# ★ The Freeman ★

*A MONTHLY CRITICAL JOURNAL OF SOCIAL AND ECONOMIC AFFAIRS*

## Suppose You DON'T Earn $25,000?

WILLFORD I. KING

6

★

## The Three Basic Rights

JOHN S. CODMAN

8

★

## Our Land and Our Literature

MARGARET HARKINS

10

★

## Aren't We All?

An editorial by C. O. STEELE

2

★



Vol. VI, No. 5 MARCH, 1943 Ten Cents

13316

# Aren't We All?

* At a New Year's Day ceremony in City Hall Mayor F. H. LaGuardia proposed the Lord's Prayer and the Golden Rule as "formulas" for solving world problems after the war. Addressing an audience of city officials, judges, army and navy officers and high dignitaries of the church, the Mayor said:

"We ask the Lord to give us our daily bread. We don't say 'Give me my daily bread.' And the Lord has responded. He has provided sufficient bread for all of us in the entire world, but we haven't carried out that generous response. We have been unable, through selfishness, narrow-mindedness and greed, to take those blessings, take the bread and see to it that all the hungry people of the world should enjoy it. That is one of the problems that we at home must be thinking about while our men in the four corners of the world are fighting to make it possible to put it into action."

To ascribe our troubles to "selfishness, narrow-mindedness and greed," as the Mayor does, is a common practice. Industry lays its production difficulties to the "selfishness, narrow-mindedness and greed" of labor. Labor makes the same charge —in reverse. The Democrats attribute the plight of the country to the "selfishness, narrow-mindedness and greed" of the Republicans. The Republicans say it is all due to the "selfishness, narrow-mindedness and greed" of the Democrats.

One is tempted to say they are both right, but that would be inexact. Whatever be the sins of omission and commission chargeable to the two dominant political parties—and heaven knows their name is legion—it is economic illiteracy, ignorance of fundamental economic law, that in the great majority of cases is to blame. For what, after all, are selfishness, narrow-mindedness and greed but normal, human traits, without which men would make precious little progress in this world? It might be objected, of course, that man has made precious little progress *with* them, seeing the sorry mess in which he has succeeded in involving himself, but that would be only a part-truth.

Selfishness, narrow-mindedness and greed are terms of opprobrium which we apply to others. The same qualities in ourselves we speak of as "enlightened self-interest," "laudable singleness of purpose," "thrift, legitimate acquisitiveness, exemplifying the worthy ambition to get ahead."

A great American economist and philosopher, Henry George, saw to the bottom of the thing when he wrote, more than sixty years ago, that men are impelled by a supreme law of the human mind to seek the satisfaction of their desires with the least exertion. In doing so they inevitably exhibit those traits of character we have been discussing. Let us recognize that those traits are neither noble nor ignoble; neither exalted nor base. They are simply human characteristics, the common attribute of all mankind.

The Mayor speaks but the simple truth when he says, "And the Lord has responded. He has provided sufficient bread for all of us in the entire world. . ." But might not the Mayor well ask himself why, if there is enough for all, should our men be fighting in the four corners of the world; why should men of all nations be at each others' throats with savagery ruthless beyond description; why are unoffending men, women and children by the millions being uprooted and cast into slavery, or left to the more merciful fate of starvation? Is it to effect a more even distribution of the bounties the Lord has provided? The war has been going on for three and one-half years. It may last several years longer. Are all the hungry people of the world, as the Mayor puts it, getting their bread? Is there any hope that they will get it during the years the war may yet run? Is there any assurance that they will be faring very much better a generation after peace has been declared?

Hunger is rampant in most of the countries of the world and an imminent threat in the others, not through any dereliction of the Lord's nor, as the Mayor would have us believe, because of the selfishness, narrow-mindedness and greed of men, but because so few men realize that Freedom is the greatest thing in the world, and even fewer know just what Freedom means. Until men the world over learn that Freedom means the complete abolition of every kind of barrier to production and to trade, there will be millions of hungry people in the world.

