

The Freeman

A Monthly Critical Journal of Social and Economic Affairs

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Five Cents

THE STORY OF THE SAVANNAH

By Henry George

NEW MODEL SECESSIONISTS

By David Asch

WAR BENDS TIN MONOPOLY

By Andrew Davis



War & Its Aftermath - The Conquest of America

Stock Market Teaches Economics

The Opacity of Opax - What are "Excess" Profits?

However pessimistic I may be as to present social tendencies, I have a firm faith in human nature. I am convinced that the attainment of pure government is merely a matter of conforming social institutions to moral law. — Henry George in "Property in Land."

The War and Its Aftermath

SOCIAL changes are not planned. It is impossible to channel men's desires or to blueprint their mode of living. Given a certain economic and political environment, we can foretell the tendency of social movements; the details or even the general outlines are in the field of speculation, perhaps clairvoyance.

For example, a Hitlerized Europe could hardly have been predicted a year before he became Chancellor, although we might have seen in the post-war degradation of the German nation a force leading to some sort of dictatorship.

Again, the most sanguine socialist in America could not have forecast, say in 1928, that their program of social legislation would be championed within a few years by an aristocratic landowner; and not even Roosevelt knew in 1933 that he would be president of a nation demanding government largesse.

* * *

Social changes come about gradually, imperceptibly. "Things happen," and people find adjustment in the new conditions. The new conditions may be unsatisfactory, and more changes become necessary. The cumulative effect of these changes brings about what seems to be a sudden re-orientation of our way of living and thinking.

As with a disease which had its origin in some distant accident, perhaps pre-natal, the present outward symptom is the only sudden thing about it. A depression, which announces itself with a stock market crash, is really a process which began when somebody somewhere found himself unemployed, communicated his condition to other workers who in turn ceased to be producers—until the number of idle workers and the consequent misery burst upon our attention.

When we become aware of the symptoms of a new social order we begin to ask how it came about. But the causes are so complicated, so remote, so hidden in unrecorded incidents that we run to plausibility for an easy answer. Usually, like primitive people who personalized the enigmas of life in gods, we ascribe causation to historical characters.

But the Civil War was not caused by Lincoln, the depression which first attracted attention in 1929 was born long before Hoover, the present world trend toward collectivization cannot be laid at the door of Lenin. The names we associate

with social movements as causes actually attach themselves only to results.

* * *

Right now we are gazing into the crystal ball of the future. We find in it names: Hitler, Roosevelt, Churchill. Yet what these persons do or do not do is not of their own planning. They find themselves in a milieu which was prepared for them by economic, social and political developments that originated, perhaps, years before they were born. And the kind of life that will prevail decades hence is in part the result of what is happening now. The social process is continuous.

Do we know, for instance, whether we shall have even the political form of democracy in this country? In England the present ministers have agreed that there shall be no election until three years after the War. This may mean that the present government, with slight changes, will have had a span of life covering more than a decade.

* * *

If we are engaged in the war in 1944 shall we bother to hold an election? If we find a satisfactory way of living without elections, will it not be easy to convince ourselves that all the fuss about democracy is hardly worth while?

In financial publications we read between the lines that industrial leaders are adjusting themselves to the idea of a regulated economy. They are not opposed to the New Deal. They have found a way of living within its framework, and any criticism of it is directed at its management, not at its philosophy. Does this attitude portend collectivism by and for monopolists? Fascism?

After the war there may be an attempt to pick up where we left off. But the huge national debt, the hardships attending the change to a peace economy, the lack of jobs, the disillusionment of a maimed nation may bring about a social upheaval. Will there be a revolution? Communism?

Too many varying forces are at work shaping our future. We cannot predict what direction American civilization will take. All we can say with certainty is this:

It will shape itself by the way men—little men—find an adjustment. If they find the making of a living easy, and the pursuit of happiness not impossible, it will be that kind of civilization.

Taxation for Reform

BEFORE THE DEMOCRATS and the Republicans absconded with Socialism, before World War No. 1, the political platforms of the several American socialistic parties advocated taxation for reform rather than for revenue. Their planks usually advocated using the tax machinery to abolish capitalism.

This realism of the Marxist politicians has been demonstrated during the past eight years by the New Deal in its use of fiscal powers to regulate and shape the course of industry.

* * *

And now the national defense program is giving further evidence of how taxation may be used for regulatory purposes. Not that the government's main objective is not to raise money, but that in imposing levies its aim is sociological as well as financial. It seeks to control the people by controlling their purses. Government power is as much the motive of fiscal plans as is government profit.

How many cigarettes a man may smoke, how many miles he may travel in his automobile, how many movies he may see, how many drinks he may take—all the satisfaction which a man may purchase with his wages are being pre-determined by the Treasury Department.

The preoccupation of that department is not only with the need for income for the cost of rearming but also to avoid inflation, with the need of siphoning wages out of our pockets before we can spend them. We must be regulated for our own good; and *that* is the basic tenet of the collectivism we have declared against.

* * *

So, as we get further into the war, we can expect an increase in excise taxes to the point where what is left to us for our living will be what is needed for living. Our existence standards will be planned by our tax bill. Everything we earn above bare living expenses will be taken to defray the cost of war.

The taxes which hit the consumer hardest—those falling directly on commodities—will be augmented by levies on capital, on the savings which expand and accelerate the means of production. Excess-profits taxes will discourage profits, and therefore, production. Less production will enhance prices, thus further reducing the satisfactions for which man labors.

A like result can be expected from mounting surtaxes on incomes. Why work for more when it is to be taken from you? And the lowering of exemptions on the middle-class incomes will further deplete consumers' purchasing power.

* * *

The answer to this riddle of decreasing production, the source of revenue, by increasing the levies on production can be only one thing: an attempt by the government to become a producer. Our wages will become the government's capital.

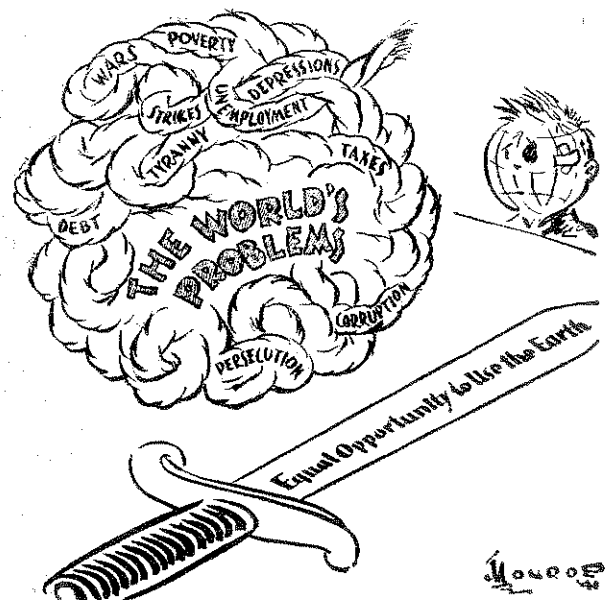
Already in war industries plants are being erected with public money because private finance is wary of the venture. What will prevent the government from going into production of consumption goods?

In some states the retailing of whiskey is already a government enterprise. Now that the Federal government is making and selling electricity why shouldn't it make and sell light bulbs?

Thus taxation becomes an instrument for reform. Reform to what? Collectivism. To a mind bewildered by circuitous methods the thought comes that collectivism might be adopted without the expense and tragedy of war.

But, it is said, taxation for reform will cease when the war is over. That remains to be seen.

To Cut the Gordian Knot

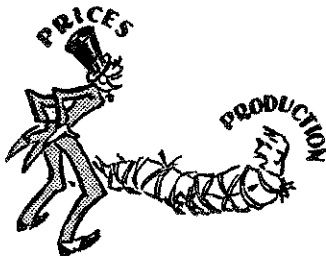


Recovery-Spending Theory Revised

IN 1933 a number of multiple-degreed "economists" were called to counsel a depression-bewildered President. They had many recovery plans, all stemming from the theory that a nation could spend its way out of economic collapse.

Eliminating the academic double-talk with which the theory was beclouded, the logic ran something like this: In good times people spend. Spending, then, makes for good times. Depressions are characterized by lack of spending. Ergo, to overcome a depression we have to start spending.

Since for "psychological reasons" people refrain from spending, it is necessary that government start the ball a-rolling by forcibly (through taxation) getting their money out of their socks and onto the counters of commerce.



Quite plausible. The theory was supported with charts, statistics and graphs, properly embellished in the pigeon-Latin adopted by these "economists" for trade union purposes, made authentic in books published by and for themselves. Their subject students were "required" to study these books, perhaps to buy them.

The din of repetition made analysis of the theory impossible, and authoritative pomposity made any questioning of it akin to lese majesty. That the stoppage of spending may have been due to the stoppage of production, and that production had eased because capital and labor had been filched of their returns by tax collectors and by landowners—well, for obvious reasons, all that was ignored.

Anyhow, the bedevilled Executive had to do something about these millions of unemployed voters, and, since business men were as ignorant as he was of fundamentals, what could he do but call in these self-assured professors and let them try out their theory?

This he did. And the taxing and the spending began. It was only for the "emergency," he assured us—as they had assured him—and soon when everybody would be producing and spending on

their own the government would lay off or, at least, slow up.

But when the President did lay off in 1937 the depression (beg pardon, the "recession") was still with us. Did our politically entrenched "economists" admit the error of their theory? Hardly.

They blamed the President for quitting too soon. He had not spent enough. Just how much was necessary to prove their theory they were reluctant to specify. But more billions would demonstrate their wisdom, and they regretted, even denounced, the conservatism of those who presumed to mention a budget.

Now comes a war, a reason for spending far more urgent than any depression. And our government, still shot through with these "economists," is worried lest this latest and biggest spending spree should result in inflation.

It is planning to tax wages out of our pockets before we have a chance to spend them ourselves. The spending-into-recovery theory has become the spending-into-inflation fear.

The fallacy of the spending-into-recovery theory lay in its failure to recognize the primacy of production in any economy. Likewise, the spending-into-inflation bugaboo would be dispelled immediately if production were permitted to meet the call of higher prices.

If tariff barriers were removed, increased prices would be liquidated by an influx of goods. If patent monopolies were abolished, capital would flow into these restricted industries and flood the market with the needed products.

If land monopoly were broken by the public collection of rent all the billions being poured into the market by labor would be met by a corresponding increase in production.

But that's an "oversimplification" on the Washington campus.

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Government Of and By People

THE FICTION will not die that there can be a government of laws, independent of men. The implied idea is that laws in and of themselves regulate affairs, that they automatically do so. That is why it is a fiction.

David Lawrence in *The United States News*—a publication which is all for making laws, including laws to regulate labor—bemoans the tendency toward government by decrees dictated by office-holders. The cause for this outcry is a recent decision of the Supreme Court.

The case concerned a ruling of the National Labor Relations Board that an employer cannot refuse to hire men because they belong to a union, and that if he did so he must reinstate them even if they had obtained jobs in the interim. Application for a job would seem to give a union member a sort of vested interest in it.

In the decision the Court declares that Congress could not possibly anticipate all the complications arising from the Wagner Act and that therefore the adaptation of the law to particular cases must be left to the "empiric process of administration," that is, to the decrees of the NLRB.

Mr. Lawrence asserts that this amounts to government by bureaucracy. He reasons that laws should be made by Congress and not by Supreme Court justices who are not subject to the will of the people because they hold office for life. And he contends that the Court has no right to supply what Congress omits. Says Mr. Lawrence's editorial:

"This new Court is controlled by five men, a majority, all of whom came not from the bench but from the small clique of class-minded officials and advisers who developed the New Deal."

