

# The Freeman

*A Monthly Critical Journal of Social and Economic Affairs*

Vol. IV. No. 4

February, 1941

Five Cents

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## CLIMAX

By David Asch

## HOW CIVILIZATION MAY DECLINE

By Henry George

## FROM PRIORITIES TO RATIONING

By Frank Chodorov



*Goal of Emancipation - Whither Fellow Travellers?*

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*Monopoly in the Air - Sterling Patriotism in England*

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Unless we come back to first principles, our free institutions will be in vain; our common schools will be in vain; our discoveries and inventions will but add to the force that presses the masses down! — Henry George in "Progress and Poverty."

## The Goal of Emancipation

LINCOLN freed the slaves, it was not within his power to make them free men.

No leader can make men free. There is no external power that can strike off the shackles with which men, seeking surcease from struggle, bind themselves. Chattelism is a most welcome manacle, for it throws the entire responsibility of reality upon the slave owner. Statism is a less desirable form of bondage because it forces the slave to share with his rulers the job of making existence possible. But, whether it is to chattelism or Statism that man flees, the motive is to find an economic adjustment. So tenacious is the urge to live.

Having found a *modus vivendi*, man surrounds it with moral, legal and romantic bulwarks to insure its continuance and, behind these barricades, to hope for its permanence. Supernatural justification of the status is supplemented with soporific tradition, and rigidity is sought in the formalism of law. Life becomes tolerable, even pleasant, and an infrequent Simon Legree—a temporary depression, a war, or a few purges—are explained away as exceptions to the System, necessary unpleasantnesses that must be allowed to disturb the adjustment.

But somehow the unpleasantnesses persist and multiply. Uncontrollable economic forces seem to deny the validity of the adjustment. Suddenly this adjustment ceases to provide enough for the masters, leaves less than existence for the slaves. Bewilderment is followed by unrest, and unrest, groping for a cause, gives rise to violence. During the upheaval the master-slave pattern of existence persists (although the personnel may change) and in the readjustment becomes more strongly entrenched. Revolutions and wars make for anarchy.

The reason is that men do not know how to be free. They do not know that the essence of freedom is the enjoyment of one's own production,

that the essence of slavery is the enjoyment of another's production. Without property, man is not man. He is a mere hewer of wood and drawer of water if that which he produces is taken from him.

Whether the medium is chattel slavery or taxation by and for a bureaucracy, man is merely a zoological creature when he is robbed of his property. And the mechanism by which both forms of slavery—chattelism and Statism—are made possible is the monopoly of the Earth. For that is the source of all production.

This is the lesson of freedom that man must learn before he can be free. Not that mere enjoyment of his property will unleash his soul, make possible the dreams of which he is capable, or in itself endow him with the blueprint of a better world, but that without economic freedom all else is impossible. It is true that man does not live by bread alone, but without bread he cannot live.

The lesson of freedom was not included in the Emancipation Act. The black man, as ignorant as the white, and, because of his complete adjustment to the chattel economy, less capable of fending for himself, was merely transferred from a convenient slavery to a very inconvenient one. And the white abolitionist, fearing a disturbance in his adjustment in the monopolized world, proceeded immediately by law and by custom to force the "freed" black into an economic slavery far less desirable than chattelism. That, in substance, has been and is the "Negro problem."

And the black and the white (the unconquered red was tranquillized by being given access to land) will suffer adjustment and readjustment, poverty and degradation, chaos and war until the lesson of freedom is learned. Not until private property can be secured in common knowledge against tax collector and rent collector will man be free.

## Americans on the Move

THE POPULATION of the country as a whole increased by 8 million during 1930-40, less than half the increase of the previous decade. But, more important for its economic significance is this fact: while the total increase was 7 per cent, cities with a population of 25,000 or more grew only 4.7 per cent. This is the first time in the history of the United States that cities have not grown faster than farm areas, villages and towns.

New York shows an increase of 6 per cent and Chicago remained stationary, whereas the growth of each city during the previous ten years was about 25 per cent. Pittsburgh, St. Louis, San Francisco, Boston and Cleveland lost population. Buffalo remained the same. Baltimore, Detroit and Milwaukee grew 6, 3 and 2 per cent respectively.

Statistic-worshipping sociologists are hunting in the labyrinth of esotericism for explanations of this phenomenon. The big cities are too big; they have no place for children to play; speeding automobiles jam and imperil their traffic; their death rate exceeds that of the country; their rents are high.

Yet the answer is so obvious in the story told by the latest Census that one wonders how even the erudite could miss it. It is to be found in the very fact that the trend of population during the past ten years has been away from cities, to the rural communities.

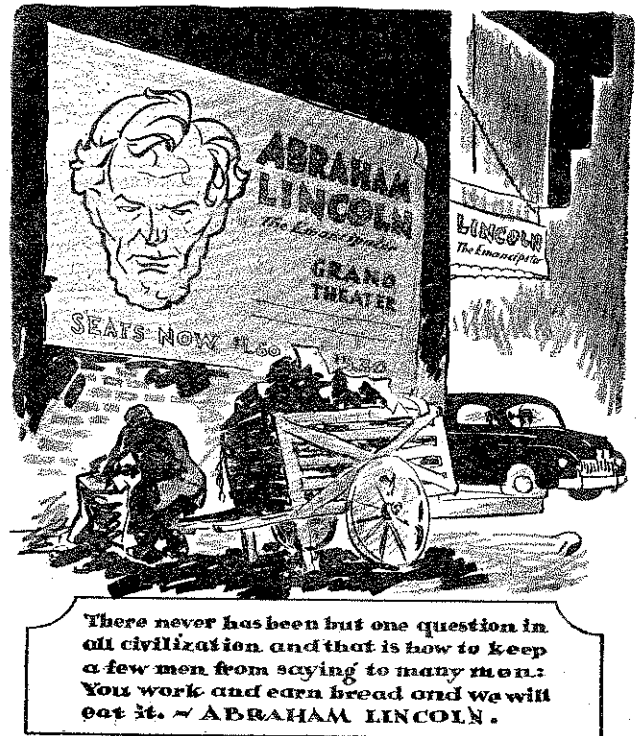
In 1932, at the close of the late lamented Hoover-Coolidge prosperity, it was revealed by the Department of the Interior that the rural population then was as great as it had been ten years before. Running away from "no help wanted" signs had set in long before the big boom burst.

It was about 1922 that the bottom of crop prices had begun to leak very badly; the inflationary land values of the war period were punctured, mortgages were being wiped out, the speculative rent line began to shrink to the economic line. Land was cheap.

Labor is mobile. It moves quickly from where there are no jobs to where there is the prospect of work. So when the factories shut down the fields began to beckon. The hitchhiker and the rod-rider covered the countryside. Cheap land was to be had in the farm belt. Or maybe something to do could be found at the old homestead; if not, there was at least a meal to be had.

By the time the New Deal began to pour tax dollars into the weakening backbones of the land speculators—including the insurance companies and the banks—the exodus to the farm was in full swing. The deflationary movement drew many a former farm boy away from the elusive wage levels of the city to the more substantial wages back home. Farms were being offered without any down payments; title could be obtained by mortgaging a portion of the crop over a period of years. In the meantime a living, no matter how meager, was possible.

Then came the billions of AAA grants and subsidies, and the deflationary process was halted. That is to say, land owners had been saved. Mortgage prices stiffened. The fields no longer beckoned the unemployed. They were locked out. There was no use, they knew, to try the cities again. They became loafers, or, as the Washington euphemism goes, "surplus farm population." Thanks to relief they have been able to exist in that ignominious state. That's where they are today. And that's the explanation of the urban-rural hegira.



## There's Monopoly in the Air

MUSIC has been called the universal language. So is monopoly. Since there cannot be more than one infinite, and since in our modern world all issues are determined by power, music must be relegated to something less than universality. Music has been made to lisp the dictates of privilege.

The re-writing of music's grammar is revealed in the present struggle for authorship between ASCAP and B. M. I. Each organization correctly asserts that the other is monopolistic in purpose; one contends that its motive is to protect the rights of writers and composers, the other that it aims to protect the music-loving public against paying too much for its pleasure. The fact is that both have good arguments for their respective cases, and both carefully conceal the name of the weapon which can clothe these arguments with authority.



Comes Trust-Buster Thurman Arnold with a revealing statement: "The Department (of Justice) is interested in seeing that neither ASCAP nor B. M. I. can get into a position that puts the public and the composers at their mercy. ASCAP has the strength and an organization already set up; but B. M. I. has the greater potential danger because it will have the exclusive performance rights over the radio."

So that's the crux of the monopoly situation: control of the radio. But who controls the radio? Obviously, those who have exclusive privilege to the air. In the language of economics, the air is nature's product, and that comes under the general term "land." Those who control the air can dictate the conditions and terms for its use; they can say what kind of music will be dispensed to the radio-listening public.

ASCAP can organize the makers of music, can dominate copyrights, orchestrations, musical libraries and all that; but the landowner has the final say as to what shall be heard by those who use his land. B. M. I. is the musical offspring of the broadcasting landowners; B. M. I. will win,

unless ASCAP agrees to the landowners' terms or becomes a landowner—through control of broadcasting stations—in its own right.

How did control of the air come into the hands of the broadcasting stations, the parents of B. M. I.? Through special privilege granted them by the State, the source of all monopoly privilege. Without the State-granted leases to the air, the language of music could not be curbed.

Competition of free broadcasting stations would provide the tunes we want to hear, and the competitive search for music would be the best "protection" for writers and composers.

## Unfair to Whom?

FOR THE PURPOSE of protecting the profits of manufacturers and wholesalers unable to meet competition, the Federal Government gave them the special privilege of fixing retail prices on their products, and misnamed this special privilege the Fair Trade Act.

Some state legislators, perhaps for political reasons, followed this pattern of magnanimity, and upped the profits of local industries by similar price-fixing laws. Colorado has one, properly named the Unfair Practices Law. It prohibits merchants from selling goods at less than cost, and permits merchant societies to define "cost."

For two years the association of grocers in Colorado fixed the definition at wholesale prices plus 9 per cent for overhead. Increasing demand due to the war boom suggested a profitable redefinition of their economic phraseology several weeks ago. So, they met and boosted their markup to 12 percent. One operator refused to abide by the dictum, said his firm "does not believe in making too much profit."

The traitor!

## The Freeman

*A Monthly Critical Journal of Social and Economic Affairs*

Published monthly by The Freeman Corporation, a non-profit corporation, at 30 East 29th Street, New York, N. Y. Officers and Directors: Lancaster M. Greene, Chairman; Anna George de Mille, President; Otto K. Dorn, Secretary-Treasurer; William H. Quasha, Counsel; Ezra Cohen, Francis Neilson, John C. Lincoln, Leonard T. Recker, Frank Chodorov. Entered as second class matter at the Post Office at New York, N. Y., under the Act of Congress of March 3, 1897. Single subscription, fifty cents a year; five or more, forty cents each. Title registered U. S. Patent Office.

## Whither the Fellow Travellers?

FOR MORE THAN TEN YEARS they ruled the intellectual roost. They wrote well. They spoke well. And they wrote and spoke with such pontifical aloofness that their words were called wisdom. Their oracular mysticism was accepted as philosophy. The events of the past year have demonstrated that they have neither wisdom nor philosophy. They have merely snide craftsmanship and crass egotism.

We mean the disillusioned fellow travellers who have been kicked off the Communistic train by the Hitler-Stalin conductorship and are now wandering aimlessly and foolishly over the literary countryside.

Granville Hicks, Eugene Lyons, Waldo Frank, Max Lerner, Lewis Mumford, Frederick Schumann, Archibald MacLeish, George Soule, Max Eastman—to mention a few—and their collegiate stooges who turned the gibberish of Marxism into a salon-philosophy, and profited thereby, are now as silly in their groping for a reason for writing as they were treating the gibberish as if it were reason. Their confessions, self-abrogations and self-psychanalyses are really funny.

What a dirty trick Stalin did to them when he demonstrated even to their befuddled minds that all collectivistic roads lead to Statism! Their phrases became vacuous in the light of his logic. They could not accept his conclusion. Being objectors and fault-finders only, they fear the crushing force of the State as a cramp to their style. Maybe theirs will be the first heads to adorn the city gates.

