales are imposed upon the value of land. Improvements and personal property are exempt. This is a step in the right direction which should encourage Georgeists—although there are some who claim to be followers of Henry George who deride steps in the right direction and demand all or nothing.

FEDERAL, STATE AND LOCAL TAXATION

When Henry George was in Sydney, the metropolis of New South Wales, opportunity was taken to show him the beauties of the harbor. From a vantage point he was told that there was not an acre of land in sight worth less than \$4000. And George said, "Why not impose your local taxation upon these values?" We followed his advice. We recognized that the line of least resistance was local government taxation. After years of effort we succeeded in getting the principle adopted in all shires or rural areas in 1907; in all municipalities outside the City of Sydney in 1908; partly in Sydney in 1909; and wholly in 1916.

New South Wales has been widely regarded as an example to the world. The Sydney taxing system has been compared to that prevailing in cities in other countries. The works and services undertaken by the local authorities vary greatly in different countries. The better way to look at it is from the standpoint of principle. In N. S. W. we exempt improvements. Any other city to get in line with Sydney must also exempt improvements. We have definitely repudiated the idea of taxing improvements, insisting that the value of the land only shall be the basis for taxation.

Our system of government in Australia is similar to that in the United States. We have our local councils, our States and the Commonwealth. Each has its independent powers of raising revenue by means of taxes. In N. S. W. the local tax system is on Henry George lines. The State itself raises only about \$8,800* from land values in the Western Division. The Commonwealth (or federal government), with the exception of a graduated land tax, which allows a \$20,000 exemption, taxes the people mainly by use of the tariff, sales tax, wages tax, etc.

N. S. W. is the leading state of Australia, with about 40 per cent of the population, production, trade and public revenue of the country. Local councils within the state raise about \$24,000,000 from land values, for local works and services. State and federal taxation on trade, incomes, wages etc. amounts to \$232,000,000. This disparity is likely to increase as demands for revenue for the war pile up.

*Figures in dollars are based upon the approximate rate of four U. S. dollars to one Australian pound.

BENEFICIAL EFFECTS OF LAND VALUE TAXATION

The effect of imposing taxes on land values was apparent from the outset. In fact results begin to appear as soon as the proposal to tax land values becomes law and before it is in actual operation. There were many large areas in the Sydney district held idle by speculators who paid nominal taxes. Taxation of land values put an end to that. Suburbs have been built on land which had been lying waste. Not far from where I live there was a large area of waste land known as "Ramsay's Bush." When land value taxation came in it was subdivided into good sized allotments, with good streets, a good class of suburban residences erected and a shopping center established.

Perhaps the best way to show your readers what is done in N. S. W. is to quote my own district, Ashfield, where I have lived for the past twenty-one years. It is a suburban area about six miles from the center of the City of Sydney. Its area is 2042 acres and the population is 40,750. The Town Clerk has kindly supplied me with particulars of its estimates for the current year. The unimproved value of the land is \$15,244,144. The tax imposed is 4¼ pence in the pound, estimated to yield £67,487 or \$269,948. Revenue from other sources is expected to be \$28,112.

What applies to Ashfield applies to 160 municipalities and 139 shires or rural areas throughout N. S. W.

Sydney is not a mushroom city called into existence because of a great new industry. It is over 150 years old. In the following table are the official returns showing building activity in the Sydney district in the past three years:-

	Dwellings	Business Buildings	Total
1938	\$36,800,000	\$19,368,000	\$56,168,000
1939	32,708,000	16,168,000	48,876,000
1940	33,063,468	13,809,488	46,872,956

It can be seen that building activity was fairly well maintained after the war started in 1939. However, due to increasing war restrictions, building is now declining.

Home building in this country is attended with serious difficulties. Building materials, when imported, are heavily taxed by the tariff up to 100 per cent. That was effective before the war broke out. It is worse now, many imports being prohibited. Such a policy also has the effect of grossly inflating the cost of locally produced materials. It is impossible to build cheap homes with heavily taxed building materials.

However, while we are laboring under such handicaps, we do enjoy the benefits of exempting improvements from taxation. We don't pull down buildings in N. S. W. because of the taxes imposed upon them. I have been informed that this folly is fairly common in the United States and Canada. Sir A. C. Davidson, Manager of the Bank of N. S. W., the

largest bank in Australia, in a letter to me stated: "It may interest you and assist you in the work you are doing to learn that owing to the system of rating in the United States and Canada being generally based on improvements, a number of fine buildings have had to be demolished during the bad times because of the crushing burden of rates and taxes. This is sheer economic waste."

Mr. H. B. Cowan of Canada, in a letter to me, wrote: "In the United States and Canada the tax on improvements is so high it has virtually strangled the building industries. I believe I am safe in saying that hundreds of thousands of buildings have been torn down in order to escape this tax."

OPPOSITION OF VESTED INTERESTS

The virulent hostility of large landowners, land speculators and their agents when it is proposed to tax land values, gives evidence that they are under no illusions as to the effects of taking for the use of the community even a small proportion of the economic rent of land.

In N. S. W., when Mr. Reid in 1895 proposed to tax land values at the modest rate of one penny in the pound with an exemption of £240, our second chamber, composed largely of big landowners, nearly went mad. They rejected the proposals and only gave way after a general election on the issue, which quickly followed, when Mr. Reid's proposals were endorsed by his re-election. There was the great joke of Sir Normand McLaurin's widow owning a few thousand pounds worth of land, and the dire consequences to her of a penny in the pound tax. The men who weep over this "tragedy," however, have no hesitation in taxing the food and clothing and shelter of landless widows up to even 100 per cent.

The recent example of the Californian referendum is another case in point where vested land interests made great efforts to ensure the defeat of a proposal to tax land values instead of labor and industry. Ordinary propaganda and educational work does not ruffle the privileged landowners. They only wake up when it is proposed to do something practical to secure even a portion of the people's land rent for public works and services.

It is always pleasing to us to see efforts being made in any part of the world to put into practice George's proposal to raise public revenue from land values instead of the labor of the people. From time to time land value taxation has been applied to small areas with beneficial effects.

Apart from Queensland, which has a larger area but much lower land values and population, with only 146 local governing areas, there is no place in the world where the number of local areas, values of land and taxes imposed upon them can compare with N. S. W. It is on a land values basis in 299 local governing areas, covering 117,766,680 acres. The unimproved land values in 1939 amounted to \$1,304,144,000, and the revenue from land values in that year was \$24,248,872.

EFFECTS ON BUILDING AND POPULATION

Let me try now to give your readers some idea of the progress in a few of the Sydney suburbs in the thirty-one years since land value rating was adopted, 1908-1939. The development has been beyond the wildest dreams of the people in 1908. Good sized allotments, good streets with a good class of dwellings built by tens of thousands. In the year ending June 30th, 1929 no less than \$70,225,028 was spent on new buildings and additions. In the worst depression year it fell to \$5,667,316. By 1939 it had recovered to \$50,368,208.

It may be understood that in a city which recently celebrated its 150th anniversary there are many old and out-of-date buildings. When buildings were specially taxed and land speculation encouraged with mere nominal charges, the tendency was to crowd together, and to defer making necessary improvements as long as possible. But on the adoption of the land values system a vast improvement in housing began. It promoted the spreading out of the population. Owners of large suburban areas who felt no responsibility for their effective use promptly realized that conditions had changed. They found that they had to meet the new position and enable home seekers to get decent sized allotments on easy terms. Thus our experience is that the inner congested areas, built under the old system of taxing improvements, show a decline of up to 31 per cent in population. In outer areas where there is plenty of room increases of up to 400 and 500 per cent are common. The land values system has had most beneficial effects in assisting the population to spread out. Such results have been attained in spite of the disabilities of heavy taxes on building materials charged by the Commonwealth and excessive train fares charged on the State railways. Inner residential areas are steadily giving place to factories, works and warehouses. It is not economic to replace them with the type of homes built under land value taxation in the outer areas.

We would have made more progress both with respect to taxation and land valuation if my suggestions had been fully accepted by the Government. We needed a little more support. The effects of the war of 1914-18 and following experience were against us. Wars have the effect of setting back the tendencies to social and economic progress. They strengthen the conservative and reactionary elements in society. After the war of 1914-18 there was a great demand for Australia's primary products with high prices. Not content with that, the Government entered upon a wild loan expenditure policy. The effect was to boom up land values. When the prices of primary products fell, production upon high priced land was no longer profitable and the full blast of the depression was upon us.

RECOGNITION BY THE PEOPLE AND BY OFFICIALS

In N. S. W., taxation of land values only, under our system of local government, is the recognized system. A new

generation has grown up which takes it as a matter of course. The average home owner and business man vaguely realizes that the present system is right. One of the provisions of the law required a poll when a loan was proposed for local works. In such cases two questions were submitted. First, for or against the proposed work; second, whether the tax should be on unimproved land values or improved values. The proposed work might sometimes be rejected but the vote was always in favor of the tax being imposed on land values only, for interest and sinking fund.

The greatest service of our land value system is but little understood and entirely overlooked by visitors. It has operated to keep down the value of land, thus enabling persons desiring to use land to get it at lower prices. To the extent that land rent is collected for public purposes, land speculation is checked. It cannot be eliminated altogether so long as there is an untaxed margin available to capitalize. Our state and federal governments are much greater taxing authorities than the local governing bodies. In fact increased taxation by them on labor and industry operates in some measure to neutralize the advantages of a just system of local taxation.

Over fifty years ago there was a wild land boom in the Sydney district. In some places land was boomed up to prices which have never been reached since, although the population has increased from 383,000 to 1,288,000. There has been quite a lot of land speculation from time to time. It will be always so while individuals are allowed to collect even a portion of the ground rent. Taking some of the rent in taxation exercises a restraining influence which is wholly beneficial. The people benefit without realizing it. Land value taxation equalizes the burden of taxation as between users and non-users of land. It benefits the user, it penalizes the non-user.

Some time after the land values system was adopted in N. S. W. a statement was signed by eighty-four mayors and aldermen in the Sydney suburbs. Although a number of years have since passed there is no reason to question the soundness of the representative opinions then expressed, and I will conclude by quoting from it:

"In response to a request for an expression of opinion, we wish to say that the system of rating* on unimproved values which came into force under the provisions of the Local Government Act of 1906, is working remarkably well.

"It has reduced the rates of a very large proportion of the ratepayers, although we are raising a larger revenue.

"It has stimulated the building trade, employment is more constant, and business generally is on a much sounder footing.

"It has induced a number of ratepayers to build or dispose of land which they were not willing or able to use

*The words "rates" and "rating" are synonymous with our use of the words "local taxes" and "local taxation."—Ed.

themselves, and has promoted the subdivision of land hitherto withheld from use for speculative purposes.

"It is fair to all ratepayers, as it simply requires from each his due proportion of the rates.

"It specially benefits those ratepayers whose use of land is most effective and creditable to the municipality, while it has put effective pressure upon a number of owners of idle or partly used land to change their tactics.

"As far as we can judge, the new system has the emphatic support of the bulk of the people. There is no demand for a change.

"It is but fair to admit that rating on unimproved values is working as well as its advocates claimed that it would before it was adopted."

New Zealand at the Crossroads

By T. E. McMILLAN

ADVOCATES of Natural Law Economics may find New Zealand a fertile field for study, inasmuch as our first legislation in this direction was introduced a year before the publication of "Progress and Poverty." We have had lots of "taxation of land values," and of rating on the unimproved values, but we are, individually and nationally, just as much in debt as the people of other countries, and having the same old struggle to make ends meet. We know now that whatever gain there may be, temporarily, in partial measures economically, that gain, like every other, is finally reflected in social values, and the holders of titles to sites collect all the reform is worth in its net expression. Nature, we find, makes no exceptions in the field of economic law any more than she does in respect of the law of gravitation. Therefore the active reforming minds are now set upon demanding that society shall collect the full social rent.

True, no great reform was ever carried peacefully in this world except gradually, and in New Zealand this requirement is being met by applying the gradualness geographically. To be more specific, the policy is for the full rent to be collected by the various local councils, which will pass a proportion on to the State, or central administration, for national services.

Shortly there is to be held, under the auspices of church leaders, a Dominion Reconstruction Conference, whereat our policy will be brought forward for discussion. Mr. Arthur Withy, a veteran of the Cause, will represent the Henry George League of Auckland, and the writer, as editor of *Commonweal of New Zealand*, has responded to an invitation by the Director of the Conference, and sent in a brief. In the latter it is contended that "the profit of the earth" is the site rental value, and should be collected by all for all. People realize that we are at the crossroads; either we must adopt some kind of communist or fascist dictatorship, or accept Nature's Way.

Sixteenth Annual Henry George Congress

CHICAGO, Metropolis of the Middle West, was the scene of the 1941 Henry George Congress, sponsored by the Henry George Foundation of America. This sixteenth annual conference of the followers of Henry George was held at Chicago's famous Hotel LaSalle, September 29 and 30, and October 1. There were about 100 registered delegates, and the total attendance was approximately 150.

In an atmosphere of fellowship and free discussion, the principles and problems of the Georgeist cause were talked over, the progress of our organizations was reported, and recommendations for the future conduct of the movement were made.

Outstanding among the guest speakers was Frank Lloyd Wright, America's foremost architectural designer. Mr. Wright is in sympathy with our principles. Other Conference highlights were: an unusually wide geographical representation, including J. Rupert Mason of San Francisco, C. A. Gaston of Fairhope, Alabama, Noah D. Alper of St. Louis, Mo., and delegates from New York, Washington, Pittsburgh, and other parts of the country; an entertaining performance of a single tax play, "The Dangerous Riddle," directed by Mrs. Clayton J. Ewing; and the closing banquet including among the speakers Hon. George E. Evans and Hon. Charles R. Eckert.

FIRST DAY—MONDAY, SEPTEMBER 29

MORNING SESSION—Clayton J. Ewing, vice president of the Henry George Foundation, opened the Congress by pounding with a gavel made from the wood of a tree grown in Fairhope, Alabama, on a pounding block made of the same material. He introduced Hiram B. Loomis, president of the Chicago extension of the Henry George School of Social Science, who gave an address of welcome to the delegates, commending them for their faith in freedom and their pioneering for a better world. The response was given by Dr. Mark Millikin of Hamilton, Ohio, who also stressed the principle of freedom as the bedrock of our philosophy. (Readers will recall that it was Dr. Millikin who, at an earlier Congress, expressed the hope that there would some day be a Henry George University—a suggestion which inspired Oscar H. Geiger in the founding of the Henry George School.)

AFTERNOON SESSION—Dr. Millikin spoke again at the opening of this session, on "Possibilities of Rural Land," stressing the value of decentralization and closer contact with the soil. He was followed by Edwin Hamilton, president of the Chicago chapter of the Henry George Fellowship, who gave an account of the Physiocrats, their program and the reason for their failure. The Physiocratic "rule of nature" program would have been a great boon to

corrupt eighteenth-century France, said Mr. Hamilton, but it was not understood, and was bitterly opposed by the nobles. In addition, it had the disadvantage of not being a fully correct analysis of economics, proposing only a tax on the net production of lands devoted to agriculture, thus overlooking vacant and industrial lands.

Walter I. Swanton of Washington, D. C., spoke on "Some Specifications of Henrico County, Virginia." He explained that land and improvements in Henrico are assessed separately, thus providing a practical base for a single tax on land values. The concluding address of the afternoon was given by J. Rupert Mason who told of the extent of land value taxation in California, explaining the public land renting system of the California irrigation districts.

