

For Congressmen to Read

By Senator Walsh, of Massachusetts, addressing the Senate:

Mr. President, following a speech delivered by me in the closing days of the last session outlining what I believe to be some of the chief causes of the economic depression in this country, I received many comments from various groups and individuals.

One statement, which I consider a real contribution to the solution of the present economic problems, is by George W. Anderson, a retired justice of the United States Circuit Court at Boston.

I ask that it be referred to the Committee on Finance and be printed in the Record (appears in Record of Dec. 19, 1931). A synopsis of the statement by Judge Anderson follows:

A FEW OBSERVATIONS ON OUR AMERICAN SYSTEM

The main purpose of this writing is analysis and description only; merely a record of observations on our American system.

For fifty years of adult life I have observed and studied American institutions. Recurrent periods of business depression and business prosperity have marked the whole half century. Our fatalistic economists call these cyclical and inevitable. In the present depression I think I observe some significant differences.

There is a lack of the general optimism characteristic of the earlier hard times, more conceded bewilderment over both causes and prospects. There is more intelligent doubt of the soundness of capitalism, more doubt of the value of competition and the anti-trust acts, less faith (perhaps less desire) of success in the fight against Big Business.

There is no general acceptance of the old panacea for most business troubles—reduction of wages. Rather is there a considerable recognition of the fact that only by increasing the purchasing power of the mass of wage earners can any adequate market be made for our large surplus output in every line. * * *

No one can conceive of any intelligent man now doing what Andrew Carnegie did in 1886—writing a book and entitling it "Triumphant Democracy." * * * With over 500 individual incomes exceeding a million dollars and 26 exceeding \$5,000,000, we have at least 6,000,000 industrial unemployed, reducing probably 25,000,000 of our citizens to dire poverty, many of them to actual suffering. The "abolition of poverty" is not a shining success.

Turning to ownership, it is commonly accepted that about 4 per cent of our people own 80 per cent of the country's property. Moreover, comparative analysis of the income-tax returns for a period of years seems to show a steady drift toward an increasing concentration both of property and income. * * * It may well be questioned whether the inequality, both in property holding and in current income, is not relatively as great now as under the feudal system. Such democracy as we have had for two generations has been, in the main, grounded on the homestead act of 1862. Under this act settlers were enabled to get at small cost 160 acres of fertile public land. This resulted in millions of independent farmers establishing wholesome homes in the Mississippi Valley. They were the backbone of our democracy. But our drift for several decades has been urban and industrial. The sources of our excessively large fortunes and incomes are mainly:

(1) Urban land values and ground rents, all unearned, socially created.

(2) Subsurface deposits of minerals and metals, also unearned, the rightful property of the whole people.

(3) Profits derived from corporation manipulations, various forms of stock waterings, largely in public utilities (privately owned monopolies), the rates of which are, in essence, taxes. This source probably grounds more unearned incomes and property than the first two sources.

(4) Inheritances, which tend to perpetuate and increase the inequalities, mostly originally derived from one or all of the first three sources.

Urban and subsurface values in land may be buttressed under our

Constitutions, Federal and State. Doubtless by taxation a partial recognition of the public right therein might be secured.

1. For land permanently destined to agricultural uses, a fee title to surface rights would plainly be the soundest public policy, if the occupants were, generally, the owners. But the great increase in tenant farmers and a rack-renting system have put this policy in serious question. The chief defect in this policy, however, is that farming land does not always and everywhere remain farming land. Manhattan Island was once a farming community; when it became a great merchandising and financial city, the heirs and grantees of the original land owners acquired huge unearned fortunes (like the Astors), all created by the teeming population and their customers. Except in degree this result in New York City is typical of the situation in the whole nation, now become predominantly urban.

Henry George a half century ago showed the inevitable results of this theory and propounded his remedy in "Progress and Poverty." No effective step has been taken toward asserting the irrefutable public rights to the socially created, unearned increment in urban lands. Neither the Single Tax nor any other remedy has been adopted.

2. Private ownership of subsurface minerals and metals grounded the Rockefeller billionaire fortune. It also gave us the coal and iron police of Pennsylvania, the inhuman labor conditions in the West Virginia coal fields, and a horde of steel, copper, oil, etc., multimillionaires, many of them highly undesirable citizens.

3. Some aspects of corporation manipulation, particularly by our investment bankers, were dealt with by Mr. Louis D. Brandeis (now Mr. Justice Brandeis) seventeen years ago in his book entitled "Other People's Money and How the Bankers Use It." All the evils that he there so brilliantly portrayed are, I think, yet in full force and operation.

Bonuses running as high as a million dollars a year to a single executive seem a new device for enriching the insiders at the expense of the powerless small investors in some of our great corporations.

The history of the last four years puts in fair question the value of our present leadership in business, economics, banking and government. The first two years were marked by a wild and senseless gambling craze—as groundless as the Mississippi bubble—encouraged, even instigated, from high official sources.

The last two years have shown an inevitable reaction, with a bewildered and helpless confusion in all quarters never equalled within the memory of man. * * *

A fundamental principle—the slogan—of our present ruling classes is "no government in business." Curiously and inconsistently, we have the spectacle of the Federal Government, in utter disregard of constitutional limitations, going "into business" through the Farm Board and expending hundreds of millions of dollars in the purchase of wheat and cotton. A cruder, more unintelligent, sporadic form of socialism cannot be imagined. * * * A great experiment in state socialism is apparently now being carried on in Russia. Its results are being watched with great interest by most of our intelligent classes—with great fear by the subservient, highly vocal organs of our present chaotic and planless capitalistic system. * * *

We now see much discussion of an "American plan," apparently to be made by an "economic council" with "a board of strategy and planning to survey productive facilities and consumption capacity." Assuming such "economic council" and its output of a very wise plan, who could make it operative?

