

The Freeman

A Monthly Critical Journal of Social and Economic Affairs

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Five Cents

What's the Answer?

asks Alfred P. Sloan, Jr.

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A Great Experiment

The Henry George School of Social Science is a challenging experiment in adult education. In subject matter, methods and scope it defies tradition and refutes accepted educational conventions. Yet as an institution for spreading knowledge, even conviction, it has, in the five years since its humble start, proven itself.

Beginning with the goal—since that is the guiding principle which determines every detail of its plan—the School proposes to teach fundamental economics to the general public; not to make of every man in the street an economist, but in order that a sufficiently large number of citizens may be so familiar with the economic forces that shape social trends as to exert an influence on the body politic. It is, therefore, a school with a definite educational purpose. To whatever extent the school succeeds it must be an instrument of public good.

Its curriculum embraces but one subject, "Fundamental Economics and Social Philosophy." This indicates the scope of the School. The problem of making a living, regardless of his particular vocation or avocation, is the problem of every man, and the solution of that one problem is therefore the concern of society as a whole and of its individual units.

Every man has economic opinions. He must have, merely because he is daily confronted in his personal life with such concepts as "wages," "capital," "prices," "rent," "money," and so forth. Complete ignorance of these ideas would, in a complicated social order, render one as helpless as a babe. This being so—the School reasons—everybody should be interested in obtaining a clearer understanding of these all-important economic concepts. And every thinking citizen would be deeply interested if

the subject were presented in a meaningful manner.

The interest shown by college graduates (to whom economics was indeed the "dismal" course) at the Henry George School indicates that it is not economics as a study, but the way it is taught, that makes it abhorrent. It must be remembered that in taking this course at the School they do so for no ulterior motive. For the School gives no degrees, its courses are not recognized by the degree-giving institutions, and there is no way in which the students can turn this knowledge to their pecuniary advantage. This is the miracle of the Henry George School. While the mental training of this study is of undoubted value to the student, it is of value to him only in a general way, as a cultural discipline. But, in enrolling its students the School holds forth no utilitarian purpose. It offers to its students only an opportunity to understand the fundamentals of economics. There must be something in that appeal for over 20,000 have up to this writing enrolled in the course.

Every student is a challenge to the School. Every student assumes that he will be asked to buy something, to join something, to do something besides studying a book and attending class. It takes at least four sessions to overcome these suspicions.

When they come to the classes the students are told to accept no statement of the instructor, or in the textbook, without critical examination. The instructor does not teach. He asks a series of questions, based upon the textbook, which the students are encouraged to discuss. He places himself on an intellectual par with his students. He does not tell them, he reasons with them. They educate themselves.

The instructors are not professionals, which is the one reason for the

solid growth of the school. They are volunteers, coming from all walks of life, giving their services freely to advance a social idea. There are about three hundred of them now, and Teachers Training Classes are being conducted in many cities. As fast as instructors qualify classes for them are formed. Their very sincerity of purpose attracts the interest of the students, and is in itself a pedagogical instrument.

The classrooms are wherever places can be obtained. In school buildings, parish houses, Y.M.C.A.s, community centers, court houses, home, offices—all rent free. In some cities central headquarters, which also serve for classrooms, are maintained; and in New York an eight room building is occupied. But, the "campus" really includes hundreds of rent-free rooms.

There are no examinations. If through the discussion method the understanding of the subject is not evidenced no written answers to formal questions will assure it. At the conclusion of the ten-weeks course the student is flatly informed that he has just started to learn, and is encouraged to continue reading. In many cities advanced courses are given, and it is interesting to note that the majority of those who complete the fundamental course are anxious to study further.

Graduation usually brings the query "where do we go from here," and the School is then confronted with the problem of avoiding the very propagandist or political organization which the students on enrolling feared they would be asked to join. Americans are inveterate organizers. Organizations become ritualistic, destroy ideals, involve personal ambitions, and discourage individual initiative. The School feels that its educational ideals will become perverted by formal organization and therefore adheres to its policy of extending its work through the voluntary efforts of its teachers and class secretaries.

Finally, its finances. All that can be said of this vital subject is this: The School is supported by the voluntary contributions of its graduates and friends. Truly a great educational experiment.

—F. C.

How Solve Poverty 'Midst Plenty?

Asks A. P. Sloan, Jr., Suggesting Answer

The following paragraphs from a letter written by Alfred P. Sloan, Jr., Chairman of the Board of General Motors Corporation, to the Director of the Henry George School of Social Science, are reproduced by permission. In requesting this permission the Director expressed his purpose of commenting editorially on these paragraphs, and Mr. Sloan's reply indicated that he would welcome a solution of "this problem of increasing the purchasing power of those who have the least, so that they can have more—and always more."

My dear Mr. Chodorov—No one is more concerned than I am, and no group should be more concerned than those interested in the country's industrial development, in improving the ability of the so-called 'submerged third' to purchase goods and services. Economically and socially, that is the real objective. My quarrel in many of the things that are being done, is not in any sense with the objectives, but rather, according to my beliefs, with the unsound approach to those objectives.

I do not believe that the interests of the so-called "submerged third" can be promoted by requiring their employers to pay them higher wages. It may help a few, but as a group they are bound to lose unless, in some way or other, they are able to produce the equivalent of the increased wages together with the shortened hours.

Too many think that wealth can be created by legislation—of course, it can't. Too many think that if industry and business would only loosen up and pay higher wages, the purchasing power would increase. Of course, purchasing power is not increased that way. The average wages in the automotive industry today are around one dollar an hour. The minimum wage is at least three times the minimum provided in the Wage-Hour Bill. It does not come about because the automotive management is liberal—it comes about through the highly advanced technology of the automotive industry, as the result of which the wage earners can earn that much and therefore the industry can afford to pay that much.

You compliment me when you say that I obviously know the cause for declining wages and the solution of the question of poverty in the midst of plenty. I certainly do not know the complete answer, nor do I believe that any one else knows it, but I do believe that there are certain fundamentals that contribute to the difficulty and that the problem can never be solved, nor can progress be promoted, by waving a magic wand, by legislation or by fireside talks. It can only be done by greater productivity because, after all, the things that everybody wants are physical things and they are only made available by capitalizing the natural resources of the country through the instrumentality of business and industry.—Alfred P. Sloan, Jr.

An analysis of this letter reveals that Mr. Sloan has stumbled over the answer to the question that vexes him. The fact that he solves the problem and yet is not conscious of having done so indicates how a logical mind can be blocked by preconceptions arising from erroneous education.

Before we analyze this letter for

Mr. Sloan (whose name we shall use here as a symbol for those engaged in production), let us consider the basis of his economic education. He has been taught, in college and in his intellectual contacts, that economics is the science of possession. His textbooks and his teachers explained and emphasized the methods used by men to obtain and exchange

things. He learned the art of barter, the rules of buying and selling. He was told that wealth is anything that is exchangeable, and that economics concerned itself with studying charts and curves that recorded the fluctuations and indicated the probable tendencies of these exchanges.

But his experience runs counter to his education. For here he finds

that wealth consists of things that satisfy desires—things that are produced. He learns from life that production, not possession, is the essential of economic processes. He sees that wealth is not born of barter but is merely services congealed in matter. His contact with reality reveals to him that somewhere in the laws governing the production, not possession, of wealth will be found the solution to economic problems. But since these laws were never explained in his study of economics, his apprehension and his perception come into conflict, and he is intellectually blocked. That is why he cannot see the answer which he has actually embodied in his letter of inquiry.

The chemist is concerned with the elements that enter into the composition of things. He tells us that hydrogen and oxygen, combined in certain proportions, produce water. Whether the water is to be used for drinking purposes or to wash red flannel underwear is no concern of his. But our professors of economics do not deal with the nature of wealth nor with the laws governing its production and distribution. Indeed, they deny the existence of such laws—but with what happens to that wealth after it is owned. The prevailing custom or legal method of securing possession is the starting point of their investigation. If privateering were today, as it was in the time of Queen Elizabeth, sanctioned by law, our colleges would give courses on the economics of privateering.

When our accredited professors of economics tell us there is no science of economics, and proceed to teach in its name the art of banking, the rules governing real estate deals, the technique of swapping turnips for parsnips, what chance have their graduates who enter into the field of production to solve the fundamental economic problems with which they are confronted? Is it any wonder that Mr. Sloan who was never taught the law of wages and yet is confronted with the operation of that law is in a quandary?

Which brings us to an analysis of his letter.

He speaks of a "submerged third"—a mouthy phrase invented for political purposes—as being that class of the people who suffer most from our economic maladjustment. This is kindness, not economics. The "sound approach" to the problem of this group is to ascertain why any producer—whether he runs the cor-

poration or merely pulls a necessary switch—receives less than he produces. For, if any worker gets less than he produces he is to that extent deprived of the result of his effort. He is both maker and user of services; there is no difference between production and consumption.

We shall point out later the leakage in our economic process which deprives the worker of the full produce of his efforts, resulting in less wages to all three thirds of our producing citizenry. For, the social effects of a wrong economy are visited not only upon one group of people. We all suffer. Who can feel happy in a social order where prisons are as numerous as colleges, where bigotry, hatred, persecution, war and destitution have become our ordinary manner of living? We are all submerged.

In the next paragraph Mr. Sloan reveals the conflict between his education and his experience. He speaks of "requiring employers to pay higher wages." Employers do not pay wages. While Mr. Sloan has probably not been taught that wages are paid from capital, he most likely was taught that capitalists pay wages. If this were true capitalists would have to be born before workers could go to work. Wages are part of production—the other two parts being interest and rent—and it is only through the increase of production that the general level of wages might be raised. The workers who buy automobiles provide through exchange the wages of automobile workers, not the General Motors Corporation. Wages are merely the exchange of labor values for labor values. Any interference with production causes an interference in this exchange and results in a reduction of wages.

Of course, as Mr. Sloan points out in the next paragraph, freedom to produce does not in itself determine the amount of production, or, therefore, the amount of wages. A worker without tools is a poor producer. The "highly advanced technology" of the automotive industry is, Mr. Sloan will recognize, another term for capital. But capital itself is merely a product of labor, and any interference with production must result in a diminution of capital. Interest—the wages of capital—is as sensitive to stoppage of production as are the wages of labor. When interest is reduced to that point where the storing up of labor in capital is discouraged, capital tends to disappear; la-

bor is deprived of that "highly advanced technology" which it needs for efficient production, and therefore its wages tend to fall. The problem of labor and the problem of capital are identical.

But, it should be pointed out that the "highly advanced technology" of the automotive industry is no assurance of a continuing high rate of wages—or high rate of interest to stockholders—in that industry. A continuing and increasing army of unemployed will be attracted by these wages, will attack the scale like locusts in a wheat field. The result will inevitably be a reduction in the return to labor and to capital. No one industry can maintain for a long time a level of wages that is unwarranted by the economy of the social order. In due time the automobile industry will suffer the fate of the textile industry. The army of unemployed is the most destructive army in the world.

Of course legislative action cannot create wealth. Neither can the executive board of a corporation nor the officers of a labor union. The only way to create wealth is to produce the things we want. "It can only be done by greater productivity." Well, what's stopping us from going to work? And here, in the last sentence of his letter, Mr. Sloan unwittingly gives the answer.

"By capitalizing the natural resources." Here, Mr. Sloan, is your answer. Labor and capital cannot go to work unless they have access to these natural resources. All the things that go to make for human happiness—all the wages of labor—are derived from the earth. There is only one earth at our disposal. Our economic and social problems arise from the fact that we have arranged to give some of the people the privilege of demanding of the workers a part of their produce for the privilege of working on that earth. But this tribute in itself, though unjust in principle and unsocial in effect, is not our main trouble. The main trouble arises from the fact that these owners of the earth anticipate the desire of enterprising capital and energetic labor to produce more, and demand an ever increasing part of production for the privilege of using "their earth." It is this holding of the natural resources—i.e. land—out of use that curtails production, causes unemployment and reduces wages and interest.

You have the answer, Mr. Sloan, in your own letter.

Only the Obvious, O'Mahoney!

By John Lawrence Monroe

Monopoly is a method of controlling the supply of anything for which there is a demand so that the monopolist may command a price higher than that which would obtain in a competitive market. In other words, it is the power of getting something for nothing.

It is the power, therefore, of collecting loot or tribute. However, this power is not the same as, although inherently similar to, that of the thief or highwayman. His ability to get something for nothing arises from his violation of the law. The monopolist derives his power from the law itself. No monopoly can thrive for any length of time unless it enjoys a privilege granted by the law. The monopolist is not a law breaker; he is the product of it.

Any attempt, then, to destroy monopoly must begin with the elimination of the laws of privilege upon which the monopolies are created and thrive. You cannot eliminate the monopolistic tendency to "restraint of trade" unless you withdraw the legal privilege which makes such practices possible.