EVENING SESSION—Carl D. Smith of Pittsburgh, as chairman, introduced the first speaker—Sidney J. Abelson, representing the recently formed New York organization, the American Alliance to Advance Freedom. Mr. Abelson delivered a talk on "The Georgeist Task in a War-Torn World." He pointed out that in the world today "freedom," "equality of opportunity" and other ideals are spoken of as vague abstractions. The distinction of Georgeists is that that have a definite *method*—the single tax—whereby to make those ideals a real and immediate way of life. The task of Georgeists is to devote themselves to the establishment of this method, and to demonstrate to the world that our program looks not to some distant era for results, but that a better world will immediately emerge upon the adoption of single tax.

The guest of honor, Frank Lloyd Wright, known as one of the creators of modern architecture, was the next speaker. In a sincere and simple impromptu talk, Mr. Wright spoke on freedom, and stressed "freedom of land, freedom of money and freedom of ideas." He characterized America as a plutocracy rather than a democracy, but expressed the conviction that the three freedoms would some day triumph. He also spoke of his debt to Henry George for the inspiring ideas contained in "Progress and Poverty."

Frank Chodorov, director of the New York Henry George School, told of the efforts of the School in "merchandising an ideal," by introducing to as many students as possible the works of Henry George. The School, he said, was a private institution rather than a democratic organization, where "we work and work and work." He added that the two tasks of the School are to teach Henry George and to avoid politics.

Henry H. Hardinge of Chicago concluded the evening session with a talk on "Georgeism Versus Marxism," in which he posited that there are only two choices for America

to make—control or freedom. He characterized Americans as “a race of industrial giants, political children, and economic infants.”

SECOND DAY—TUESDAY, SEPTEMBER 30

MORNING SESSION—C. A. Gaston, secretary of the Fairhope Single Tax Colony told the Congress about this Alabama “enclave of economic rent.” The Single Tax Corporation of Fairhope owns 4,000 acres of rural land in Baldwin County, and 320 acres of city land. While it owns less than one fourth of the land of Fairhope, more than 70% of the real estate and personal property values are on its holdings. The Corporation collects the rent of land from its tenants and applies it to public purposes, thus endeavoring to apply the single tax principle on a small scale. The total rent collected this year was \$31,000 (\$4,000 from rural land and \$27,000 from city land). Fairhope had to have relief projects in the early days of the depression, but for several years now no “make-work” program has been in effect, as there is plenty of productive work to do.

John Lawrence Monroe, secretary of the Chicago Henry George School, presented a picture of the activities of the Chicago extension. To date, 2,300 students have completed the School's courses. This term 40,000 announcements were sent out, and more than 500 graduates are expected. Mr. Monroe related anecdotes concerning the School's trials and tribulations, among them being a police raid on headquarters because of a fantastic rumor that the School was a “bookie joint.” After Mr. Monroe's talk, Noah D. Alper told of the St. Louis extension of the School.

FOUNDATION LUNCHEON—The annual business meeting and luncheon of the Henry George Foundation was held at the Hotel LaSalle, with George E. Evans, president of the Foundation, presiding. All present officers were unanimously re-elected for the ensuing term of one year, and the following members of the Board of Trustees were re-elected for another three-year term: Charles R. Eckert, Hugo W. Noren, Charlotte O. Schetter, Charles Jos. Smith, Abe D. Waldauer, and Percy R. Williams. J. Rupert Mason was elected to the Board to succeed the late George J. Shaffer of Los Angeles.

AFTERNOON SESSION—This session was “an open forum on moot questions,” and opened with a talk by Spencer Heath of Elkridge, Md., on “What is Rent?” Mr. Heath elucidated his definition of economic terms and his advocacy of a landlord proprietorship rather than government collection of rent. The following speaker, J. Edward Jones of Chicago, also spoke on the nature of rent, but held to the view that it resulted from location advantages of sites, whether natural or social. He advocated communal collection of rent.

Philip Rubin of Washington, D. C., turned to internal problems of the movement, deploring the lack of a spirit

of comradeship among the different organizations and workers in the same cause. He stressed justice and fraternity as the foundation of the Georgeist philosophy, and urged that we abide by these principles in our relations with one another, pointing out how they have been violated by prominent leaders within the movement. Reminded of the Hebrew holy day about to begin, Mr. Rubin said that a Georgeist Day of Atonement would be a salutary thing for our movement.

EVENING SESSION—After an excellent speech on “The Heritage of Youth,” by Mrs. Lyril Clark Van Hyning of Chicago, came the Single Tax Play, “The Dangerous Riddle,” directed by Mrs. Clayton J. Ewing. The play, with a cast of sixteen actors and two musicians, represented a delegation sent to Heaven to ask God to help the earth which had fallen into such woe. It was brought out that God has given us all the means for our salvation, including abundant natural resources, and that it is up to mankind to work out his own destiny. The play received an enthusiastic ovation.

THIRD DAY—WEDNESDAY, OCTOBER 1

MORNING SESSION—A paper from the editors of LAND AND FREEDOM was read by Clayton J. Ewing, explaining the position and functions of our journal as “the voice of the movement.” All viewpoints are given opportunity for expression in LAND AND FREEDOM and all Georgeist activities are reported, in the belief that a free and democratic “market place” is needed for the good of the movement.

Another paper presented *in absentia* was from E. S. Woodward of Vancouver, B. C. Mr. Woodward speculated on “What Would Henry George Do in 1941,” and came to the conclusion that he would do substantially the same thing, in terms of today, that he did in his lifetime—that is, take an active part in the political question of the day, and integrate his reform with other progressive reforms presented currently. (In a subsequent issue we hope to present a more extended publication of Mr. Woodward's thesis.)

Thomas Rhodus, chairman of the National Prosperity Legion, a Georgeist organization of Chicago, entitled his talk “The Next Step,” and expressed the belief that his organization was prepared to take it. A drive for obtaining 10,000 members for the Legion is under way.

AFTERNOON SESSION—Charles H. Ingersoll of New York reported the campaign to pass the Sanford Bill through the New Jersey legislature. As most readers are aware, this is a measure to secure local option in land value taxation, and it has already passed the New Jersey Assembly. An effort is now being made to have it passed by the Senate.

Noah D. Alper presented his views on “Paving the Way for a ‘G’ Day,” presumably a “George Day.” Mr. Alper believes that the two most important things to teach the

(Continued on page 155)

War Is No Solution

By SANFORD J. BENJAMIN

SINCE September 1, 1939, the minds of the American people have been shifted from domestic to foreign problems. Whether by design or genuine fear, the Administration has emphasized that the danger to our security lies in the outcome of the German-British struggle rather than in the rectitude of our internal economy. It is a strife, we are told, between freedom and totalitarianism; and since this nation and England practice similar systems of government, we owe it to our own self-interest as well as common heritage to aid the British. For if the Nazi machine triumphs militarily, *ipso facto*, it will triumph ideologically and engulf the United States.

Some Georgeists adhere to the above line of reasoning even though they admit in calmer moments that basically this war is one for control of the raw materials of the world, principally that large portion which has been held by the British for centuries and used to further their own special interests—in trade, in finance, in the formation of opportunistic alliances. Despite this admission of British sins—the rock-bottom of landlordism—the tyranny of the Nazi jackboot is looked upon as more menacing, even to the extent that after Adolf Hitler is “dethroned,” the world will be in a position to “win the peace.”

Just what sort of “peace” may be envisioned by students of “Progress and Poverty” requires no exposition here; but when Mr. Roosevelt states certain post-war aims, they should be carefully scrutinized, because as President he will undoubtedly play a leading role when the shooting ceases. Said Mr. Roosevelt: “We will not accept a Hitler dominated world. And we will not accept a world like the post-war world of the Nineteen Twenties in which the seeds of Hitlerism can again be planted, and allowed to grow. We will accept only a world consecrated to freedom of speech and expression—freedom of every person to worship God in his own way—freedom from want—and freedom from terror.”

These are beautiful thoughts but they can only be realized in a Georgeist society—and Mr. Roosevelt is not a Georgeist. We must ask ourselves, then, whether the President is playing politics, indulging in sweeping generalities, as is the way of the politician when he wishes to enlist the support of the unthinking masses; for the people are confused, unable to ascertain the fallacies in general statements. They do not know the basic fundamentals of an economy which would guarantee these freedoms. The wretched conditions we are living under are being played upon to give the people hope—the only form of escapism left—that after the war the “peace will be won.”

Let us look at the “peace” after the war, in the words of Foreign Secretary Eden: “Irrespective of the nature of the

political settlement, Continental Europe will end this war starved and bankrupt of all foods and raw materials which she was accustomed to obtain from the rest of the world.” What are the British planning to do about such a situation? Again I quote, this time from Ambassador Halifax, in a recent speech before the Pilgrim Society:

“In many respects the world must be treated in future as a single whole. Since the last war we have seen an increasing difficulty in securing the distribution of the world’s abundance both within and across national frontiers, with adverse effects upon the worker’s standard of living everywhere. We had hoped to see the vision of plenty banishing the specter of scarcity; but what in fact we have seen has been the failure of men to exchange with their fellowmen the abundant products of both farm and factory. When therefore victory has been won, it must be our aim to promote the common interest in the greatest possible interchange of goods and services. Problems involving common needs can only be solved by common action.

“We see the urgent need for economic cooperation and we are ready to take part in plans to promote it on a world-wide scale. Our aim will be prosperity justly shared. Even now we are making plans to remedy the impoverishment which must follow in the train of war. We are arranging to establish stocks of food and raw materials which can be released as soon as we can be sure that they will be used for this work of healing and not for our destruction.”

The significant parts of these quotations are: (1) Europe will be impoverished; (2) hindrances to trade both within and across frontiers must be abolished; (3) prosperity must be “justly shared”; (4) the admission that food and raw materials—the earth—must be made available to all nations. Point one is self-evident. The second, it seems to me, was put in as a joker, for on the next day when Ambassador Halifax held a press conference he was asked specifically whether Britain would scrap the system of empire preferential trade agreements, signed at Ottawa in 1932, allowing the British Commonwealth to entrench itself into an economic nationalism. “I wouldn’t at all be taken as saying that,” the Ambassador replied quickly, adding more slowly, “The nations of the British Commonwealth are every year growing more and more into one unity, and while they would all wish to make the maximum contribution they can to the economic life of the world, they will be frightfully jealous of anything that weakens their unity.” Does this suggest free trade? Hardly. Can prosperity be “justly shared” under such circumstances? Perhaps this is Lord Halifax’s view of prosperity—which would leave the landed estates intact in England, where even now a wild orgy of specula-

tion is being enacted in the form of buying up the bombed sites.

It is in point four, however, wherein we glean the crux of the entire program. Lord Halifax admits that food and raw materials must be made accessible to Europe but—and let the reader note this well—these raw materials will be doled out for rehabilitation *only*; they will be still controlled by the same clique who possesses them now. In other words, the very essence of a stabilized economy, of improved living conditions, of those four freedoms Mr. Roosevelt espouses, will be lost somewhere in newspaper files, never to be mentioned again except during future wars as necessary wartime rhetoric to gain the endorsement of a gullible public.

Nor can America's future economic security be gained by the enactment of such a program. Mr. Roosevelt says that the seeds of Hitlerism were planted during the Nineteen Twenties; yet Lord Halifax's post-war program *are* the seeds of Hitlerism. For the future salvation of the world will not be fulfilled in policing the seven seas by a joint armada of Anglo-American warships, nor the enforcement of certain political tenets of government, because as Henry George wisely pointed out:

"Political liberty, when the equal right to land is denied, becomes, as population increases and invention goes on, merely the liberty to compete for employment at starvation wages. This is the truth that we have ignored. And so there come beggars in our streets and tramps on our roads; and poverty enslaves men whom we boast are political sovereigns; and want breeds ignorance that our schools cannot enlighten; and citizens vote as their masters dictate; and the demagogue usurps the part of the statesman; and gold weighs in the scales of justice; and in high places sit those who do not pay to civic virtue even the compliment of hypocrisy; and the pillars of the republic that we thought so strong already bend under an increasing strain."

These words applied to Germany on January 30, 1933, when Adolf Hitler assumed the chancellorship.

The internal condition of America is not dissimilar. On August 13, 1938, the National Emergency Council drew up this picture of the political freedom of the South: "The South has piled its tax burden on the backs of those least able to pay, in the form of sales taxes. (The poll tax keeps the poorer citizens from voting in eight Southern States; thus they have no effective means of protesting against sales taxes.) In every Southern State but one 59 per cent of the revenue is raised by sales taxes." Is not this the most flagrant example of taxation without representation? And the economic freedom of the South is this: "The pattern of Southern tenancy was set at the end of the war between the States, which left thousands of former slave owners with plenty of land but no capital or labor to work it. Hundreds of thousands of former slaves and im-

poverished whites were willing to work but had no land. The result was the crop-sharing system, under which the land was worked by men who paid for the privilege (*sic!*) with a share of their harvest." If this is not enough for the reader, let him digest the concluding remark of the report: "Northern producers and distributors are losing profits and Northern workers are losing work because the South cannot afford to buy their goods." Is this picture compatible with Mr. Roosevelt's four freedoms? Indeed, with each passing year, we are losing the little freedom we have left because of the ever-tightening grip of governmental restrictions—the only method with which this Administration has cared to deal with our internal chaos. Moreover, if war comes, the march toward centralization will be turned into a gallop, for war these days is total war, which means a planned economy from the grocery store to the battlefield.

The tax burden to support this war will not end with the last shot. We pay now more than one billion dollars a year in interest on the federal debt. Increase that amount five times and ask yourself what sort of economy we will have. Add at least two billion more for the *upkeep* of the gigantic army, navy and air force after completion—again I ask, what sort of economy will this leave us?

If poverty and discontentment increases under those circumstances, will our armed forces guard us from internal decay? Let us draw a lesson from France, a nation which once raised the banner of Liberty, Equality, Fraternity. They had their armed forces, but behind the steel forts, deep-rooted, gnawed the cancer of defeat—discontentment.

Identical seeds are being nourished *here*—because of our failure to have security—because we *worship* freedom but fail to *practice* it. Will we survive under these conditions?

The road to war is not the road to freedom. It will only accelerate us down the path of retrogression—and therefore is not the solution for America to follow.

* * *

[We can indeed agree with Mr. Benjamin that "war is no solution" to our economic problems. The real solution, we know, is the single tax and free trade. We cannot agree, however, that a British victory in the present struggle would be just as disastrous to the world and to our country as a Nazi victory. Even in our "calmer moments" we do not construe this war as nothing but a struggle for raw materials; nor do we find anything inherently "Georgeist" in such a view. We are aware of all the weaknesses in the British and American economic structure which Mr. Benjamin points out and indicts. But we are not therefore ready to accept a Nazi victory as making no difference. Georgeists are offering a reform which can only be realized in a society that has made some strides toward freedom. This implies that we have faith in the basic framework of our democratic system—and that this system is worth preserving and defending. For a more complete expression of our views in this matter, see "Comment and Reflection" in this issue and in the issue for November-December, 1940.—Ed.]

Property Rights And the Power to Tax

By J. RUPERT MASON

PERHAPS the clearest explanation of "property rights" in a title-deed to land ever given by our Supreme Court, was enunciated over 100 years ago by Chief Justice Marshall in the Providence Bank Case, where the Court decreed: "Land, for example, has in many, perhaps all of the states, been granted by the government since the adoption of the Constitution. This grant is a contract, the object of which is that the profits issuing from it shall insure to the benefit of the grantee. Yet the power of taxation may be carried so far as to absorb these profits. Does this impair the obligation of contracts? The idea is rejected by all."

Obviously, should the power of taxation be directed at "absorbing these profits," it could and would absorb the full rental value of all land. Once this was so absorbed, there could and would remain no rent which an owner, as owner, could keep out of any land rent collected from a tenant or user, and since it is only the capitalization of any *net* rent (after taxes) which gives a so-called "market value" to any land, the many billions of supposed "private property rights in land", would melt away, without impairing any "obligation of contract"!