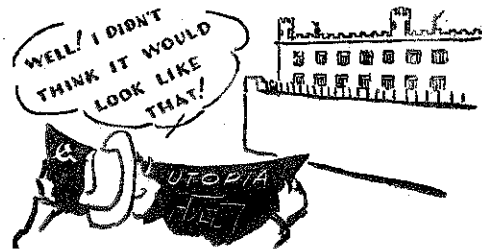
These now wandering minstrels were never Communists. They were far worse. Communists have at least the doubtful quality of consistency. The Party Line is not a philosophy; though it varies with the vagaries of the Kremlin, it at least has the virtue of adherence to whatever that citadel deems expedient. If you can figure out what will benefit Stalin you can approximate the Party Line.

But the fellow traveller intelligentsia attempted to endow the Party Line, which they did not espouse, with reason. Because of their skillful manipulation of words they seduced many, including themselves, and thus rendered service to the Party Line. Indeed, it is evident now that these smart gentlemen were the dupes, rather than the interpreters, of Communism.

Although they have been kicked out by those they served, they are still a danger. They have

been discredited as philosophers, but they have not lost their craftsmanship. And they must live. To what form of profitable seduction will they now turn their talents?

It is not entirely true that these literary vagrants have no social point of view. They did not consciously sell themselves to the Party Line for pay. They were attracted to it by a congenital weakness which made the Communistic totem pole an irresistible magnet.



They are all Planners. They believe that the ills of society can be corrected only by a blueprint economy. While they talk of freedom, they do not know what it is, what economic principles it rests upon, what its essential mechanism is. They do not believe men should be let alone. They still believe that some arch-angled regulatory scheme is needed to bring the world out of its chaos.

Therefore, in seeking a new vehicle for their arts by instinct and predilection (and perhaps because of cupidity) they hop on the "Gradualist" bandwagon. They have not learned the lesson of regulation: it cannot be done by halves, quarters or tenths. Being extreme egotists, as all Planners are, they confidently expect that the regulatory scheme which they and their intellectual friends shall direct can and will avoid the ultimate of Statism.

The name of their bandwagon it now appears is Democracy. As they twisted the word "Communism" into a meaning completely foreign to its content, so "Democracy" in their hands will come to connote something more akin to Marxism than to its Jeffersonian ideal or even its Greek origin. Not because they want to do this, but because they cannot conceive of a society in which the primacy of the individual is the guiding principle. You can teach a Socialist the words of freedom but you cannot wash out of his subconscious mind the dream refuge of the State.

The current of events—the product of a poverty economy—will aid them in mounting the band-

wagon of the new crusade. The format of any kind of planning is nationalism; a blueprint economy for mankind is not even conceivable. With nationalism running rampant throughout the world, with protectionism and isolationism the dominant political religions, the disillusioned but unreformed intelligentsia will find a ready market for their new word mongering.

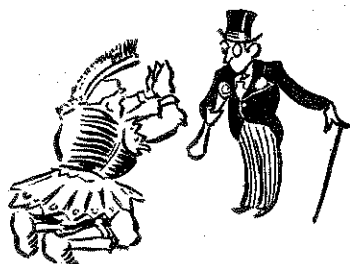
Patriotism and Planning are first cousins; war is their common playground. How the scribes will flourish in this atmosphere, spiritually and pecuniarily!

To those who have faith in freedom, who identify democracy with individualism, the warning is clear: beware the pen-pushers whom Stalin kicked off his train, for they are of his kind.

## Sterling Patriotism in Ravaged England

WHAT SOME ENGLISHMEN are patriotic about is indicated in telling items that appear in our London contemporary, *Land and Liberty*, for December, 1940. We select a representative story.

The War Office needed land which belonged to the Shirley Park Estate in Croydon. "Compulsory powers" had to be exerted. The arbitration proceedings resulted in an award of nearly \$80,000 for 17.82 acres, more than \$4,000 an acre. That wasn't all. Compensation was demanded and given for the "consequential damage" to the remaining 116 acres of the estate (because of the part being used for military purposes) and that amounted to an additional \$35,000.



The total swag of about \$115,000 was paid for permission to use land needed for defense of the realm, land which, aside from a golf course giving the Estate an annual rental of \$8,000, was only partly developed for building purposes.

The land speculator's patriotism has a sterling value. It is a value which the War Office—the State—dare not destroy.

Of course, the land-patriots were not satisfied with the award. They wanted more. They complained that the eighteen acres taken for war purposes would leave them less building frontage and that the value per front foot would be reduced. "But," remarks *Land and Liberty*, "what is frontage but access to all the communications that society provides?"

The effrontery of land-patriots is colossal. In the hearings counsel for the Estate claimed higher compensation because the property enjoyed the excellent transport, shopping, educational, and recreational facilities of the town. He regarded the Estate as the most attractive one to the south of London, undulating in character, handsomely timbered and rich in soil.

"They pretend to be selling land, but they are selling all that the public authority and that nature have done to give the land its value," said *Land and Liberty*.

Peculiarly enough, though there is no land value assessment in England, these land-patriots had no difficulty in evaluating the social services centering in their site.

*Query:* If Hitler would and could guarantee to the land-patriots of England a continuance of their swag system how long would the Battle of Britain go on? Or, if the English people were to abolish this system, or threaten to abolish it, would the British land-patriots go Nazi, just as the Spanish land-patriots went Fascist?

P. S. While we are sermonizing about British land-patriots let's remember that their ilk in this country have a similar sort of patriotism.

## A Light in the Darkness

IT IS A HOPEFUL SIGN when the heads of the Protestant and the Roman Churches in Great Britain put forward this joint proposal to insure a lasting peace:

"Resources of the earth should be used as God's gifts to the whole human race and used with due consideration for the needs of present and future generations."

## Economics of an Arsenal Economy

MR. ROOSEVELT'S "state of the Union" speech before Congress was, as expected, replete with the banalities of liberalism. When a people are about to embark on a suicidal venture it is necessary that they fortify their abnormal purpose with powerful stimulants. To get folks to forget about belly-filling sandwiches, when you cannot provide even the mustard, you have to feed them generous doses of soporific values. The "unemployables" will respond with alacrity to the "essential human freedoms"—particularly when the prospect of going to work is offered. Capital long idle will have no difficulty in swallowing "principles of morality" where these are flavored with a few profitable orders.

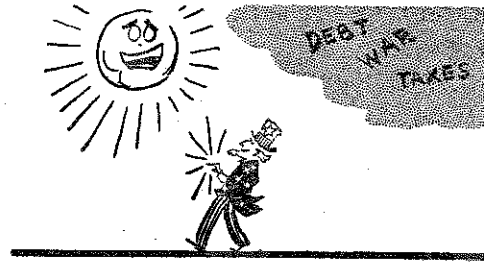
Without serious loss to our intellectual probity, we can dismiss the moralisms of the speech out of hand. After all, we have heard the stuff so often from the lips of gentlemen of rather dubious morals and more than dubious intellects to wit, Messrs. Mussolini and Hitler. The same words or the same ideas, they do not use; but they do employ the same technique of giving moral justification for an unsound venture. Similarly do they appeal to the vanity of those they are about to lead to degradation.

Of prime interest are the one or two economic phrases that crept into the speech. The moralisms lost all validity within a few hours after the newspapers had headlined them; but the economic maxims will be implemented with laws and acts that will plague Americans long after Mr. Roosevelt is a minor figure in our history books.

There was, first, the call to make financial sacrifices at the altar of freedom. That need not bother us. The astronomical numbers of dollars which will be extracted from our production will hurt; we will eat less, wear less, have less. For a generation or two or three there will be suffering. But in due time the billions of debts that our "sacrifice" will have put into the pockets of our bondholders will be wiped out, either by inflation or by direct repudiation. Like any business, a nation whose capital structure consists mainly of "watered stock" must wind up under the hammer. That will cause much dislocation of the economy at the time, but after the readjustment the removal of the debt burden will be a relief to labor.

Then there was the old sop to liberalistic hatred, the "ability to pay" principle of taxation. Liberals adopted that principle as their very own, because it flatters their soak-the-rich enthusiasm. As any

student of taxation should know, there are more poor than rich; therefore, taken as a whole, the poor have more ability to pay than have the rich. In practice "ability to pay" means "get where the getting is good." And that becomes the taxation of things that most of the people—that is, the poor—must have.



If Mr. Roosevelt had invoked the principle of taxation according to benefits received, those who profit most by war production might not support his program, might even urge him to call the whole thing off. The ultimate beneficiaries of war are those privileged to collect rent for the use of their mines, urban and agricultural lands, camp sites, franchise holdings. Suppose Mr. Roosevelt proposed to confiscate this privilege. Suppose their title deeds and mortgages and bonds became, through taxation, mere pieces of paper. Would the "four essential human freedoms" be a *casus belli*?

But, there was one economic thought in the speech which was almost unique to American minds. It was the one about dropping the dollar sign in making loans. One must not be too severe with Mr. Roosevelt for the omission of detail; definiteness is a quality with which political speeches must not be too prodigal. But one is inclined to ask: When England repays the loan "in kind," not in dollars, will any tariff be imposed? Suppose we do not want antiquated airships and they offer us "other goods of many kinds which they can produce and which we need"—like dish pans. Will not our dish pan makers yell for "protection"?

More important still, from the long term point of view, are these loans the precursors of a barter system for Anglo-American trade. Are we, too, going to drop the free market system, with free money as the instrument, and adopt Hitler's barbaric commercial methods? The lease-lend plan might become an easy transition, when England and America adopt totalitarianism.

Or, didn't Mr. Roosevelt mean what he said?

## Worm Widens Our Lebensraum

OUT OF EVERYWHERE—except from the books written by economic planners—come evidences of nature's unexplored resources. Even the lowly earthworm, it is revealed in a recent story of research by Dr. George Sheffield Oliver, contributes to the constant widening of man's *lebensraum*.

The voracious earthworm consumes decaying organic matters of all sorts; it throws off as waste material a worm cast which is one of the richest of plant foods. Moreover, worm tunnels air the soil, helping the oxygen and nitrogen metabolism of the plants. And the tunnels make fine watering places, facilitating rainfall storage.

These facts established the economic function of the earthworm. Dr. Oliver then proceeded to prove his thesis by propagating earthworms in culture beds, colonizing his grounds. Trees and flowers grew more beautiful, his garden produced bigger and tastier vegetables and fruits.

Dr. Oliver became a worm operator. His worms saved many an outworn farm. They fattened poultry, sped the hatching of fish, fed market frogs. Pullets flourished into layers quickly when fed with Dr. Oliver's worms and worm-egg capsules. He sells his worm casts for fertilizer, and he has a nutrient for flowers which is made by letting water drip through worm casts in boxes.

Every scientific research worker starts with a definite objective, but accidentally finds by-products which are sometimes as important as what he sought. Thus Dr. Oliver has in his exploration of worms hit upon uses in many fields, even medicine. As a result of his studies, marginal lands have become fruitful, and the bounds of human existence have been extended. What are its limits? Malthusians and other "static" economists, do tell!

## If You Believe in Freedom

FROM non-interventionist to isolationist, to appeaser, to fifth columnist, to pro-Nazi, to anti-American, to traitor, to "aiding and abetting the enemy"—to the concentration camp?

## Lease-Lending our Liberty

THE BLUEPRINT of the plan whereby the President is empowered to lead the nation into war without warrant from the people's representatives may not immediately, or in its present form, be adopted. That the thing could have been thought of at all in these United States is significant.

It is sad satisfaction to this commentator to call to mind the interpretations of events—since *The Freeman* began to speak more than three years ago—which pointed indubitably to the present denouement. We repeat, and we urge our readers to repeat, the basic truth obscured by present passions: that no political forms can guarantee even political freedom to a hungry people. Democracy thrives on prosperity; it vanishes when poverty becomes the normal existence of the many.

American democracy showed very definite signs of decay long before the moral panic of 1933. When we assay the abracadabra of politics with the touchstone of economic freedom, we observe that even the American Constitution was born in a bed of disease. Americans were never truly free; but not until this last decade was escape from economic slavery completely shut off.

Before our eyes a thing which in our boyhood could hardly have been thought of has come to pass: Americans are giving up one by one their sacred constitutional liberties. Not reluctantly, but with an alacrity and a rationalization that show the depth of decadence. Ten years of depression have re-oriented American concepts of liberty, have conditioned American minds so that they now endow with the words of freedom acts which their forebears would have recognized and rejected as tyrannical in tendency.

