HENRY GEORGE NEWS

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Let's Look at Canberra

By C. VILLALOBOS DOMINGUEZ

DURING THE present century there have been taking place two groups of social experiments that, in my view, are of paramount importance to mankind:

1. The more or less extensive enlargement of governmental economic control in Russia, Italy, Germany, and all other countries;

2. The creation of the city of Canberra, in Australia, and the so-called "garden cities" of Letchworth and Welwyn, in England (now in the process of vigorous multiplication), based on the principle of common property in land, associated with trends toward the elimination of taxes, thus making true free enterprise possible and true individual freedom in general.

The first group of experiments has great significance in its negative results (unavoidable despotism); and the second in its positive results which contain great promise for the world at large. The latter group of experiments is closely related to the Georgist doctrine, from which these have been more or less directly derived, and which they interpret more or less closely.

The Canberra Plan, promulgated by a law of 1910 and an ordinance of July 23, 1924, on the basis that "no Crown lands in the territory shall be sold or disposed of for any estate of freehold," is summarized thus by George R. Geiger in his book *The Philosophy of Henry George*:

"The land policy of the capital territory is completely in terms of leases; there is no outright private ownership of land, all land being rented from the Government. Lots are leased at public sale (*sic*), the terms being twenty-five years for agricultural land ninety-nine years for urban land. The rent is set at five per cent of the capital unimproved value (*i.e.*, the approximate economic rent of land), and after a term of twenty years, thereafter every ten years (1), the rentals are revalued. Moreover, the lessee must begin to build within two years after receiving the lease, and must complete his improvement within three years. Here, then, seems to be an approach to what Henry George had in mind: land being 'owned' by the State but used and improved by private individuals, with the economic rent going into the public treasury to supply public needs."

H. Bronson Cowan in an article entitled: "Canberra — Australia's Unique Capital — A Federal city, where the public owns the land," published in "The American City" (July, 1940), wrote:

"The policy of not selling land as freehold has been strictly carried out. No difficulty has been experienced in inducing people to erect valuable buildings on leased lands. . . . Within the city area, the policy of the government has been to dispose of leaseholds for land by public auction (2). Under the leasing system all improvements placed upon the land revert to the Commonwealth Government at the expiration of the lease. If, before the lease expires, the lessee desires to surrender it, he may do so by paying all th rent due to date and surrendering all improvements on the land without compensation.

The area of the Canberra City District is about 26,800 acres. The area reserved for future developments comprises 12 square miles. The adjoining Federal Capital Territory covers 576,000 acres, or 900 square miles. . . . The design for the laying-out of the city was obtained as a result of an international competition held in 1912, which was won by Walter Burley Griffin, a Chicago architect. . . . The requirement that building must comply with specific standards has helped to beautify the city in that there are no unsightly houses or business edifices to detract from the appearance of whole neighborhoods. . . . One can travel for miles in a veritable enchanted land of lovely trees of many varieties, broad boulevards and flowering gardens. . . ."

"The population is small. It increased from 1,921 inhabitants in 1911 to 10,000 today (1940). As a result there has been a marked increase in land values. By retaining the freehold, as the Commonwealth has done, and granting long leases for business or residential areas, the profit on account of any rise in land values goes to the Crown, and an assured revenue on account of leaseholds is derived. The Government expects that, in course of time, the revenue derived from business and residential

(1) In 1936, the ordinance was amended, and reappraisements are now made every twenty years.
(2) There is apparently an incongruity in not applying the auction procedure to rural lands.

(Continued on Page Three)

Canberra (accented on the first syllable) is a city in Federal Capital Territory, situated between Sydney and Melbourne in Australia, its corporate existence dating from May 9, 1927. It is the only capital city in the world in which there is no private ownership of land.

Harold S. Buttenheim, Editor of The American City, New York, offered the following comments:

To believers in the verbal inspiration of *Progress and Poverty*, the Canberra experiment must present a perplexing dilemma.

Henry George's fundamental solution for many of the problems of the world was "to make land common property." This objective could be achieved, he explained, either by community ownrship of land titles or by community taxation of land rents. The author of *Progress and Poverty* preferred the latter method, but he stated definitely (on page 403) that by declaring all land public property and letting it out to the highest bidders in lots to suit, under such conditions as would sacredly guard private right to improvements, we should satisfy the law of justice and meet all economic requirements.

Must it be assumed, therefore, that if Henry George were able to address his followers today, he would decry the Canberra experiment as fundamentally unwise or unjust? Would he not, on the contrary, welcome this and other attempts to demonstrate the soundness of his basic principle that land rent should be used for the benefit of the entire community?

Among such attempts are:

1. Canberra in Australia, described in the accompanying article, where all the land is retained in public ownership, but where private development is encouraged on land leased from the government.

2. The garden cities of Letchworth and Welwyn in England, built by corporations financed by private capital which retain ownership of the land and lease it for private development—residential, commercial, or industrial—at its economic rent.

3. The three so-called "greenbelt" towns in the United States—Greenbelt, Maryland; Greenhills, Ohio; and Greendale, Wisconsin—built during the depression years of the 1930's by the Federal Government. The Congressional act which approved and financed these three projects requires that the properties shall ultimately be sold into private ownership. When such sales are made, I am one of many who hope that the local governments to be set up will either retain the land in public ownership, or will be authorized—by State legislation, if necessary—to protect future development by well-drawn planning and zoning ordinances and to derive their real estate revenues wholly from ground rents.

Henry George, if I read him correctly, was thinking primarily of the problems of existing cities when urging that individual landowners be allowed to retain, "if they still want to, possession of what they are pleased to call *their* land." But the Australian capital city and the English garden cities and the American greenbelt towns are planned communities, designed, as would never happen under unfettered individual initiative, to provide surroundings conducive to the good life under modern conditions. We need such experiments—and I, for one, hope that we shall have more of them.

A Word With You

By ROBERT CLANCY

When the demigod Prometheus took the human race under his wing and it grew strong and prosperous, the gods grew exceedingly jealous. They sent down to earth the beautiful Pandora with a little box. When Pandora opened her box, all sorts of troubles and miseries flew out, spread all over the world and afflicted the human race. That was the gods' revenge and that's how all our troubles started.

Now one of these troubles was a vile little fellow by the name of Oinka. When liberated from Pandora's box, he bethought himself for a moment, then his red eyes rolled, his bat-like wings flapped, and off he flew on his mission.

At that time there were two Greeks by the names of Jasper and Johann. They lived next to one another, and each had a house and farm, for Prometheus had taught human beings how to cultivate the soil and live in peace.

One day Jasper visited Johann and spoke as follows: "I've been thinking it over, neighbor. Why not turn over your little estate to me? You'll then be free of the cares of managing your farm. You can work both our farms and I'll take on my shoulders the—the worry of your farm as well as mine."

Johann wrinkled his brow. "But when Prometheus showed us how to get along, he didn't suggest anything like that. He taught me how to grow vegetables and he taught you how to raise livestock. We both trade these things with one another. Isn't that enough?"