The Court ruled unanimously in the two famous Pollock cases (157 U.S. 429 and 158 U.S. 601) that a tax on ground rent is a direct tax, which cannot be passed along to a tenant nor anybody else. All economists now agree that taxes so demanded for the support of government, cannot add to the cost of production of any product of labor and capital, nor lessen consumer purchasing power, nor cause any rise in the cost of living. Since most taxes now imposed by the states and federal government can be and are shifted to consumers, this is a very important consideration.

The Minnesota Supreme Court (in *State v. Aiken*) recently defined the power of a state to demand the rental value of land, as a tax, in language that must have spread dismay among the great battery of attorneys for mortgage holding groups listed as counsel for the losers. The Court held squarely that the right of the state to take all of the rental value of all land is absolute, except as the Constitution of some states has been amended to impose limitations on the State's right. The recent drive in Florida to get such a Constitutional amendment is but one of a series of similar "putsches" all planned for many states. The Governor of Florida deserves much credit for vetoing the proposal.

If the leading "capitalists" were known to be behind propaganda aimed to amend the federal income tax law, putting a "ceiling" on the surtax rates Congress could impose, it would be far less of a move to "hamstring" the sources of

revenue needed to support government, than is the richly financed propaganda to reduce taxes on the "small home and farm owner," few if any of whom hold title to the really valuable lands in the cities, or the land containing the rich mineral resources, needed for national defense. It is both unjust and unnecessary to tax *earned* incomes and the products of labor, until the government has first exercised its right and duty to take the rental value of land (exclusive of improvements) from those now holding a title deed to it. By so collecting its revenues it would "impair no obligation of contract," and would leave to the producers the full product of their labor. By failing to utilize its power to so collect its needed revenues, it is forced to confiscate earned incomes and the products of labor and capital, which are our "private" property.

Freedom, equality of opportunity and democratic rights under the "rule of law" depend upon sound and just principles of taxation, without which totalitarian control of the individual is inevitable. But before we can restore a state of society where the advantages and privileges are again more widely shared by the people as a whole, we must more clearly mark the line between *public* and *private* property, and see to it that our federal and state officials mark it also. A reading of the Court decisions, above, is a good first step.

Wm. A. White on the Single Tax

IN his Kansas paper, *The Emporia Gazette*, William Allen White wrote the following editorial (August 20, 1941): "Congress is defining its powers so broadly that it is beginning to consider the regulation of rent — rent from land. Congress surely has the power to fix the rent that any person may appropriate. If Congress would subject the rental value of land to its taxing power, Congress could fix rent problems at the source. It could tax idle lands which produce neither guns nor butter into coming into whatever productive value they have.

"The Single Tax idea which gave Henry George his fame may be just around the corner. The idea has intrigued economists and social scientists for fifty years and more. It didn't seem then to have any constitutional validity, but our Constitution seems to be giving Congress such broad powers that it would not be surprising to see Congress assuming the powers that would establish Henry George as a major saint in the American calendar."

Our San Francisco correspondent, Mr. J. Rupert Mason, upon congratulating Mr. White on his editorial, received the following reply from the editor of *The Emporia Gazette*: "Thank you for your kind words about my editorial. I am glad it pleased you. There will be more of the same kind, I hope, later."

We hope so, too.

The Good Work Moves Forward

By J. W. GRAHAM PEACE

IN THE VILLAGE SCHOOL

B----- is one of the slowly dying villages on the 45,000-acre estate of the Earl of Pembroke, in the landlord-ridden English county of Wiltshire.

The parson, who is by way of being a canon, holds one of the twelve "livings" in the Church of England owned by the Earl, to whom he is indebted for a position of comfortable economic security for life, provided he does not outrage the conventions.

Prior to the founding by Henry VIII of the Established Church—and the Divorce Court—the Herbert of that day did not hold an acre. He made himself useful in some way to Henry, who rewarded his services by an immense "grant" of stolen lands formerly held in trust for the people by the Monasteries. This grant was the foundation of the "noble" family of Pembroke, the name of whose seat—Wilton Abbey—is a perpetual reminder of the source of their "landed" position in the realm.

The village of B----- is, as I have said, slowly dying. The deliberate policy of de-population continues unrestricted; small holdings are being discouraged and, wherever possible, these holdings are merged in the large farms, the laborers being steadily driven off the soil. For the schoolmaster and his teacher wife, this is a serious problem. At the moment the population figure just warrants a master and a mistress in the school; it needs only a slight further decline in that figure for the managers to cut down the staff to a single teacher, and so the threat of unemployment hangs over the heads of two devoted and very efficient instructors of youth.

Taking a quiet stroll through the pleasant countryside one morning the parson approached the village school and, as a chairman of school managers should do, he turned in to see how the young ones were being trained. A curt "good morning" to teachers and class was followed by an act of patronizing condescension on the visitor's part. Said he: "Now children: what if you were to ask me some questions this morning?" The invitation was accepted with alacrity by a bright little fellow near seven, who fired the first—and last!—shot.

"Please, sir, Why does my father have to pay rent to Lord Pembroke?"

At this the canon went off! He decided to leave it to the school-teachers to explain and, as they both read *Commonweal** understandingly, we were quite content to leave it at that!

IN THE FACTORY

In one of the largest munitions factories in Britain, the exact location of which may not, for very obvious reasons, be revealed at the moment, there was some excitement, confined to departmental heads only, at the approaching visit of the Chairman of the company which owns the works, a man of international reputation in the world of the biggest of "big business." His purpose was, by an address to the thousands of "workers" assembled in the vast dining hall of the works, to sustain the morale of those workers and to increase their productivity by a talk in the "pudding course" of the lunch-time break.

Two unfounded assumptions lie behind this "war-time" effort: (a) that the workers' morale needs to be sustained; and (b) that the string of threadbare platitudes and the impertinent patronizing flattery of their hearers, which forms the stock-in-trade of the majority of these high-pressure orators, could have any other effect than seriously to depress that morale, but for the fact of its very obstinate refusal to be depressed.

On arrival at the factory the great man was met by an obsequious works manager and introduced to the several heads gathered to welcome him. He made a personally conducted tour of the place, passing from shop to shop until finally arriving at the vast dining hall, where the stage was set for a strong dose of morale uplift.

The works manager presided and, like the Irishman, when he opened his mouth to speak put his foot right into it—both feet, in fact! By way, we suppose, of properly impressing "the workers," he said: "This is Sir ----- . He is the gentleman who gives you your pay-envelope each week."

An awkward silence ensued, broken only by a very faint attempt at applause, so faint, in fact, that it died at birth. Then up spake a firm, resolute voice tinged with a strong shade of very proper resentment at the insulting patronage. Said that voice: "He *gives* us nothing. Nobody *gives* us anything. We earn all that we get, and we put money into his pocket doing so!"

The heavens did not fall. The acres of glass roof overhead remained quite unaffected. But the program was shattered. A hurried consultation at the platform end of the hall. Some more or less relevant remarks by a speaker very obviously disturbed at the turn events had taken, and then a hurried departure with still over half of the allotted time to go.

The owner of "the voice that breathed o'er" is the spokesman for the workers there, and has his economics on straight, as my American friends aptly express it. He reads

**Commonweal* is the paper edited by Mr. Peace.—Ed.

Commonweal, and when colleagues come to him with their troubles, never fails to point out the truth of the matter, *viz.*, that nothing will go right with them until they have recovered their lost rights in the land, and that not by purchase, taxation, or other form of "appeasement," but by the collection in full from all holders of the annual rent of what they hold.

IN THE PARK

A large crowd surrounded the platform of a Ministry in one of London's parks. The speaker, a Tory M. P., knighted for some (unnamed) "public services," was engaged in the task of maintaining the morale of a people who have shown beyond all possibility of doubt (except to official minds in high places) that their morale is "Quite well, thank you!"

It was interesting to those who possessed the necessary political background to the scene, to hear from a former "big navy" man that "we could feed all our people from our own soil."

This was not allowed to pass unquestioned. Several voices broke in to deny the possibility, but one expressed pleasure at finding the speaker now in line with such authorities as Kropotkin, Professor Long, of Reading Agricultural College, and Sir Charles Fielding, himself a practical farmer, sometime Food Controller in the last war, all of whom were positive on the point.

Said one Voice: "Sir—, if we are to feed our people from our own soil, you will agree that we shall first need to have access to it?"

Sir—: "But we have access to it."

Voice: "How do you make that out? Are you not aware that less than 40,000 of us now hold over three-quarters of Britain and can, and do keep the rest of us off—until we come to their terms? How can we produce any food if we are not allowed to get to the one source of supply?"

Sir—: "Ah, now you are going into politics, and we must not do that on this platform."

Voice: "Pardon me, surely this is an economic question, and you would not suggest that the laws of economics know anything of our miserable party squabbles? You spoke of our own land. Did you mean that the land is our property?"

Sir—: "Yes, of course; but we must respect the rights of the owners."

Voice: "But we are the owners, according to you."

Sir—: "I am afraid I cannot go into that, sir."

Voice: "If we own the land ought not we to collect our rent?"

Sir—: "I must rule that out. We cannot go into a debate on taxation of land here."

Voice: "I protest, Sir—, I am not talking of taxation of land values, or of any other values. I am opposed to all taxation, and want the rent of our land collected for the

people of that land, and all forms of taxation—State theft—abolished."

Sir—: "Ah. That sounds very nice, and I should be happy on some other occasion to discuss the matter fully with you, but it is now ten o'clock, and the police like us to close down at that hour, and besides, I have a train to catch. Good night!"

So he got out. But the crowd remained for over an hour, split up into groups all discussing keenly the main question of the land.

Sir— was wrong in the matter of the police; they do not close meetings at that spot, some of which go on until midnight.

Yes. The good work moves forward. And the pace accelerates!

Of Dogs and Men

By HORATIO

IT is the biggest dog that gets the bone:

Throw out another—he will want that too!
Throw out a dozen and he will pursue
Them all, as if he thought them all his own.
He cannot understand, when *he* is grown,
What business little dogs can have to do
With any bones at all. He takes the view
That bones were made for him, and him alone.

And that same cast of mind is in some men,
Who want the surface of the Earth for theirs!
Else why should farmers be sharecroppers when
Rich virgin soil uncultivated stares
Them in the face? O, for some gifted pen
To show what semblance man to doghood bears!

Why Hesitate Today?

FIFTY years ago (Jan. 10, 1891), the *New York Times* had this to say editorially: "We have no hesitation in declaring our belief that the ideal taxation lies in the single tax, laid exclusively on the rental value of land, independent of improvements."

. . .

AS we go to press we are in receipt of the first number (October, 1941) of *The American Journal of Economics and Sociology*, published quarterly under a grant from the Robert Schalkenbach Foundation and devoted to a constructive synthesis of the social sciences. It is confidently hoped that the quarterly will be well received in scholastic circles. Will Lissner is the editor. The first issue contains articles by outstanding men in the academic world.

Rent and Wages in Great Britain

By DOUGLAS J. J. OWEN

THE relation between Wages and Rent, which Henry George placed upon a scientific basis in "Progress and Poverty," is being exemplified in practice in war-time Britain. In a debate on Agricultural policy, in the House of Lords (July 30), Lord Brocket said: "In the past all the wage standards in the country had been built up on the much-too-low wage standards of the agricultural workers." He was pleading for a long-term land policy in which the great aim should be "security" for everybody, including "security of tenure for the efficient landowner." As he advocated also "security for the provision of adequate finances" it seems like the subsidy policy over again. The reply came from the Secretary to the Ministry of Agriculture, no other than the Duke of Norfolk, one of the biggest landowners in the country, who deprecated any legislation at all during the war, saying that "they had to consider not only the political parties but the various interests connected with agriculture," and he went on to say that the Government had given a guarantee of fixed prices for at least one year after the war to insure stability.

Though the Conservative Lord Brocket thinks farm wages "much-too-low," and the interests of farmers and landowners have been safeguarded, the Central Wages Board have just rejected the claim of more than 400,000 farm workers through their two unions for an advance of the minimum wage of 48s. to £3 per week. The Board says some advance may be necessary but it cannot decide till after the harvest. They will hold their fifth meeting on the subject on November 3, not before. The farmers' representatives gave a point blank refusal to make any offer, saying that £3 could only be paid if there were a Government subsidy. That means, of course, more taxes on the people, and, as Georgeists know, and experience confirms, the subsidies would be distilled into rent.

After the Board's decision, Mr. Dann of the Agricultural Workers' Union said: "Although they are the lowest paid workers they have to go waiting. Many farm workers' wives say they cannot get enough food to keep their men in full physical fitness." Fortunately some of the County Wages Committees are not waiting for the Wages Board and are making some advances on the 48s minimum, but not, so far, up to £3. The farm workers' leaders saw the Minister of Agriculture on July 30, asking him to remove the ban which now prevents farm workers seeking jobs in other and better paid industries. We have not heard that the ban has been lifted. The law of the mobility of labor explained in "Progress and Poverty" is thus prevented from working for the laborer's benefit.

The day before the debate in the Lords there took place in the Commons the great debate on Production, which was wound up by Mr. Bevin, Minister of Labor. "Regarding the difficulties of fixing wage rates," he said, "it was time class differences came to an end. If a person got a £1000, £2000, or £3000 job it was regarded as being purely traditional, but if a workman got over £25 a week some persons thought the world was coming to an end." Mr. Bevin was referring to the indignation that has been worked up because for once working men have in some cases been able to earn good wages; £12 a week has been quoted with horror by some commentators as an example of such working class rapacity. *The Daily Express* in April spoke of a docker who had drawn £14 for his first State pay for the week. It turns out this docker had worked that week 110 hours! The minimum wage for dockers is still £4.2s.6d. per week or 2s.6d. per hour.

These so-called high wages are considered to be one of the causes of another industrial vice, that of absenteeism, or what *The Daily Telegraph* calls "Slacking in the Workshops," referring to the "fellow who, heedless of the nation's pressing emergency, stays away from his work without notice or excuse . . . the slacker who takes an unauthorized day off by his own sweet will . . . with no better reason than they have earned as much as they need for the week." They are only a small minority, the paper admits, chiefly younger men, "who, had they not been reserved, would have been called to the Forces." Here is the old threat of Conscription being advocated to supplement the immobilization of labor and to enforce industrial control.

Absenteeism is a passing phenomenon, so that now rising wages are made to bear responsibility for the inflation danger. Inflation is, of course, an evil, because it automatically deprives the worker of any expected increase in purchasing power, but it is probably dreaded as much by the wealthy because it spells higher public expenditure and taxation, thus eating into war profits.

Hence the British Government's White Paper entitled "Price Stabilization and Industrial Policy." This states that the official policy is to avoid modification of the existing voluntary machinery for wage negotiations which is working successfully; leaving wage tribunals free to decide in view of the relevant facts, such as the rises in the cost of living. Here seems to be recognition of the fact that rises in wages come *after* rises in living costs. It is not a case of the "vicious spiral" here, for all the great organized industries have wage agreements based on the cost of living. Other industries beside the farm workers are making claims

for increases of pay including the miners, engineers and railwaymen. It is true that after each wage advance there usually follows a rise in prices, but it is arguing *post hoc ergo propter hoc* to say that the former is the cause of the latter. Another fallacy used in this discussion by many is that high wages mean high costs of production. *The Manchester Guardian* (July 27) for instance, discussing the White Paper, says the Government "allowed the price of coal to go up (to cover an increase in miners' wages) . . .," implying that this was the only way that the higher wages could be paid for.

