

Subscription 50¢ a year

Single copies 10¢

CONTENTS

	<u>Page</u>
Free (?) Enterprise	2
Serious Retrogression in British Columbia	3
A Good Resolution	4
Social Credit in Alberta -- Ernest J. Farmer	5
Agricultural Ownership -- Mildred Jensen Loomis	9
Transferable Vote Needed	10
Who Done It? -- Fred Pease	11
Mary and her Landlord -- John Thompson	12

--oo00oo--

"The truth that I have tried to make clear", says George, "will not find easy acceptance. If that could be, it would never have been obscured. But it will find friends -- those who will toil for it; if need be, die for it."

He knew that when men get the crook out of their backs, the hinges out of their knees, and the cringes out of their souls, then they are free. Slaves place in the hands of tyrants all the power tyrants possess. -- Alan J. Wilson, in "Henry George, Apostle of Freedom", Cleveland Plain Dealer, Oct. 24-5-6, 1947. Reprinted by the Henry George School of Social Science.

The legitimate object of government is to do for a community of people whatever they need to have done, but cannot do at all, or cannot so well do for themselves in their separate and individual capacities. .. In all that the people can individually do as well for themselves, Government ought not to interfere. -- Abraham Lincoln.

THE SQUARE DEAL

Authorized as second class mail
Post Office Department, Ottawa.

Published bi-monthly by the Henry George Society
Ernest J. Farmer, Editor.

Temporary Addresses:

THE HENRY GEORGE SOCIETY, 17 King George Drive, Toronto.
THE SQUARE DEAL, 48 Fulton Ave., Toronto 6 Ont.

FREE (?) ENTERPRISE

In THE SQUARE DEAL for May-June quotations were made from an article, "But 'Free Enterprise' Is Not Really Free" by David Peddie, in Toronto Saturday Night of May 1. This prompted Mr. John S. Codman of Boston to send reprints of three articles by himself published in the August numbers 1945-6-7 of the Wholesale Grocer News. In the first of these, "Shall We Choose Privilege or Free Enterprise?" (Aug. '45) Mr Codman says: --

"Throughout our history we have been cursed with periodic devastating business depressions and financial panics accompanied by a vast amount of unemployment. Can we truly say that because these troubles arose under a system of free enterprise that free enterprise is therefore a failure and must be abandoned? Is it not more nearly accurate to say that under our institutions and laws, free enterprise has never been permitted to function?

We never have had really free enterprise. From our earliest days there have been legal restrictions on industry which have made free enterprise impossible!"

As the three major restrictions on industry Mr. Codman lists: (1) taxation (2) land speculation, which holds valuable land out of use and (3) the high price charged for industrial land, which often leaves the industrialist with insufficient capital for the carrying on of his business. All three of these, he shows, are the result of the granting of a privilege, the exclusive tenure of a site, for inadequate compensation; and he says: "When we are prepared to demand full payment for privilege we can have free enterprise. Until then it will remain a dream, and the drift to state socialism will continue with ever increasing speed."

There must be on this continent a good number of intelligent men who have been thinking along similar lines -- far too few though they be, in proportion to the number of the unthinking. Superior to those who have put their ideas into readable and convincing form and placed them before the public.

--oo00oo--

I believe that had we gone back to the old system of free trade and free enterprise after the first world war, the development of the internal combustion engine and the other productive inventions of the time would have resulted in an increase of prosperity such as the world has never known. I believe that as a result of this prosperity, the last great war need never have occurred. -- George Winder, in an address; quoted in The Standard (Sydney) Nov. '47

SERIOUS RETROGRESSION IN BRITISH COLUMBIA

The bad news of the past two months, from the Canadian viewpoint at least, is that the Government of British Columbia has imposed a three per cent provincial sales tax, ostensibly to provide for social services. Mr. H. H. Hollins of Victoria writes: The Union of B. C. Municipalities and other interests campaigned against 'the burden on land'. A booklet has been mailed to all householders claiming that 'industry' will pay most of this tax, and that the consumer will scarcely know that there is a tax... .. Reverted land sold by the City of Victoria has reportedly been resold at from two to ten times the price then paid. . The popular opinion seems to be that the sales tax will put the present government out of office and the C. C. F. in at the next election. It will be a protest vote and collectivism will be in the saddle."