So, that's the rub. The Court is New Dealish. Well, the whole country is. More than twenty-seven million people last November made it unanimous. Among them were laborites, WPA workers, reliefers, "class-minded" people on and off the public payrolls who wanted the New Deal and all it stands for.

Would you have, Mr. Lawrence, a New Deal government without a New Deal Supreme Court? That would be defeating the will of the voters, quite contrary to the American system you are so solicitous about. When they elected the present office-holders they declared for men who would make, abolish, change and interpret laws according to the stated and implied philosophy of the New Deal. These men are doing just that.

If you don't like it, Mr. Lawrence, why don't you find out why the people demanded, and still want, class-minded administrators and judges? Maybe ten years of unemployment, of harrowing poverty, of sheer hopelessness drove them to an acceptance of something you describe as un-American. And let us not forget that the opposition political party understandingly offered nothing else; its promises were similarly class-minded.



Government always was and always will be by and of men. There is nothing either sacrosanct or transcendent about law. It is the congealed opinion and will of men. That will and that opinion are the product of their environment. From a long endured poverty-privilege environment the demand will come for class-minded laws and administration. If that does not fit in with the American tradition, it soon will.

Let's Be "Backward" Too

"PORTUGAL," says *The Economist*, "is one of the few European countries with a balanced budget, sound money, unhampered exchange. . . Rationing, shortages and blackouts are unknown."

After this brief encomium of the small nation which hardly figured in the news of the world until the war gave the port of Lisbon a daily dateline, the conservative London financial paper lists, without comment, Portugal's import-export figures for the first half of 1939 and 1940. In each year the imports exceeded the exports by about 50 per cent.

Apparently the Portuguese find themselves benefited by bringing in more goods than they send away. It seems, too, that a nation which has a sane import-export policy is likely to be sane in the handling of its finances and achieve a balanced budget, sound money and unhampered exchange.

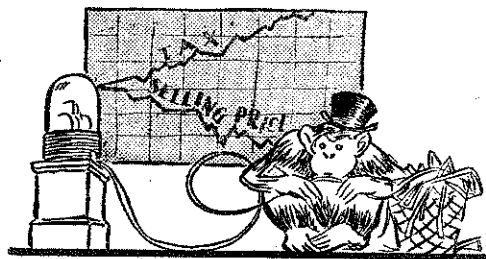
For the converse situation, see United States. Which is the "backward" nation?

Security Market Teaches Economics

THE IMPACT OF TAXES on the securities market furnishes an excellent lesson in economics.

Before the re-orientation of our economy began in 1933—that is, before the ditching of the idea that private capital should be completely private—the rule-of-thumb method of evaluating securities was to multiply earnings by ten fold. A stock earning \$5 per annum would sell at roughly \$50.

Sometimes, in boom periods, the multiplier would run up to twenty or thirty times, and when some adverse business condition or unsettled political situation called for caution, the capitalization of earnings took a lower rate.



The trend toward the socialization of capital is accelerated by war, which is the ultimate and complete expression of all collectivisms. Even though war orders have greatly increased the earnings of many industries, investors are no longer evaluating the securities offered by the old rule-of-thumb method. Consideration is being given to the probable reduction of earnings through taxation.

To what extent will the government participate in the yield? How will a particular company fare under the excess-profits tax? And how can one's portfolio be shifted to bring less taxable income? As a result of these considerations offerings on the stock market are selling at only four or five times their earnings.

The gross earnings of a company are no longer the prime consideration. The *net* earnings after taxation, present and future, are the determining factor.

The economics lesson is that land values are similarly computed. The *net* rent of land, after the community has taken its share, determines the market price of land.

New York City land (exclusive of improvements and exempt property) is assessed, as a total, at slightly over seven billions of dollars. The amount of rent collected by the city is approximately \$220,000,000. The seven billions represent the capitali-

zation of that part of the rent collected by the land-owners.

If the tax on rent were abolished the market values would go up; if the tax were increased there would be a corresponding decline in these values. If all the rent were socialized there would be no market values.

If the capitalization of rent is twenty times—that is, if 5 per cent of the market price is the yield—the total rent of New York land is something like \$600,000,000, or 5 per cent of seven billions odd plus the \$220,000,000 tax. The budget of the City is under \$600,000,000.

What are "Excess" Profits?

LAST AUTUMN Federal agents, seeking for sources of revenue which had heretofore escaped their notice or their clutches, hit upon what they called "excess" profits. Notice the implication of immorality in the word "excess;" he who is about to commit a crime soothes his conscience by besmirching his victim's character.

To justify this new expropriation they had to define it. But it is impossible of definition, because it was designed as a promiscuous grab, and subject corporations have been bewildered in their efforts to meet or evade the uncharted tax.

In determining "excess" profits, for instance, an income deduction is allowed, which may be 95 per cent of the corporation's average earnings during 1936 to 1939, or 8 per cent of its invested capital, whichever is greater. No reason is given for either course. The tax starts at 25 per cent of the first \$20,000, and runs up to 50 per cent of all "excess" profits over \$500,000.

If its management has been conservative in its capitalization and its operation, the corporation is definitely punished; a competitor receives a premium in tax exemption because it has been wasteful.

Complications and injustices like this necessarily flow from a law based not on principle but on governmental cupidity. The net social effect is to discourage productive enterprise lest it result in "excess" profits.

To discourage production is to reduce income, the very source of government speculation. Our tax gatherers, however, have no fear of such exhaustion in the near future; they have not yet applied all the methods of extraction devised by Hitler, Stalin and Keynes.

The Conquest of America

THERE IS COMPENSATION IN SLAVERY administered by a master of one's own traditional background. It makes for an easy relationship. One can pass the time of the day with the exploiter who speaks the same language, worships by a similar ritual, reads identical newspapers, has been schooled to an acceptance of common racial, historical and cultural ideals. And when the exploitation reaches the point of a bare subsistence, social rapprochement between master and slave makes existence for the latter bearable.

The Irish, for instance, bear no such bitter resentment to their present rack-renters as they did to the English. To the Chinese their own war-lords were never as objectionable as were their Manchu conquerors. Even if the Germans make their conquests stick anywhere in Europe they will be hated for centuries, or until they become completely identified with local culture and tradition, like the Saxons in England.

Economically, of course, it makes no difference to labor whether its rent collectors are domestic or foreign. That part of their product which is paid for the privilege of working is gone in either case. But acceptance of the defalcation is made easier by the enjoyment of a sense of social equality.

When the rent-collector is a foreigner there arises a social maladjustment which is felt more keenly than the economic wrong. It isn't only the clash of cultures that arouses this feeling; it is the imposition of the new culture as superior.

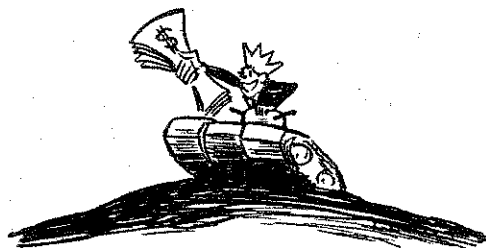
And yet it is morally necessary for the foreigner to assume this sense of superiority, for it removes any compunction for justifying the exploitation. Manifest destiny, chosen people, race ascendancy, white man's mission—these conscience-salving doctrines make conquest palatable to the conqueror and inflame the conquered.

America is being economically conquered these days. Just how much, the corporation laws make it difficult to ascertain. But filtering through the real estate pages of the newspapers come stories of land acquisition by foreigners.

The King of England is personally investing in New York City real estate; a Dutch banker, finding himself stranded here by the war, organizes a real estate buying group of compatriots; the Queen of Holland collects rent from Washingtonians. Such stories indicate that the movement of foreigners to replace their lost sources of income by acquiring

American holdings must be considerable. The unobtainable figures might be startling.

The American rent-payer will not notice any difference in his purchasing power as a result of this transference of American land from domestic to foreign ownership. But as this movement increases in tempo and volume the intrusion of foreign cultures that must follow will have repercussions.



Already we read and hear how our growing colony of foreigners are critical of our manners, our culture, our traditions. Maybe they are right; we can always learn. But when they start lording it over us, look out!

* * *

Well, it will all come to naught in the end. Eventually these foreigners will break their moorings with Europe, marry American girls, learn to like baseball and become "one hundred per cent Americans" by taking part in our political affairs and shaping our laws. Just like our native-born land-owners.

Lott's Lots for Sale

"IN 1926," says an advertisement, "we bought the 100 acre Lott farm. We realized then that its advantages justified holding the property. . . It is now ready. The subway is three blocks away. . . The first apartment has been built on our property. . . The Flushing Meadow Park is two blocks away from us. . . The new Forest Hills High School. . . Continental Avenue runs through our property. . ." then, it says: "Our lots can be bought." What are they selling? Lots—or the high school, subway station, park, city streets and the apartment house they didn't build? Or, should they be compensated for "foresight" in holding the Lott Farm for 15 years?

The Opacity of Opax

THE FOUR STEPS in the shift from a free to a regulated market place, from the democratic to the planned economy, are: priorities, price control by fiat, price control by taxation, rationing.

Bureaucracies for the first and second have been established in the United States, the third step is under discussion and, according to news reports, is now being blue-printed. The ultimate procedure of rationing, a pre-determination of the kind and amount of desires the individual may seek to satisfy, is the only one that can put effective control in the hands of the planners.

Because rationing is so violent a change in the mode of living, and therefore likely to bring about social and political repercussions, it must be delayed until the other three steps bring about the necessary pre-conditioning of economic habits.

Price control has been thrown into relief by the recent creation of the Office of Price Administration and Civilian Supply (OPAX). Leon Henderson, its head, has selected steel as the first commodity on which to set a top price.

A market price is the value at which two people are willing to exchange ownership. (This discussion is not concerned with the price set by an owner in anticipation of future value.) The buyer will give as little as possible to obtain the thing he wants; the seller will seek the most he can get.

Eventually the price agreed upon must assure the seller a return at least equal to what he gave up to get ownership of the thing he is selling, or something equivalent to it. That is, he must get his cost. If he must sell below cost he will not produce any more of that commodity. To assure a continuance of production, therefore, price must at least equal cost.

Cost consists of three prime categories: wages, interest and rent. Wages are determined by the competition of workers for jobs, the marginal or least productive worker setting the standard for all above him. Interest is the return paid for the use of the tools of production, and the amount is determined by the competition between borrowers and lenders of these tools; if the borrower does not, at the least, return the capital intact,

there will be no incentive for future lenders to accumulate capital. Rent is the payment for the use of the natural resources in production, and it determined by the least productive land in use.

Now the seller of steel has no control over the wages or interest costs; but because through monopoly ownership he can determine how much iron ore land will be used, the item of rent becomes a matter of importance. He can reduce the supply of steel on the market by closing his mines, thus increasing the price of steel. In this way he can demand from the buyer a greater rent.

Mr. Henderson attempts to control this rent-exaction by a fixed price of steel. But steel takes many forms before it reaches the consumer. It is the skeleton of a skyscraper, and it is a two-bit pocket knife; it is a battleship, and it is a junk pile. All that Mr. Henderson has attempted, so far, is to fix the price on the basic commodity.

Suppose you own some stock in the United States Steel Corporation and, because of the fixed price, your returns are not so great as they could be. General Motors stock, if price-fixing has not reached the automobile, shows a big yield. You sell the one security and buy the other. You thereby collect your monopoly iron mine rent in automobile securities.

When price-fixing reaches General Motors, you will find the second-hand automobile business very profitable. Or you will transfer your interest to junk; or perhaps the price-fixer has overlooked cobbler's nails.

Somewhere in the process of turning steel into human satisfactions the rent of the iron ore mines will show up. If nowhere else, it will appear in illegal trading. You cannot be asked more than the fixed price for a frying pan, but if you want the frying pan badly enough you will have to throw in some onions to sweeten the fixed price.

