

HENRY GEORGE SCHOOL MAGAZINE

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HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

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(Edited by a panel of Tutors)

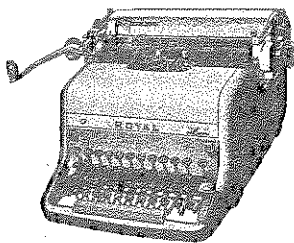
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April, 1957

Editorial



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The purpose of the School Magazine is to provide articles, news and comments dealing with political, social and economic matters as an extension of the study classes of the School; to expound the first principles of economic science and social justice and show their validity, relevance and significance when related to current economic problems; to sustain interest among ex-students and to inspire participation in the School's work.

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British and American atomic scientists have recently been discussing plans for irrigating Australia through atomic power.

Water, or the lack of it, has always been of vital importance to the Australian economy. Although roughly the same size as the United States, Australia's water resources are only half those of America. So extensive irrigation schemes are carried out, and a great deal of work has been done. Where before were arid tracts of country, now can be seen in many places fruitful vines and the green and gold of orange groves.

But only the fringe of the problem has been touched, and so every proposal for increasing the water supply is eagerly examined. A few years ago there was much discussion about the Bradfield Plan, which concerned the short, swift-flowing rivers which rise in the Queensland mountains and flow into the Pacific. The idea was to divert these through the mountains by tunnels, so that they would water the inland plains to the westward. The scheme was abandoned as too expensive and impracticable.

Now a new idea has been put forward by Mr. Busbridge of the British Atomic Energy Commission. At the "Isotopes for Industry" Exhibition in Melbourne, he spoke of the possibility of distilling fresh water from sea water by atomic power at a cost of 5/- per million gallons. An American geophysicist also considers that, with this extra water, Australia could develop more arable land than America, and envisages a future

population of 200 million. These ideas present an attractive picture of the futuro development of the Australian continent. With cheap power and greatly increased water supply, vast new areas could be opened up to cultivation, and a tremendous stimulus would be given to all types of rural industry, followed by expansion of secondary industry. Many new towns would be established and population would expand.

The picture is a glowing one. How much more attractive it would be if we knew that the people as a whole would share in this new prosperity. Under our present system of public rents going into private pockets, we know the main benefits from such improved conditions would go to the landlords - those shrewd enough to "get in on the ground floor." A man only has to buy land in a new area and, without any personal effort, simply watch its value rise as the new district grows in prosperity.

But let the economic rent from these lands be collected into the Treasury in lieu of taxation, and the people of the country would have their just share in the new prosperity, which would then be a benefit to Australia as a whole and not merely to a few speculators.

THE AMERICAN FARM PROBLEM

An American magazine* recently published an interview with Mr. Ezra Taft Benson, American Secretary of Agriculture, concerning his policy on farming. Mr. Benson should have a clearer understanding of the farmers' problems than many people, because he has had personal experience, being a farmer by birth and early training, and later studying the economics of the subject at college.

He believes that there should be much less Government control of the farmer and that the Administration's role should be "in the field of research rather than cash subsidies." But he still favours "marketing aid" and the latest piece of lunacy called the "Soil Bank."

One good point Mr. Benson makes is that the prosperity accompanying high prices for farm products during and just after the War was due to world conditions and stimulation of production by the war effort and not, as many say, to Government subsidies. He points out that farmers must not fall into the habit of thinking their prosperity at any time is due to congressional legislation.

The farmers, coping with droughts and feeling at a disadvantage against the more highly organised town workers, complain that their costs on items such as farm machinery etc. go up, due to wage increases in industry, yet they must sell their products wholesale and buy retail. The "price-cost squeeze", they say, results from "collective bargaining

* U.S. News & World Report, February 22nd, 1957

where the unions and managements bargain together and then collect from us."

The Government's answer to the farmers is an elaborate system of price control - the "support programme." When prices are low, the farmer receives a loan from the Government and his produce is placed in a Government warehouse. If prices rise, it goes on to the market in the usual way; if not, it remains as "surplus." Recent buoyancy in home and export markets has helped to dispose of much of these surpluses, e.g., wheat, cotton, butter, linseed and some others, but there still remains the astonishing amount of five billion dollars' worth of commodities in surpluses.