Free competition has never existed in this country, and perhaps in no other country. Our government has since the beginning given special privileges to favored groups or individuals, who have employed these privileges (as intended by the government) to exploit the people. The cause of monopoly is found in government itself, and any legislative investigation of monopoly should be self-investigation.

Out of deference to the idiosyncracies of logicians, let it be said that there never has been a complete monopoly of anything. The etymology of the word would prescribe a single seller, or sole owner, as prerequisite. There cannot be a land monopoly, say these logicians, because there are a number of land owners, competing for the trade of tenants. But, we are not interested in etymology; we are concerned with facts. Where the owner of anything has a power, inherent in that ownership, collect-

At the request of the President, the Congress appropriated a large sum and designated a joint committee to study "monopoly and the concentration of economic power." The practice of such investigations in the past has led to the suspicion that this committee would select several large corporations for attack, conduct hearings in a manner conducive to the political advantage of the investigators and result in legislation of a punitive character against bigness. Senator O'Mahoney, chairman of the committee, has taken pains to allay such suspicions by asserting that "this is to be an objective study." The truly objective method would require a definition of monopoly as a starting point; thus far the committee has not offered any. Such a definition would necessarily involve a statement of the basis of monopoly and of its essential character. To enable our readers to follow the committee's investigation, and to assay its value, this article attempts to briefly give such a definition and analysis. For fuller study of this vital subject, we refer to "The Ethics of Democracy" by Louis F. Post, "Privilege and Democracy in America" by Frederic C. Howe, "The Menace of Privilege" by Henry George, Jr., and "Economic Science and the Common Welfare" by Harry Gunnison Brown.

ing something for which he renders no service, that power is monopolistic. It may be continuous, it may be but for a time. It may be national

in scope or it may apply only to an ideal location for selling hot-dogs. It's monopoly when it receives more than it delivers, and does so by virtue of its ability to restrict production.

There are ever so many minor monopolistic tendencies. There are the associations of merchants that attempt to secure from legislative bodies special privileges for their memberships, like licensing restrictions; there are labor unions which hope to get higher wages for their members and are now attempting by law rather than by union action to secure some advantage; there are regulatory measures of one kind or another that result in special privileges to law-breakers and graft-collectors. The number and degree of monopolies are measured by the number and kind of regulatory and prohibitive laws on statute books. Every law (like the AAA) that directly or indirectly restricts trade gives rise to groups which, temporarily at least, are able to demand something for nothing.

But the big monopolistic tendencies, those which are for a longer period of time and over a larger area able to capitalize on privileges granted them by government are:

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This Road Leads To Collectivism

By Harry Gunnison Brown

We sell ourselves into slavery to "get ours." The American farmer was supposed to be the world's champion individualist. Whenever consideration was given to various forms of collectivism, of social planning and of regimentation, it was always supposed that the American farmer, at least, would refuse to agree to or compromise with any of them. But debt and depression and the New Deal have made even the farmers, or at any rate a very large proportion of them, amenable to regimentation and—who knows?—perhaps eventually to collectivism too.

And what is the New Deal's recipe? Is it not chiefly a sort of bribery? Those farmers who "coöperate" in cutting down the acreage planted to specified crops become eligible for maximum "soil conservation" and "parity" payments, greater than "non-coöperating" farmers receive, and for advantageous loans not available to the same extent to "non-coöperators." If these discriminations do not reduce crops as much as desired, the Secretary of Agriculture can declare market "quotas" on various agricultural commodities, e.g., wheat, corn and cotton, for each farmer (subject to a veto of growers if one third of the voters disapprove of this scheme for enabling them to get higher prices!). And if quotas are thus fixed for each farmer, penalties are provided for, in the form of fines, on non-conforming farmers, to the end that very few shall find it worth while to exceed their allowed sales. Of course there must be an army of officials to see that each farmer keeps within his assigned quota and to check up on the extent of "coöperation" in conforming to acreage allotments even if there are no quotas; and these officials must be paid by the government.

The American farmer an individualist and violently opposed to collectivism? The American farmer a man who would never submit to regimentation? Or does the old and supposedly very cynical remark that "every man has his price" apply to

economic groups who hope to be able to get higher prices for the products they sell from other groups?

Except as blinding partisan prejudice is aroused, it should require only the most rudimentary understanding of economic principles to enable men and women to understand that restrictions diminish the available number of jobs. If men are paid for not using their land and for not producing and are even fined for producing, they can obviously hire fewer employees and the opportunities for jobs must be reduced.

And now we have, in addition, the new wages and hours law which is intended to fix a level below which wages may not fall, however little the employee's labor may be worth. Certainly such a law must operate in the direction of making unemployment. If, for example, coal is worth, at the mine mouth, \$2.10 a ton, how can a man who is able to produce not more than a ton per 7-hour day from the mine where he works, be worth 40 cents an hour? If the law says he must be paid 40 cents, he cannot be employed. For what mine operator will hire a miner to produce \$2.10 worth of coal if he must pay the miner \$2.80? That would be, so far as the operator is concerned, like throwing 70 cents into the ocean! Nor will employment be assured by passing a law raising the price of coal. For this would compel many poor people to get along with less heat—to say nothing of its effects on industrial uses of coal—and would decrease the use of coal per person. Thus, coal mining jobs would be decreased.

It is worth noting that, according to a recent issue of the United States News, nearly half of all the workers in the South entering common labor jobs in July of 1937, received less than 40 cents an hour; about 20 per

cent received less than 20 cents an hour and "more than a few workers . . . took jobs paying less than 12½ cents an hour." What kind of optimist is it who can seriously believe that it is possible to bring wages for substantially all common labor in the South, up to 40 cents an hour, without causing a most extensive chronic unemployment,—unless we have a currency inflation that raises very greatly the general level of all prices and so makes the seemingly higher wages not really higher at all!

In general, prices cannot be raised—unless there is an expansion of circulating medium—except by decreasing production, and decreasing production means making unemployment.

The new wage level does, indeed, go into effect gradually and the law, as passed, makes certain exceptions. Some of these are made specifically, notably the exception of labor employed in agriculture. For of course our legislators, though they want very much to get the support of labor, do not want to antagonize the dear farm owners by insisting on the slightest increase of the wages of laborers on the farms, however low these wages may be!

Other exceptions are subject to administrative investigation and rulings. The administrative red tape involved will almost certainly prove to be an obstacle to the employment of workers. Also, the enforcement of the law, the discovery and prevention of evasions and the investigations into the desirability of allowing exceptions under various conditions, must necessarily require an army of government employees, as national prohibition did and as the Agricultural Adjustment Act does. This law, like the Agricultural Adjustment Act, at the same time reduces the ability of private industry to employ men and increase the number of public employees who look to the government for their jobs and salaries.

If the government merely restricted opportunities for employment in industry, by requiring wages higher than industry could pay and employ the available workers, the unemployed



might, though at the expense of more intense competition and lower wages, crowd into agriculture. Or if the government merely limited the opportunities for employment in agriculture, by paying the owners of farm land not to use it and, therefore, not to employ laborers and tenants to cultivate it, the workers kept out of agriculture might, though at the expense of more crowding and lower wages in industry, find employment in industrial lines. But when government adopts policies that restrict employment in both industry and agriculture,—there may be the most widespread distress. Not only may unemployment be produced in the numerous regulated industries, but the great and (perhaps) desperate crowding of workers into unregulated industries or industries not subject to Federal control, such as local retail trade, may make wages in these distinctly lower than before. But how many of those whose wages are thus lowered will ever have the slightest idea why their wages are lower or be inclined to blame a Congress which so loves the poor that it passes a law to raise wages? And who cares for the low-paid white collar worker anyway!

I am not, of course, trying to attribute all our present ills to these restrictive policies of government. (Some of the policies, indeed, are new and may yet be declared unconstitutional.) That credit deflation such as that of 1929-1932 and 1937-1938, operates to make acute business depression, I have repeatedly asserted; and I have also many times contended that a restoration of collapsed circulating media tends strongly to business revival. But such restoration of bank credit or other circulating medium must bring revival much more slowly and incompletely, if at all, when the other policies of government are mostly definitely depression-producing and job-destroying policies.

Our present administration is, whether consciously or not, discrediting individualism and promoting a reliance on government that may lead, in due time, to fascism or communism. For it is adopting policies that make more difficult the employing of labor by private industry. And at the same time it is

building up an army of government employees, paying out hundreds of millions for relief and for public works, and teaching millions of Americans to rely upon government aid and government jobs for a livelihood instead of upon private industry and agriculture and their own initiative and skill. If this is not the way to discredit individualism and prepare the people for further steps towards socialism or communism, then what is?

As the farmer is—so to speak—bribed by benefit payments and the prospect of higher prices, to accept regimentation, so the workers are—in effect—bribed by the promise of enforced minimum wages and by government jobs. It is true that sufficiently high wages enforced by law tend to increase unemployment; but those who are nevertheless employed are likely to believe the laws beneficial to them—despite sales taxes for the relief of the jobless—and so to favor the restrictive laws. Furthermore, the workers have built up—or the “intellectuals” of “liberal” proclivities have built up for them—an ideology often emphasized by their leaders, to the effect that it is necessary only to raise wages in order to increase prosperity and thereby expand employment. If, therefore, a formal increase of wages brings widespread unemployment and destitution, the workers and their “intellectual” sympathizers will not attribute this unemployment to the increase of wages but will argue insistently that the fault is that of the wicked capitalists for not paying wages high enough.

Thus, the combination of government interference and “proletarian” ideology, is likely to work to the discredit of private industry and to demands for a further expansion of the powers of government. Against this tendency, of course, is the tendency of voters to turn against any administration under which they suffer acute depression, regardless of any or all consideration of causes

and consequences! But we cannot be at all certain that such discrediting of a particular administration will seriously retard the trend to more and more reliance on government and less reliance on private industry.

The typical American industrialist is instinctively opposed to such regimentation as we have, recently applied in the field of agriculture, as well as to government regulation of wage rates. But he, too, can be bribed. Though he may ballyhoo to the hills his alleged belief in individual initiative and the virtues of self reliance, and his abhorrence of government interference and coddling, he usually welcomes bounties and subsidies when they are offered to him,—yes, even lobbies for them; and he has, it appears, pretty consistently supported tariff interference by government, to protect his individual initiative (?) and courageous self-reliance (?) against foreign competitors and to enable him, thus, to charge American consumers higher prices for his output!

And if the typical American business man is opposed to the paying of agricultural landowners for holding their land out of use, he has certainly never been very vocal in objection to a tax system that promotes the private holding of land out of use by speculators. Yet such speculative holding, also, like the subsidized holding of the Agricultural Adjustment Act, decreases the efficiency of the production of wealth, decreases output, and decreases wages. And this tax system that relieves the land speculators, at the same time directly penalizes labor, penalizes thrift and penalizes individual initiative and enterprise.

Do our business men who prate so eloquently of untrammelled enterprise, of freedom from unnecessary restrictions and impediments, of the natural reward of thrift and efficient service, and of the virtues of rugged individualism and the spirit of self-reliance, really want what they seem to pretend they want? Or are they in a mental fog, so that they are utterly unable to think consistently or to comprehend the difference between black and white?

See: Economic Science and the Common Welfare, sixth edition, pages 127-128, 150-151, 377, 395; The Economic Basis of Tax Reform, pages 57-60.



The Ghost of Malthus Walks

By Frank Chodorov

The refuge of befuddled intellectuals, seeking to account for increasing poverty without disturbing an economy which permits the robbing of the worker, has been, for over a century, the theory that population increases faster than the means of subsistence.

The ghost of Malthus cannot be permanently laid. For nearly fifty years the cadaverous idea that there are too many people in this world has been more or less quiescent in learned circles. Its resurrection, however, is inevitable because without it the statistical sages cannot account for the persistence of poverty in the midst of plenty—unless, forsooth, they permit themselves to see the truth.

Now, again, in the year of Our Lord 1938, we are told in the insidious phraseology that passes for learning, that not Mammon but Jehovah, not an unholy maldistribution of wealth but the niggardliness of nature, not robbery but too many babies explain the hunger that drives men to unsocial deeds.

But the ghost is not brought forward in its blood-curdling form. It isn't a decent, honest ghost—one that permits you to enjoy a legitimate shudder. It is dressed up in a cap and gown, with a scroll under its arm, pince-nez on its nose, and around its neck a ribbon of bureaucracy to assure its claim to respectability.

For this time the theory appears in a "report"—presented to the President of the United States by the Committee of Population Problems of the National Resources Committee. The very ponderosity of these titles gives the apparition a verisimilitude of corporeal reality that robs it of its innate horror. And the accompanying array of statistics infuses a red-ink likeness of blood into this modern shade of Mathus—so that its acceptance in decent society may be assured.