What about the other end of the see-saw,—Rent? Henry George shows us that "With increase in productive power, rent tends to even greater increase, thus producing a constant tendency to the forcing down of wages." Previous articles have given samples from the many instances of the inflation of Land Values reported in *Land & Liberty*. That there is no question about these steep advances in rents and prices of land is evidenced by the steps the Government has been forced by public opinion to take in setting up Committees to watch and report on the subject. But the contrast is striking between the steps so haltingly taken to deal with increasing land charges, and the vigorous strides that have led to the control of wages. There is Lord Reith's Committee on planning; chairman, Mr. Justice Uthwatt; no striking results up to the present. Whilst the Chancellor of the Exchequer continues to refuse any valuation of land or taxation on its value. So Rent takes what Wages is denied. In the enormously increased production of wealth — though it may be wealth destined for destruction — the ultimate distribution of the total product must be still what Henry George proves it always is—a division between Rent and Wages, so that the more one factor receives the less there is for the other. To attempt to pay higher wages through guaranteed prices to producers can only be done by taxing the public to provide the subsidies; in other words, to take with one hand and give part back with the other. The only method of redressing the balance between wages and rent is by the obvious method of taking from rent and giving to wages, that is, of course, by taxing land values. As this would encourage the fuller and more economical use of land, the production of foodstuffs would increase without existing restrictions and there would be an automatic check to inflation. This would apply to all products of peace and war, none of which can be created in any other way than by the application of labor to land. This is elementary to readers of "Progress and Poverty," who will also know how to fit Capital into this simple analysis. The facts underlying these conclusions are well known to our organs of public opinion. *The Daily Express* points out that "Because we cannot import cattle food it has been decreed that the number of cattle in Britain must be decreased. One in every 20, or 300,000 cattle in all, must be

slaughtered and not replaced. The rest must live during the winter largely on crops preserved in the form of silage. Every blade of grass has become important." Then, after hinting that it is the farmers' methods that are to blame, this paper says: "We let our own land rot." Bad farming cannot be blamed for the fact that 300,000 cattle cannot find pasture, when, as was quoted in a previous article, even Lord Winterton has declared there is a huge area of land cultivable but not cultivated in this country. The forcing of this land into use by a tax upon land values would, as we know, provide pasture for cattle, cheaper and more abundant food for the people in these stringent days, and enable the workers to produce the wealth from which they would draw their wages, while purchasing power would be maintained by the prevention of speculation in land.

Thus Rent restriction — by the Georgian method — means secure Wages, normal prices and a stable currency. These would seem to be sufficiently important war time objectives. But the reluctance to desecrate the holy of holies of land monopoly prevents the doing of justice.

At the time of writing (August 7) a debate has taken place in the House of Commons on Farm Wages. Mr. Tom Smith (Labor) opened by arguing the inadequacy of existing rates based on 48s., and said that farmers should get enough for their products (presumably by subsidy) to enable them to pay higher wages. The Minister of Agriculture, replying to the debate, said it was not the Ministry's job, and passed the task on to the Wages Board, also pointing out that the County Committees, in 14 out of 62 counties, had already made advances. So the matter rests for the present, and readers must be asked to wait, like the farm laborers, till after November, to hear what the Wages Board decide at their next meeting, as to what they consider a just wage on the land.

. . . .

ACCORDING to a United Press dispatch, the city of Muskogee, Oklahoma, proposes to tax all toilet seats twenty five cents per month. This, according to the report, is for the purpose of balancing the city budget. Here we have an illustration of a bad taxing system and the political resort to imposing nuisance taxes to balance the budget, rather than any attempt at reducing the cost of local government. The story will no doubt create much laughter among New York "punsters." How many realize, however, that New York City taxes toilet seats, but they are included in the real property tax as being fixtures in the building. And not to be forgotten is the two per cent sales tax imposed when an owner buys a new toilet seat. "It is to laugh."

THE STROLLING REPORTER

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HENRY GEORGE CONGRESS

(Continued from page 147)

people are the injustice of private collection of rent and the impossibility of shifting a land value tax. He also deplored the lack of facts which have ruined many Georgeist campaigns, and urged followers of Henry George to devote themselves to this neglected field.

Helena Mitchell McEvoy of Washington, D. C. (whom readers will remember as "Alaska Jane"), spoke on the role women might play in our movement, recalling their successes in the socialist movement and in churches. Mrs. McEvoy also advocated an organization which graduates of "Progress and Poverty" classes might join.

BANQUET—The banquet, held on the evening of the third day, concluded the Congress. After the dinner, Clayton J. Ewing, vice president of the Foundation, presided. The speeches began at 10 P. M., but late hours seldom bother an assembly of Georgeists.

George E. Evans, the first speaker of the evening, spoke on the future of the Henry George movement. He expressed the belief that we are too narrow in our outlook, and that we should strive to be as broad as Henry George, who saw that there are other forms of unearned income and special privileges which should be fought.

John Z. White, "the grand old man of the movement," gave a talk on "The Obvious Remedy"—government collection of land rent and abolition of all taxes—which is indeed obvious to Georgeists. Mr. White also presented his view that repetition and illustration are the best means of education.

Lancaster M. Greene, a trustee of the New York Henry George School, delivered an address entitled "The Only Emergency is Ignorance." The way to combat ignorance, said Mr. Greene, is to endeavor to make people think, through the Socratic method of asking questions.

Charles R. Eckert, ex-Congressman from Pennsylvania, gave an impromptu talk, in which he took our present government to task for not governing in accordance with sound principles. It is our task, he said, to teach governing officials that the Henry George philosophy is the answer to the world's problems.

Thus concluded the Sixteenth Annual Henry George Congress. It was notable for its concentration on practical problems in advancing the Georgeist philosophy, its sincere tone and democratic spirit in presenting so many points of view, and for the many challenges presented concerning more effective work and closer cooperation in leading our cause to success.

(For most of the material used in the above report of the Henry George Congress, we are indebted to William McCormick Lundberg, a young graduate of the Chicago Henry George School, who served as our reporter.

See page 171 for the resolutions adopted at the Congress.—Ed.)

Motivations of Human Exertion**A Discussion on Terminology**

By IRVING M. KASS

THE Georgeist definition of Labor is, "all human exertion directed towards the production of things having exchange value." The "things having exchange value" are "wealth." Thus is defined the physical result of the human exertion, or wealth.

As a motivation for the "human exertion" the Georgeist presumes Desire as the sole cause of this motion.

Is there a possibility of the existence of another motivating cause besides Desire? I think that Desire implies an attraction, much as might be caused by the magnet attracting a small bit of metal. In any event Desire is a passive function of the mind. It certainly does not imply creation or action, except by inference.

My point is that Desire alone is not the sole motivation of Labor or economic "human exertion." The motivation for Labor must also be positive or active besides the negative or passive quality attributable to Desire alone.

This thought will not affect the principal conclusions of the Georgeist, any more than the proof of the "wave theory" affected the calculations of Newton in Physics.

Desire may be regarded as infinite in the sense that "man's desire is infinite" or never satisfied. But it is limited by Knowledge. In brief, before a man can desire something he must first have knowledge of it. King Arthur, for instance, could never have desired a cigarette or a typewriter.

The available knowledge of the moment limits the desires of the moment. So the more things we know about, the more desires we can have. This is true of both the individual and the entire social body.

Desire may be the prior cause of the creation of anything in the sense that the need may stimulate invention. The desire for a clock that would tell time at sea stimulated the invention of the escapement, but from the time the desire was first expressed one hundred years elapsed before the clock was invented. Evidently the humans who had the first desires for that clock never had them satisfied. They had knowledge of the result they wanted, but Desire alone never made that clock in their lifetimes, nor for several more generations. Yet it was wanted very badly by the commercial navigators for the determination of longitude.

There must be some other motivation that causes invention—training to develop skill, the will to study and educate oneself. This is as much a cause of "human exertion" as is Desire. It might be added that the thought of "profit motive" is too limited to cover the life work of scientists,

research chemists, missionaries, and the many who labor for love of mankind.

If we class Desire as the sole motivation, we must give Desire both positive and negative properties. It then becomes an expression such as the word "Electricity," an all-embracing definition. Hence, like the word "Electricity," it will be only described by its effects that are observable physically.

During the period of time in which Henry George wrote, the knowledge of motivating energy was not as disseminated as it is today. And particularly, electricity had not caused the interest that subsequent advancement aroused. The motive power of his time was steam, and the supply of energy was pounds of coal. George mentions the stored-up sunlight in coal in the world of physical energy. Paralleling this, he dug deep for the underlying energy that made the social economy function. He found it to be Desire, and as a single causation this was sufficient basis for his work.

Today we have an advanced theory of energy not to be comprehended in one word, such as steam or vacuum. It is a theory that includes both steam and vacuum in one. The theory is a concept of energy composed of the combination of both positive and negative implications simultaneously. The word Electricity is understood to contain meanings that are positive and negative at the same instant.

So that if we were to describe a motivation in the parlance of today, it would be much better to use the more general word "Knowledge" than to use the negatively descriptive "Desire" to express the energy that motivates Labor.

There are many branches of Knowledge. There are the Arts and Sciences that deal with activities of this life, or that result in an observable physical motion. There are also branches of Knowledge that are purely mental and reflective, such as Philosophy and Religion.

In the field of Electricity the positive and negative combination theories are promulgated as the only possible explanation of the observed phenomena. No scientist today advances the theory that the underlying energy, or the basic cause of the activity of electrical phenomena is single-phased. All evidence points to two phases. Likewise, all biological evidence of Nature's growth indicates a two-phased genetic cause of cellular development. And all the physical examinations and tests on light, visible and invisible, point to the same theory of two simultaneous causations of the energy that every physical thing in the universe is built from.

I therefore propose a correlative economic term to be considered as simultaneous with Desire. That word, I suggest, is *Qualification*.

The introduction of the word "Qualification" involves a revision of our definition of Labor. I believe it would be

more scientific to regard Labor as a physical motion, by itself, rather than to include in the term all the functions of skill, education, experience, training, etc. Why should the mental ability of a laborer be included with his physical muscle in the one term Labor? His mental ability to perform labor is as much a separate consideration from his actual performance of physical labor motion as is his desire that prompts him. The word "Qualification" includes the concept of such intangible qualities as skill, education, etc. We say that a person is *qualified* to do a certain job. The word "qualified" implies all his developed abilities. The use of "Qualification" would enable us to regard Labor *per se* as a purely physical motion of human beings, and to segregate that part of human physical observable motion that is engaged in the enterprises of the social economy.

The word "Desire" implies the necessity of the standards for existence as well as the frivolous requirements of humanity. The word "Qualification" includes the brilliancies of invention as well as training and lesser abilities. Desire and Qualification together, simultaneously, are the single causation of Labor.

Both Desire and Qualification are derived from "Knowledge," and by using the motivation influence as being the simultaneous and infinite *Qualification and Desire* we free the term Labor entirely of the nebulous thought of "mental exertion."

The entire economic examination then may proceed on a purely scientific basis, each factor of Labor, Capital and Land being physical and measurable. The Geogist conclusions will be found to have additional substantiation. Private property in Land may then be indicated as the predominantly principal factor for causing depression and suffering.

If the word "Qualification" is acceptable as indicating the "mental labor exertion" then I have discovered a "law" that bears examination. It may be stated as follows: *Only such human physical motion as is directed by Qualification is economically effective as Labor. And only such Qualification as results in human physical motion is economically effective.*

The importance of introducing the term Qualification is now more apparent; it implies direction of the physical human motion, but not necessarily from the same individual. When one man's Qualification directs another's physical motion then the director is said to be in "authority" over the one or more who so recognize his abilities. And the hidden answers to Money, Interest and Credits lie in the fact that the accumulation of these gives "authority" over the production, services and lives of humanity.

Thus by segregating mental labor (Qualification) from the physical labor motion, we open up another line of inquiry in more exact and modern Geogist reasoning.

The Pen and the Sword

By THOMAS N. ASHTON

THE "awareness" of writers of fiction is undergoing an enlargement. These lords of letters sense a drift in public taste toward informative writings and, in consequence, are apprehensive over their jobs and incomes. Not a few are panicky as they envision propaganda perforce interwoven with the romance of plots. This drift of public taste spells an obligatory education in fundamentals among all literary entertainers who feel the urge to write lasting literary monuments to their names.

It is an encouraging sign, in one sense, and a cause for alarm in another, just as woman suffrage merely multiplied the number of prejudices at the polling booths in consequence of a wider application of a democratic principle. Writers are merely human beings with an aptitude for a specialty. Pry them loose from their ruts and they revert to type in regarding effects as causes. Among their untold numbers may be one or two who will have sufficient self-control to avoid rushing into an ism without a reasonable comprehension of differentiated isms.

Panic is the proper word in describing the first effect resulting from the enlarged "awareness" among authors. The fear is manifest as they argue that the cobbler should stick to his last and leave propaganda to political propagandists. Happily (for the cause of humanity), writers are as easily persuaded, by touching their pocket-book nerves, as are other specialists. Economic dress is no respecter of wage earners.

Tillotson believed that "We ought to be glad, when those that are fit for government, and called to it, are willing to take the burden of it upon them . . ." Dryden was a student of Tillotson and Maugham is a student of both. Maugham's "awareness" has enabled him to see the whole picture of social endeavor and has made him less certain of his usefulness to his fellowman. He says:

"Thinking that not the whole of life was long enough to learn to write well, I have been unwilling to give to other activities time that I so much needed to achieve the purpose I had in mind. I have never been able intimately to persuade myself that anything else mattered. Notwithstanding, when men in millions are living on the border-line of starvation, when freedom in great parts of the inhabited globe is dying or dead, when a terrible war has been succeeded by years during which happiness has been out of the reach of the great mass of the human race, when men are distraught because they can see no value in life and the hopes that had enabled them for so many centuries to support its misery seem illusory; it is hard not to ask oneself whether it is anything but futility to write plays and stories and novels. The only answer I can think of is that some of us are so made that there is nothing else we can do. We do not

write because we want to; we write because we must. There may be other things in the world that more pressingly want doing: we must liberate our souls of the burden of creation. We must go on though Rome burns. Others may despise us because we do not lend a hand with a bucket of water; we cannot help it; we do not know how to handle a bucket. Besides, the conflagration thrills us and charges our mind with phrases."

Maugham pens lucid lines. His frankness leaves us in the dark as to which ism he would pursue if economic adversity obliged him to cater to the public's quest for informative stories and novels. He has given us no reason to believe that he would weave Single Tax into his plots. His early home-life and his matured preference for his own company has anything but Socialistic inclinations. We suspect that Communism would find short shrift in his literary romances. Under the law of reversion he would probably fall back upon monarchism despite the economic misery which has flourished under that form of government during all of his life.

Other authors have not been so financially fortunate as Maugham. They cannot avoid the pressure from industrial depressions, yet they must write if they would eat, and they must write what the public desires. If Maugham's abnormal success gives no indication of rational thought upon the subject of taxation, what may we expect from his contemporaries who have less "awareness" and less reserves against a new and distasteful literary line? In other words, what chance has the philosophy of Henry George amidst the intelligentsia of letters?

Verily, it appears that Fate is riding hell-bent to unmask all who long have hidden their limitations behind the cloak of culture. If the unmasking discloses more than one or two real Single Taxers in the entire field of civilized letters we shall, indeed, be overwhelmingly gratified and delighted. This joy will be greatly tempered, however, as we witness the probable flood of propaganda plots and stories romancing through the stratospheric dreams of Socialism, Communism, Fascism and all other isms which easily capture a restless people.

Life has been one long and pleasant dream for those of us who could afford to work at only such jobs as pleased our fancies. We have left to our governors the operations of government whilst assuming that we had competent leaders. Time and consequences have exposed astounding incompetency. While it lasted it was comforting to believe that we were not our brothers' keepers, that we should permit the world to wend its way as chance dictated, but the Law of Consequences has a far different lesson in store for us.

The pen is mightier than the sword, and the pen-pushers are scanning the horizon of economics by request. We hope that they may discover the story, plot and romance penned in the pages of "Progress and Poverty".