—C. O. Steele

# A Good Beginning

★ The new governor of New York State got off to an excellent start in his inaugural address on the first of January, unmarred by the three "p's" so often blighting such occasions—personalities, partisanship and pettiness. He dealt with great major issues and not with trivialities.

Very properly he opened with a presentation of our all-supreme problem of pressing the war to an early and victorious conclusion, but this we pass over for, in these matters, no right-thinking person can dissent. What will appeal to the readers of THE FREEMAN with peculiar force is what he said regarding our great social and economic needs. He urged precisely what we have long fought for and many of his phrases ring familiarly in our ears: "We want a society which combines political and economic freedom with an ever greater measure of security"; "Our society must provide full employment through full production"; "We must achieve . . . (these ends) by methods which do not destroy but rather strengthen the ideal of political, religious, civil and economic freedom." Speaking of problems which shall confront us when millions are demobilized, he says: "These young men and women are entitled to expect something better than the hopeless period of government-made work and relief. They are entitled to a fruitful, productive place in a free economic society, dependent on the favor of no man or political party for their livelihood or for their security." Are not these the very objectives at which we aim, and has not Henry George blazed a path to their accomplishment—a path that is sound, practicable and above all just?

We do not know how familiar Governor Dewey is with our philosophy but we only hope that he will give thought to programs, clearly marked and definite, accepted by many of the world's foremost thinkers. Partisanship has no place in these columns and we care little what label the new governor wears but we hope much from the brilliant young man whose career as district attorney of our greatest metropolis was marked by such courage, integrity and ability. Let us hope that his record as governor of our greatest state will be characterized by the same sincerity and well-directed zeal.

The governor's whole address was a splendid document in clear and forcible style, which may well be read in its entirety. We cannot forego quoting his closing paragraph, both for its diction and for its soundness:

"To the cause of human freedom we again dedicate ourselves today. It is not for any man to say that any single freedom is our principal objective or that some freedoms may be permanently sacrificed to preserve others. No man can be part slave and part free. Freedom is indivisible. Americans are fighting for our whole free system, and it is our high duty as Americans to preserve and build meanwhile every part of that system for the present and for the future. As we approach our tasks, let us humbly and with the help of God dedicate ourselves unreservedly to that end."

—GILBERT M. TUCKER

*If there is any one principle more important than any other principle in the economic affairs of men, it is that the Earth is the birthright of all mankind, and that all have an equal right to its use; and if there is any one violation of Natural Law that is more devastating in its consequences than the violation of any other Natural Law, it is the private ownership of land.*

—OSCAR H. GEIGER

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# Still Much to Be Learned

* Dr. Walter B. Pitkin, who achieved fame by writing "Life Begins at Forty," is retiring from his teaching post at Columbia University at the age of sixty-five. After thirty years of "saving young writers from starvation," at the Graduate School of Journalism by telling them what Americans are interested in, he is going to travel around the country studying consumer problems and figuring out what the post-war situation will be. If he is only half as successful in helping the long-suffering consumer as he was in helping a generation of aspiring writers, his pilgrimage will not have been in vain.

The American reading public will be glad that Dr. Pitkin is not going to retire into oblivion. It will hope for a continuation of the books and articles—engaging, chatty, inspirational, often wise, sometimes profound and, on occasion, a little foggy—that flowed in amazing profusion from his facile pen. He has enlightened, entertained, encouraged and amused. May he shine with equal brilliance in the field of economics which he is now entering.

That the versatile gentleman is still not entirely clear on matters economic was indicated by his statement in a recent newspaper interview, to the effect that the Chinese would develop some form of communism as a means of alleviating their misery. In almost perpetual hunger, they would inevitably seek an equitable distribution of the wealth of the country, he declared. But he predicted that the Russians would turn to capitalism. He pointed to the vast spread in wages from the worker up to the manager, which, he said, was much greater than in this country. "People like to hang on to what they have," he declared, "and communism, which arose from the misery of the people, is going to go out as soon as they get richer."