The "report" tells us that the population of the United States will reach its zenith somewhere between

1955 and 1980, after which the number of babies born will about equal the number of departures from this life. To one familiar with historical process this picture of our population is not news. Civilizations decline and disappear with the growth of fortunes and the increase of poverty. It has always been so. When living becomes so difficult as to be less desirable than death, mother love expresses itself in race suicide. War, that hideous monster of uneconomic living, decimates the expectant fathers, and sterile senility dies off. The "report"—in an untold number of words—merely embellishes the obvious. Then, instead of telling us that our civilization, like its predecessors, is doomed because of our economic maladjustment, it opens up the closet and brings forth this charming ghost:

"It (a smaller population) may on the whole be beneficial rather than injurious to the life of the nation. It insures the continuance of a favorable ratio of population to natural resources of the United States. Each citizen will continue to have (the "report" does not say how) a larger amount of arable land, minerals and other natural resources than the citizen of any of the countries of the Old World. (Our ghost here waxes patriotic.) This supplies the material basis for a high level of living (the "report" does not say for whom) if these resources are used wisely and if cultural conditions are stimulating to initiative and cooperative endeavor."

This last phrase is significant. By "cooperative endeavor" the professors hint at their economic and political philosophy. They are hoping that declining population will bring with it (as it will) that form of society in

which professors will be employed to direct the "cooperative endeavor" which is their euphemism for a planned economy. It used to be called socialism.

All of which brings us to this: What reliance can the average citizen have on the professorial class who see only in declining population a hope for economic betterment? That poverty is not necessarily attendant upon increased population, that we had depressions even in the early history of our country, that Canada, with a very sparse population is suffering from the same uneconomic conditions that prevail in densely populated England—that there is absolutely no logic in the assumption of a ratio between the wealth of the citizens and the natural resources of the country when these are privately monopolized does not seem to even occur to these learned men. Blinded by statistics, made stupid by the arrogance of assumed wisdom, hiding their subservience to predatory interests in a cloud of meaningless verbiage, our professional teachers will lead us only into confusion worst confounded. We must seek the truth ourselves.

Capital Wastes Too

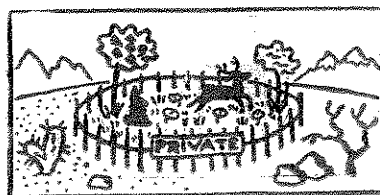
"Investors can have their choice of a dozen of more plants in Paterson, N. J., many of which are equipped with machinery and can be rented." Then follows a list, in the bulletin of The Credit Institute, of desirable plants that are offered at bargain prices. It reads like an archaeologist's account of lost civilizations. Yet, one can hardly feel pity for the owners of this wasting capital. They should have known.

Dear Cheap Labor

The State of Kansas reports a loss of \$25,000 in the operation of its prison farm last year. Does slave labor pay? Hitler, Stalin and Mussolini please note.

Breeder of Power

The more poverty, the more police.



Economic Education vs. Socialist Error

By Louis Wallis

An attack on the Georgist position by the Socialist "Call," organ of the American Socialist party, furnishes ground for developing the educational approach to economics along new lines to meet states of mind which today are becoming more pronounced in sections of the general public.

The attack in question, officially sponsored by the editorial management of the "Call," is made in a recent issue during a lengthy review of my new book, "Burning Question: Making Your Living in a Monopolized World." Deprecating Georgist emphasis upon the importance of land monopoly and taxation as primary factors in the economic problem, the "Call" declares, "Land is only one of the means of production." By classing land with tools and machinery as "one of the means of production," the "Call" betrays the confusion and lack of economic analysis which have characterized Marxism ever since the "Communist Manifesto" of 1848. The "Call" goes on to say: "It is good to get rid of a private landlord. It is good to get rid of a private boss who owns the other means of production. But it is no good to pretend that getting rid of the landlord will automatically get rid of the boss."

Georgists have usually discounted socialism on the view that its economic errors are self-limited and will disappear in time. This assumption would be true if socialistic ideology were confined simply to the organized followers of Karl Marx. But the fact is that wholly aside from socialism as a philosophy or as an organized movement—and without any reference to Marx—the working class has ignored the tax-and-land problem since the eighteenth century, and has been fighting the business man on the theory that capital is the enemy of labor.

The labor-capital controversy began long before Marx; it has gone on through the years without any reference to the socialist movement; and it has always had the character of a confused war between employers

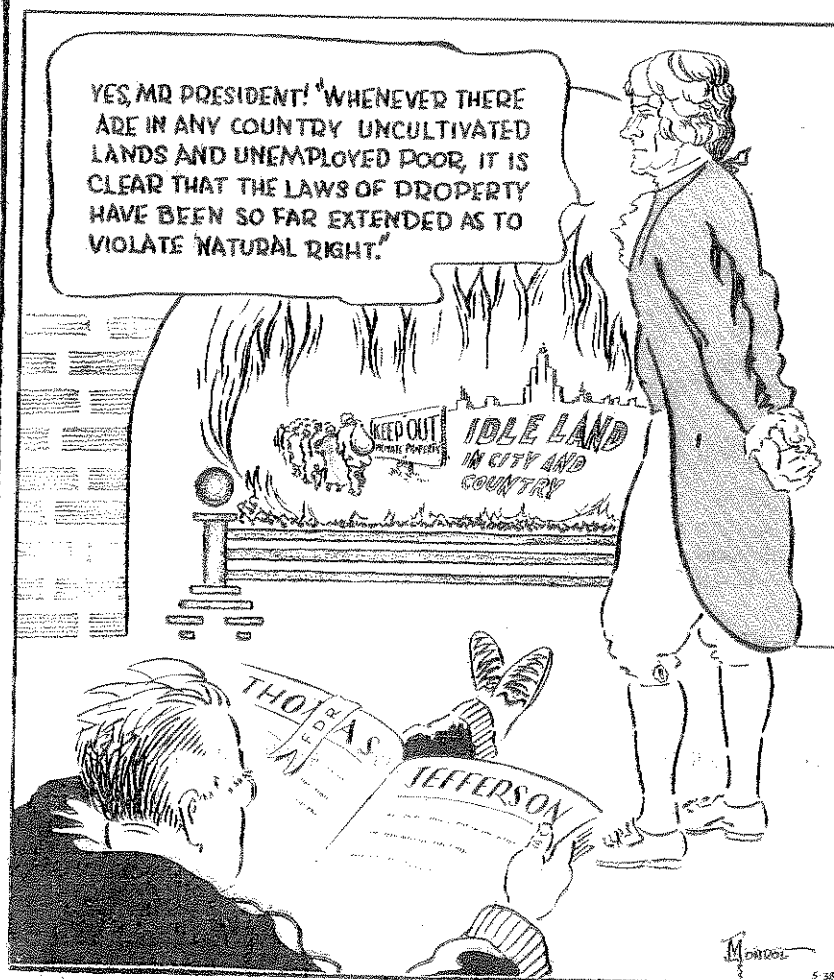
(The author's emphasis of the functional argument for land value taxation is due, so he informs the Editor, to his constant meeting of socialistic opposition to the Georgist reform, not from avowed followers of Marx only, but from those who should know better. He so firmly believes in the importance of this approach that he has offered to send copies of the argument to all who desire them, without charge. Write Louis Wallis, care of The Freeman.)

and employed. What is not generally recognized is that Marx made his way to fame by attempting to underwrite this confused war. He

sought to justify the so-called "class struggle" by thundering in German verbiage that "labor and capital have nothing in common." And precisely because Marx undertakes to endorse and promote this indiscriminate warfare between labor and capital, his ponderous volume, "Das Kapital," is naturally a confused book which notably fails in fundamental economic analysis, and which, in its practical effect, makes confusion worse confounded.

The outstanding fact which thus comes into view is that the socialist movement is important, not in itself, but in giving expression to states of mind which exist independently of the movement and wholly aside from

FIRESIDE CHAT



anything written by Marx. And it is this consideration which lends importance to the attack of the Socialist "Call" upon Georgism. Scientific teachers and students of economics, therefore, should be warned that the general public tends to be more and more socialistically minded as the pressure of the economic problem grows more acute. The laboring class, the middle class, and the academic class, are more and more biased in the direction of confused socialistic ideas, hoping to find salvation by doing something to the rich, or curbing the wealthy, or baiting economic royalists. To deal with this mental condition the following statement is appended for study:

The Functional Argument for Land Value Taxation

Tools, machinery and other equipment constituting capital should be exempt from taxation because all capital is the product of labor,—whatever may be the special origin of capital, and whoever may be the owner of it. The untaxing of capital is necessary to its freest employment in cooperation with labor.

At the same time and for the same reason, the ground rental value of land, whether the land be improved or vacant, must be taxed to the limit; so that private site monopoly cannot lay tribute upon capital and hinder its freest employment in cooperation with labor.

If land values are not thus taxed, the inevitable effect is to put both capital and labor between the double burden of ground rent to the site monopolist and taxes to the State; both of which liabilities must be liquidated prior to wages.

Since capital is an absolute requisite in modern society, we must frankly face the fact that land value taxation is virtually a program to liberate productive capital as a fundamental condition of labor freedom. In other words, all problems of labor-freedom should be considered, not in the abstract, but in concrete relation to the disposal of productive equipment.

In view of the foregoing considerations, there comes up at once the problem of educational technique in promoting the land value tax idea.

All advocates of this program ad-

mit that industry as now organized is conducted upon a monopolized earth, and that, through the private monopolization of ground values, labor is largely defrauded of the wealth annually created by human toil.

And since capital is merely a portion of wealth devoted to the purpose of production, there can be no successful denial that capital itself is accumulated, not through individual saving out of purely individual toil, but from the immense wealth-fund which arises out of the unremitting exploitation of labor on a monopolized earth. So far as the capitalist himself is concerned, therefore, we must face the practical situation that capital is "unearned wealth."

In view of these considerations, then, the usual claim that ground rent should be taxed because it is unearned, incurs liabilities which unnecessarily burden the progress of the argument.

Not only socialists but non-socialists rise up at once declaring truly that there are many values besides ground rent which are not earned by those who appropriate them; and that if the "unearned" category is to be the measure and standard of taxation, then all property not pro-

duced by its owner should therefore be taxed.

The land value taxer is nevertheless entirely correct in saying that all wealth has been earned by human toil—even if most property is owned by some exploiter who did not produce it.

In the meanwhile, however, the advocate of land value taxation loses the initiative to the socialist and to socialistically minded persons who are on the increase everywhere. In other words, he forfeits the advantage of what may be called the "functional" argument which consists of two parts: (1) Capital should be exempt from taxation because it is a product of labor. (2) Ground values ought to be taxed heavily or exclusively because, when privately monopolized, they act as a barrier to capital and labor. The argument should rest there.

In other words, from the standpoint of the average reader and the average audience, the argument should not be abstract, because in that case the "prospect" may easily be confused by socialistic vociferation and thus prevented from reaching a definite and useful opinion. The argument, then, should rather be presented functionally, in order to make the strongest initial effect.

SALVATION IS FREE—SOMETIMES

A. E. Stevens, who observes the pageant of events from the vantage point of Washington, D. C., calls attention to this believe-it-or-not item from "This Week" magazine:

"Gladewater, Texas, has a church which pays worshippers for belonging to it. No new members have been admitted to the congregation since a producing oil well was 'brought in' on the church lot, but all who originally belonged receive substantial royalties."

Many years ago I attended a revival meeting. The evangelist repeatedly shouted, "Salvation is free!" Before the meeting ended baskets were passed around for contributions.

This struck me as incongruous until I realized that even preachers are "of the earth earthy" and must eat.

The Gladewater parishioners, however, seem not only to have "got religion" free but are being paid for not backsliding.

They do not realize that this oil was given by God for all the people and not exclusively for the few parishioners of the Gladewater church. They are not to be blamed for believing the commonly accepted doctrine that a natural resource is property.

As churchmen, however, the members of the Gladewater congregation are subject to criticism for making a monopoly of religion. For fear that the royalty from a natural resource will be spread out too thinly they refuse to admit other worshippers of God who created that bounty.

FREDERIC C. LEUBUSCHER



Justice Without the Scales

By Lloyd Buchman

"Quasi-judicial" is a contradiction in terms, and this all too readily accepted phrase should be considered as a social phenomenon arising from an economic maladjustment. For the sake of both accuracy of expression and clarity of thought, it would be better, as will soon be evident, if we substituted for "quasi," meaning "almost," the word "aliquando" meaning "sometimes."

Our government is based on the principle that the least government compatible with the welfare of its citizens is the best government. To guard against invasion of our rights by others and to provide the maximum of personal freedom compatible with collective security, we have established in the first three Articles of the Federal Constitution the Legislative, Executive and Judicial departments as separate branches of our government. It is in point to note the importance of independence of the judiciary for in the absence of such a condition the Legislative and Executive could function without restraint.