During May and June British Columbia suffered severely from floods. Bridges were washed out, crops destroyed, orchard trees killed, furnishings and stocks of goods damaged and many houses so undermined that repair is impossible and they will have to be rebuilt, at a time when housing and materials are in short supply. In this emergency the people acted with energy and courage amounting in many cases to heroism, while there was much hardship, loss of life was kept to a minimum. But in the long run this reactionary tax move will prove to be a much worse disaster than the floods. It has previously been shown in THE SQUARE DEAL that under ordinary conditions taxing labor products instead of land checks production to the extent of from five to fifteen times the amount of the tax levied. At a rough estimate, this tax will yield something over \$10 million a year, of which over \$4 million would otherwise be levied upon land. The result will be to intensify the speculative land boom already under way, and thus to precipitate, intensify and prolong the coming depression (which will probably begin in British Columbia, so far as Canada is concerned.) It is probable that in another half-dozen years, when production has already seriously fallen off, that production in British Columbia will be lowered by this one evil move by \$50 or more annually, more in each year than the highest estimate put upon the flood damage.

Unhappily, very little of the energy shown in combatting floods has been shown in the face of the greater but less obvious menace. Should the C. C. F. come into power at the next election, it is still unlikely that the tax will be abolished. It took the C.C.F. Government in Saskatchewan, at a time of remarkably buoyant revenues, more than three years to get rid of the sales tax on a minority of the commodities taxed, and the British Columbia wing of the C. C. F. has shown itself much more tory-minded than that of Saskatchewan.

A GOOD RESOLUTION

A few weeks ago Mr. H. J. Hollins submitted the following resolution to a committee of the Liberal Association (Federal) of Oak Bay, B. C.:

WHEREAS a high standard of living in Canada depends on sustained and increased production by the industry and enterprise of all citizens;

AND WHEREAS it is agreed that the entry of desirable immigrants into Canada should add to the national wealth and income;

AND WHEREAS the chief objection to such immigration is based on the fear of competition for available jobs;

THEREFORE BE IT RESOLVED that every facility be afforded to present and future citizens for pioneering and self-employment upon the land and natural resources by the removal of all possible financial burdens upon industry,, and that Provincial governments be urged to impose adequate taxation upon the value of all privately held land and natural resources to ensure their fullest and best use for the national good.

The Chairman of the committee ruled the resolution out of order as pertaining to a Provincial rather than a Federal matter. It would have been more in accordance with democratic principles for him to mention any possible technical objection to the form of the resolution and then let it come to possible amendment and a vote.

The resolution as it stands is a good one. The Dominion Government has a perfect right to make any recommendations which may be for the good of the people to any or all Provincial Governments. It also has a right to notify Provincial Governments that if they do not make adequate use of their power to tax land that it will use its own powers in that respect.

Indeed, there is no move the Dominion Government could make more effective in the general interest than that of imposing a Dominion tax on the full site value of all land privately held. Such a tax would require a valuation: this valuation would be free from the local influences which make many of our municipal assessment rolls models of iniquity. It would save the municipalities a large part of the expense of collecting local taxes, and do something towards correcting the evils of our municipal assessment acts, so much worse in practice than they are on paper.

SOCIAL CREDIT IN ALBERTA

Ernest J. Farmer

The best study of the Social Credit movement in Alberta to date appeared, curiously enough, in an Australian periodical, The People's Advocate, in November '47. The Editor of the Advocate (Mr. E. J. Craigie) wrote some time ago to the Alberta Premier requesting certain public documents containing information as to how the Government's plans were working out, but instead of the requested information received only a lot of propaganda matter. He turned to Ottawa and was able to procure fairly comprehensive information from a member of the Senate. On this is founded an excellent article, which to reproduce in full would require almost a whole number of THE SQUARE DEAL.