There you have it. Communism will alleviate your misery; it will provide an equal distribution of wealth; it will make you rich. And then you will abandon it because you like to hold on to what you have! Since when has communism alleviated misery? Since when has it made for an equal distribution of anything but poverty? Since when has it made people rich? Since when have people abandoned what is making them rich?

Communism, like fascism and nazism, is merely one form of dictatorship—government ownership and control carried to the extreme. Have the great masses of people in the dictator countries of the world known anything but hunger under their dictatorships? Have any but the handful of exploiters in control grown rich?

Riches come from production. How do the dictator countries compare with our own in the matter of production efficiency? It took government-controlled Germany nine years to build enough plants and equipment to fight a war; it took government-controlled Japan twenty-five years; and even Russia, gallant ally though she be, required twenty years. American industry under free enterprise has done it in two years—built and tooled plants to turn out *one thousand times* the war materials we could make before the war.

Let the learned professor disabuse his mind of the quaint notion that communism is anything other than one of the less agreeable forms of slavery, and the even more groundless belief that it ever made a people rich. Let him learn where wealth comes from, how it is produced, why it is not produced in vastly greater quantities, and what hinders its equitable distribution. Let him realize that there are just two incentives for the production of wealth—hope of reward or fear of the lash. Hope of reward is the spark-plug of free enterprise, the principle of thrift, the desire of man to be a man, self-supporting and self-respecting, and not the galley-slave or pensioner of the State. It is the incentive which, operating in the American system of free enterprise, has in a few generations added more to the world's wealth than did all the previous feudalisms put together.

The consumer problem is merely how to get it. Just that and nothing more. Life may begin at forty; there is still much to be learned at sixty-five.

—C. O. Steele

# Land Value Taxation in New Zealand

* "BENEFITS RECEIVED" is a just, practical and common-sense criterion for taxation, in the opinion of His Excellency Walter Nash, Minister from New Zealand to the United States. Taxes should be collected by the government on the basis of "services rendered," just as business firms charge on this basis, Mr. Nash told a luncheon and conference group which met on January 23, at the Hotel Pennsylvania, New York City, under the joint auspices of the Citizens Housing Council of New York and the American Institute of Planners. Mr. Nash's talk was broadcast on a national hookup by CBS. He pointed out that the principles of "benefits received and services rendered" are utilized when land-value taxation is the basis of getting revenue for the government. He said that his country does not wish to discourage the building of dwellings and offices and hence exempts these improvements from taxation. The land belongs to the people, whereas the improvements belong to the individual owners. Under this system construction has gone forward actively and will not be hampered after the war when it is expected there will be a tremendous demand for homes and business buildings. Another effect which Mr. Nash observed is that land-value taxation makes land cheaper and easier to use.

Mr. Nash said that buying of land, such as Secretary of the Treasury, Henry Morgenthau's purchase of a lot in the Bronx for $500 and reselling it for $10,000, is a form of speculation which New Zealanders consider harmful to society. Mr. Nash referred to the story of this transaction as reported in *Time* magazine for the week of January 23. He further argued that despite the other restrictions on production, such as the high tariffs imposed in reciprocity for America's high tariffs, New Zealand's experience positively demonstrated that removal of taxes from improvements and the substitution of land-value taxation, relatively encourages improvements and discourages the withholding of land from use.

Following Minister Nash's talk, Chairman Harold Buttenheim invited the audience to participate in a discussion of the question, "Would New Zealand's Tax System Benefit New York?" led by Lawson Purdy, former President of the Department of Taxes and Assessments, and Earl B. Schwulst, Vice President of the Bowery Savings Bank. Mr. Schwulst said that he had many worries over the real estate owned by the bank and that he feared to increase the tax on land and decrease the tax on improvements.