"Yes, but," replied Jasper, "he only set us on the right path, he didn't go far enough. I'm only arguing for the liberty Prometheus taught us to value so highly. Think of what a great weight your mind would be freed, and at so little cost. Why, the thought of this great deed I could perform inspires me to render the same service for Hector and Oscar and—" his eyes glowed with a holy light, "until all the people in this land were so liberated"—his face darkened for a moment, "unless some ill-intentioned scoundrel seduces some of them with a similar proposition, but only for his own advantage. Act quickly."

Johann scratched his simple honest head. Carried away by the logic of Jasper's argument, he consented.

The invisible Oinka, hovering near, cackled inaudibly and then flew on. His first mission had been accomplished.

VIEWS OF THE NEWS

By SIDNEY MAYERS

To a perplexed friend who recently complained of his inability to understand what's going on in the world, we quoted Francis Neilson's closing words in *Duty to Civilization*: "The evidence is extant, and anyone who earnestly desires to know the truth of the matter can have it for the seeking."

The Congressional Record discloses that the House of Representatives appropriated money at the rate of $869,227.03 for each minute it was in session in 1947. As a student of semantics, we consider "appropriated" a very appropriate word!

In a dispatch from Geneva, The New York Times notes cause for rejoicing: "The United States apparently has decided that at least two domestic industries have achieved a level of efficiency that no longer requires tariff protection. This is reflected in the fact that joss sticks and skeletons are on the free list in the new tariff published today."

A schoolboy asked if his father would help him write an essay proving the white man superior to the Indian. "No, son," said the parent, "when the Indians were running the country, there were no taxes, tariffs, rent, monopolies, statutes or politicians. How can you improve on a system like that?"

In 1803, the United States bought for $15,000,000 the Louisiana Territory, an expanse of about 1,000,000 square miles, now comprising twelve states. A few weeks ago, the City of St. Louis, planning a sesquicentennial celebration of the Louisiana Purchase, proposed to acquire a site of approximately 680 acres—estimated valuation: $17,500,000.

A wealthy Englishman (relates The London Evening News) computed that, considering taxes, he would have to earn $64,000 to pay a surgeon's fee of $1680, from which the latter, again considering taxes, would net about $108. After discussing the extreme disproportion of $64,000 to $108, surgeon and patient amicably settled the bill for a case of Scotch.

When newly-appointed Russian Ambassador Paniushkin arrived in the United States, reporters asked if he expected to improve relations between the two countries. Diplomatically replied the Soviet diplomat: "Everything is possible under the sun."

The menu of a farewell dinner given by Charles Luckman for 112 guests, to celebrate his food-saving accomplishments as retiring Citizens Food Committee Chairman, included: cocktails, bourbon, Scotch, sherry, chicken, steamed rice, celery, olives, pickles, carrot sticks, radishes, shrimps, oysters, seafood Newburg, sliced ham, cold cuts, apple rings, walnuts, mixed greens, potato salad, rolls, ice cream, cookies and demitasse. Well, at least the coffee was served in small cups!

With babies eating rationed porridge, and Scotsmen donning kilts again for want of trousers, British Economic Minister Cripps declares: "Our people have responded magnificently . . . to the demands which have been made upon them." Hasn't Sir Stafford ever read the fable of the straw that broke the camel's back?

After "intensive study" and "observation," Burton Rascoe (in *We Were Interrupted*) concludes "that economics is, by and large, pure mythology and that any economic plan is workable just so long, and only so long, as it is sustained by faith." Observes Book Reviewer Lewis Gannett: "He might be right, too."

The United Nations Economic and Social Council is meeting at Lake Success to consider forty subjects involving Asian, European and Latin American economic problems. Personally, we think the council would solve these problems a lot more quickly if it met at 50 East 69th Street, New York 21, N. Y.

In that fine motion picture *I Konw Where I'm Going*, the Laird of the lovely Scottish Isle of Kiloran explains his willingness to let his domain to a tenant. "For the rent I get for two years' tenancy," says The MacNeil, "I can live very well for six!"

Among Our Contributors

GEORGE A. BRIGGS of Los Angeles writes, "It might be well for us to memorize two statements. The first is by Adam Smith: 'Men of the same trade seldom get together even for purposes of merriment and diversion, but the conversation ends in a conspiracy against the public or in some contrivance to raise prices.' The second is by our own John Ise: 'It might be easy to devise an ideal scheme such as men of high principle and good will would approve. It might be quite another thing to administer it to the satisfaction of an electorate made up heterogeneously of intelligentsia and ignoramuses, workers and drones, altruists and egotists, idealists and pig-trough philosophers'." Mr. Briggs asks for an answer to his *Quest* but we think he knows the answer and that it is inherent in his article.

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N. IVANOFF of Clichy, near Paris, is an engineer who was active in this economic movement before the war. Recently he was interested to know if there was any organization of Georgists in the United States and inquired through the "Voice of America" radio program. He was told of the Henry George School in New York, and later the life of Henry George was featured on one of the broadcasts in response to this inquiry. M. Ivanoff got in touch with us and we placed him in touch with other friends in France and Belgium. The result was a collaboration and a revival of the French Georgist journal *Terre et Liberte*, published quarterly in France and also in Belgium.

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C. VILLALOBOS-DOMINGUES lives in Buenos Aires and was for several years Assistant Professor of Decorative Drawing in the School of Architecture in the University of Buenos Aires, later serving in other capacities in the fields of draughtsmanship and illustration, and recently publishing a book on Chromatics. This author has never ceased to believe in Georgist principles, but realizes there is a point of departure in the *technique* dealt with in his article. "Comment from the Editor of The American City will be very pleasing to us," he wrote, "even if it be adverse, because I am warmly convinced that nothing would be more salutary for our movement than a discussion of the Canberra and 'city-garden' *facts*."

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Let's Look at Canberra

(Continued from Page One)

leases in the city area and from other assets in the Territory will be sufficient to pay off the interest on the expenditure and ultimately to redeem the capital outlay. . . ."

The more essential propositions of the Georgist doctrine are the complete collection of land rent by the community—for the equitable benefit of all the individuals composing the community and no taxes on buildings or other improvements. This community is, in the civilized world, known as a political society, which may be termed Municipal, Provincial, or National State. Generically we can thus say, not making any special specifications, that the Georgist doctrine consists in *collection of the rent of land by the community and the liberating of the economic activities of the individual.*

To collect the rent of land for the community, a method must be had for determining as accurately as is practicable the rental value of each parcel of ground at all times. This value is, in other words, the price that must be paid periodically for the *permission of occupancy and use* of the parcel, not taking into account the improvements.

The only natural, i. e., scientific method for determining the price of a thing is to submit it to free bidding, in order to ascertain what is the most that any purchaser wishes to pay. The level reached by this monetary offer is the true price of the thing, whether the thing be material or immaterial. Therefore, *the principle* in the method practiced in Canberra, where the rent of each parcel is fixed *at public auction,* is the best possible for determining at any time the amount of land rents.

This principle requires, if the land is to be leased by the State to the tenant, that the State be the *actual and formal* owner of the land. The *property* of land must be nationalized, although the *use* will be private.