Women Versus the Tariff

By JOSEPHINE BILLINGTON

FREE TRADE is the cornerstone of world peace. The tariff barriers which nations raise against one another are undeniably important factors in the cause of wars. Women want peace, permanent peace; but continue to ignore the part they might play to bring this about by crusading against the obstructions to peace.

Tariffs restrict expansion at home and alienate friendly countries. South America is constant proof of this. In refusing to accept their products in payment for ours we have with one stroke shut out wealth and good will. But viewed in the aspect of self interest alone, women should perceive that tariffs injure them by raising the price of nearly every article they buy. The twenty-five million housewives, the greatest buyer-consumer group in our country, aroused to individual thought on this subject, might be a potent force in correcting this uneconomic policy. It is indeed strange that, although the results vitally concern their daily lives, few women have attempted to think through this aspect of our foreign trade.

South America has lost forty per cent of her foreign markets since the outbreak of war. Now they must purchase from us the manufactures they need to develop their resources which are 'as yet almost untouched—and they must pay us in *dollars*. If we but offered free trade to South America, we would have no difficulty in holding her markets and expanding them enormously as the resources of that great continent are developed. In addition, a free trade policy now with South America would tend to remove all fear of our Southern neighbors' ever entering the Axis orbit. Most important, it would make them our sincere friends, instead of cautious unwilling acceptors of our so-called bounty, as expressed in our Export-Import loans. These are in effect a dole, and doles are resented by self-respecting nations and men. Jealousies and misunderstandings and future enmities are likely to result from this method of "aiding" Latin America, just as was the result of the loans made to Europe during the last war. If South America sold us her products and bought our tools, machines and manufactures in exchange, all nations concerned would benefit. But instead of such a free transaction, we offer her loans and credits, which are raised by taxing our entire population, because we refuse her goods in payment. The inevitable result is that all concerned are made so much the poorer. Another consequence follows—these potential and rapidly expanding markets for our industries are very difficult to regain, if at all.

We are told that Argentine beef menaces our home producers. Therefore we have enacted a tariff of six cents a pound on imported meats. Every housewife is vitally

concerned with the price of meat. When she markets she discovers prohibitive prices on beef, especially if she is in the lower income bracket, which has the largest number of consumers. This six cent tariff has done two things: It has raised the price of imported beef; and it has automatically allowed our home producers to add that amount to their actual costs, raising the selling price and giving them a greater profit than they could have obtained in an openly competitive market. No wonder beefsteak is seldom eaten in the homes of the laboring class. Is this raising our standard of living?

The removal of this tariff would lower the price of both Argentine and native beef, and result in immediate and greatly increased consumption, not only of imported, but also of home grown beef, thereby improving the diet of our citizens. Argentina's purchasing power would be enormously stepped up, and she could buy our manufactured goods which she needs so intensely. In turn there would arise a greater demand for these manufactures, and we would consequently produce more and employ more labor in the highest paid industries.

But the cry of cheap foreign labor is loudly heard when there is a move to lower tariffs. What would happen to our highly paid beef producers? This bogey dissolves when we consider the cowboy's wage, always at mere subsistence level. He has no hope of security or a home. In summer it is the chow wagon and the range, in winter the bunk house and lack of all social contacts. Every opportunity is denied him to better himself; nor can he hope, as in former days of free lands, to become a ranch owner himself, since land speculation has raised prices of good ranges beyond his buying ability. Only in the movies and in dude ranches does he seem a romantic figure. Our tariff on beef has not helped him to a more abundant life. It has protected none but the few powerful groups who control the market and the owners of grazing lands who are enabled to charge increased rent.

Besides the high tariff on meat, the housewife is daily confronted with another seemingly negligible increased cost. Whenever she purchases a pound of sugar she pays in addition to its cost a hidden tariff of about one and a quarter cents. Chicken feed! But watch it grow. Every time our twenty-five million housewives buy a single pound of sugar they pay \$320,937.50 extra—the tribute exacted to protect the sugar industry. Four pounds of sugar apiece for all the housewives and the cost of living jumps a million dollars. Millions for tribute, but not one cent for the consumer! Our beet and cane sugar industries can produce only about one-fifth of our requirements, and ~~still we allow~~

a tariff wall to "protect" them, while the major part of our sugar must be imported. Every pound of sugar we buy is taxed so that an industry which cannot justify its existence may continue to exploit us.

Again we may ask: Are the wages of workers in the sugar industry kept up by the tariff? The industry employs among the lowest paid wage earners in the country. Are the Okies who have been forced to resort to picking sugar beets an example of the more abundant life our tariffs have brought us? They, too, have lost the right to another start in life. In the days before all fertile land was appropriated by land speculation, a disaster such as theirs meant westward migration and a new attempt at making a home. Now there is no new territory to settle. They have become our nomads, itinerant workers of the fields. They might be absorbed into our higher paid industries if we did not keep our island neighbors impoverished with sugar quotas and tariffs. The chief industry of the Caribbean islands is growing cane sugar. Their entire economy practically revolves about this crop. They need our manufactured goods, are unable to raise their standard of living until they can import them. For these they can only pay by selling sugar. Again the tariff curtails our manufacturing. Expansion of highly paid labor in manufacturing is impossible if we continue to close our foreign markets, so we will remain unable to solve our tremendous unemployment problem.

When will women insist that our democracy protect the mass of its citizens, the consumers, instead of the pressure groups? These groups have lobbied through higher and higher tariff walls, until our trade has been seriously hampered and we are near ruin with paying these insidious hidden taxes on all we purchase. The founders of this nation fought the Revolution for the principle of free trade. They refused to be taxed on riches entering their country and saw rightly that imports were wealth exchanged for exports from the understanding of which a fuller life resulted. Their clipper ships captured the trade of the world. But today, our merchant marine has well-nigh vanished. Only free trade will rebuild it.

The founding fathers must have perceived the fallacy of a tariff-burdened European economy, and wrote a safeguard into our Constitution, prohibiting the separate states from raising tariff barriers against one another. This was an important factor in the attainment of a higher standard of living than existed in the Old World. Had our forefathers not had such vision, New York might now be paying tariffs on all Boston made shoes, and vice versa. There would be an automobile manufacturer in every state clamoring for tariffs to protect his product from all other states' cars. Every industry in each state would have obtained protection to keep its product from competition with others, and our great centers of industry would have been unable to develop.

Lately this safeguard of free trade between the states has been menaced, and America is dangerously close to following Europe's disastrous tariff policy. A multiplicity of false economic theories, advanced by separate small groups seeking individual benefits and showing only part of the whole structure, have confused our thoughts. They hide the truth that free enterprise cannot continue to exist unless privileges and monopolies are eliminated, instead of pyramided upon each other.

Hope lies in educating the women, this great group of buyers and consumers, to the burdens tariffs place upon each of them, individually. When they realize that tariffs only raise prices and lessen the amount of wealth they can buy, they will become conscious of this injustice. No pressure group will be able to lobby through another privilege. Let women but realize that free trade is the road to a more abundant life, and laws will be amended to conform to their enlightened view, as they were when women insisted on the right of suffrage.

. . .

THE soundness of any civilization rests in the relation to the land. Right relation can be brought about only by heeding the fact that God gave it to meet the need of all men. To suffer it to be cornered by the few is indeed, as Tolstoi said, "the great iniquity." The special privilege that enables the few to monopolize it is deepest sin and stupidity of the government. It brings about misery and invites utmost disaster. Government's greatest obligation is to address itself to the taxation of land values. That government may come to realize this obligation, the people must be turned to God, not only because He is the giver of the land but because by justice and kindness they may be more in His image. Standing in the Light of God they see the inherent equality of His children, their fellowmen. Equality makes for equal opportunity in this life; it does away with the heinous disparities.—MARY FELS

Note to Readers

EDITH THOMPSON, Secretary of the Henry George Society of Canada, writes: "We were surprised and pleased to note on a recent visit to the Reading Room of the Toronto Legislative Library that there is an up-to-date file of LAND AND FREEDOM."

Our journal goes to many libraries, public, legislative and college, throughout this and other countries. Libraries appreciate gift subscriptions to LAND AND FREEDOM, and make good use of them. Why not enter a subscription for your public or college library? The special library subscription rate is only \$1.00 per year (the regular rate is \$2.00).

The Class Struggle

By JOSEPH PUSATERI

WE are told that there is a class struggle between those who own the means of production and those who do not. However, present day events prove that though this struggle exists to a certain extent it is only one of a score of bitter struggles now raging along the economic front.

Mr. Stuart Chase recently gave an excellent analysis and review of the many economic, political and social struggles that exist today. (We will overlook for the moment other things he has said.) He observed that in the United States today we have struggles between rival industries—railroads versus highway trucks; oil versus coal; struggles between banks and manufacturers for control of plants; between Wall Street financiers and the farmers of the West and South whose mortgages Wall Street holds; between New England textile mills and Southern textile mills; between chain stores, cooperative stores and independent stores; between city and country; between importers and domestic manufacturers; between whites and negroes; between the A.F. of L. and the C.I.O. There are struggles and struggles.

The idea of the class struggle was of the essence of Karl Marx's theory. In 1850 or thereabouts, he observed in Western Europe a real struggle between wage earners and factory owners. Perhaps, of the many struggles between various groups at that time, it was the most important. But Marx froze the notion into an Absolute. Borrowing heavily from Hegel's dialectical materialism, he extrapolated the class struggle and made it apply to past, present and future. However, it was not an Absolute then and is not one today. The Class Struggle as an absolute law is meaningless. Followers of Marx (and other users of the phrase who deny Marx) overlook many facts. The place and date of Marx's observations are disregarded. All other economic struggles are ignored, or inconvenient facts are forced into line in order not to disturb the hypothesis. What Marx would have thought of the Class Struggle theory as codified and distorted by his disciples will never be known.

But it may be argued that while the term is without tangible validity, it provides a useful psychological stimulus to labor organization. It furnishes a feeling of solidarity and fighting morale. This is the old argument in defense of any means to achieve a given end. Waiving moral aspects altogether, it seems that the Class Struggle, by giving an incorrect picture of the world as it is, hinders the strategy of those who want to improve economic conditions. A general who disposes his troops on the basis of an inaccurate map is not likely to win many battles. The class struggle map is probably a major reason why the socialist movement has made so little progress in America. It is known to Georgeists that where there is not correct thought, there cannot be correct action.

When the class struggle becomes an article of faith the Worker is canonized and Labor can do no wrong. A strike is a holy crusade. In New York recently a strike was called in a group of cooperative restaurants. Many members of the organization were defenders of Labor as well as of the Cooperative Commonwealth. Should they support the Worker or the Cooperative Ideal? The strike put them in a terrible predicament. A functioning, useful organization was torn in two and all but wrecked by this battle of Absolutes.

When the Absolutes are laid aside, and the labor unions themselves are examined, the ghosts depart, and reformers begin to realize that some unions are initiated by crooks, that some are organized for purely commercial purposes, and that some are functionless. Recent criminal convictions against union officials prove that the worker has to struggle against his own leader, amongst other things. To prostrate oneself before the abstraction of Labor is of no help to working men and women. Workers will struggle, according to the class strugglers, to obtain what is rightfully theirs—and will do so because they have nothing to lose but their chains. But the workers are controlled by union officials. Now they have more chains to lose! The struggle changes from the worker versus the capitalist, to the union official versus the worker.

The line of least resistance is to be met, if unions are to maintain their status. It is much more convenient for them to obtain higher wages by any means at all. If the capitalist should add the wage rise to the product, that is not objectionable to the union official. Recently, clothing workers obtained an \$18,000,000 pay rise. Suits now cost from \$2.00 to \$5.00 more because of it. Who pays for this rise in wages? The consumer pays it to the members of that union. The union official, the workers, and the capitalist have settled their dispute. But the "class struggle" here was undoubtedly that of the union workers against the rest of the community, the consumers. Laborer against laborer.

Why, in spite of continuous "increases" in wages, is the worker always kept at a bare subsistence level? Why, in spite of the "successes" of Unionism, Cooperatives, Social Credit, Pensions, Social Security, etc., does poverty persist? And even where capitalism is "abolished" by Socialists and Communists, why do they struggle and wallow in the mire of poverty in spite of their victory over "capitalism"? Why do the workers lose even when they win?

Undoubtedly, they have been misinformed and misled. Those who have learned of the fallacies in the wage-fund theory; those who understand the economic law of rent; those who know the difference between voluntary and compulsory cooperation, and understand human nature—only they can work their way through this maze of confusion and offer a solution.

The Critics Criticized

By JACOB SCHWARTZMAN

VI

SINCE Professors Ely and Seligman use identical arguments in their objections to the Single Tax, I will criticize them jointly. Each has expressed his opinions in two separate books, making four in all: "Principles of Economics," by Edwin R. A. Seligman (Longmans, Green and Co.); "Essays in Taxation," by the same author (Macmillan); "Outlines of Economics," by Richard T. Ely, assisted by Profs. Adams, Lorenz and Young (Macmillan); and "Elements of Land Economics," by Profs. Ely and Edward W. Morehouse (Macmillan).

(Richard Theodore Ely was born in 1854. He received degrees from Columbia University and the University of Heidelberg. He was professor of economics in Johns Hopkins University, the University of Wisconsin and Northwestern University. Among his numerous honorary titles were President of the Institute for Economic Research and School of Land Economics, member of the Maryland Tax Commission, member of the President's Conference on Home Building and Home Ownership, co-founder of the American Economic Association, first President of the American Association for Labor Legislation and President of the Institute for Economic Research. He wrote numerous books on economics.)

Edwin Robert Anderson Seligman was born in 1861 and died in 1939. He, like Prof. Ely, was one of the distinguished names among modern economists. He taught at Columbia University and was president and member of innumerable committees and conferences. Among his titles were the following: Member of the President's Committee on Statistical Reorganization, chairman of the Mayor's Tax Committee, member of the N. Y. State Tax Commission, financial adviser to Cuba, member of the President's Unemployment Conference and expert to the League of Nations Committee on Economics and Finance.)

The arguments follow:

1—Monopoly cannot well be predicated of land in general.

(a) From the worthless to the priceless land there is a continual graduation, and it is impossible to say where relative abundance and competition stop and monopoly begins.

(b) However, even if the fact of privilege is substantiated, land cannot be singled out. Many other privileges are granted by modern society. Patents and copyrights are exceedingly valuable, even if temporary privileges, and so are the institution of inheritance and certain corporate franchises.

2—It is completely fallacious to assert that land value differs from other values in that it is a social product while the value of other things is an individual product. All value is a social product. Take, for example, the workman fashioning a chair. The wood has not been produced by him; it is a gift of nature. The tools that he uses are the results of the contribution of others; the house in which he works, the clothes he wears, the food

he eats, are the result of the contribution of the community. His safety is dependent on the ceaseless cooperation of the society about him. If it be maintained that he pays for his tools, his clothing and his protection, it may be answered that the land purchaser also pays for his land.

3—The contention that the landowner does nothing while a carpenter does something, can only apply to the absentee owner. Under the modern form of corporate investment, even this distinction is robbed of much of its importance. A person today may invest in land or in capital, do nothing in either case, and receive dividends.

4—Land, as a productive factor, is the result of stored-up effort, and is, therefore, for all practical purposes, a form of capital. Land can be said to exist only insofar as it is brought into use by man, and, in this sense, the supply of land, like the supply of any form of capital, is susceptible to increase in response to demand.

5—One of the cardinal defects of the Single Tax is its lack of elasticity. In every source of taxation there should be a reserve on which to draw in case of emergency. The Single Tax as such could not be increased.

6—The Single Tax would be a precarious source of public revenue, even in normal times. While it is true that, in large cities, land values increase in certain localities, it is equally true that they decrease in other sections of the city.