Mr. Purdy told how he had worked out the present separation of land value from building value in New York City, and how the second-class cities of Pennsylvania had increased the proportion of land-value tax and lowered the tax on improvements, a project in which he assisted. Mr. Purdy said that he was not at all afraid that the tax on improvements would complicate the real estate owner's problems. He assured the conference that, on the contrary it would simplify such matters.

—Lancaster M. Greene

# How To Win Friends

* A SIMPLE WAY "to win friends and influence people" is contained in a little bag which the War Department has provided for the United States troops in North Africa. In these "barter bags," as they are called, is to be found a strange assortment of merchandise—candies, beads, scissors, perfumes, cloths, cigarettes and foodstuffs, to provide a "basis for trading for local products wanted by the soldiers."

We can picture the friendly African smoking American cigarettes, eating choice bits of foodstuffs, his wife adorned with beads, anointed with perfume, cheerfully supplying our troops with the local products needed.

The African is not penalized by a tariff on American goods; the American soldier is not required to bring back gold to be buried in the Kentucky hills. Both parties to the trading have profited. As always is the case, the free exchange of goods means not only mutual benefits in material things, it means, too, a more friendly attitude of man toward man.

How simple a thing is free trade—and what a wonderful and natural way to promote international goodwill!

—Dorothy Sara

# Suppose You DON'T Earn $25,000?

*The philosophy behind the executive order setting a top limit on what a man is permitted to earn is the philosophy of leveling off at the top, of taking from those who have and giving it to those who have not.*

*In this article* WILLFORD I. KING, *Professor of Economics in the School of Commerce, Accounts and Finance, New York University, dissects that plan with a neatness and dispatch that can hardly fail to please those old-fashioned individuals who persist in believing that a man is entitled to the fruits of his own labor. They will note with satisfaction that when the professor has completed his thorough and workmanlike job there is little left of the argument that the measure will produce revenue or that it makes for equality of sacrifice.*

* In October, 1942, Director of Economic Stabilization James F. Byrnes, acting on instructions from the President of the United States, issued an order limiting salaries to a net maximum (after federal income taxes), of $25,000 per year. This order was issued despite the fact that Congress had definitely refused to grant authority for any such limitation. Why was Congress thus flouted?

In answering this question, let us first deal with certain current misconceptions regarding the reasons for the issuance of the decree. We begin by emphasizing three things which this order assuredly is *not* designed to accomplish.

First: *it is not a revenue measure necessitated by the exigencies of war, for it actually decreases Federal revenues.* Mr. L. H. Parker, former chief of staff of the joint congressional committee on internal revenue taxation shows that, on the basis of 1942 income-tax collections, the new order will indeed increase corporate revenues by $58,664,000, and on this amount, since the tax rate is 59 per cent, the corporations will pay income taxes of $34,611,760. But, because of the salary-limitation order, the government income-tax collections from salaried people will diminish by $49,699,496. Therefore, the order will result in a net *loss* to the Federal Treasury of $15,087,736. Obviously, therefore, it is not a revenue raising, but rather a revenue dissipating measure.

Second: *such a device is not required in order to make the rich carry their fair share of the war burden.* Under existing income-tax laws, the man having a salary of $67,200, the maximum gross salary permitted under the Byrnes order, already contributes to the Federal Treasury more than sixty per cent of that salary. Higher-bracket recipients pay much higher rates. In some instances, practically the entire salary is absorbed by taxes. For example, an accountant friend of mine tells me that the total tax bill—federal, state, and local—of a client whose accounts he recently audited actually amounted to 102 per cent of that client's income. Under the circumstances, can anyone seriously contend that the rich are not contributing their fair share to the war financing?