Referring to Government control of acreage put under production, Mr. Benson admitted the plan had failed because the farmers had simply switched from one crop to another. If told not to sow wheat they simply put in a feed crop or some other alternative, so that there was no overall decrease in production.

Therefore something more drastic had to be done - and the idea of a "Soil Bank" was born, to take areas of land out of production altogether. This scheme met with much opposition over a period of three years, mainly from small farmers, but was finally approved in 1956. Now great hopes are held that it will solve this vexed question of "overproduction and low prices."

What a sad commentary on agricultural experts that, because they cannot learn how to distribute the products of the earth justly, they actually propose to force the soil to be barren as far as its benefit to man is concerned. With a scheme like this in the world, there are still people who dare to speak of the "niggardliness of nature." Nature does her part - let us do ours, by removing the restrictions and controls on producers, and allowing goods to flow freely through the trade lanes of the world. Producers and consumers will then find each other without the "aid" of Governments, to their mutual benefit.

FACING BOTH WAYS

Recent reports from France and Germany concerning the "war against inflation" make rather astonishing reading. Each country is following an opposite method to achieve an identical end.

The French Cabinet is to increase import duties in an effort to check the trade deficit which rose to \$61 million in the month of January alone. A 15% special tax is to be imposed on many types of goods imported into the country.

In Bonn, they propose to decrease import duties on many kinds of goods, with the aim, it is stated, of combatting the threatened

"wage-price spiral." Both these measures are put forward as effective methods of countering inflation. They show what a state of confusion politicians are in when they try to "regulate" and manipulate what should be free - world trade.

PROGRESS AND POVERTY - ANOTHER VERSION

A recent issue of "U.S. News & World Report" carries an article "Ten Amazing Years" telling the official story of America's growth from 1946 to 1956. This is based on the collection of "Statistical Tables Relation to the Diffusion of Well-Being" which make up the last half of the Economic Report of the President presented to Congress a few weeks previously.

There is no official comment or interpretation of these tables, the figures being allowed to speak for themselves. One chart plots increases in population, jobs, and production. Another shows increases in possessions, such as homes, cars, gadgets; also leisure and saving. Another shows that people are earning more and gives the shift in incomes; and finally there is one showing the greater number of people taking higher education, and greater expenditure per pupil.

One's gratification at the impressive picture presented is dampened upon turning to another quite unrelated article in the same issue entitled "Now it's 14 Billions a Year for Welfare," the source of which is the U.S. Budget Bureau, Social Security Administration. This too is illustrated by a chart showing how welfare costs have risen year by year between 1948 (when they were \$3.2 billion) up to 1958 (when official estimates give the probable figure for welfare as \$14.1 billions).

Included are all expenditures on what the U.S. Budget Bureau classifies as "labour and welfare programmes" - old age retirement benefits, survivors' and dependants' benefits, public assistance, unemployment pay, school-lunch aid, health grants and expenditure for construction and operation of schools and the like. To quote from the writer of the article: "Already these programmes touch the lives of millions of people. In fact, directly or indirectly, the great majority of families in this country now are on the long list of 'beneficiaries.'" This programme excludes other individual aid programmes, so we are informed, such as 5.5 billion for aid to veterans and 5 billion for aid to farmers." Goodness knows how many more of these schemes there may be. The mind boggles at the thought of it.

We make no apology for returning to the theme of Progress, as represented in the first article, and Poverty, which surely must be indicated by the figures contained in the second article. These two elements present a picture of Progress and Poverty which reflects sadly upon modern economists', would-be reformers' and Governments' pre-occupation with planning rather than with social justice.

Object of Derision

The following "Rural Breezes," taken from reports of appeals against rating assessments, are reprinted here with acknowledgments to the Journal of the Rating and Valuation Association. Their interest lies less in their humour than in the examples they provide of our stupid and inequitable rating system. The rating of site values and consequent exemption of buildings and improvements would stop this time-wasting nonsense and the footling attempts to measure the values, not only of each individual dwelling, shop or office, but of such additional "amenities" as huts, sheds, yards, garages, "lean-to's" toilet facilities, etc., for the purpose of deciding how much shall be contributed towards local social services.