President Roosevelt asked for a "blank check" in 1933, and Congress gave it to him. He asks for one in 1941, and Congress will give it to him. But neither the President nor the Congress are to blame. A desperately poor people, oblivious of causes, depression-depraved, will sign anything that their "leaders" will put before them. Merely to exist.

On January 11, 1941, the curtain was raised on the last act in the tragi-comedy entitled "American Democracy." When it falls at last, will the audience acclaim the performance with a *Heil*?

To Abolish War Make Peace Profitable.



# How Civilization May Decline

By HENRY GEORGE

A civilization like ours must either advance or go back; it cannot stand still. It is not like those homogeneous civilizations, such as that of the Nile Valley, which molded men for their places and put them in it like bricks in a pyramid. It much more resembles that civilization whose rise and fall is within historic times, and from which it sprung.

There is just now a disposition to scoff at any implication that we are not progressing. Yet it is evident that there have been times of decline, just as there have been times of advance; and it is further evident that these epochs of decline could not at first have been generally recognized.

He would have been a rash man who, when Augustus was changing the Rome of brick to the Rome of marble and victorious legions were extending the frontier, would have said that Rome was entering her decline. Yet such was the case. And whoever will look may see that the same cause which turned Roman progress into retrogression is operating now.

What has destroyed every previous civilization has been the tendency to the unequal distribution of wealth and power. This tendency is observable to-day, with greater intensity the more progressive the community. Wages tend constantly to fall, rent to rise, the rich to become very much richer, the poor to become more helpless and hopeless, and the middle class to be swept away. Unless this tendency is arrested, progress must turn to decadence, and modern civilization decline to barbarism.

The conditions of social progress are association and equality. The history of advances in this direction is of struggles and triumphs of personal, political and religious freedom. And the general law is shown by the fact that just as this tendency has asserted itself civilization has advanced, while just as it has been repressed or forced back civili-

Every classic loses something of its grandeur in condensation. In presenting this digest of Chapter IV, Book 10 of "Progress and Poverty," we aim not only to call attention to the prophetic vision of Henry George in relation to current events, but also to direct the reader to the complete text. Its reading or re-reading at this time is most appropriate. —Ed.

zation has been checked.

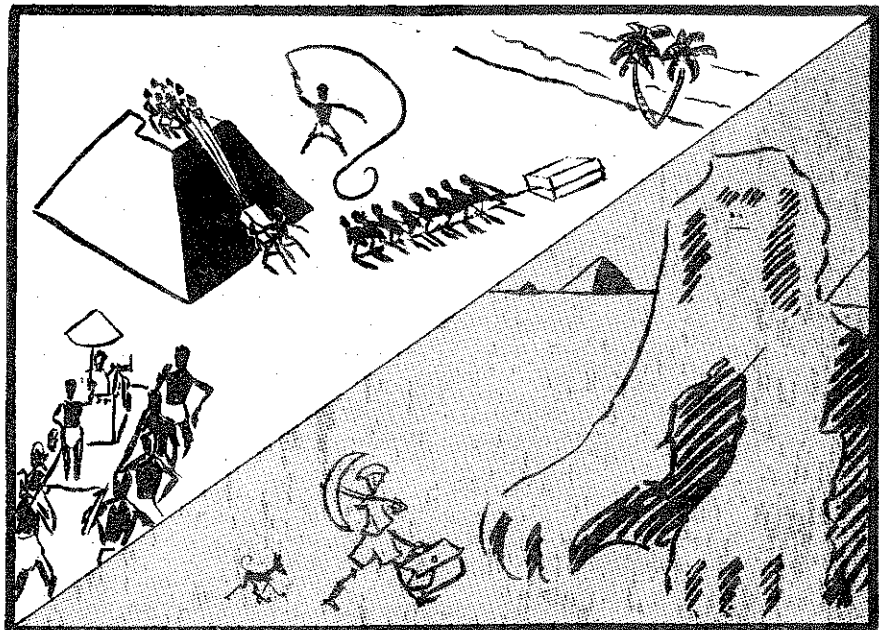
Now, the first effect of the tendency to political equality was to the more equal distribution of wealth and power; for, while population is comparatively sparse, inequality in the distribution of wealth is principally due to the inequality of personal rights. But it is now manifest that political equality does not in itself prevent the tendency to economic inequality, and it is further evident that political equality, co-existing with an increasing tendency to the unequal distribution of wealth, must ultimately beget either the despotism of organized tyranny or the worse despotism of anarchy.

To turn a republican government

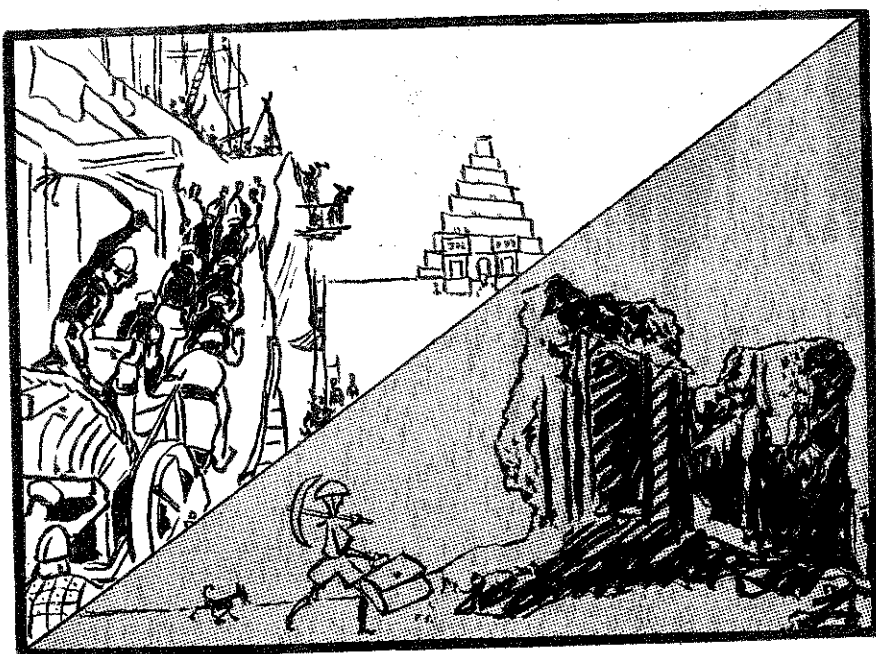
into a despotism the basest and most brutal, it is not necessary formally to change its constitution or abandon popular elections. It was centuries after Caesar before the absolute master of the Roman world pretended to rule other than by authority of a Senate that trembled before him.

Forms are nothing when substance has gone, and the forms of popular government are those from which the substance of freedom may most easily go. A government of universal suffrage and theoretical equality may, under conditions which impel the change, most readily become a despotism. For there despotism advances in the name and with the might of the people. Belted barons led by a mitred archbishop curbed the Plantagenet with Magna Charta; the middle classes broke the pride of the Stuarts; but a mere aristocracy of wealth will never struggle while it can hope to bribe a tyrant.

And when the disparity of condition increases, so does universal suffrage make it easy to seize the



EGYPT



## BABYLON

source of power, for the greater is the proportion of power in the hands of those who feel no direct interest in the conduct of government; who, tortured by want and embroiled by poverty, are ready to sell their votes to the highest bidder or follow the lead of the most blatant demagogue; who, made bitter by hardships, may even look upon profligate and tyrannous government with the satisfaction we may imagine the proletarians and slaves of Rome to have felt, as they saw a Caligula or Nero raging among the rich patricians. Given a community with republican institutions, in which the few roll in wealth and the many seethe with discontent, and power must pass into the hands of jobbers who will buy and sell it, or into the hands of demagogues who will seize and wield it for a time, only to be replaced by worse demagogues.

Where there is gross inequality in the distribution of wealth, the more democratic the government the worse it will be; for, while rotten democracy may not in itself be worse than rotten autocracy, its effects upon national character will be worse. To put political power in the hands of men embittered and degraded by poverty is to tie firebrands to foxes and turn them loose

amid the standing corn; it is to put out the eyes of a Samson and to twine his arms around the pillars of national life.

Even the accidents of hereditary succession or of selection by lot, the plan of some of the ancient republics, may sometimes place the wise and just in power; but in a corrupt democracy the tendency is always to give power to the worst. Honesty and patriotism are weighted, and unscrupulousness commands success. The best gravitate to the bottom, the worst float to the top, and the vile will only be ousted by the viler. While as national character must gradually assimilate to the qualities that win power, and consequently respect, that demoralization of opinion goes on which in the long panorama of history we may see over and over again transmuting races of freemen into races of slaves.

As in England in the last century, when Parliament was but a close corporation of the aristocracy, a corrupt oligarchy clearly fenced off from the masses may exist without much effect on national character, because in that case power is associated in the popular mind with other things than corruption. But where there are no hereditary distinctions, and men are habitually

seen to raise themselves by corrupt qualities from the lowest places to wealth and power, tolerance of these qualities finally becomes admiration. A corrupt democratic government must finally corrupt the people, and when a people become corrupt there is no resurrection. The life is gone, only the carcass remains; and it is left but for the plowshares of fate to bury it out of sight.

Now, this transformation of popular government into despotism of the most degrading kind, which must inevitably result from the unequal distribution of wealth, is not a thing of the far future. It has already begun in the United States, and is rapidly going on under our eyes. Our legislative bodies are steadily deteriorating in standard; men of the highest ability and character eschew politics; political differences are ceasing to be differences of principle, and parties are passing into the control of what in general government would be oligarchies and dictatorships.

The type of modern growth is the great city. Here are to be found the greatest wealth and the deepest poverty. And it is here that popular government has most clearly broken down. In all the great American cities there is today as clearly defined a ruling class as in the most aristocratic countries of the world. Its members carry wards in their pockets, make up the slates for nominating conventions, distribute offices as they bargain together, and—though they toil not, neither do they spin—wear the best of raiment and spend money lavishly. They are men of power, whose favor the ambitious must court and whose vengeance he must avoid. Who are these men? The wise, the good, the learned—men who have earned the confidence of their fellow-citizens by the purity of their lives, the splendor of their talents, their probity in public trusts, their deep study of the problems of government? No; they are gamblers, saloon keepers, pugilists, or worse, who have made a trade of controlling votes and of buying and selling offices and official acts. Why, there are many election districts in the United States

in which a George Washington, a Benjamin Franklin or a Thomas Jefferson could no more go to the lower house of a State Legislature than under the Ancient Régime a base-born peasant could become a marshal of France. Their very character would be an insuperable disqualification.

One of the characteristics of barbarism is the low regard for the rights of person and property. Our Anglo-Saxon ancestors imposed as penalty for murder a fine proportioned to the rank of the victim, Piracy, and robbery, and slave-trading, and blackmailing, were regarded as legitimate occupations by earlier peoples; and we take this fact as evidence of their barbarism and our civilization. But it is a matter of fact that, in spite of our laws, any one who has money enough and wants to kill another may gratify his desire with the chances as a hundred to one that he will suffer no great penalty. And if a man steals, even though he robbed those who trusted him; even though he robbed the widow and the fatherless, he has only to get enough, and he may safely flaunt his wealth in the eyes of day.

All this is a matter of common observation. The general faith in republican institutions is narrowing and weakening. Thoughtful men are beginning to see dangers, without seeing how to escape them. And where that course leads is clear. As public spirit is lost; as traditions of honor, virtue, and patriotism are weakened; as law is brought into contempt and reforms become hopeless; then in the festering mass will be generated volcanic forces, which shatter and rend when seeming accident gives them vent. Strong, unscrupulous men, rising up upon occasion, will become the exponents of blind popular desires or fierce popular passions, and dash aside forms that have lost their validity. The sword will again be mightier than the pen, and in carnivals of destruction brute force and wild frenzy will alternate with the lethargy of a declining civilization.