Dr. Nicholas Butler's suggestion that our statesmen and economists might well read and consider "Progress and Poverty" is the only intimation that I have seen from any responsible, capitalistic source that limiting the opportunities for individual acquisition of socially created property might do something for the hard times. No one else (so far as I have seen) has ventured to suggest that we adopt the policy of "rendering unto Cæsar the things that belong to Cæsar."

All governments are, on adequate analysis, oligarchies. The United States is no exception; only in form is it democratic—or even

republican. Our Government has, fairly enough, been called an "invisible government." The number of our real rulers may not be more than in Russia or Italy—probably less than in England. There is not and never has been any such thing as a "government of the people, by the people, for the people" anywhere, at any time. It is a non-existent trinity. The most to be sought—or even hoped for—is government for the people. * * *

There is no visible sign that we shall substantially limit the present opportunities for predatory wealth, cut down the existing methods of exploitation, both of productive labor and of natural resources. "Individualism," as its proponents really mean it, connotes keeping essentially all of the outstanding methods of heaping up large fortunes and excessive, unearned incomes. We have no respect for property rights grounded on productive work only. Getting—not producing—we regard as sacred under our Constitution. "Normalcy" with us is a predatory and aleatory capitalism. Instead of promoting individualism and personal incentive of an honest and wholesome kind, it is discouraged. A "rugged individualism" is not legitimately grounded on gambling chances for acquiring unearned natural resources, properties socially created, or properties produced by others. An economic system in which property rights should be approximately grounded on useful work, not inconsistent with social welfare, might be called either capitalistic or socialistic, but it would be a tolerant organization and infinitely preferable to our present chaotic and grossly unjust "American system," which does not work.

Evolution to a better system—not revolution—is the desideratum. Revolutions ordinarily are but new forms of chaos and waste; evolution, though frequently slow and disappointing, is generally constructive.

Death of Gerrit Johnson

THE Single Tax movement has lost a great and good friend in the death of Gerrit Johnson, whose gifts to the cause for the last fifteen years must total a large sum.

He died in Los Angeles, where he was accustomed to spend the winters, on March 15. He maintained his residence in Grand Rapids, Mich. He was a cripple, but it was not his own affliction but the maladies of the world which drew from him that whole-hearted sympathy which animated the man. But he did not stop with mere expressions of sympathy. To "Luke North" during his several campaigns he gave generously. To the Fels Fund he made many gifts. To LAND AND FREEDOM he was a liberal giver. Indeed, it is impossible to catalogue the activities for which when he approved of them his purse was not opened.

He held advanced ideas. Even as to the Georgist principles he was many steps in advance of those who favor more or less cautious approaches to the desired goal. His contributions to the Grand Rapids papers rang like bullets, and he had a style of expression that lent strength to his appeals for the doctrines he espoused.

Yet he was a gentle man withal, of a certain modest reticence, and rarely given to idle talk. A very serious man, who felt deeply, thought seriously.

He was, too, a successful business man. A native of the Netherlands, he was brought to Grand Rapids by his parents when he was nine years of age. He learned the

cigar making trade, and in 1884 started in business for himself. He was widely known for his expert knowledge of tobaccos and was one of the first to import Java wrappers. He was the creator of the "Dutch Masters" cigar, though he had originated quite a number of other well-known brands. In 1919 he retired from business. He was sixty-eight when he died. The movement has lost one of its great souls.

Not long before his death he contributed to the *Michigan Tradesman* an article entitled "The Cause of Crime," from which we quote the following:

How well I remember some years ago before I had read Henry George's "Progress and Poverty." I then still belonged to the sob-sister class and was filled with the missionary zeal, ranting about the horrible conditions of our Kent County jail and poorhouse. I was then so unsophisticated that I still thought we could treat our unfortunates decently. In my innocence I did not know that "doing unto others as you would have them do unto you" was a physical impossibility under our present economic system. I did not know that what we call Christian civilization depended upon brutality and not upon love. Do you not see that if we treated our unfortunates as we ourselves would like to be treated there would be such an influx in our jails and poorhouses and the giving of charity that this whole Christendom would bust up in business.

I had some experience with a prison farm, and it was there I had my eye-teeth cut. I learned how futile it was to talk about reforming without taking into consideration economic questions. We pride ourselves on running a prison farm which was surrounded only by fence, the same as any other farm; no barred windows, no handcuffs no swords or pistols. This prison farm was void of any prison atmosphere and we had good food and beds. We did not have any trouble with men trying to break out, but we did have trouble keeping men from breaking in. Our prison farm was a success until the war broke out and as jobs became more plentiful prisoners became more scarce and then we had to pay men for working who formerly worked for nothing. The result was our prison farm busted up in business, and that experience convinced me that we can measure crime waves by the number of men out of jobs. Now when I see a reformer trying to walk in the footsteps of Jesus without attempting to straighten out our economic conditions I would liken him unto a man who is filled to the brim with bootleg trying to walk a crack. * * *

Yet in spite of what I may have said I am still an optimist, with faith in the future, firmly believing that when we Americans get our political bearings we will be able to put our prisons and poorhouse in a museum to show the future generation what barbarians we were in this barbaric age.

POOR Irish folk came wandering over these moors. My dame makes it a rule to give to every son of Adam bread to eat, and supplies his wants to the next house. But here are thousands of acres which might give them all meat and nobody to bid these poor Irish go to the moor and till it. They burned the stacks, and so found a way to force the rich people to attend to them.

—CARLYLE (in Scotland), 1833.

LIBERTY consists in the right to do whatever is not contrary to the rights of others; thus exercise of the natural rights of each individual has no limits other than those which secure to other members of society enjoyment of the same rights.—THOMAS PAINE.