This method is but confusedly practised in Canberra, Australia's capital city, inasmuch as the price submitted to the bidders is not plainly the price *of the rent* but the *capital value* (or *price of sale*) of the land—the amount of rent to be deduced afterward arithmetically, according to the legal rate of interest of capital. This roundabout procedure is absurd and confusing, because it is presumed that the land shall not be *sold* in any case. The amount of rent to be paid at the time of the auction, or within a short time thereafter, will be well established in this manner, anyhow; but the difficulties arise when we consider the cases of future revaluations.

Another and more important error in the Canberra system is, in my view, responsible for the relatively slow development of the city. That is the rule not to compensate the owners of the improvements when the lessee surrenders the lease before its expiration. It is easy to understand that this is a serious hindrance to the desire to become a tenant and to the making of large improvements upon the lot.

To mitigate this handicap, the periods of fixed rents have been prolonged to twenty years, the lessee having the unjust privilege of paying during the last years of the period a smaller rent than that which would be fair—a clumsy way of resolving the problem by means of a second error without attaining satisfactory efficiency.

Another great error of the Canberra plan is the fixing of the term of the leasehold precisely at ninety-nine years. The good purpose in view, aside from the conventional feudal habit, is to give to the grantee (I find it very proper to consider the tenancy as a grant or *concession*) strong assurance of his permanence on the parcel and the enjoying of the improvements that he had freely established there. I do not know what the rules are in Canberra in cases of decease; but the 99-year leasehold has no sense if not accompanied with a definite and proper method for liquidating the claims of heirs at the death of the concessionary and for determining who would enjoy the continuance of the occupation of the parcel, and *under what conditions.*

The term of five years established in Canberra for grants of rural lands is unjust and no less unjustifiably artificial than that on ninety-nine years fixed for urban lands. That measure overlooks the fact that the rural inhabitant has the same natural right and the same need for safe and free permanence upon the land as the urban inhabitant; the same rights, then, to stability, free rescission, and to be indemnified for improvements.

Moreover, I note that the accurate physical planning of the city has not been conceived as a whole with the rural area. A rural area must not be considered as an amorphous belt or environment of a city; but the city itself must, in general, be considered as an urban condensation of population derived from a populated rural area. This is essential for the prosperous vitality of both city and country. I think that the planning designed by the architect, Julio Villalobos, for a rural-urban colony in Balcarce (Argentina) gives a revolutionary pattern satisfying these requirements (3).

I have no information about progress in the extensive rural territory of Canberra. Apparently efforts for this have been postponed, with the limited view of making a lovely capital city for the Federal Administration, the well-being of its population, mostly bureaucratic to this day, I suppose, and arousing the admiration of tourists.

The Canberra plan is potentially splendid and fruitful, but the imperfections outlined here are sufficient to explain the rather slow growth of that bold enterprise. It deserves keen study and conscientious analysis. The endeavor to rebuild the Australian city of Darwin along the same lines as Canberra is very encouraging.

The similar experiments of the "garden-cities" Letchworth and Welwyn, near London, have attained no less substantial success, but their plans are inferior to those of Canberra in the essential point of ascertaining rents, which are not done on the basis of public auctions, but by conventional appraisals by a board of trustees. These plans are impaired also by the smallness of the rural "belts."

(3) Published in *Revista de Arquitectura,* June, 1946, Buenos Aires and an abstract in the *Housing and Planning* bulletin of the Pan American Union, March, 1947.

"It is an almost impossible matter," wrote H. Bronson Cowan in the February, 1947, Henry George News, "to determine the value of land in the City (Canberra). This is due to different reasons. There are no sales of land to act as a guide. Leases are entered into at different times and under varying conditions. The costs of administration have been shared in various ways with different Government departments, making it difficult to determine just what the actual municipal expenses have been."

Arthur W. Madsen, Editor of Land & Liberty, London, will give us a report soon on the much discussed Town and Country Bill. All writers quoted here are acquainted with Georgist principles and are well qualified to analyze techniques.

I think it very erroneous to plan a residential and industrial city in such a manner that its inhabitants are forced to receive the bulk of their foods and industrial raw materials from long distances, and to produce goods almost exclusively for distant markets (4), although it happens that this has been the general practice in the British Isles during the nineteenth century.

These beautiful and prosperous cities were created by private corporations and private funds (5), but at present it has been wisely resolved to create *seven* similar cities with public funds.

Letchworth, started in 1904, had about 22,000 inhabitants in 1946. Welwyn had its inception in 1920 and a population of about 18,000 in 1946. Of all British cities, it has the smallest death rate from tuberculosis and the highest rate of household consumption of electricity.

I note that Mr. H. Bronson Cowan stated, with reference to the Canberra Plan—in a letter published by the Henry George News (February, 1947)—that the nationalization of land has caused hopeless political troubles in some countries where the governments built houses for lease. This objection is irrelevant with regard to Canberra, where the houses are in general built and owned by the tenants of the land (also in the "garden-cities") and these tenant-owners have inviolable, unprejudiced right to permanent occupancy.

Far from rejecting the Canberra Plan, we Georgists should consider it the best materialized model for our practical plans. Any Georgist can imagine what striking effects might be produced by the formation in the United States of some little cities of the type we have considered, upon lands *expropriated at rural prices* by the Federal, state, or municipal governments (6), in which the settler would have his parcel without the need to buy it. It could easily open the way to making the nation anew, and creating a new society.

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(4) I profit here by an excellent idea of Ralph Borsodi's and remember also the admirable lecture of Henry George in Paris on the future variance and limitations of international trade.

(5) See *Journal of the American Institute of Planners,* No. 1, 1947, Cambridge, Mass.

(6) I consider it doubtful that lands which reverted to public ownership because of arrears in taxes would be acceptable for this purpose. According to studies published in *Soils and Men—Year Book of Agriculture,* 1938, U. S. Dept. of Agriculture, these lands are for the most part of poor soil, depleted by erosion.

Winter Term Begins—/

Chicago

Dr. George D. Stoddard, President of the University of Illinois, said that "the greatest scientific victories of all time will come in the social sciences—in the study of man and his works." Dr. James B. Conant, President of Harvard University, said, at another Chicago meeting, "This is the strategic time to stimulate and encourage the study of man and society."

The Chicago Henry George School is ready to do its part, with fifty-five classes in fundamental conomics and twenty-one advancd classes scheduled for the winter term.

Production at Chicago was accelerated when Jessie Matteson, who served as registrar from 1943 to 1944, rejoined the staff of Activities Secretary. In addition to a full servicing of all scheduled events, she organized a headquarters volunteer staff which contributed forty-nine man-hours in one week. Mrs. Matteson, formerly a registrar in the New York school, is from Westwood, New Jersey.

Others who were shifted or who took new positions on the 1948 staff are: Robert Tideman, now Education Director; George Carbine, Registrar; and Cecil Chamness, Publicity Secretary. Ethel Rosberg, as Finance Secretary; Grace Tideman, as Mailing and Mimeographing Assistant; and John Lawrence Monroe, Director and self-styled "pinch-hitter" complete the staff.

