

The Freeman

A Monthly Critical Journal of Social and Economic Affairs

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It Can Be Done--This Way

The reports in this issue of some of the scores upon scores of commencements of the Henry George School of Social Science will be read with especial interest. Seeing all these earnest students enter the ranks of the serious students of socio-economic policy, one asks how it is possible for the School to carry on such manifold activities.

Behind every class is one or more persons volunteering services of great price. These "Schoolmen" include many who in their gainful occupations command wages with which the wages in the higher brackets of the teaching profession cannot be compared. If these had to be purchased, it is doubtful if even the wealthiest foundation could meet the bill.

And every penny of expenditure by headquarters is made to yield greater returns. Each method, each procedure is tested carefully, must prove its worth before adoption. Because all Schoolmen understand that the average contributor, whether graduate or old-timer, is one at a considerable personal sacrifice.

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Capitalists, Beware the Barrack Economy

The German planned economy is now becoming a barrack economy to the nth degree, a completely State-dominated economy which can be distinguished from the Soviet economy only in details. Columns in Col. Gen. Hermann Goering's Four-Year Plan organization are now running German business according to military and strategic considerations. In his first decree, Gen. Goering proclaimed, not unexpectedly, to the Reich workmen who have been agitating for wage increases to meet living cost rises, that "wage improvements cannot be granted" although increased labor productivity is demanded. In due course The Freeman will present a comparative analysis of the Nazi barrack economy. Mr. Levy, in the following article, presents an intimate picture of the common man's life in the Third Reich today.

By Adolf Levy

To the foreigner travelling in the Germany of the Third Reich, that country may appear a model of order. No sign of civil war, no riots in the streets; apparently everything is under perfect control. But what the traveler sees moving about the country is but the outer surface. When he returns to his native land he very often brings with him a distorted picture of the life there.

But whoever is compelled to live in this country for a longer time will be convinced that all is different from the mirage raised up by a dexterous propaganda. One thing which will hit him where he minds it most, in his standard of living, is the tax system. A skillfully devised scheme of taxes of all kinds is applied to extort from the people even the last penny of their earnings.

Germany has an immense number of taxes, some with names which cannot be translated into a foreign tongue. The tax collector spares no one, neither the laborer who works for starvation wages nor the independent tradesman. From peasant to big businessman, all producers are fair game to him. If, despite the tax robbery, something is left of his earnings to the individual, pressure is brought upon him to yield this up as a contribution to the "Winterhilfe," the general welfare fund, or as a subscription to the public loans which are being issued at regular

intervals. The latter might better be considered a donation, since the subscriber will never get his money back.

Besides that, the existing laws exert rigid control over the earnings of the independent merchant and manufacturer. To sever from the payroll in time of depression a laborer or employee who had been added in a busy season is almost impossible. To increase the price of a product more than its net cost is strictly forbidden. There are thousands of rules and regulations governing the formation of prices and the use of raw materials. Nobody knows all of them, yet if someone violates one, by design or by mistake, he is liable to imprisonment or loss of his license as a business man.

The consequence of these economic policies is the systematic destruction of private capital and all other values. For example, the market prices of buildings and of vacant lots have reached low levels never approached before. If somewhere an expensive, modern house in a choice locality is offered for sale, the buyer will usually be the Nazi party, which by law is tax free. I know of a well-known street in a large city in Germany where almost every second house has passed in this way into the possession of the party organization.

Despite all assurances in the platform of the National Socialist party that land reform would be introduced, no change in the direction of social land value taxation has taken place. Buildings and sites are assessed as a single entity and vacant sites are nearly free of taxes.

Worse than that are the privileges given to the big land owners in the East. In former times these Junkers employed to bring in their crops the so-called Polish wandering laborers (itinerant harvest hands), very poorly paid laborers, who returned to Poland when their work was done in

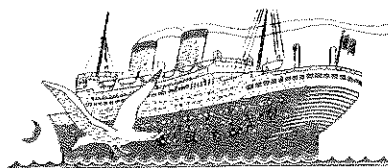
the Fall. Today the government sends the young folks, obliged to serve half a year in the work corps, as laborers to the big farms where they are paid wages against which any American apprentice would revolt. By these and other means the government supports the monopoly of the Junker land owners, who, without this help, would have lost their inefficiently-worked holdings a long time ago.

One would expect that a government which calls itself socialist would move to abolish the uneconomic congestion in the big cities by breaking up the latifundia in the East and settling on its soil the millions of landless peasants who would be better able to produce the manifold crop than the grain-cultivating and sheep-raising big farmer. This would have been the right direction for colonization aspirations, instead of alarming the whole world by continuous demands for return of the old German colonies, which were in former times a very expensive item in the general budget.

Protection for the private appropriation of rent and destruction of all capital values, however, is the aim of the "socialism" in Germany today. In this respect there is no difference between the German government and the Franco government in Spain. Like him, it protects the large class of land owners as well as that of the bureaucrats, who are willing to sacrifice their lives for their protectors to save their well-paid positions. The strength of the Nazi regime is in its ingenious system of mutual supervision which covers every street, even every house. In all probability this will bring it to an old age if war does not intervene.

Certainly, the destruction of capital in Germany is progressing rapidly and the impoverishment of the people is keeping pace with it. But want must become much greater before the people will be able to throw off the yoke of the regime. Did not the Spanish laborer suffer more before he sent the monarchy packing?

All classes, but the capitalist especially, should beware those who would oppose "Bolshevism" by set-



ting up in a democracy an authoritarian regime. From Moscow comes no greater menace to individual liberty than from Berlin. Both are centres of Communism. Whether the Russian form is government for the

people I do not know. But this I know, that Germany's present rulers are not working for the benefit of all the people but for a privileged minority. A dictator like Hitler can maintain his power, but only by heap-

ing honors and privileges on those in whose interest it is to stake their lives on protecting his.

See: "Social Problems," chapter XVII. The Functions of Government. "Protection or Free Trade," pp. 304-305.

The Slump Will Budge Micawber

Since the middle of August the general level of production in the United States has been in a chronic slump. By the middle of December the decline had wiped out more than half the gains of the recovery period. Yet at the beginning of the year which is now ended there were widespread anticipations of a new boom period which would rival the mythical Coolidge prosperity.

Why such delusions were abroad it is difficult to understand. During the recent recovery the rapid advance of the rent-line which is usual in our monopolistic economy was accelerated by governmental measures. To summarize briefly: Agricultural benefit payments went, for the most part, to the owners of farm land and raised farm land values, lowered farm wages.

Vast public works expenditures raised the rent of affected sites and enriched the cement and other trusts in the building materials field, discouraging private building by the rising prices of materials. Relief expenditures, with the soldiers bonus piled on top, raised urban land values and helped to raise rural values.

All the pump-priming expenditures spurred the rise of raw materials prices and of the rigid manufactured goods prices, after the NRA madness had legalized and extended the monopolistic situation in many branches of industry; all, in other words, increased not only the absolute monopoly rent of resource lands but the monopoly rent exacted by industrial monopoly.

In addition, the speed at which consumers demand was accelerated by artificial inflation of purchasing power created an effective shortage among some of the skilled crafts and tended to lower labor productivity, thereby increasing production costs.

Meanwhile the tax system had not only become more regressive than ever but, together with continuance of deficit spending that made for instability in the credit situation, accumulated business and income taxes which tended to discourage expansion of enterprise and new capital investment.

A period was reached when, if the forward movement was to continue, there would have to be expansion of existing enterprises and establishment of new enterprises and industries. To encourage this, relief and other deficit expenditures were sharply curtailed, exaggerating the unevenness of the distribution of purchasing power. The inflationary boom collapsed.

Realizing how dependent the economy had become upon governmental intervention, and how great business risks were, the entrepreneur saw nothing to encourage him to stake his labor in new ventures and the capitalist saw nothing to encourage him to lend his capital for use in them.

So production was checked, first in the capital goods industries, then in the consumers goods industries to which the check spread. These are basic aspects of the situation, and present the fundamental, not the complete picture. Federal Reserve policy and other factors such as the relations of government and business have contributed minor influences in the precipitate plunge of business activity.

The mollycoddles have a name for



this, appropriated from the term formerly given to the downside of intermediate oscillations of the trade cycle. With the gravity of the superstitious peasant who is afraid to name the devil for fear he will appear, they call this a "recession." One is tempted to suggest that the only difference between a minor and a major depression in a closed system like our own is that the slump stops sooner, and the only way one can tell the difference is by waiting to see when it stops.

The outcome of the present slump should illustrate the thesis of those who maintain that the greatest danger of governmental intervention in the economy—which was not a Roosevelt innovation but was practised by a succession of presidents before his time—is that it makes the economy dependent upon further intervention. You wait and see.

—W. L.

See: "Progress and Poverty," pp. 253-254.
"Teachers Manual" (P. & P.), L VI.

Free Press Martyr

Elijah Parish Lovejoy was killed a hundred years ago, a martyr to the principle of a free press. Governor Horner of Illinois designated the centenary as Lovejoy Memorial Day. Colby College, his Alma Mater, honored his memory. Former President Herbert Hoover spoke. Freedom of the press was his subject.

The newspapers that carried the story of Lovejoy and of the celebration also carried a story about the shutting down of a Quebec newspaper, *Clarté*, the previous day by the Canadian government because it was "communistic."

Market Tip: Buy Resources

By Lancaster M. Greene

It's a truism that it's when you buy rather than what you buy that will account for any success you have in placing your funds in Wall Street. The street, however, concentrates its statistical efforts upon picking out values which can be depended upon to come back even if your timing should be wrong. What do the street's experts pick?

Natural resources every time are the choice of the more successful. W. S. Landis, vice president of American Cynamid, who has made a long study of the problems of hedging against inflation on the basis of European experience, advises that one buy the oils or metals with the largest reserves underground.

This is safer than "riding a car-load of potash, copper or steel," as the expression went in Germany. The charges on storing your car (rent and interest) eat up the gain. But if you have the potential commodity in the ground—and own the ground—your company can sell its holdings as prices reach favorable levels, or hold them back if that should be the more profitable course. In the ground the resource does not deteriorate as it may in storage. If your company stored the resource you would have to watch it, or the subsidiary company operating the distributing plant for storage costs, for plant depreciation, and for cost of the site (rent), which changes as the favorableness of its situation changes in relation to population and other trends.

If you buy into any corporation it is well to remember the warning of Roy A. Foulke, manager of the analytical report department of Dun and Bradstreet, Inc., that an average of 20.1 per cent of all active commercial and industrial concerns were forced out of business between 1930 and 1936, and that the active life of the average enterprise which was liquidated for one cause or another was about 5½ years.

These failures were largely among companies whose speculation or business was preponderantly concerned

with wealth, that is, goods, after extraction of the commodities from the land. Fewer corporations can engage in the extractive industries, because to become a low-cost primary producer of raw materials is not so much a matter of efficiency—that is, rational organization of production—as of natural advantages, of priority of establishment of exclusive title to such advantages.

Efficiency of production is achieved by the cooperation of labor and capital through devices and techniques which are, generally speaking, entirely known. In this all start more nearly equal. Enterprisers, of course, must be eternally watchful for the development of improvements in methods and machinery. Money wages are related to what the medium of exchange will buy in any locality, so that real wages—the purchasing power of money wages—are the same everywhere for the same type of skill if the mobility of labor and other special conditions of the labor market are not impeded.

When you get away from the corporation with some natural advantage you must watch those "Three Important Credit Ratios" that Mr. Foulke discussed in "Behind the Scenes of Business" much more carefully. Interest rates for the same risk do not vary appreciably so that no corporation has an advantage here.

Even other monopolies than those based on control of the sources of their raw materials are more transient in strength. Monopolies based on patents are limited to seventeen years and research for the improvement of the patented development must be carried on constantly or the patent becomes obsolete. Monopolies based on special favors from governments, or on the general attitude of the government toward industry, are as transient as the political power.

