

# Land and Freedom

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## Comment and Reflection

WE are constantly invited to consider the Roosevelt political economy with reference to his intentions and to cultivate a kindlier spirit toward his philosophy. We would do so willingly if certain factors in any rational set-up were not, as it seems to us, deliberately omitted. A planned economy is conceivable if all existing factors were included. But in the Roosevelt programme these are omitted. Away in the background somewhere hidden is the factor of *land* which does not appear in all the welter of economic and social planning. Its relation to wages and production is nowhere indicated. That wealth is produced by labor from land is an obvious generalization, but it seems never to have occurred to him. Indeed it is expressly negatived in his talk of money and prices. It is not denied—that of course would be too obviously absurd—but it is completely ignored.

AND because it is ignored the President falls into errors which the youngest pupil in the Henry George School would be able to correct. Lately he has been reported as saying that prices are yet too low. This was denied but we know that it has been his belief for a long time. The NRA codes sought to raise prices and his devaluation of the dollar was directed to the same end. He is troubled with what Raymond V. McNally calls "the price complex." He does not seem to know that wages are not paid for in "pieces of eight," or paper printed by the U. S. Treasury Department, but in shoes, suits of clothes, barrels of flour and bushels of potatoes. Hence his almost exclusive concern with matters of money and price.

THE same curious obtuseness with regard to wages follows as a matter of course. He started out with codes to regulate wages. He seems not to know that wages are something that cannot be regulated. He is as naive as a child about it. In a letter to Senator Glass he said: "As you are aware (Senator Glass is not aware at all!) the operation of collective bargaining, plus the operation of the national recovery act, have with the majority of organized and unorganized labor, either raised wages, or prevented any reduction in wages."

COLLECTIVE bargaining may raise wages in certain industries but can have no effect whatever upon the general level of wages. Nor can government itself raise wages, for wages are not determined that way. Roosevelt's faith in the Federal Government to raise wages or keep them from falling is extended with the same simple child-like adoration to State Governments, for he writes in this same letter to Senator Glass, while denying that the payment of wages to those now on the relief rolls may result "under some theory, in a lowering of wages by private employers:" "I say this because it is an obvious fact—first that the Federal Government and every State Government will act to prevent reductions, and secondly because public opinion throughout the country will not sustain reductions."

ROOSEVELT repeats: "I have faith enough to believe that practically one hundred per cent of employers have patriotism enough to prevent the lowering of wages." Now employers are neither philanthropists nor fools. They are business men. Mr. Roosevelt is asking them either to dig down into their private pockets or to commit business suicide. And if they are as patriotic as can be, or as considerate as may be, how can they prevent the lowering of wages? Does the President really know what he is talking about? Does he still think, despite abundant disproof, that wages are drawn from capital, or in this case from the private resources of the employer? Note that he considers that one hundred per cent of the employers of the country have it in their power to prevent the lowering of wages. Did we ever have a President before who believed this? It is difficult to credit that even Mr. Roosevelt believes it.

IT will surprise the President to be told that neither the Federal Government, nor the State Governments, nor public opinion, have any effect upon wages, or any power to keep them from falling. Wages are dependent upon men bidding for jobs, and are therefore at the mercy of men out of work. If wages could be legislatively determined the question of low or insufficient wages would have been settled long ago. And as a matter of fact such regulation has been tried by kings, parliaments and congresses from the beginning of history. And always they have failed. If Mr. Roosevelt were as well informed

as he is supposed to be (popular superstition credits him with a knowledge of history) he would know that this is so. But apparently he does not.

**J**UST now we are all living on a lower standard. Wages are lower than in 1926, a favorite year with Mr. Roosevelt, when we were neither in a boom or depression period, which means that they are lower than they have ever been. The NRA has accomplished nothing. We are face to face with the fact that Federal action has failed to keep up wages, which no reasoning man has ever thought possible anyhow.