7—Voltaire pens a very brilliant satire to show how the farmer would suffer under the Single Tax. The poor farmer would have to pay part of his income, but the millionaire who is not a landowner would have to pay nothing at all.

* * *

My refutations follow:

(1)

(a) Merely because it is hard to tell which is, and which is not, monopoly, is certainly no reason to disregard it. If difficulty were the only reason for failing to go ahead, then we would seek no cure for disease, and microbe hunters would vanish from the earth.

But, as a matter of fact, one does not have to explore the quality of the soil to determine its relative value. Rent does the trick, without the need of great research.

(b) The fact that other monopolies exist is no reason for us to ignore the land monopoly. A prisoner at the bar of justice could with scant logic plead leniency because other criminals escaped.

I might point out that inheritance and copyrights should not be taxed. Inheritance, by itself, is not a monopoly. A person has the right to give or to will anything, granting that he has title to such property. Land, on the other hand, is not property, and cannot justly be given, willed or sold. A copyright is a title to a specific mental product and should

be personal in nature. It is not to be confused with a patent which falls into the category of monopolies. (See previous articles.)

(2)

All value may be a social product (although there are arguments against this which it is not necessary to take up here) but that is not the factor which differentiates between land and the products of land. It is title. As man belongs to himself, so does the result of his work belong to him.

Ely and Seligman admit that nature lavishes her gifts upon individuals. Nature as such, or land, as we call her in political economy, cannot be owned or possessed. Any one can obtain the products of land, the only price being labor.

It isn't the fact that man pays for something that entitles him to own such an object, for slaveowners would then always own slaves, "fences" would always own stolen property, and landlords would always own land. The fact is that in buying wood, tools, clothing, food, etc., the carpenter buys something which has been produced by other people's labor. Therefore his title to such products is clear. But how can we "buy" land any more than the sun and stars? Who produced them?

Irrespective of how value arises, if man had original title to a product, he is entitled to its full or subsequent value. Since man has no individual title to land, no matter how high the value may soar, man can partake of no part thereof.

(3)

Does it make any difference whether a landowner is an absentee owner or not? How ridiculous this contention is! As far as the community is concerned, every landowner is an absentee owner. It is only in his capacity as a capitalist or a laborer that he performs anything upon the land.

Again, the fact that a man may receive dividends depends upon his investment. If he buys and lets land, he produces nothing, and is only allowing it to be productively used by others. He is not entitled to his dividends, or rent. But if he invests in capital, he purchases title from some one who originally had a right thereto, and, therefore, is permitted to reap future benefits, even though he does nothing thereafter.

(4)

If a person produces wealth, and then, by thrift, keeps part of it for future production, rather than consumption, he thereby creates a factor of production known as capital. Man can not "produce" land. He may keep it out of use, and then give it back to production when the demand satisfies his speculative desire, but he would not be "making" it available. Land always existed, and always will exist. It lies waiting for all men. Efforts in finding land are not considered labor, economically speaking, any more than are efforts in stealing wealth.

(5)

The "Single Tax" is merely another way of designating rent. Rent fluctuates with people's needs. When the needs

grow greater, rent increases. When needs wane, rent decreases. Thus, there is a corresponding rise and fall. It is the most elastic of social measurements (see 7).

Granting that an unforeseen emergency arises, and there is need for other means of taxation, a single tax would not be a rigid tax which would prevent temporary measures from being taken for such emergency! Even the Constitution of the United States, which is a document most difficult to change, was amended to allow income taxation. Would people object to a temporary addition to their common expenditures? (We may also assume that in a free society, people would know why taxes are levied, and would not be as hopelessly resigned as they are today.)

I might point out in passing that "emergencies" in a free regime would be extremely infrequent.

(6)

Rent varies with people's needs. If the value of higher rents merely shifts from section to section (as it frequently does due to the changing desires and migrations of people) then the total value remains practically the same, and such value today is more than sufficient to cover social expenditures, even including many wasteful efforts.

If the total value of land declines, then people's needs for land and the products of land evidently diminish, and there is then less rent in keeping with such lessening demands. If people's demands rise, rent would rise, and thus equal the rise of expenditures.

As a matter of fact, the "Single Tax" is neither a tax nor a fiscal measure. The main purpose is to free land, push up the margin, and raise wages and interest.

(7)

As far as Voltaire's classic example is concerned, under the Single Tax, a "poor" farmer will have to pay little or no tax on his land value (for that would probably be nil), while being freed from all other taxes which today plague him. The fallacy is in confusing a *land value* tax with a *land* tax generally. Under the latter, the tax is imposed on the area of the land, irrespective of its value, and this of course is a tax on production, the very reverse of land value taxation.

A millionaire, whether landowner or otherwise, would probably not exist, for, as George says, how many millionaires have made their millions honestly? Even in the example given, the millionaire inherited his fortune, which probably was gained originally in the ownership of land or some other monopoly. (If it is true that the millionaires do not gain their fortunes from land ownership, and have, therefore, nothing to lose when the "Single Tax" is adopted, why are they so bitter in its denunciation?) At any rate, it would make no difference to the people concerned how much wealth others have if they themselves are permitted to keep everything they earn.

Signs of Progress

GEORGEIST ACTIVITIES THROUGHOUT THE WORLD

Robert Schalkenbach Foundation

REPORT OF V. G. PETERSON, SECRETARY

On September 30, Mr. Walter Fairchild and Mr. George Hansen, representing the Foundation, left New York for a tour of some of the colleges in upper New York State.

The first stop was made at the State College in Albany, where our two representatives talked with President Sayles. He showed a definite interest in the advance of Henry George's ideas. From Albany our friends traveled to Rensselaer, Troy, Saratoga Springs, Schenectady, Hamilton, Clinton and Ithaca, visiting colleges in each town and interviewing in all, about thirty professors. They report a cordial reception on every campus. As a direct result of their visit, supplies for a "Progress and Poverty" class of twenty students were requested by Skidmore College.

This trip was a sequel to a summer of hard work by the Foundation. The campaign started last July with the publication of our new Guide for Teaching the Principles of Political Economy based on the text of "Progress and Poverty" by Henry George. In August we printed up sets of lesson sheets for the use of students. The Guide, and the fifteen-session course of study which it anticipates, was then announced to the colleges in a series of mail campaigns, the last of which went out on September 21. These campaigns brought requests from six hundred and fifty-two professors who want the Guide in connection with their classroom work. About two hundred and fifty of them asked for "Progress and Poverty" as well. To date five of the colleges represented in these returns have asked for classroom supplies. Two have groups of fifty students; one has twenty and two have ten.

During the month of August we had occasion to write Mr. William Allen White of Emporia, Kansas. In the exchange of correspondence which followed, we suggested to Mr. White that it had been some time since he had mentioned Henry George editorially in his famous paper, *The Emporia Gazette*. A week later Mr. White wrote us: "Here is an editorial I wrote a few days ago about Henry George. I keep the torch burning." (The editorial is reprinted elsewhere in this issue of LAND AND FREEDOM.)

When Colonel Josiah Wedgwood returned to England after an extended lecture tour in this country, he left behind him a few copies of his book, "Essays and Adventures of a Labor M. P." As long as the supply lasts we are offering these at fifty cents each. Colonel Wedgwood has dedicated this book "To all who love Freedom and Adventure." In explaining why he wrote it, which explanation

also serves as a fair preview of the book itself, he says: "My best friends look pained when they observe my lips framing the word 'land'; others move rapidly in another direction when they see me approach lest, like the ancient mariner, I distract them from their dinner by a dissertation on the law of rent. I have, therefore, devised this book as a sandwich, having in it sufficient adventure to play bread and mustard to the political meat."

With the free trade argument getting a new hearing these days, and needing all the support that we can give it, it is appropriate to mention once more "Picking America's Pockets," that valuable little book by David L. Cohn (twenty-five cents a copy). Stocked a-plenty with facts and figures with which to refute the "protectionist," this book is, at the same time, written in so interesting and forceful a style as to make readers say time and time again, "I was sorry when I came at last to the end."

Henry George Committee for Legislative Action

"A Legislative Framework for the Philosophy of Henry George" has been listed in the Vertical File Service Catalog of the H. W. Wilson Co., which has an extensive library distribution. As a result, requests for the Framework have come pouring in from universities, legislative and public libraries in all parts of the country. This, and the favorable response of public officials (reported in our last issue), indicates that those we are seeking to reach pay attention to us when we have a practical proposal to offer.

Our wide circulation of the Framework among libraries and legislators has depleted our supply. Before another printing is undertaken, the Framework will be examined for possible improvements. Suggestions from those who have studied the Framework are welcome. Address communications to the Central Committee, care of LAND AND FREEDOM, 150 Nassau Street, New York, N. Y.

SUFFICIENCY OF RENT FOR GOVERNMENT

Lawson Purdy has made some interesting comments on the Framework. Because of his long experience in tax matters as Commissioner of Taxation for the City of New York and his lifelong interest in this subject, Mr. Purdy's observations are especially valuable. He writes as follows:

"If this bill were to become law it would be necessary to provide some method of apportionment between the several taxing districts. Section 2 on page 5 (q. v.) would hardly suffice.

"I believe that if we had equal opportunity to use land, the cost of government would in time be greatly reduced, but

at present, with our enormous expenditures, the rent of land would be much less than state and local expenditures, to say nothing of federal.

"My latest report of the Tax Commission of the State of New York is for 1939. On page 296 is the assessed value of land, separately assessed. That includes most of it in value, for it includes all city land. The Commission says that assessment is 85%. I think it over 100%, but let's take the Commission's figures and assume all land would be assessed \$12 billions instead of \$10½ billions. Add \$2 billions for under-assessment, and we have \$14 billions. Now assume we collect one-fourth of ground rent now. Then we must add \$4,700,000,000 in round figures, and we have a total of \$18,700,000,000. Five percent of that figure would be \$935,000,000 to meet the present tax bill of \$1,312,000,000.

"We ought to allow for a considerable shrinkage on account of vacant or poorly improved land, but we will assume there is no shrinkage. We should deduct from the total tax to be levied the income and inheritance taxes which amounted to \$125,000,000, but we would still be short some \$250,000,000.

"While ground rent is inadequate to meet present expenses of government, I believe that after equal rights to land had been secured for an adequate length of time, the expenses of government could be very greatly reduced."

Mr. Fairchild's reply to Mr. Purdy elucidates the important problems of the allocation of the land value tax and the sufficiency of rent for public purposes, expanding on those points touched upon in the Legislative Framework:

"We are agreed that the total annual ground rent when collected for taxes must be apportioned between federal and state requirements and within each state must also be apportioned not only as between state and local districts but also between the local districts according to their respective needs. This presents a practical problem.

"In our first draft of proposed laws we attempted to work out a method of apportionment based on respective budgets and regulated by a board of equalization. We came to the conclusion, however, that in the proposal of statutes the detail of exact apportionment was impossible and would result in an endless discussion over relative amounts which would tend to divert thought from the basic principle of collecting ground rent by taxation.

"We therefore cut the Gordian knot by providing that the collection of taxes should be local and one per cent of gross land value should be remitted annually to the state and one per cent to the federal treasury, leaving three per cent for local authorities to get along with as best they could.* State legislatures and local and state tax boards will always be

busy in the future as they always have been in the past working out their respective rates. Undoubtedly the rules for assessment as well as the rules for collection and apportionment will be worked out by a technical administrative bureau with quasi-judicial and quasi-legislative powers, subject, of course, to legislative control.

"Whether or not total ground rent when collected in taxes will be sufficient to cover all tax budgets has also been left for development by experience.

"I have studied a great many tax statistics and have come to the conclusion that when the debt burden or interest on the public debt including municipal issues is eliminated and the so-called relief expenditures become unnecessary, the total economic rent will not be far from the total of normal federal, state and municipal budgets. However, even with the best of luck, it will take some years for adjustments to be made. For this reason we have staggered the program for the elimination of taxes on sales and on labor products and industry generally over a period of years with a general provision for retaining taxes on incomes and inheritances until the need for them has disappeared.

"We do not propose any constitutional limitation on the power of the people to tax. That remains as now. The constitutional change we propose is affirmative, making it a duty of Congress and legislatures to collect ground rent for public use.

"No provision has been made for the payment of such catastrophes as the present world war, which is abnormal. Certainly, in case of need the people have power to, and will defend their homes not only with their income but with the total of their resources. This problem is not one for the consideration of a normal tax law, but to be handled according to the exigency of the time.

"In calculating the total to be collected in taxation we propose to include not only the site value of land but all of the privileged advantages of special franchises for public utilities, oil, coal and other mineral royalties and including licenses for the use of radio wave lengths and all other natural opportunities and powers. Our committee believes that when all these things are collected there will be ample to cover all requirements of government, maintenance of public works and surplus for such things as old age pensions and all proper public relief.

"No doubt with the increased activities and income of the people under the plan of Henry George proper public expenditures will also increase, the details of which will be worked out with experience."

Henry George School of Social Science

The Fall season opens with renewed activity at New York headquarters and vigorous extension activities in New Jersey, Boston, Philadelphia, Chicago, St. Louis, and Berkeley. There were about 1300 registrations for the New York

*The arbitrary allocation, used in the Framework, of 1% for federal, 1% for state, and the remainder, 3%, for local government, is considered a rough approximation of the respective total budgets in normal times.

classes in Fundamental Economics and 300 enrollments for the advanced courses.

A revised "Progress and Poverty" course is in operation, which is extended over a fifteen week period instead of ten weeks, as formerly. This means a more intensive study of Henry George's great classic. Formerly the first fifteen week course included five weeks on "Protection or Free Trade." This latter book is now being reserved for an advanced course.

An interesting advertising program is being carried out at headquarters, under the direction of Albert M. Gants. During September, "Progress and Poverty," together with a free correspondence course, was advertised in various magazines with a total circulation of over two million, resulting in the sale of nearly 500 books and enrollments for the course. Thanks to this campaign, there has been a 25% increase in active correspondence course students over last year.

W. L. Crosman sends us the following news from Boston: "The Henry George Institute of New England has rented a former residence at 90 Beacon Street, Boston. There are rooms for classes of the Henry George School which were opened on September 22, 23 and 24. It is proposed to rent two floors. A housewarming was held on Monday evening, September 15, when about 150 friends of the cause and graduates of the School were present."

The Chicago extension has commenced publishing its own periodical—a friendly monthly bulletin entitled *On the Campus*. News of this closest rival of the New York School, presented in a sparkling manner, serves to bring friends and students of the School in closer contact.

From Helen D. Denbigh, co-leader of the East Bay extension of the School comes an interesting account of how Georgeists spent Henry George's day in San Francisco:

On the evening of Henry George's birthday, September 2, there met for dinner a group of his friends old and new from the East Bay and San Francisco area. Judge Jackson Ralston presided. Two of the guests of honor were of special note, one being Stephen Potter, secretary to Henry George when the latter was editing *The San Francisco Evening Post*—"a bold, fearless reform paper"; the other being Edward McGlynn Gaffney, a nephew and namesake of Father McGlynn, and a member of the California State Assembly. Mr. Potter's talk was of particular interest, and it is to his message that I should like to direct your attention.

"Let us imagine," said Mr. Potter, reminiscing on the youth of Henry George, "the close of a bright May day in 1858 with the rays of the declining sun gilding the waters of the Golden Gate, embracing a moving vessel, and outlining in gold its course into the harbor. Upon her deck stands an eager young man of nineteen, filled with wonder at the beauty of the scene, ready to take his place in this new world.

"Today we meet to honor him. Yesterday Labor celebrated its day, crying for justice for a great part of mankind. Today we think of Henry George's spirit crying for justice for all humanity.