This is generally accepted by our legislators, for example. When, in New York State, they tackled the problem of protecting the widow and

orphan, they restricted investment of trust funds to first mortgages on land and improvements directly, or indirectly through first mortgages on public utilities or railroads. When they try to protect the people's savings, they restrict their investment to the same type of holding. When they try to safeguard the public's investments through insurance companies, they exact the same requirements; in this case it is only recently that they have relaxed the restrictions in favor of a few preferred stocks of certain characteristics and of certain types of debentures of industrial corporations. In other words, they believe loans on land or franchise monopolies to be as safe investments as are available under our laws for those whom the government would particularly protect. The return on these investments is euphemistically called "interest" but the greater part of it is ground rent.

Rogers W. Babson, the American statistician, advised British investors recently not to be panicky about American securities, provided they own outright shares in companies that have escaped labor difficulties. The companies that are most exempt from harm by labor trouble, he pointed out, are those that own natural resources. The owners of the earth can afford to wait, under our iniquitous tax system, until labor starves itself into submission. From a longer range point of view, he added: "English investors must not forget that the whole world is headed for inflation, which should materially benefit companies owning large natural resources."

When the legislators seek to play safe, they order investment in land values. When the shrewdest of the Wall Street speculators buy, they pick low-cost producers with control of natural resources, also land values. For whether they seek to hedge against inflation, or whether they are seeking to hedge against deflation, they are always hedging against poverty.

See: "Progress and Poverty," p. 313; "Science of Political Economy," pp. 215-216, 405-407; "Teachers Manual (P. & P.)," L. VI, Q. 29.



Taxing 'Bigness': How Big? So Big!

By Edward Atlas

President Roosevelt, in his message to the extraordinary session of Congress, urged plans to cut the taxes on small business.

"We should give," said the President, "special consideration to lightening inequitable burdens on the enterprise of small business men of the nation. Small businesses, or even those of average size, have difficulties of financing and distribution which are not shared by large corporations.

"Therefore, by special tax consideration they should receive more equal opportunity to compete with their more powerful competitors..."

The dragon of big business is once more upon us and St. George is to the rescue with his sword of discrimination. But why? Aside from political considerations, is there any sound economic reason for the discrimination?

Business is a generic term for the process of applying labor to land for the purpose of producing wealth. Man seeks, and by competition is forced, to apply his labor efficiently, that is, so that he can produce the most wealth with the least expenditure of labor. The process of production, it must be understood, is not completed until the product has reached the hands of the consumer. The particular form in which the labor of any man or group of men will be expended is determined by the demand of the consumers, who in their turn and to a like value, either directly or more commonly by means of a series of exchanges, supply the first producer or group of producers with the commodities he or they desire.

Now, due to differences in magnitude of consumers' demand, production can sometimes be more efficiently conducted as a "small" business and in other instances as a "big" business. Thus, for example, a spur railroad line in rural area is a "small" business compared to the New York Central Railroad due to the fact that the area and popula-

tion the spur line serves has a small demand for transportation. Similarly an electric light and power company serving a small town is a small business compared to a company serving a large metropolitan area because its supplies a lesser demand.

The same principle, though less easily perceived, is equally true of business in more competitive fields. Thus, large chain stores can successfully compete against independent stores only because they can supply a large consumer demand more cheaply than the independent operator can supply a smaller consumer demand. If it is this ability

of "big" business to supply consumer demand more cheaply than can "small" business that the President refers to when he says that small businesses have difficulties in distribution which are not shared by large corporations, then to show special tax consideration to small business is to discourage efficiency and cheap production and to put a premium on inefficiency and waste.

Another objection to the President's proposal is the difficulty if not impossibility of drawing a line between small and big business. To the peddler with his pack the cross-roads country store seems big; to the cross-roads store the village emporium appears big; and so gradually up to the metropolitan department stores, and even between them there is variation in size. By what shibboleth can it be told where to draw the line between small and big business?

The truth of the matter is that the President is attempting to distinguish on the basis of size, that which, regardless of size, is part and parcel of one process—production. In a free competitive system the size of any business will be automatically determined by its efficiency. We can recognize that many of present day businesses are big not because they are more efficient, but because they are the possessors of some government granted special privilege or monopoly. The remedy then is not to set off one special privilege against another, for two wrongs do not make a right, but to withdraw all special privileges.

Cut taxes on small business? Change the "small" to "all," Mr. President, and you've got something there.

See: "Progress and Poverty," p. 77, p. 204.

Peace Lovers, Take Heed

Note to Pacifists: It is a significant fact that army and navy recruiting stations are always located in sections of the city most frequented by the unemployed.

Christmas Meditation

To this world there came a Seer,
Teaching men as best He could,
Preaching truths we should revere—
"Be ye brethren—God is Good!"

*Brotherhood! God is Good!
Things we've never understood.*

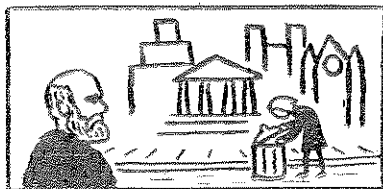
Ages passed. The age now passing,
Heedless still of what He said,
Goes its way, its armies massing,
Goes as have the ages dead.

*Judgment fled, mad instead,
Still by Truth will NOT be
led!*

See the snarling, quarreling nations,
Cheated, hindered, by disputes,
Wearying God with invocations—
God, whose word their claims
refutes!

*Greedy brutes, hell's recruits,
Eating Evil's bitter fruits!*

—Stephen Bell.



Fact for Statisticians: Harry G.

The Christmas season has a special significance for the student of social problems who keeps up with the daily papers. It is not only the season when the stores crowd the newspaper pages with offerings of goods beyond the reach of many, but it is also the season when the newspapers reach into the closets of their cities to take out for a time the rattling skeletons of case histories for Christmas fund appeals.

These case stories of abject destitution, of individuals struggling against overpowering odds, of family groups that chance and abstract social forces have plunged into misery, should bring home to the objective student that problems in the social sciences are not mere exercises in the intellectualistic satisfactions; they are challenges to his highest powers, to his most ennobling emotions.

Pigou once wrote something to the effect that the sandals of human sympathy were fine gear to bring one to the temple of science, but once at the portals he who would seek truth within must shed them. And truly must he shed them lest he trip while ministering to the pure, white flame.

But truth will not countenance from her ministers the detachment of the zombie; he is a poor devotee who tends the altar without understanding, without the knowledge that the series A which he plots by ritual upon his chart is a succession of identical cases of Harry G.'s. Take the case of Harry G.:

"For the sake of his family Harry G., at 23, is giving up his youth. He works eighteen hours a day driving a bakery truck, but after deducting the weekly payments on the wagon, the garage bill and the payments for the cakes he sells, there is not much left.

"What there is goes to his parents and their three younger children, Marjorie, who is 14, Herman, 13, and Martin, 8; for more important to Harry than his dreams is his determination that 'the kids must not be bums.'

"The father used to make \$22 a week as handyman in a bakery, but

climbing five flights of stairs to the top-floor apartment—taken because the rent was cheap—aggravated the condition of his varicose veins until, early this year, he collapsed. The family pawned what it could, borrowed what it could, then went without.

"A teacher stopped in one day to see why Marjorie, one of her brightest pupils, had not been at school. She discovered that there was no food in the house, that Mr. G. was in a hospital, and that Marjorie had stayed at home because she had no coat to wear.

"Harry is gamely carrying on, but his earnings must be supplemented if his brothers and sisters are to have their chance."

If his brothers and sisters are to have their chance! To have their chance to be Harry G.'s, working eighteen hours a day with not much

left for wages and climbing five flights to a home where youth must be sacrificed at the shrine of privilege if younger kin are to have their chance . . .

When the economist talks of freeing labor and industry by the abolition of taxation, of opening up natural opportunities and forces to all by the socialization of rent, he means releasing the Harry G.'s of the world from economic slavery. When he proves by scatter diagrams, or by correlation tables, or by abstruse operations in the calculus that the economic returns to the laborer and the capitalist must fall as the exaction of the monopolist rises, he is proving why Harry G.'s wages are so low and why the return on his capital investment is so infinitesimal they must be supplemented by begging.

—W. L.

See: "Progress and Poverty," pp. 340-341.

Spare the Cherry Trees

By Charles J. Lavery

Representative Virginia E. Jenckes of Terre Haute, Ind., proposes that all Japanese Cherry trees now growing on federal property be destroyed. She wants to show that "aggressor nation," Japan, that we are impatient over its invasion of China and are becoming hysterical about it. Despite the sinking of American ships it is difficult to understand her attitude. I have visited Indiana often in recent years and know many of its people. They do not appear to be intolerant folk.

While most of the world is rushing toward war and into bloody conflict, it behooves the people of this nation and their representatives to retain, at least, a modicum of sanity; keep cool heads and discreet tongues. It will be soon enough for us to attack immoral and "aggressor nations" when and if any such nation concentrates its assault against us.

But in the mean time, who are we, individually or collectively, to throw slurs or anything else at Japan, Italy, Spain, Russia or any other people who do immoral things? We are going along the same road they have traveled and at a faster pace. We are handing out birth-right and heritage over to landlords as they did. The reckoning for us is surely on the way.

We had better set our own house in order before assuming the role of critic or caviler. We had better open our frontiers for our own people who are now on relief and give them a chance to work for themselves; give them equality of opportunity. Landlordism in Italy and Japan caused the rape of Ethiopia and China and was responsible for revolution in Russia. In the Russian revolt the landlords were liquidated. The "have-nots" know no other method of reclaiming their birth-right from the "haves."

Those of us who can think logically and act intelligently had best

get busy at home. We can tax the selling price out of land—all natural resources—especially city and town lots, mineral lands and other privileges and monopolies of natural resources. That would abolish the land

monopoly, solve the slum-clearance and housing problems, enable farm tenants and share-croppers to own the land on which they want to work, and, make possible the elimination all taxes that are now levied

on labor and the products of labor. If the right method would be adopted from the start it would cut railroad and other carrier rates about 50 per cent and be the solution of our railroad troubles.

Raise Wages, Don't Lower Them

The wisdom of professors is astounding. Now one has ascertained how much more I want to eat, how many socks would satisfy your fancy, how many more nice underthings would gladden milady's heart. The answer is: Just one third more.

For Professor Harold F. Clark (in charge of educational economics at Teachers College, Columbia University) and his corps of assistants have devoted several years to computing statistics on the annual incomes of almost every working group in the United States. And from these painstaking studies it has been learned that the average American would like to earn one third more money than he is making at present. It is not reported whether this is the summum bonum of man's desires. Professor Clark is not on record as to what the American will want when, as and if he gets an increase of 33 1/3 per cent in his wages. For the nonce such an advance will prove satisfactory.

Some of the statistics provided by Professor Clark are interesting, even though the conclusions drawn from them may seem superficial. For instance, here is a table that reveals the average earnings in dollars for a year of various working groups, between 1920 and 1936.

Medicine	\$4,859
Law	4,730
Engineering	4,419
Dentistry	4,170
Architecture	3,820
College Teaching	3,950
Journalism	2,429
Library Work	2,020
Ministry	1,980
Skilled Trades	1,439
Public School Teaching	1,350
Nursing	1,310
Unskilled Labor	795
Farming	586
Farm Labor	485

To one who understands the law of wages these figures mean that the wages of the most skilled workers are determined by the wages of the least skilled. That the very lowest

paid labor in the United States is "farm labor." And the next logical step, which some of our academicians seem determined not to see, is that the lowest earnings of those who farm are obtained on the poorest land—the margin of production. The way to raise the general level of wages, then, if that is the social aim, is to raise the margin, by the very simple and obvious plan of discouraging the holding of land out of use for a rise in price.

That is not the lesson Professor Clark has learned from his very revealing facts and figures. To him they simply mean: "The professions need more people in them. Professional service is a type of service that people are willing to pay more for because it is scarce." Scarce, for how long?

—F. C.

See: "Progress and Poverty," pp. 206-214; "Teachers Manual (P. & P.)," L. IV, Q. 27, 28, 29, 30.

Reaction, Obscurantism: Twins

By Henry Ware Allen

It has been truly said that there is nothing more obvious than that which at first appeared to be obscure. It is equally true that all problems are simple after they have been solved. De Kruif's book "Men Against Death" illustrates this fact repeatedly from the history of scientific discoveries in medicine, a salient feature of all these discoveries being the stubborn opposition to their acceptance by conservative leaders in medical science.