While it is true that the power to declare acts and actions unconstitutional may be abused (and which power may not be), we must, to the extent that we recognize any governing body, place our confidence ultimately in some person or group of persons; and our history during the past one hundred and fifty years has tended to build a tradition around our Courts. In this respect even those who are most opposed to our form and methods of government will agree that as tradition, reinforced in this case by the presence of the co-ordinate branches of government, grows older and stronger, the probability of continuing it and of maintaining the Courts inviolate and impartial, increases. With this preliminary discussion I have per-

(The growing number of government agencies that seem to have partly judicial and partly executive powers—somewhere between bureaucracies and courts—is a matter of much concern to students of both government and sociology. In this article a legal mind analyses the character of these bodies and points to their social implications.)

haps explained what I mean by, and why I use, the phrase "judicial tradition."

Let us now turn to a consideration of so-called quasi-judicial agencies as we know them. While they are not a Rooseveltian innovation, the last few years of economic depression have witnessed a marked growth in their number and the extent of their powers. These bodies are created not as Courts with general powers to apply accepted principles to determined facts, but rather for highly specialized purposes. In their procedure these agencies are perhaps, at first, judicial, and at least on principle they can in this stage recognize judicial tradition. Of course, in the performance of judicial functions there can be no compromise with principles of justice, equity and fair dealing.

Exercise of administrative or executive functions, on the other hand, are wholly incompatible with these principles. Hence one person or group of persons cannot properly fulfill both types of functions unless there is first, a clear realization of judicial requirements and second, a complete demarcation between the respective functions.

The above thoughts can readily be applied to various existing governmental agencies. The Interstate Commerce Commission, proceeding carefully and weighing every step, has slowly developed a body of law and procedural rules always bearing in mind established principles in true judicial manner. Of equal importance is the fact that the Commission deals with "monopolies" and acts

within the recognized police powers of the government. Here we have two tests by which other independent agencies can be judged; are the proceedings judicial in nature, and do they act within the scope of accepted governmental powers.

Let now the Bituminous Coal Board concern itself with conservation matters and it is exercising a governmental function; deliberations based on such concern and unmotivated by extraneous matters would be judicial. Let it, however, consider such questions as the number of miners unemployed or the price advantage of one locality over another due, not to monopolistic control, but to such factors as location, quality of product, etc., and it is not even within the scope of government—unless government is to be paternalistic. Again appoint that Board with the specific purpose (or hope) of improving economic conditions by assisting one group and limiting another, and there is an absence of judicial method.

Similar thoughts and distinctions are applicable to other agencies, the National Labor Relations Board, the Federal Trade Commission, the Federal Power Commission, the Securities and Exchange Commission, the Federal Commerce Commission, the Maritime Commission, the National Mediation Board, various conservation Commissions, and the Tennessee Valley Administration, to name but a few. If we recognize any of these as unjudicial in function, and if we seek paternalism or authoritarianism in government, well and good. If, however, we adhere to the principle above referred to, that the least government is the best government, let us apply to each agency or governmental body the two tests—are they administered with judicial attitude and do they fall within the scope of government—and let



us not so readily accept the word "quasi-judicial."

At this point, we can perhaps agree that there is no such thing as "quasi-judicial." There is or there is not a judicial attitude; if proceedings be "somewhat" judicial, to the extent that they are not there must be by definition a failure to apply principles of right and wrong and therefore an absence of justice; and the blind-folded lady deprived of her scales may wield the sword with most disastrous effect.

There exists the possibility, it is true, that an agency may function in true judicial manner, and then change its character so completely in connection with administrative duties that the dividing line will be always evident. But how many of the bodies mentioned above, have realized this theoretical possibility? And how many of us, in considering the term "quasi-judicial" think of it as denoting no compromise with the true judicial function? Do we not rather expect something literally "almost judicial," and so condone steps taken toward what is variously referred to as a government of men instead of laws, paternalism, authoritarianism.

This entire question is not only important but is likewise interesting from the Georgist point of view, as the creation of so many administrative bodies is traceable to a desire for paternalism born of the failure of the present economic structure to function. Similarly, the constant shifting of policy, searching for new and different plans, the call for speedy action, the premium placed on administrative haste rather than on judicial deliberation—all of these arise out of the same economic dislocation and the desire to escape from the evils attendant thereon.

Research might disclose commissions and agencies usurping judicial functions in ancient civilizations, although where a monarch was absolute, he represented all of the functions of paternalistic government and the submergence of the judicial branch. But little research is necessary to recognize the trend toward paternalism and dictatorship (which arrives with the departure of the judicial process) as fore-runners of the decline of all peoples, their governments and civilizations.

A LESSON ON SLUMS—FOR THE FHA

By H. C. Maguire

Walk west on 59th Street, from Columbus Circle to Ninth Avenue. Then, turn round and come back east on 58th Street. You will encircle a solid mass of twenty-six old-law tenements, from four to five stories high, which take up the major part of this block. A foul gloomy slum.

Who owns them? William Randolph Hearst did up to a few days ago, when he turned them back to the Central Savings bank, which had a mortgage of \$850,000.

Go to the Tax Department in the Municipal Building, and you will find these twenty-six slum houses assessed at \$80,000—for the entire lot. Then, examine the tax map and you will be surprised at the assessment of \$1,086,000 on the land under the slum. About thirteen units of land value to one unit of building. Multiply the total assessment of \$1,166,000 (on land and buildings) by the basic tax rate of 2.70% and the answer is \$31,482 annual taxes.

Suppose you inherited several million dollars and wanted to do some good for your fellow man. You decide to tear down these twenty six rookeries and erect new buildings. You must first jay Hearst, or the Bank, say \$1,000,000 for the slum land. At 5% this costs you \$50,000 a year. An adequate building improve-

ment, costing \$4,000,000 makes the total investment \$5,000,000. The Tax Department shows its gratitude by giving you a tax bill of \$135,000—a penalty each year of over \$100,000 for tearing down slums.

Let us assume land value taxation replaces the present unscientific one. Hearst or the Bank would pay \$83,622* yearly on this slum land—its rental value—but no tax on the slum building. That reduces the selling price of the land from \$1,086,000 to zero. Put up \$4,000,000 worth of new buildings and the tax bill remains the same, \$83,622. This is a saving of over \$50,000 each year to the man who tears down slums. But, the builder also saves \$50,000 interest (so called) on land cost; the only land cost being the \$83,622 (full economic rent) which goes to the city treasury, annually, to be spent for social needs.

Under scientific taxation, therefore, the saving to the man who tore down these slums would be \$100,000 yearly. The only loser would be the slum land speculator.

* This figure is arrived at by multiplying the assessed valuation, \$1,086,000, by 7.70%. This percentage is the tax burden, 2.70, plus the estimated interest on the selling price, 5%. Since the selling price is capitalized rent, the economic value of any piece of land must be (lacking any other standard of measurement) this capitalization added to the amount paid in taxes.

CONSIDER THE POOR ZIPPER

Freedom of trade is attacked on the basis of the desirability of encouraging or forcing growth by the hot-house method called protection.

An example is found in the slide fastener or zipper industry. This helpful jigger was invented in 1893. The infant's growing pains were long drawn out; in fact, we only began to notice this device on tobacco pouches at the time of the world-war. The '20s saw the adaptation to a growing number of other uses, particularly the overshoe. All through this period no "protection" was given the insignificant child.

Recent growth has been pheno-

menal, protection of the hookless fastener reaching in 1937 an estimated \$19,000,000 in sales. The infant is no longer a wailing weakling but a recognized part of the world trade, with fortunes already based on its lusty growth. But now, and only now when interests are strong enough to demand special privileges against domestic consumers, is the slide fastener lobby able to command and obtain an import tax.

Moral: You get protection when you can pay for it, whether from the government or Al Capone—and it is the same kind of protection.

—L. M. G.

No Threat To Life Insurance

By C. O. Steele

The question is often asked, how would life insurance companies, with their large investment in farm property and farm mortgages, fare under the single tax?

First, let it be remembered that life insurance companies are not voluntary owners of farm property. During the glorious Hoover regime of two chickens in every pot and two cars in every garage—the chickens turned out to be crow, and the pot leaked, and both cars have since been repossessed by the finance companies—and continuing into our own wonderful New Deal era, when only saps work and others are W. P. Allers, the farmers, through sheer stubbornness, no doubt, failed to thrive and prosper according to rules and regulations, with the result that they couldn't meet their mortgage payments and were taken over by the lenders, the life insurance companies, the latter thereby (and much against their will) getting into the farming business on a big scale. With characteristic business efficiency, the life companies installed capable farm managers who are paying off the mortgages out of operations. Thus, and by sale where possible, the companies are steadily divesting themselves of their farm holdings.

But how would they fare under the single tax? As owners of farm property they would fare exactly as would any other farm owner. Just, for instance, as would Bill Jones, who farms 160 acres of good bottom land nine miles southwest of Turnipburg. Relieved of countless taxes that rob him of a large portion of his product, freed from a "protective" tariff that forces him to pay more for everything he buys without help-

(Frequently the advocate of land value taxation is confronted with the question: wouldn't this fiscal measure be ruinous to insurance companies because of their large investments in land values? It is an honest question arising from considerations of decency and fair play. The article by Mr. Steele should be helpful to teachers in the HGSSS in meeting this apparent objection to the Georgist proposal.)

ing him to get more for what he sells, with the market for his produce bolstered enormously by increased consumer purchasing power, his sole contribution to the expenses of government a single tax upon the value of his land, Bill Jones would be immeasurably better off.

And if the farmer were not Bill Jones, but Pete Smith, would the results be any different? Certainly not. And if he were neither Bill Jones nor Pete Smith but the Provident Mutual Life Insurance Company, would they be different? Absolutely not. When a farmer can sell all he produces at good prices and can produce at less expenses than ever before, he will prosper, whether he be an individual or a life insurance company.

But how about farm mortgages? The selling value of land—of the land alone, mind you, not the improvements—would diminish; in theory it would disappear. But its usefulness to the farmer would not disappear. On the contrary, it would be greatly enhanced. He would have the same security of ownership, greatly reduced operating costs and a far better market for his product.

But would he pay off his mortgage to the life insurance company? Let us assume that he wouldn't, because after all it is the life insurance company we are concerned with and we want to be realistic. Let's assume that the farmer owes \$4000 on a piece of land which, though its selling price has evaporated, formerly had a value of \$5000 or \$6000, and that the improvements are worth,

say, \$3000 more. That is an average case. If you think an insurance company will lend more than 50 percent of the total value of a farm, and at an exceedingly conservative appraisal at that, try and get it. So the insurance people are pretty well covered; they could come close to selling the farm for the amount of their claim immediately on foreclosure. But why should they take any loss? They needn't, and they won't. They will operate that farm until, out of operations, they have cut the original claim down to where the improvements alone will sell for enough to put them in the clear.

That is the worst that could happen. As a matter of fact, much as we wish it, the single tax is not going to become operative next week, or next month, or next year. Moreover, it will come into operation by gradual stages. Life insurance companies and other lenders on farm property will have ample opportunity to discover for themselves which way the wind is blowing. As a matter of course they will revise their system of appraisal so that the amount loaned will be covered by improvements alone, and amply covered.

But suppose a miracle happened. Suppose the single tax should come into effect tomorrow, that no farmer would pay his mortgage, and that the companies would have to take over the mortgaged farms, but that they couldn't or wouldn't operate them. That is almost too much; you might as well imagine that the present writer will be elected president of the United States next Christmas eve. It seems unlikely. But if we are to be really pessimistic, if we are to fear for the best and hope for the worst, let's do a good job of it.

So what? The table below gives the answer. According to the New



York Insurance Report for 1936, five representative American life insurance companies hold \$187,019,000 in farm mortgages. The combined surplus and special funds of those same companies amount to \$633,974,000, or nearly three and one half times the amount of the mortgages. Their total

assets equal \$10,168,333,000, of which but 1.8 percent is in farm mortgages. In other words, if the farm mortgages became completely worthless overnight—a preposterous supposition—the companies could write them off and make no more than a fair-sized dent in their combined surplus. Here are the report's figures:

Company	Farm Mortgages	Assets	Percent	Surplus & Special Funds
Equitable, N. Y.	\$86,604,000	\$1,996,722,000	4.3	\$78,997,000
Metropolitan	82,736,000	4,494,701,000	1.8	327,424,000
New York Life	8,155,000	2,630,935,000	0.3	177,287,000
Penn Mutual	5,727,000	702,986,000	0.8	30,249,000
Provident Mutual	3,797,000	342,989,000	1.1	20,917,000
	<u>\$187,019,000</u>	<u>\$10,168,333,000</u>	<u>1.8</u>	<u>\$633,974,000</u>

The above companies represent a cross section of American life insurance. Though domiciled in the East, their business covers the entire country. Not every company, of course, is so favorably situated with

respect to investments in farm property but, on the other hand, a number of them own neither farm property nor farm mortgages. Let no one think that the single tax offers any threat to American life insurance companies.