The Advocate says: "The main factors responsible for the swing in 1935 were (1) the rapid decline in the Provincial income owing to the low prices then ruling for primary products; (2) the burden of private and public debts and the high interest rates; (3) the large number of people unemployed owing to the depression period; and (4) the increasing cost of government with additional taxation burdens.....At this time of crisis a lifelong school teacher, Mr. William Aberhart... expounded the new economic doctrine of Social Credit....His alluring theory was this: 'You want to eat, don't you? And you can't eat because you have no money, and you can't have money if you cannot find work. Elect a Social Credit Government and I will undertake to pay you \$25 a month whether you work or not.' Although this statement was subsequently denied the fact remains that on page three of 'The Yellow Pamphlet', entitled 'The Douglas System of Economics', one of the first publications by Mr. Aberhart, it is therein stated: 'Basic dividends should be \$25 a month for every bona-fide citizen, male or female, 18 years or more. Children of bona-fide citizens, 16 years old, will receive \$10 a month, and those 17 years old \$15 a month.'"

The Social Credit Government promised recall legislation, so that the people could change back if not satisfied; and in 1936 a Recall Act was actually passed. The electors of Okotoks-High River, Mr. Aberhart's own constituency, soon filed a Recall petition under the Act, presenting it with the required \$200 deposit on Sept. 21, 1937. Two weeks later, however, the Recall Act was repealed, the repeal being made retroactive to April 3, 1936 so that the petition was nullified. The Government however retained the \$200.

The \$25 Social Dividend never materialized. Experts brought from London pronounced it impossible until the Social Credit Party had control of the banking system, a control attainable only through

control of the Federal Government. Another Social Credit principle proved similarly impracticable. The Advocate says: "Social Creditors in Alberta have frequently asserted that taxation is not necessary and is not collected under the Social Credit policy. It is claimed that all public works can be financed by that mythical thing called 'costless credit'".

Figures are then given to show that taxation in Alberta increased from \$6.32 per capita in 1935 to \$17.09 in 1946; that revenue from 38 types of licenses and 76 kinds of fees increased from \$3,817-606.76 to \$8,886,194.48 during the same period; that total revenues increased from \$20.47 per capita to \$50.58 and expenditures from \$23.28 per capita to \$36.18. The Advocate continues:

"Several items of expenditure are worthy of special mention. The expenditure on education has been more than doubled since 1935, thus indicating a desire on the part of the Government to improve the educational standard of the people.

"The cost of General Government has also more than doubled, and this, no doubt, is due to the fact that there has been a big increase in the number of public servants, and more interference with private business by the establishments of numerous Boards to control industry. The number of public servants increased from 2,571 in 1935 to 5,430 in 1945 -- more than doubled.

"There is also a noticeable increase in the amount spent in connection with Public Welfare Institutions and Charitable Grants, the 1946 payments being nearly three times the amount paid in 1935. Judging by this line of expenditure the Social Credit policy has not improved the living standards of the people but has, apparently, made it necessary for an additional amount to be spent on charity."

The total debt of the Province was reduced during this period by \$20,322,000, and debt charges by over \$1,684,000; partly through an arrangement made with creditors for a reduction in principal and interest rates, but partly through excess of revenue over expenditure.

The Alberta Government soon opened Government offices for fire and life insurance. This venture seems to have been more successful than most Socialistic ventures. The insurance is on a sound actuarial basis, and the Government claims a total saving to the people -- mainly through consequent lowering of rates by private companies -- of over two million dollars.

