

The Menace of Privilege

by JOSEPHINE HANSEN

(A Conference Address)

I HAVE come here with an important question which I have considered gravely. Are we giving Henry George a fair deal? Are we forcing him into the limbo of forgotten reformers because we do not let him speak his whole philosophy? To me it seems a half truth to teach the single tax as complete in itself. It is only a measure offered by Henry George to institute his true reform, which was justice and equality in association for all.

Where would his emphasis be today? Would he be on the barricades with the disinherited and protestors against special privilege? Would he confine his thinking to his masterpiece *Progress and Poverty* and the single tax? He finished his book in 1879 but he was not lulled by thoughts that the recognition of each man's right to exist would be sufficient to implement the collection and distribution by the community of community-created values, or that the fundamental reform, the single tax, would banish poverty.

He expanded his ideas to cover the then current injustices which he incorporated into *Social Problems*, published four years later. A careful reading of these essays makes one aware that he was vehement in denouncing all economic privilege as well as the private ownership of the rent. Privilege to him was anathema. He used the word as Webster defines it: A right or immunity granted as a peculiar advantage or favor . . . especially in derogation of common right; a franchise or patent.

In 1886 *Protection or Free Trade* emphasized his concern about the ever-growing powers conferred on a privileged few by special legislation.

George saw these menaces eliminating competition and opportunity, changing the structure of true capital, obstructing man's desire for peace, and denying the many to benefit the few.

In both books he flails privilege, showing great aggregations of protected "non-competitive capital" wielding terrible power over unorganized labor and legislatures. Consider how great these powers can be by reviewing our early colonial times. Here was a vast open frontier available to all settlers, but let's not be deceived, for while the colonists were far better off than European workers, England held them in thrall. She reserved the colonies as an exclusive market for the benefit of her English manufacturers and traders. Colonial industrial development was forbidden. Frederick G. Jensen in *Capital Growth in Early America* says, "England's mercantilism kept New England in debt; the midcontinent colonies on subsistence farming; and the southern planters robbed of their profit margin." This, with a great continent open to settlement, indicates the importance of trade and money power. The colonists' rebellion amounted to refusal to remain subservient to such monopolies. A free margin was not the whole answer, and Henry George's later writings attest to this.

Let us hurry on to the twentieth century. In 1906 Henry George, Jr., influenced by his father's thinking, wrote *The Menace of Privilege*, giving evidence of malpractice in the attainment of great wealth and concentrated power. In 1968 Ferdinand Lundberg published his best seller, *The Rich and the Super Rich—A Study in the Power of Money Today*. Why is the first a

forgotten, unread book and the other a controversial best seller? Perhaps our times now show the superstructure of privilege more clearly to many concerned with inequality, and therefore make Lundberg significant today. But place them side by side and the last book is almost a plagiarism of the first. Both deal with welfare for the wealthy.

This has been and is the great game in government. It has taken so much from the consumer through legislated privilege that its power to raise prices, limit markets, accumulate vast noncompetitive profits and reduce output has denied to labor the opportunity to create wealth and has beggared many who now need relief. Yet it has made billionaires of those few who hold us like a conquered people. Attempts at anti-trust legislation are often ineffective. Read Henry George, Jr.'s, and Lundberg's history of the Standard Oil Company. Both point to the price wars, price rebates and railroad discrimination in favor of Standard Oil, as its cause of ascendancy. Many owned oil lands, but none had the secret and unlawful arrangements that made John D. Rockefeller a triumphant billionaire.

Look at the 1969 farm subsidies — \$3.1 billion for nonproduction — a legislated welfare for the wealthy. Five owners received over one million apiece; 13 over one-half million — the poor receive grants of food stamps if their states permit. Listen to the lament of a prosperous textile industry pleading for more tariff protection, which sends Commerce Secretary Stans abroad like a messenger to institute voluntary foreign quotas. Mighty U.S. Steel claims it needs tariff protection; American Export Lines opts for \$80 million of the \$130 million the administration allots to build merchant ships in 1970. Consider the patents gratuitously given to our large corporations.