Frank Chodorov of New York, editor of Analysis, spoke at the Commerce and Industry luncheon last month attended by 105 business leaders, on the subject, "Boom and Bust." He also spoke over radio stations WCFL (Chicago) and WEAW (Evanston). As guest speaker at the winter term faculty meeting, Mr. Chodorov gave a clear demonstration of "The Laws of Distribution."

Mr. F. Dewey Anderson, president of the Wilmette State Bank and a graduate of the Henry George School, will address the sixth Commerce and Industry luncheon in February.

St. Louis

Fifty years ago the St. Louis Single Tax League, followers of Henry George, opened headquarters in the Century Building. This is an item from the St. Louis Star-Times. Today, the same paper repeatedly prints letters written and signed by Noah Alper, one of which contained a timely quotation from Henry George's Independence Day address in 1877. The St. Louis Globe Democrat published another excellent letter by the same author, entitled "On Raising Wages" and the Post Dispatch, one of America's best known newspapers, carried on its editorial page, "How Free Is Enterprise?", also by the St. Louis director.

Noah Alper writes, and he's never been known to boast, that these letters to the press are read, and he hopes they may be building "a coral reef on which a structure may stand." We must, he adds, made 1948 a big year: "pointed, incisive, helpful."

Literature sent out by the Henry George School in St. Louis shows the influence of this thought. It is pointed—lists clearly and specifically ten locations where classes will be held, and when. Incisive, too, is the listing of six "Features Discussed in Class" showing the prospective student exactly what he may expect. The helpful information about the free course and the school's background is all there, along with laudatory comments by John Kiernan, the Rt. Reverend Msgr. Ligutti, and Dr. Harry Gunnison Brown.

The human touch is there as well. In another bulletin we find, "A graduate recently put this question to us in writing: 'What proof do we have that the land owner cannot transfer to the customer the expense of tax levied by the government to take away his rent, by increasing the price of commodities sold?'" There follows a brief discussion of this question along with a quotation from The Standard by Henry George.

This is but a brief summary of the St. Louis program. We stress it, because it is specific and not misleading. There is much need for greater clarity, and we shall gladly follow Brother Alper or anyone, who can give us clear, simple statements on issues of the day. Dr. Glenn Clark's advice to students of English composition seem apropos here: Listen with one ear to God and with the other to the needs of the people.

Philadelphia

The Henry George movement lost one of its earliest advocates when, on December 14, Henry S. Ford of Camden, New Jersey passed away. Mr. Ford had been a Georgist for forty years. His scholarly contributions to the local newspapers will long be remembered by all those who looked forward to his provocative presentation.

The Philadelphia extension has laid the plans for a Hungry Club with the idea of developing this into a Forum series to which guest speakers will be invited. Judging from the enthusiasm evoked by the idea, this promises to be one of Philadelphia's most popular activities.

The winter term saw four new teachers take to the helm. Making the plunge into the exciting and thrilling experience of their first classes are Roy R. Raby, Sr., Lester A. Jones, Edgar Warren, and Eugene Lefferts.

Joseph A. Stockman, Philadelphia's genial director, went to Reading on February 6th to address a meeting of the Federation of Women's Clubs.

Pittsburgh

Philadelphia's reference to the Hungry Club reminds us of Pittsburgh and the fact that "A group of Pittsburgh citizens is spearheading a movement that has as its objective the abolition of taxes on productive processes." As a means to this end a national publication is being planned and the group has undertaken the raising of a fund that will make possible the resumption of the well-edited monthly, Cause and Effect, which was forced to suspend operations during the war. Mr. and Mrs. C. R. Walker of Chicago have already taken up residence in Pittsburgh, where it is expected that Mr. Walker will edit the new publication.

Robert C. Bowers in the Bakewell Building, Pittsburgh, is chairman of the committee.

Richard E. Howe of Wilkinsburg wrote: "The last two editions are just the ticket. You'd be surprised to see how well we use the news of other schools out here in the hinterlands. My wife, Ethel, roared with laughter when she saw your last article. However, she knows with what she has to contend—she had to take the course before I married her!"

Los Angeles

A meeting on January 5th at the Hamilton High School, which was the first in a series of monthly meetings of the graduates in the West Los Angeles and Santa Monica Bay areas, was highlighted by practically every one of the fifteen persons present making a short speech. This was not just coincidence. It was planned by activities chairman Lawrence T. Mariner, who asked everybody to come prepared to give a three-minute word picture of "Society Operating 100 Per Cent under Georgist Principles."

Although everybody agreed that Henry George had proposed a pretty good system, there was quite a bit of disagreement among the graduates as to just how good it was, or how much it would take care of. They all agreed that they wanted to know more about it, and decided to investigate different phases of its practical application and its relationship to current problems. This will be done in future meetings under the general subject of "Henry George's Proposals Under the Microscope."

The week of January 5th saw the opening of seven advanced classes in International Trade and Social Problems. The instructors are: Adolph E. Hartmann, George E. Lee, Warren P. Leonard, Virgil Loutzenheiser, Lawrence T. Mariner, Herbert Sulkin, Clifton Sutterfield, and Martin Zwick.

Noah Alper *Th*

January 14, 1948

DEAR ALICE:

I believe if the extensions would work on the News they could get subscriptions. . . . I think you have a pretty fair idea of what I am doing . . . and though the results are not *muy magnifico,* they are, I gather, sort of tops in your current experience.

Here's the way I see it. The more our "grads" read, and know, the more they are helped to see the cat, in clear outline, the better Georgists they become and the more willing they are to help.

But it is important that the News help them achieve *understanding.*

I don't have many suggestions, but I do feel that scattered here and there should be FACTS —FACTS—FACTS . . . Examples . . . cases of land speculation . . . tax news . . . views . . . etc. Why not a contest on "How the Henry George News can help the graduates"?

This I believe would be a good addition to your News—give a subscription a month to the person who writes the best 50 to 100 word letter on "How I first became interested in learning Henry George's presentation." All letters would be reconsidered each month, so if a letter won second the first time, it might win first the second, if no better letters came in.

Now here's an example (I use others because mine is so commonplace): Mrs. E. Angell could write a "cute one" in the subject. She was at a friend's house and they were throwing away a box of "junk." On top was a book. She picked it up, took a look at it, carried it home, and became a Georgist. The book was H. G.

Anything Can Happen

Ohio

Henry George News goes on newstands for first time

Robert Benton, an instructor in Zanesville, is responsible for this inspired idea. Under his direction a certain newsstand in Zanesville is displaying for the third successive month the paper which you are now reading.

Mr. Benton (whose son Bruce, aged four, asked his sister if she knew that she came from the land!) is presiding over several new classes in Fundamental Economics this term. Mrs. Juanita Grant of the Zanesville News, now a member of Zanesville's Board of Education, is trying to make possible the use of a classroom in the city high school for one of these classes.

Carl Gailey of Cincinnati always tells his new enrollees that this is no easy course and that if they want to get all the good out of it they must study the text thoroughly. As a result, he loses very few of his students.

The Board of Trustees of the People's Church in Cincinnati voted to give the Cincinnati extension financial support. "We are hoping that other churches will soon follow suit," writes the director, Verlin Gordon.