INTERPRETATION OF A DREAM

By Rex Lampman

President Roosevelt had a dream. He dreamed that he walked out on the back porch of the White House, looking toward Washington's airport, and witnessed a terrifying and fatal crash.

The president told his dream to newspaper men the next day and it at once became capital for an appropriation for a new and adequate airport, the present field being dangerous and inadequate.

The dream's publicity added price-called "value" by the real estate and optioners—to every available airport site in the Washington area. The argument that it would be only a question of time until the present airport would be the scene of tragedy was given strength by the vision from the back porch.

All the speculative Josephs of the national capital had the answer to the president's dream. They could see that it meant fat years for them if they could cash in on it. At last Camp Springs—too far from the city to be a real value and so placed that it would interfere with the naval radio station at Cheltenham—was selected as a site and presented in a

bill to purchase 2373 acres at an average of \$215 per acre.

If the site had been near enough to the city of Washington to be of value for an airport, and otherwise suitable, the bill would have gone through with a whoop. But land prices—not values—are so high near the city that a proper tract cannot be procured.

So the storm broke on Camp Springs and the bill was lost, and Washington's airport continues to be one of the most dangerous in the country.

The main trouble, aside from poor location and Navy objections, was that the speculators had obtained options and hiked the price so that land not worth more than \$10 or \$15 an acre was at the \$215-an-acre average.

Representative Byron Scott of California led the fight that killed the bill. He said that property owners had optioned their land at from four to seven times its value. He charged that some of the Camp Springs tracts, since the agitation for a new airport began last year, had changed hands several times at advancing prices.

Said Representative Scott: "One man who stands to receive \$110,000

for his land if the Camp Springs bill passes has written letters to every member of Congress urging the bill's adoption."

Men sent to obtain options for the airport commission, Scott said, had operated on a cost-plus basis under agreement to receive a "kickback" of two, five and even 10 percent from the land owners.

Congressman Alfred L. Phillips Jr. of Connecticut told the House one PWA official who favored the bill admitted to him that he held options at Camp Springs.

Said Congressman Phillips: "This is the most miserable land grab I have seen since I was a member of this House."

The bill lost, 133-to-169, more because the proposed site was shown to be too far out, and because of Navy objections, than because of its land-grab angle.

How to Control Thought

Suppose—just suppose—that only Democrats owned land in the United States. Would it be necessary for the "landlord party" to use repressive measures on groups of other political faiths? Would it even be necessary to hold elections?

The thought of a one-party government, based upon land ownership, is suggested by a recent news item that attracted considerable attention. The Union League Club, Philadelphia's citadel of Republicanism, recently learned, through a sheriff's announcement, that part of its premises was to be auctioned off.

Suppose a Democrat were the highest bidder!

The Language Test

Professor Lou Kennedy, Brooklyn College, has found that people who live in low rent houses have a high "speech fault quotient." After these people pay rent out of their meager earnings they are left speechless.

Just One Parcel

William Randolph Hearst is preparing to meet his Maker. He's selling his property. Among the first of his California holdings to be offered is a 30,000 acre lot. That's nearly fifty square miles. He has more.

\$50,000,000 Heiress Finds A Job!

By Frank Chodorov

Doris Duke Cromwell, the lady made famous by a fabulous fortune, has been appointed by the Governor of New Jersey to a board which supervises all state charitable and penal institutions.

Her husband, an advertising man made famous by a fortuitous marriage, is slated for appointment to a committee which will plan the revision of New Jersey taxes.

In a social order which makes a virtue of charities and prisons the point of view of a \$50,000,000 monopoly-heiress will be quite correct. She will bring to the counsel table the Robin Hood philosophy; taking from the rich to give to the poor is an essential in monopolistic economy. Without the poor to succor the picture would be incomplete, unsatisfying. Very little pleasure, indeed, would come of a \$50,000,000 fortune if one could not enjoy sighing over the condition of the robbed, to say nothing of their adulation. Charity-mongering is a great part of the pleasure of being rich, and any economic change that eliminated the almshouse would rob large fortunes of much of their lustre. Therefore, it is quite appropriate that Doris be given a chance to come in direct contact with the misery and squalor that are the excrescence of the social order which made her fortune possible.

While Doris is indulging herself in this anointed pleasure, friend husband will be pre-occupied with the problems of taxes—the instrument used by the rich to secure from the workers the fortunes they delight in spending on the workers thus deprived of their jobs. Thus we have a proper family balance. The man of the house protecting and enlarging the family nest-egg, while milady enjoys her vested right in charity. He will see to it that the expenses of government will be properly—perhaps “scientifically”—borne by the poor his wife is sighing over, while the rent that is her real fortune remains inviolate. On a tax commission he is properly placed.

Having amassed a fortune through Napoleonic manipulations in the tobacco industry, James Buchanan “Buck” Duke, father of Doris, early in the 1900's turned his attention to water power. The Duke Power Company utilizes the vast power resources of the Catawba and Yadkin Rivers in the Carolinas obtained by Duke for practically nothing. This monopoly provides the bulk of the income of the Duke Endowment (main support of Duke University and scores of philanthropies) and of the “richest girl in the world.” To the Duke Endowment, Duke gave an original block of 122,647 shares; to the Doris Duke Trust, 125,901 shares.

Besides its power holdings and comparatively negligible tobacco holdings, the Duke fortune today reputedly rests largely upon aluminum, railways, and steamship lines (all dependent on land monopoly in some form), not to mention millions of dollars worth of state, county and municipal bonds from Alabama to Maine, and from the Carolinas to Oregon. The Duke Endowment alone, as reported in 1936, owns 188,973 shares in the Aluminum Company of America, a corporation that owes its economic power to an outright land monopoly.

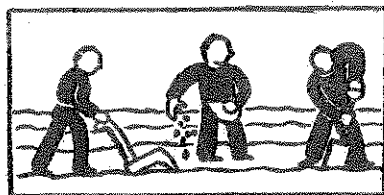
Doris will not see all the misery which makes up the world in which \$50,000,000 yokes on the poor are possible. She will not come in touch with the poor against whom the law of the land is set—the poor who, proudly disdaining the scented hand of charity, unable to find a decent job, follow the most ancient profession in the world. Too bad. These were all nice girls, like you, Doris. They were born virtuous, like you, but unlike you they were unable to retain their womanhood in the struggle with starvation. Husbands and children they would have had, too, and it was not lack of \$50,000,000 that deprived them of this natural fulfillment of their lives, but just lack of jobs for the boys they would

have made happy, many of whom you will see in your visits to the penal institutions.

But friend husband may concern himself with this problem. By increasing the taxes on old homes that occupy desirable sites in the centers of trade, he will evacuate these dwellings of their harassed tenants. The needed commercial buildings will not be erected because of the high price of the land, also the prohibitive taxes on buildings. Prostitution is not so scrupulous about its workshop. In old vermin-infested houses, where once the charm of womanhood reigned, these eruptions of our social order ply their trade—and pay the rent.

It is peculiar that state boards which concern themselves with charity also, as a rule, are the regulators of penal institutions. This is incongruous. Two different types of people are involved. The incarcerated are the individualists who, unable to find satisfactions within the law made for and by their oppressors, sought to gratify their desires outside the law; while the supplicants of alms are the beaten, collectivized, supine scum of the social order. The latter are the proper sphere of spiritual revelry for \$50,000,000 heiresses. In prison, Doris, you will not meet adulation. Rather, you will find the hateful glances of men who instinctively feel, although they do not know why, that you personify the cause of their loss of liberty and a chance at life. Unlike the recipients of your charity, these people will not bless you for the interest you show in their welfare. The more you do for them in your kind way, the more they will hate you. This may seem strange, and perhaps ungrateful. Yet, if you knew what your \$50,000,000 represents, how it was obtained, what it means to the body economic, you would understand their hatred of you and your kind. Unfortunately, they are as ignorant of causes as you are. But their intuition tells them, and correctly.

Maybe Doris will discover in her study of penology that these criminals became so because they lacked the



opportunity to produce the things men want; maybe it will occur to her that her \$50,000,000 is merely a claim on the production of such men; maybe the Duke fortune is nothing but a claim enforced by the ownership of the Earth. Lest her studies bring her too far on the road to truth, faithful husband will be applying himself to the tax laws which make that claim valid. Undoubtedly he will say to her, "Doris, my dear, I think we ought to pay higher income taxes. We have the capacity to pay. And it is our duty to contribute from our munificence to the government which

provides for the lost and wicked souls you have seen in these prisons, and which protects us from their wickedness." Every woman loves Sir Galahad, especially when he's her husband. But, for fear of burdening her mind with too many details, he will refrain from explaining such phrases as "broadening the base of taxation," which means, bereft of verbiage, that more and more of the products of labor will be taken by the government, more and more rent will be stolen by the landlords.

The Cromwells are well-placed in their new jobs.

Man seeks to satisfy his desires with the least effort. It is in civilization that this desire to satisfy man's efforts is developed. The beginning of civilization is in the free exchange of goods, and the freest civilization is that in which the exchange of goods, services and ideas is least impeded. When the government is used for the purpose of interfering with man in the exchange of products then civilization declines. Cultural values, or ideas, follow trade, and free trade is an encouragement of the greatest cultural development.

Any instrument that is used to deter the free exchange of things, services and ideas is an instrument that tends to destroy civilization. Whether the instrument is an army or a tax bill, backed by the police, is immaterial. Democratic as well as collective forms can be used to interfere with man's efforts to gratify his desires. The result to civilization is the same.

The present vogue of using taxation as a means of repressing certain industries for the benefit of other industries is wrong economically and dangerous politically. It is not because they love the chain store, but because they love democracy, that Americans should oppose the chain store tax.

MEANING OF THE CHAIN STORE TAX

By Francis Q. Crowder

The current tendency of taxing chain stores is in line with the growing policy of using taxation for punitive purposes rather than for raising revenue. This perverted use of the fiscal powers of government to effect social and economic changes is a totalitarian instrument of repression.

It is unfortunate that chain store management does not realize the social and political dangers involved in this tendency. Their opposition to the taxes being foisted upon them is characterized by an apologetic attitude. They attempt to disprove the specious arguments against the chain store, instead of showing that what is now being done to suppress this kind of merchandising service can be done to other industries or other groups of individuals. If the taxing out of existence of one kind of industry is deemed desirable, what would prevent the use of the same instrument to legislate out of existence other industries, or even groups of people, or unwanted religions, or certain professions, or schools of thought. A tax upon a church or a school or a hospital would practically wipe it out.

To use the taxing power of the government for police purposes is a dangerous precedent to establish. Taxes on chain stores not only violate every canon of sound fiscal policy, but also threaten, because of the philosophy upon which such taxation

is based, the foundation of our democratic institutions.

If chain stores are undesirable then our policy should not be to impose a tariff against them, but to place an embargo on them. If a thing is socially undesirable, as for instance leprosy or prostitution, we don't tax it; we attempt to prohibit or eradicate it. The dishonesty of those people who are advocating taxes upon chain stores is evidenced by their use of the power of taxation to do something which they have not the courage to advocate openly, because they know that their objective is economically unsound, socially undesirable, and therefore unpopular.

Chain stores exist because they serve an economic purpose. If they did not, the people would not patronize them. In a competitive system only those who serve can exist. The opposition to chain stores, as expressed in these tax measures, is an admission on the part of its proponents that the chain store has served the public too well, or has at least served the public better than their competitors who are trying to legislate them out of business.

This is the bald truth, which, unfortunately, the chain stores, as well as their opponents, have not the temerity to point out. It is because the chain store gives either better value or better service that it has been able to grow to its present proportions. If this were not true the chain store would not have gotten the patronage of the public to the extent that it has.

One of Many

Dear Mr. Chodorov: I am pleased to inform you that I have not only enjoyed taking the course, "Progress and Poverty," but that I have also gained an entirely new insight of want in a universe blest with plenty.

I had studied economics both in high school and college, and I used to ask myself what right had this incoherent mass of ideas, suggestions, and so-called law to be classed as a science. Moreover, the study of it had left me hopeless except for my faith in God.

With the remedy, however, as set forth in "Progress and Poverty"—a remedy based on incontrovertible laws—there dawns a new hope for all of us.

I shall do all in my power to help spread this teaching. But I must confine my further study of it to the winter when my children are in school, and my husband has no vacation. Helene Stone.

HORSES HAUL CHICAGO OUT OF THE MIRE

By Teresa McCarthy

Chicago is notorious for many reasons. Not its least claim to fame is its poorly paid civil servants, nor its dirty and wretchedly maintained streets. Aside from its few, heavily advertised show places, it is an uncouth, squalid, underdeveloped city.