So the course of price-fixing must extend from one commodity to another, until the entire process of making and exchanging things has been covered. What the price-fixer is really trying to do is to harness monopoly rent after it has taken flight. It cannot be done. The place to catch it is at the source: the land.

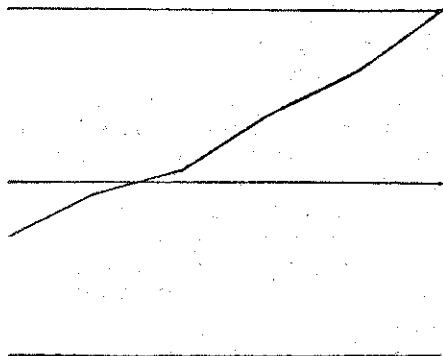
To Abolish War Make Peace Profitable.

Decline and Fall of the Pay Envelope

By PAUL PEACH

The Brookings Institution has undertaken to study and report the distribution of income in relation to economic progress, and has published its findings and its conclusions in a series of books. These books may well turn out to be among the most important publications since the invention of printing.

Especially pertinent to the problems of the distribution of wealth is Spurgeon Bell's "Productivity, Wages and National Income" (The Brookings Institution, Washington, D. C., \$3.00.) This book concerns itself with studying "how gains from increasing productivity are distributed among the groups participating in production and the consuming public; and the effects of the existing distribution upon employment and national income." It presents statistics from a number of different



How Productivity Increased
In 20 years, from 1919 to 1939, the productivity of labor in mining nearly tripled.

industries: manufacturing, mining, transportation, and light and power in particular. It examines "the relation between the expansion of productive efficiency and the income of the wage earning population," in order to discover "whether there might perhaps be some deep-seated maladjustment in the economic organism which was serving continuously to restrain or retard the rate of economic expansion."

We need not, of course, go to statistics in order to learn that wages, considered as a share of the product, are decreasing and have been decreasing for a long time. George announced clearly the law by which this contraction of labor's share must take place in such a society as ours. The extent to which there has been a concentration of economic power in the United States is documented by a number of monographs published by the Temporary National Economic Committee; in particular, Monograph No. 26, on "Economic Power and Political Pressures," reveals the extent to which economic forces seek to influence the American State. (This monograph can be had from the Superintendent of Documents in Washington for 25c.) Now, people desire economic power only in order that they may obtain more satisfactions; and to obtain satisfactions by means

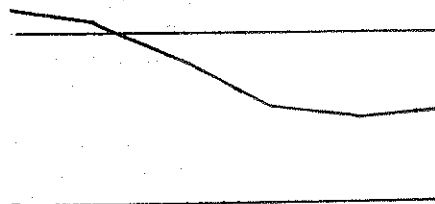
of power must be to obtain them at the expense of someone's production. It follows necessarily, therefore, that as political and economic power become centralized, there must be a decline in the share of the producer; there must be a fall in wages.

So much for a priori reasoning. Plausible though it may be, deduction a priori is an object of intense popular suspicion. The common phrase, "it sounds swell in theory, but it won't work," reflects this skepticism. The attitude is natural enough; people have been fooled too often with what looked like air-tight logic and proved to be only wind. We want proof, not by spinning theories, but by actual test. Very properly, we want to be shown.

Is it true that wages, though they may increase as a quantity, tend to fall as a proportion? "Productivity, Wages and National Income" answers this question for us. First: though wages (according to the theory) may increase as a quantity, the record shows that they have not increased at all. Using 100 as an index, we find that in the period 1919 to 1938, inclusive, the average weekly earnings of industrial wage earners have fluctuated between the 1919 low of 87.6 and the 1929 high of 104.2. Note that in 1919 real weekly wages were less than in any subsequent year, less even than in 1933, when the wage index stood at 89.6. This shows the danger of assuming a necessary correlation between wages and "prosperity" for in 1919 there was moderately full employment. We need to know, not only how much the weekly wage was, but also how many people weren't getting any wage at all.

After 1922 wages leveled off, and for nine years did not vary much from 100; the lowest figure is 98.8 in 1925, and the highest 104.2 in 1929. A period of four years in which there was a drop to the lower 90's is followed by the years 1936-38, during which the wage index fluctuates between 98.8 and 102.8. During the boom period of the twenties, the collapse of the depression, and the hypodermic economy of the later thirties, real weekly wages fluctuated less than 8% from the average.

Before we leave the subject of wage rates, we may take a look at annual earning figures. Here is where

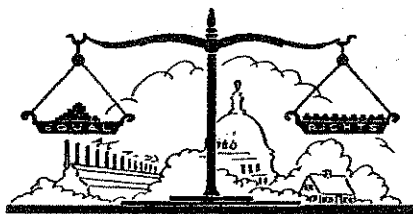


How Labor's Share Declined
In the same period, wages per unit of wealth produced fell off by almost half.

the great ups and downs of the boom and depression periods become apparent. In 1919 and in 1933 the weekly

earning power of labor was about the same—indeed, it was a trifle higher in 1933; but in 1919 unemployment was estimated at 8%, and in 1933 at 46%. If we take this unemployment into consideration we find that the 1933 wage was, not 89.6, but instead about 50; the estimated annual income of employed industrial workers was \$915 in 1933, but if we include the zero incomes of the unemployed in figuring our average, the money wage per worker drops to \$497.

During all this time, two things were happening: the productivity of labor was increasing, and employment was falling off. In manufacturing generally, unit wage cost declined by about one third, although real weekly wages remained about the same; this means that labor produced three units in place of two, but received none of the increase as wages. The change in the railroad industry was about the same. In mining, unit wage cost decreased by over 50%; and in mining there was a considerable drop in real weekly earnings as well: about 20%.



In one important field production increased even faster than productivity; this was the electric power industry, in which productivity increased to 220 and output to 240, both starting from 100 in 1924. But even here there was a 40% drop in the unit wage cost, so that increasing production did not lead to any material increase in employment. Dr. Bell observes that "Unit wage and salary cost fell considerably more than the price of service."

Every science is largely dependent upon measurements. Indeed, it is only by making measurements that our sciences can be reduced to a quantitative form. And in its task of measuring, science must solve two problems: what to measure, and how to measure it. No science has solved these problems to perfection. But in economics we have not even made a beginning toward a rational system of measurement. Why? We don't know what we want.

The practical difficulties in the way of finding valid units in which to measure economic variables are formidable enough. A perfect system would measure satisfactions; would enable us to draw a graph of a man's pleasure at beholding a blonde, a blonde's pleasure at beholding a steak. Such perfection is probably forever unattainable. Failing that, we try to measure the "national dividend" by car loadings, bank clearings, money wages, real wages, and so on. That there is some sort of correlation between these and actual satisfactions produced is undeniable; but in the absence of even approximate knowledge of the degree of correlation, to use them as measurements of production seems to be climbing very far out on the statistical limb.

Does it really matter whether real wages in 1933 were 89.6 or 98.6? Is it so important to know whether workingmen had as much to eat one year as another? Isn't the really important question, not "How much did he get?" but rather "How was the pile divided?"

Such a question must lead us to ask who were the sharers in the division. The Brookings Institution study does not go farther below the surface than is customary; it distinguishes between "wages" and "salaries," but makes no distinction among non-labor incomes, which are lumped as "earnings on capital." That the income from a unique mine such as the Climax deposit is vastly different from the income of an individual capitalist in such a competitive field as (say) dress manufacturing must be perfectly well known to every serious student of economics; but it has not influenced economic analysis to any great extent. Yet the fact remains that we must separate non-labor income into one part which may be regarded as a reward offered in a free market for valuable service, and another, resulting from privilege, monopoly, superior bargaining power, or some other exploitative advantage; and that until we have made such a separation we shall learn little from our statistics.

Dr. Bell recommends that industry seek a remedy by passing on to the consumer, in the form of lower prices, the savings which result from increased productive capacity. It is a vain counsel—doubly vain; for farmers and manufacturers in highly competitive fields have no choice but to sell at the market, often at a loss; while asking those who enjoy a measure of protection from competition to waive their profits seems a little like asking the wolf to disgorge Little Red Riding Hood.

The economic machine exists for the purpose of producing wealth. If we consume wealth, someone has produced it. If someone else has produced it, and we have not rendered a commensurate service in exchange, we are economic parasites. In nature, parasite and host often achieve an acceptable biological balance; but in economics it seems to be otherwise. Economic parasitism has increased—for to what other cause can we attribute the decline in the portion of the wage earner?—and apparently we are nearing the time when our parasites will overtax the host's capacity to support them. The growing army of bureaucrats in Washington swells the number alarmingly.

Must all perish together? We need not allow our pessimism to run away with us. "Productivity, Wages and National Income" is still one of the most important books of the present day. Despite the handicap of having to express its findings in units which have no measurable correlation with anything whatever in the real world, it supplies us with what is probably the best information yet obtainable. Its obvious sincerity, its thoroughness, its recognition of the existence of "some deep-seated maladjustment," are all happy auguries. For centuries men believed that the earth was the center of the universe, and invented horrible pretzel-curves to describe the motions of the planets; all this complication was swept away by a simple change of viewpoint. May we not hope for some similar revolution in economics?

No More Land Values?

By LANCASTER GREENE

We still hear from time to time that while in former days, when our economy was chiefly agrarian in character, land values were important, today in an industrial world the landowner is a very minor character. Exact data to rebut this argument are almost impossible to obtain, principally because corporation accountants are more concerned with the distinction between profit and loss, rather than with that between earned and unearned income, and with ascertaining the value of property, instead of determining what part is land and what part capital.

The current balance sheet of Radio Corporation of America is a good example. We obtain from it the impression that RCA's landholdings are quite trifling. Of total assets of 104 million dollars, RCA reports 31.5 million in land, buildings and equipment, and there can be little doubt that buildings and equipment from the major part. On the basis of such a report we might say that RCA is not predominantly a land-owning company. But if we adopt a slightly more sophisticated attitude, we must realize that the item "Patents, Contracts and Goodwill" (8.5 million) is, from the economic standpoint, essentially a land item (see the article "Fences in the Ocean" by George Bringmann, in the April Freeman.) The 6.6 million of RKO stock has a land component; how great the statement does not indicate. In addition, RCA, through its subsidiary, the National Broadcasting Company, has the free use of the airwaves. Indeed, without the use of this unique and valuable natural resource RCA couldn't even exist. Why don't we recognize the fact that the air is land which, by chance, has never been reduced to private ownership and for which the community, rather than the broadcasters, should collect rent?

If it requires a little probing to find the land values in such a company as RCA, it requires none when we examine large scale food proces-

sors. A good specimen is the United Fruit Company. Land is scattered so plentifully through its balance sheet as to make one think at first that some of it has been reported more than once.

On January 4, 1941, United Fruit claimed ownership of over 400,000 acres of improved land. Nearly 122,000 acres were in banana plantations in Central America; 93,000 in sugar, 53,000 in cacao. There were some 85,000 acres of pasture, and 56,000 acres in "town sites, roads, lots, fire lines, etc." In addition, the company owns 1,750 miles of railways and 370 miles of trolley tracks.

So land values are no longer important!

United values its "lands" at 30 million dollars (cost) less a reserve for depreciation and revaluation which brings the book value down to 15 million. The "Cultivations" holdings are valued at 43 million cost, 18.5 million net. The railways and tramways are reported at 43 million (cost) but there is no indication of how much is land value. A wharf is primarily a landholding, but wharves are not separated in the item "Wharves, boats, etc.," at cost (3.5 million dollars).

"Houses and buildings" may include the land values under each. "Sugar Mills and Refineries" cannot be built in vacancy, but the land values are not separated in the total cost of 19 million dollars.