Another class, to be taught by Carl Strack, is being organized in the Wehrman Avenue Christian Church, Cincinnati, by Miss Mary Spurlock.

Newark

The present term opens with fourteen classes in Fundamental Economics in eleven communities in Northern New Jersey, and four classes in International Trade in four communities.

Instructors for the fundamental course are: Mrs. V. Harvey, Mrs. D. Meyer, Mrs. U. Miller and Messrs. Bermingham, Clinton, Hart, Hayward, Merlin, Meyer, Oliver, Perkins, Perna, and Tetley. Four of these classes will convene at headquarters. Others will be held in Bayonne, Elizabeth, Kearny, Montclair, Orange, Rahway, Ridgewood, Summit, Verona and Union City. The Trade classes are available in Bloomfield under direction of William A. Kraiss; in Rahway's recreation center, with Mrs. M. Thompson as instructor; in Ridgewood at the home of its instructor, DeWitt Clinton; and at Westfield also at the home of Dr. and Mrs. Geoffrey W. Esty with Mrs. Esty teaching.

[We are reminded that the above classes are two-hour sessions and *start promptly!*]

In addition to these classes, the Newark school offers to send an instructor to any groups who are desirous of forming separate classes in outside organizations. The correspondence course is also being offered widely. It is expected that a special class will be formed soon in Plainfield for a group of men from one of the outstanding civic groups. Another special group of Newark executives is being formed by one of the instructors.

After sending 25,000 carefully prepared folders to a select list of prospective students it is not surprising that Miss Marjory Sweet, Newark's enterprising director, anticipates with modest optimism, an increased enrollment over the fall term.

Montreal

This Canadian school has been very busy since the first of the year getting out literature to publicize the new classes. The public speaking class has resumed its weekly meetings under the leadership of Mr. Leonard Huckabone, and on January 14th a class was started with Mr. P. J. Blackwell as the teacher, using the textbook *Protection or Free Trade*. Several fundamental classes are beginning the week of February 2nd, including a course in French which is again being taught by Mr. Marcel Sylvain. Messrs. James Turner and Thomas James are also on the Montreal faculty.

A public meeting destined to arouse genuine local interest is scheduled for the first week in February with Mr. H. Bronson Cowan of Ottawa, as guest speaker.

Ottawa

The Frozen North and Leap Year may be the concern of many, but not at the Ottawa Henry George Society, which has commenced its second term with enthusiasm, and a wholehearted gratification at the knowledge gained of a system which will never lose its importance in all their minds. All members realize that "Knowledge is Power," and that knowledge is never a burden. This Society appreciates the Henry George News and all it contains. It is making the Continent more closely woven, and brings to each school intimate news of the others. We like it.

New York

New York's most recent faculty dinner and social meeting was one to write home about. The director asked instructors to come prepared to relate their "most remarkable classroom experience." The result was a free and stimulating exchange, for a summation of which we are indebted to Ezra Cohen, trustee and instructor, whose presence at any meeting always adds a clarifying and encouraging note.

Mr. Cohen said it isn't so much what the teacher does that counts, it's to have the students get to know and like each other, then they won't be afraid to say things, whether personal, critical or ironic. They must like each other's company so they will want to come back next time. "It isn't up to you to furnish the show; it's up to the students to amuse each other. Your part, as teacher, is to get them to know each other," he said. It was a surprise to hear that Josephine Billington Hanson and H. D. Butler, both excellent present-day teachers, were in his classes, and that at the end of the first course they were anything but "confirmed Georgists." But it is worse, Mr. Cohen said, when students *think* they understand the teachings, and don't.

Domenic Della Volpe, the school's dean, said we must adjust our methods continually to conform with the times. Bernard Goldstein brought out the need for humor in the teaching process. "Every class has a clown, sometimes two or three. Get them to work for you."

Harry Lundin and Elizabeth Wasson, who was formerly a volunteer worker on the Henry George News, believe in the importance of youth, and commented that many outstanding Georgists had come into contact with these theories early in life. Mrs. Helene McEvoy, who has called at the school several times during her visit to New York, said she learned this philosophy at the age of seventeen when she had to read to her father from *Progress and Poverty*.

Samuel Friedman stressed the necessity for the teacher keeping his idealism. "Every teacher has dedicated his or her life to this thing without hope of reward or remuneration, and knowing there is no hope of seeing our proposal put into action very soon. What we are doing is passing on our ideals to the next generation."

Dr. Eugene Friedberg believes we should not try to give students too much at once. "Don't be impatient. We all make the mistake of trying to give it to them all in one gulp. Don't expect out-and-out Georgists to come at the end of the first course.

Dr. S. R. Mandal touched on philosophy in general and the experienced teacher's approach which involves good teaching methods. John Howard, speaking along the same lines, said the teacher should study to improve the quality of his instruction.

William Leon and Jonathan Slater spoke of a need for statistics and research. [See Mr. Leon's statistics on the Standard Oil Company, in this issue.]

R. M. Dreyfuss was another who emphasized the importance of getting acquainted with the class. "Know the students' names, personalities and abilities, and capitalize on them." "It is a valuable idea," he said, "to paraphrase manual questions to apply to the student's vocation ual questions to apply to the student's vocation —ask the lawyer a legal question, for instance." He also made reference to an army training

(Continued on Page Seven, Col. Three)

reatens Editor

Brown's *Significant Paragraphs from Progress and Poverty.*

I heard this one recently from John Burger of Minneapolis when he was in St. Louis to attend a convention of Business Colleges. He's a stamp collector, and dove into a waste basket in Chicago to retrieve a stamp which happened to be on a card announcing classes of the Henry George School. So he took the course . . .

That's what I mean!

Sold? or do I have to *choke you into it?*

Now . . . goodbye,

(signed) NOAH

Goodbye indeed!

What you mean is Hello! For you are now the Contest Editor of the Henry George News.

Pay attention, folks (and *please* don't let him choke me!)

As this winter term progresses, be thinking of how the News can help the graduates more. Send your reply, if possible in 200 words or less, to Noah Alper, Room 765, 818 Olive Street, St. Louis 1, Missouri. With April 15th as the deadline, results could be published in May. The prizes may not be great but our readers are not inclined to be materialistic, so we're sure you will try anyhow.

Also send your letters telling how you became a Georgist, to the same Noah Alper. He can get a few of his good St. Louis colleagues to help him decide which should be printed in the News each month. This could run indefinitely. The editor will (in gratitude for escaping strangulation) present to the winner a year's subscription. Let's hear from our readers abroad, too.

Quest tor Optimism

By GEORGE A. BRIGGS

I WANT to be an optimist concerning the salvation of our so-called capitalistic economy. On the surface it seems simple. All we need are equal rights for all and special privileges for none. But try to get them!!

Intelligence, in my opinion, necessary though it be, is not enough. There is quite a lot of intelligence available. The managers and technologists of big corporations are not lacking in that respect. Neither are private recipients of rent and beneficiaries of patent monopolies. If intelligence were enough, our economy would not be in jeopardy.