I speak of the United States; what shall we say of Europe, where dams

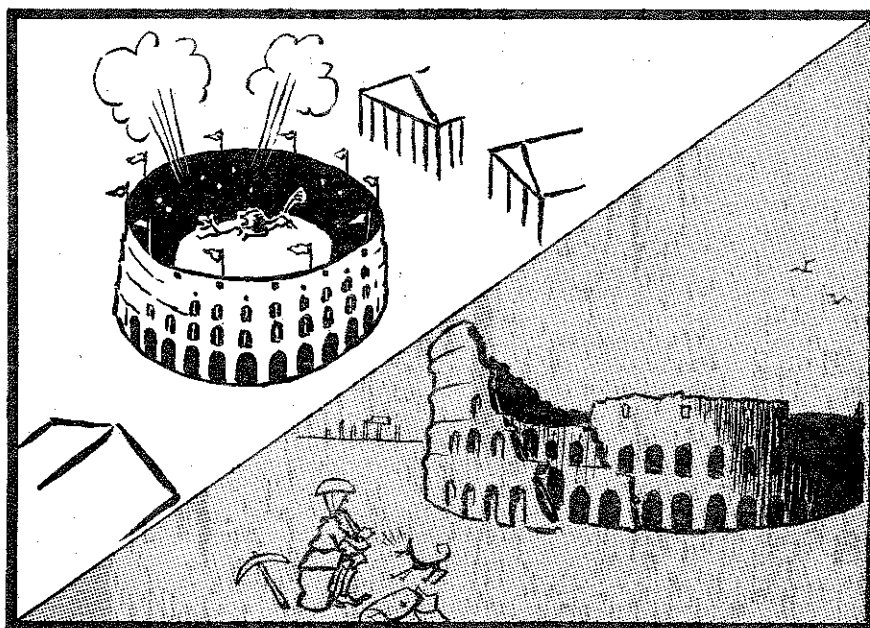
of ancient law and custom pen up the swelling waters and standing armies weigh down the safety valves, though year by year the fires grow hotter underneath? Europe tends to republicanism under conditions that will not admit of true republicanism—under conditions that substitute for the calm and august figure of Liberty the petroleuse and the guillotine!

Whence shall come the new barbarians? Go through the squalid quarters of great cities, and you may see, even now, their gathering hordes! How shall learning perish? Men will cease to read, and books will kindle fires and be turned into cartridges.

Yet to hint, today, that our civilization may possibly be tending to decline, seems like the wildness of pessimism. For in social development, as in everything else, motion tends to persist in straight lines, and therefore, where there has been a previous advance, it is extremely difficult to recognize decline, even when it has fully commenced; there is an almost irresistible tendency to believe that the movement is still advance. Communities do not go down by the same paths that they came up. The decline of civilization

as manifested in government would not take us back from republicanism to constitutional monarchy, and thence to the feudal system; it would take us into dictatorship and anarchy. As manifested in religion, it would not take us back into the faiths of our forefathers, but into new forms of superstition. As manifested in knowledge, it would not take us toward Bacon, but toward the literati of China.

And how the retrogression of civilization, following a period of advance, may be so gradual as to attract no attention at the time; nay, how that decline must necessarily, by the great majority of men, be mistaken for advance, is easily seen. For instance, there is an enormous difference between Grecian art of the classic period and that of the lower empire; yet the change was accompanied, or rather caused, by a change of taste. The artists who most quickly followed this change of taste were in their day regarded as the superior artists. And so, too, of religion; the superstitions which a superstitious people will add to it will be regarded by them as improvements. While, as the decline goes on, the return to barbarism, where it is not in itself regarded as



**ROME**

an advance, will seem necessary to meet the exigencies of the times.

For instance, flogging\* has been restored to the penal code of England, and has been strongly advocated on this side of the Atlantic. I express no opinion as to whether this is or is not a better punishment than imprisonment. I only point to the fact as illustrating how an increasing amount of crime and an increasing embarrassment as to the maintenance of the prisoners, both obvious tendencies at present, might lead to a fuller return to the physical cruelty of barbarous codes. The use of torture in judicial investigations, which steadily grew with the decline of the Roman civilization, it is thus easy to see, might, as manners brutalized and crime increased, be demanded as a necessary improvement of the criminal law.

There are many things which go to show that our civilization has reached a critical period. These industrial depressions, which cause as much waste and suffering as famines or wars, are like the twinges and shocks which precede paralysis. Everywhere the increasing intensity of the struggle to live, the increasing necessity for straining every nerve to prevent being thrown down and trodden under foot in the scramble for wealth, is draining the forces which gain and maintain improvements. In every civilized country pauperism, crime, insanity, and suicides are increasing. In every civilized country the diseases are increasing which come from overstrained nerves, from insufficient nourishment, from squalid lodgings, from unwholesome and monotonous occupations, from premature labor of children, from the tasks and crimes which poverty imposes upon women. In every highly civilized country the expectation of life, which gradually rose for several centuries, appears to be now diminishing.

It is not an advancing civilization that such figures show. It is a civilization which in its undercurrents has already begun to recede. When the tide turns in bay or river

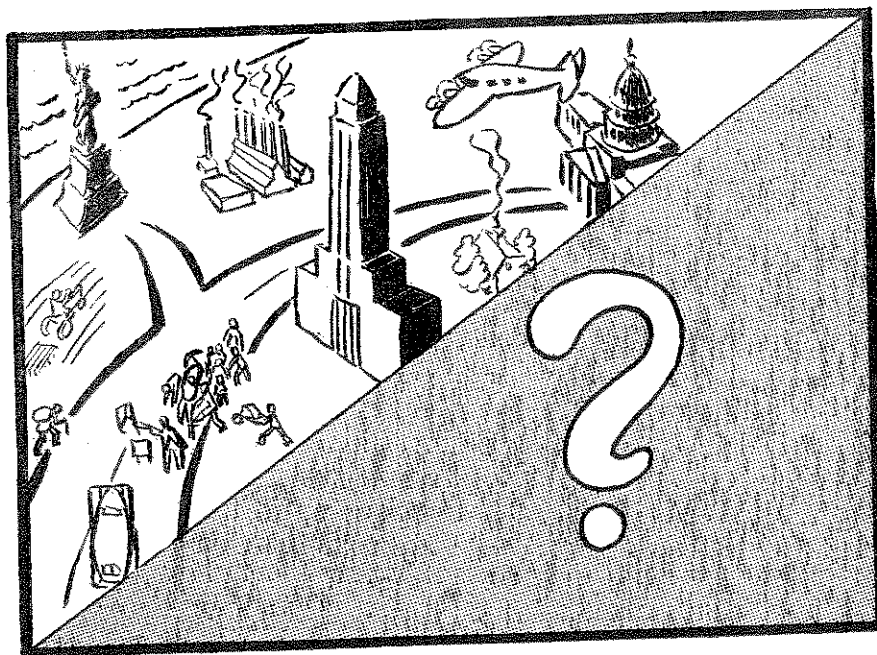
from flood to ebb, it is not all at once; but here it still runs on, though there it has begun to recede. But as sure as the turning tide must soon run full ebb, so sure is it, that though knowledge yet increases and invention marches on, and new states are being settled, and cities still expand, yet civilization has begun to wane when, in proportion to population, we must build more and more prisons, more and more almshouses, more and more insane asylums.

But there are evidences far more palpable than statistics. There is a vague but general feeling of disappointment; an increased bitterness among the working classes; a widespread feeling of unrest and brooding revolution. If this were accompanied by a definite idea of how relief is to be obtained, it would be a hopeful sign; but it is not. The reaction toward exploded fallacies of government shows this. And the vast change in religious ideas that is now sweeping over the civilized world may have most momentous relations. For what is going on is not a change, but the negation and destruction of the ideas from which religion springs. Christianity is not simply clearing itself of supersti-

tions, but in the popular mind it is dying at the root. And nothing arises to take its place.

Now, whether this may or may not be in itself an advance, the importance of the part which religion has played in the world's history shows the importance of the change that is now going on. Unless human nature has suddenly altered in what the universal history of the race shows to be its deepest characteristics, the mightiest actions and reactions are thus preparing. Such stages of thought have heretofore always marked periods of transition. On a smaller scale and to a less depth such a state of thought preceded the French Revolution. But the closest parallel to the wreck of religious ideas now going on is to be found in that period in which ancient civilization began to pass from splendor to decline.

What change may come, no mortal man can tell; but that some great change must come, thoughtful men begin to feel. The civilized world is trembling on the verge of a great movement. Either it must be a leap upward, which will open the way to advances as yet undreamed of, or it must be a plunge which will carry us back toward barbarism.



**AMERICA**

\* Delaware never did abolish the whipping post, and has used it many times within the past few years.—Ed.

# Climax

By DAVID ASCH

In 1905 a Nebraska banker, through one of his prospective depositors, became interested in a black mineral substance from Bartlett Mountain in Colorado. The government granted him five lode claims, which he and a few others patented on March 1, 1905. These claims became eventually the basis of the present world supply of molybdenum ore.

Molybdenum is an ingredient of extra-hard alloy steels, in which it has largely replaced tungsten. It does not interfere with welding—a common fault with other alloy metals. It has many applications in warfare, but until 1939 about 70 per cent of the consumption was for peace-time purposes. There is a substantial demand in the machine tool fields and more recently for mechanized military units. It is used in axles, connecting rods, steering spindles, aircraft fusilages, gears, gun tubes, high grade gasoline, lubricating oils, radio tubes, and in a host of other products. Rails containing molybdenum may last twice as long as ordinary rails.

But this industrial swan spent many years in the ugly duckling stage. The Climax property lay idle from 1905 until 1911 when the owner began to drive a tunnel. In 1916 he gave an option to one Mr. Heckendorf of Denver, who in turn offered it to the American Metal Co., Ltd.

Max Schott, then western manager of that company and now president of Climax Molybdenum, took over the option. A syndicate was formed; American Metal Co. (accused by the Trade Commission in 1917 of "excess profiteering") took 10 per cent, and Schott and his associates, mostly officers and employees of American Metal, took the remainder.

Before this time no attempt had been made to develop molybdenum alloys commercially. To some extent, such development had been retarded by the lack of an adequate

and reliable source of supply. Bartlett Mountain, however, contained an ample ore body, and the syndicate proceeded immediately to exploit it.

A few crosscut tunnels were driven by hand. These revealed the extension of the mineralized area and also the remarkable uniformity of the ore. This additional discovery, and a contract for the production of molybdenum concentrate, made with the Reduction Electric Company of Pennsylvania, led the syndicate to incorporate. Thus, in January, 1917, the Climax Molybdenum Company was born. Today it has about 1500 employees and controls 90 per cent of the world's known supply.

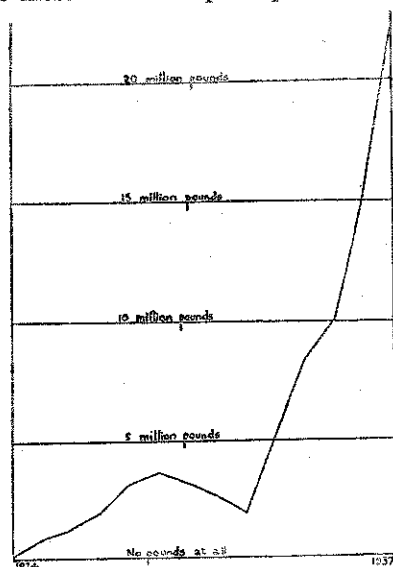
During the World War Climax worked its mine at a phenomenal rate, and the call for shoulder-to-shoulder cooperation against the Huns was met by Climax with a patriotic rise of prices. Of course, everybody realized that operations on such a scale could not be continued in peace times. But the war demand carried Climax along when it most needed help: it provided an

opportunity to develop the property and also to work out some metallurgical problems on a commercial scale.

The price of molybdenum rose from 30c a pound in 1912 to 70c in 1914. During the first year of the war it jumped to \$2.00 and after minor recessions reached \$1.80 early in 1917. The same year, however, the price ranged as high as \$3.00 and closed in December at \$2.25. In 1918 a swift rise began, and when the price touched \$5.00 per pound, Climax patriotism was bursting at the seams. Then the European embargo was removed, and increased competition drove the price down to \$1.00.

In 1919 the demand collapsed, and for the next four years the big mine was closed. As the need for molybdenum as an instrument of destruction faded away, the company organizers instituted a campaign to develop new outlets. Their first step was to assure themselves a monopoly of the domestic market; they demanded a protective tariff.

A duty of 75c per pound was imposed in 1922. It would be difficult to find a better example of government-created private monopoly. American molybdenum was never threatened from abroad. The Tariff Commission reported that the ore could be produced in Colorado as cheaply as anywhere in the world. The competitive situation favored the American producer; cheap domestic production was everywhere crowding out imports. The tariff could never have been seriously considered as a revenue producer, because imports were small and sporadic. As a protective measure, it was unnecessary, for American producers already had natural advantages which placed them in a superior position in the world market. But it served one purpose: it excluded from the American market the competition of foreign molybdenum during all the pre-depression years; from 1925 to 1929 inclusive,



## HOW CLIMAX GREW

Sources: Minerals Yearbook  
Moody's Manual

Molybdenum production from 1924 to 1937

the total value of imports was about \$35,000. In 1928 the Climax deposit produced 3 million pounds. Imports for that year were 576 pounds.