While, in general, the scale of living of the American working classes is now higher than it has ever been before, the wealthy have been forced by taxation to *curtail* their expenditures. Moreover, all rationing restrictions apply to the rich as well as to the poor. Certainly the sons of the rich have been given no special favors as regards military service. Therefore, the notion that salary limitation is necessary in order to make executives bear their fair share of the war burden is wholly untenable.

Third: *the salary limitation order does not, as is frequently contended, parallel the wage-fixing order.* All that the wage-fixing order does is to prevent wage rates from going *higher.* In the manufacture of durable goods, average weekly earnings rose from $27.83 in the prosperous year 1939, to $44.02 in June, 1942, an advance of fifty-eight per cent. In the manufacture of non-durable goods, however, the corresponding rise was only thirty-one per cent, but in the latter field the War Labor Board is steadily permitting further upward wage movements. An order limiting salary increases since 1939 to the average percentage gain accruing to labor would seem to be entirely legitimate. But the Byrnes order of October, 1942, does not merely prohibit unreasonable salary advances—it cuts many salaries far below the 1939 level. Clearly, therefore, it is not a regulatory but a punitive measure.

Supporters of the Byrnes decree have been asserting that it is intended to secure equality of sacrifice. This, of course, is nothing but the flimsiest of political claptrap. If one really wished to go merely far enough to bring about *financial* equality, it would seem logical to limit everyone's cash income to $600 per year—the pay of the army private. Even this, would, of course, be only a beginning, for the boys in the army and navy suffer many hardships, and above all risk their lives for the nation. However, an equality of sacrifice program would hit more than thirty *millions* of families, not the paltry 1,580 families penalized by the Byrnes program. Is it surprising that no politician suggests carrying the idea to its logical conclusion?

The facts just set forth make it obvious that the arguments commonly advanced to justify the Byrnes mandate are nothing but camouflage. What then is the real basis for the decree?

It is well to note that the first recorded demand that incomes be limited to $25,000—interestingly enough, the exact figure embodied in the Byrnes order—appeared in the Communist Party platform of 1928. Of course, the Communists look upon this limitation as the thin edge of a chisel. First eliminate the resources of the 1,580 persons having large salaries. This will take away the funds likely to be used to finance any endeavor to prevent further expropriation. Ere long the limit can be pushed down to $10,000; a little later it can be forced down to $5,000. The eventual goal will be equality at a point which the Communists think will be around $2,500. It's the old game of "divide and conquer." Get the help of the other classes in wiping out one class at a time. Hitler demonstrated the efficacy of this method in conquering Austria and Czecho-Slovakia. In the United States, today, inserting the chisel under pretext of promoting the war effort is certainly good politics. Furthermore, it has the advantage of "swatting" the corporation executives—the "economic royalists"—men who, as a class, can by no stretch of the imagination be held to have been ardent supporters of the present Administration's economic policies.

Some will say that, today, not only Communists but all but "hidebound reactionaries" realize that the day of special privilege, of inequality, is drawing rapidly to a close. Watch next for the stock-in-trade phrase of the Communist sympathizers "We are not going back."

They would be on firmer ground were they to point out that it is not ethically fair to reward a man more highly merely because he is unusually competent. From the standpoint of abstract justice, much is to be said in favor of the Communist slogan "From every man according to his ability; to every man according to his needs." Admittedly, it seems reasonable that the least competent should receive the highest income in order to offset, at least partially, his other deficiencies. Why should a man be penalized for having stupid parents?

Such being the ethics of the case, why do most orthodox economists strongly oppose any limitation on incomes? On what do they base their arguments?

They point out that the fundamental goal of society is the greatest good to the greatest number in the long run, and they show that those nations in which competition has been most free are the ones in which progress has been most rapid, wages have advanced farthest, and the common people have enjoyed the greatest prosperity. Essential characteristics of free competition are:

1. The government lays down the rules of the game and thereafter avoids interference except to assure fair play.
2. Rewards for success are very high. This encourages every competitor to use his talents to the fullest extent.