The same observation is still more true in reference to discoveries made in the more occult science of political economy and particularly so because the science of political economy is related more intimately than any other to vested rights, or more properly speaking, vested wrongs. In fact, the force of unwholesome conservatism has succeeded very well in promoting the fiction that there is no such thing as a science of political economy, that there are no inexorable natural laws to sustain such a science.

For illustration: Adam Smith dem-

onstrated that international free trade was socially beneficial, that it was in harmony with considerations of both justice and expediency. But, although free trade between the forty-eight states of our union has proved it to be advantageous for all, free trade between nations has been prevented by ever-increasing tariff walls. Again, Ricardo established the scientific soundness of the law of rent, in accordance with which economic rent cannot be shifted, proving conclusively that ground rent is from a scientific standpoint the ideal subject of taxation. Nevertheless, this law is disregarded the world over and governments continue to penalize prosperity by taxing the products of labor.

An even more important illustration of stupid conservatism against discoveries in the social sciences is the slow acceptance of and indifference to the discovery by Henry George of a great natural law, an understanding of which makes clear the real cause of industrial depressions and the way in which true prosperity may be made permanent. But in due course of time the truths of social science will make us free! See: "Progress and Poverty," pp. 482-488.

Touchback for the Building Trades

A Baltimore real estate dealer, speaking before a committee on housing of the United States Chamber of Commerce at Washington, declared that if we are to maintain capitalism and avoid the necessity of government becoming responsible for the provision of adequate housing, we must reduce real estate taxes, and that the maximum limit should be one and a half percent. One is not surprised, of course, to find a real estate dealer, whose real-estate-owner clients almost always desire lower taxes on their property without giving any serious thought to the distinction between land and improvements, thus echoing these clients' dominant sentiment.

But only a few days later, one finds a similar view, minus only the expression of fear of the failure of capitalism, attributed to the president of the American Federation of Labor, William Green. Mr. Green was taking note of a suggestion, later taken up by President Roosevelt, that lower wages per hour in the building trades would promote building and thereby bring greater employment and higher yearly earnings. Apparently as a counter proposal Mr. Green suggested a reduction in local real estate taxes. And there was nothing in his statement indicating the slightest interest in or idea of any distinction between taxing buildings and taxing land or site values.

That taxes on houses make it expensive for people to own houses (or to live in them as tenants), and therefore are likely to discourage home building, is indeed not hard to understand. That construction of business buildings may similarly be discouraged by taxes on buildings is also quite within the limits of comprehension of the man in the street. What the man in the street doesn't commonly see at all, and what I begin to fear he will never see until it is every day shouted to him "from the housetops" is that a tax on land or site values has not the same effect but the opposite effect.

A tax on land or site values forces holders of valuable vacant land which is being held off of the market to the semi-strangulation both of home owning and of productive efficiency, to put their land to use or let it go to others who will. A tax on sites does not, therefore, make land more expensive. It makes land less expensive.

Sites are not like houses which are produced only at the cost of labor, which require bricklayers, carpenters, plasterers and plumbers to construct. The land is the result of the action of past geological forces. Human labor does not produce it. And its situation advantages, so far as they are not the result of geological forces, are a by-product of community development. They, also, are not produced by any owner's labor.

In short, sites have value only because their owners are in a strategic position to make others pay them for community-produced advantages; they have value only because of the fact that the rest of the public must pay land and site owners for permission to work and live on the earth, in those localities where work is reasonably productive and life reasonably enticing. And the sale value of a piece of land is but the capitalization of the annual price of such permission. A tax on this annual price reduces the sale value of lots in proportion and, since speculative holding of vacant land is thereby made unprofitable, more than in proportion. I won't elaborate on the tedious mathematics of the case. Suffice it to say that the proposition is mathematically demonstrable.

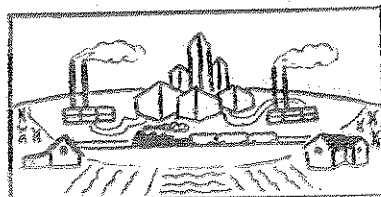
A tax on land values means, then, that land is cheapened and it becomes easier for people in moderate

circumstances to purchase homes and easier to build homes.

To tax, by tobacco taxes, gasoline taxes, amusement taxes and general sales taxes everything that would-be home owners use surely makes it harder for them to save enough either to buy homes or to build them. To tax houses and other improvements penalizes the builder and improver by putting on him taxes that he would avoid by not saving, not building and not improving.

To untax land removes the penalty on holding land out of use. This favors speculative holding, decreases the amount of good land available for industry, forces the use of less well located and poorer land and the undue crowding of land, decreases the product of industry and so necessarily decreases the wages out of which would-be home owners make their savings. To leave building lots comparatively untaxed or to relieve them of taxes makes these lots far more expensive to buy than if most of their annual community-produced rental value were taken in taxation by the community; thus it makes the buying or the building of homes impossible except for the well-to-do or except as the homes are heavily mortgaged.

These conclusions seem obvious enough to those who have allowed themselves to examine the logic on which they are based. Yet behold a prominent labor leader, president of a great historic labor federation, expressing himself in a way to indicate that he has no understanding of the matter at all. For here was a chance to speak effectively for and to all the workers of America. Here was a chance to point out the chronically strangling effects of land speculation on the workers and on home ownership. Here was a chance to emphasize publicly to millions of American trade unionists and to many others besides, the difference between income derived from productive labor and income derived from charging others for permission to work and to live on the earth. Here was a chance to put the prestige of his



distinguished position as a spokesman for labor back of a reform that would do more to break the power of privilege and establish fairness in the sharing of wealth than any-

thing else since the abolition of slavery. And the distinguished leader of the great American Federation of Labor fumbles and lets the ball roll across his own goal line!

—Harry Gunnison Brown.

See: "Progress and Poverty," pp. 335—344.

"Teachers Manual," LVII, Q 3, 4.

Lay-offs Hit the Organizers

By Frank Chodorov

Faith in labor unionism as a means of solving our economic problem must have been rudely shaken by the recent dismissal of several hundred organizers by the Committee for Industrial Organization. A wag might suggest a union of union organizers, with perhaps a sit-down strike at union headquarters, if not "secondary" picketing before the home of C.I.O. President John L. Lewis.

But to the student of economics this news item teaches a lesson. The lesson is that organizations of labor can neither create jobs nor raise the general level of wages. Apart from their educational possibilities, labor organizations have but one function—a function made necessary by our monopolistic social order. That function is to obtain for their members a little more of what remains of production after monopoly rent is exacted by the owners of the earth. In its nature the bread-and-butter union is, and must be, monopolistic, non-democratic. It cannot raise the general level of wages. It can only attempt by force, physical or moral, to obtain something for its own membership. That done, its efficacy as a social instrument ceases.

The lay-off of union organizers is blamed on the "business recession." Overlooking the euphemism, this means only that when there are no jobs there is nobody to unionize. If, as some unionists claim, unions can solve the economic problem, the obvious question is, why don't the unions create jobs or raise the level of wages during a "business recession"? The query is not unfair, in view of the loud claims of some labor leaders.

Natural sympathy for the "under

dog" should not blind us to a realization that the "under dog" might be confused or mad. The confusion of some unions is seen in their emphasis on harmless—but ineffectual and therefore time-wasting—palliatives. The "madness" of other unions is in their ignorance of the laws of economics. In the avowed belief that wages are paid by capital, in spreading the doctrine that governmental action can control economic forces (though it should not, forsooth, control the unions), in the increasing acceptance of Marxian dialectic, some labor organizations are as much a menace to democracy as are the fascistic movements of monopoly.

The solution of the labor problem is in permitting labor, and capital, to go to work on the earth—removing the land speculator who blocks the way. Given this free permission to labor, the worker will not need any paid organizers to "protect" him. Nor will he fear the "exploitative power" of capital, since capital will be competing with free land for his services. Wages will be determined not by any boards of arbitration, but by what labor can get working for itself, on the best land available without payment of rent. Nature has a just way.

See: George, H., "The Condition of Labor"; George, H. Jr., "The Menace of Monopoly."

Designed To Be Read-Politely

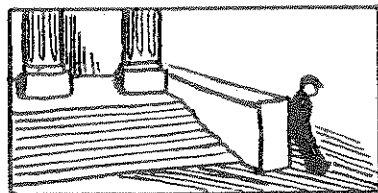
By Joseph Dana Miller

Secretary of State Cordell Hull on Dec. 12 and Secretary of Agriculture Henry A. Wallace a month before singled out one book as "the most powerful book of all the ages." Mr. Hull said it was "the most complete and satisfying compendium of moral and ethical principles" which "have emerged triumphant from the test of centuries as the most constructive basis of human relationships" and warned "history records

too many instances of the downfall of civilizations consequent upon moral and spiritual decadence." Mr. Wallace said it was one "which had proved itself more potent by far than any decisive battle or army or empire." Mr. Miller presents below a review of this work.—The Editors.

We have received a recent publication from the American Bible Society which has interested us very much. It is not a new book. Indeed it is a very old book, a translation from the ancient text into the English vernacular. One of the first translators, William Tyndale, was burnt for his labors by King Henry of England. Since that time the book has been widely read but little understood.

Besides being an exposition of the religious spirit, an historical resumé of the wars of the early Hebrew tribes, a vade mecum of a variety of moral injunctions, it is a work on



political and social economy of some value. Around it has grown a worldwide cult of disciples who instead of trying to build it into a body of coherent doctrine has split into various groups, who fight and quarrel among themselves on minor points so that the phrase, *odium theologicum*, has become fairly descriptive of the conditions prevailing among the adherents of the philosophy expounded in this book.

From one part of the book we extract the following passage; "The earth is the Lord's and the fullness thereof."

It lays down the right of property and seems to indicate that neither government nor landowner has any right to the products of labor, that

labor must first be satisfied before the state can intervene, for it says: "The husbandman that laboreth must be the first to partake of the fruit."

But there is another product, another value that arises, and this is indicated in the passage: "The profit of the earth is for all." That is, "The rent of land belongs to the people."

The authors of this book seem to reject the Malthusian theory or have never heard of it. For they say: "God himself that created the earth and made it, he hath established it, he created it not in vain, he formed it to be inhabited." And again one of these early economists has this to say: "And God blessed them and God said unto them, 'Be fruitful and mul-

tiply.' They seem not to have heard of birth limitation either.

And the land monopolist comes in for condemnation: "Woe unto them that lay house to house, that join field to field."

A glance through this book reveals that these early writers were pretty good economists. They would have laughed at the economy of scarcity, the killing of pigs and the plowing under of cotton. The holding of land out of use and the payment to landowners for leaving it idle would never have occurred to them. On the whole it is a rather good book, but it is not followed today. It is almost ruggedly individualistic, and therefore outmoded.

—Joseph Dana Miller.

God's Chillun Go' Barefoot

By Otto K. Dorn

Not many years ago America excelled in the manufacture of shoes. Shops in Piccadilly, London, advertised and displayed American-made shoes while dealers in Paris, Berlin, Vienna and other European cities bought American Goodyear Welt shoes. America had no protective tariff on shoes in those days and American labor received the highest wages paid to shoe makers anywhere in the world.

Today, however, the American shoe manufacturer as well as union labor leaders are demanding tariff protection against the importation of foreign-made shoes. Why this change from supremacy to inferiority?

Forty years ago American shoe manufacturers led the world not only because their equipment was the best, their methods the most modern, but they were also able to buy hides from Canada, Russia, Germany, the Argentine and other meat producing countries without paying an import duty. In the meantime shoe manufacturers in other countries modernized their equipment and have stepped up production by many of the very latest processes.

Czechoslovakia, for instance, has immense shoe factories, all built in recent years, equipped with the very best American and other makes of machinery. They are the equal of, if not superior to, most American factories. No doubt some of our older factories at least, are not quite as modern and are perhaps trying to coast along with somewhat antiquated systems as well as obsolete processes. Why should these manufacturers modernize their plants and improve their productive methods when it is so much easier to demand a protective tariff to keep out the competition of the more efficient manufacturers?

In addition to having modern equipment the Czechs are able to buy their material in a free market while American manufacturers buy their hides and other materials in a tariff-protected market, maintained because the American farmer is supposed to be the beneficiary of the protective tariff on hides which to-

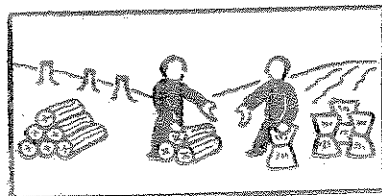
gether with other taxes puts the American shoe manufacturer at a disadvantage with foreign manufacturers.