CREDIT SQUEEZE? "The old garage was so narrow that it was difficult to open the car doors. My predecessor had a car with a sunshine roof and he climbed out through the roof each time he put his car away."

WELL! "The water has to be pumped up from a well to a cistern by a hand pump and the position here is that unfortunately these old people find it difficult to do the pumping. They tried to get me to pump up a cistern-full while I was inspecting the property."

BE SENSIBLE! "I expect you gentlemen to be sensible and know what's what. I cannot talk technical language to you, I'm just a housewife, and I hope I'm a good one. I can cook for you, but don't ask me about the measurements of houses."

A DETACHED VIEW. "You might think here are three nice houses, but there are six, not three. They are so close together that if you were to take one out you wouldn't notice it. It is just like having a tooth out - the gap would close up in two months."

SPORTING RIGHTS. One thing the valuation officer forget to tell you, Mr. Chairman, is that when the place is flooded we can sit fishing from our windows. That is an amenity he has overlooked."

HOME... "The walls are in a state of partial collapse. I have actually seen my next door neighbours through the wall, and when I get home in the evening, I can smell their fish and chips. I can almost hear them think. There is a crack in the kitchen wall

and I can see through and see what is cooking next door."

SO IS THE RATING SYSTEM! The house is very badly planned. You have not been told that the toilet is just over the living room and when we have visitors, every time anyone goes up there, it is very bad, and we have to turn the wireless on."

SPREADING THE BURDEN. "The nuisance of smell has been exaggerated. A big proportion of it is typical farmyard odours and the rest is from an open cess-pit. If you take these smells and spread them out among all the bungalows in the field, there is not much smell each."

A DISADVANTAGE OR AMENITY?

Ratepayer: "The kitchen is small. If my wife is in there, I cannot get in."

Chairman : "It is probably better that way?"

Ratepayer: "Well, if I want to keep away from her wagging tongue, perhaps it is."

RAISE THE WINDOW AND LOWER YOUR RATES "I would like to emphasise this point of making provision for the public. Every factory must have some sort of office. People cannot be expected to climb in through the window."

FOOTNOTE: A man who arrived late at a Maidstone rating valuation panel today explained: "I was delayed because 12 cows entered my garden and spoiled my flowers." One of the grounds of his appeal was that people living in the area were disturbed by straying cattle. His assessment was cut. - Evening Standard, 11th March

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TAXATION AND ITS EFFECTS

Under our present system of taxation we place penalties on useful effort.

Tax manufacturers and you check production.

Tax buildings and improvements and you stop development.

Tax commerce and you hinder or prevent exchange.

Tax capital and you raise the cost of production.

But you may take the whole value of land in taxation and the land will not diminish nor be any less productive. On the contrary, land value taxation will make more land available, will stimulate trade and will open up new opportunities to labour and capital for the production of wealth.

Your Comments Please

"A Textbook of Economics", from which the following is taken, is published by MacDonal Evans Ltd (1956.) The author is J.L.Hanson, Lecturer in Economics, Huddersfield Technical College. We hope to review it later. In the meantime here are the author's views on land as a factor in production.

Formerly economists placed the factors of production in rigidly defined groups, and treated each of them as separate and distinct from the others. In particular, Ricardo and his followers considered that land differed fundamentally from the other factors. Three reasons were given for this.

(i) Land, they said, was "a gift of Nature" - that is, Man had done nothing to bring it into existence, whereas capital was accumulated only as a result of the employment of labour.

(ii) Unlike the other factors of production, land, they said, is strictly limited in quantity, and even in the long period its supply cannot be increased.

(iii) It was said, further, that in those industries primarily dependent on land, production was subject to the Law of Diminishing Returns.

It can be shown without much difficulty that these alleged peculiarities of land do not entirely agree with the facts.