It is obviously true that if, after the game is played and the prizes won, the government steps in and confiscates the prizes, the players cannot be expected later to enter into the contest with the same zest as before.

*The following quotation from the writings of the Civil War President indicate that he would hold scant sympathy with the salary-limiting measure discussed by Professor King on this page:*

*"Prosperity is the fruit of labor; property is desirable; is a positive good in the world. That some should be rich shows that others may become rich, and hence is just encouragement to industry and enterprise. . . . Let not him who is homeless pull down the house of another, but let him labor diligently to build one for himself, thus by example assuring that his own shall be safe from violence. . . . I take it that it is best for all to leave each man free to acquire property as fast as he can. Some will get wealthy. I don't believe in a law to prevent a man from getting rich; it would do more harm than good."*

—ABRAHAM LINCOLN

But this is wartime. Does not patriotism now furnish sufficient incentive to make each man do his best? Such does not seem to be the case with members of labor unions, for they have everywhere been striving vigorously for wage advances, in many cases striking to enforce their demands. Is it reasonable to suppose that all laborers are unpatriotic and that all captains of industry are super-patriots?

This is a war of machines. It is being won as much in our factories as on the battlefields. Now is the very time when efficiency in management is most needed, for lax management means low production.

Advocates of salary limitation usually infer that large salaries are virtually donations from the employing corporations. Such is far from being the case. Highly efficient executives are very scarce. In a concern selling $10,000,000 worth of goods a year, the executive who can reduce costs one per cent earns $100,000 a year for the company. Most executives earn their salaries just as truly as do the wage workers.

What they do with their money is their own business. However, to assume that wealthy men commonly spend their incomes mainly for riotous living is the reverse of the truth. They contribute heavily to philanthropic undertakings. They endow libraries, universities, and hospitals. And above all, they furnish the bulk of the capital needed for new enterprises. Many of our most efficient enterprises have been built up out of the savings of their owners. Had income limitation been in force, Henry Ford would still be running a small shop. Can we really afford to prevent the development of such concerns?

Let us not make the mistake of assuming that the

growth of a super-efficient enterprise concerns mainly the owners. A present-day Ford car made by the old processes would cost the consumer at least $10,000 instead of $1,000. Genius in management and accumulation of capital also make American labor the most prosperous in the world. Today, the average workingman earns in an hour three to ten times as much as his grandfather, just because he now works with equipment costing $5,000 to $10,000—an amount equal to his total earnings for several years. Little of the money to pay for this equipment came from his own savings. It was nearly all saved out of the high incomes of the wealthy.

If the Government had always followed present policy and taxed away the savings of the latter class, the workingman would still be getting a dollar a day instead of a dollar an hour.

But why not levy the tax and let the Government do the saving? This question brings up the crux of the whole issue. When the government does the saving, it owns the industries of the nation, and private enterprise is out. Furthermore, there is as yet no indication that a socialistic state can function effectively without a dictatorship.

All the evidence indicates that the order to limit salaries is but the first step in a program of equalitarianism. Our nation was founded on the basis of liberty—not equality. True, equality of opportunity is highly desirable, but equality of income will wreck any economy. Russia tried the system for a decade and found it so unsatisfactory that Stalin now says that anyone who advocates equality of pay is a counter-revolutionary.

Under a regime of liberty, under a system of free enterprise, the competent always rise to the top, and a high degree of inequality is inevitable.

Make no mistake: what we are witnessing today is another attempt to take away the charter of our liberties. The question now is: Does a modern Charter Oak exist, and will we—free-born Americans who believe that the essence of republican government is the right of men to be secure in their persons, their property and its management—unite in an effort to thwart that attempt?