American labor leaders calling for a higher protective tariff on shoes are thus endeavoring to overcome the bad effects of one tariff monopoly by creating another while the American consumer is paying the fiddler. The effects of a protective tariff is to raise the price of commodities, but it so happens that labor is not a seller of commodities since it sells labor and buys commodities. How then, can a protective tariff help labor since to increase the cost of what labor buys is the equivalent of a reduction in wages?

See: "Protection or Free Trade," pp. 45-54; 149-150.

Slogans for the Hungered

"Peace, Bread and the Land." The slogan raised by Lenin found ready response in the weary hearts of the Russians. Whenever a people become too weary of the struggle for existence some strong-willed man raises the cry "Peace, Bread and the Land"—and the people always follow him, without questioning whither or why. Dictators are born of hunger.



Economic Fundamentals

By Harry Gunnison Brown

I. Taxes Hit Bills or Pay Envelopes

Since support for N.R.A. price control died out there has been a return of some real interest in protecting the people against monopoly. We see it in requests for investigation by the Federal Trade Commission and in the current issue over public utility valuation and rates. But let's get the straight of it in relation to the land question: however much we may refer to the so-called "monopoly" of land, the land-rent problem and the problem of monopoly price are **essentially different**.

In the case of monopoly price, the public interest requires that prices above a normal competitive level shall not be charged. This means that, in the great majority of industries, monopoly must be effectively forbidden. In a very few industries, such as those that provide electric light and power, gas and telephone service, where a single plant, a single set of wires or gas mains, is enough, and where more than one plant is obviously an economic waste, we must, of course, have monopoly. But rates must be fixed so that there will not be monopoly profits. In these industries—the public utilities—it may be truthfully contended that we **should** have monopoly but **should not** have monopoly rates.

Such industries are not a good subject for special taxation. The way to deal with monopoly is to prohibit or control, **not** to tax. The way to deal with private enjoyment of the rent of land is **not** to prohibit or control. There we **must** tax. There is, in a free society, no other way possible.

Some of the supporters of land-value taxation argue that "franchises" are like land values and that they should be taxed as such. Probably not a few hope thus to get the sympathetic attention of the consumer of gas, electricity and telephone service and of antagonistic critics of

the public service industries, who have, initially, no serious interest at all in the land question. In my opinion, this is a tactical error as well as a logical one. Too often he will not be induced to work for land-value taxation but will instead be encouraged to hope that he can divert us into working for higher taxes on the utilities—so that he can thereby secure lower taxes on his own land holdings.

Or he will hope that he can persuade us to support the idea of public ownership of public utilities and then—with the aid of agitation by his local real estate board and other influential groups—get his city to collect the money for its necessary expenses, by means of its water, electricity, gas and other charges, so it can relieve **land of taxation altogether**. Thereby his city becomes a glorious "tax free city," fit to be praised by our literary intelligentsia, our parlor pinks and our "high-brow" magazines—but not a city tax free for the poor who must use water, light and gas. Thus it becomes a land speculators' haven, where nearly **all** of the community-produced rent of land goes into private pockets and the workers pay most of the taxes in their monthly bills!

A franchise to operate a public utility is **not** land value nor does it at all closely resemble land value. The public utilities should be taxed, of course, on the value of whatever land they own, just as any corporation or person should be taxed. But the privilege of operating, as such, is supposedly conferred with the understanding that the rates charged shall be reasonable and **these rates**

are **subject to regulation**.

If the rates are so regulated as to make public utilities no more profitable than a competitive industry would normally be, then there is **no especial excess return to tax**. And if they are not so regulated, the rates are too high. To allow higher rates than will yield as good a return as an efficient concern can secure in a competitive business, is really to tax consumers of the service.

If, for example, a telephone company is allowed to charge its customers \$30 a year when \$24 would yield a reasonable return on its investment, merely in order that there may be a monopoly income to tax, then the city or the state is really **taxing the customers**, just as truly as if the tax were levied on each telephone call.

We who would reform the land system can't afford to spread the impression that we think a tax on public utilities is in any way to be compared to a tax on land values. For a tax on public utilities, if they are really subject to effective regulation, is a tax on consumers, whereas a tax on land values is "the taking by the community, for the use of the community, of that value which is the creation of the community."

If the so-called "franchise" of a public utility conveys the right to use the public streets by stretching wires over them or burying mains or wires beneath them, this fact does not really change the nature of the problem at all. There is usually plenty of room beneath the streets (or in a small town where the wires are overhead, above them) for all the mains and wires that have to be put there. If such space were inadequate, it might be quite proper to charge for it. But since the space is far more than adequate, this sub-surface space is like marginal or no-rent land much of which remains un-



Plans for the Utility Baiters

used because it isn't needed. The city can well afford to give the use of it—just because it is, essentially, marginal or no-rent space—for nothing, and thereby avoid the necessity of charging users of the service more than it actually costs to produce the service.

The rent of land—land which is good enough and scarce enough to command rent—is in an entirely different category. Regulating prices can't give the rent of land to the public. Suppose, for illustration, that we are considering the big royalties (rent) going to the owners of thick veins of coal and that we intend to

see to it that private individuals never again collect toll for giving permission to others to draw on nature's bounty. We must nevertheless not forget that some coal is produced from deposits so hard to work that the price of the coal barely pays the wages of the miners and leaves nothing for rent. If, then, we try to force down the price of coal, we shall be forcing down the wages of miners. And if we could force down the price of coal produced from the big-royalty mines while allowing all other coal to sell at a higher price, we'd merely be transferring the royalties or rent of these mines to a selected and es-

pecially favored part of the consumers of coal and not at all to the entire community.

In a free society it is only by taxation (or appropriation, if that term is preferred) that the rent of land can be taken care of without the unfairness of some form of special privilege. In the case of land rent there is no real solution except taxation. In the case of monopoly proper, the solution lies in the field of price control, and the method of taxation, whether of the monopoly as such, or of its profits, or of its so-called franchise, is definitely and conclusively the wrong method of attack.

2. Valuation: Economic, Not Punitive Job

The President wants peace with the public utilities and is willing to make peace if the utilities will accept the "prudent investment" theory of valuation as a basis for the regulation of rates. Probably what the prudent investment theory is or how its adherents differ from their opponents is not generally known.

It is to be noted, however, that our new-style "liberals," usually without having made any real economic analysis, believe that, in favoring this theory, they are on the side of "the people." Yet in a previous generation, such men as William Jennings Bryan and the elder Robert Marion LaFollette, regarded as liberals in their day, supported an entirely different theory.

Obviously, if the rates of public utilities are to be regulated—and since these industries are naturally monopolies and, for greatest efficiency, should be monopolies, they must be regulated—it is just as important to fix a fair value of investment on which a reasonable per cent return is to be permitted as to decide what per cent is reasonable. If valuation is fixed too high, then rates may be extortionate. If valuation is fixed too low, rates may consequently be held to such an unfairly low

level as to make investment in public utility construction distinctly less profitable than investment in competitive businesses.

The principal opposing theories of valuation are these: one, that a utility company's plant should be valued on the basis of present cost, what it would now cost to construct a plant capable of rendering the required service; and two, that the plant should be valued on the basis of what was in the past invested in constructing it, assuming this past investment to have been made honestly and prudently—therefore, the "prudent investment" theory.

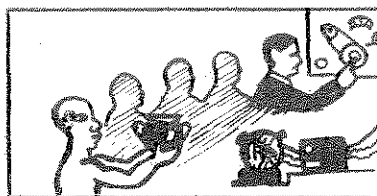
Liberals of a previous generation believed in present cost. Prices had been falling during the seventies, eighties and nineties and valuation by present costs seemed to promise lower rates. New-style "liberals," as we have noted, largely favor past cost. Prices now are higher than before the war and they suppose that

past cost will mean lower valuations and lower rates.

In the case of the ordinary competitive industry, the important thing is present cost. Whatever it did cost to build your shoe factory or textile factory in 1920 or in 1934, the prices you must charge for your goods are largely determined by competition with factories that have just been built and by present price levels in the economic world about you.

Space will hardly permit a full discussion here of this significant controversy. But two aspects of it deserve special attention. The first of these has to do with changes in the general price level or average of commodity prices, i.e., changes in what a dollar will buy. The importance of this may be best indicated by taking an extreme case.

Suppose we should go through a process of monetary inflation such as that in Germany during and after the world war, when prices finally became a trillion times as high as they had been and when it took, therefore, a trillion marks to buy a meal or an article of clothing that one mark could buy in the previous low-price period. Suppose, in short, that our prices should rise to such a point that a dollar meal or a dollar



shirt would cost a trillion dollars. Suppose that we have under consideration the valuation and rates of an electric power plant constructed in 1937 at a cost—prudent investment—of \$100,000,000 but that now (say 1943) the plant could not be constructed for less than a trillion times that sum.



Following the "prudent investment" theory we would try so to fix the rates that the company could not hope to realize, after meeting operating expenses, more than five or six or seven million dollars a year (at five or six or seven per cent), and that sum, with prices so high, would not be nearly sufficient to buy a single postage stamp! Meanwhile, all wages, all rentals and all profits in competitive industries (or nearly all) are superlatively high! Present cost of construction must be considered, if prices have greatly risen, in fairness to the owners of the utilities. And present costs must likewise be considered, if prices have greatly fallen, in fairness to the consuming public.

The second aspect of this problem which warrants our consideration has to do with the so-called unearned increment aspect of the problem will doubtless seem the most interesting. Any public utility which owns land on which its plant is located, whether the land is a water power site, city office space or (in the case of a railroad) right of way and terminals, is likely to find that this land increases in value with the growth of population and general improvement in the territory it serves. Similarly, of course, the land owned by manufacturing concerns, department stores, banks and other businesses, increases in value.

When the present value of a railroad or of any public utility is greater than the number of dollars "honestly and prudently" invested in it, not because of monetary inflation but because land values have risen, some new-style "liberals" who have perhaps been slightly and indirectly influenced by the teaching of Henry George without fully understanding it, want to force down the rates.

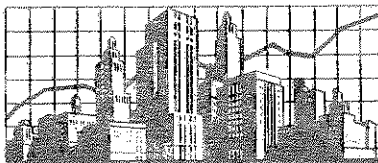
Their idea is that the railroads and other public utilities should be prevented, by rate regulation, from enjoying these increased land values.

But this view is devoid of any real logic. Land values are a community product. It is reasonable and proper that they be appropriated to community use through taxation. To take land values away from land-owning utilities by forcing down rates, and thereby give them to that part of the public which patronizes these utilities and in proportion to their use of the utilities is not to give community-produced values to the whole community.

And there is really no reason for making an exception of railroads or of public utilities generally. The department store receives, in the price of goods sold, rent on its site, and when the community grows and the location of the store is thereby improved and its business made more brisk, it receives more rent. The owner of a house and lot leased to a tenant as living quarters, realizes more when community growth and development make the location more desirable.

The owner of a vacant lot can sell it for a higher price when growth of the city makes it more sought after by potential purchasers. The railroad or the electric power company gains no more from rising land values, when allowed to charge rates based on present value of its property, than is gained by the owners of land which is used in other businesses or which is held out of use for speculation. Well may we ask, therefore: Why pick on the railroads and other utilities?

Why get "all hot and bothered" trying, by rate regulation, to keep these selected investors from enjoying unearned increment on the relatively small amount of land used by their companies, while letting all other landowners keep increasing community-produced values for their own pockets? Isn't it just what we might expect of our new-style wishy-



washy "liberals," who never really think any economic problem through, thus to "strain at a gnat and swallow a camel"?

And now see how such a policy, as a long-run proposition, would "mess up" our economic development. In effect we say to people: "Use your land in any one of a hundred different ways and you may have for your own private pocket all of its community-produced value; but use it for a public utility and we'll make and keep your rates so low, when the community grows and develops, that you will not enjoy the increment of land value but will have to hand it over, in the form of very low rates, to your patrons." That is like telling the owner of a city lot that he can have all of the unearned increment if the lot is used for a shoe store but none at all if the lot is used for a drug store, and to follow such a policy is not the way to get the land into its best use.