The demand began to increase soon after the tariff was imposed, and the following year Climax directors decided to re-open their mine. In 1924 they produced 150,000 pounds, and a million pounds two years later. In 1935 production exceeded 10 million pounds, in 1937 20 million. The growth of the company since 1924 is shown in the figure.

The steady growth of Climax reflects an increasing world demand for its product. Part of it is shipped to the Pennsylvania plant and converted for use in this country; the rest is exported. In 1935 exports were 60 per cent of the total production. Little information has been made available as to the actual quantities taken abroad by specific purchasers, but press releases indicate that, prior to the present war, France, Germany, Belgium and England were fairly large buyers. The strategic importance of the metal in war time was recognized by the State Department in December, 1939, when it laid a "moral embargo" on exports of molybdenum to "nations engaging in unprovoked bombings and machine gunnings of civilian populations from the air."

In 1930 the tariff on molybdenum was revised. The present rate is 35c a pound on ore or concentrates; on compounds, 50c a pound plus 15 per cent ad valorem; on ingots, sheets, bars or scrap, 50 per cent ad valorem; on sheets, wire or other forms, 60 per cent. Norway is the only important foreign producer; Australia, Mexico, Chosen and Peru produce trifling amounts. With Norwegian supplies effectively cut off, Climax enjoys a virtual world monopoly.

The company's organization has increased since 1931, but the percentage of total administrative expense has declined. The net earnings available for dividends increased from 7.47 per cent to 50.85 per cent of gross sales—a staggering figure for any company, especially during a period of depression.

In 1939 Climax sold \$20,475,000 worth of molybdenum. It set aside \$2,244,000 for taxes. Its officers paid themselves salaries aggregating a quarter of a million. After all bills were paid, it had a net profit of \$10,310,000.\*

A detail which illustrates the difficulties which confront serious students of economics is the amount reported as "Rents and Royalties." Of produced wealth worth over 20 millions, rent took only \$47,000! On the basis of such figures, statisticians tell us that rent accounts for only 6 per cent of the national income. Obviously, the whole of this company's profit consists of rent. All wages and interest—even the salaries of the officers—are figured as "expenses" and deducted before arriving at the net amount. But in published reports on income distribution Climax's 10 million dollar take will appear as "dividends" or "profits." The result will be a thorough scrambling of the statistics with respect to economic income categories, making them useless for the purpose of ascertaining how the national income is really distributed.

Once again as the drums begin to beat and the call is sounded for "brotherly cooperation" during the great "emergency" we find a considerable portion of the defense program at the mercy of an organization notorious for its devotion to the lofty American ideal of patriotism—for profits. The war in the Far East insulates Climax against the one threat to its supremacy. The position now occupied by molybdenum was once held by tungsten; the two elements belong to the same family chemically and have somewhat similar properties. Feverish rearmament efforts during the middle thirties forced the price of tungsten to unheard-of levels, and of course stimulated the search for methods by which the cheaper molybdenum could be substituted. Now, tungsten comes from China. But since the powerful emergence of

molybdenum as a substitute, China's tungsten monopoly has been effectively broken up—only to be supplanted with another monopoly even greater.

If China had free access to markets, the power of Climax would be limited; too high a price for molybdenum, and the world goes back to tungsten. But with China cut off by Japan, Climax should have everything its own way. We shall probably hear complaint, some day, that Climax held up the people of the United States during a wartime emergency. How many of the complainants will stop to reflect that the monopolistic power exercised by this group of men to blackmail the defense program is the deliberate gift of the government? Our tariff laws, our grants of status to corporations, our tax methods, our system of land tenure—all these place weapons in the hands of monopoly. Can we deny the charge of childishness when we give bludgeons to tyrants and then wail at tyranny?

If anyone believes that the people are still superior in power to this Frankenstein's monster, let him consider the most recent development in the history of Climax. Its 1939 county taxes (\$295,000 including interest) are unpaid. Climax regards the tax as extortionate, and objects to the reassessment of 1939 which placed an assessed valuation upon the property of 16 million dollars. The county treasurer threatened to put the mine up at auction, and the Company dared him to go ahead. Accordingly, in December, 1940, the county advertised the mine for sale. Climax immediately advertised on its own hook; it threatened to tie up the entire property in litigation if any sale were made, warned possible purchasers that they "wholly denied, challenged and controverted" the county's right to sell, and, in order that there might be no misunderstanding, lapsed into the vernacular long enough to tell "anyone who might try to buy...that he would be buying himself a lawsuit."

The date announced for the sale was December 16. Two bids were received: one on a post card, which offered to buy the property but did

\*Figures from the "Survey of American Listed Corporations," Supplement No. 2 (July, 1940) compiled for the Securities and Exchange Commission by the Work Projects Administration.



not mention an amount; the other for ten dollars! This was rejected, of course; under Colorado law bids at such a sale must be for not less than the amount of taxes due. It is interesting to speculate on what may happen just in case somebody makes a valid bid. We assume, of course, that the courts and law enforcement agencies of the county are vigilant and honest, and not mere paid flunkies of the big monopoly. The question is, then: how long can a company with over 8 million dollars in the bank, making something like a million a month clear profit, fight a case in the courts—regardless of the merits of the case itself? And how long will it take any

buyer to dislodge them from their golden niche? Remember that whatever happens, the mine cannot shut down; it is the principal source of an indispensable war material.

It seems fairly evident that the demand for molybdenum will continue to increase as this new, more durable product is adopted in more and more fields, particularly in railroading and building construction. The 10 million dollar profit of 1939 should be only a beginning. In ordinary times, such a mineral deposit would be—and, in fact, was—a tribute levying device almost unique in American history. What will it be in war time, with Uncle Sam plead-

ing for the raw materials he himself gave away in 1905?

Yet the situation at Climax is nothing more than a caricature of the situation as it exists all over the United States, with respect not merely to molybdenum, but also to aluminum, iron, petroleum, copper, sulfur—and so on, until we have called the roll of essential raw materials. Two companies control sulfur (see *The Freeman*, September, 1940) and three exercise virtual control over copper (see *The Freeman*, January, 1941) but in the end it all comes to the same thing—the rent rolls in, and the people pay.

And that's the story of Climax.

## From Priorities to Rationing

By FRANK CHODOROV

The day after New Year's the newspapers headlined an ominous report of the Federal Reserve System. It was ominous in both its timing and its content. It was obviously intended to reach Congressmen before they convened, and was a warning against inflation.

The concern of member banks is indicated by the broad program of legislation which the report holds essential to a sound fiscal policy in the defense drive. It suggests ending the President's authority to devalue the dollar, and the Treasury's power to issue greenbacks, and money based on silver; it advocates selling government securities to individuals and corporations rather than to banks which must unload them; it asks for a larger debt limit; it calls for tax increases to meet defense outlays. The burden of all these suggestions is merely this: beware of inflation.

Just how inflation is inherent in a war economy, how it comes about, what preventive methods are resorted to, what social consequences follow this disruption of our financial system, are not matters of conjecture. The world has experienced the process in recent years so often

and so vividly that its general pattern is definitely known.

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When the purpose of production is the satisfaction of desires—that is, for ordinary business—any increase in demand tends to create new supply. True, holders of monopoly sources curtail production in order to reap greater profits. But, even with monopoly products higher prices tend to attract capital to the production of substitutes or to call marginal lands into use. "Higher prices" is the signal that more goods are being demanded, and, where the market is not fettered by bureaucratic control (or monopoly) the goods will flow into it to level off the price structure.

This economic movement does not take place when the object of production is sheer waste. If, for instance, ships were built for the pur-

pose of sinking immediately they left the quays capital would hesitate about going into the ship-building business; even if payment were guaranteed by taxes, capital knows that such production violates the principle that trade is an exchange of satisfactions for satisfactions, and that production for destruction is uneconomic. That is why capital must be guaranteed not merely interest, but also its replacement, before engaging in war business. The lure of evanescent (taxable) profits is not enough—and the increased plant equipment necessary for war orders is not forthcoming. When competition from private orders sets in the government exercises its power of control by limiting the supply of raw material to its competitor, the public. This process of control is called "Priorities."

Last October Mr. Roosevelt appointed a four-man priorities board to work out a system of allotting materials, whenever a shortage made it necessary, to both military and commercial production. Like the Defense Commission this new board is still without administrative power; its advisory power has already manifested itself in "suggestions" to log-



jammed suppliers that defense deliveries come ahead of more profitable private orders. Edicts will replace such advisory tactics when the military machine is geared to absorb all of the nation's productive capacity above the necessities of life, as determined by the Board.

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Production allocation is an integral part of the priorities system. In addition to War Department orders there are orders from private firms making war goods. Still other orders are from municipalities building airfields, bridges, roads—all essential to mobilization and defense. War time orders from Britain, Canada and South America also come into the picture; and exportable things must be made to obtain foreign credits for the purchase of military essentials. Somebody has to decide who will get what, since production capacity to meet the demand cannot and will not increase correspondingly.

Already mobilization experts of the War Department have a plan requiring that defense orders for certain commodities, such as aviation gasoline and machine tools, be filled ahead of all other orders on the manufacturers' books. Bethlehem Steel is at full capacity on Navy work. Copper is getting scarce. At any moment allocation by executive order will supplant the present voluntary priority status.

What will be the effect on prices? Therein lies the danger to our economy, and to the social and political order of the future. Allocation of raw materials in favor of things made for war purposes reduces the number of things that can be made for the satisfaction of desires. The higgling of the market forces up the prices of these things. Rising prices cannot call forth new products—as they would if the market were operating on a free basis. Unless wages are increased the public must go without.

But, though commodity prices advance first, wages cannot lag far behind. The absorption of larger numbers of workers in the armament industries makes for a shortage of labor, and the price of labor

reacts in the same way as the price of commodities. The pay-rolls of the armament plants come pouring into the goods market. Everybody is bidding for the restricted supply of clothing, automobiles, food supplies, services of all kinds. And, so long as the operations of the market are not further hampered by bureaucracy, prices will rise until they meet the highest bids.

Price inflation must bring about social discontent. When the worker finds that his money-wage will not procure for him the satisfactions for which he works his interest in working lags. He demands more wages—or else. But production must go on, particularly production of those things the worker does not want, munitions. The government is then faced with the alternative of issuing more money for pay-rolls or attempting to regulate the market—that is, by money inflation or by price control.

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Money inflation takes place whenever the government issues any kind of negotiable securities. The movement is not necessarily limited to increasing the amount of currency in circulation; nor is lowering the gold reserve in itself inflationary. Any increase of the number of chips issued with the government's seal, and which the public will accept in lieu of things, is inflation. Since the government does not intend to pay the cost of war by taxation, it borrows and issues bonds, and bonds become money.

Price inflation is thus followed by money inflation, even if the dreaded printing-press dollars do not appear. It must be remembered, however, that money inflation is of little social consequence until the new money hits the market. Capital and labor must use this money to buy things with before people begin to be aware of its existence. It is in terms of satisfactions that we measure the value of money; what will it buy? And when the public realizes that money cannot buy satisfactions the trouble starts. The mule before whose nose the unachievable bundle of hay always dangles may become disgusted with the proceedings.

It is to avoid this lack of confidence in money that schemes for price control are resorted to. Parenthetically, it should be noted that inflation for the deliberate purpose of repudiating the national debt is attended with political repercussions which politicians dislike; and it is a recourse taken only when the national house of cards is ready to collapse anyhow, as in Russia and Germany. Inflation, despite the economists who lay all economic movements to political enactments, is a creeping disease which results automatically from all make-work programs, including rearmament; that is, from expending human effort on the making of things that do not produce satisfactions. To put it more directly, inflation is the red ink of a national economy in which there is too much overhead cost. It comes because the economic structure is wrong at bottom, not because politicians want it.

To avoid the growing discrepancy between money-wages and commodity prices in a war economy, the political tendency is to attempt to hold prices down by force. This attempt cannot succeed. No police system is so ubiquitous as to control what people will give for what they want. Values are psychological, and even the regimented Russian mind cannot determine what price, in labor or things, it will put on something that will satisfy a craving. A market place will arise whenever one boy has two pocket-knives and no tops, while his companion has tops in abundance. If a third lad is the regulator, will he not also yearn for tops and pocket-knives? Even the police have desires on the satisfactions of which they unconsciously place values; even the police have a price.