Nearly all financial statements tend to make the value of landholdings seem less than it really is. Let us consider a producer completely dependent upon land—the Jefferson Lake Sulphur Company. On a gross business of 2.9 million dollars, this

company enjoyed in 1940 a net income of \$800,000. This income was from the sale of sulphur and from oil operations. The capital equipment required for sulphur production is not great; we may assume that most of the "Land, plant and equipment" item consists of land. Including mineral leases at cost, and deducting the reserve for depreciation, the fixed assets of the company total \$773,000.

Note this figure: \$773,000 for land and equipment which earned a net income after taxes of \$812,201.19 in 1940! It is considered good accounting practice to report fixed assets either at cost or at market value, whichever is lower. What is the true value of the mineral leases which Jefferson Lake Sulphur books at \$650,000? We'll never know—unless the government tries to buy them.

Jefferson Lake Sulphur reports total assets of 3.8 million dollars; of this nearly 2.7 million is cash, inventory, and accounts receivable. But the inventory is sulphur; the receivables are the value of sulphur sold but not yet paid for; the cash is the result of prior sales of sulphur. That part of the assets which is not land is practically all accrued rent! (And don't forget that our sulphur producers have at least a partially monopolistic position. See the article by Helen Bernstein in the September, 1940 Freeman.)

No more land values? In the financial statements they don't show up, because financial statements are made for bankers and credit men, not for economists. Students of economics may have to devise a whole new system of accounting before their science can be placed upon a quantitative basis. As matters stand, separating the land values in a financial statement is like trying to unscramble an omelette. But we needn't fall into the fallacy of thinking, because we can't separate them, that they don't exist. You don't have to unscramble an omelette to know that one of the eggs was bad.



THE STORY OF

HERE, let us imagine, is an unbounded savannah, stretching off in unbroken sameness of grass and flower, tree and rill, till the traveler tires of the monotony. Along comes the wagon of the first immigrant. Where to settle he cannot tell—every acre seems as good as every other acre. As to wood, as to water, as to fertility, as to situation, there is absolutely no choice, and he is perplexed by the embarrassment of richness. Tired out with the search for one place that is better than another, he stops—somewhere, anywhere—and starts to make himself a home. The soil is virgin and rich, game is abundant, the streams flash with the finest trout. Nature is at her very best. He has what, were he in a populous district, would make him rich; but he is very poor. To say nothing of the mental craving, which would lead him to welcome the sorriest stranger, he labors under all the material disadvantages of solitude. He can get no temporary assistance for any work that requires a greater union of strength than that afforded by his own family, or by such help as he can permanently keep. Though he has cattle, he cannot often have fresh meat, for to get a beefsteak he must kill a bullock. He must be his own blacksmith, wagonmaker, carpenter, and cobbler—in short, a “jack of all trades and master of none.” He cannot have his children schooled, for, to do so, he must himself pay and maintain a teacher. Such things as he cannot produce himself, he must buy in quantities and keep on hand, or else go without, for he cannot be constantly leaving his work and making a long journey to the verge of civilization; and when forced to do so, the getting of a vial of medicine or the replacement of a broken auger may cost him the labor of himself and horses for days. Under such circumstances, though nature is prolific, the man is poor. It is an easy matter for him to get enough to eat; but beyond this, his labor will suffice to satisfy only the simplest wants in the rudest way.

Soon there comes another immigrant. Although every quarter section of the boundless plain is as good as every other quarter section, he is not beset by any embarrassment as to where to settle. Though the land is the same, there is one place that is clearly better for him than any other place, and that is where there is already a settler and he may have a neighbor. He settles by the side of the first comer, whose condition is at once greatly improved, and to whom many things are now possible that were before impossible, for two men may help each other to do things that one man could never do.

Another immigrant comes, and, guided by the same attraction, settles where there are already two. Another, and another, until around our first comer there are a score



of neighbors. Labor has now an effectiveness which, in the solitary state, it could not approach. If heavy work is to be done, the settlers have a log-rolling, and together accomplish in a day what singly would require years. When one kills a bullock, the others take part of it, returning when they kill, and thus they have fresh meat at the time. Together they hire a schoolmaster, and the children of each are taught for a fractional part of what similar teaching would have cost the first settler. It becomes a comparatively easy matter to send to the nearest

THE SAVANNAH



town, for some one is always going. But there is less need for such journeys. A blacksmith and a wheelwright soon set up shops, and our settler can have his tools repaired for a small part of the labor it formerly cost him. A store is opened and he can get what he wants as he wants it; a post-office, soon added, gives him regular communication with the rest of the world. Then come a cobbler, a carpenter, a harness-maker, a doctor; and a little church soon arises. Satisfaction becomes possible that in the solitary state were impossible. There are gratifica-

tions for the social and the intellectual nature—for that part of the man that rises above the animal. The power of sympathy, the sense of companionship, the emulation of comparison and contrast, open a wider, and fuller, and more varied life. In rejoicing, there are others to rejoice; in sorrow, the mourners do not mourn alone. There are husking bees, and apple parings, and quilting parties. Though the ballroom be unplastered and the orchestra but a fiddle, the notes of the musician are yet in the strain, and Cupid dances with the dancers. At the wedding, there are others to admire and enjoy; in the house of death, there are watchers; by the open grave, stands human sympathy to sustain the mourners. Occasionally, comes a straggling lecturer to open up glimpses of the world of science, of literature, or of art; in election times, come stump speakers, and the citizen rises to a sense of dignity and power, as the cause of empires is tried before him in the struggle of John Doe and Richard Roe for his support and vote. And, by and by, comes the circus, talked of months before, and opening to children whose horizon has been the prairie, all the realms of the imagination—princes and princesses of fairy tale, mail-clad crusaders and turbaned Moors, Cinderella's fairy coach, and the giants of nursery lore; lions such as crouched before Daniel, or in circling Roman amphitheater tore the saints of God; ostriches who recall the sandy deserts; camels such as stood around when the wicked brethren raised Joseph from the well and sold him into bondage; elephants such as crossed the Alps with Hannibal, or felt the sword of the Maccabees; and glorious music that thrills and builds in the chambers of the mind as rose the sunny dome of Kubla Khan.

Go to our settler now, and say to him: "You have so many fruit trees which you planted; so much fencing, such a well, a barn, a house—in short, you have by your labor added so much value to this farm. Your land itself is not quite so good. You have been cropping it, and by and by it will need manure. I will give you the full value of all your improvements if you will give it to me, and go again with your family beyond the verge of settlement." He would laugh at you. His land yields no more wheat or potatoes than before, but it does yield far more of all the necessities and comforts of life. His labor upon it will bring no heavier crops, and, we will suppose, no more valuable crops, but it will bring far more of all the other things for which men work. The presence of other settlers—the increase of population—has added to the productiveness, in these things, of labor bestowed upon it, and this added productiveness gives it a superiority over land of equal natural quality where there are as yet no settlers.—*Henry George, in "Progress and Poverty."*

War Bends Tin Monopoly

By ANDREW DAVIS

With the United States embarked on the greatest industrial mobilization in her history tin shortage may be the determinant of her defense efforts.

Our peace time requirement of this metal was 42% of the total world production; for the year 1938, 66,000 metric tons of a total of 158,000. This huge supply is necessary for the automobile and sheet metal industries. Owners of 71% of the world's automobiles and producers of from two to three million metric tons of tin plate annually, we produce eight to ten times the quantity of tin plate normally made by Germany, one of the world's leading producers in peace times. Yet the greatest consumer has no tin ore deposits and only a constantly dwindling supply of this necessary metal. World distribution of the sources of tin ore for 1938 was as follows:

British Malaya	27.8%
Dutch East Indies	17.5%
Bolivia	16.4%
Thailand (Siam)	8.9%
China	5.7%
Belgian Congo	5.6%
Nigeria (Brit.)	5.1%
All others	13.0%

The main source of tin is in Asia, concentrated in the region from Burma to the Straits Settlements, the second is in Bolivia and the third in Equatorial Africa. Most of these tin mines are owned or controlled by British interests. Since the invasion of the Lowlands by Germany in May 1940 the Dutch East Indies and the Belgian Congo have come more or less under English control. But not only do the British own most of the world's tin ore deposits, they control the ore in non-British countries. In short, 70% of all available tin sources are owned or controlled by Great Britain, and 80% of all tin-smelting is done within the British Empire.

All efforts by Americans to break this monopoly and obtain an adequate supply of this vital necessity for American industry have been ruthlessly opposed by the British. When American interests started to

buy tin ore in the Straits Settlements in 1903 Great Britain promptly passed a prohibitive export tariff on tin ore not smelted in the Straits, from which the United Kingdom was exempted in 1904.

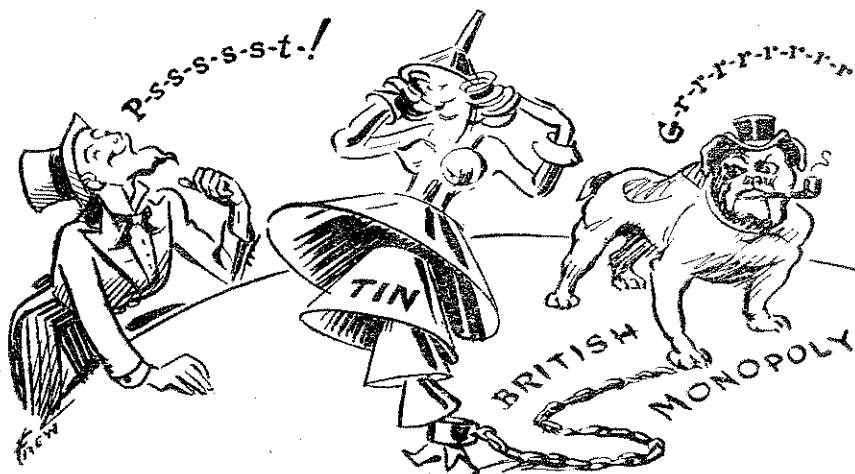
The Federated Malay States, the largest source of tin ore in the British Empire imposes an export duty of \$2.40 on every \$41 "pikul" of tin ore, and this duty is increased by 12c for every dollar rise in the price of tin. This applies to all exports of tin regardless of destination. But ore destined for smelting outside the United Kingdom or Australia must pay an additional duty of \$30 per pikul. This prohibitive increase of approximately 70% in the price of the ore effectively excludes us as smelters, as it was intended to do.

The Netherlands East Indies is the greatest producer outside the British Empire, with a total of 17.5% of world production in 1938. Here the industry is under State management and all exploitation by foreign countries is banned.

The Bolivian deposits which comprised 16.4% of the world total for 1938 are the only remaining source of sufficient importance to merit consideration. British capital rushed to the exploitation of this source too but failed to obtain discrimination against non-British smelters. For some time this appeared to be at

least a partial solution of an independent supply of tin ore; even if the United States controlled Bolivian ore or all Latin American ore only half her needs would be provided for. Nevertheless, American capital did take a hand here to the extent of controlling directly or indirectly about half of Bolivian production, and as recently as last year British lobbyists jockeyed American interests out of taking over the concession which the British had heretofore held and which was about to expire.

The major obstacle in Bolivia is a natural one. Bolivian ore is comparatively inaccessible. In Malaya the ore is on the surface of the earth and dredges on shallow artificial lakes scoop up tin-bearing slime which is easily and cheaply treated on the spot and yields a 70% tin return. In Bolivia the seams are at high altitudes and the consequent difficulties and expense of water supply and transportation boost the extraction costs. At normal market prices smelting of Bolivian ore would be profitable only if East Indian ore were available and used with it. It was profitably smelted in New York during the abnormal conditions of the World War, but this smelter was forced to close down in 1924 when British smelters were able to resume competition.