No. The part of wisdom is for the public to appropriate all or nearly all the rental value of land, not by rate regulation but by taxation and to appropriate it in the same degree—that is, tax the land at the same rate on its assessed value—regardless of how it is used or whether it is left unused. Then the owner can't



afford to hold his land out of use and he will not be prevented from putting it to its best use.

Rate regulation to prevent monopolistic rates that give to public service companies larger percent returns than those in competitive industries is desirable. Rate regulation to keep such selected industries from enjoying any unearned increment while allowing other industries and persons to enjoy billions of dollars of it every year, is definitely not the way the problem should be handled. Taxation that takes the community-produced rent of land and sites for the community, regardless of the industry in which the land is used is the way the problem ought to be dealt with.

In short, a sentimental "liberalism" that follows whatever happens to be the latest fad of the literary intelligentsia and the "high-brow"

magazines, a "liberalism" that insists on eschewing fundamental economic analysis, will surely never get us out of our economic slough of despond. What we need is not the land rent

of the public utilities for the users of the utilities **but the rent of all land for all the public.**

See: "Progress and Poverty," pp. 191-194; 410-413. "Social Problems," pp.

196-201. "Science of Political Economy," pp. 223-223. See also: Brown, H. G., "Economic Science and the Common Welfare," Part I, Chapter VII, especially Sections 5-II; Brown, H. G., "Economic Basis and Limits of Public Utility Regulation," Reports of Am. Bar Assn., Vol. 53, 1928.

New Frontier Era in the South

The Southland has been blessed with a new bounty. Dr. Charles Holmes Herty, the distinguished chemist who more than any other man was responsible for the creation of the paper industry, with a \$100,000,000 investment, in the waste lands of the Southern pine belt, has announced perfection of a process for the manufacture of newsprint from black gum wood.

Black gum wood is a characteristic tree of Atlantic and Gulf Coast river swamps. The paper produced from it, tested on the presses of The Savannah Evening Press, is said to be superior to the average of seventeen commercial varieties in tensile strength, burst and wear, to be bright in color, smooth-surfaced and opaque with good body, printing well.

To the South, according to the chemist who perfected the earlier process for making newsprint, book-papers, writing papers and cellulose products as well as kraft paper from Southern pine pulp, the development of the process "means the addition of 40 per cent more to the already vast resources for the manufacture of paper."

Truly the South has been blessed. The swamplands, formerly accounted as waste land, prove to be a rich natural resource. Once dependent upon cotton and tobacco production, it now finds acres of free land—swamp land must be free—opened to its labor and capital. The bounty should benefit other sections as well; the pine pulp industry's record indicates there should be opportunity here for labor and capital from other sections also.

But is it truly a bounty for all the people of the Southland? The short history of the pine pulp industry does not bear this out. About six years ago a group of enterprising business men gathered capital to finance Dr. Herty's work. He set up a labora-

tory in Savannah and began experiments. Four years ago a commercial experimental run was made with pine pulp at Thorold, Canada. It proved that Southern pine made a grade of newsprint capable of competing with the foreign product in quality and price.

The makers of Southern kraft, brown wrapping paper, doubted that there was enough forest resources to support the new industry. Dr. Herty's campaigning helped to yield the national survey of forest resources, which dispelled all doubt. Forestry experts showed how the wood's fifteen-year maturity period, comparatively short, could be shortened further.

The new industry had tremendous advantages. Turpentine was a profitable by-product. Cutting can be carried on all year. Mill supplies need safeguard only a week's production, against the heavy yard inventories of Canadian mills. The product yield from the raw material is higher and labor costs are lower. Mills, accounting for the \$100,000,000 investment in plant and equipment, have sprung up throughout the section.

One unfamiliar with the resource policy of the United States would assume that all America would benefit from this; in that land which once had no economic value now has high economic value to the country which, by its demand for paper and cellulose products, by the level of its technological development, and by its creation of adequate capital resources as well as human resources—to say

the least—created that value. But not even do all the people of the South share in that benefit.

The mills have been buying up pine lands to be able to cover, from their own holdings, about half their estimated wood requirements. The pine forests, although waste land of no economic value, had had "owners" nevertheless; title to them was held by farmers who enjoyed absolute ownership of the fields surrounding them. Some were willing to part with their titles for what seemed to them ridiculously high prices, but which now appear unbelievably low. Thus the rising economic value of these lands—and eventually, no doubt, a monopoly value as well—will accrue in most part to the mills.

But some of the mills are showing the shrewdness of the old timber pirates and are not cutting their lands, but are holding them in reserve. All of the mills are purchasing wood supplies from farmers, who now get \$4 a cord for wood that once was not even the best of firewood. Since his average family income was formerly \$200 a year, the farmer need only sell fifty cords to maintain his present standard of living, and only 100 to double it, while he sits back and lets the speculative value of his waste land rise.

Truly the South has been blessed with a new bounty. But instead of the bounty accruing to the people of the region, who in large part created the rising value of the waste land, and to the people of the country, who in some part did so, the major benefit seems to be going to the farm land owners of the South who happened to have taken title to the resource without suspecting its existence, and to the mills shrewd enough to take advantage of the inability of some of those owners to engage in the growing speculation.

Shortly it will be discovered that



even the black gum swamps have "owners" with legal title. They will turn out to be surrounding land owners, politicians, or far-sighted monopolists. Shortly it will be discovered that even worthless swamps have land value—as they certainly have in Louisiana—and the rapidly expanding paper industry will have to support a horde of parasites. The value will zoom and the industry which now seems to be solving the social problems of the South will create new ones; its expansion will be checked, its employment opportunities curtailed, its rising wage scales lowered,

its present premium return to capital reduced.

But if the United States had had the foresight to apply the principle of social land value taxation in its natural resource policy the result would have been different. As before, so long as the forests and swamps remained waste land they would yield no rent for socialization. Once economic rent appeared, it would be collected and applied to public purposes. Speculative monopoly rent, then, would not appear. The forest would be open to all entrepreneurs on an equal footing.

Capital, which now must be diverted into land purchases, could be used for productive purposes. The farm land owners, instead of being parasites upon industry, would be induced by their needs and by the proffered opportunities to engage in useful work. Labor, with vast new natural opportunities opened to it, would command its full wage, a high one.

One day the South will rue its lack of foresight.

—W. L.

See: "Progress and Poverty," pp. 242-249; "Teachers Manual (P. & P.)," L. V. Q. 16, 17, 18.

Britain Rescues Coal Royalties

Great Britain is nationalizing coal royalties. But in the move there is no attempt to deal with the problem of adjusting the extra-legal institution of absolute private ownership of natural resources along the lines proposed by Henry George to the demands of modern social conditions. The step is clearly one to "socialize" the actual and potential losses of the recipients of the unearned income from ownership of coal deposits by confiscating the earned income that is the property of the taxpayer.

Far from applying the principle of the socialization of rent, the Tory "socialists" propose to buy out the 4,390 holders of hereditary rights to coal royalties. The £66,459,000 purchase price will be raised by issuing government bonds to that amount in addition to the £400,000,000 rearmament loan already authorized. On the issue, interest will accrue which must be paid by the general taxpayers of Great Britain under a tax system fully as regressive as our own.

The purchase price was set by the arbitration board after that agency had determined that the annual value of the royalties was £4,430,000. Thus the valuation is equivalent to between 15 and 18½ years anticipation of future income. Because of the depressed state of the industry, the actual or potential competition of other fuels, and the present level of the prevailing rate of return on capital claims, this may well be the period

of capitalization as far as coal royalties are concerned.

Thus, to the royalty owners, it makes comparatively little difference whether they sell out their royalties in the investment market to new private owners or whether they sell out to the government; they are getting practically the market price.

Under nationalization, they have the advantages of selling in a sellers' market and of shifting their holdings out of an industry which is being progressively strangled by the royalty system.

But the producing groups in the industry, the coal miners, operators and investors, must continue to pay, first to the private owners and later to the Coal Commission to amortize the bond issue, the same present rents in addition to the general tax burden for nothing more than permission to produce from the resource fuel needed by shipping, iron and steel producers and other consumers.

Even if the industry can be aided to become more efficient, and, in decades to come, the more exorbitant of the rates can be reduced, it can only look to a slight expansion of the market from the nationalization scheme. Meanwhile the Church

of England and certain members of the aristocracy, the royalty owners, will be assured a continuing unearned income from a much safer medium of investment.

—Lancaster M. Greene.

See: "Protection of Free Trade," pp. 178-179.
"Progress and Poverty," pp. 359-361.
"Teachers Manual," (P. & P.) L. VII, Q. 18.

New Courses Prepared

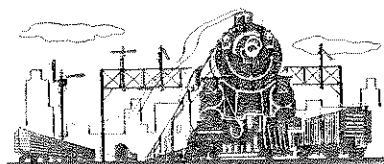
NEW YORK—Several new courses will be added to the curriculum of the Henry George School of Social Science during the winter term.

A course in the theory and practice of taxation is being prepared by J. Charles Laue, secretary of the New York Board of Taxes and Assessments, who is an instructor on the New York faculty. He will conduct five sessions in theoretical aspects of the subject, and Walter Fairchild, another instructor at national headquarters, noted for his researches in the relation between taxation and public expenditure, will conduct five sessions in tax practice.

As soon as a syllabus is available, a course will be given in the economics of tax reform, of which the textbook will be Professor Harry Garrison Brown's noted work, "The Economic Basis of Tax Reform."

100 Libraries Cooperate

NEW YORK—Every public library that displays a poster announcement of the correspondence course in fundamental economics given free by the Henry George School of Social Science will receive a gift copy of "Progress and Poverty." One hundred copies of the book have already been distributed. If your local library has not posted one, you should see that it does.



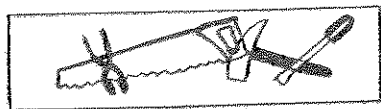
Jobless Go Back to the Land

By Bolton Hall.

The soil of New York City, from which lofty office buildings and apartment houses have grown in profusion, produced during the 1937 harvest season more than 600 tons of fresh vegetables for persons on unemployment relief who turned gardeners, according to the Works Progress Administration.

Tomatoes, with a total yield of 330,279 pounds, led the list of twenty-three vegetables raised in Brooklyn, the Bronx, Queens and Staten Island. (None of Manhattan's vacant lots was made available for garden plots.) The total harvest was about 1,215,270 pounds. The corn crop accounted for 87,111 pounds, beats for 86,561 and turnips for 84,913. All the work done in the gardens was performed by families from the home or work relief rolls. Materials and supervisory aid were supplied by WPA.

Among the vegetables produced in substantial quantities were wax beans, broccoli, carrots, cucumbers, lettuce, radishes, rutabagas, squash, Swiss chard, kohlrabi, pumpkins, spinach, peppers, lima beans, peas, cabbage and eggplant.



Additional data is available in the recent WPA survey, "Part-Time Farming in the Southeast." Workers in the textile, naval store, lumber and coal and iron industries, earning from wage employment less than \$500 a year, were able to raise in a year for their own consumption on plots from one-quarter acre to three acres products of a total value ranging from \$70 to about \$400. The survey found that this improved their diet, since their gardens produced more and better food than they would have been able to buy.

This is not cited to raise the interesting question of the possibilities

of enclavial land settlement as an unemployment relief and rehabilitation device in the present monopolistic order, but as evidence upon an even more fundamental question, whether even today, when buildings rise to 80, 90 and 100 stories, available land only and not capital is necessary to make a living.

This evidence has been accumulating a long time. What I wrote about it in 1908 may still be recalled:

What unskilled labor with little capital can do on quarter acre plots of poor soil, well situated, is best shown by the Vacant Lot Gardening Association of various cities.

It has met with marked success between the waves of speculation, in over twenty cities throughout the United States and also in England and France, as a means of opening employment to those who are incapable of earning a living elsewhere. Its practicability and efficiency have been recently demonstrated, particularly in Philadelphia, where for years from one to two hundred acres have been kept in cultivation. In 1907 over 800 families raised on about two hundred acres, crops worth \$40,000.