Price control is always defeated by secret trading—the black-bourse technique. It is therefore ineffective. But it is also a costly method, costly in taxes and politically costly in that it arouses the social unrest inimical to war morale. And yet, when the inflationary spiral gets under way and the irritation of the frustrated wage-earner in the market place begins to manifest itself,



price control is the first thing the politico-economist thinks about. That is because the only other control measure, of which we will speak later, is even more drastic in its social consequences. In the last war—we weren't in it long enough to see the control plans worked out, nor was our debt burden so great as to hasten the inflationary movement—"top prices" were placed on many basic products, particularly foods. Already our present Defense Commission has by suggestion and intimidation thwarted the tendency toward higher prices in essential minerals.

The cereal price controls attempted by Mr. Hoover, when he had charge of the job in the Wilson regime, were notoriously ineffective. You can tell a farmer at what price per bushel he must sell his wheat, but you cannot prevent his accepting bonuses or gifts. And how can you stop the selling of grade B for grade A prices, or the substitution of labels?

In the recent cases of price control through suggestion, or by voluntary cooperation, the only commodities affected were those in the hands of the monopolies. Aluminum, steel, copper and such things are subject to state control, because the monopolies which own them are creatures of state privilege; the sources of supply can be taken over by the State. But aluminum pots, steel knives and copper tea-kettles are fabricated by competitive factories and are subject therefore to market conditions. The wage-earner buys hair pins, not iron ore. Price control of basic materials reduces the profits of the monopolists for a time, but it does not hold down to wage level the prices of commodities.

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The only other known method of restraining the flight of prices is the restriction of competition among workers for the things they want. Since supply control must increase value, to reduce value we must effect demand control. That is rationing.

Rationing is really money inflation in reverse. If your money cannot buy things, what is it good for? Why work for it? Why save it?

You might try sending it to Mexico for safe-keeping or for investment. To overcome this tendency of money to fly away from restrictions our rationed economy has implements; besides, with a world at war what assurance have you that your money will ever come back, or that if it does come back it will not have shrunk considerably because of taxes and tariffs? No, money is not much good to you when your government decides how much you can eat, what you must wear, when you can see a movie.

In fact, rationing of things is accompanied by rationing of wages. Why let workers have wages when there are no things for wages to buy? The next step to rationing goods, then, is to nationalize labor and to subject it to status. All contractual conditions are suspended. Only the State has being; the individual as an economic unit ceases to exist. And that is the only way to prevent inflation.

But, this drastic measure can be put into operation only when fear of extinction completely overpowers every instinct of human expression, when mere existence has become the aim of life. The propaganda machinery must create the fear of an invading enemy. Not until mass fear results in mass resignation is it possible to even attempt rationing, or to expect that it will not produce violent social unrest; particularly in America, where the tradition of "unalienable rights" is inherent in the folkway.

Yet the necessity for rationing to avoid inflation is present long before this mass acceptance can be depended upon. Other methods, partially or momentarily effective, must be resorted to while the public mind is being prepared for the full dose.

Among other suggestions are those that derive from a plan suggested by the English economist, John Maynard Keynes. In essence, the plan is to prevent sky-rocketing of prices by withholding from the market a part of the pay-roll, issuing for this part securities which will be of no value until after the war. This is in fact only compulsory saving. The worker receives some negotiable

money for his services plus a claim on future production. If his money-wage will enable him to live in reasonable comfort, and while his patriotic fervor overcomes his desire for more satisfactions, this scheme may work. But a claim on future production also has a value, which some speculative genius may put a price upon; and a doctor's bill or the desire for a good drunk may induce the worker to part with his future claim. This will put money into the market, though less than the face value of the claim which the worker sold.

Another scheme for preventing the inflationary tendency of high wages in a restricted-production market is to cut wages by taxation. This amounts to taking the wages from the worker before they hit the market. But for this scheme to be effective there must be no time lag between wage payments and wage purchases; the tax must be imposed before the wage increases become effective. A wage-income tax (taking the levy out of the pay envelope) or a general sales tax that rises automatically with the rise of wages are recognized methods.

And so, until we are prepared to accept rationing, we will have priorities, price controls, allocation, forced savings plans, wage-reducing taxes—all attempting to prevent the market place from showing up the financial dislocation of a war economy.

## The Freeman

A Monthly Critical Journal of Social and Economic Affairs

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\* \* \*

The Freeman does not necessarily endorse opinions expressed in signed or initialed contributions or statements in news reports, assuring the widest freedom of expression to its writers. Contributions consistent with the policy of The Freeman are welcomed; no payment is made, for the writers contribute their services as a living endowment to the cause for which The Freeman stands.

## The Book Trail

### THE FIRST TO AWAKEN

By Granville Hicks

Modern Age Books, \$2.50

Granville Hicks has attempted to prophesy for us of 1940 as Bellamy did years ago with "Looking Backward." And though our author broke with the Communist Party shortly after the Hitler-Stalin pact his zeal for Socialism—of a decentralist kind—is as great as ever. He swings through a century pursuing the phantom of equality of condition through a labyrinth of State Control and Cooperation, of District and Regional Planning Boards and so on, with, unfortunately, very little of scientific economics.

It is regrettable that Hicks clings to his Marxism without any comprehension of the true nature of rent. He admits that cooperatives must be subsidized by the national government. He admits also that bureaucracy is bad; he insists only that private enterprise is worse.

Socialists have a tendency to dream of what their Utopia will be like. This book is a lovely dream of engineering gadgets. But it offers the reader nothing more substantial than a short lived emotional escape from reality.

WILLIAM W. NEWCOMB

### THE COAL INDUSTRY

By Glen Lawhon Parker

American Council on Public Affairs, \$3.00—\$2.50 paper.

Dr. Parker believes that soft coal, next to farming, is the worst failure of classical free enterprise. Since laissez-faire has broken down, the only alternative is some form of government planning. Dr. Parker would prefer outright government ownership and operation, but as this is politically inexpedient, he will accept private ownership under government regulation. The faults of such an arrangement are conceded, but the present chaos and anarchy in the industry are such as to leave no choice.

Yet there is one choice which Dr. Parker neglects. His conception of laissez-faire is the usual one—an economy in which capital is competitive and land is monopolized. Naturally, then, for him the stick points only in one direction—the remedy for laissez-faire is less laissez-faire. He does not consider the possibilities of true and complete free enterprise; even when he recommends Government ownership of coal reserves with private operation by lessees, he is still assuming that Government will plan operations and exercise general supervision.

But if Dr. Parker's arguments overlook possibilities which, if taken into consideration, might cause him to change his conclusions, we must compliment him on his thorough and workmanlike job of research. Better than that: his work is not merely scholarly, it is readable. It should become an important source book, and in any case has something to contribute to the education of the reader.

ALAN FREEMARTIN

### THE AMERICAN PRESIDENCY

By Harold J. Laski

Harper & Brothers, \$2.50

In this book, which may be considered a companion piece to "Parliamentary Government in England," Professor Laski discusses the President's relations with other governmental authorities and describes their interaction. Whether or not we agree with his interpretation of the Presidency, we shall nevertheless gain from it a keener insight into the functioning of the American government.

In the last paragraph he writes, "Power, no doubt, is always a dangerous thing; and the temptation to its abuse, as no generation has learned more surely than our own, the subtlest poison to which a man may succumb." But he continues, "Yet power is also opportunity, and to face danger with confidence is the price of its fulfillment. That is why I end with the emphasis that the President of the United States must be given the power commensurate to the function he has to perform." That function, he believes, is "to lead his people forward."

The negative state must give way to a positive state which demands a positive President, who (presumably) will act in the best interests of the people. The presumption involved here introduces an element of uncertainty; historical data are lacking to establish a probability that a powerful executive would use his power for the general good, and evidence is plentiful to support a theory that power almost invariably corrupts those who wield it.

Dr. Laski's attitude toward dictatorship (some dictatorship, possibly) may be inferred from this sentence: "But in America, as in no country save one in the world today, there are the two supreme possibilities of exhilaration and hope."

Save one, sezee; one wonders which?

PAUL E. MUELLER

### FOUNDATIONS OF GEOMETRY

By Gilbert de B. Robinson

University of Toronto Press, \$2.00

Attempts to apply to economics the methods developed by R. A. Fisher and others in biology have met with enough success to encourage further study; unfortunately, most students of political science are terrified by the mathematics which these methods involve. Such timorous souls will find in this book an exposition of one group of concepts whose importance in statistical theory is steadily increasing.

It is the first of a series of "Mathematical Expositions" sponsored by the University of Toronto, and presents succinctly the fundamentals of modern geometrical theory. It is not for the popular reader, but rather for the serious student.

PAUL PEACH

### Future Reviews

THE PETROLEUM INDUSTRY, by Ronald B. Shuman. University of Oklahoma Press, \$3.90.

THE ANATOMY OF AMERICAN WEALTH, by Robert R. Deans. Harper and Bros., \$2.50.

READ YOUR LABELS, by the staff of the Institute for Consumer Education. Public Affairs Committee, 30 Rockefeller Plaza, New York City, 10c.

BOTTLENECKS OF BUSINESS, by Thurman W. Arnold. Reynal & Hitchcock, \$2.50.

## Auditorium News

NEW YORK, N. Y.—The following lecture forums are announced for February:

Sunday at 8:00 P. M. — All Free

Feb. 2 Julius Henry Carpenter, President, Christian Cooperative Fellowship, on "Cooperatives and Peace." Feb. 9 Frank Chodorov, Director, Henry George School, and Gilbert Tucker, Author, on "Organization—Yes or No?" Feb. 16 Eric B. Gutkind, Faculty, New School for Social Research, on "Mass Psychology: Can a Nation Go Mad?" Feb. 23 Michael J. Bernstein, Faculty, Henry George School, on "The Fallacy of Economic Determinism."

Fridays at 8:00 P. M.

Beginning Jan. 31, a series of 6 lectures by Morris Forkosch on "Henry George and His Influence on Economics." Tuition for six sessions, \$2.00

Tuesdays at 8:00 P. M.

Conclusion of series of lectures on "Principles of Assessing" by John F. St. George, Director of Research of the New York City Tax Department. These lectures began on Jan. 14. Fee for the series, \$2.00.

Instructors! these forums are especially for you. They are part of your post-graduate education. The more you know, the better you will teach. Come early and often.

## Last Call for Letters

The Francis Neilson Letter Contest will expire on February 15, 1941. Contestants are cautioned that manuscripts sent by mail must be postmarked not later than midnight of that date, and manuscripts reaching the School otherwise than by mail must be delivered before the School office closes on the fifteenth. The office is ordinarily open until 4:30 P. M. on Saturdays.

The contest rules are not repeated here, but they are given in full in other issues of *The Freeman* (November 1940 and January 1941.) Students who desire a copy of the contest conditions may obtain them by addressing the School.

Remember: the time limit is Saturday, February 15, and the space limit is 1,000 words. Don't spoil the

chances of a good entry by getting it in too late or running a few words over.

Judging of manuscripts will begin as soon as the entries are all in. There will be a committee of five judges, and selection will be by a plan similar to that used for counting votes in a Proportional Representation election. Every attempt will be made to announce the winning letters as soon as possible, but if due consideration is to be given to each entry, it is obvious that the process cannot be hurried. The winners will be announced in *The Freeman* in an early issue.

## Goody, goody!

One of the best consequences of the blitzkrieg has been the rise in land values which it has brought. This is by no means entirely due to reviving agriculture. For, quite apart from agriculture's needs, a brisk demand has sprung up for landed property in the country from all sorts of institutions, transferring themselves to the country but proving by their leases that they have no intention of returning to London when the blitzkrieg is over.... The average appreciation of land seems to be between 15 per cent and 20 per cent.

—THE TABLET (London) quoted by LAND AND LIBERTY

The average appreciation of landlords is not stated.

## Quotation Marks

Without free speech no search for truth is possible; without free speech no discovery of truth is useful; without free speech progress is checked and the nations no longer march forward toward the nobler life which the future holds for man. Better a thousandfold abuse of free speech than denial of free speech. The abuse dies in a day, but the denial slays the life of the people, and entombs the hope of the race.