Chicago is a well-robbed city. Popular opinion has it that the politicians are the robbers. But the politicians are merely the puppets of the landed gentry, particularly the offspring of the outlaws who stole the land of the city a century ago.

In 1830 a quarter of an acre of Chicago land could be bought for \$20. Ten years later this plot was worth \$1500. A decade later the established value was \$17,500, and in 1860 it was \$182,000. There was a "panic" in 1894, but in that year of appalling destitution, the same quarter of an acre, according to a report of the Illinois Labor Bureau, reached the gigantic value of \$1,250,000. All due, of course, to constantly growing population and increasing industry, not only of Chicago but also of the great Middle West of which the city is the hub. The owners of the land reaped the benefits of this increasing value—that is, through the ownership of the earth they were able to rob the workers of the products of their labor.

Just as an example: Marshall Field, the best known and one of the greatest of these land-grabbers, was reputed to have an income of from \$500 to \$700 an hour; few of his workers received as much as \$2 a day. When he died he left a fortune of \$140,000,000, principally in real estate, stocks and bonds—that is to say, principally in land values.

Now, through perjury and bribery and law-fixing, the habit—a habit not indigenous to Chicago—of evading the payment of taxes on land values was acquired. The amount of land rent taken by the city of Chicago is ridiculously small. Only a few years ago, when the politicians found themselves without funds to carry on the affairs of the city, and a determined effort was made to collect some land rent,

the landlords went on strike—refused to pay anything until the rates and conditions were made favorable to them.

Chicago takes so little land rent that it is forced to rob labor and capital of their produce to make the city function at all. All kinds of taxes have been devised.

The latest one is a license fee, ranging from \$1000 to \$5000, for permission to "make book" on horse races. That is, a special privilege is to be sold by the city to some people to pursue a profession which has been outlawed since 1887. Mayor Kelly, at whose instance the ordinance was passed, says that he expects the license fees will total \$2,000,000—which the city needs badly.

Puritanical nitwits are aghast at this new way of taxing the public—not because they are averse to the robbery but because it makes the city a party to horse-race gambling. Well, do not whisky taxes put the government into the distillery business, did not income taxes make Uncle Sam a partner of Al Capone?

There are but two sources for public revenue—rent or taxes. Taxes take from labor and capital the things they produce for the satisfaction of human desires. It is of little concern to labor or capital whether the tax collector has clean or dirty hands when he picks their pockets.

And now, the New York State constitutional convention is wrestling with the problem of permitting lotteries, and taxing them.

In Civilized America

Oliver Wendell Holmes, Jr.—his Yankee name evidently no "open sesame" to employment office doors—left his wife and baby in Maine, came to New York with the intention of shipping to Brazil in search of a job. Maybe on the pampas he could find the opportunity to produce for his dear ones. Maine is overcrowded. But, New York is no place of comfort for those without any "visible means of support." He became despondent. To live, the strongest human impulse, became too difficult. He stabbed himself.

IN AMERICA AS IN RUSSIA

By Lancaster M. Greene

The following significant story was told to a few intimates apropos of nothing at the moment. But everyone present knew that names and details must in re-telling be guarded.

Recently an embassy attache at Moscow entered into a lease with the Soviet government for a house at a stipulated rental. On taking possession of the property he set about improving it with a new wing, some plumbing, a tennis court. A USSR agent noted the great improvement in the property. Then he declared that the government had decided to raise the rent 300%. The attache remonstrated that the improvements were the result of his own efforts, and pointed to the rental fixed in the lease.

The agent said that the lease was only a contract between a government and an individual. A government can abrogate a contract at will. In America, he pointed out, contracts between government and citizens are abrogated through devaluation. In Russia that fortuitous method was avoided. Besides, many people would be willing to lease the improved property in question. As it was a case of "or else" the attache paid the increased rental.

The USSR agent was quite right in pointing to the common practice of governments of breaking agreements, through devaluation, repudiation, judicial decision, ukase, or other dishonest methods. What has been produced, according to this moral code, belongs to him who has power to take. However, there is a retributive law which cannot be avoided; that if the product of his labor is not assured him, the laborer will not produce.

In America, as in Russia, we see the effects of this retributive law. Capital and labor are idle because possession is insecure. In America they call it depression; in Russia it's sabotage. Either the right of property (production) is recognized, or the benefits of civilization turn to apples of Sodom that crumble at the touch.

II HENRY GEORGE UNORTHODOX AMERICAN

By Albert Jay Nock

Birth of a Great Book

III

Like all those who anticipated Horace Greeley's classic advice to young men, Henry George went west for quick money and plenty of it. He had no notion of mining, but of prospecting; that is to say, his idea was not to work a mine, but to pick up mineral land, and then either sell it or have it worked on shares with somebody who would do the actual mining. In short, as he would have phrased it in later years, his idea was to make his fortune by appropriating the economic rent of natural resources, rather than by applying labor to them.

But there were too many ahead of him who had the same idea. Although the mineral region of California is as large as the British Isles, he found that these lively brethren had pre-empted every foot of it. He tried Oregon with no better luck, living meanwhile as best he could, by all sorts of expedients—farm work, tramping, storekeeping, peddling—and when he finally went back to his trade, he did it as only another makeshift, for the vision of sudden wealth still haunted him. In a letter to his sister he says that in a dream the night before he was "scooping treasure out of the earth by handfuls, almost delirious with the thoughts of what I would now be able to do, and how happy we would all be"; and he adds wistfully that he supposes he dreamed all this as starving men dream of splendid feasts, or as desert wanderers dream of brooks and fountains.

His trade kept him only very precariously, for times were not easy even then, and there was no great demand for printing or printers. He got a job with one newspaper, then with a second, where, he says, "I worked until my clothes were in rags and the toes of my shoes were out. I slept in the office and did the best I could to economize, but finally

It has been said that Henry George could not have developed his economic and social theories had he not seen the development of the West. For here was an actual laboratory in which the absorption by rent of the increasing wealth produced by labor and capital applied to natural resources was demonstrated. Here within a few short years the social maladjustment, which in Europe and on the Eastern seaboard of his own country had become so fixed as to completely obscure the cause, was being worked out before his very eyes. Here was a test tube into which land, labor and capital was poured and out of which he could see emerging the fumes of progress and poverty. It had happened before, in other places, but never so rapidly as to demonstrate cause. And never before the eyes of a researcher whose vision was clear because his soul was attuned to the experiment.

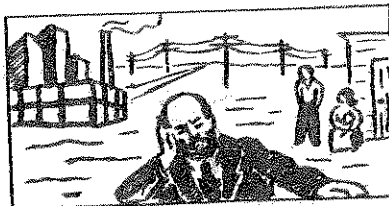
I ran in debt thirty dollars for my board bill." He left this job and went adrift again; and then, with no work, no prospects, and with but one piece of money in his pocket, he made a runaway match with a young Australian girl named Annie Fox.

They married not wisely—there is no doubt about that—but wonderfully well, for their marriage appears to have remained perfect until his death in 1897 dissolved it. Balzac called attention to a little-known truth when he said that "a great love is a masterpiece of art," and there

are probably about as few really first-rate artists in this field as in any other. Moreover, a masterpiece in this field of art must be a collaboration, and the chance of two first-rate artists finding each other is extremely small, practically a matter of pure luck. A Daphnis in any age may wander over the whole earth without meeting a Chloe, and a Cynthia may survey whole legions of men and never see a Claudius. George's meeting with his wife was almost the only piece of sheer good luck he ever had, but it was a great one. On the night of the twelfth of October, 1883, he wrote this note, and put it by her bedside for her to find next morning:

"It is twenty-three years ago to-night since we first met, I only a month or two older than Harry, and you not much older than our Jen. For twenty-three years we have been closer to each other than to anyone else in the world, and I think we esteem each other more and love each other better when we first began to love. You are now 'fat, fair and forty,' and to me the mature woman is handsomer and more lovable than the slip of a girl whom twenty-three years ago I met without knowing that my life was to be bound up with hers. We are not rich—so poor just now, in fact, that all I can give you on this anniversary is a little love-letter—but there is no one we can afford to envy, and in each other's love we have what no wealth could compensate for. And so let us go on, true and loving, trusting in Him to carry us farther who has brought us so far with so little to regret."

George kept to his trade, since nothing that looked more lucrative turned up, and after his starving-time of 1864 he began to make a little better living as a printer, though not much better, and he also began to consolidate some sort of position in San Francisco. No sooner was he fairly launched, however,



than he threw his future to the winds by enlisting in a filibustering expedition to help out the Mexican patriots who were fighting the French emperor's ill-fated scheme for setting up a vassal empire in Mexico, with the Austrian Archduke Maximilian on the throne. The expedition was a comic-opera affair, planned in a fashion that amounted to piracy, and Providence certainly stood at George's elbow when the Federal authorities put a stop to it before it got under way.

Not satisfied with this grotesque performance, George immediately went into another. He took part in organizing the Monroe League, which was to father a second crusade into Mexico. The league had an elaborate ritual which might have been got up by Gilbert and Sullivan, swearing in its members on a naked sword and the republican flag of Mexico; and Mrs. George, poor soul! was sworn in as the only woman member. One wonders what she really thought of it. The league shortly perished of inanition without having done anything, and George made no further efforts in behalf of the afflicted Mexicans.

These two incidents reveal the one defect in George's natural endowment, which in spite of his superb gifts, his prominence, and his apparent influence over a large and enthusiastic public, made him in the long run ineffectual. He was unquestionably one of the three or four great constructive statesmen of the nineteenth century, perhaps of any century—he ranks with Turgot. His character was unmatched in the whole public life of his period. He was nobly serious, grandly courageous, and so sincere as to force even his enemies, of whom he had many, to speak well of him. He had great brilliance, some wit, and the command of a fine irony; but he had absolutely no humor. He was as humorless as Oliver Cromwell, a born crusader of the Old Testament type, convinced that he had an Old Testament mission to hew Agag in pieces. All his life he had labored under the unhumorous man's inability to learn what none of us probably enjoys learning, that Truth is a cruel flirt, and must be treated accordingly. Court her abjectly and she will turn her back; feign indifference, and she will throw herself at you with a cooing submission. Try to force an acquaintance—try to make her put on her company manners for a gen-

eral public—and she will revolt them like an ugly termagant; let her take her own way and her own time, and she will show all her fascinations to every one who has eyes to see them.

IV

George now committed himself to newspaper work, moving from paper to paper in all kinds of capacities, from typesetter to editor and part owner, and by 1868 he had become prosperous enough to start a bank account. His editorial career was very spirited; he was in one row or another all the time, and while it may be said that in his treatment of State and local grievances he was on the popular side, he always lost. He made things lively for the Associated Press news monopoly, but though he got an anti-monopoly bill through the legislature, all that happened was that the monopoly broke his paper. He fought the Wells-Fargo express monopoly, and lost again—too much money against him. He attacked the Central Pacific's subsidies, and ran for the Assembly as a Democrat on that issue, but again there was too much money on the other side—the Democrats lost, the Central Pacific quickly bought up his paper, merged it with another, and George was out.

So it went. Every turn of public affairs brought up the old haunting questions. Even here in California he was now seeing symptoms of the same inequality that had oppressed him in New York. "Bonanza kings" were coming to the front, and four ex-shopkeepers of Sacramento, Stanford, Crocker, Huntington, and Hopkins, were laying up immense fortunes out of the Central Pacific. The railway was bringing in population and commodities, which everybody thought was a good thing all round, yet wages were going down, exactly as the old printer in Philadelphia had said, and the masses were growing worse off instead of better.

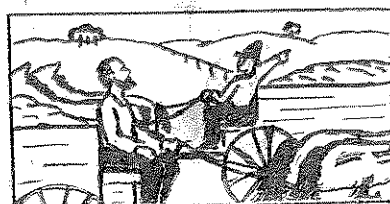
About this matter of wages, George had had other testimony besides the old printer's. On his way to Oregon a dozen years before, he fell in

with a lot of miners who were talking about the Chinese, and ventured to ask what harm the Chinese were doing as long as they worked only the cheap diggings. "No harm now," one of the miners said, "but wages will not always be as high as they are today in California. As the country grows, as people come in, wages will go down, and some day or other white people will be glad to get those diggings that the Chinamen are working." George said that this idea, coming on top of what the printer had said, made a great impression on him—the idea that "as the country grew in all that we are hoping that it might grow, the condition of those who had to work for their living must become, not better, but worse." Yet in the short space of a dozen years this was precisely what was taking place before his own eyes.