There are plenty in New York City who want land, but Vacant Lot Gardening there has a serious drawback—lack of land within easy reach of congested centres that can be had free; however, thirty acres in the Bronx was loaned by the trustees of the Astor Estate, only fifteen cultivable. Ninety gardeners started in at the beginning of the season and less than 5 per cent failed to carry their work to completion. The cost to contributors is about \$10 per family. Against this the families have products of nearly \$10 for every dollar expended.

Gaylord Wilshire, a prominent Socialist, and editor of Wilshire's Magazine, says:

"In our grandfathers' days 'necessary machinery' meant an axe, a hoe, and a log cabin, all of which were easy of individual production and ownership. Today, 'necessary ma-

chinery' means a combined reaper and harvester, made by a one-hundred million dollar trust, a one-hundred million dollar railway to haul the wheat to market, a million-dollar elevator to unload it, and a million-dollar mill to grind it into flour, and finally a hundred-million-dollar trust to bake it into biscuits for all America."



But the Vacant Lot Gardens show that even today available land only and not capital is necessary to make a living, and that any person who can get a bit of land can succeed on it if he will work with his head as well as his hands. There will be a revolution in our farming plans and our farm life just as soon as the people wake up to the fact that the land about our towns and cities, nearly all of which is held idle for speculation, is the land out of which they should get their living.

See: "Progress and Poverty," pp. 269--216; p. 243; p. 451. See also: Hall, B., "Three Acres and Liberty," Macmillan, New York; Hall, B., "A Little Land and a Living," The Arcadia Press, New York, especially Chapter III.

With View, \$10

A New Yorker sends in a picture of the apartment house he lives in. One side of the building faced the harbor, and the picture indicated that from the windows the residents could see Staten Island across the bay. The New Yorker says: "Apartments on that side of the house cost \$10 more per month."

What were the owners renting to the residents, the house they provided or the view nature provided? When the land was sold to the builders did not the sellers capitalize this view? Why should anyone have the right to charge others for the privilege of looking at nature's grandeur?

—F. C.

Books: Meet Uncle Tom

By Grace Isabel Colbron

In one of his stories Kipling says: "Truth is a naked lady, and if by accident she should be drawn up from the bottom of the sea, it behooves a gentleman either to give her a print petticoat or turn his face to the wall and pretend he did not see."

The present generation may not act that way about "naked ladies" but much of it still does act that way about unpleasant truths. And one unpleasant truth about great areas of our own country is still treated only in the print petticoat of easily forgotten magazine articles and fiction. Facts about the "Share-Croppers" in the southern cotton belt are slowly coming to light. And two new books, both fiction, have treated this question in a way that ought to arouse general interest.

Henry Harrison Kroll's "I Was a Share-cropper" (Bobbs-Merrill, \$2.75) is autobiography, wonderfully well written and well worth reading just as a picture of life in some parts of this great country, the "land of unlimited opportunity." The author grew up in a family of share-croppers and escaped into better conditions through his own energy.

His story offers no argument for or against that cruel form of landlordism under which his childhood suffered. In fact, at the last he hints that he considers his family and the others a bit shiftless and their troubles are more or less their own fault. But because of its very sincerity in the painting of the picture, what Mr. Kroll has to tell will bear its own message for the intelligent reader, who may in the end disagree with the author's conclusion but cannot forget the facts portrayed.

Charlie May Simon's "The Share-cropper" (Dutton, \$2.50) is a horse of another color. Cast in the form of a novel, depicting the fortunes of one sympathetic family, the book is a red-hot indictment against the conditions described. Simple in style, straightforward in narrative, the book interests as a story of the lives of

its leading characters, but at the same time it leaves one glowing with indignation that such things could be.

Miss Simon does not preach, but it is evident that she does not think the share-cropper's trials are due entirely to shiftlessness on his part. We see several men with ability, with hopes of better things, ground down to helplessness, and hopelessness which is worse, under the conditions of this American form of peonage, which seems to embody all the evils of feudalism and chattel slavery without any of their saving graces.

The book begins with the marriage of Bill Bradley to Donie Goodwin. They are both fine young folks, strong, hard-working, honest and upright. In the varying fortunes of their lives we see what "share-cropping" means. They are among the best workers on the plantation, but at the end of the harvest season Bill finds that what with the prices, the 10 per cent interest on his grubstake at the commissary store and the landlord's extra deductions beyond what was arranged he has only a few dollars coming to him when, as is more common, he does not find himself in debt to the store and the landlord.

Credit is not given during the non-working season; the family lives on meal and molasses when they have any. Each year Bill and Donie hope they may lay something aside to buy a mule, because folks who have mules work on three-fourth shares, not just one-half. But each year when the "statement" is made out by the plantation owner and store keeper, there is little if any cash coming to Bill and usually he is in debt.

The "contract" as given to Bill when he moves to another plantation is a model of a trap to catch the simple mind. These people are caught in a trap and it is not of their own fault, Miss Simon seeks to show. When nature unloads calamity on them, as in the case of a great river

flood, wonderfully described, things are really a bit better for them, because then "charity" comes in and helps. But Bill does not want charity, except in such unusual emergencies.

And an interesting fact, saddest of all is his lot when the New Deal steps into the picture. However well-meaning the new ideas that go out from Washington, this book shows clearly how, in the end, it is always the landlord who profits. He gets paid for the acres plowed under—and the share-cropper, getting less work, naturally gets less than even his usual low wages. The chapters that show conditions on the plantation under the new agricultural laws are exceedingly enlightening.

And the story of the share-croppers' revolt, led by a young lawyer who through meeting Bill Bradley in flood relief work learns something of conditions, is as interesting as anything in the book. Particularly as we know that through this revolt, actual and authentic as described, the rest of the world is learning something about the share-cropper, the American peon.

This is a book no student of the social sciences, no matter how wedded he may be to more objective works in the non-fiction field, should miss. Miss Simon's book gives rich coloring to the black and white picture the agronomist and the sociologist have already etched.

See: "Progress and Poverty," pp. 347-357.

Goeller Work Lauded

NEW YORK—Joseph Dana Miller, editor of Land and Freedom, international organ of the Georgist movement, pays high tribute in the current number to Charles LeBaron Goeller of the Henry George Tract Society, Endwell, N. Y. After looking over a scrapbook of samples of the tracts of which Mr. Goeller has issued many thousands, Mr. Miller wrote: "They are notable for simplicity and cogency of treatment. Altogether they comprise a fine achievement especially when we consider the meagre help he has received and the immense labors involved."



Taxes Go' Round and' Round

So now it's the wicked tax on undivided profits that's making the trouble! It discourages business. It prevents investment. It penalizes corporate thrift. It forces distribution of profits which might be saved and used for the buying of new machines and the construction of new factories. So we must get rid of it.

And the way to get rid of it—believe it or not—is to obtain the money by levying some **other** kind of tax that **also** discourages business; some other tax that **also** prevents investment; but some kind of tax, perhaps, that penalizes **individual**—instead of corporate—thrift. Or will we seek the needed revenue by some new processing tax or other tax that obviously falls on the workers?

Anyway, we can be sure of this, can't we, that by no remotest chance will any of our cabinet members or any widely publicized brain trust venture even to suggest the one tax that clearly does **not** come directly or indirectly out of labor, that does **not** discourage thrift and capital construction, and that **does** prevent any throttling of industrial activities by speculative holding of good land out of use?

Such a method of obtaining revenue, by taking for public use an income that individuals now receive for **permitting** others to work and to live on the earth, in locations where work is reasonably productive and life reasonably enticing—why of **course** no such method of securing revenue can be considered for an instant in "the best circles." These billions of dollars annually of community-produced values must certainly be allowed to continue to go into private pockets.

And so we must expect to go round and round, from undistributed profits tax to processing tax, to increased taxes on wages and on the salaries of the middle class, to tobacco and gasoline and other excise taxes, to amusement taxes, to "excess profits" taxes, and then, perhaps, in a new and innocent generation, back to the undistributed profits tax, thence to begin again our evasive merry-go-round.

It's a highly interesting phenomenon, isn't it, that the last few years have witnessed simultaneously, the greatest flood of tax burdens—such as sales taxes—on the hard-earned incomes of the poor, the greatest effort to take taxes **off** of community-produced land and site values so as to leave these for **private** enjoyment, and the largest amount of insistence that everything is to be done for the "ill housed, ill clothed and ill fed."

While so-called "liberals" have been exulting over the triumphs of "liberalism" and demanding new triumphs, while dissentients have been dubbed "economic royalists," while the Supreme Court, in throwing out as unconstitutional the N.R.A. monopoly and the A.A.A. processing taxes on the poor, has been attacked as hope-

lessly reactionary and out-of-date, the general taxation set-up throughout a large part of the United States has become more favorable to land speculation, more discouraging to thrift and investment and more burdensome to the so-called "forgotten man" than for many years. Or hasn't it? And do all the recent changes spell real advance for the masses?

Can it possibly be—but oh! It certainly can't be—that it is not the wicked conservatives but our new-style "liberals" who are, however naively innocent of bad intent, betraying the masses! And that, if any of us think prayer can help us, we should pray most earnestly to be relieved of our "liberals?"

—Harry Gunnison Brown.

"Prophet, Man of Courage"

In previous issues of The Freeman, the value of the correspondence course of the Henry George School of Social Science was shown by the unsolicited appraisal of students who had completed the course. The letter printed below, from Col. William Jay Schieffelin, noted New York civic leader, chairman of the Citizen's Union of New York, trustee of Hampton Institute, chairman of the board of trustees of Tuskegee Institute and former president of the New York Federation of Churches and of the Society for the Prevention of Crime, indicates the value of the classroom course in fundamental economics and social philosophy:

—Park Avenue,
New York, N. Y.

Dear Mr. —:

One of my sons and his wife reported a keen interest in his course in Fundamental Economics with you at the Henry George School of Social Science. He has recommended it to friends.

My rereading of "Progress and Poverty" after an interval of fifty years convinced me that George was more than a philosopher, more than

an economist, he was a prophet, and a man of great courage. "Progress and Poverty" reads like a current analysis of conditions.

With my best wishes to Anna George De Milie and to the Henry George School of Social Science.

Very truly yours,
Wm. Jay Schieffelin.

"Squirrel Island" Issued

DETROIT—The Frederick F. Inghram Taxation Trust, 2460 Grand Boulevard, Detroit, Mich., in cooperation with Land and Freedom, 150 Nassau Street, New York, has issued as a pamphlet A. Freeland's droll story, "The Industrial Depression on Squirrel Island." Copies may be obtained from the trust or the magazine at five cents each, forty for \$1.

Santa Teaches, Too

NEW YORK—Lawson Purdy, president of the Robert Schalkenbach Foundation, publishers of Henry George's books, issued a circular letter December 6 reminding Georgists that a gift of one of the Georgist classics is a most appropriate Christmas gift and that for hundreds of persons such a gift has marked the beginning of a deep interest in Georgist economics. The Christmas Book List of the Foundation offered seventeen books and a special gift discount.

A Bunch of Gadgets?

To the reader who is not familiar with Georgist philosophy and particularly with fundamental economics, the thought behind many phrases used in *The Freeman* will not be quite definite. Such expressions as "a free economy," "economic rent," "abolition of taxes," "true capital," "real free trade," "privilege"—and a host of others—carry a specific significance and convey a fuller meaning to one who has read Henry George.

Georgism, however, is not an esoteric philosophy, nor is its understanding based on the mastery of special phraseology. It is a correlation of obvious facts in our economic world, and the testing of these facts by fundamental principle. Such difficulty as is met with in mastering this philosophy is due to the encumbrances with which befuddled economic teaching has saddled our minds.

Every machine, no matter how complicated in detail, is based upon a simple fundamental principle. If we study it as a collection of gadgets, without relation to this principle, our understanding of the machine will be but a jumble of unrelated things. A long and concentrated study of these gadgets—especially if such study is supported by authority—is likely to cause overemphasis of their importance, even to the extent of forgetting the underlying principle.

So with the economic machine which determines our social well-being. If we want to really understand it we must find out what makes it go. Unfortunately, there are some people who for predatory reasons do not want us to know too much about it. But there are many more people who because they have made a fetish of the gadgets are blinded to the principle; and since these people occupy high places and talk authoritatively, they have blinded most of us in the same way.