CHARLES BRADLAUGH

They that give up essential liberty to obtain temporary safety deserve neither liberty nor safety.

BENJAMIN FRANKLIN

## Disappearing Act

In the days before the competition of other (if not always better) entertainment doomed the vaudeville stage to near oblivion, the glib three-a-day prestidigitator amazed his mystified audiences with his routine of "Now you see it and now you don't!" Whether the object of his attention was a rabbit, a goldfish bowl, or a gorgeous blonde assistant, there it was before your very eyes—but before you could blink it was gone.

The New York TIMES, in its business columns, reports that since 1918 "the increase in machine efficiency and in the productivity of labor has more than doubled production per man-hour." Quoting statistics drawn from carefully compiled data provided by various Bureaus, Boards and Conferences, the TIMES proceeds to show that, using 100 as a base for the year 1900, man-hour production has steadily risen; in 1939 it was 325. The figure for 1940 is expected to be about 330. None of these facts and figures is at all remarkable; we accept it as natural that greater industrial skill, scientific achievement, improved machinery, better methods and wiser management have consistently increased the productive power of labor. But there is something remarkable—by its absence.

In no place does the TIMES determine or even consider what has become of the produce made possible by labor's increased productiveness. The statisticians too maintain upon this subject a demure silence. The production increment has come and gone, like the magician's rabbit; now you see it, and now you don't! There is one certainty, however; the increased production has not found its way into the pockets of labor. By a form of magic, effected not with mirrors or false-bottomed trunks, but with monopoly and privilege, the added wealth that labor produces slips from its hands. Then it re-appears—in the possession of the dexterous manipulator.

Vaudeville may be a thing of the past, but the Great Disappearing Act still goes on, with variations.

—SYDNEY MAYERS

# News of the Crusade for Economic Enlightenment

Edited by VIRGINIA M. LEWIS

## Headquarters School Prepared for New Session More Classes Will Begin in March

NEW YORK, N. Y.—As we go to press, it appears that there will be about 1,600 students enrolled in the classes of the Spring Session of the Henry George School in New York.

This number is somewhat below expectations and indicates that the campaign for new students has been less successful in its appeal than in the past. It has been suggested that the increased war hysteria and subsequent preoccupation of the people with defense and foreign affairs is partially responsible.

In order to use the facilities of the School as efficiently as possible, the Trustees have decided that during the spring new classes should be opened each month. The first of these classes will be organized in March, the last of them in May. Each of them will be for the full fifteen weeks period, and accordingly

the last of them will be finished about Labor Day.

Those who expect to attend the First International Conference in July will thus have the opportunity to visit classes in three or four stages of progression. This opportunity should be especially desirable to visiting instructors.

Past experience indicates that something like 300 additional enrollments can be obtained each month by organizing classes in this way. This should give the School a total enrollment of over 2,500 for the first half of 1941.

There will probably not be a special campaign for summer students, although plans in this respect are still tentative. The practice of holding special classes for high school students, inaugurated in 1939, will probably be continued.

## Hopeful Note

MONTREAL, Que.—Margaret Bateman reports an experience which ought to give encouragement to other teachers. It seems that one of her best students of the Fall term dropped out after the seventh lesson. She was disappointed, and decided there must have been a lack of inspiration on her part.

In her Christmas mail she received a letter from this student, who turns out to be editor of three suburban newspapers. He asked to complete the course by correspondence, and offered to insert announcements in his papers—an offer which he made good.

Miss Bateman thinks that no teacher should assume that all students who drop out do so from lack of interest, and reminds us of Portia's observation anent the little candle. So shines a good deed in a naughty world!

## British Mail Lost

EDINBURGH, Scotland.—The British Postmaster General announces that considerable quantities of mail have been lost by enemy action; in particular, there were serious losses of mail during November, 1940. The losses included both letter and package mail.

The editors of *Land and Liberty* suggest that those who have written to British correspondents write again if replies are not received in a reasonable time. American subscribers who do not receive copies should write for them to the new address, 41 Grange Loan, Edinburgh, 9.

## New Class in Ohio

BLANCHESTER, Ohio.—The Rev. Ernest H. Carritt, pastor of the Universalist Church in Blanchester, plans to organize a class in his community to study Fundamental Economics. Dr. Carritt is a graduate of Mr. Codman's class in Boston and a member of the Boston Fellowship.

## Berkeley Organizes Classes

BERKELEY, Calif.—Four new classes for the study of Fundamental Economics are scheduled to begin in the East Bay district during the week of February 17. Three of these classes will be in Oakland, and the fourth in Berkeley.

Oakland High School, Technical High School, and Melrose Library in Oakland, and the Berkeley Y. M. C. A., have cooperated in making classrooms available.

Graduates of the East Bay Extension meet on the fourth Monday of each month (except July and December) at the Alden Library, in Oakland.

Extension Secretary Johnston has enlisted the aid of volunteers to address and mail 12,000 cards.

## Boston Gets Up Steam

BOSTON, Mass.—Secretary Power reports seventeen new classes in Boston, as compared with fourteen last fall. In addition to the elementary course, there will be four advanced classes.

The local press cooperated by publishing a series of three stories each, announcing the opening of classes. The Watertown SUN gave the announcement front-page position.

## Chicago Starts Library

CHICAGO, Ill.—The donation of a complete set of the works of Henry George by Dr. Robert E. Graves to the Chicago Extension has started Chicago on the road to obtaining the most complete Henry George library west of New York. Included in Dr. Graves' gift were several books by Louis F. Post and other followers of Henry George, together with two book cases.

## Neilson Sponsors Chicago Contest

CHICAGO, Ill.—Students completing the basic course of the Chicago Extension during the winter term are eligible to enter a special letter contest sponsored by Francis Neilson.

Six prizes will be awarded: First, \$50.00; Second, \$25.00; Third, \$10.00; Honorary (Three), \$5.00 each.

Letters must reach the contest committee at 64 W. Randolph St., Room 600, by 2 p. m., Saturday, March 29.

## Largest Winter Term

CHICAGO, Ill.—The largest winter term in the history of the Chicago Extension opened the week of January 13 with thirty-three elementary and sixteen advanced classes.

The enrollment reported from the beginning classes the opening week was 333. The second week has added enough to bring the total to well over 400. The total enrollment last winter was 279.

In addition to class enrollments, 313 correspondence course inquiries were received.

## School Trustee Honored

NEW YORK, N. Y.—Ezra Cohen, a Trustee of the Henry George School, has just been re-elected to the presidency of the National Association of House Dress Manufacturers. Mr. Cohen was first elected to this office a year ago.

## Chicago Speakers' Bureau

CHICAGO, Ill.—The Chicago Speakers' Bureau has continued active during January with numerous bookings at clubs and forums, and one radio broadcast.

## New Class in Detroit

DETROIT, Mich.—A class in Fundamental Economics meets in the Main Library Club Room at Woodward and Kirby Avenues. The opening session was on Wednesday, Jan. 22, at 7 P. M.

William J. Palmer, of 836 Dickerson Ave., is director of the Detroit Extension.

## 750 Attend New York School Commencement Exercises Dorothy Sara Has Graduates On Verge of Hysterics

NEW YORK, N. Y.—The winter Commencement Exercises of the Henry George School in New York were held at the Engineering Auditorium, on 39th Street near Fifth Avenue, on the evening of Monday, January 13, 1941. There were 750 persons present.

The sudden illness of William S. O'Connor made it necessary to find a substitute almost at the eleventh hour, and Otto K. Dorn, Trustee of the School, stepped into the breach.

Mr. Dorn made a few preliminary remarks, then introduced the four student speakers, Allen Stewart, Mrs. James Sexton, Harold D. Lehds, and Dinah Abrams. These were followed by M. B. Thomson, who delivered the principal address.

Next on the program was "Georgiana, Please." This was a quiz of the "Information, Please" type, with Jessie Matteson, M. J. Bernstein, Clyde Dart and C. O. Steele qualifying as experts—with Helen Bernstein and Mrs. de Mille providing the answers when the experts were stumped. One question went unanswered: "What is the motto of the Henry George School?" (Answer: the quotation from "Social Problems" page 242: "Whoever, laying aside prejudice and self-interest," etc.)

Next came the playlet "Baby Snooks and the Law of Rent" written and produced by Assistant Director Ed Ross, with Dorothy Sara in the title role. This farcical sketch illustrated the difficulties

which might attend a student attempting to prepare his lesson at home, and answer the questions of an inquisitive little daughter at the same time. Both Miss Sara and Mr. Ross (as "Daddy") excelled themselves, and Miss Sara could not have screamed more realistically if Frankenstein's monster had been after her.

Art Landry then took the stage and, as the Indian Medicine Man, undertook to raise funds for carrying on the School's work. A total of \$247 in cash and some \$2,000 in pledges rewarded his efforts, and since then there have been additional contributions amounting to about \$50.

The evening came to a close with an address by Frank Chodorov, Director of the New York School, who spoke on his favorite topic—the future of the School. When he had finished, the audience joined in singing "Auld Lang Syne" led by Mr. Stewart, who thus had the distinction of opening and closing the meeting.

The exercises could not have been held without the help of the volunteer corps, most of them girls who never get any screen credit but are always on hand when there is work to be done. The School owes a great debt to this faithful and sincere group, whose efforts are the more laudable because they are expended behind the veil of anonymity. Thanks, girls! Be at the School early next week; there's lots to do, even if there's little to get.

### Correction

In the article "The Slums of Sydney" which appeared in the January Freeman, the statement appears, "(Sydney) is the third city south of the Equator, eighth in the British Empire."

The source from which this information was obtained seems to have used old census figures. Sydney is now the third city of the British Empire, exceeded only by London and Calcutta.

### Speakers' Bureau Reports

NEW YORK, N. Y.—Dorothy Sara, Secretary of the Speakers' Bureau, reports the following bookings:

Jan. 10—William H. Quasha at New York Boys' Brotherhood Republic.

Jan. 19—Charles Winter at the Tower League of Broadway Tabernacle Church.

Jan. 21—C. O. Steele at St. Alban's Men's Club, Church of St. Alban the Martyr, Long Island.

Jan. 21—Gilbert Tucker at Swiss Mercantile Society, Helvetia Clubhouse.

Jan. 21—A. P. Christianson at Young People's Christian Workshop, of Elina Epworth League, Brooklyn.

Feb. 4—Dr. Irving Korn at Dental Hygienists Association, New York City.

Feb. 4—Henry A. Lowenberg at Men's Club, Temple Anshe Chesed.

Feb. 17—Lancaster M. Greene at Union County Schoolmen's Club, Roselle Park, N. J.

In addition to these speaking engagements, Miss Sara announces two radio dates over Station WBBC, Brooklyn, on the regular program of the Biosophical Institute. Richard Moos will speak on Feb. 2, and M. J. Bernstein on Feb. 16.

### Snooks Team on Air

NEW YORK, N. Y.—Dorothy Sara and Ed Ross spoke over station WBBC on the evening of January 25. They confined themselves to serious discussion, giving the message of the School, and resisting the temptation to repeat their theatrical success of the January commencement.

### Mound City Classes

ST. LOUIS, Mo.—Extension Secretary Alper announces four new classes scheduled to begin during the week of January 13, at the Kirkwood High School, Webster Groves High School, Cabanne Library, and Barr Library. There will be a course in International Trade for recent graduates.

The St. Louis Extension now has its own publication, a four page mimeographed paper edited by Secretary Alper.

### Ski Club

NEW YORK, N. Y.—Members of the Ski Club who wish to go on week end trips should call the office on Saturdays after 11:30 A. M.

### Ross and Bateman

NEW YORK, N. Y.—Edwin Ross, who has occupied the post of Assistant Director during the past year, will shortly be transferred to the Philadelphia area to do organizing work. The policy of carrying on extension work through trained organizers has proved so effective in the cases of John Lawrence Monroe in Chicago and Teresa McCarthy in New Jersey, that the trustees have in mind the training of more organizers at the headquarters School, as funds become available.

Margaret Bateman, of Montreal, has agreed to take on the assistant directorship for a period of six months, preparatory to an organizing campaign in Canada.

### Greene Haunts Educators

ROSELLE PARK, N. J.—Lancaster M. Greene will address a dinner meeting of the Union County Schoolmen's Club on "The Philosophy of Henry George and the Methods of the Henry George School." The Club membership includes the public school principals and superintendents of Union County, N. J. The dinner is arranged for Feb. 17.