(i) The contention that land is a gift of Nature is of little economic significance. Man has certainly done nothing to bring into existence the supplies of coal in South Yorkshire, but while the coal remains underground it can serve no economic purpose. Large stocks of coal, as yet unworked, exist several thousand feet below the surface near Selby, but until mining operations have been undertaken this coal is of no use to production. One aspect of land is outside the control of Man - namely, its situation - and this is a chief characteristic of land as a factor of production. Land, too, is said to have no cost of production, for no costs were incurred to produce it, but, as will be seen in the next paragraph, land has sometimes been reclaimed from the sea, though at enormous expense.

(ii) Although it must be admitted that the total area of land on the earth's surface cannot be appreciably increased, it is nevertheless not strictly true to say that the supply of land is fixed. In Holland, for example, land has been reclaimed from the sea; in Britain the

Fenlands, formerly a mere swamp, have been transformed into one of the most fertile areas in the country; in the U.S.A. great irrigation schemes, such as that at Boulder Dam, have brought into cultivation vast areas that were formerly desert.

Increasing the area under crops, as a result of improvements in farming technique, is equivalent to an increase in the supply of land. This occurred in Britain in the mid-eighteenth century, when the cultivation of root crops made it possible to end the practice of leaving fallow each year one-third of all the agricultural land. Improving the fertility of existing land also is equivalent to increasing its supply, though the improvement is merely the result of the application of more capital and labour to the land. From the standpoint of a single country, to import additional supplies of food from abroad is similar in effect to increasing the supply of land at home.

The total amount of land can be reduced by such happenings as coast erosion, flooding or soil erosion. Whole villages have disappeared into the sea on the Yorkshire coast; the Zuider Zee inundated a large area of Holland during the thirteenth and fourteenth centuries. Soil erosion, considered by some people to be one of the most serious menaces confronting the human race, has resulted in a large area of the United States, once good grassland, becoming desert.

(iii) The Law of Diminishing Returns is discussed later, and it is there shown that the application of this law is not restricted to those forms of production in which land predominates. At one period economists thought that agriculture was an industry peculiarly subject to this law, while manufacturing industry was carried on under conditions of increasing returns, but it can now be demonstrated that in different circumstances both agriculture and manufacture can be subject to either law. It can be said, therefore, that economically land is similar to, and not different from, the other factors of production. Its peculiar feature is that "the right to use a piece of land gives command over a certain space."

AND WHAT ARE YOUR
COMMENTS ON THIS?

Since rent is a payment over and above what is necessary to keep a factory in its present employment, it has been argued that rent is an unearned increment, and therefore an admirable object of

taxation, for, provided that the tax does not exceed the rent, it will have no effect on production. Henry George and others have, for example, advocated the taxation of any increased value in land sites, on the ground that such increased value owes nothing to any effort on the part of the owner. In equity, if rent accruing to land is taxed, rents accruing to other factors should also be taxed. The main difficulty is to distinguish between that part of a factor's income that is "unearned" economic rent and that part of its income that is earned.

(This last item is also from "A Textbook of Economics: page 500)

Contemporary Comments

WELFARE STATE NOT WANTED:

Thirty-year-old Alfred Casimir Lewnadowski, who has stated that he lived in a cave, appeared in Plymouth court today with a straggling beard, hair down his back and wearing sandals. He said that he thought that he had a perfect right to live in the open air like an animal. "I consider myself an animal", he said. "Living as a wild animal is no crime." Mr. E. Foulkes, (the magistrate's clerk), "The law of England does not take into account life according to Tolstoy's philosophy." Lewnadowski replied: "I am not using anyone's philosophy."

Lewnadowski was given a conditional discharge on an accusation of wandering abroad and failing to go to a shelter when directed. Mr. Foulkes said that on March 7 Lewnadowski told the magistrates that he lived on twigs and grass. "He said then that he thought it was natural to sleep out," Mr. Foulkes added.

"The Evening Standard" - 31st March.

This gentleman of the woods should have been rewarded not arrested. He had at least solved his housing problem without Government aid and without expense to the taxpayer. The Magistrate's clerk was probably thinking of Thoreau (not Tolstoy) who retired to the woods and defied the tax collector.