It is difficult to eradicate misinformation from our minds. That is the only difficulty in understanding the philosophy of Henry George. Realizing that encumbrance, the ap-

proach to that study becomes quite simple.

For those who are entirely unacquainted with Henry George, or whose knowledge is superficial, the Henry George School offers a ten lesson correspondence course, based

Entrench the Aluminum Trust?

By Richard E. Howe

Spokesmen for workers in the aluminum industry made two announcements in the press recently which should intrigue all devotees of logical consistency.

In the commercial press it was reported that labor is urging the government to raise the tariff on aluminum foil. David Williams, president



of the International Council of Aluminum Workers, attacked the reciprocal trade agreement negotiated with Switzerland last year under which the duty on that commodity was lowered. The imported product is sold here at a price with which American-made foil cannot compete, he asserted, declaring that there has been a complete demoralization of the domestic industry as a result.

In *The People's Press*, official organ of the United Electrical and Radio Workers and other C.I.O. unions, an article appearing at the same time was headed "\$400,000 Says It's No Monopoly." It referred to a war-chest of that amount set up by the Aluminum Corporation of America, the only producer of the raw material of the aluminum industry in America, as a "goodwill" fund to convince the gullible that it is no monopoly in the face of the government's anti-trust suit. Then it quoted the first advertisement of the campaign:

"You'd think others beside ourselves would reduce aluminum from its ores. There is a plentiful sup-

ply of ore and the process is well known to all. Others seemingly are unwilling to make the necessary investment to produce raw aluminum in this country to sell for twenty cents a pound."

Among other catches in the ad, the union organ points out, is that "in spite of the 'plentiful supply of ore,' the A. C. of A. has cornered all the high grade deposits in North and South America, giving the A. C. of A. several cents edge on the lowest price any possible competitor could attain."

Labor in the aluminum industry ought to study the implications of the facts about raw aluminum. Then it might choose spokesmen who would understand that it is the absolute monopoly of the richer bauxite deposits by the primary producer which, among other evils, prevents the foil branch of the industry from competing with Swiss producers, rather than those who would cure one monopolistic situation by entrenching another which the first has bred.

See: "Protection or Free Trade," pp. 267-269.

THE WISDOM OF MAN

What a blessing 'twould be if in
New Year's glint
We could find the secret, or even
a hint,
Of the source of the blindness ruling
the earth,
Keeping men poor and wretched
from birth!

A small voice tells me the Wisdom
of Man
Has thwarted the working of God's
own plan!

—Stephen Bell.

NEWS OF THE CRUSADE AGAINST ECONOMIC ILLITERACY

Edited by Madeline Swarte

New York Commencement Packs Hall as 650 Get Certificates

NEW YORK—The Engineering Auditorium, 29 West 39th Street here, was packed to capacity the evening of Dec. 13 for annual commencement exercises of the Henry George School of Social Science. More than 900 persons attended, of whom the majority represented the 650 students who had just completed courses in fundamental economics and social philosophy in the metropolitan classes of the school.

Eckert Speaks

Representative Charles R. Eckert of Pennsylvania, the principal speaker, himself an instructor of the school, pointed out that the celebration was being duplicated in 110 cities throughout the country in which the School maintains extensions and declared that the success of the institution as a device for mass education, typified in these gatherings, was an augury of success for the cause to which the School is dedicated.

"This celebration is a duplicate of others all over the country," he said.

"Greatest Step"

"I have been a student of the Georgist movement for the past forty years and I am satisfied that this is the greatest step yet taken to correct the social problems with whom we are confronted. The message of Henry George cannot be other than a stimulation to higher and better things. It has made a profound impression upon the economic thought of the world."

Other speakers were Dr. Henry George III of Wilmington, Del., Stephen Bell of Clifton, N. J., and Colonel Victor A. Rule of Chicago.

Mrs. Anna George de Mille, beloved daughter of Henry George and president of the School board, welcomed the gathering. The Rev. George Duff, pastor of the Riverdale Presbyterian Church, gave the invocation. Lancaster M. Greene, member of the School board, presided.

For the graduating classes, two students, Dimitri Soussloff, an engineer, and R. Joseph Manfrini, head of the investment brokerage firm of Manfrini & Company, 50 Broad Street, spoke. Mr. Soussloff, who was born in Moscow, where his father was the American vice consul, and educated in Brussels and at Columbia College and Columbia University Engineering School, urged his fellow students to take part in the effort to bring the philosophy of Henry George from the drawing room to the masses. Mr. Manfrini, who is known as the writer of an outstanding bond letter and of financial articles, said that he had reached the conclusion after taking the School's course that it would free the minds of the intelligent.

Following the exercises there was an informal reception and dancing in an adjacent ballroom. The program was arranged by a committee designated by Sidney Tobias as president of the New York Chapter of the Henry George Fellowship, headed by Miss Claudia Pearlman, aided by Frank Chodorov, director of the School, and Miss Teresa McCarthy, secretary. The reception was arranged by Dr. S. A. Schneidman.

Wire Greetings

Abe Waldauer, City Solicitor of Memphis, Tenn., sent a telegram of greeting to the graduates, expressing regret that an unexpected injunction suit involving the State Election Commission of which he is president, prevented him from delivering his scheduled address. Governor Herbert H. Lehman of New York sent a telegram expressing regret that official engagements at Albany prevented his attendance and said:

"May I ask you to convey to the members of the graduating class my hearty greetings and good wishes? I hope they will meet with full measure of success and attain satisfaction and contentment in their work."

Cincinnati Graduates 50

CINCINNATI, O.—A commencement dinner was given for six classes of the Cincinnati extension of the Henry George School of Social Science at the University YMCA Dec. 14. The Rev. Louis G. Hoeck, dean of the Cincinnati faculty, delivered the commencement address. Fifty certificates were presented.

Harry E. Kuck spoke on "The School—Past, Present and Future." Ed F. Alexander was toastmaster and Charles G. Merrell chairman. Class representatives spoke. The Rev. Mr. Hoeck will retire from active teaching at the end of this term and will be succeeded by Mr. Alexander, another veteran Georgist.

Six classes in fundamental economics and social philosophy and one in international trade will open the week of Jan. 17.

28 End Albany Course

ALBANY, N. Y.—Gilbert M. Tucker, author of "The Path to Prosperity" and instructor of the Henry George School of Social Science here, presented certificates to twenty-eight members of his local class at commencement exercises.

Chicago Graduates 85

CHICAGO—A commencement dinner was given for eighty-five students of the Chicago extension of the Henry George School of Social Science in the Men's Grill of Mandel's Department Store Dec. 15. Certificates were presented at the dinner.

'McGlynn' Sells Fast

NEW YORK—More than half of the first printing of "Rebel, Priest and Prophet: The Biography of the Rev. Dr. Edward McGlynn" by Stephen Bell, economist, an editor of Commerce and Finance and instructor at national headquarters of the Henry George School of Social Science, has already been sold, only a few weeks after the publication date.

The book has been received with acclaim by both the religious and the lay press. The Churchman, leading Protestant journal, said: "The story of McGlynn ought to be widely known because of his honest daring, his emphasis on social justice and his influence in giving a social outlook to American Christianity." The Commonwealth, liberal Catholic weekly, in a review by the Rev. Dr. J. Elliott Ross, distinguished Catholic sociologist, declared: "No library can afford to be without it." The only attack came from the Jesuit weekly, America, which, however, printed a reply by H. Ellenoff of The Freeman staff.

More than 100 copies were purchased by readers of Land and Freedom, international Georgist organ.

53 in Rochester Classes

ROCHESTER, N. Y.—Sixty-five persons responded to an invitation from William W. Newcomb, author and lecturer, to attend the opening session of the first class of the Henry George School of Social Science here, as the result of a mailing of 1,000 triple-postcard announcements, an unusually high response. Fifty-three registered. The group was split up into several classes.

Path to Prosperity—by Gilbert M. Tucker, One Dollar, postpaid.—The School.

Beaver, Pa., Commencement

BEAVER, PA.—Representatives Herbert S. Bigelow of Cincinnati and Charles R. Eckert of Pennsylvania made stirring addresses at the commencement exercises of the Beaver extension of the Henry George School of Social Science at which certificates were awarded to twenty-one students. Fifty-one persons attended the commencement dinner at Spencer House, Ohioview, Dec. 4. Eight students will be graduated from the Rochester Pa., extension.

118 at Philadelphia's Sixth Commencement Hear Noted Georgist Leaders; New Classes Planned

PHILADELPHIA—One hundred and eighteen persons attended the sixth commencement dinner of the Philadelphia extension of the Henry George School of Social Science Dec. 11. Julian P. Hickok, extension secretary, presented certificates to those who had completed the course and related plans for new classes for the Spring term. Henry W. Hetzel of the Philadelphia faculty was toastmaster.

Dr. Henry George III of Wilmington, Del., editorial counselor of *The Freeman*, Mrs. Anna George de Mille, president of the school's board, Frank Chodorow, director, Dr. Walter Mendelson of Germantown, Pa., and Stephen Bell, author of "Rebel, Priest and Prophet: The Biography of Dr. Edward McGlynn," addressed the dinner.

Dr. George, speaking on "A Lesson

from Nature," drew an analogy between the scientific approach to economics and the methods used in the field of physiology. Mr. Chodorow stressing "The Mechanics of Idealism," described the methods used in developing and conducting the school's correspondence course and declared that the results thus far show the need for working out practical mechanisms for promoting the school's aims.

Mrs. de Mille welcomed the graduating students into the ranks of the Georgist movement. Dr. Mendelson related some of his personal contacts with his friend, Henry George. Mr. Bell sketched the life of the great priest-reformer and read Dr. McGlynn's famous oration at George's funeral.

Milk River Gives Carnival

MILK RIVER, ALTA.—A carnival was given by J. B. Ellert and his associates in the Milk River extension of the Henry George School of Social Science in this farming community, haven of the local application of the principle of the socialization of rent. Dec. 2, to raise funds for broadcasts, lectures and other media by which the classes are advertised. An advanced course is planned here, with basic courses scheduled at Taber and Allerton.

Hartford Elects Hillman

HARTFORD, CONN.—Nathan Hillman, president of the Federated Chapters of the Henry George Fellowship, was named head of the first organized chapter of the fellowship in the State on its foundation here Dec. 6. V. J. Byron was elected treasurer and Rosemary Looser, secretary.

The members were drawn from the first two classes here, of which Mr. Hillman was the instructor. The chapter organized a training class Dec. 8, and set five classes in January as its goal. The Hartford Board of Education will sponsor one class in fundamental economics as part of its adult educational program. Instructed by Mr. Hillman, it will begin Jan. 13 at Hartford High School.

Ellert at Omaha

OMAHA, NEB.—J. B. Ellert of Milk River, Alberta, told how the socialization of rent is working out in "the only 100 percent Henry George town in the world," in an address before the Omaha extension of the Henry George School of Social Science at the Hotel Paxton.

Mr. Ellert said that by removing taxes from improvements and putting them on all land values the Canadian Pacific Railroad was obliged to sell its unimproved tracts which it had been holding for speculation. One result, he said, has been that people on relief have been encouraged to take small tracts and make them productive.

Greene at Riverdale

NEW YORK—Lancaster M. Greene, trustee of the Henry George School of Social Science, discussed the problem of poverty in an address before the Men's Discussion Group of the Riverdale Presbyterian Church, meeting in the church here. Interest in the Social was kindled and a class may develop.

Colbron at Forest Hills

NEW YORK—Grace Isabel Colbron, Georgist writer, discussed ethical aspects of economics from the viewpoint of the philosophy of Henry George in an address before the Jewish Center of Forest Hills West. About 50 persons were present.

Denbigh at Newark

NEWARK, N. J.—Miss Helen D. Denbigh, leader in education and an instructor at national headquarters of the Henry George School of Social Science, discussed the evolution of the Henry George Fellowship, founded by Oscar H. Geiger, founder of the School, in an address before the Newark chapter Dec. 6.

New Extension in New Britain

NEW BRITAIN, CONN.—Samuel Laferty of New Britain, who was a member of Nathan Hillman's class in the Hartford extension of the Henry George School, will start an extension class here in January. He is a member of the editorial staff of *The New Britain Herald*.