All the appeals of American interests against this unjust monopoly have been met with stoic British silence, but the history of the past year has high-lighted the urgency of the problem. Bolivian tin has to run the gauntlet of a double blockade, in being transported to England for smelting and from England to the United States for use. England is losing over 3,000,000 tons of shipping a year and her factory output is cut 30% by enemy bombing. Daily increasing her demands on us for war supplies, for how long can she assure us of the supply of tin necessary for her own demands?

The "nation of shop-keepers" has proved herself susceptible to a "horse-trade" in the matter of destroyers for naval bases and cannot be accused of being historically blind to her own interests. How long will Japan resist the over-ripe plum of much needed tin deposits in the Orient? Can entrenched privilege prove so intoxicating as to render the possessor insensible to his own best interests?

As in the first World War the shortage of tin has necessitated the building of a smelting plant in this country; with tax money, of course, because private interests know that

immediately the war is over this plant will find competition from British controlled low-cost deposits destructive. The marginal Bolivian deposits will again produce rent for their owners, for the duration.

The monopoly of tin, which reflects itself in the higher prices we must pay for automobiles and canned food, will be temporarily bent. But it will all be straightened out immediately the war is over. Whether British, American, Japanese or German interests gain control of the sources of tin, the consumer will pay the monopoly rent—in the many things made of tin.

New Model Secessionists

By DAVID ASCH

Americans have long flaunted before foreign eyes their example of free interchange among forty-eight separate political entities. We had free trade and were proud of it. But through it all, something held us back. Something was rotting our economic structure, and today it threatens to abolish that free trade and to impose upon us those oppressive restrictions which are commonplace in other parts of the world.

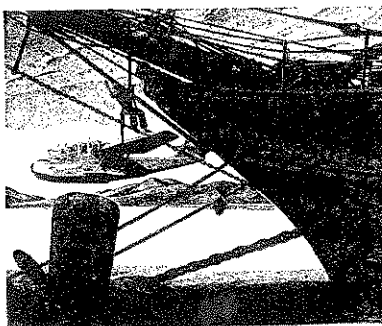
Let us look at the record. Let us see how our own states are coming to force one another at swords' points—the same states which Lincoln struggled to keep together, which fought side by side in the vain world conflict. Until a comparatively recent time we were able to build a powerful nation without unnatural restrictions. What force is behind our lawmakers, that they commit us so casually to economic civil war?

The Founding Fathers denied to the States the right to impose tariffs, or to discriminate against the trade of other States. To a considerable extent, the proviso which they wrote into the Constitution against interstate trade barriers has been circumvented. States have increasingly tended to enact legislation openly protectionist in purpose, and this tendency increased during

the depression years. By 1931*, many states were conducting local campaigns urging citizens to buy within the state and "keep the money at home."

Seven of our "united" states require "domestic" building materials to be used in the construction of public buildings; twenty-eight states discriminate against "foreign" materials. Six states insist upon coal mined within the state. Some states provide that before an outside contractor can receive an award, his bid must be less by a given percentage than the bid of any domestic contractor. One state uses only home-printed text books in its public schools!

*See "State Trade Walls" by F. Eugene Melder: Public Affairs Committee Pamphlet No. 37, 10c.



Pretexts for this legislation often invoke the state's police power and the taxing privilege; sometimes they allege the need for protecting the public health, morals and safety. A typical case is that of an Iowa farmer, who started for St. Louis, Mo., with a truckload of melons. An Iowa highway patrol stopped his truck because it was not equipped with the three green lights required by Iowa law. These lights are illegal in Missouri, so when he crossed the state line he had to take them off again.

It is in connection with motor vehicle regulations that the greatest abuses of state regulation occur. These** laws operate in favor of domestic vehicles and impose considerable burdens upon vehicles which must pass through several states. Trucks are sometimes required to pay a fee in each state; these fees are often heavy, and increase progressively with the size of the truck. A 5-ton truck pays \$30 in Illinois, \$400 in Alabama and Georgia. An interstate trucker traveling from Alabama to South Carolina must pay \$400 in Alabama, \$400 in Georgia, \$300 in South Carolina: \$1,100 in all.

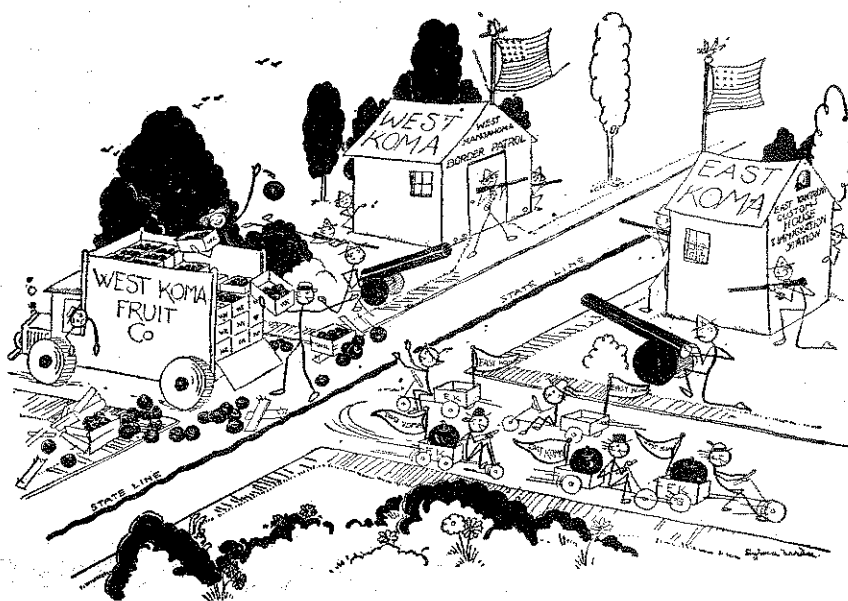
**See "Marketing Laws Survey" compiled by the Works Projects Administration.

About 14 states have introduced mileage taxes calculated either on a basis of ton-miles or on a graduated mileage basis for trucks of varying weights, ranging from one mill per mile on 5-ton trucks to 2 mills per ton-mile. The burdens upon motor vehicles fall most heavily upon the itinerant trucker. In Arizona a merchant trucker must pay a license fee of \$200 a year in each county, plus \$25 for each assistant. A wholesale peddler selling for purposes of retail is required to pay a \$500 license fee in counties over 100,000 population, \$300 in others. He must also post a bond of \$5,000 with a surety licensed in the state. Many states subject merchant truckers to registration fees, mileage taxes, and weight restrictions if he comes from outside the state, although nine states specifically exempt the farmer who sells his own products.

Today there is not one state in the union which is free from restrictions of one kind or another. State motor vehicle commissioners have occasionally gotten together with the idea of formulating uniform laws, but nothing much has come of these meetings. Serious conflicts continue in the requirements as to maximum heights, weights, widths, loads per tire, and so on.

Twelve states provide some form of port-of-entry or highway checking station, where vehicles are stopped for payment of fees and taxes. These ports-of-entry constitute a partial embargo by those states which have set them up. They are used, not merely to extort fees and taxes, but also to keep out foreign plants, fruits and vegetables. Kansas has 66 such ports, and Oklahoma—where land monopoly has risen to such an extent as to make it one of the blackest marks of the nation—is a close second with 58. Nebraska has 31 "ports" and New Mexico 22. Kansas not only leads in number of "ports" but also enjoys the distinction of having been the first state to create them; the border patrol was started in 1933 in an effort to keep out "bootleg" gasoline.

Our prohibitive laws against oleo-margarine have long served as a protective measure for dairy inter-



NEWS ITEM: The East Koma Fruit Growers' Association has petitioned the State Legislature to lower the weight limitations on vehicles transporting fruit grown outside the State.

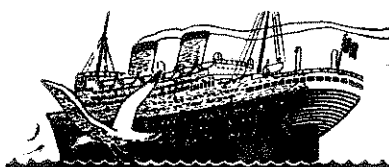
ests. The first of these laws was passed in the 1870's, and they have placed barriers in the way of interstate trade in butter substitutes ever since. In 1886 the Congress passed a law which provided for license fees and excise taxes; manufacturers of margarine paid \$600 a year, wholesalers \$480, retailers \$48, and every pound of American margarine paid a 2c tax. Imported margarine, if any, hurdled a 15c tariff wall.

In 1902 a new law was passed. This made a distinction between the colored and the uncolored product; it imposed a 10c tax on each pound of colored margarine, 1/4c per pound on the uncolored. Many attempts to change these rates have met with failure, and today they remain the same as 40 years ago. Imported margarine must pay (since 1930) a duty of 14c a pound, the same as butter.

Over half of the states had enacted margarine laws before the Federal law of 1886, but most of these

state laws were declared unconstitutional by the Supreme Court. New laws were enacted to replace the invalidated ones, and by 1902 more than half the states had prohibited the manufacture or sale of margarine colored to resemble butter. These laws stood the test of appeal. About half our states prohibit serving margarine in state institutions. Many prohibit its sale altogether. Three states—North Carolina, Pennsylvania and Wisconsin—require annually \$1,000 from each manufacturer, and in Wisconsin wholesalers pay \$500, retailers, restaurants and hotels \$25, boarding houses \$5, and bakers, confectioners, and individual consumers who buy in interstate trade \$1, for the privilege of using margarine.

State quarantine laws were supposedly intended to restrain the importation of infected animals, plants or other goods. In effect, they have seriously hampered the movement of agricultural produce. Under the amended Quarantine Act of 1912, the Federal Government not only may establish Federal quarantines, but may cooperate with state governments in enforcing them. State quarantine regulations exhibit the same lack of uniformity as do reg-



ulations in other fields, such as grading, labeling, motor trucks, and milk inspection. In 1924 there were sudden outbreaks of contagious animal diseases. Federal and state authorities joined hands in vigorous "eradication" campaigns. Until eradication was accomplished, the states imposed the severest protective measures, greatly aggravating the tension which already existed.

The constitutional amendment* which repealed national prohibition also prohibits the transportation or importation of intoxicating liquors in violation of the law of any particular state which may have chosen to go dry. This proviso was immediately seized upon as an excuse for multitudinous restrictions on the transportation and sale of out-of-state liquors. State protection for the liquor industry has taken the form of lower excise taxes on beverages made from domestic materials, higher taxes on wholesalers handling "imported" stock, special license fees for non-resident manufacturers who wish to sell their product within the state, and miscellaneous discriminatory regulations requiring outside manufacturers to "qualify" to do business in the state before even granting them licenses. Home produced raw materials which may be used in the manufacture of liquor receive preferences in the way of tax concessions.

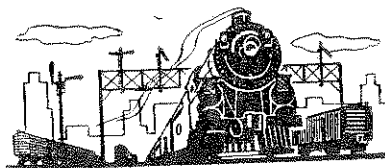
Another preference is where domestic producers may sell directly to retailers, eliminating the wholesaler. In Maine distillers, brewers and vintners who use out-of-state products pay a license fee of \$3,000; the fee for those who use Maine products exclusively is only \$100. Incidentally, Maine prohibits the export of electric power from the state, the idea being to force factories to locate within her borders. Several other states have laws which restrict the export of power.

The state of Michigan tried hard to encourage its own wine growers. It levied a tax of 55c a gallon on "foreign" wines, 4c on Michigan wines. Mixtures were taxed 10c. California was much incensed at

this, and threatened to pass laws discriminating against Michigan automobiles. There have been many such interstate feuds. But the Michigan wine tax backfired; it induced growers to increase their output of grapes to such an extent that the bottom fell out of prices. Moreover, Michigan wine consumption has been falling off rather steadily, possibly because of the inferior quality of the home-made product; Michiganders are turning more and more to distilled liquors.