# The Three Basic Rights

*In a letter to a Communist friend, printed here by permission,* JOHN S. CODMAN, *Boston business executive, holder of degrees from Harvard University and Massachusetts Institute of Technology, tennis enthusiast, erstwhile professional vocalist, and long a crusader for freedom, enumerates some basic human rights, examines them in the light of their possible attainment under a capitalistic, as compared with a communistic, economy, and poses some pointed and pertinent questions concerning present-day Russia which we would all like to have answered.*

*Mr. Codman is the author of* Unemployment and Our Revenue Problem, *originally published as a series of articles in the old* FREEMAN; How to Secure the German Indemnity, Ground Rent—The Natural Municipal Income, *and numerous articles. His writings on how the first World War could have been financed are as timely today as when they appeared twenty-six years ago in* Forward (*Boston*) *and the* Boston Traveler.

* I am at home again now and I want to thank you for remembering me, when I was in the hospital, with a copy of Earl Browder's book, *Victory and After*. I have read it from cover to cover, and I have great admiration for the writer's strength of purpose in producing such a well-written and constructive book under very difficult circumstances.

Browder says little about communism in his book but nevertheless he says enough for me to realize that I cannot agree with his economic views and, what may appear strange to you, for much the same reason that I cannot agree with the economic views of most of those whom you might call my capitalist friends. What I mean is that they, and you communists also, seem to me to have lost confidence in individual liberty. Both of you appear to me to believe that liberty has been tried and somehow found wanting, and therefore the only hope is to give much power to a central government whose duty it will be to take care of the individual citizens on the theory that they cannot take care of themselves. My own opinion, as I will explain later, is that true liberty has never been tried even in this country and that, instead of less liberty, what we need is more.

According to Browder (page 84) you American communists hold as your "most distinctive programmatic demand—the advocacy of socialism for our country," but at the same time, on page 82, Browder makes this very wise statement: "Such a profound revolution as the change from a capitalistic economy and social system to that of socialism in the United States is impossible even to debate on a national scale, without endangering the effort for victory, until this war has been won."

Nevertheless, in advocating socialism as the ultimate goal, you American communists are moving away from true liberty to make government the master rather than the servant of the people. In this re-

spect you are aligned with all the other socialists, even though you may disagree widely over details. In fact from my point of view you are in the same general class as the Nazis, the Fascists and the Falangists although you certainly do not contemplate any such harsh socialist state as they desire, but rather more, I suppose, a benevolent socialism of the Edward Bellamy type, difficult to secure and still more difficult to keep. The "New Deal" is also obviously socialistic and this was true long before the war became an excuse for it. Even the old stand-pat Republicans are socialistic in action despite the fact they would maintain that socialism was anathema to them. They have always advocated government interference with foreign trade and still support our meddlesome system of taxation so destructive to industry.

Now you may well ask me how it is that all these groups mentioned above are turning to some kind of socialism and away from liberty. Can they all be wrong? Yes, in my opinion they are, and the reason is the failure to understand the faults in our present social order. Browder's point of view will do as well as any other to illustrate this lack of understanding.

On page 173 of his book, Browder says "according to our understanding of imperialism, its abolition requires the abolition of capitalism itself." I grant that this may be true, but it all depends on what is meant by the unilluminating term "capitalism." The term itself gives no hint of what is really the matter with our social order. Browder expresses rather vaguely his idea of capitalism on page 172 as follows: "Such problems are inherent in the economic, social and political order which dominates Great Britain and the United States. That order is what is generally known as capitalism in that stage of development in which monopoly capital holds the dominating position."

Now I would probably go as far as Browder in denouncing our present social order which in my opinion is unjust and stupid, buttressed as it is by economic ignorance, but I am not prepared to discard it with all its features—good, bad and indifferent, and to adopt in its stead some form of socialism which, however benevolent it may be, is nevertheless a move toward tyranny rather than toward liberty. I prefer to ask myself what is the matter with our social order and how can it be corrected? And is it not possible, as I have suggested already, that the remedy lies in more liberty, not in less?