Uses Wage Theory

CHICKASHAW, OKLA.—The Oklahoma College for Women is using forty copies of "The American Life in Literature," edited by Jay E. Hubbell, and published by Harpers, in the current school year. Included in the book, with a good introduction, is Book I, Chapter 4 of Henry George's "Progress and Poverty," which exposes the fallacies of the wage-fund theory and sets forth George's original contribution to the theory of wages.

50 Classes in New York

NEW YORK—Seventeen classes in fundamental economics and social philosophy will open at national headquarters of the Henry George School of Social Science the week of Jan. 17. Miss Teresa McCarthy, secretary of the school, reported. In addition, there will be thirty extension classes in New York, and classes in the principles of international trade at headquarters on Monday, Tuesday, Wednesday and Thursday as well as teachers training classes.

H. G. F. Names Forkosch

NEW YORK—Morris D. Forkosch was elected president of the New York chapter of the Henry George Fellowship at the annual election Dec. 2. Dr. S. A. Schneidman and Earl Jones were named vice presidents, Jack Raskin, recording secretary, Miss Hilda Giddens, corresponding secretary and John Munson, treasurer.

8 New Boston Classes

BOSTON, MASS.—The winter term of the Henry George School of Social Science here will start Jan. 17 with six classes in fundamental economics, one in international trade and one teacher's training class. Miss Gertrude Block announced on behalf of the Boston Chapter of the Henry George Fellowship. The first teachers' training class, under the direction of John S. Codman, veteran Georgist, has been meeting faithfully every Friday evening at the home of Mr. and Mrs. Louis Marshall, graduates of one of last year's classes. Six classes completed courses in December.

Tokyo U. Requires "P. & P."

NEW YORK—T. Igarashi of the Imperial Bank of Japan, a visitor at national headquarters of the Henry George School of Social Science recently, reported that Henry George's classic, "Progress and Poverty," is required reading for all first year students at Tokyo Imperial University. Mr. Igarashi, an officer of the Tokyo bank, is in the United States studying the finance policy of this country.

Club Asked to Study

NEW YORK—Members of the Women's Club of Setauket, L. I., have been invited to enroll for the correspondence course in fundamental economics given by the Henry George School of Social Science, by Mrs. Elizabeth Baylos, one of its members who took the classroom course under Lancaster M. Greene.

Girls Study George

ST. LOUIS, MO.—A supply of the lessons of the correspondence course of the Henry George School of Social Science has been received by Miss Evelyn Gutjahr, secretary of Sigma Pi Epsilon, a group of young women interested in civic and economic problems. Miss Gutjahr had informed national headquarters of the School of the group's interest.

150 End Pittsburgh Courses

PITTSBURGH—Peter Witt, associate of Mayor Tom L. Johnson in Cleveland's historic administrations, was the principal speaker at the commencement exercises of the Pittsburgh extension of the Henry George School of Social Science, held Dec. 21 at the Y.M.C.A., here for a class of 150 students.

With the commencement, the number of graduates and friends of the School in Pittsburgh was increased to about 1,000. Neighborhood committees have been set up to place a class in each locality. Fourteen neighborhood chairmen are working under a central committee composed of George E. Evans, president of the Henry George Foundation of America, Percy R. Williams, executive secretary of the foundation, Robert C. Bowers and Richard E. Howe, extension secretary.

The day before the commencement former Commissioner Witt addressed the Community Forum at Schenley High School and the radio audience of Station WWSW on "The Program of Henry George—American Idea, Pittsburgh Practice." Mayor Cornelius D. Scully, member of the board of the foundation, presided.

Stockwells Praised in Essay

MINNEAPOLIS—State Representative S. A. Stockwell and Mrs. Maud Stockwell, Georgists, are the subjects of a eulogistic portrait, "The Stockwells of Minneapolis," by Dorothy Walton Binder which won second prize in The New Republic's "Little Known Fighters for Civil Liberties" essay contest. The essay was published Dec. 22.

Writes on Slums

DETROIT—A. Laurence Smith, who presided over the recent Henry George Congress here, is the author of a pamphlet, "Slum Baloney: A letter about housing," which shows how slums can be cleared by an aroused people if the profits are taken out of land gambling. Copies can be obtained for five cents each, forty for \$1, from Mr. Smith, 2,460 East Grand Boulevard, Detroit, Mich.

Los Angeles Gets Quarters

LOS ANGELES—The Los Angeles extension of the Henry George School of Social Science has established a permanent headquarters at 304 South Broadway to keep up with its rapid expansion. Harry H. Ferrell, extension secretary, is in charge.

Codman Student Scores

BOSTON, MASS.—A graduate of the class in fundamental economics of the Henry George School of Social Science here, conducted by John S. Codman, which closed in May, presented an interesting exposition of Georgist theory in the People's Forum of The Boston Traveler in reply to a non-Georgist Boston resident who misrepresented it. The student, L. H. M. of Brighton, was unacquainted with George previously.

Group Indexing Classic

NEW YORK—An indexing committee at national headquarters of the Henry George School of Social Science, under the chairmanship of Miss Teresa McCarthy, is preparing an index to "Progress and Poverty" as an aid for students of Henry George's classic. Its members are Henry Mack, Lillian Meehan, Jerome Berliner, Leo Le Gault and Stella Stockvel. The committee invites those who have previously worked on such an index to communicate with it, so that previous material may be incorporated.

To Enlighten Cooperators

NEW YORK—Oscar Cooley, editor of the weekly Cooperative Builder published by the Cooperative Publishing Assn., Superior, Wisconsin, has asked the Henry George School of Social Science to submit an article on the ideas of Henry George, to show "wherein a development of the cooperative idea leads one to an inquiry into the philosophy of Henry George." It is hoped to have an article ready for publication by January.

New Transvaal Class

TRANSVAAL, SOUTH AFRICA—A class in fundamental economics is being arranged in Rustenberg, seventy miles from here, as a result of the work done by Frank A. J. Vandraau of Craighill with a group that completed the basic course of the Henry George School of Social Science with an attendance of practically 100%. One new class under Mr. Vandraau, and possibly two, will be started as soon as plans for the new term are completed.

Waldauer Aids Historians

NEW YORK—Valuable source material on the Henry George movement going back for nearly fifty years, in the form of clippings from the scrap book of Malcolm McDowell has been received by the Henry George School of Social Science from Abe D. Waldauer, Georgist, city solicitor of Memphis, Tenn. The School has archives of similar material which is far from complete. The new material will be added to the files.

Study George in Peru

LIMA, PERU—Walter E. Wolff and three other students of economics of the University of Chicago, who are spending a year here studying South American life and enjoying a respite from academic routine, enrolled as correspondence students of the Henry George School of Social Science. They had a copy of "Progress and Poverty" with them and saw the school's advertisement in Time Magazine.

Lavery at Mitchell, S. D.

MITCHELL, S. D.—Dr. Charles J. Lavery of Aberdeen represented the Loyal Order of Moose at the Second South Dakota Conference for Progressive Legislation here and took an active part in the deliberations as an advocate of the Georgist proposals.

Fairchild on Radio

NEW YORK—Declaring that if private industry were given the same aids and exemptions which the Federal housing act gives to the government, private industry could and would build houses, Walter Fairchild, president of the Torrens Title League, proposed that residential buildings be exempted from taxation and the value of the site only be taxed for the support of the municipal government, in a radio address over Station WINS recently, under the sponsorship of the City-Wide Tenants' Council.

Snyder at Hudson, N. Y.

HUDSON, N. Y.—Willis A. Snyder, veteran Georgist, addressed the Women's Republican Club of Greene County recently on "Incentive vs. Punitive Taxation." Mr. Snyder, an instructor of the Henry George School of Social Science here, was received with keen interest by the socialization.

McNair at New Wilmington

NEW WILMINGTON, PA.—Former Mayor William N. McNair of Pittsburgh discussed economic aspects of current problems in the principal address at the New Wilmington Rotary Club's ninth annual "buckwheat cake rodeo" here. Mr. McNair, noted as an after-dinner speaker, explained the origin of economic rent, how it was being privately appropriated and the scientific principles involved in its socialization.

East Bay Graduates 50

OAKLAND, CALIF.—The East Bay Chapter of the Henry George Fellowship gave a commencement dinner Dec. 13 for fifty students who completed the course in fundamental economics in the Oakland and Berkeley extensions of the Henry George School of Social Science, at the Oakland YMCA.

Approach Australian Labor

ADELAIDE, AUSTRALIA—The Henry George League of South Australia has voted to start a campaign to expound the principles of Henry George's philosophy in new fields and to approach the Workers Educational Association with a proposal to start a Henry George School class in fundamental economics under their auspices. A. S. Bayly, leader of the study circle, reports that class attendance is good and interest undiminished.

NEW ROSTER NEXT MONTH

The roster of classes of the Henry George School of Social Science is being corrected to include classes beginning the week of Jan. 17. Publication of the roster will be resumed next month.

President Roosevelt has called upon

State and local authorities, vested with power to deal adequately with the "serious problems" of urban land policy, through his National Resources Committee, to consider this recommendation:

"State and local authorities should consider the reduction of the rate of taxation on buildings and the corresponding increase of such rates on land, in order to lower the tax burden on home-owners and the occupants of low-rent houses, and to stimulate rehabilitation of blighted areas."

IF YOU ARE CALLED

to a federal, state or local hearing, and were asked to submit a definite plan for the socialization of the economic rent of residential, commercial and industrial sites, agricultural land and timber, mineral and other resource land, what would you say? How would you advise going about it? What procedure would you advocate?

ONE HUNDRED DOLLARS

For Your Plan

A reader of *The Freeman* wants to have such a program and offers ONE HUNDRED DOLLARS (\$100) in cash as a prize for the best submitted.

If you are called to such a hearing, you will present, of course, a memorandum in which your views will be digested. To take part in this contest, all you will have to do is write an essay of not over fifteen hundred words (1,500) telling the authority why you favor this proposal, what social and economic effects can be expected to result from its institution, and how you would go about installing it.

HERE IS YOUR CHANCE

to make a valuable contribution to Georgist thought—to demonstrate the practicality of our philosophy—to show the application of our scientific knowledge to concrete situations—to show how this fundamental reform can be applied in our complex industrial system without shock or disturbance, and under our form of government.

The need of such a definite statement of procedure has long been recognized. It had not been met for the obvious reason that there has been no immediate call for such a plan. Education in economics and social philosophy must for some time take precedence over consideration of methods and means.

But more and more, as this forthright action of our Federal government shows, the people of this country are awakening to the necessity of formulating a sound land policy and now at last the issue has been raised. Some day, any day in our fast-changing socio-political panorama, the call may come to YOU, as one who has already studied these problems, to "show us." Now, then, is the time to respond to the call of our President, his cabinet members, the leaders in business and science who composed the committee and the experts who aided it and to show how to install our program, to prove its efficacy by facts and figures, to demonstrate its feasibility, its potentialities for our national economy and for our social order.

YOUR PLAN IS WANTED

Every student of Henry George should contribute his thought upon the subject—regardless of the contest and the One Hundred Dollar Prize. Your chance to clarify ideas upon the subject is, we know, more important to you than your chance of winning the cash prize.

Aside from the contest as described and the length—we repeat, not over 1,500 words—and that your paper must be in our office by April 1, 1938—there are no rules. Present your material and your opinions in the form and language which seems to you most convincing. Write on one side of the paper only. Double or triple space if you use a typewriter; leave space between the lines if you use a pen. Remember you are writing to a public authority—practical politicians who want to be "shown."

PUBLISHING THE PAPERS

The *Freeman* reserves the right to publish your article. Whether it wins the prize or not. Perhaps the various plans submitted will be of such quality, and so informative, as to warrant publication in book form. The practicality of Georgism should be presented as a lecture course in our classrooms.

The decision of the judges must, of necessity, be final—as far as the contest is concerned. But publication of the papers submitted will give the various plans submitted the benefit of a larger jury, with perhaps a different verdict.

The judges—who will be guided by (1) practicality of the plan (2) logic of presentation (3) literary merit—and in that order—will be:

Congressman Charles R. Eckert, Dr. Harry Gunnison Brown, Dr. George Raymond Geiger, Joseph Dana Miller, Lancaster M. Greene, Frank Chodorov and Will Lissner.