In August 1937 the Government passed "The Credit of Alberta Regulation Act." This extreme measure, which would practically have compelled banks to grant credit at the behest of Government officials, was disallowed by the Dominion Government. To carry out its Social Credit policy as well as it could under Provincial powers, the Government established a complicated Treasury Branch

system, described by the Advocate as follows:

"A system of bookkeeping was devised, and in the first place provision was made for those who wished to deposit money, withdraw money, or to transfer money to another person. This was a simple deposit and withdrawal service. Facilities were provided for those who wished to co-operate in establishing a new system of exchanging goods and services by merely transferring claims to them from one account to another account in the books of the Provincial Treasury. These people deposited money in the first instance. Against these deposits they issued transfers of claims of goods to other depositors having accounts with the Treasury Branch only. These transfer vouchers were non-negotiable, and were deposited by the recipient to the credit of his account, and he in return could transfer them by the same means to another person with a Treasury Branch account from whom he had received goods and services. The original deposit of money remained immobilized as a reserve to meet all demands for cash in respect of transactions with persons not having accounts with the Treasury Branches.

"As a means of providing an inducement for persons to use transfer vouchers, a bonus of 3 per cent was paid to all ultimate consumers of goods obtained from the co-operating retail merchants for transfer vouchers, provided that at least one-third of such purchases were goods made in Alberta.

"At a later period modifications were made in the Treasury Branch programme as under: --

"(a) All transfer voucher balances became cash balances in order to permit depositors the utmost freedom of action in regard to the changes.

"(b) In lieu of voucher balances which could be converted into cash, the claims on goods or services transferred by means of vouchers -- known as 'trade claims' -- were not convertible except in the case of merchants, wholesale houses and manufacturers accepting trade claims -- provision being made to meet their requirements for cash in order to obtain stocks which could not be obtained for trade claims.

"(c) The goods of these manufacturers accepting trade claims were designated 'trade-marked goods' and ultimate consumers had a 5 per cent bonus on the goods obtained from co-operating retail stores for trade claims, provided 50 per cent were 'trade-marked goods'.

"(d) Until the arrangements for this modification were made, as a temporary measure a special bonus of $2\frac{1}{2}$ per cent was allowed on all goods up to a maximum of \$100 in any month, obtained by consumers from co-operating retail merchants for trade claims.

"The Treasury Branches also provided additional facilities for savings accounts and the granting of loans on suitable security in addition to such services as the collection of drafts, the transfer of funds, fire and life insurance, etc."

It is easily seen that from the time that the "transfer voucher" balances became cash balances the business of the Treasury Branches has been ordinary banking business. These branches ran up deficits totalling over \$2 million up to March 31, 1945, but showed a surplus of \$65,297.57 for the following year.

The least successful venture of the Government was a kind of parody or caricature of the stamped money advocated by Silvio Gesell. A limited quantity of vouchers were issued, receivable for Provincial taxes, but requiring validation by the attachment of stamps, at the rate of 1% weekly, so that the vouchers would liquidate themselves in two years. (Gesell's proposal was for the stamping of money at a rate of $\frac{1}{2}$ per cent monthly or less, to make hoarding disadvantageous.) These vouchers were popularly dubbed "funny money", which term was also applied at times to the transfer voucher balances. The members of the Legislature from the first refused to accept them as part of their sessional indemnities; certain classes of public servants were compelled to accept them in part in payment of salaries, but their extreme unpopularity led to their early abandonment.

The Social Credit party has failed totally to recognise the fact that there is only one social credit fund -- the value of land titles, together with any other monopoly (such as that of radio wave lengths) which it may be necessary or expedient to grant. Using this value for public purposes would indeed make taxation unnecessary -- this social value would be distributed in necessary services and amenities. In time the natural tendency of land rental to increase in proportion to total production might lead to a social dividend in cash. To a slight extent the Dominion Government children's allowances conform with this principle. A considerable proportion of the funds used for this purpose are raised through income taxes; these rest most heavily upon the larger incomes, and these in turn derive mainly from land titles, to some extent from other forms of monopoly. The method however is extremely clumsy and unscientific.