(Continued on page 167)

A Reply to the Ricardians

By RAYMOND V. MCNALLY

IN their article, "In Defense of Ricardo," which was written as a reply to my article, "Three Theories of Rent," the Committee of Ricardians raise a number of interesting points, and this affords me an opportunity to offer a fuller explanation of some of my statements. Furthermore, they bring some of their own definitions and concepts out into the open where we can use them as a basis for discussion.

Despite their protestation that the Ricardian theory of rent is applicable only to an exchange society, they seem to shy away from any semblance of exchange. They start each time by discussing an exchange situation, but before the argument progresses very far, they chase A and B back into an individual or primitive economy. I believe this is due to their failure to grasp the real meaning of the concept of exchange. They seem to think that the renting of land by A to himself and the collecting of rent from himself constitutes an exchange relationship. This seems to be the only alternative they can offer A so that he can escape the equalizing effects of exchange. If we wish to grasp the realities of economic life in an exchange society, we must constantly keep in mind that exchange takes place only when there is a voluntary transfer of goods or services from one person to another for a voluntary compensation. For A to rent land to himself is like a lawyer acting as his own client, which is nothing else but an individual economy. Now this Committee cannot logically deny that the occupancy of land in an exchange economy involves an exchange relationship, for they admit that "rent is determined by demand," and demand implies exchange.

Here is another example of their shifting rapidly from an exchange to an individual economy in an attempt to avoid my conclusions: I say in my article that A and B sell their respective products in the open market and that B receives twice as much for each bushel of potatoes as A receives for each bushel of corn, in which case A enjoys no advantage from his superior land and so there is no rent. The Committee reply by supposing a third man, C, producing either corn or potatoes on still inferior land and pose these questions: "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?" The answer to both questions is no. If C were as able as A and B, he would not produce corn or potatoes, for by producing something else, say barley, and selling it in the market, he could earn just as much as they.

These Ricardians have done some amazing things with my quiet little island so that I scarcely recognize it. They have populated it with "thieves and murderers of all kinds," but have succeeded only in making the policemen's job more difficult. They have evinced a curious tendency in all of their discussion to introduce additional factors into my simple island illustration and then to hold me responsible for the inadequacy of their own theory. One would imagine I was trying to defend Ricardo's law instead of criticizing it. I have merely used the island illustration which is employed generally by Ricardians themselves and have even admitted that their theory is applicable to that kind of a primitive economy. They have even gone so far as to create a speculative land boom on this island and to transform poor, hard-working A into a wicked speculator who receives his just deserts when the rent of his land drops from five to three bushels. In the process, the margin is raised from five-bushel land to seven-bushel land. If speculation can do this, let us by all means have more speculation. Any novice reading their description would certainly get the idea that Ricardo's law operates only when the speculator appears upon the scene.

All of this is a beautiful exhibition of what is called a running defense. In the seventh paragraph, they vary this a little by doing a bit of zigzagging. They summarize my various conclusions in connection with rent in order to show how they differ. What purpose this serves is not clear, unless it is designed to create the impression on the careless reader that I have been self-contradictory and inconsistent.

Suddenly without warning, these Ricardians change their tactics and stand their ground, when they respectfully conclude that I misunderstand Ricardo's law. This move proves fatal for them, as I shall soon demonstrate. They deny that rent, according to this law, is determined by measuring the wealth produced on a given location with that produced at the margin by men of identical ability but affirm that "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." The words "same application" can easily be interpreted to mean "identical ability," but I shall accept them in the sense which this Committee probably intended, namely—equal exertion or equal expenditure of energy. They contend that rent is determined "just as easily whether the bidders be of the same or varying degrees of ability." Now I, in turn, respectfully submit that they do not fully understand their own theory, for to calculate rent by measuring the products of men possessing different abilities would require something like a fourth-dimensional consciousness. Let us try it and see.

Suppose B possesses more ability than A in producing corn to the extent that if both occupied land of similar quality, the former could produce fifteen bushels and the latter only ten with the same application—that is, with an equal degree of exertion. This means, in other words, that superior skill enables B to produce more than A even though he does not exert himself to any greater degree. Now, with their respective abilities fixed, let us, as before, place B on the marginal land and A on the superior land. Even though B occupies inferior land, it might be very possible, while A is producing ten bushels by applying a certain degree of energy, for B with his superior skill to produce the same number of bushels by an equal application. What ingenious device would the Committee employ then in this case to determine what part of A's ten bushels is due to the superior qualities of his land? By permitting the introduction of a *difference* in the abilities of producers or bidders in computing rent according to the Ricardian formula, it is obvious they have made a shambles of Ricardo's law and placed themselves in a pretty predicament. They have shown here that this law does not even apply to individual economy, let alone an exchange economy. Now what is the cause of their confusion? They have simply ignored an elementary scientific principle: *The relationship between two variables may be computed provided it is not obscured by a third variable.* According to my understanding of the Ricardian theory, the margin and the superior land are the variables, and the ability of the producers is the constant factor. The Committee regard the expenditure of energy as the constant, but they admit a third variable in the form of the varying abilities of the producers. Thus no computation of the relationship between the first two variables, or, in other words, of rent is possible.

These Ricardians continue with their defense of Ricardo by attempting a half-hearted defense of the neo-Ricardians, but it is obvious that they are not too familiar with the ideas of the latter. They take this opportunity to insist upon retaining "social services" as a factor in determining rent. I ask the reader to pay particular attention to their definition of this term, for it goes far to show why there is a difference of opinion among the three schools of thought. According to them, "social services, as distinguished from governmental services, are nothing more than the activities of people spring-

ing from the division of labor." Now I submit that this definition is so broad it is meaningless, for it embraces the whole field of economic life. It can include not only the convenience of being located near private business and cultural services, but it can include these private services as well and also the public or governmental services. Are not these private and public services also the activities of the people springing from the division of labor? And if they are, would they not all constitute "social services" and would they not then, according to the contention of these Ricardians, *all* increase rent? But they disagree with the neo-Ricardians in this respect and correctly state that "no individual service can increase rent." Here is a paradox they try to avoid by stating that "the convenience of being located near the various services rendered is a service over and above that rendered by individual business men." But why is it "over and above?" They answer this by saying that it is "caused by the presence and activities of the population." If I were to describe the banking business simply by saying that it was "caused by the presence and activities of the population," would anyone recognize it? Yet this Committee expect us to understand what they mean by "social service" or "community service," as they prefer to express it, by offering us this vague generalization. If this "social service" is the same thing as the services rendered by private business-men (and this is admitted by their definition), then we are confronted by the fantastic spectacle of a service that is "over and above" itself. The cause of this *reductio ad absurdum* is quite clear. This Committee seem to have a pre-conceived notion that the population as a whole renders a special service of its own which they call a social or community service for which rent is paid. As the population consists of individuals, each one renders a service of his own, this special service then must be furnished in their spare time, if any. Otherwise we are forced to imagine that it is provided by some sort of mystical process. Evidently there is need for some realism here. The convenience of location is not a social service but a social advantage that arises out of the association of individuals. It is in the same category as proximity to the markets (Note—I have accepted their correction that proximity to the markets is a social rather than a natural advantage).

Now while landowners distribute the natural and social advantages to their tenants (this is a deduction from the remarks in my article that I had hoped the reader would make for himself), they can charge no rent for them, because they are *not* services. Voluntary payments are made for services and for nothing else. *A service is any human activity that commands a voluntary recompense.* Landowners are subject to the same conditions as anyone else who is in the market. The Committee do not deny that landowners are subject to competition, but they try to support their contention that they always charge for natural and social advantages by saying that they have an advantage over the "landless man." Of course, men have to use land to live, but landowners cannot exist as such unless they receive an income, and they cannot obtain this income if they do not rent their land. It does not seem to occur to these Ricardians that if landowning were so profitable, more people of means would invest in land instead of preferring to be tenants. It is true, as the Committee say, that sites near the market command more rent, but this is no proof that rent is paid for such convenience. The landowner can charge only for his own distributive service plus those services, if any, that he himself has bought for the purpose of resale to his tenants. (The taxes on his land are involved in the cost of his own service just as other lands are involved in the cost of private services.) While he distributes all public facilities, such as highways, sewerage and sanitation systems, libraries, etc., today he cannot charge rent for the maintenance of them nor for such other activities as police and fire protection, because he does not buy these production

services from the government, and, therefore, they do not reach the market.

The Committee condemn the landowning class for the misdeeds of some of its members, but these are no more inherent in the landowning business than are the misdeeds of individual manufacturers, merchants and bankers inherent in those particular businesses. And to indict landowners for their domination in the past of the state is to ignore the shifting trends in the historical development of society. Manufacturers, merchants and bankers later became powerful enough to control the politicians to the detriment of other groups, and now we see the labor unions and the indigent in the dominant political position with the resultant disintegration of private enterprise and civilization.

The backbone of the realist theory of rent lies in the conception of the market as I have described it. The Committee have not been able to reject this conception, and so the realist theory remains intact. Again they fail to make the proper deduction from my remarks when they try to give the impression that abolishing all taxes with their concomitant restrictions and permitting landowners to supervise the public employees would not benefit the user of land, but would only benefit the landowner. It is true, as I state, that abolishing taxes would increase rent, but it would not do this absolutely but only proportionately, depending on the ratio between the amount of public capital and the amount of private capital employed and between their respective turnovers. Both users and owners would benefit.

These Ricardians deny that the landowner renders any service whatsoever, in making the advantages of his site available in an orderly and democratic fashion. They say that "they are there for people to come and take, and he is merely standing in the way." This should gladden the hearts of those people who imagine the world owes them a living. But if these advantages distribute themselves, then they are not obtained in the market, for nothing is obtained in the market unless it is distributed by the owner. And if they are not obtained in the market, then *no rent can arise*. Thus, what the government would demand under the system of these Ricardians would not be rent but a *tax*. They profess to see no difference between a landowner and a bureaucrat, although the former obtains his income in the market by contract and the latter his income by seizure. They blandly assure us that "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," although there is nothing in our experience with government to support such a promise. Men have never been free to engage in any enterprise they desired without being subjected to taxes, license fees and regulation of all kinds, but we are asked to believe that government would act differently when it came to land. And, of course, it would be blasphemous on our part even to intimate that the politicians might place their favorites on the choicest sites. Like the Marxist (who includes the capitalist), this Committee seem to believe that purging the landowner would transform government into an omniscient and benignant body of men. They appear to be more concerned with political democracy than they are with the democracy of the market. Yet apparently they are somewhat uncertain as to what democracy is. They assert that permitting the landowner to supervise the public employees would "be the end of democracy," and a little later they express the hope that we may *some day* attain it.

But there is no reason to be downhearted, for they point to a happy future for all of us. Not only will we pay what they call rent, but we will be given the privilege of working for nothing in our leisure time at supervising the government. And we can expect to be so enlightened that we could do a better job, even though we were not trained nor paid for such work, than landowners who would give all

of their time and attention to it and be properly compensated by the market.

It is small wonder that these Ricardians do not hesitate at the use of a little force to put land into use, even though they do not deny my statement that production is a *voluntary* process. Why quibble over words, they say? The end justifies the means. The force that we use is nice, but the force that others use is "ugly." Such are the ways of "democracy."

[This discussion will be concluded in our next issue with a rejoinder by the Committee of Ricardians.—ED.]

HENRY GEORGE DAY IN SAN FRANCISCO

(Continued from page 165)

Many of the leaders of labor accept the George philosophy. A shining example was the case of the late Andrew Furuseth. So long as labor presents such men we may look to our closer approach.

"Tom L. Johnson, another great follower of Henry George, once remarked to George of his inability to write or speak. George replied: 'You do not know whether or not you can write or speak; you have not tried. Take an interest in political questions.' Johnson followed this advice. Shortly after, he came to San Francisco and addressed a great meeting in old Metropolitan Hall, where Henry George had just raised his standard. And Tom Johnson stood on that platform, his powerful frame in fighting stance, his fine face alive, his eyes aflash, and met the questions coming to him like bullets from a modern machine gun. What a night that was!

"Mr. Johnson subsequently invited a body of us to join him on a steamer trip out through the Golden Gate beyond the Farallones, down the coast beyond Point Pedro; and returning, we followed the course Henry George had followed on the *Shubrick* in 1858, thus fulfilling Mr. Johnson's desire to enter San Francisco Bay as Henry George had entered it.

"Another active follower of Henry George who visited San Francisco and won many friends was Joseph Fels, who had accepted the truth of George's teaching with all its implications, establishing a five year plan of financial assistance. Fels said, 'We can proceed no further in our social development unless account be taken of its essential rightness.' In other words, we must conform to the moral law, or die.

"Father McGlynn was another who with rational mind followed George's arguments, and like the others accepted the teaching as the truth. Then followed his great crusade at the side of the leader, with the slogan, 'A place at the Father's table for all of his children.' Possibly that time is fast approaching. The tremendous changes that are taking place before our eyes may point to just that. In all the campaigns up to the present day, many great leaders have carried on, all evincing unassailable trust as to the power of Truth. The noble leaders of today are working with the same idea. The greater influence of women, with their finer sense perceptions, may be a controlling factor in bringing about the final result.

"You will remember that Henry George, Jr. placed the words of Mazzini before the first chapter of what he classifies as the second period of Henry George's life, treating of the formulation of the philosophy—'One sole God; one sole ruler—his Law; one sole interpreter of that Law—Humanity.'"

Mr. Potter's inspiring talk closed a very worthwhile evening spent together by followers of the philosophy of Henry George. And this prompts the following suggestion:—That groups great and small, who know this philosophy, shall meet together for dinner, wherever they may be, on September 2 of each year, to the end that they may become better interpreters of that Law.

BOOK REVIEWS

A NEW "LAND & LIBERTY" BOOK

"Why the German Republic Fell" and other essays, edited by A. W. Madsen. Hogarth Press, London. 1941. 177 pp. 75c.

An effective group of essays has been culled from *Land & Liberty* of London and published in this volume, designed to stimulate interest in the Georgeist philosophy via pressing current issues. The well-rounded selection has been taken from matter written since the outbreak of the war; and the leading themes are war and the maldistribution of wealth. In the Foreword we find the following: "That there are economic causes of war is generally admitted . . . What is often less clearly realized is that there is an ethical side to these questions, and that this is not simply more important but it is decisive. It is conceivable that war might be eliminated and the distribution of wealth equalized under a world-wide dictatorship. But would this be a tolerable solution? Would life be worth living if liberty were lost, or is it not freedom which alone gives value and dignity to life?"

The leading article, from which the book takes its title, is by Bruno Heilig, an outstanding Austrian journalist now in England. We have seen many expositions of the fall of the German Republic and the rise of Hitlerism; the whole story has been described and documented, footnoted and anecdoted by no end of writers. But in Mr. Heilig's brief essay is the clearest account we have yet seen of the basic causes and trends in the Republic leading to industrial collapse, and to the change from democratic to despotic government. Henry George's remarkable vision of the decline of civilization, quoted in the essay, is seen to apply with startling accuracy to Germany—and the warning is given that the same trends exist in most countries throughout the world.

A good deal of the other selections in this volume are reviews of recent books, reports, speeches and journalistic utterances. With sober good sense various current ideas and statements are examined. The editor and his associates do not hesitate to point out errors and shortcomings in these recent contributions; but at the same time they are able and willing to appreciate what is worthwhile and in harmony with the fundamental principles of liberty. An outstanding example of clear thinking on the philosophy of freedom, treated at length in this *Land & Liberty* book, is Walter Lippmann's "The Good Society." Among other subjects dealt with are federal union, Lebensraum, peace proposals, town and country planning, and property rights. The volume closes, appropriately enough, with Judge Samuel Seabury's address at the Henry George Centenary celebration—"The World of Tomorrow."

Copies of "Why the German Republic Fell" may be obtained from the Robert Schalkenbach Foundation at 75c per copy.