**Y**ET in a sense government may indeed raise wages. It may do this, not by regulating them, but by opening up natural opportunities, by declaring a free earth. "They have denied you a place to work; land is a place to work," says Henry J. Foley in Jan.-Feb. LAND AND FREEDOM. Take down the fences that bar men from employment. Every able bodied man, with every tool we call capital, will rush in when land is opened to labor. They always did. Read of the opening of Oklahoma, go further back and read of the settlement of new countries, this great country, Australia, New Zealand. And for the further benefit of our socialist friends note how little was required of capital. Mighty little they had of it, but they made it, turning prairies into cities, desolate places into imperial markets and congeries of great factories. They planted in the sparsely settled West millions of acres of life-giving wheat and corn; they did what they can do again.

**T**HERE is no lack of land on which to begin. A continent is at our feet. Other great centers and rolling prairies, richly luxuriant for abundant harvests, await the hands of labor. There is plenty of room. But they have "denied you a place to work." They have shut you out, and you have stupidly submitted to the eviction. Is it not time you stopped to think? The only place you can work, be you farmer or artisan, is on the land. You need not go to government for relief; all you need to demand is freedom to go to work. And voice this demand in a way that will force the time-serving politicians to listen to you. The method is simple; take for public revenue the annual value of land and abolish all taxation.

**N**EARLY all the explanation for the muddled-headed confusion of present day economic thought arises from the failure to distinguish between what is private and what is public property. This applies to all socialistic notions and to all the professorial explanations that are allied with it, and really arise out of the socialistic conception of society. Deny it as they may, every advocate of an income or inheritance tax is to that degree a socialist, for he is advocating the taking of private property

for public purposes, which at no time and under no circumstances, save in war, pestilence or famine, is a justifiable procedure.

**W**E are aware of course that the income tax is urged as a means to secure greater equality of wealth distribution. It is urged not merely as a revenue project but as a remedial measure. But if swollen fortunes arise from economic maladjustments it would seem to any sensible adult that the solution is the remedying of those economic maladjustments, not in the taking of a portion of this wealth after it is stolen, if it is stolen. And when it is realized that nearly all great fortunes have their origin in the diversion, direct or indirect, of public wealth into private pockets, we are nearing a solution more in accordance with sensible procedure. An analysis of almost every great fortune will disclose this. The exceptions to it are accidental and are too few to militate against the general truth.

**T**HERE are a few great fortunes that justify themselves. But in those cases such as Howe, McCormick, Edison, and perhaps Henry Ford, or the builders of great industries, they give to society more than they receive. Assuming that some part of even such fortunes comes from exploited labor, the remedy is not a stupid income tax, but the freeing of the exploited. In taking part of these great fortunes that originate in labor and the product of extraordinary genius or invention or management is monstrous. It is theft of a gigantic kind. It defeats itself in that it stifles productive effort and is a deterrent to progress. It is morally abhorrent, and some day will be so regarded, when we have finally determined what is public and what is private wealth, and recognize the implicit and profound injunction of the commandment, "Thou Shalt Not Steal."

**W**E are trying to weigh the President's words and make something out of them. He is great on phrases. Before two hundred guests at the National Conference on Economic Security he delivered himself of the following: "There can be no security for the individual amid general insecurity. . . . We cannot work miracles or solve all our problems at once." And as to what can be done, "it is to build a structure to give a measure of happiness to the individual greater than we have ever known." And looking at the 200 expert social workers, business men and labor leaders, the President said: "In this you can greatly help."

**I**N all of this there is a delightful vagueness. How they were to help, and what he was doing in which they might help, he failed to tell them. Miss Perkins said they left "in a state of exaltation." It is possible to become very much elated by a charming and persuasive



personality. Amy Semple McPherson has the trick and so have a number of our screen favorites. But what is it all about? How much was learned from the President at this meeting may be gathered from the report issued somewhat later by the National Association of Manufacturers which announced in effect that they did not know enough about unemployment and unemployment insurance, and urged the appointment of a presidential commission to study the subject. Just another commission and more official jobs to be paid for out of the public treasury by Roosevelt, the Lord Bountiful! This is all the exaltation which so delighted Miss Perkins seems to have resulted in.