### Music and Drama

NEW YORK, N. Y.—In order to encourage students to identify the School with all their closest interests, musical and dramatic societies have been organized, with Herbert von Henningsen as the guiding genius. Meetings of these groups will be as follows:

Orchestra group—Wednesday, February 5. More players wanted, all instruments.

Theater group—Monday, February 10.

Glee Club—Thursday, February 13.

All meetings will be at 8:00 P. M. in the Auditorium of the School.

### Montreal Throws A Party

MONTREAL, Que.—The School of Economic Science in Montreal enrolled 85 students in the Fall classes. There were 28 graduates in Fundamental Economics and 12 in International Trade.

Commencement was celebrated with a social, at which 45 guests were present. An entertaining program followed by refreshments concluded with the singing of the national anthem.

For the winter session the School has planned three classes in Fundamental Economics, one in International Trade, and one in Political Science, according to Extension Secretary Huckabone.

## Visual Education Model

NEW YORK, N. Y.—The headquarters School has received an electrically operated device which illustrates visually the operation of the law of rent. Credit for the apparatus goes to Emanuel Ebner, who contributed both his skill as a designer and his time and labor in actually making it.

The model (for which the name "savannascope" has been suggested) illustrates, by means of arrays of small electric lights, how the margin of production extends and how at the same time wages and rent are automatically changed. By means of red and blue lights, the effect of speculation can be illustrated. A small picket fence moving across the bottom of the model shows how the margin is extended, and the change in rent is indicated by changing banks of lights near the top.

The device is four feet long, 18 inches high, and can be transported without difficulty in an automobile.

Mr. Ebner is a graduate of the term just finished. He was a member of the class of Marshall de Angelis.

## Academy Scholar Resigns

BUENOS AIRES, Argentina—Dr. C. Villalobos Dominguez, scientist, scholar, author, and professor of the Faculty of Physical, Natural and Exact Sciences of the University of Buenos Aires, has resigned his membership in the Academy of Political Science.

In a letter to the President of the Academy, Prof. Dominguez asserts that the "political science which this academy cultivates does not have sufficient impartiality in its economic aspect, nor is it actually scientific." He calls attention to the disposition of the Academy to ignore the principles of George and Spencer.

Georgists who heard the news of Prof. Dominguez' action expressed regret that the Academy was not able to offer inducements sufficient to induce so celebrated a scientist to continue his affiliation with it, and all hope that he will eventually find a group with ideals commensurate with his own.

## Press Plugs School

NEW YORK, N. Y.—The Henry George School has twice broken into print during recent weeks—in articles by Director Chodorov which appear in SCRIBNER'S COMMENTATOR (February, 1941) and THE LIVING AGE (January, 1941).

The first of these articles, on "Educating for a Free Society" narrates the effects of early political activity on the Georgist movement, and tells of the founding of the School by Oscar H. Geiger. It concludes with a description of the School as it is today.

The other article, on "The Economics of War and Peace" is a discussion of the economic causes of war, and tells the conditions which must be met before there can be an enduring peace.

## Schedule of Classes (Fundamental Economics)

### Winter Term, 1941

### New Jersey Extension

### Henry George School of Social Science

Bloomfield	Public Library, 90 Broad Street	Feb. 7 7:30 P. M.
Dover	Y. M. C. A., 26 Legion Place	Feb. 6 7:30 P. M.
Elizabeth	Y. M. C. A., 135 Madison Avenue	Feb. 6 7:30 P. M.
Hackensack	Y. M. C. A., 360 Main Street	Feb. 3 8:00 P. M.
Irvington	Morrell High School, 1253 Clinton Street	Feb. 4 7:30 P. M.
Jersey City	Y. W. C. A., 270 Fairmount Avenue	Feb. 5 8:00 P. M.
Kearny	Public Library, Kearny & Garfield	Feb. 4 7:30 P. M.
Montclair	Y. M. C. A., 25 Park Street	Feb. 3 8:00 P. M.
New Brunswick	Y. M. C. A., Livingston Avenue	Feb. 6 8:00 P. M.
Newark	Y. M. H. A., 652 High Street	Feb. 3 8:00 P. M.
Orange	Y. M. C. A., 125 Main Street	Feb. 3 8:00 P. M.
Paterson	Y. M. C. A., 125 Ward Street	Feb. 4 8:00 P. M.
Perth Amboy	Y. M. C. A., 182 Jefferson Street	Feb. 5 8:00 P. M.
Pines Lake	Residence of G. R. Smith, Cedar Road	Feb. 6 8:00 P. M.
Summit	Y. M. C. A., 67 Maple Street	Feb. 3 8:00 P. M.
West New York	Memorial High School, 531 Park Avenue	Feb. 4 7:30 P. M.
Westwood	To be announced later	

All these classes were announced for fifteen weeks, and will study both "Progress and Poverty" and "Protection or Free Trade?"

### Classes in "Science of Political Economy"

Hawthorne	Hawthorne High School, Parmelee Avenue	Feb. 3 8:00 P. M.
Newark	Henry George School, 1 Clinton Street	Feb. 5 7:30 P. M.
Montclair	Y. M. C. A., 25 Park Street	Feb. 7 8:00 P. M.

### Class in Public Speaking

Newark	Henry George School, 1 Clinton Street	Feb. 7 7:30 P. M.
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## Philadelphia Session Opens

PHILADELPHIA, Penna.—Seven new classes will be organized in the Philadelphia area, beginning the week of February 4, according to information from Extension Secretary Julian P. Hickock.

Classrooms have been provided by the West Branch, North Branch and Germantown Y. M. C. A.'s, by the Frankford and Southwest Belmont Y. W. C. A.'s, in the Friends' Meeting House at Frankford, and in the Social Service Building. The last mentioned meets at 7:30 P. M., the rest at 8:00 P. M.

## Freeman Research Committee

NEW YORK, N. Y.—The announcement in the December Freeman calling for volunteers to do research for articles on economic subjects called forth a gratifying response. Credit goes to David Asch of Brooklyn for being the first to complete his assignment; his paper on molybdenum appears in this issue of The Freeman (page 85).

Researchers who are having difficulty should not hesitate to seek assistance from the editors. In the meantime, those who missed the December announcement are referred to it. If you want to do research on economic questions, with a view to having your results published either in The Freeman or in some other publication, not necessarily Georgist, write to our Research Department.

## Young Priests Write

CHICAGO, Ill.—The Catholic Club of Chicago announces a contest open to theological students, designed to promote a better understanding of the Georgist philosophy among Catholics. A prize of fifty dollars is offered for an 8,000 word essay on the subject "The Harmony Between the Catholic Religion and the Social Philosophy of Henry George."

The President of the Club, Alexander Greene, in a letter which announces the contest, says, "St. George is depicted as slaying the dragon of heathendom. A modern George (Henry) has given us the plan for slaying the dragon of injustice which is destroying civilization and even threatening Holy Church. It will not be an easy task to conquer this monster; but it must be exterminated if war, poverty and crime are to be overcome, and if the Kingdom of Christ is to prevail upon earth."

To Mr. Greene, to the clergy and laity of his Executive Committee, and to all those who are cooperating in this work, go the blessings and good wishes of Georgists everywhere. Our Blessed Lord's kingdom was not of this earth, but He did not disdain to use His miraculous power to relieve temporal suffering. Even those Georgists who profess no particular religious faith may well be proud to make the request of Abou ben Adhem: "Write me as one who loves his fellow-men."



## Letters to The Editor

I think The Freeman ought to give a boost now and then to other Georgist publications. The British Land & Liberty deserves to be much better known in the United States. It upholds the best Georgist tradition for dignity, honesty and literary merit, and this is no mean achievement when we remember that it is published under war conditions.

Why shouldn't we have free trade in Georgist papers? Let The Freeman accept subscriptions for Land & Liberty and Land & Liberty accept subscriptions for The Freeman. There must be many Americans who would be glad to receive, every month, a paper published by our English friends.

Bogger Armstrong  
New York City

Editor's Note: The editors of The Freeman share Mr. Armstrong's enthusiasm for Land & Liberty, and while we cannot speak for our British colleagues, we gladly offer to act as intermediaries. If you want to subscribe to Land & Liberty, send us 60c and we will take care of the rest.

In the January issue of The Freeman you state "The House of Morgan is strangely out of the picture."

Surely you are not so gullible as to fall for this. The Bank of England has controlled the monetary system of these United States for the past 150 years, and don't let anybody tell you that they are going to hand over that juicy plum without a battle.

Nathan P. Hause  
Glenside, Penna.

Since you have invited criticism, please allow me to give mine. I am glad it will continue as a monthly. I would like to see more graphic illustrations and some photographs of writers, activities, events and personalities. The subject matter could be more popularized.

Most of the articles criticize present conditions and tend toward hopelessness. It might be better to pick a few events or situations and enlarge upon their Georgist implications.

Arnold M. Worth  
Bellrose, New York

Editor's note: The limitations of our printing press make it impossible for us to print photographs; other illustrations are always welcome. Those with a talent for drawing are invited to join our volunteer staff of writers. The Freeman is also delighted to receive light or humorous articles in line with its policy.

Congratulations on a splendid December issue of The Freeman. I have read it with great interest, from cover to cover.

The immediate future of mankind is a prospect most unpleasant to contemplate, yet I am convinced that the instrumentality of the Henry George School has already produced, in numbers and in intellectual quality, workers sufficient for the tremendous task that lies ahead, let come what may.

To the Henry George School, and to The Freeman, I owe a debt which I can never repay. However, I pledge this—to do all within my power to secure for others the opportunity to acquire the knowledge which has been so generously given me.

William L. Hall  
Newark, New Jersey

I hope your message will go to many more readers. Your editorials and articles are fine; I read the paper from cover to cover—usually backwards, for the activities of the School and its Extensions give me a thrill. That we are making known to so many people this vital truth is to me a real cause for exultation.

Olive Maguire  
Berkeley, Calif.

## Objections Overruled

The following questions and answers on Georgist doctrines are selected from Louis F. Post's "The Taxation of Land Values," and edited to bring them up-to-date:

**Q.** Is it true that men are equally entitled to land? Are they not entitled to it in proportion to their use of land?

**A.** Yes, they are entitled to it in proportion to their use of it; and it is this title that the Single Tax would secure. It would allow every one to possess as much land as he wished, upon the sole condition that if it has a value he shall account to the community for that value and for nothing else. All that he produced from the land above its value would be absolutely his, free even from taxation. The Single Tax is the method best adapted to modern times, and to orderly social conditions, for limiting possession of land to its use. By making it unprofitable to hold land except for use, or to hold more than can be used profitably, it constitutes every man his own judge of the amount and the character of the land he can use.

**Q.** Is it right that land values should bear all the taxes for the support of public institutions, while labor products go untaxed?

**A.** Yes. Public institutions increase the value of land but not of labor products.



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\* \* \*

References at the beginning of each entry are to the manuals. P&P 8:4 means Progress and Poverty, Lesson 8, Question 4. Other references are page numbers in The Freeman.

**P&P 1:** Part or all of "How Modern Civilization May Decline" could well be read aloud by beginning classes. A proof reader who corrected this piece said it made her flesh creep (81).

**P&P 2:16:** Example of rent in non-agricultural production, see "Climax" (86, col. 2).

**P&P 2:18:** Show that invested capital at Climax is very small, and that there is little true interest (86).

**P&P 3:24:** See "Disappearing Act" (91).

**P&P 4:3, 4:** Climax paper, p. 86, col. 2, par. 1. This could profitably be read to the class.

**P&P 5:27, 28:** Speculation in a monopolized product causes a hunt for substitutes. See "Climax," p. 86, col. 2-3.

**P&P 6:1:** Same reference—page 86, col. 2.

**P&P 8:10:** Suppose the government bought back the Climax property for 100 million dollars. Remember, we gave it away in 1905. What would we be paying for? (87)

**P&P 8:20, 21:** Show that if Climax were taxed \$10,000,000 a year whether it produced or not, production would increase and the price would fall. Show also that no profit could come from further increasing prices, and that higher prices might lose the market (85).

**P&P 10:30:** "Lease-lending our Liberty" (80).

**P&P 10:31:** "How Modern Civilization May Decline" (81).

**P&FT 4:2:** "From Priorities to Rationing" (87).

**P&FT 4:24, 27:** "Climax" (85).

**P&FT 6:34, 35:** "Lease-lending our Liberty" (80).

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