IT SMELLS FISHY:

Every year Britain's herring fleets lose hundreds of good fishermen. They succumb to the counter-attractions of safe shore jobs, in shops, offices and factories - regular jobs which get them home at night and offer clean working and less risk. Hit by hard times the fleets have diminished alarmingly. The Government plans to help herring catchers, mainly through a subsidy. They claim more assured earnings for the boats should permit more and better boats to be built, and better working conditions for the fishermen. "Evening Standard" - March 30th.

Not content to let economic laws work, the Government must step in to create artificial jobs. This is protectionism at its worst. But it is more than just bad economics. Who stands to gain? There is no shortage of herring today. Who is going to pay for the surplus herring that will be produced? - but of course an "Eat more herrings" campaign would do the trick.



ALTERNATIVE DESIGN FOR THE BACK
OF THE NEW FIVE-POUND NOTE?

(L.J.H. one of our artists, goaded into activity by the continual debasement of the currency, has drawn his impression of the British Lion under inflation - see opposite page and back of the new Five-Pound Note)

PAPER MONEY THREAT: The full employment we see around us at this moment is only maintained by persistently increasing the volume of paper money in circulation. And as the volume of paper is increased so it becomes less valuable until the time will come when it will go the way of the German mark.

City Press - 15th March.

CONCISE: A correspondent writes that after despairing at ever finding a correct definition of inflation he decided to look it up in the dictionary! He turned to Fowler's Concise Oxford Dictionary and found the following: "Inflation - (Finance), Resort to inflation of the currency; raise price artificially; abnormal increase of the currency by the issue of inconvertible legal-tender notes." This definition we need hardly say is one with which we most heartily concur. (Eds)

DECLINE AND FALL OF THE POUND: The purchasing power of the pound is today little more than one-fifth of what it was in 1914 and less than one-third of what it was in 1936, according to figures given yesterday by Mr Nigel Birch, Economic Secretary to the Treasury. If the value in 1914 was taken as 100 it had fallen to 81 a year later and by 1920 to 40. There was a gradual improvement from then on until 1933 and 1934, when figures of 71 are recorded. After the last war the value dropped from 33 in 1946 to 22 in 1956.

Manchester Guardian - 2nd April, 1957.

KEEP AN EYE ON YOUR MONEY: Mr.N.Birch, Economic Secretary to the Treasury, in a parliamentary written reply yesterday stated that taking the internal purchasing value of the pound sterling as twenty shillings in October, 1951, it was 16s.1d. in February last.

INSIDIOUS AND INEQUITABLE: "The inflationary method of finance which ultimately depends on using the printing press to expand the fiduciary issue of paper money is the most insidious and inequitable form of taxation". Sir Arnold said that if there is too much money currency, notes become mere hunting licences for goods. - Sir Arnold Plant, reported in City Press - February 8th.

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Dr. Oldham is the author of "New Hope in Africa" and not Sam Ntiro as stated in our last issue. (Eds).

The World Our Textbook

- Land Monopoly Retards Middle East Development -
by N.K. Gardner

In a leading article, "The Economic Impact of Oil on the Arab Middle East" (The Institute of Petroleum Review, February 1956) Mr John Murray, O.B.E. gives an acute analysis of the economic problems of the region. After explaining the importance of the region which arises from its position and its oil resources Mr. Murray goes on:

"The outstanding fact about the Middle East, even yet, is its poverty: living standards are low and the whole area is, in the fashionable terminology 'under-developed'". ".... various social economic and political factors have impeded progress in the past and retard development even now."

So much might be expected of any writer on the subject. Where Mr. Murray shows unusual perception is in his analysis of these retarding factors. He appreciates, as many do not, the fundamental importance of land tenure. He does not deceive himself, as so many do, that the problem can be solved by loans and the technical assistance alone. The following quotations illustrate his views.

"The first of these (retarding factors) is the ancient system of land tenure"

"Economic development without accompanying reforms is not enough".

"Development in the Middle East is not merely a matter of finance"

" the administrators of the Mandatory Powers who, with the best intentions, perpetuated the anomalies of land ownership by tidily applying the rules of Western registration."