BJORNER'S AUTOBIOGRAPHY

J. L. Bjorner, president of the Danish Henry George League, has written a very interesting autobiography entitled "*Dagvaerk*"—"Daily Work" (published by *I Nyt Nordisk Forlag*, Copenhagen). A self-made man, who came to know Europe and America well, Bjorner relates simply his career of carpenter and economist. Though he began as a Social-Democrat, he soon became a fervent, convinced and convincing free trader and single taxer.

Bjorner declined an invitation to be nominated for re-election to the *Rigsdag*, believing that, for more perfect democracy, no one should be allowed to hold office more than once; although his wife opined that "the world will not be better until those who have knowledge govern."

It should be interesting to Americans that Bjorner came close to being appointed Governor of the Virgin Islands, before they were

purchased by the United States. At the beginning of the century, Sophus Berthelsen, then president of the Danish Henry George League, proposed a land value tax for this neglected portion of the Danish Empire, citing the example of the German province of Kiau-Chow. A similar resolution together with a free trade proposal, was presented by Bjorner in 1915 to the Minister of Finance and Agriculture. But a year later, Denmark sold these islands to the United States.

One finds "*Dagvaerk*" full of ideas like these: "To make bread dear is to mock God." "The ways of trade have ever been the ways of culture." "An American Ford car or a Scottish dress are as much the result of Danish labor as if they had been produced in Denmark, inasmuch as they have been paid for by exported Danish goods produced by Danish workmen."

An interesting episode related in the book is characteristic of Mr. Bjorner's views and those of his family: In a public discussion, Bjorner's daughter mentioned that her father had made an unjust profit of 100,000 crowns by selling a plot of urban land he had purchased a few years before. The cry went up, "Give this money to the poor"; whereupon Bjorner published a public notice in the newspaper, *Politikken*, that he would be willing to give not only the 100,000 crowns but his whole fortune to the poor, and disinherit his seven children, as soon as Danish legislation would put an end to the perpetual donation that goes to landowner-monopolists by introducing a single tax on land values, establishing free trade, and abolishing all taxes on incomes below 5000 crowns per year, and also exempting 1000 crowns for every minor child.

It is to be hoped that this admirable autobiography, available now only in Danish, will be translated for American and English readers.

PAVLOS GIANNELIA

GEORGEAN ECONOMICS IN ARGENTINA

From Buenos Aires has come a new book on the science of political economy ("*La Ciencia de la Economia Politica en forma Didactica y Apodictica*") by Sr. B. Machello. This is a work of 136 pages, with illustrations by Raul Rainaud.

As explained by the author in his Introduction, the book is a "concrete recapitulation" of the three main works of Henry George—"Progress and Poverty," "Protection or Free Trade," and "The Science of Political Economy." Its purpose is to popularize the subject by presenting some of the fundamental concepts of George, to whose original works the reader is referred for a thorough study. In this Sr. Machello has succeeded admirably and his work should be valuable in creating in the people a desire not only to study political economy, but also to act in accordance with the exhortation printed in large type on the cover of the book: "People: This is for you—that you may defend yourselves from the evils that crush you."

The text is in three parts—1, The nature of wealth; 2, The laws of production; 3, The laws of distribution—having 15, 19 and 6 chapters respectively. The chapters are short and to the point, and each is followed by a series of questions and answers dealing with the text. This is somewhat of an innovation in Georgeist literature and quite in keeping with the modern trend toward pedagogical propaganda.

The book is in Spanish, of course, but it is the author's hope to have it translated into many languages, including English; and he also hopes to have it made into a motion picture film. Sr. Machello will be remembered for his slide film version of the science of political economy. (See *LAND AND FREEDOM*, March-April 1941.)

The coming publication of two pamphlets is announced in the book, one on political science and the other on social science. It is to be hoped that Sr. Machello will be able to carry out all these plans without delay.

GASTON HAXO

TOTALITARIAN TRADE METHODS

"You Can't Do Business with Hitler," by Douglas Miller. Little, Brown and Company, Boston, 1941. 229 pp. \$1.50.

"For the desire of one party, however strong it may be, cannot of itself bring about trade. To every trade there must be two parties who mutually desire to trade, and whose actions are reciprocal."

"And as trade becomes free and extensive . . . as pirates and robbers are extirpated and treaties of peace put an end to chronic warfare—so does wealth augment and civilization grow."

These paragraphs, written by Henry George in 1886, recognize clearly that trade requires mutuality and a trading area, freed, by force if necessary, from the depredations of armed marauders. Douglas Miller, who spent six of his fifteen years as commercial attache at the U. S. Embassy, under the Nazi regime, has written a factual account of a contemporary robber-collectivism which has substituted force for the principle of mutuality.

Hitler once said that Germany "must export or die." Mr. Miller demonstrates, conclusively, that Nazism "must fight or die." The tremendous Nazi war machine requires vast quantities of raw materials for its existence. But it absorbs Germany's productive resources almost to the exclusion of the goods necessary to pay for these materials. Hence, the only alternative is to use the machine to acquire by violence the wealth for which it cannot pay. How this was accomplished is a matter of recent and current history; and the end is not yet.

The history of Nazi "trade" methods in the Balkans, Latin America and at home is the history of an insatiable appetite which trampled underfoot the sanctity of contracts and property rights in its frenzied drive for complete domination, which no concessions, commercial, material or political, have appeased.

A victory for Hitler, warns Mr. Miller, will enable him to organize Europe, Asia and Africa into a huge self-sufficient unit, supported in the Pacific by the Japanese Empire, and virtually "encircling" the Western Hemisphere. In the face of this powerful opponent controlling most of the earth's resources and population, and bent on world conquest, he believes that in sheer self-defense, the United States will become permanently totalitarian; that its living standards will fall to those of a blockaded country, drained to feed its swollen defense forces; and that a military dictatorship will impose its rule permanently on a population to whom peace will have become only the vaguest memory. Mr. Miller is convinced that the sole hope of salvation lies in not giving the Nazis the opportunity to organize their conquests. His book is compulsory reading for thoughtful Americans—especially those who believe that "you can do business with Hitler."

HELEN BERNSTEIN

TAXES AND TARIFFS MAKE NEW INROADS

Governmental marketing barriers and consumption taxes are comparatively recent phenomena—and the rapid growth of both has been as startling as it has been sudden. The Spring and Summer, 1941 issues of *Law and Contemporary Problems* (published by the Duke University School of Law) are devoted respectively to these two phases of governmental interference in distributive processes. In the Foreword to both issues, Prof. Frank R. Strong observes that marketing barriers and consumption taxes have received but scant attention by scholars, and he hopes that the two special numbers at least sketch the outlines.

In the Spring symposium on governmental marketing barriers—chief of which are the numerous interstate tariffs that have arisen in recent years—sober scholars do not hesitate to characterize as

"uneconomic" the effects of such barriers and as "dangerous" their tendencies. Not long ago, and even today, students could "objectively" analyze governmental restrictions on international commerce—and this phase of trade restraint did not lack scholastic support. The same principle carried to the present *reductio ad nauseam*—the logical conclusion of "protection," after all—is so patently bad that scholars are unanimous in condemning it. It seems extraordinary that fallacies should have to be applied to such an extent before students can see their ill effects.

Consumption taxes (dealt with in the Summer symposium)—which include use and sales taxes—are generally recognized by students to be the most objectionable form of taxation now practised. Here again is an example of the logical evolution of the taxation of labor products, generally condemned only now that it has reached stifling proportions. But consumption taxes are not so universally denounced as are interstate barriers—perhaps because the effects are not so obvious though more insidious. Of the recognition by economists of such taxes, Prof. J. H. Hollander is quoted as saying: "We now face a situation where the economist may either continue crying like a voice in the wilderness or turn and say, 'Well, after all, we have, and we are, drifting toward the sales tax and the indirect tax. Perhaps there is something more in it. Perhaps we have been worshipping false idols. Let us see whether after all this to which states have drifted isn't a safer procedure theoretically, a safer principle theoretically, than we had supposed.'" And though Prof. Hollander inveighs against the rationalizers, it is tempting, if the sales tax is here to stay, for professors to go along with the tide than to remain a voice in the wilderness.

Both these developments—governmental marketing barriers and consumption taxes—are steps in retrogression. We have hitherto been surrounded with plenty of private and governmental restraints of trade—now we have these new *culs-de-sac*. *Law and Contemporary Problems* has performed a service in presenting these two studies. With all the data offered, the extent of the problem has been made clear. It is time now for scholars to investigate the basic causes of these two phenomena and to apply themselves to fundamental remedies.

LUBIN'S PRACTICAL IDEALISM

"David Lubin—A Study in Practical Idealism," by Olivia Rossetti Agresti. University of California Press. 1941. 372 pp. \$2.50.

Practical idealist is an apt term for David Lubin. His intense desire for the betterment of mankind was matched by his desire to bring about immediate and practical application of his ideals. Throughout this biography of Lubin these two qualities are counterpointed, and the broadening of both his idealism and practicality is set forth.

Lubin is best known for his work in founding the International Institute of Agriculture. The particular channel in which his zeal for service to humanity was directed was in striving for the betterment of the agricultural worker—"the man on the land." Lubin saw the lack of consideration for man's close relation to the land as one great fault of our civilization—and in his own way he sought to call attention to this problem. Himself Jewish, he took a deep interest in Hebrew history, and came to the conclusion that the great contribution of Judaism to mankind—its profound ethical and moral teaching—had its basis in its system of land tenure, whereby every man had rights to the soil and no man could be disinherited. Though Lubin did not see the way this principle could be simply realized in modern society, yet the ideal was at the basis of his work.

We can well afford to have more of Lubin's practical idealism. Coming to grips with realities while at the same time striving for an ideal is a combination sorely needed in our time.

CORRESPONDENCE

THE CASE OF MR. NOCK

EDITORS LAND AND FREEDOM:

Mr. M. J. Bernstein's article dealing with the strange works of Arthur Bryant and Albert Jay Nock merits wide distribution. It is well done.

I wonder how Mr. Nock will answer the charges made against him of false statements and intellectual dishonesty. We can forgive him for expressing opinions, but find it hard to reconcile his reputation as a liberal and champion of truth with such an exhibition of wretched writing.

Sadly enough, any cause or movement is judged by its representatives. The Georgeist cause can ill afford to have its name and its program identified with such men as Bryant and Nock.

As matters stand today, the truth taught by Henry George has been accepted by men qualified to pass judgment on it. The great task is to win for it a wider understanding and acceptance. On this account, those who bear the standards of Georgeism ought to beware lest by any unseemly act or word they betray the cause we hold so dear.

Cincinnati, Ohio

RABBI MICHAEL AARONSOHN

EDITORS LAND AND FREEDOM:

Except for some of his writings, I had known little about Mr. Albert Jay Nock. To me he was a grand and living symbol in the Georgeist movement—a man who had intimately known Henry George. After reading Mr. M. J. Bernstein's amazing article in your July-August number I was overcome by the same feeling a child experiences when he first learns there is no Santa Claus.

My first reaction to Georgeism after becoming only slightly familiar with it was one of general tolerance and sympathy to all mankind. Former prejudices gave way before the relentless force of cold logic. I was more than shocked to learn that a mind so thoroughly acquainted with the principles of freedom and justice should, or possibly could, carry such inconceivably prejudicial inconsistencies.

I think Mr. Nock owes a thorough explanation to the many followers of a philosophy to which he avowedly adheres.

Brooklyn, N. Y.

DAVID ASCH

EDITORS LAND AND FREEDOM:

Mr. Bernstein deserves a sharp rebuke for his article, "Unfinished Victory and Mr. Nock," in the July-August number of LAND AND FREEDOM; and fair play demands that Mr. Bernstein should produce evidence for his unfounded statements therein. His accusations cannot injure Mr. Nock, whose reputation as a writer and thinker is firmly established on an international basis. Nor in the long run can they retard the realization of George's sound formula; for a great truth cannot be permanently injured by the small workings of inferior minds. Men may say what they will about the stars in their courses, but the laws governing the heavenly bodies are unchangeable.

One asks one's self in reply to Mr. Bernstein's attack on one of the foremost economists and men of letters of our time, is not Mr. Nock, who makes the following statement, a true follower of the Henry George formula? "It seems impossible that his (George's) philosophy will ever need review, reappraisal or even restatement. As it now stands it will apparently forever continue to fulfill perfectly the functions of a social philosophy as they are described by Spencer. It will continue to locate and identify the ideal which is needful for right guidance, however far in advance of practicability . . . He (George) was one of the greatest of philosophers."

And how can Mr. Nock be accused of a "thinly-veiled anti-Semitism," when in referring to "the thick fog of silence which has settled over this grave question," he writes that he finds anti-Semitism "as

terrifying as it is distressing"?

Finally, it is evident that Mr. Bernstein is not familiar with "Our Enemy, the State," of which the title alone belies Mr. Bernstein's accusation that Mr. Nock has "a scarcely-concealed sympathy for present-day Germany." A glance at the contents of this epoch-making book reveals that the Totalitarian State is our enemy in its complete form.

Malvern, Pa.

ELLEN WINSOR

THE PROBLEM OF ASSESSMENT AND TAX RATES

EDITORS LAND AND FREEDOM:

The article in your May-June 1941 issue, entitled "Assessing Land on Gross Value," does not appear to help matters. Assessing the value of land on selling value seems simpler.

As the tax rate is raised selling value will fall, and although not stated, it is intimated that continuing this process will finally reduce land value to the vanishing point, and there will be no value to assess. This, however, is a mistake. Increasing tax rates reduce but cannot eliminate land value. This is easily proved by a simple calculation.

A figure is selected that admits of several divisions without a fraction: Suppose a parcel of land that rents for \$630 per year, while interest rate is 5%. If one buys this land he wants 5% on his investment, and must pay the tax. If the tax rate is 2% the \$630 must provide 2% for the public and 5% for the owner. In other words, \$630 is 7% of the value of the land. Therefore 1% is \$90 and 100% is \$9000. If the rate is raised above 2% no one would pay \$9000 for the land, and the next year's assessment would be determined by the increased tax rate.

If the tax rate is raised to 5%, with interest at 5%, \$630 must be divided by 10, making 1% \$63 and 100% \$6300. If the tax rate is raised to 25%, interest 5%, \$630 must be divided by 30, making 1% \$21 and 100% \$2100. As 25% of \$2100 is \$525, leaving only \$105 to the owner (which is 5% of \$2100), it seems safe to say that no one could afford to hold that land vacant; also that a 25% tax will absorb the bulk of the rent.

We have, then, a simple rule: *Gross rent divided by the tax rate plus the interest rate gives one per cent of land value.*

But if the tax rate is raised to 100% will not the whole rent be absorbed, leaving no value to get assessed? Apply the rule. Divide \$630 by 100 plus 5. The quotient is 6, and 100% is \$600. The tax therefore, is \$600, leaving \$30 to the owner, and this is 5% of the value, \$600. The \$30 is no more than fair payment to the landowner for officiating as tax collector. Of course this 100% example is ideal, an end toward which we struggle, but to which we never attain.

Any tax rate above 25% will take the bulk of ground rent, and make speculation in land value unprofitable.

Chicago, Ill.

JOHN Z. WHITE

ATTENTION, MESSRS. PATTERSON AND SCHOLZ

EDITORS LAND AND FREEDOM:

In your May-June instalment of "The Critics Criticized," Professors Patterson and Scholz are quoted as saying (in objection No. 5): "To appropriate the entire income from improvements would be to impose a tax upon the fruits of human labor."

If these gentlemen fear that through mistakes and miscalculations of land rental charges against the user, some part of the earnings of the improvements might creep into the assessment against him, and thus "impose a tax in part on the fruits of human labor," one would imagine that they would be sick with horror over the swamp of bold, bald and shameless taxation of the fruits of human labor in which the method they support now wallows.

San Francisco, Calif.

JOS. S. THOMPSON