The Social Credit Government has been so far from recognizing this principle that in order to hold power it enlisted the support of the privileged classes. It abolished the Provincial land tax, which had been bringing in a revenue even in times of depression of over a million dollars a year. It even attempted to compel villages to tax improvements on the same basis as land. This last move was defeated by an extremely vigorous campaign waged largely by the people of Milk River, who had greatly benefited by being able to exempt all improvements from local taxation.

A highly intelligent Alberta farm wife (a university graduate) summed up the present situation about as follows: "The people did not really take much stock in the talk about \$25 a month. But conditions on the farms were bad; there was much distress selling; heavy

steers which at present would bring \$200 were sold for as little as \$7. Neither of the old parties seemed to be willing to make any effort to improve matters, and the people felt like taking a chance on Aberhart. Once in power, the Socreds gave the people tolerably good government of the kind they were used to, times were better and the people fairly contented. Any time things change for the worse, the people will be ready for another change."

AGRICULTURAL OWNERSHIP

The Decentralist concept of land-tenure holds that only use and possession is the proper basis of title to land. As long as you use it yourself it is in your possession and is called possession, as distinguished from the ownership of buildings, crops, machines and other labor products.

Our present law-supported mistaken system of land tenure has resulted in rising tenancy and centralization of the ownership of land. According to the 1940 U. S. census, this concentration of land-holding results in a total of 6,096,799 farms, with tenants and managers on 2,397,022 (39%) of them, with an additional 2,363,739 farms mortgaged for a total of over six and a half billion dollars

The size of holdings has also become unbalanced. Less than 5% of all farms constituted over 61% of the total farm area -- with these farms ranging above 500 and 1000 acres in each. While 56% of all the farms range from ten to 100 acres in size and constitute only 5.2% of all the immense area (1,004,000,000 acres) of farm land in our country. Possession of land (resting on justice) rather than ownership of land would decentralize land use.

In a Decentralist community, all public revenue would be locally determined and collected. Any quotas necessary for State and Federal use would be passed up to those units from local communities, by popular consent. Since community activity, increase in population, industrial opportunities and other non-individual action contributes to the value of land-sites, the land-site fund is the logical source of public revenue. In fact, community activity thus produces its own revenue. An annual levy, locally determined, on such a community-produced, land site-fund would be the major source of taxation, with possibly the addition of any excise or luxury tax which the local people wished. All taxation of buildings, machinery, equipment, personal property, sales and incomes could be dispensed with. -- Mildred Jensen Loomis, in "A Decentralist Program for Agriculture, The Interpreter (Route 3, Box 235, Brookville, Ohio). Copies of this remarkably sensible article are obtainable from The Interpreter at 10¢ or 10 for 50¢.

TRANSFERABLE VOTE NEEDED

The elections in both Ontario and Saskatchewan resulted as a great many people had expected; both Governments were returned, but with considerably reduced majorities. In Ontario the Government is again distinctly a minority government.

In these Provinces, as in Canadian politics generally the need of the transferable vote is becoming increasingly evident. The Winnipeg Free Press remarked:--

"One other comment is in order on this phase of the Ontario election. It has demonstrated in striking fashion how necessary it is to adopt the transferable vote in single member constituencies. The most extreme cases of minority representation appear, largely in the seats won by the C. C. F. In the riding of Ontario, for example, the C. C. F. candidate won with 7,501 votes, against 7,340 for the Conservative and 5,723 for the Liberal. In East York 22,400 votes out of 51,972 elected a candidate. In North Essex 7,421 out of 20,372 did the trick. This sort of thing, in effect, amounts to a disfranchisement of a majority of the voters."

In Newfoundland a majority of those voting finally chose confederation as against independence. But how much time, trouble and expense would have been saved if they could have settled the matter by a single preferential ballot!

The objection most often made to the transferable vote is, that it makes too great demands upon the intelligence of the voter. Since a normal ten-year-old child can be taught in ten minutes or less to mark a preferential ballot correctly, this is obviously not the real objection. The objection which has actually made the adoption of the preferential ballot a slow process is, that it enables the will of the people to be made known more quickly, easily and accurately, and upon a greater variety of subjects than do cruder methods of voting. Many politicians object to the preferential ballot, as they do to all forms of direct legislation, because it makes it less easy for them to misrepresent the people.