For a rogue's gallery of the twentieth century turn to the pages of the

Wall Street Journal. SEC permanently bars former securities man on Mary Carter dealings; Vesely accepts consent order on its sales activities; \$1.3 million triple damage awarded against Standard Oil, California to Clyde Perkins, squeezed by that giant to force compliance. Monsanto files suits on a rival charging infringement of patent; U.S.A. asks damage in plumbing suit for fixed prices; \$120 million refunds go to customers in drug suit against five manufacturers; \$22 million settlement reached in a price fixing suit against 13 large copper and brass producers. On and on the unlawful conspiracies continue. Knock on any door and the big business boys are behind it, conspiring to fix prices, limit markets and undo the customer. So much easier and more profitable than competitive capital. No need to own the natural resources, just grow big enough to gain legislated privileges and throw the tax burden on the consumer. Join the club of the captains of industry and live the good life, with the stockholders paying the fines if the corporation is caught and exposed.

But as Henry George, Jr. and Lundberg stress, it is the money market that gives greatest power. Mellon didn't invent aluminum, but he heaped up a fortune by arranging bank financing (other people's money). Bank trust departments, the custodians of vast trust funds, vote huge amounts of stock, join boards of directors and influence company decisions. Banks give credit where they decide it is to their interest. They support the credit needs of corporate giants while the average man finds it difficult to obtain needed credit. Banks profit by a rise of interest rates but the poor suffer and lose businesses, homes and savings. Employment is directly affected by the tightening and loosening of credit. The undisputed fact remains that an ability to tighten credit will cause unemployment. If done too rapidly it will cause a recession, even

a depression. Should we continue to teach land value speculation as the chief cause of depressions when we know the tremendous power of the Federal Reserve Bank to influence the economy? Shouldn't we stress money power as well as landowner power?

Can we offer as the answer to housing problems only land value taxation and gradualism? Restrictive union practices, local building and zoning codes, high cost of money, zooming construction costs due to inflation (a money problem), delays and favoritism from government, all will keep new houses deteriorating faster than they can be built. To offer as the remedy, LVT with gradualism, is to be faced with a repudiation of our reform if the cities do not react as expected, unless we are wary enough to point out many other necessary measures to free our economy.

Can we permit Henry George to be remembered merely as having written *Progress and Poverty*? His works are like an opera, a great drama of many parts in which he presents justice and equality constantly being menaced by the evils of privilege. To free labor and true capital he wrote that all economic privileges must be rescinded. Eliminating monopolies in any form through corrective measures, be it land monopoly, credit, money, franchises, unions, patents, subsidies, tax preferences, tariffs — these are the steps to cure poverty and stimulate production.

Concentrating on land reform only instead of revealing the whole score, is not to reach the multitudes who understand vaguely that there are many evils surrounding them which keep them in poverty and subjugation to the few. Let's do the whole job. Let's shout against privileges.

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“Nothing will fully interest men unless it also interests women.”

— Henry George
(Courtesy of Dorothy Sara)

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A Lasting Influence

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Southfield success is due to land value taxation. It's true the city is in the path of development, but the Southfield side of the highway dividing it from Detroit is flourishing, while the other side still remains a slum area.

As for his good fortune in having been elected a district judge, he quoted the late Judge Fuchs of Texas, who said “just because I've donned the robes I have not lost the taste for what LVT has done.” He was encouraged in the afternoon session with the report by John Nagy of San Diego on recent surveys in California. He said sta-

tistics like this make us know that we are accomplishing what Henry George wanted to accomplish. He is sure John Nagy, Robert Tideman and Irene Hickman of California all feel as he does about the influence of the Henry George School on their lives.

Two of Judge Clarkson's sons were in the audience because, as he said, they wanted to find out how Henry George had influenced his life and how he had personally benefited. “It's sure refreshing to break bread with Georgists and understand the simplicity of what Henry George was trying to tell us,” he said. “It will be always my debt that I can never repay.”

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“We don't make Georgists, we find them.” — Seymour Rauch