**UNEMPLOYMENT!** Will they never hear or heed the great cry that goes up from the disinherited, "They have denied you a place to work! Land is a place to work!" "Unemployment insurance!" And this to be provided out of a fund extracted from the pockets of our burdened tax payers or wrung from the meagre wages of the employed!

**WRITERS** of the New Deal are bitter in their criticism of the Old Deal. The latter appears to have consisted of business men intent upon "chiseling" one another and exploiting the workers. From all accounts they were a sorry lot, not much above the racketeering gangsters that infest our great cities. The things that are being said about them are unbelievable. "The malefactors of great wealth," of whom we heard under another Roosevelt, appear in the descriptions vouchsafed us by the Tugwells and Richbergs to have been nearly all the business men, large and small, and it is these boys who have got us in the trouble we are in.

**IT** appears, as near as we can gather, that the Old Deal was actuated by "unrestrained competitive greed." Hence the depression. But competitive greed is not an economic factor. In a fair field where there are no monopolistic privilege, competitive greed is as harmless as any other personal trait. In the long run it defeats itself. Economics work through certain laws. Capital seeks its level, for one thing. If capital in the absence of monopoly yields profits in any industry above the normal return, additional capital enters in competition and the return is normal again. That is unrestrained competitive greed, or as sensible men would call it, free competition, restrained by natural economic laws. Mark, however, that we said, "in the absence of monopoly." Monopoly is an economic term as is free competition. "Unrestrained competitive greed" is just hooey.

**IT** is not in the power of the New Deal nor any other kind of a deal to restrain competitive greed if by that is meant the desire of business men to get a greater return. They can only do so in one of two ways, either by

putting greater efficiency into their business, or getting possession of a monopoly. And this monopoly must be a legally created one. It cannot be created by an individual, nor, save temporarily, by any combination of individuals. Tariffs, the control of natural resources or railroads and abuse of patents—these are legally created—there are no others. In other words combinations without monopolies are impossible.

**WHERE** did the Old Deal fail? Just where the New Deal fails. In neither instance is any effort being made to remove fundamental monopolies, the monopoly of the earth being the chief obstacle to any kind or degree of recovery. The Old Deal did a lot of useless patchworking. So does the New Deal. Only the latter differed in starting off with a lot of ballyhoo. Outside of proposed regimentation for everybody and everything not a single thing was done to remove the tendencies of which they complain, and which they make no effort to remove. There was nothing new about the New Deal really. Everything was to remain as it was—land monopoly, railroad, tariff monopoly. Just a few kind words and a genial smile were added.

**WHAT** about the Old Deal? Was nobody busy at that time trying to do something? Was it a period of total inactivity beginning before the World War and ending in 1932? Nobody believes that who reads the papers. A lot of things were proposed. If they failed to bring about improvement, that was because they did not touch the heart of the problem. There were a lot of labor legislation, a lot of social study, much social research. Men and women were inquiring, the Socialist party, especially in England, rose to power and put into effect a lot of nostrums for human betterment which failed again for the same reason that similar drugs and potions poured out from the New Deal medicine chest have failed. The Old Dealers asked what ought to be done—very earnestly they asked. It is not fair to say they did not ask. They did not listen to the answers because there was not a loud acclaim, only a few scattered voices telling them what to do, what they *must* do if civilization was to be saved. Now both the Old Deal and the New Deal have failed. It is curtains for both.

**THE** popular delusion which surrounds the subject of wages have the authority of eminent names—the inherent curse of all science and every department of knowledge. As most of our readers know, chief among these delusions now fast fading out, is the doctrine of the "wage fund," which teaches that in every community there is set aside a certain amount of capital for the purpose of employing labor and paying wages. The rate of wages depends upon the magnitude of the sum and the number of laborers who are to draw upon it. This theory



invented by Adam Smith has not gone unassailed. Thornton, Henry George tells us, made an assault upon it, as did Cliffe Leslie, but the assent to it was very general at one time and even now it bobs up every now and then.