--oo00oo--

At a coal operators' banquet in Pittsburgh, one speaker after another told his fellow-chiselers how well he was doing. Profits were going up like nobody's business, everything looked just grand. Finally a quiet fellow in the corner got up and said: "After all, it was the miners who dug out the coal. Don't you think we ought to do something to express our appreciation? There was a long pause. Then the chairman said: "I think the last speaker has the right idea. I will entertain a motion that we give three cheers for the miners" -- LaFollette's Magazine.

WHO DONE IT?

or

The Nigger in the Woodpile

Fred Pease

The author of a good detective story succeeds in concealing the identity of the guilty party all through the narrative. The innocent bystanders are placed in a position of suspicion; accused and made to stand trial. But everything is cleared up in the last chapter and we are surprised that we did not guess why the very prominent and distinguished members of society, whose virtues and good deeds were displayed, might be implicated in the murder.

Society is now engaged in a search for the guilty system or institution that prevents a more equal or equitable distribution of the vast amount of wealth produced under modern conditions. All must agree, our productive capacity is almost unlimited. The astounding result, during war years, proves most conclusively that the problem of production has been solved. But by some means the common every day member of the human race receives only a meager share of the multitude of good things he desires, to make life worth living. There is a "nigger in the wood pile" who must be exposed or identified before accepting any of the theories or guesses as to the cause of inequality in the distribution of wealth. In the absence of exact knowledge we proceed on the "trial and error" method, which may prove very expensive. Our socialist friends advise entrusting the government with management and control of production and distribution and hope to dislodge the "nigger" in the process. The British Labor Party are now engaged in computing the value of the royalty or blackmail exacted by the "nigger". When this work is completed the government will settle with the "nigger" for a lump sum by an issue of interest bearing bonds. The tax paying public will still carry the burden also the cost of any mistakes in management made under government ownership, which many regard as not superior to private direction. I believe the British experiment will prove that the "profit motive" is not the elusive "nigger",

"Money Power," "Intemperance", "Greed and Selfishness" are under suspicion. As District Attorney I hereby accuse "Special Privilege", who was present when the crime was committed. We may be able to "smoke out" this "nigger" without permanent injury to the "wood pile" or our store of wealth.

Modern methods of production necessitate that special privilege be granted to individuals or corporations. I think all will agree that private management of industry has proved itself to be

if certain conditions are complied with.

When governing bodies grant special privileges a certain fee, levy or tax is exacted as a part of the contract. I would suggest that this fee be increased in amount to include the total annual rental value of the privilege granted.

Individuals or corporations who have been granted any special privilege charge the public "all the traffic will bear." Any increase charge will decrease their profits. This simple change in fiscal procedure will not only provide sufficient revenue for constantly increasing public needs but will tend to correct the present inequality and inequity in the distribution of wealth.

We all know that honesty is the best policy, and that it is not in accord with principles of honesty and justice for governments to grant special or monopoly privileges to certain members of society without exacting the full market value in return.

Special privilege is the real "nigger in the wood pile", and his detrimental activities can be effectively controlled by the simple method I have outlined.

MARY AND HER LANDLORD

Mary ope'd a little shop
To help her on life's way;
And honest toil found fit reward
And it began to pay.

"How's biz?" the landlord often asked
And Mary was imprudent;
Of course she never guessed he was
An economics student.
But Mary's landlord's eagle eye
Was watching how things went,
And when the fifteenth day came 'round
He doubled Mary's rent.

This imposition staggered her,
But what could Mary do?
Subsistence bare is the tenant's share
All above is the landlord's due.
So Mary kept on as before,
Improving as time went,
But step by step with increased trade
The landlord raised the rent.

And thus the merry game went on
Till Mary's life was spent;
As fast as God did prosper her
The landlord raised the rent. -- John Thompson, in
the other side