The religionists talk a great deal about change of heart, a new birth. Maybe they've got something there. But that transformation involves primarily an emotional experience to redirect the intelligence towards social rather than self-centered ends.

The trouble seems to begin at the birth of every human being. We are born into the world self-centered. The new-born baby has urges and appetities which are purely personal. He wants what he wants when he wants it regardless of the rights and conveniences of others. He looks out for Number One in every way that his budding intelligence suggests. Only too often this tendency persists throughout life. It runs into difficulties of course, and compromises have to be made. But by and large the individual man remains the center of his own universe. He is relatively insuggestible to experience.

If obstacles prevent him from finding a direct route to satisfaction of his self-centered desires, he may make a detour but seldom will he change his objective. He may submerge some of his cruder demands in order to join with others who seem to be going in his general direction. Thus are formed pressure groups. They exert their combined pressure on the political powers that be. Naturally they rationalize their demands as being socially desirable.

Now those who lust for and possess political power do not differ in any fundamental respect from those who lust for economic power. Our legislators want to continue in power. Despite persuasive protestations, primarily they want to be re-elected.

That fact gives an economic pressure group its clue to action. The result thus far has been government of the people by politicians for pressure groups. As one consequence two hundred giant corporations own more than fifty per cent of the corporate wealth of our country. They possess this wealth and the power it involves because of special legal privileges. Without such privileges they would be broken up into smaller and more efficient enterprises. Then too these monstrous corporations through laws enacted and judicially interpreted, are managerial dictatorships in which the individual stockholder has no power. Ownership and management are divorced.

To note but one more consequence, the private absorption of economic rent, as every Georgist knows is a social and economic crime. This absorption necessitates taxes on consumption and causes high land values, both of which lower our standard of living and create recurring booms and busts.

As a way out of this dire situation, or series of situations, it may be urged that man's adversity is God's opportunity. But how much adversity does man have to have? We have had two world wars within thirty years. We have had recurring booms and busts with each one worse than that which preceded it. We have a national debt of two hundred fifty billions of dollars. To accumulate that amount would require three hundred fifty thousand dollars per day for two thousand years. The world is torn by ideological strife. Most of the nations are insolvent. Our own is not, but will remain solvent only as long as we are able to maintain stable employment. But with special legal privileges sapping our vitality, how long may stable employment be maintained? My thought is that our economy cannot survive another major depression. If you know how, within the near future, such a depression may be either avoided or survived, please tell me. I'll be listening.

A Few Facts from Figures

By WILLIAM G. LEON

BECAUSE MOST of our industries involve an investment in both land and capital it is sometimes difficult to distinguish which profits are derived from rent and which from interest. Careful analysis, however, enables us to point up tendencies which manifest themselves no matter how complex the operation might be.

The Standard Oil Co. of New Jersey did a gross business of $1,622,000,000 during 1946. The net profit amounted to $177,000,000 or 11 per cent of the gross. Through a vast network of operating subsidiaries this company produces crude oil and refines, transports, distributes and markets gasoline, and other petroleum products.

One of these subsidiaries is the Creole Petroleum Company of Venezuela.* Creole has concessions in and around Lake Maracaibo from which crude petroleum is derived. Little if any refining is involved. During 1946 Creole did a gross business of $243,000,000—net income $83,000,000. Ninety-three per cent of Creole's gross and net income is included in Standard Oil's consolidated income account. Consequently, $225,000,000 of this company's gross receipts came from Creole. This is 14 per cent of the $1,622,000,000 total. Ninety-three per cent of Creole's net income amounts to $77,000,000—which is 43 per cent of Standard Oil's aggregate net income of $177,000,000.

We see then that in a field of endeavor in which Standard Oil functions almost entirely as a landlord, 14 per cent of the gross contributes 43 per cent of its net income. This leaves $1,397,000,000 of the parent company's gross and $100,000,000 net income to be broken down into rent and interest.

Another important operating subsidiary of Standard Oil is the Humble Oil Company of Texas which is both a producer of crude oil and a refiner. Here the relative position of the enterprise as landlord and capitalist is more evenly balanced. Humble's operating statistics for 1946 show that the daily average of net crude production was 309,500 barrels. The daily average of crude oil refined was 202,400 barrels or 65 per cent of crude production. This indicates that the balance leans toward land and away from capital in considering the ratio between rent and interest.

Consolidatd Income Account ($000,000)

	Gross	Per Cent	Net	Per Cent	Per Cent Net/Gross
Creole	225	14	77	43	34
Humble	328	20	52	29	16
Other	1,069	66	48	28	4.5
	1,622	100	177	100	

Standard Oil owns 72 per cent of Humble. Therefore Standard's share of Humble's 1946 gross business of $456,000,000 amounted to $328,000,000. Humble's net income last year was $72,000,000. Standard Oil's 72 per cent share comes to $52,000,000.

We have now accounted for 72 per cent of the Standard Oil (N. J.) Company's net income for 1946. Of the $177,000,000 total $77,000,000, or 43 per cent came from Creole and $52,000,000 or 29 per cent came from Humble. But these two subsidiaries contributed only 34 per cent of the gross income.

This brings us to that part of Standard Oil business in which it is predominantly a capitalist. Subtracting Creole's and Humble's contribution to gross sales, we find that $1,069,000,000 worth of products were sold during 1946. Deduction of Creole's and Humble's share of net income leaves $48,000,000.

We have seen in this analysis, as we progress through Standard Oil's operations, that starting with a subsidiary which is predominantly a landlord, then moving to another which is more heavily involved as a capitalist, that the rate of return declines. When we finally arrive at the portion of the over-all operation which is predominantly a capitalist enterprise, the profit drops sharply. Creole had a net income of 34 per cent on gross. Humble made 16 per cent, and the rest returned 4.5 per cent.

We can go further by analyzing the part of Standard Oil other than Creole and Humble. This section which contributed $1,069,000,000 of gross and $48,000,000 of net income is not purely in the capital category; it is only partially so although the balance is heavy toward capital and away from land.

In 1946 this section produced one-third of the crude petroleum, while Creole and Humble contributed two-thirds of the total for the entire operation. This indicates that some part of Standard Oil's net income, aside from Creole and Humble, which amounted to $48,000,000, came from the smaller portion in which it is a landlord. Just how much came from the land side cannot be reliably estimated but the evidence in hand shows that the return on capital tends toward zero.

The Standard Oil Company management has not been favorably inclined toward the ideas taught at the Henry George School. Perhaps these people have never seen their operations analyzed from the point of view of fundamental economics. Still they must know that 66 per cent of their gross income, or over one billion dollars of effort in refining, transporting and marketing of petroleum products annually must be relegated to the "lost motion department."

* This is 93 per cent owned by Standard Oil.