**T**HINK of a "science" not being able to discover what is plain to the average intelligence that wealth in the material world is wrested by strong arms from the earth, and transformed by deft fingers to human uses; and that this production is limited by nothing but these strong arms and the round globe itself; and that it is all wages, save what is due capital for the loan of tools, and what is deducted in the name of rent. There is no fund set aside for the payment of wages, save the capacious treasury of the earth's storehouse.

**W**AGES are paid always out of the product, yet it is astonishing what great minds have been deluded by this idea of the payment of wages by capital, which has served as the basis for the assumption of an almost philanthropic origin of wages. Even Voltaire was deluded by it, keen and analytical as was the mind of the sage of Verney. What is the truth about wages? Not only are they not paid by capital, but that capital does not even advance payment, since wages everywhere are paid at the end of the week—*after*, not before the real wages are produced by the laborer. The laborer thus advances to the capitalist the capital necessary for the payment of his wage, and only then is he entitled to receive it. It is true that the employer may not at once turn this product into cash, but as a rule it is in a partially or fully created form before a penny of wages is advanced.

**I**T is obvious that Congress has abdicated. It is obvious, too, that a large part of the Republican party has followed its example. And what is even more hopeless is the reflection that the people of the country in large numbers seem content to let their convictions drift with the tide of public sentiment that spells unthinking acquiescence in the Roosevelt dogma. Nicholas Murray Butler, President of Columbia University, has aptly summarized it: "Americans have placed their faith in Mr. Roosevelt, not in his policies. It does not matter any longer what his policies are." Is not that true, and if it is true should it not give us grave concern? A country in which the people have no convictions, or in which convictions no longer count, is in a serious way.

**I**F Mr. Roosevelt himself were a man of convictions this strange apathy of a bewildered people would not greatly matter. Indeed it would not prevail, for there would ensue animated debates and a press alive to fundamental questions. But when people do not know what is going to happen in Mr. Roosevelt's mind from one

hour to the next, they just wait the next turn in a curious somnolence that is like death. Even the extraordinary changes that are occurring arouse but little interest; perhaps, as Dr. Butler tells us, these have ceased to matter. Only Roosevelt matters. This strange phenomenon has occurred before in history, but it is astonishing in a people once so strongly individualistic and so jealous of their prerogatives. It is a significant measure of our decline.

## Another Perplexed Philosopher

Reply by Walter Fairchild, Secretary of the American Association for Scientific Taxation, with acknowledgment to Robert Clancy of the *Researcher*, of the article by Harold S. Buttenheim entitled "If Henry George Were Writing Today."

**T**HE thoughtful article, which appeared in the *Journal of Land and Public Utility Economics*, February, 1935, is highly interesting, because it presents the viewpoint of one who has approached the subject of land value taxation from the direction of city planning, zoning and housing, rather than by the route of a study of the writings of Henry George.

Mr. Buttenheim is editor of *The American City*. His experience is perhaps as broad as that of anyone in this country as to the subjects in which he is particularly interested. It is gratifying to find in his article complete endorsement of the major premise of Henry George, which is that all value of land is the product of community development and governmental services and should be taken by the community for the support of government.

A student of the writings of Henry George, however, may be pardoned, upon reading Mr. Buttenheim's article for feeling that, had Mr. Buttenheim read Henry George more carefully, he would have omitted many of his paragraphs.

It is true, as Mr. Buttenheim points out, that the land speculation resulting from the opening up of new territory which was a feature of the period prior to fifty years ago is not now as rampant as it was then. It is true that the world changes, but we doubt the statement, "Had Henry George been born a half-century later, he would have lived amidst a new set of economic conditions." Details may change, but the principle remains in its simplicity and has not changed. No one can read the introductory to "Progress and Poverty," written by Henry George in 1879, without being struck with the fact that the problem of today has been outlined as though it were written yesterday. Henry George refers to "streets lighted with gas,"<sup>1</sup> but this is the only old-fashioned or out-of date reference to be found. But whether streets are lighted by electricity, gas, or oil lamps, the problem remains the same.

Mr. Buttenheim speaks of the slowing up of speculation in city real estate. Mr. Buttenheim does not mini-

1 "Progress and Poverty," p. 7.