Still, though his two great questions became more and more pressing, he could not answer them. His thought was still inchoate. He went around and around his ultimate answer, like somebody fumbling after something on a table in the dark, often actually touching it without being aware that it was what he was after. Finally it came to him in a burst of true Cromwellian or Pauline drama out of "the commonplace reply of a passing teamster to a commonplace question." One day in 1871 he went for a horseback ride, and as he stopped to rest his horse on a rise overlooking San Francisco Bay—

"I asked a passing teamster, for want of something better to say, what land was worth there. He pointed to some cows grazing so far off that they looked like mice, and said, 'I don't know exactly, but there is a man over there who will sell some land for a thousand dollars an acre.' Like a flash it came over me that there was the reason of advancing poverty with advancing wealth. With the growth of population, land grows in value, and the men who work it must pay more for the privilege."

Yes, there it was. Why had wages suddenly shot up so high in California in 1849 that cooks in the restaurants of San Francisco got \$500 a month? The reason now was simple and clear. It was because the placer mines were found on land that did not belong to anybody. Any one could go to them and work them without having to pay an owner for the privilege. If the lands had been



owned by somebody, it would have been land-values instead of wages that would have so suddenly shot up.

Exactly this was what had taken place on these grazing lands overlooking San Francisco Bay. The Central Pacific meant to make its terminus at Oakland, the increased population would need the land around Oakland to settle on, and land values had jumped up to a thousand dollars an acre. Naturally, then, George reasoned, the more public improvements there were, the better the transportation facilities, the larger the population, the more industry and commerce—the more of everything that makes for “prosperity”—the more would land values tend to rise, and the more would wages and interest tend to fall.

George rode home thoughtful, translating the teamster's commonplace reply into the technical terms of economics. He reasoned that there are three factors in the production of wealth, and only three: natural resources, labor, and capital. When natural resources are unappropriated, obviously the whole yield of production is divided into wages, which go to labor, and interest, which goes to capital. But when they are appropriated, production has to carry a third charge—rent. Moreover, wages and interest, when there is no rent, are regulated strictly by free competition; but rent is a monop-

oly-charge, and hence is always “all the traffic will bear.”

Well, then, since natural resource values are purely social in their origin, created by the community, should not rent go to the community rather than to the individual? Why tax industry and enterprise at all—why not just charge rent? There would be no need to interfere with the private ownership of natural resources. Let a man own all of them he can get his hands on, and make as much out of them as he may, untaxed; but let him pay the community their annual rental value, determined simply by what other people would be willing to pay for the use of the same holdings. George could see justification for wages and interest, on the ground of natural right; and for private ownership of natural resources, on the ground of public policy; but he could see none for the private appropriation of economic rent. In his view it was sheer theft. If he was right, then it also followed that as long as economic rent remains unconfiscated, the taxation of industry and enterprise is pure highwaymanry, especially tariff taxation, for this virtually delegates the government's taxing power to private persons.

George worked out these ideas in a tentative way in a forty-eight page pamphlet with the title, “Our Land and Land Policy, National and

State,” which did not reach many readers, but added something to his reputation as a tribune of the people. The subject muddled in his mind through five years of newspaper work, at the end of which he lost his paper and was once more on the ragged edge. He had begun a magazine article on the cause of industrial depressions, but was dissatisfied with it—one could do nothing with the topic in so little space. What was needed was a solid treatise which would recast the whole science of political economy.

He felt that he could write this treatise, but how were he and his family to live meanwhile? He had used his influence on the Democratic side in the last State campaign, and had been particularly instrumental in selecting the governor; so he wrote to Governor Irwin, asking him “to give me a place where there was little to do and something to get, so that I could devote myself to some important writing.” The governor gave him the State inspectorship of gas meters, which was a moderately well-paid job, and a sinecure. This was in January, 1876; and in March, 1879, he finished the manuscript of a book entitled “Progress and Poverty: An Inquiry into the Cause of Industrial Depressions, and of Increase of Want with Increase of Wealth; The Remedy.”

ONLY THE OBVIOUS. O'MAHONEY—(Continued from page 5)

1. Public utilities. The exclusive franchises given railroads, electric and gas companies, telephone companies, etc., are values which enable their owners to exact, in prices, a return greater than the value of the services they render.

2. Tariffs and taxes. Since these actions immediately increase prices they result in reduced production, and therefore have the same effect as monopolies. Where the taxes are high enough they have the effect of further discouraging production by eliminating the small producer to the advantage of large accumulations of capital.

3. Patents. The theory that patent privileges encourage invention is pure fiction. Industry is continually devising methods of increasing production, methods which are not patentable. The obvious result of our patent laws is to keep inventions off the market, or to make them ob-

tainable only on payment of tribute. And it is a notorious fact that monopoly owners, not inventive geniuses, have mostly profited by these inventions.

4. Private ownership of land. This is the basic monopoly. It is the continuing monopoly. All other monopolies are never entirely free from competition and enjoy only temporary advantages. Landlords, taken as whole, are free from competition, since land is a fixed quantity. The economic rent which is privately collected is pure tribute, since absolutely no services are rendered in exchange. Speculative rent and monopoly rent restrict production, and to the extent of this restriction raise prices. Thus, private ownership of land is the pure monopoly. If all others were abolished no social benefit would result permanently, for rent would absorb whatever advantages would accrue to society from such abolition.

Compensation

You are certainly keeping up the standard of high quality articles.—**H. T. Owens, Toronto, Ont.**

The Freeman is current—based on present-day national economic issues, and every line is readable—interesting.—**David Gibson, Cleveland, Ohio.**

I congratulate you on The Freeman. Each issue seems to me an improvement over the previous ones.—**Stuart W. Webb, New York.**

Your July issue is full of thought-provoking stuff.—**W. D. Hoffman, Glendale, Calif.**

I want to congratulate you on the last issue of The Freeman.—**N. D. Alper, San Francisco, Calif.**

I like your articles greatly.—**Mrs. Roswell Skeel, Jr., Northport, N. Y.**

Both Mrs. Winne and I feel it is the best issue we have read.—**George C. Winne, Newark, N. J.**

NEWS OF THE CRUSADE FOR ECONOMIC ENLIGHTENMENT

Edited by Margery Warriner

Progress of the School for the First Half of the Year

The following figures tell the story of the growth of the School work. In an educational endeavor of this kind it is impossible to record its real value and import in statistics. No one recognizes more than do the instructors and class secretaries—who, after all, constitute the School—that the number of enrollments is an inadequate measure of the spread of the knowledge of fundamental economics. Somehow the truth has a way of circulating its way by the word-of-mouth method, and there is no known measure of this radiation. Nevertheless, it needs the constant stimulant of more classes, and the surer direction of thorough education.

The following figures are not complete, for the Extension Department reports that it has not received the records from six classes conducted this Spring in Cleveland, Ohio, four in Newark, N. J., three in Cincinnati, Ohio, one in Omaha, Nebraska, and one in New Castle, Penn. The reports from these fifteen classes should materially increase the totals.

Correspondence Course

Jan. 1 to June 30, 1938	2,055
Total Enrollments	4,535

New York City Classes

Jan. 1 to June 30, 1938	1,861
Total Enrollments	6,450
No. Spring Classes	32

Extension Department

Jan. 1 to June 30, 1938	2,862
Total Enrollments	10,080
No. Spring Classes	92

Grand Total

Total Spring Enrollments	6,678
Total School Enrollments	21,065
Total No. Graduates Reported	8,835*

* The average "term" of the correspondence course is over six months. Of the two thousand enrollments this year very few completed the course by July 1, and most will not become "graduates" until Christmas.

Chicago's Sixteen Classes

CHICAGO, Ill.—The spring commencement dinner of the Chicago Extension of the HGSSS was held in the Medical Arts Building Wednesday evening, June 29.

Joseph W. Bauer, downtown instructor, was toastmaster. Speakers were Frank Chodorov, New York, director of the HGSSS; Col. Victor A. Rule, secretary of the Tax Relief Association; John Z. White, veteran Georgist lecturer; Henry L. T. Tideman, extension secretary; and George M. Strachan.

Maurice Welty, instructor of the advanced course, presented certificates to over one hundred graduates of the 16 spring classes. A welcome to the graduates was tendered by Alexander Fox, president of the Chicago Chapter of the Henry George Fellowship.

Instructors of the term were W. W. Ward, Willis E. Shipley, B. G. Leake, W. R. Becker, Hirman B. Loomis, Thomas A. Meyer, Myron Goldenberg, George H. Moyland, H. G. Broliar, Irving Bloom, Gustav K. Carus, J. Edward Jones, J. B. Schaub, J. W. Bauer, Maurice Welty, and Henry L. T. Tideman.

George T. Tideman announced plans for a dinner on the 99th anniversary of the birth of Henry George, September 2.

Pittsburgh Plans Big

PITTSBURGH, Pa.—There will be nearly as many classes next fall as there were graduates this spring if the enthusiasm evidenced at the HGSSS commencement on July 1 survives the summer

months. And Robert C. Bowers, toastmaster, believes it will. Such graduate-instructors as P. J. McGrath with a record enrollment of two students—and a 100% graduation—showed what the graduate can accomplish with even a small group and a desire to teach.

William N. McNair, the man who gave up the office of mayor of Pittsburgh rather than violate his Georgist principles. Frank Chodorov, national director of the HGSSS, and John Lawrence Monroe, field director, addressed the graduates.

Instructors of the past term were P. J. McGrath, Ernest Heckler, P. A. Monteverde, Fred W. Hecker, Joseph Sabata, William N. McNair, Robert C. Bowers, Fred S. Karn, Samuel Rex and William Comoroda.

Fairchild at Albany

Walter Fairchild, Chairman of the Graded Tax Committee, by personal invitation of Martin Saxe, Chairman of the Committee on Taxation of the Constitutional Convention at Albany, addressed the committee at a special hearing held at the Capitol Building, Albany, New York, Tuesday, July 12, 1938.

Two proposed constitutional amendments relating to land value taxation are before the committee. The one introduced by delegate Thomas B. Dyett calls for legislation that "shall recover the full value of land for the use of the state and its subdivisions." The other offered by former Congressman William S. Bennett, would amend the constitutional limitation on taxes so that countries and

municipalities "may apply lower rates on improvements than on land values."

Copies of The Freeman prize winning essay, "The Graded Tax Plan" were distributed to the members of the Taxation Committee and to all the delegates to the convention.

Getting Started

NEW YORK—As we go to press the Extension Department of the School reports receipt of an order from the Chicago Extension for 8000 announcements for their five classes to be started during the week of September 12, Newark, New Jersey, Extension comes along with an order for 4000 announcements for their classes starting during the week of September 19. And Boston adds an order for 9000 heralding the opening of six classes in this area.

The Extension Department requests all extension secretaries and instructors to follow suit by sending in their orders for printed matter and literature early so as to avoid the confusion and disappointments of last minute orders.

Summer Class at Harvard

HARVARD, Mass.—Miss Jane Hermann has started a summer extension class here. One of the enclaves started by the late Fiske Warren is located in Harvard.

International Trade Class

ROBERTSVILLE, Conn.—Starting Monday, August 1, Joseph R. Carroll will conduct a class in the study of "Protection or Free Trade" at Edendale, the home of Mr. and Mrs. George W. Palmer. The students will consist of graduates from Mr. Carroll's classes in Fundamental Economics at Winsted and Norfolk.

Minneapolis Renews Classes

MINNEAPOLIS, Minn.—Louis Schwartz, who conducted classes here in 1935 and 1936, reported to Director Chodorov on his recent visit here that a number of graduates of his classes are interested in continuance of the work and gave assurance that at least two classes will be started in October.

Lawn Party Profitable

CINCINNATI, O.—A lawn party sponsored by the Woman's Economic Tax League was held at the home of Mr. and Mrs. Albert S. Colby on Saturday, June 25. Profits of the various games played were contributed to the postage fund of the Cincinnati Extension of the HGSSS.

New Canadian Extension

PETERBORO, Ontario—Mr. and Mrs. Frank J. Leach, graduates of the Toronto Extension of the HGSSS who have moved to nearby Bridgenorth, plan to start a class in Peterboro this fall. Mr. Leach for a time served as extension secretary for Toronto.

On to Toronto—September 7, 8, 9, 13th Annual Henry George Congress

TORONTO, Ont.—Toronto Single Taxers will be hosts to the 13th Annual Congress of the Henry George Foundation of America on September 7, 8 and 9, this being the first time the Henry George Foundation has met in Canada. A convention of the Tax Relief Association, Inc., will also meet with this gathering and the combined program will be stimulating to the purposes of each of the organizations named as well as to the Georgist movement in Canada.

The program lists such speakers as: John Anderson, Miss Margaret E. Baleman, Harold S. Bottenheim, A. C. Campbell, R. J. Deachman, M. P., Frank Chodorov, Mrs. Anna George de Mille, Hon.