Vice-president Wallace, when he was still Secretary of Agriculture, admitted once that "today we cannot say that we have free trade between the states," and "we cannot easily reverse this trend toward interstate trade barriers." There have been conferences of one kind and another, and for the present it seems that the increase of such barriers has been arrested. But the factors which produce interstate tariffs, and national tariffs too, are still with us, and it would seem fatuous indeed to look for relief from the effect while the cause persists. An economy of poverty, and a population ignorant of the veriest fundamentals of the theory of trade, must result in just this sort of scramble for markets, and if indeed we are "letting up" on interstate tariff laws, we still have with us the psychology which seeks to acquire wealth by legislation instead of by production.

It seems improbable that the state legislatures will voluntarily go very far in repealing obnoxious legislation already on the statute books. It is one thing to refuse to bestow a special privilege; it is quite another to take away one already bestowed. It is easier, when bad laws have been passed, to play upon the ignorance, the prejudices, and the avarice of the people. Some day we may be free from vicious legislation; but not until we have a clear vision of what we want, and how to get it.



*See "State Trade Walls."

Low Tax, High Values

Our ship was entering Hamilton Harbor and we were standing in the bows enjoying the beauties of the semi-tropical Bermuda scenery. The elderly Canadian couple next to me was particularly happy on this glorious morning. This retired engineer and his wife had decided to spend their remaining years on this coral island.

They had spent a previous vacation there looking about for a site for their little cottage. The great steamer was swinging in and out among the reefs and threading its way through the narrow channel, when my engineer friend, pointing to a spot of bushes some distance off, exclaimed: "There, now you can see our lot."

I noticed there were no houses or other improvements visible, which led me to think he must have found an inexpensive site for his new home; but when I inquired he said the lot had cost him \$9,000. I was dumbfounded, and had some misgivings, and doubted my own ears.

After a week on the island I found the Hamiltonians boasting that they paid no real estate tax, consequently the high land values.

O. K. DORN

The Freeman

A Monthly Critical Journal of Social and Economic Affairs

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The Book Trail

THE MORNING OF AMERICA

By Frank J. Klingberg

D. Appleton — Century Co., \$3.00

One of the most encouraging tendencies of the present day is reflected in the new history books—not, perhaps, in text books intended for public school children, but at any rate in historical reviews written for a popular readership. These books are paying less attention to wars and battles than they used to, and are treating the activities of kings and self-styled nobles with less respect. Instead, they are devoting more space to a study of the origins of folkways, especially of those economic institutions which ultimately determine, to a large extent, the political history of nations.

Dr. Klingberg is Professor of History at the University of California at Los Angeles. His book covers the period from 1763 to 1829—the years in which “the foundations of the country as we know it today were laid down.” Reading between the lines, we seem to discern a slight Anglophilic bias; “The Morning of America” can hardly rank as a study of evolution from basic economic and social origins; Adam Smith, who opposed the policy of George III, is introduced as the “founder of the science of business,” a scant honor for the Father of Political Economy. Nor are wars and battles ignored; on the contrary, about a quarter of the text is devoted to the Revolutionary War and its military strategy and tactics.

The discussion of the causes of the Revolution is rather more superficial than that in, for example, Woodward's “New American History.” It follows the traditional plan: tea tax, Stamp Acts, and so on, and neglects the influence of the great smuggling fortunes of New England, and of the commercial and political rivalries throughout the colonies which made capital out of the tax abuses. But Dr. Klingberg reminds us that, in the end, the

Revolution made very little difference. “English leaders, who, ignoring the opinions of Burke and Adam Smith, had forced the Revolution on the Americans largely to gain a monopoly of American commerce, must have been genuinely amazed to see trade flowing steadily in its old channels. The whole organization of American life remained much the same after independence as before.”

One sentence in particular causes a qualm, and makes one want to murmur “So near, and yet . . .” We read, in connection with the lands of the public domain which lay between the Alleghenies and the Mississippi, “New states could be carved out and admitted to the Union, and the sale of the land to individuals or corporations would yield a public revenue.”

If Dr. Klingberg's work is not penetrating, neither is it banal. It is part of a trend toward a new interpretation of history. We cannot do better than attempt to earn for ourselves the praise he bestows upon Franklin, who “never grew old, never talked even in his very last years of the good old times, but instead peeped longingly into the future.” Man shall yet learn to read in history the record of his own wickedness and folly, and (more important) to profit by his past mistakes. Where there is no vision, the people perish; but he that keepeth the law, happy is he.

ALAN FREEMARTIN.

WELTANSCHAUUNG, SCIENCE AND ECONOMY

By Werner Sombart

Oskar Piest, \$1.00

Sombart is a believer in the scientific nature of economics, but by no means accepts the proposition that economic science can be studied as the working out of changeless natural laws. Indeed, he says, attempts to apply the methods of the physical sciences to economics have “failed completely” because of the “free will of man” and the complexity of the “spiritual facts which form the contents of all economy.” The remedy, he believes, is an approach through “the world of spirit, without making a detour through natural science.”

This amounts to saying economics can never leave the speculative field, and must always depend upon pure ratiocination for its progress. We cannot “describe, measure and weigh economic data.” Maybe this is true. It is a fact that the quantitative methods, which were so fruitful in the physical sciences, have up to now produced little enough in social science.

Both the idea of “natural rights” and the concept of a free economy are scouted by Dr. Sombart; “... necessarily includes the idea of regulation, that is, the idea of human institutions, of which the order of the state is an essential part.” Perhaps this is true, too. If it is, we are chasing a chimera.

In evaluating “Weltanschauung” we may keep in mind that Sombart's method is entirely aprioristic; he develops his conclusions from premises which are part of his “Weltanschauung” and therefore not subject to question. But we can do that too. Of theoretical arguments there is no end, and too many of us follow the example of Hudibras who “could distinguish and divide a hair 'twixt south and southwest side.” Better advice is that of Candide to Pangloss: “Let us cultivate our garden.”

PAUL PEACH.

WOMAN IN THE SACRED SCRIPTURES OF HINDUISM

By Mildred Worth Pinkham

Columbia University Press, \$2.75

A study of the extent to which the Hindu religion is responsible for child marriage, infant mortality, enforced prostitution, and the many other troubles which prevent the Hindu woman from enjoying a life of service to society.

RESEARCH IN INTERNATIONAL ECONOMICS BY FEDERAL AGENCIES

By Sanford Schwarz

Columbia University Press, \$1.75

The first part of this book describes the agencies of government engaged in research; the second part is an inventory of that research, principally since 1933.

WHAT THE NEW CENSUS MEANS

By Stuart Chase

Public Affairs Committee, 10c.

This is Pamphlet No. 56 of the Public Affairs Committee series. In it Mr. Chase attempts to explain the trend toward a stationary population. “Human beings,” says Mr. Chase, “like every other living thing, tend to increase with the food supply.”

News of the Crusade for Economic Enlightenment

Edited by LAURA BREST

Chicago Commencement and Banquet Huge Success Guests Contribute Generously To School Fund

CHICAGO, Ill.—The annual banquet of the Henry George School was held Monday evening, May 12, in the Casino Room of the Congress Hotel. Francis Neilson, trustee of the New York School, and author, was the guest of honor. Alexander Greene was toastmaster.

Hon. Max M. Korshak, treasurer of the Chicago Extension, speaking on behalf of the trustees, reported that during the past year 639 students completed the basic course, bringing the total to 2160 since the first Chicago class in 1934.

Mr. Korshak's plea that the budget of the Chicago School be increased to \$5000, met with a generous response and the audience of 85 guests subscribed \$1338.

Dr. Ernest B. Zeisler presented a stimulating paper on "The Science and Ethics of Economics." Merrill Mason Gaffney, Winnetka, seventeen year old senior at New Trier High School and graduate of the Henry George School, captivated the audience with his plea to carry the message of Henry George to the youth of the land as a just alternative to communism or "stodgy Republicanism."

Messages of greeting were read from Rabbi Michael Aaronsohn, Cincinnati; Comfort A. Adams, Philadelphia; A. C. Campbell, Ottawa; Frank Chodorov, New York; W. E. Clement, New Orleans; Albert S. Colby, Greenhills, Ohio; Anna George de Mille, New York; Helen D. Denbigh, Berkeley; Clayton J. Ewing, Chicago; Lancaster M. Greene, New York; Nathan Hillman, Hartford; John C. Lincoln, Phoenix; Teresa McCarthy, Newark; former Mayor William N. McNair, Pittsburgh; V. G. Peterson, New York; Alice Thatcher Post, Washington; Mayor Cornelius D. Scully, Pittsburgh; Henry L. T. Tideman, who was teaching in Milwaukee that night, and William Beach Truehart, San Diego.

The program closed with an address by John Z. White.

Mildred Joy Robertson was in charge of the floral decorations which added to the beauty of the Casino Room.

W. J. Rivers, treasurer of the banquet committee, reported a slight surplus after all expenses connected with the banquet were defrayed from the sale of the tickets at \$2.50 each.

New York Commencement

NEW YORK, N. Y.—A capacity crowd of about 700 graduates and friends attended the New York School's Spring Commencement at the Engineering Auditorium, on 39th Street near Fifth Avenue. Leon Arpin, of the headquarters faculty, acted as master of ceremonies.

Mr. Arpin introduced Anna George de Mille, who made the address of welcome to the graduates. In keeping with a custom almost as old as the school, there were four student speakers; these were Dr. and Mrs. J. R. Callaway Brown, Andrew J. Davis (who makes his literary bow in this issue of *The Freeman*) and Miss Josephine Billington. The principal speaker was Rabbi Ira Eisenstein, of the Society for the Advancement of Judaism, who chose as his subject "Education as Means and End."

A program of music was presented by the Musical Arts Chorus, directed by John Warren Erb. Dr. Erb most obligingly complied with numerous demands for encores.

Enrollments for the classes which started during the week of May 9 were approximately 200 in the elementary course and 40 in advanced classes, according to Jessie Matteson, Registrar.

Chicago Contest Winners

CHICAGO, Ill.—The winners of the letter contest sponsored by the Honorable Francis Neilson for the Chicago Henry George School graduates of the winter term were awarded their prizes at a tea at the headquarters of the School, Sunday afternoon, May 4. Mr. and Mrs. Neilson were among the guests.

Hiram B. Loomis, president of the Chicago Extension trustees, presented first prize of \$50 to Mrs. Berniere Hilliard; second prize of \$25 to Carl V. Baldwin; third prize of \$10 to William H. Maxant. Miss Elizabeth Everett, Robert J. Sell and Mrs. Carl V. Baldwin received honorable mention and \$5.00 each.

Speaking for the judges, Malcolm Franklin explained how the decisions were made without the judges knowing the identity of the author of any letter. Mr. Neilson, in a brief message, urged the prize winners to continue their writing.

Mr. Neilson graciously consented to autograph copies of his book "Man at the Crossroads." These were presented to the prize winners and to runner-up contestants, Rev. Robert Eugene Roberts, H. R. Ball, and Benjamin Sherard.

Speakers' Bureau Reports

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

May 8—M. B. Thomson at Queen's County Bankers Association, Long Island City.

May 8—Dr. S. A. Schneidman at Round Table Group, Laurelton, Long Island.

May 11—A. P. Christianson at Young Men's Hebrew Association, Mount Vernon.

May 16—Dorothy Sara on radio station WMCA, New York.

May 23—Charles Winter at College of the City of New York, Economics Society, evening session.