The Ponophysiocratic* Principle and Georgism

By N. IVANOFF

Translated from the French by Sydney Mayers

*The terms "ponophysiocracy" and "ponocracy" were proposed by O. Effertz at the beginning of the twentieth century. These two new words blend well with the terms "physiocracy," etc. The *Larousse* Dictionary does not include them, but does contain the words "ponogene" and "ponose," from the Greek *ponos*—fatigue. Ponogene means that which produces fatigue; ponose means autointoxication produced by fatigue and overwork. ("Ponophysiocracy" would appear to connote "Working with nature."—*Trans.*)

PHYSIOCRACY (according to Larousse) is a general theory of society. The earth alone is the source of wealth. Its use, then, ought to be free. Taxation should affect only property in land. Physiocracy was formulated about the year 1750 by Quesnay, and was supported by Marquis de Mirabeau, Turgot and Malesherbes. Certain doctrines of physiocracy are obviously erroneous, but that school gave birth to political economy. It inspired the reforms of Turgot and part of the fiscal accomplishments of the Assembly.

Ponocracy (according to Effertz) was formulated by Rodbertus, who was the true author of what we now call scientific socialism. (Effertz, *The Ponophysiocratic Principle.*) The greatest socialist authors, for example: Marx and Engels, with their followers, Bebel, Kautsky and others limited themselves to the criticism of bourgeois society. (*Ibid.*)

Ponocracy, as a general theory of society, exists only in Utopias, so that one cannot take it too seriously. Communism considers itself a temporary status, preparatory to the future society, based on principles now kicked around by the Communists. Lenin (*The State and the Revolution*) gives only a vague image of this future society. He states that in the higher phase of Communistic society, the State will be able to disappear entirely when society will have attained the principle: "From each according to his capacity; to each according to his needs." In other words, when men will be accustomed to observing the fundamental rules of social life, and when their work will accordingly have become fully productive, they will each labor voluntarily to their fullest capacities.

One can no longer take this Communistic Utopia seriously. Progressive unionists, they alone having any chance to succeed, and the workers, are obliged to base their tactics on experience. Being at the moment "ponocrats," they will necessarily have to abandon the principles of ponocracy under the pressure of real life and actual facts.

Ponophysiocracy, in contrast to Marxism, is the general theory of society which makes the dreams of Socialists and Communists come true through the system of the physiocrats. It is based on the principle: "Wealth is the product of land and labor." The distribution of goods among the various producers must be equitable. This equity must be brought about without any regulation, by free competition. Taxation must hit only the rent of land.

Now what is Georgism? In the preface to *Progress and Poverty,* Henry George wrote: "What I have done in this book is to unite the truth perceived by the school of Smith and Ricardo with the truth perceived by the school of Proudhon and Lassale." According to the *Larousse* Dictionary, the chief tenets of the doctrines of Adam Smith, the Scotch economist, are: "Labor is the source of wealth. . . . Value is based on supply and demand. . . . Competition is a first principle. . . . Trade (distribution?) must be freed of every restriction." Ricardo, the English economist, formulated the law of land rent. Proudhon, French socialist and writer, was the founder of an interesting co-operative system. He vigorously criticized Communism, Statism and also the economic system based on the machine (Capitalism?). He wanted to reconcile the *bourgeoisie* with the proletariat, and create a middle class. Lassale, one of the founders of German Socialism, was in favor of a system of workers' organizations in co-operation with the State.

The truth perceived by Smith and Ricardo was the beneficial effect of free exchange and free competition, and the detrimental effect of the monopoly of the rent of land by a single stratum of the population. The truth perceived by Proudhon and Lassale was the inability of the State to assure the equitable distribution of goods, and the benefits provided through free association, which alone can bring about this equity. The synthesis of these truths is Georgism. Said Henry George (*Ibid.*): "Modern civilization owes its superiority to the growth of equality concurrently with that of association."

The method of attaining a superior state of society differs with each school of thought. For the physiocrats, it is freedom (*Laissez faire*). For the ponocrats, it is compulsion by the masses (Who does not work, does not eat). For the ponophysiocrats, it is the balance between agricultural labor on one hand and industrial labor on the other. The ponophysiocratic principle can be applied under any form of government. In its empirical form, it is as old as the human race itself.

Among all ponophysiocrats, Georgists occupy an extremely special position, with their motto: "Find the truth and make it clear." The power of truth is such that it will find its adherents, "who will toil for it, suffer for it; if need be, die for it." (*Progress and Poverty.*) The weapon of the Georgists lies in study and persuasion; in the observation of true facts and the results of experience, and in logical conclusions determining the road to follow.

The final aim of the Georgist is to eliminate poverty, and at the same time augment individual liberty. Georgists favor, first, scientific progress, primarily in the field of political economy; second, social progress, primarily in liberating the individual from the powerful grip of the State; third, political progress, replacing the archaic system of majority rule or enslavement by an active minority with the humanitarian principle of proportionality; and finally, moral progress, which consists above all in respecting the opinions of others and in refusing to exploit exclusively to one's own benefit the advantage given by one's position.

If you are more endowed, think of the happiness of others and give them good advice; if you are stronger, turn your strength to serving the weak and not to oppressing them; if you are richer, do not devote all you have to your own pleasures, but dedicate as much as possible to the scientific, technical, social and moral progress of mankind. If you lack knowledge, verify through experience the advice others have given you, but above all defend liberty of opinion and criticism.

If you are weaker, seek your protection in association based on proportionality, but be suspicious of the opinions of the majority and of the active minority, and do not forget that association useful for defense is ill-used for aggression—in the latter case, it immediately brings about association of your enemies. If you are poor, do not try to ameliorate your condition by appropriating from the rich by force—you will succeed much better and more quickly by appealing persuasively to the good character of the privileged ones.

Christianity, the religion of the poor and oppressed, keeps its morale high with the promise of celestial justice and reward after death. Georgism accepts all religious morals, at the same time proclaiming freedom of conscience. But it complements Christianity, indicating to the poor and oppressed the means of improving their earthly lives by procuring, as do the rich and powerful, pleasures perhaps more limited, but of far superior quality. To live a truly happy life is possible only in a happy environment. Opulence surrounded by misery is a drop of honey in a barrel of tar.

Anything Can Happen

(Continued from Page Five)

film recently shown here which indicated that preparedness on the part of the teacher is essential.

In a final summation, Mr. Cohen said: There is no reason for being discouraged about the school. It is growing, although slowly. The Georgist movement is stronger than it ever was in all history. Even though growth seems slow in New York, schools are growing all over the world.

Among the teachers of fundamental economics for New York's winter term will be: Wayne Berry, William D. Buhr, H. D. Butler, Bennett Challis, A. P. Christianson, Ezra Cohen, Dr. Eugene Friedberg, Samuel Friedman, M. Bernard Goldstein, Mr. and Mrs. Phillip Grant, Lancaster M. Greene, Dr. Henry D. Gross, Donald Le Vor, Ada M. Lublin, Eva Maxwell, Arnold Menkes, Jonathan Slater, Philip Stern, David Tark and Richard Van Horn.

International Trade and Social Problems will be taught by Bennett Challis, Xavier Drexler, William Heymann, John Howard, William Leon, Dr. S. R. Mandal, and Sonia Swirsky. Public Speaking will again be available under the direction of James Donnelly. The Science of Political Economy is being offered by Bennett Challis, Edwin H. Friedman and Raymond V. McNally.