In describing the land tenure systems, he finds two different systems to be unsatisfactory; one in which the peasants are "share-croppers" without security of tenure; the other (called the Musha's system) whereby the land of a village is held in common, and individual plots of land are cultivated in rotation by each peasant in turn. Of the share-cropping system he says that the peasant "has little incentive for production, partly since he will only be increasing the landlord's share as well as his own and partly because the residue he receives is in any case very small and does not leave a surplus for use on improvements". The Musha's system "has the disadvantage that no one will take very good care of land which is shortly to pass out of his use", also that where "strip" farming

is concerned all must grow the same crop to make common harvesting possible.

Security of tenure is lacking in both these methods, but Mr. Murray realises that this is not the only fault in the share-cropping system. "The difficulty is that if land settlement programmes are put into operation without some revision of the land tenure system, the large landowner is merely confirmed in his position, so it is not necessarily the actual farmer who obtains security of tenure".

Of the landowners themselves Mr. Murray's statistics are of some interest. In Egypt in 1951 there were 2,600,000 landowners.

72% of these held less than 13% of the land.

6% of these held more than 65% of the land.

The landowners in the first group held less than one feddan (roughly an acre) each, two feddans being regarded as the minimum land holding for subsistence.

Of the Middle East "capitalist" he says that he "finds the returns from industrial enterprise often too small and too slow for his liking; he prefers the more dangerous, but more profitable quick and high receipts which result from short-term loans or the exploitation of land".

To attempt to overcome these problems merely by the expenditure of oil revenues would, says Mr. Murray, be "as though a man were being fed with vitamin capsules to make up a deficiency in his food." "The three essentials for development are something to develop (here we take it that Mr. Murray means land) ... the technical skill the capital to finance it". Mr. Murray, if our interpretation is correct, is among the few who put these three in their logical order.

It is clear that Mr. Murray has not yet been introduced to Land Value Taxation. He has, however, taken the important step of diagnosing the source of these economic problems.



72% on 13% of the land...

6% on 65% of the land...

HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

April
1957.

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ENFIELD and PALMERS GREEN

Series of Lectures to be announced.

ROTTING PARCHMENT BONDS

England, bound in with the triumphant sea,
Whose rocky shore beats back the envious siege
Of watery Neptune, is now bound in with shame,
With inky blots and rotten parchment bonds:
That England, that was wont to conquer others,
Hath made a shameful conquest of itself.

KING RICHARD II.

Pennsylvania and other states can share the shame of which Shakespeare wrote. Rotting parchment bonds denying future generations their inheritance may "legalise" ownership of land but they may also show the shaky moral foundations on which they are established.

(Condensed from the remarks of the Secretary of Internal Affairs, at the Annual Dinner of The Pennsylvania Historical Assoc, Oct. 1956. Published in Internal Affairs, Monthly Bulletin, Dec. 1956)

The Department of Internal Affairs is custodian of many of the most valuable records in Pennsylvania. They include for instance, records which form the basis for title to every square inch of land within the Commonwealth's boundaries, records which are of the highest legal importance to every owner of real estate in Pennsylvania.

These records - which can never be replaced - were imperilled by disintegration, by the possibility of destruction by fire or loss by theft, or by deterioration because of poor storage methods. After a little more than a year I am proud to be able to say that we have initiated a programme to preserve and protect these priceless records.

The Bureau of Land Records is the Land Office of the Commonwealth. This is the oldest of all State offices, and is older than the Commonwealth itself. It was authorized by William Penn in 1681 before he made his first voyage to America, but its holdings include records even older than that. Titles issued by the Duke of York as early as 1665 are on file there, along with some records of land titles stemming back to the Swedes, to Lord Baltimore and others. The records of the first titles acquired by the Penns or by the Commonwealth, and the records of all grants and conveyances from the proprietaries or the Commonwealth during

approximately 300 years are in the custody of the Land Office. These documents are of inestimable value, because it is only through them that ownership and title can be proved for the lands they describe ... and that is every foot of land within Pennsylvania. The title to the land upon which your own home is built originated from a conveyance recorded in the Land Office. In the same way, ownership and valid title to every home, every farm, every churchyard, every industrial tract, and every other plot of ground in Pennsylvania, whether improved or unimproved, traces back to the original record on file in our office.