Film Committee News

NEW YORK, N. Y.—The Motion Picture Committee will present in the New York School Auditorium, on Tuesday and Wednesday, June 3 and 4, at 8:15 P. M., the first of a series of unusual weekly film programs. The feature picture of the evening will be "Maria Chapdelaine," a play based on the famous Canadian novel of that name, starring Jean Gabin and Madeleine Renaud. A number of entertaining short subjects will also be shown. None of the pictures booked is a commercial, propaganda, or government film. The admission charge will be 35c.

The Motion Picture Committee is an outgrowth of the new four-week course in Film Education Technique given by William Newcomb. The primary purpose of the course is to investigate the power of the motion picture as a propaganda medium, and its ultimate aim is the production of at least one feature-length film based upon the economic principles and social philosophy of Henry George. Mr. Newcomb is already at work on a Georgist slide-film to be released in connection with the Convention in July.

The slide-film was assembled and edited by Donald Werkheiser, who moved recently from Harrisburgh so that he could take more advanced courses than were possible through the Correspondence Division. A staff of some 45 volunteers has been assisting in the work.

The proceeds of the June 3-4 showing will become the nucleus of the Henry George Educational Film Fund, according to Sydney A. Mayers, chairman of the committee. The money will be used for acquiring or filming the thousands of feet of film necessary for a motion picture production, and for meeting the laboratory and technical costs.

Chicago Plans Festival

CHICAGO, ILL.—There'll be a great week in the Windy City starting Monday, June 23.

That's when Anna George de Mille will be in Chicago. Mrs. de Mille is president of the Board of Trustees of the New York School, and the daughter of Henry George.

Each night that week Mrs. de Mille will speak at two regional meetings of current and past graduates. The committees are busy now arranging the programs, the places of meeting, the publicity and decorations. The first meeting will be in the form of a dinner, and the second will meet at 8 o'clock and serve refreshments.

The schedule of the meetings is:

Monday, June 23

AUSTIN-OAK PARK—Walter J. Tefo, Chairman, 129 N. Central Ave.

PARK RIDGE-SKOKIE-DES PLAINES—O. P. Sundell, Chairman, 1411 Garden St., Park Ridge.

Tuesday, June 24

DOWNTOWN—Mildred Joy Robertson, Chairman, 420 W. Wrightwood.

LA GRANGE-BERWYN—Elmer C. Swanson, Chairman, 424 S. Ashland Ave.

ELMHURST-LOMBARD, WEST CHICAGO—William H. Haynie, Chairman, 156 East St. Charles Rd., Elmhurst.

Friday, June 27

NORTH SHORE—Leonard K. Nitz, Chairman, 2412 Lawndale Ave., Evanston.

NORTH SIDE—Mrs. Edith Siebenmaann, Chairman, 1434 W. Highland Ave.

* * *

The regional meetings will be followed on Monday, June 30, by the commencement at which Pittsburgh's Mayor William N. McNair is expected to speak with Mrs. de Mille.

Forums in Boston

BOSTON, Mass.—Mrs. Grace Dahl will act as secretary for the Boston Speakers Bureau which is now being organized, and courses will be given at the School in public speaking. Miss Dorothy Sara, secretary of the New York Bureau, spent a few days in Boston getting the speakers under way.

Philadelphia Trustees Elected

PHILADELPHIA, Penna. — Following the example of Boston, ten prominent Georgists of the Philadelphia Extension have associated themselves as a trust to be known as The Henry George School of Philadelphia. On April 27, the trustees met for the first time as a legally constituted body to elect Julian P. Hickok as President; Samuel L. Green, Vice President; and Burton N. Jones as Secretary-Treasurer.

Other members of the board are Lucia Cipolletti, Anna Rose, Dr. Henry George, Ernest Schneider, Charles B. Scheerbaum, Frances Fee, and Harold Sudell. The purpose and form of the organization is similar to that of the New York School.

College Students Enjoy Course

EUREKA, ILL.—The students of Prof. W. Lou Tandy's class in Public Finance at Eureka College were enrolled last winter in the Henry George School's Correspondence Division. (See *The Freeman*, December, 1940.) Prof. Tandy reports that the experiment was a success, that the students felt it very worth while, and wished they could have "spent more time dealing with Henry George in class."

Commencement in Oakland

OAKLAND, Calif.—The spring classes of the East Bay Extension were graduated at exercises held in the Alden Public Library on May 6. Jerome Crawford acted as chairman.

S. Edward Williams made the principal address, on "Arming in Humanity's Cause." William H. Tuttle spoke on "Sharing the Job." Subscriptions and contributions amounted to \$58.50.

New classes will be organized after the summer holiday, according to Extension Secretary Grace A. Johnston.

New Class in Los Angeles

LOS ANGELES, Calif.—A new class in Fundamental Economics was begun on May 9, according to Extension Secretary Ferrell. Mr. Ferrell writes that he is about half finished with his class in International Trade, which he organized for 15 selected graduates.

Chicago Club News

CHICAGO, ILL.—The last regular meeting of this season of the Henry George Woman's Club of Chicago was held on May 13th with Mrs. Albert Enders presiding. At this meeting the program for the coming year was outlined and the members present chose departments in which they wished to work.

On Saturday afternoon, May 17th, the Club entertained members and friends at a Spring Tea with Miss Lillah Haggerty acting as hostess. New women graduates of the Chicago Extension were introduced, and Mrs. Lyrl C. Van Hynning, chief speaker of the program, addressed the group on the subject of "Have American Women Failed in Citizenship?"

Miss Eileen Campbell, a member of the group, won the Ninth District Literary Contest prize with her story "Tomorrow Never Comes." The story was read aloud at the tea.

Catholic Group Invites Arpin

NEW YORK, N. Y.—Dorothy O'Grady recently addressed the Ozanam Guild, an organization of Catholic employees of the Department of Welfare, on the subject of her association with the Henry George School. As a result, the members have invited Leon Arpin to be with them at their next meeting, June 4, and tell them more about George and Georgists.

Freeman Art Colony

NEW YORK, N. Y.—Three artists contribute to *The Freeman* for the first time in this issue. Taking them alphabetically, they are Claude Buck, Eda Casterton and John Frew.

Claude Buck, who illustrates "The Story of Savannah" which occupies the center fold, is a painter of national reputation. He has lived in Chicago for the past twenty years. His wife, Leslie, is winning acclaim for her still life paintings.

John Frew is a professional artist, whose work has appeared in illustrated books and magazines for many years. Not only does he draw for *The Freeman*; he made the poster announcing the June 3 motion picture, and is working with Mr. Newcomb on the movie project. He picked the illustration theme for "War Bends Tin Monopoly" after the editor had given up in despair the task of searching for an idea.

Mrs. Eda Nemoede Casterton, whose sketch of Herbert T. Owen appears in our "Who's Who," is a miniature artist of Chicago, and past president of the Chicago Society of Miniature Painters. She has received many awards, including the Bronze Medal at the Philadelphia Sesquicentennial in 1926.

Among the old timers, John Monroe and Sylvia Wiren are represented. Mildred Baldwin sends some drawings—but we haven't any more room! Hubbell McBride is taking a month off, while he works on a special illustration job which may surprise you one of these days.

The magnificent cooperation of the Artist Staff is the brightest spot in the editor's life. No thanks are adequate for such loyal helpers. But you can help thank them—by becoming a booster for *The Freeman*. Remember: hundreds of dollars a month would not buy what we get for nothing.

Novelist Studies Economics

NEW YORK, N. Y.—Gösta Larsson has been called the Swedish Conrad because, like Conrad, he achieved success as a writer only after abandoning his mother tongue and turning to English. He has three novels to his credit: "The Ordeal of the Falcon," "Our Daily Bread," and "Fatherland, Farewell!"

The last two are part of a trilogy; the third volume is still in process. Mr. Larsson heard of the Henry George School from Eric Winberg, American correspondent of one of the great Swedish newspapers. He attended the fundamental classes last fall. Now he is taking the course over again, in order that he may pick up the loose ends. In the meantime, work on the third book of his trilogy is suspended. He feels he cannot do justice to his subject until he has studied the land question thoroughly.

Mr. Larsson is a member of the class of C. O. Steele, Associate Editor of *The Freeman*.

First Annual School Convention

NEW YORK, N. Y.—The Convention Committee announces the following tentative program for the Convention, which will meet at the New York School, 30 East 29th Street, on July 9, 10, 11 and 12 (Wednesday to Saturday, inclusive).

First Day: Wednesday

Afternoon: Registration in Student's Room (fee, 50c) from 2:00 P.M. to 4:00 P.M.

Evening: Opening in Upper Hall, 8:00 P.M. to 10:00 P.M.
Address of Welcome by Anna George de Mille.
"Why Trustees Decided on Yearly Convention" by Otto K. Dorn
"The Chicago School" by H. L. T. Tideman.

Second Day: Thursday

Morning: Panels (10:00 to 12:00) in which papers will be read and discussed. The following subjects will be covered:

Paper on housing, to be announced.
"The State" by Oscar Johannsen
"Cooperatives" by John T. Tetley
"The Individual in a Free Economy" by Harry Haase
"Disposition of the Rent Fund in a Free Economy" by Paul Peach
"Applications of the Law of Rent" by Lancaster M. Greene
"Taxman, Spare That Tree" by Lawrence Rathbun
"Will There Be Enough Rent?" by R. M. Connor

Afternoon: General Meeting
"Relations of Extensions with Headquarters" by Teresa McCarthy
"The Correspondence Division" by Gaston Haxo
"Advanced Courses for Extensions" by Will Lissner
"The Lecture Forum" by Herbert von Henningsen
"The Schalkenbach Foundation" by V. G. Peterson

Evening: "History of the Georgist Movement Before the School" by John Lawrence Monroe

"The Classroom Technique" with M. B. Thomson, Chairman. This will be conducted as a regular class, with the audience acting as students and instructors in the audience asking prearranged questions intended to "stick" the teacher. Mr. Thomson will then call upon other instructors to answer the questions; in this fashion will be illustrated what difficulties may arise in the classroom, and how they may be overcome.

Third Day: Friday

Morning: Discussion of teaching methods: Alexander M. Goldfinger, Chairman

Afternoon: General Meeting

"Speakers' Bureau" by Dorothy Sara
"The Freeman" by Paul Peach
"Visual Education Methods" by Emanuel Ebner
"Extension Activities" by extension representatives

Evening: "Whom Can We Teach?" by Raymond V. McNally
"The School and its Promise" by Frank Chodorov

Fourth Day: Saturday

All Day: Picnic at Jones' Beach

Lillian Mechanic, Secretary
Burt Levey, Chairman.

Subcommittee Chairmen:

Emanuel Choper, House Committee
Abraham Ellis, Forums and Papers
Helen Bernstein and Jessie Matteson, Registration
David Targ, Transportation and Housing
Paul Mueller, Publicity
M. B. Thomson, Classrooms

Boston Spring Classes

BOSTON, Mass.—Enrollments in the spring classes now in session were built up from 51 on opening nights to 159 and, with an additional 70 registered in the advanced classes, now total 229. This excellent showing is despite a severe epidemic of spring fever which struck Boston about the time the classes started.

New plans are being developed for considerably increasing the enrollment of students per dollar of expenditure and per unit of effort. Statistical information which has been carefully gathered during the past year concerning new students is being found of great value in the formulation of new plans.

New England Institute

BOSTON, Mass.—The new Henry George Institute of New England is now well under way and much progress has been made in the coordination of the many activities of the work.

Periodic faculty meetings have been decided upon, and the first of these meetings was held the evening of May 22.

The Institute's monthly "News Bulletin" will carry in the next issue an "Honor Roll of Workers" listing 55 names of those who have rendered unusual service to the Boston Extension.