Other advanced courses are: Review of Fundamental Economics taught by Bernard Goldstein; Housing Problems Today by Donald Le Vor; American Labor Movement by Richard Moos; Economic Basis of Tax Reform by Marshall De Angelis, and The Law of Property by Arnold Weinstein.

Didn't Some of You Say You Wanted More *Controversy?*

Reply to George R. Davies

The article, "America's Only Original Economist," by George R. Davies, in your December, 1947 issue disturbs me no end. Perhaps I misunderstood, but it seems to me that Mr. Davies lulls us away from the essence of economic thought, the search for a more just society. He says that "reason and conscience" must form the base for the solution of "poverty and war" and must be exercised by all—"rulers and ruled alike." Certainly there is no quarrel there between George and Davies except that Davies does not credit George with his constantly reiterated plea for reason and conscience.

Then the author goes on to say that "we have been trapped by the superstition tht the 'law of supply and demand' will take care of us if we merely follow our selfish interests in the market." It is of such stuff that the uninformed are drugged into inaction because, being better than other men, they must wait for salvation until the monopolists, speculators and legal loopholers gain "reason and conscience." Such thinking causes many to look for government to supplement the law of supply and demand instead of clearing the way so that its impersonal beneficense could, for the first time in history, operate.

Dr. Davies says that what George "did not clearly recognize . . . was that such (land) rent, at least in an accounting sense, is essential to an efficiently organized economy; and that, moreover, it has been the chief source of savings devoted to new capital." If George did not recognize rent as essential to an efficiently run economy, why did he write *Progress and Poverty?* Is it because Professor Davies refuses to concede that an efficiently run economy, at least at this stage in social progress, cannot exist without law and order, known as government? Can George be accused of not seeing it merely because he never said it? Henry George was a reasoning man, so where else could the capital of the past come from, for the most part, except from privately appropriated land rent?

Why blame George for our own shortcomings in thinking the problem through? He did dare to imply that all wealth is produced by labor. At least he came close to saying it many times but apparently shrank from its effect upon the shallow thinkers because they would be unable even to follow him when he adapted the European division of wealth between rent, interest and wages.

Barring monopoly, speculation and political rigging by the more powerful, one can readily see that rent and interest constitute that portion of wealth production which labor is willing to pay in order to increase its efficiency, to produce more wealth with less exertion. Neither land nor capital has any value unless they are used by labor, because labor alone is self-motivated. And labor, in the purest connotation, refers to man's brain, not his muscle.

The day is long gone when rent needs to be the source of new capital. Modern American enterprise is run by directors and managers selected for their skill, the rentier tycoon is in retirement. The true source of new capital is the savings of labor necessary to maintain life *after* the productive years are over. When the cooperative movement realizes that its only basic function is in the field of banking, instead of commodities and services, we will enjoy a just and ample source of new capital and avoid financial institutions bankrupted by man's mistaken desire to trade dollars, instead of labor.

And, should anyone doubt that sufficient capital could be accumulated through such social need, a slowing down of trade expansion would evidently be helpful. For Mr. Davies admits that "we are in a tragic crisis of history brought on by the expansion of trade far in advance of the financial and political means for its coordination." Isn't he saying that the wrongful stretching of financial (rent) and political (monopoly) means have been our downfall? Certainly such a concept of a source for new capital would put to rest the claim that capital is the accumulation of dead men's labor. We Georgists know this isn't true unless we make the statement in connection with the *claims* on capital.

NEIL STOWE BOOTH
Chicago

Much Mischief Here

I feel some comment is in order concerning the first article in your December issue. The author appears to attribute to Henry George the idea that the "complexity of markets" causes booms and depressions, whereas George cities land speculation as their cause. Again, he attributes to George the idea that "distorted markets" cause the "masses" to fall into "slavery or servitude," whereas George said, for example, "great estates ruined Italy."

In a subsequent paragraph the author says, "We have been betrayed by the superstitution that the 'law of supply and demand' will take care of us if we merely follow our selfish interests in the market." He neglects to add, "and permit others to follow theirs." The truth is, of course, that we have not been so betrayed, as we have never allowed the "law of supply and demand" to operate.

There is much mischief in the author's allusion to "trade" and the "financial and political means of its coordination." Every Georgist knows that where trade is "coordinated" by government agencies someone is getting a free ride.

RICHARD T. HALL
Boston

From Correspondence Student

After giving lip service to the theory of equal rights in the use of land G. R. Davies writes: "Hence merely in respect to the single Tax, Henry George seems to have little pertinence in these days of world markets, high finance, corporations, and other forms of centralized business control." He qualifies this with, "But Henry George is well worth remembering as a stimulus to American thinking." "If we wish to understand the philosophy of Henry George we must ignore the single tax panacea."

Just what is his idea here? A few sentences later he says that George "attempted a philosophy of history from the Christian point of view."

Henry George suggested that economic reforms would have esthetic, ethical, and political repercussions. He repeatedly shows the futility of other reforms if they are not accompanied by economic reforms. From the context, I doubt that Dr. Davies means that the landlord should sell all his goods to give to the poor. He makes no suggestion as to what is to take the place of taxing land values.

MARSHALL CRANE
Bedford, N. Y.

Do the Teachers Agree?

Regarding the article by G. R. Davies in the Henry George News may I inquire about the standpoint of our teachers concerning certain passages?

Mr. Davies writes, regarding land rent, that it has been the chief source of the savings devoted to new capital. This strikes me as peculiar reasoning. Why can't capital gains be made out of production? One could say in the same sense that men should be allowed to steal in order to have a chief source of the savings devoted to new capital.

The next paragraph that set me blinking refers to the statement that "George has not made a direct contribution to the solution of the problem of poverty and war, but he has done something toward a statement of the problem." We may object to calling the income of capitalized natural resources as developed by corporations, a form of taxation. But at least such income has facilitated progress, even though it ultimately may mature privilege.

I assume that this privilege has been a very great hindrance in the way of progress. Opportunity has been and is taken away from uncounted millions in respect of this privilege. I have always had the tnought that most men if given half a chance could be successful. But this question alone embraces our whole economic reasoning. Poverty is caused mostly by depression. Any advanced student, and I hope all of the teachers, of Henry George, must know that only by making practical use of Henry George's teachings can we avoid depression.

Otherwise I find the article is outstanding and I consider the author to be a truth-loving person.

K. M. CLAUS
New York City

"Georgism and Decentralism"

In her article in the December number of the Henry George News, it seems to me that Mildred Jensen Loomis fails to give Henry George credit for the correct interpretation of his dictum, "Human desires are never satisfied."

Henry George's whole life, and his masterpiece, *Progress and Poverty,* furnish concrete evidence that he not only did not exclude "directed" desire but paved the way for more men to have equality of opportunity for the satisfaction of just such aspirations as Mrs. Loomis most admires (now impossible of fulfillment), such as the "biological, manual, ethical, intellectual, artistic and psychological."

Many more intrepid thinkers will welcome an opportunity to "reach for the stars" when land monopoly is broken and these would-be idealists then have a decent runway from which to take off. A swamp or a slum with its harvest of ignorance, poverty and crime makes a poor breeding place for superior desires.

MABEL L. REES
Brooklyn