Because of the vital importance of all these projects to Pennsylvania and to every landowner in the State, however, I do not doubt that the members of the General Assembly will authorize the expenditures if they fully understand the reasons for them.

The superstition that title deeds to land are binding on subsequent generations is assailed by Henry George in the following extract from Progress and Poverty:-

"If we are all here by the equal permission of the Creator, we are all here with an equal title to the enjoyment of His bounty - with an equal right to the use of all that nature so impartially offers.

"This is a right which is natural and inalienable; it is a right which vests in every human being as he enters the world, and which, during his continuance in the world, can be limited only by the equal rights of others.

"There is in nature no such thing as a fee simple in land. There is on earth no power which can rightfully make a grant of exclusive ownership in land. If all existing men were to unite to grant away their equal rights, they could not grant away the right of those who follow them. For what are we but tenants for a day? Have we made the earth that we should determine the rights of those who after us shall tenant it in their turn?

"The Almighty, who created the earth for man and man for the earth, has entailed it upon all the generations of the children of men by a decree written upon the constitution of all things - a decree which no human action can bar and no prescription determine.

"Let the parchments be ever so many, or possession ever so long, natural justice can recognise no right in one man to the possession and enjoyment of land that is not equally the right of all his fellows."

If property in land be ever placed on a theoretically perfect basis, no private individual will be the recipient of economic rent.

- Sir John MacDonell.(The Land Question)

EDUCATION OF A BUSINESS MAN

Mr. William Baxter was an intelligent business man and held the responsible position of Secretary to a large department store.

A friend had been telling him about the theories of Henry George. He was always tolerant, but unconvinced. One day his friend said: "It is a proven fact that as ground rent rises, wages interest and the profits of business tend to decline, or at least to remain the same."

Mr. Baxter's quick come-back was, "Now, any business man knows that statement to be untrue. Take my business. You will admit that what is true of this would be a fair example of all business. And you will admit, I think, that land values in this location have at least doubled during the last ten years. I can assure you that our payroll, in proportion to our business, as well as our profits, has enormously increased during that decade."

That statement seemed to be a squelcher, but his friend was engaged in spreading the idea of cost-finding systems, as well as teaching the economics of Henry George. The friend said:

"I believe your company owns this building and the land on which it rests?"

"Yes"

"Do you maintain a cost-finding system, and do you charge against your merchandising business a rental for the premises you occupy?"

"Yes" said Mr. Baxter.

"Well, then, during the past ten years, while rents in this locality have advanced, as you say, twice, have you revised the 'rent item' cost in your cost-finding system?"

Mr. Baxter caught his breath. They had not revised it.

"Well, then" said his friend, "when you have time, will you study over that question, bring your rent item up to date, then tell me if your payroll and your dividends, in proportion to the volume of your business as merchants, have really advanced as you say?" He promised.

Several days later, as his friend entered the store, Mr. Baxter met him with a smile. "I am having lots of fun with my partners", said he. "I am proving to them that we are losing money".

"So you found" said his friend, "that you have been profiting not as merchants, but as landlords?"

"Yes" he answered, "and I am certain that thousands of other business men are being deceived by the same fact."

-LAURIE J. QUINBY.

Waiting to take over

(Significant paragraphs from "Cruelty Knows no Frontiers," an article in "The Observer," 3rd March, by Istvan Tatrav, victim of the Hungarian and Russian Police States. Sentenced to twenty-five years in Soviet labour camps, after torture. He was released on the eve of the recent revolution.

There is a general belief, I find, that the worst excesses of police tyranny have flourished only in Nazi Germany and Soviet Russia, and that these excesses arise from the national character of the Germans and the Russians. This is a gross and dangerous oversimplification... Given a political system which puts a premium on oppression and thus, inevitably, on arbitrary action by a police force effectively above the law, any society will immediately find that its own worst characters, normally kept under control by public opinion, will be attracted infallibly to the centre of power.