Volunteers in Newark

NEWARK, N. J.—Although it is some time since Miss K. Buckley, Mrs. C. A. Currie, Mrs. A. Funke, and Mrs. O. B. Johannsen bade good-bye to office work and took to housekeeping, yet they are doing an excellent job of running the School's office in Newark. Each of them spends one day a week answering the phone, writing letters, and doing the endless odd jobs that keep cropping up.

Young People's Classes

NEW YORK, N. Y.—Special classes in Fundamental Economics for high school seniors and graduates will be conducted at headquarters this summer. Classes will begin the week of June 7 and will meet twice each week.

Morning sessions will be from 10 to 12, evening sessions from 7:30 to 9:30. The classes will be in session for six weeks.

Jersey Faculty Meets

NEWARK, N. J.—The instructors of the New Jersey Extension held a meeting on May 23 at Newark Headquarters, 1 Clinton St., to outline the part which this extension will play in the New York Conference.

Oscar Johannsen and John T. Tetley are preparing papers.

Advanced Class in Hudson

HUDSON, N. Y.—The class in International Trade closed on May 21. A notable feature of the meetings was the complete agreement reached on the subject of protective tariffs very early in the course. The students had the experience (in common, no doubt, with many others) of saying, "How is it that principles so obvious as these have so long escaped recognition?"

Wallis Completes Book

KEW GARDENS, N. Y.—Louis Wallis, author of "By the Waters of Babylon," "God and the Social Process," etc., has just completed the manuscript of a new book, "Secular Bible History," which even before publication has been put into use in the University of Michigan in a course on "The History of Israel." Mr. Wallis emphasizes the fact that Hebrew history turns around "an unresolved antithesis between inalienable, communistic land titles and liquid, individual titles to land; both terms of the antithesis being socially and economically impossible!"

Mr. Wallis has presented a mimeographed copy of his manuscript to the New York School. Since it is not yet published, it is not, of course, available for general distribution.

Objections Overruled

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

Q. Is there no danger that under the Single Tax scheming men of great intellect would be able to take advantage of their less intelligent brethren, and by the competitive system corral everything as they do now?

A. If they did it would not be by the competitive system, but because the competitive system was still imperfect. Competition is freedom, and such a thing as you suggest could not be done where freedom prevailed. I believe that the Single Tax would perfect competition. If it did, and at any rate to the extent that it did, every one would get when he earned.

John Radcliffe

CLEVELAND, Ohio.—John Radcliffe, Secretary of the Cleveland Extension, died in Glenville Hospital after a brief illness. The body was interred at Youngstown.

Mr. Radcliffe has been secretary of the Cleveland School since 1933, when it was reorganized by John Monroe. His unassuming leadership was an inspiration to his associates. His father, Billy Radcliffe, a Georgist of the earliest days, passed away only a few years ago, and thus the Cleveland School feels that it has sustained a double loss.

Free Speech in Jersey

NEWARK, N. J.—Graduates of Philip Blacker's class in New Brunswick have formed a discussion group to be known as "The Freeman's Forum." They will meet in Mr. Blacker's office to continue their education in Georgist philosophy, according to Mrs. S. G. Redshaw, class secretary.

Boston Speakers' Bureau

BOSTON, Mass.—Mrs. Grace M. Dahl, Secretary of the Boston Speakers' Bureau, reports the following engagements:

April 14: Dr. Charles R. Morgan at the Women's League for Social Science.

April 16: Dr. Morgan at Ruggles Street Baptist Church.

April 18: Dr. Morgan at First Baptist Church, Chelsea.

April 27: Reginald Zalles at Theosophical Society.

April 28: Winthrop L. Upton at Newton Rotary Club.

May 19: Winthrop L. Upton and Harold J. Power at meeting of the Boston Executives' Association, Boston Chamber of Commerce.

On the Margin

W. O. Humbert of St. Joseph, Mo. sends a clipping from the St. Joseph News-Press — his first "Letter to the Editor." The opening sentences are: "I read with interest your editorial about the high taxes on real estate making it difficult for people to own their own homes. May I suggest that taxes make it difficult for any of us to own anything?" Well put, friend!

And John T. Giddings, of East Providence, R. I., had a letter in the Providence Journal. A good free trade letter—and he gives *The Freeman* credit for an assist.

F. M. Kirkendall writes from Dayton that the George quotation on our front cover is alone worth the price of the paper. And our West Coast contemporary *Our Common Wealth*, published by California Georgists, has a kind word for *The Freeman*. Our *Common Wealth* wants brief, informative articles with a Georgist slant; about 300 words. Address 217 Kearny St., San Francisco.

Merrill Mason Gaffney, one of the student speakers at the Chicago commencement, became introduced to Georgism in a curious way. He was sick with a cold, and his mother brought him a book from the library—just a random selection. It was Albert Jay Nock's "Henry George." That started it. Mr. Gaffney is going to Harvard this fall, and wants to make the teaching of economics his life work.

H. W. Noren of Pittsburgh is still pounding away with his letters. Other Georgists should follow his example. Though we may not immediately see the results, the fact remains that no thoughtful letter is ever wasted.

After the conclusion of the Commencement Exercises at the Engineering Auditorium this month, the crowd assembled in the Recreation Room for refreshments. These consisted of ice cream, cake, and punch (non-intoxicating). Teresa McCarthy was in energetic charge of a number of charming volunteer hostesses.

Letters to The Editor

Here is the text of a cablegram which I sent to Winston Churchill on April 30. — Louis Wallis.

Hon. Winston Churchill
10 Downing Street
London, England

You recall that Abraham Lincoln issued his Emancipation Proclamation as a war measure in the very midst of the American civil struggle. Would it not be advisable for you to make an explicit statement about the following situation: war effort in Britain and defense effort in America impeded by two conditions: high cost of land for army camps, air bases, bomb shelters, etc., and also enormous and mounting taxes on productive capital and merchandise. World wide attention would be secured and favorable public response would follow if you declare that these conditions could be advantageously modified by partial transfer of taxes from industry to ground rents of leased land as well as to value of unused areas held on speculation. This is a problem of relieving pressure on industry and augmenting production of goods and getting a larger volume of taxes. It is not a matter of single taxation. Having made several Rotary Club speaking tours on the subject in Britain, I am sure overwhelming majority of British people will rally to your declaration which can then presently be used for legislative effect. Such a declaration would, of course, be in line with your previous public activity in promoting fiscal reform and ending veto power of lords. Yours for better understanding between Britain and States, and in hope of speeding up backward public opinion in America.

Louis Wallis
Kew Gardens, Long Island,
New York

Henry George School of Social Science

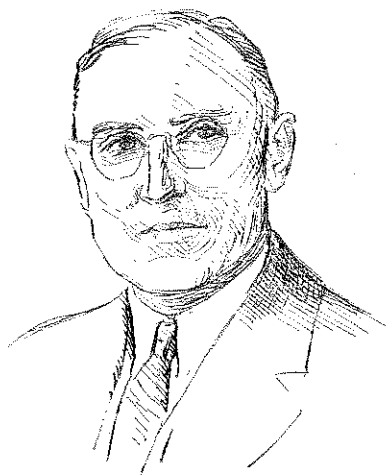
FIRST INTERNATIONAL CONFERENCE

July 9-10-11-12, 1941

New York City

Who's Who in Georgism

Herbert T. Owens



Not all the followers of Henry George live in the United States. The entire British Empire (as well as many other countries) has always had faithful men and women doing what they could for the cause of economic freedom.

Canadians have done their share. One of the most prominent workers in that

country is Herbert T. Owens, now living in Ottawa. He has had a varied career. Born in Montreal in 1882, of Welsh and Scottish ancestry, his early education was in the public schools of that city. Most pupils were charged tuition, but young Owens obtained a free scholarship. It is probable that his best education was the result of extensive traveling. In early life he lived in Troy, N. Y., and in New York City, where he attended Columbia University.

His first instruction in Georgist philosophy was received from A. C. Campbell, then parliamentary reporter in the House of Commons at Ottawa, whom Mr. Owens served as amanuensis from 1907 to 1910. In 1918 he went to the Orient where he occupied the position of Assistant to the President of Severance Union Medical College and Cho-sen Christian College in Korea. With one furlough, Mr. Owens remained in Korea until 1932. Before returning to Canada he traveled from Japan to India and Egypt, and visited Switzerland, France and England.

In 1933 he settled in Toronto and soon became active in the Georgist movement. Until recently, he has acted as secretary to the Henry George Society and editor of *The Square Deal*. He taught several classes in the Henry George School and has lectured before all sorts of clubs. In addition to all these duties, he has served as an Elder in the United Church of Canada. He moved to Ottawa quite recently.

Mr. Owens married Miss May Ethel Sumner of Waterford, N. Y. in 1911. They have three children.

Advice

These verses were addressed by Richard and Norma Lowell to Julian Loebenstein on the occasion of his birthday, when they presented him with a tract of land—in a box. All three are students at the New York School.)

* * *

For many months, each Thursday night
Through winter's rain and snow
Our Jule has done his best to find
The cause of social woe.

To Twenty-Ninth and Madison
He's gone with rising gorge
To gather pearls of wisdom dropped
By Mr. Henry George.

To find out why, 'midst rising wealth,
The poor man's lot grows worse
And why the worker slaves and yet
Has little in his purse.

He learned about the law of rent,
He studied interest;
To "margin of production" he
Applied the acid test.

Our Julian learned the strangest things;
Some things he never knew,
And many things he'd always known
He found were just not true.

For instance, take the lowly cow;

A cow, you understand,
Is not a cow at all—oh, no,
It's just a piece of Land!

Consider next the Dollar Bill.

"It's wealth," Jule said; but learned
That that's exactly what it ain't,
Not even when it's earned.

Our boy friend found that labor has
A future that is black;
The landlord gets its pay and takes
The shirt from off its back.

The man who piles up capital,
Our Julian learned, is nuts;
From him that devil landlord steals
The coupons that he cuts.

In fact, when all is said and done,
The only time you get
A decent break in all this mess
Is when you've land to let.

And so, dear Julian, for your gift
We've toiled and thought and planned;
At last we've found the very thing—
This modest tract of Land!

Now, Jule, this land is yours to hold
Until our system cracks.
Grow fat upon your land, old man;
To hell with Single Tax!



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* * *

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

* * *

P & P 2:19—"Decline and Fall of the Pay Envelope" (177).

P & P 4:3—"No More Land Values?" (179).

P & P 4:6—"Stock Market Teaches Economics" (174).

P & P 4:13—"No More Land Values?" (179).

P & P 4:31—"Decline and Fall of the Pay Envelope" (177).

P & P 5:9—"War Bends Tin Monopoly" (182). The tin mines of Bolivia will yield more rent because of the war.

P & P 5:22—"Lott's Lots for Sale" (175).

P & P 5:28—"War Bends Tin Monopoly" (182).

P & P 6:31—"Decline and Fall of the Pay Envelope" (177).

P & P 6:26—"The Opacity of Opax" (176). Price control is an indirect attempt to control wages. Can this be accomplished without establishing the equivalent of a dictatorship? What must be the result in net social satisfactions of making production dependent upon the dictator's mind rather than upon the market process?

P & P 8:17—"What Are Excess Profits?" (174).

P & P 9:38—"Stock Market Teaches Economics" (174).

P & P 10:25—"War Bends Tin Monopoly" (182).

P & P 10:30—"Government Of and By People" (173).

P & F T 2:6—"New Model Secessionists" (183).

P & F T 2:17—"New Model Secessionists" (183). The "protective" trend does not stop at the States; many towns urge their citizens to trade locally, and so sometimes even particular sections of towns. What are the motives behind this urging?

P & F T 3:23—Illustration and caption, page 184.

P & F T 4:25—"War Bends Tin Monopoly" (182).

P & F T 5:23—Illustration, page 184.

P & F T 6:34—"War and Its Aftermath" (170).

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