George E. Evans, Clayton J. Ewing, Ernest J. Farmer, Charles H. Ingersoll, John Lawrence Monroe, Hon. Arthur W. Roebuck, M.P., Col. Victor A. Rule, A. Laurence Smith, Alan C. Thompson, Mrs. Antoinette Wambough, Percy R. Williams, Hon. Peter Witt. Other acceptances are pending. Mr. J. H. L. Patterson, President of the Single Tax Association of Canada will preside on several occasions.

Toronto, the capital of Ontario, is noted as a convention center, and the Congress will occur while the Canadian National Exhibition is on, so that this greatest annual world's fair will be an additional attraction. Convention headquarters are at the Royal York Hotel.

"Philosophy" Course Now

YELLOW SPRINGS, Ohio—Dr. George Raymond Geiger, Assistant Professor of Philosophy at Antioch College, has prepared a teachers' manual for "The Philosophy of Henry George," of which he is the author. The book will be used as a text for an advanced course by the HGSSS this fall. Dr. Geiger is the son of the late Oscar Geiger, founder of the Henry George School.

Smaller the Better

MOUNTAIN VIEW, N. J.—"When I started this class," writes Dr. Bowen, "I wondered how interest in the subject in a small town would compare with that of a large city, but I found it is fully as great and fully as sustained." Eighteen enrolled, eighteen graduated.

Philadelphia Closes Season

PHILADELPHIA, Penn.—The graduation dinner held on June 16 at the Central Y. M. C. A. was attended by one hundred and thirty-five. Harry A. Rowe, executive secretary of the Y. M. C. A., presided. The speakers were Henry W. Hetzel of the Philadelphia faculty, Mac V. Edds, of the New York faculty, Henry George III, who recently completed a class in Wilmington, Delaware, Frank Chodorov, director of the School, and Julian P. Hickok, Philadelphia Extension Secretary.

Louis A. Kerwin told of the progress of the Henry George Speakers Club. A display of instructive charts by Capt. Lester A. Jenks, whose efficient work was evident in the proceedings, attracted attention and comment.

Never Too Hot

SAN DIEGO, Calif.—On July 6, the opening class for the Summer Course began with forty students, and still more are expected to enroll before the second week. Grant M. Webster, secretary, in sending the above information to the School also enclosed five more applications for the correspondence course.

Cincinnati Classes Close

CINCINNATI, O.—The third term within the school year closed for the Cincinnati Extension of the HGSSS on June 30 with a commencement dinner held at the Y.W.C.A.

Charles S. Merrell, member of the local sponsoring committee, was chairman of the meeting. Ed. F. Alexander serving as toastmaster. Quoting parts of Henry George's chapter on The Central Truth in "Progress and Poverty," Rabbi Michael Aaronsohn delivered the invocation. Frank Chodorov, director of the HGSSS, New York City, and John Lawrence Monroe, field director, talked on the policies and program of the School.

Class representatives who spoke with enthusiasm and understanding of the course made possible to them by the volunteer instructors, were S. P. Gavian (class of Carl Gailley, Church of the Advent), Raymond W. Kipp, Jr. (Carl Gailley, St. Luke's Evangelical Church), Charles Bumgardner (Carl Strack, Norwood Y.M.C.A.), C. H. Gravett (Sidney Hargraves, Valley Y.M.C.A.), Mrs. Ivonette M. Hill (Rabbi Michael Aaronsohn, Hughes High School), and Carl Strack (Harry E. Kuck, advanced course, Cooperative headquarters). Stanley King spoke for his own class which was held in the Union Central Building.

Mr. Alexander paid tribute to George W. Hughes for his untiring and indispensable services as extension secretary of the Cincinnati Extension. Since Mr. Hughes' assuming the post a year ago, 18 classes have graduated 149 students, bringing the total number to 233 since the fall of 1935.

A resolution presented by E. E. Hardcastle was unanimously adopted expressing the gratitude of the Cincinnati Extension for the services of Rev. Louis G. Hoeck as a teacher since the beginning of the class work. Rev. Hoeck's retirement from his pastorate at the New Church was announced. He will reside in Florida.

Cleveland Graduates 189

CLEVELAND, O.—Peter Witt, close associate of the late Tom L. Johnson, Georgist mayor of Cleveland, was the speaker of the evening at the spring commencement of the Cleveland Extension of the HGSSS at Mills Restaurant on Friday, June 24.

Allan J. Wilson as toastmaster presented the instructors of the term and representatives of the classes. The instructors were Raymond W. Eichenberger, East Cleveland Y.M.C.A.; George Downer, Brooklyn Y.M.C.A.; William F. Waldeisen, Lakewood Public Library; Clayborne George, Cedar Y.M.C.A.; and Mr. Wilson who taught the beginners' course and an advanced class at the downtown headquarters, Room 116, Superior Building.

The report of John Radcliffe, extension secretary, and Fred Schuder, treasurer, showed that the graduates of the winter and spring terms of this year had almost equalled those of the previous two and a half years. Prior to January, 1933, there were 189 graduates. Since January, 180 have been added.

Mr. Wilson eulogized the life and work of the late Billy Radcliffe, father of the extension secretary.

Boston Graduates 116

BOSTON, Mass.—Final graduation exercises for this year were held outdoors on June 24th, when over 116 graduates with guests were present. President Marshall, of the Henry George Fellowship, welcomed the new graduates and outlined the policies of the Fellowship, and Messrs. Codman, Goodale, and Nichols spoke of the new advanced course to be offered next year. Among the students from the six classes who spoke were:—Mrs. Walsh, the Misses Worrel, Petrick and Locke, and Messrs. Renfrew, Margin, Taylor and Fairbanks. All class leaders attended, Mr. John S. Codman, Dean; Mr. Francis G. Goodale, Mr. Adam Rhodes, Dr. Charles R. Morgan, Mr. McLain, Mr. Louis H. Marshall and Mr. Robert Nichols, and among the guests were Mrs. Marshall's sister and Miss Sue Rhodes. There are to be at least six fundamental classes and three advanced classes in the fall.

Duncan After Rotarians

KEENE, N. H.—Comparing the body politic with an individual in ill health who has been taking serious remedies only to remain in a bad condition, George H. Duncan of East Jaffrey, veteran legislator, tax expert, and a teacher in the HGSSS, told Keene Rotarians that the poison operating through the body politic was wrongly imposed taxation. He asserted that the United States had been making many serious errors with respect to taxation and urged in conclusion that Rotarians interest themselves in the course held at the Public Library, Keene, under the auspices of the HGSSS. Mr. Duncan was introduced by Judge Chester B. Jordan, and a two-column report was given in the Keene (N.H.) Sentinel.

Henry George Fellowship Meets

NEW YORK—The national conference of Federated Chapters of the Henry George Fellowship met on July 3 and 4. Thirty-five delegates and friends discussed plans for extension of the school work in their respective cities. A resolution to Congress, unanimously adopted, recommended that the Congressional Committee on monopolies "carefully investigate the entire question of private and corporate collection of rent." Another resolution authorized local committees to work for the adoption of the Single Tax in various legislative bodies.

The delegates voted to issue a chapter bulletin monthly to the entire membership. The officers elected for the ensuing year were: Nathan Hillman, Hartford, Conn., president (re-elected); Morris D. Forkosh, New York City, first vice-president; Grace Johnston, Oakland, Cal., second vice-president; Alexander Fox, Chicago, Ill., treasurer; Mark J. J. Leonard, Boston, Mass., financial secretary; Sidney S. Siegler, New York City, corresponding secretary.

Without An Organization

TORONTO, Ontario.—We have this story from H. T. Owens, Extension Secretary for Canada. Mr. Drummond Wren, liaison official of the University of Toronto with the labor unions, told Mr. Owens about a barber who had lined up one hundred men to study Henry George. This barber turned out to be a Mr. Joseph Baker, who had attended a few sessions of a class, dropped out, but continued his study of "Progress and Poverty" and saw its importance. All on his own, he encouraged people to enroll in the correspondence course or to read the great book. Truth needs no organization.

From Down Under

LAKEMBA, N. S. W., Australia.—W. A. Dowe, running as an independent candidate in a state election, polled 7,276 votes, on a platform which promised "to restore to the people their natural rights, beginning with their right in the land and the right to the whole of their wages."

Tammany—George—Republican

NEW YORK—Sidney Manster of the New York faculty, who claims to have been a factor in Tammany Hall politics, has recently completed teaching a course on Henry George in the Washington Heights Republican Club.

Aaronsohn On the Job

CINCINNATI, O.—Rabbi Michael Aaronsohn, sponsor and instructor of the HGSSS, spoke on the "Cause and Cure of Depressions" before a meeting of German Jewish Refugees, June 26. The nucleus of an extension class among these future American citizens was formed.

281 Summer Students

NEW YORK—There are seven classes with a total enrollment of 218 students for the Summer Course in Progress & Poverty. The instructors are: Lancaster M. Greene, William H. Quasha, Richard M. Connor, David Hyder, Emanuel Choper, Burt Levey and Dr. Harry Albert. There are also three Teachers' Training and Review Classes, two under F. Chodorov, and the other under C. O. Steele. There are 63 students in these classes.

Buttenheim and Cornick

MINNEAPOLIS, Minn.—Higher tax rates on land and lower rates on buildings were proposed on June 21 to the National Conference on Planning in session here, and the proposals were incorporated in a committee report signed by Chairman Harold S. Buttenheim, magazine editor, and Philip H. Cornick (formerly a Vice President of the Robert Schalkenbach Foundation) of the Institute of Public Administration, New York.

Financial World Reviews

NEW YORK—The Financial World, a New York weekly magazine, reviews Progress and Poverty by Henry George in its publication of July 6. Mentioning that George found by means of induction and deduction that the unequal and monopolized ownership of land necessitated the unequal distribution of wealth, and therefore suggested the substitution of common ownership of land for individual ownership to end poverty, the review ends with the remark "... though today the theory of a single tax is generally rejected the principle of taxation of increases of land value has since been widely accepted."

Bill Before Council

NEW YORK—On July 5, Messrs. Belous and Quinn introduced a bill in the City Council to amend the administrative code in relation to separate tax rates on land and on improvements, reading as follows: "Beginning in the second half of the year 1939 and thereafter, the council shall fix such tax rates on the assessed valuations of land and improvements thereon respectively, taxation upon real estate to be raised by the tax on land values and the remaining 10% to be raised by the tax on improvements."

Morgan Arouses Medford

MEDFORD, Mass.—Graduation was held at the City Hall on June 23 when forty students received their certificates on completion of the course of the HGSSS here. The Medford Evening Mercury of June 28 and the Medford Record of June 30 gave full reports of the graduation and outlines of the courses offered by the School. By such publicity Dr. Charles R. Morgan, with no other advertising, has been able to build up his classes.

Who's Who in Georgism

Henry L. T. Tideman

Henry L. T. Tideman, secretary of the Chicago extension of the HGSSS, was the first instructor of an extension class outside of New York City.

"I can't remember the time when I didn't know something about land value taxation," Mr. Tideman said in a recent interview. "When I was eleven years old my mother took me down to meetings of the old Chicago Single Tax Club to hear John Z. White. I first read Progress and Poverty when sixteen."

In 1910 Mr. Tideman joined the Chicago Single Tax Club. He was elected treasurer in 1911 serving until the Club was disbanded in 1920. When the Club was reorganized in 1927 Mr. Tideman was elected secretary. He retired from that post in 1936 to devote all his spare time to the work of the School.

Mr. Tideman was born in Rockford, Ill., September 11, 1883. He was educated in the public schools, Y.M.C.A. College and Lewis Institute. Beginning as a draftsman with the Western Electric Company in 1904, Mr. Tideman has been employed as an electrical engineer by the City of Chicago since 1912.

Bell Publicizes School

PASSAIC, N. J.—Two columns of the Passaic (N. J.) Herald News are devoted to an excellent letter from Mr. Stephen Bell (Author of "Priest, Prophet, or Rebel"), giving the history of the HGSSS from its foundation by Mr. Oscar H. Geiger to the present time and full information regarding the courses offered at Headquarters in New York and their 207 Extension Schools, established in more than a hundred cities in the United States.

Chodorov On Air

CINCINNATI, O.—Through arrangements made by George W. Hughes, extension secretary of the HGSSS, Frank Chodorov, national director, spoke over WKRC on June 30. Mr. Chodorov told his radio audience how an international school of such magnitude as the HGSSS could conduct all its courses without a tuition charge.

On Wisconsin

MADISON, Wis.—In response to an inquiry from Director Chodorov, the following is received from C. A. Dykstra, President of the University of Wisconsin: "Of course the philosophy of Henry George is referred to in several courses given at the University. There is no separate and specific course given in his taxation theory but it gets a rather considerable amount of discussion, I think, on the campus."

Summer Reading

NEW YORK—The Robert Schalkenbach Foundation reports that during June sales of books by them amounted to 283 (including 100 copies of Progress & Poverty) and pamphlets 1,975. There was a total distribution of 3,027 pamphlets.

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