The moment a democratic and liberal society relaxes its vigilance over its liberties, it becomes immediately vulnerable to its worst elements who, once established, can be expelled only by revolution. Thus, while I believe that some countries contain a bigger proportion of thugs than others, that some may be more easily ensnared by a philosophy of violence than others, none is totally immune... Our only defence against the bad in human nature is to give the freest possible scope for the operation of human nature as a whole.

The only society so far able to insure itself against police rule is the open democratic society. A great many people all over the world have shown impatience with the blundering workings of democracy in recent years. Time and again we are told that compared with a totalitarian society it is hopelessly inefficient. Even if this were so (and I see nothing remarkably inefficient about the United States of America, compared with, say, the U.S.S.R.), it would be a small price to pay for growth and freedom...

In Hungary my friends have lately been dying for freedom, which they valued more than life itself. In a modern, centralised, densely populated, highly articulated society, it is all too easy to surrender fundamental liberties unconsciously, almost imperceptibly, little by little...

Never, for one moment, forget that where the individual abandons the power of decision and free choice, the policeman is waiting to take over...

END OF TERM LECTURES & DISCUSSIONS.

(Westminster)

Tuesday 19th March
and
Thursday 21st March

IS INTEREST JUST?
Lecturer: V.H.Blundell, preceded
by a brief survey of Lesson 10.

Tuesday 26th March

A SUMMARY OF BASIC PRINCIPLES.
Lecturer: V.H.Blundell, followed
by 'Any Questions?' put to a team
of tutors by current students.

Tuesday 2nd April
and
Thursday 4th April

THE CLASSICAL AND THE MODERN
APPROACH TO POLITICAL ECONOMY.
Lecturer: V.H.Blundell, followed
by the showing of a film strip
from 'Basic Economics' published
by Encyclopaedia Britannica.

Tuesday 9th April

MODERN ECONOMIC THEORY.
Lecturer: Mr. Klappholz, Assistant
Lecturer at the London School of
Economics. (An outline of current
economic teaching).

Tuesday 16th April
and
Thursday 18th April

Continuation and new classes begin.

Questions and discussion will follow each lecture.

WEEKEND SCHOOL ON HOUSING

April 6th and 7th 1957

at SHORNELLS, BOSTALL WOOD, KENT.

The Guest Speaker, Mrs.L.Middleton (M.P. for the Sutton division
of Plymouth, 1945 - 1951) will address the School on:

'THE LABOUR PARTY'S POLICY FOR HOUSING'.

On Competition

They who, seeing how men are forced by competition to the extreme of human wretchedness, jump to the conclusion that competition should be abolished, are like those who, seeing a house burn down, would prohibit the use of fire.

The air we breathe exerts upon every square inch of our bodies a pressure of fifteen pounds. Were this pressure exerted only on one side, it would pin us to the ground and crush us to a jelly. But being exerted on all sides, we move under it with perfect freedom. It not only does not inconvenience us, but it serves such indispensable purposes that, relieved of its pressure, we should die.

So it is with competition. Where there exists a class denied all right to the element necessary to life and labour, competition is one-sided. But where the natural rights of all are secured, then competition, acting on every hand - between employers as between employed, between buyers as between sellers - can injure no one. On the contrary, it becomes the most simple, most extensive, most elastic, and most refined system of co-operation that, in the present stage of social development, and in the domain where it will freely act, we can rely on for the co-ordination of industry and the economising of social forces.

In short, competition plays just such a part in the social organism as those vital impulses which are beneath consciousness do in the bodily organism. With it, as with them, it is only necessary that it should be free. The line at which the state should come in is that where free competition becomes impossible - a line analogous to that which in the individual organism separates the conscious from the unconscious functions.

There is such a line, though extreme socialists and extreme individualists both ignore it. The extreme individualist is like the man who would have his hunger provide him food; the extreme socialist is like the man who would have his conscious will direct his stomach how to digest it.

- HENRY GEORGE in "Protection or Free Trade".