It is often said that we must preserve in this country equal economic opportunity for all individuals and our system of free enterprise. However, we cannot preserve what we have never had. At no time in this country's history has there been either equal opportunity or free enterprise. In other words our political freedom has never enabled us to secure economic freedom and the consequences of our failure are every day becoming more serious. In what way have we gone wrong? Without going into detail, I would say that the trouble has been our failure to recognize the true right to property.

In Mr. Lewis Browne's book, "Something Went Wrong," page 244, he states that Lenin believed that the root of all social ill was private property. However that may be, I do not know whether such is now the view of the American Communists. For my own part I believe that private property is vital to our welfare, but it is essential to my view that this right should be based on a sound principle.

There are really three basic rights which are essential to true liberty, namely, the right of the individual to employ himself in production, the right to hold as private property that which he produces, and the right to trade freely with all other persons domestic or foreign. If we fail to base our social order on these three rights, then the Declaration of Independence which proclaims to all men the right to life, liberty and the pursuit of happiness, becomes a dead letter. That we have failed in every one of these particulars is my belief. I therefore maintain that we have never had true liberty and, such being the case, that we have no excuse for supposing that liberty has failed and that our people must in consequence be abandoned to the protective custody of a paternalistic, socialistic state. The following is a brief summary of how in my opinion we have failed.

1. The right of the individual to employ himself in production.

This right is violated by our system of land tenure which permits private property in land without adequate compensation to the community for the privilege. By this means the socially created rental value of land, which should be collected by the community to defray the expenses of government, is appropriated by private parties, and thus the government is forced to raise revenue by taxation which in turn is a violation of the second essential right, the right of the producer to his product.

2. The right of the individual to hold as private property that which he produces.

This right is nominally protected by the fifth amendment to the Constitution of the United States which reads: "nor shall private property be taken for public use, without just compensation." It is, however, constantly violated by our federal, state and municipal methods of raising revenue by means of a grotesque system of miscellaneous taxes, taking private property without any relation to just compensation in the shape of government service. These taxes tend to destroy the incentive to produce and are a terrible burden on the industry of the country. They are necessary only because of the failure of our governments to collect from the title holders of land the full value of their privilege, namely the socially-created rental value of land.

3. The right of the individual to trade freely with all other persons.

This right is obviously violated by the tariff taxes on foreign imports whether for so-called protection or for revenue purposes, and in the domestic field by sales taxes and other taxes levied on business transactions. And even the free trade between our states, of which

we have rightly been so proud, is now being greatly interfered with by numerous restrictions by one state against another in many varied forms.

I wish now to express my entire agreement with Mr. Browder's statement on page 254 of his book, as follows: "It is the extreme of unreason to assume that only the unlimited demand of war can bring forth the maximum production of our economy, while peace must necessarily be accompanied by idleness and stagnation. This perspective is entirely unacceptable to the common sense of the people. If we can produce battleships, tanks, planes, and all the matériel of war in such quantities, in war time, there is no valid reason why we cannot produce an equal amount of values in the peacetime needs of the population when the war is over."

It is liberty, however, not government planning which can best overcome the absurd, but serious, situation to which Browder calls attention.

In closing I want to ask for some information which perhaps you may have about the Russian government. Obviously the world in general has been entirely mistaken as to the durability of the Soviet Government and more especially has completely underrated the power of its military forces. The Soviet Republic has surprised the world. How has it succeeded? You may answer that it is due to communism, but I would like more specific information, not so much about the political system in Russia, but rather about the economic. I would greatly appreciate it if I could get the answers to the following questions:

What system of land tenure has been adopted? Is private title to land permitted and, if so, is adequate payment made for the privilege? If not, does the government secure its revenue by leasing locations on the land, or does it resort to taxation? Specifically does it levy taxes on imports from foreign countries?

Since one good turn deserves another and you have done me a good turn, I am reciprocating by sending you a copy of "Protection or Free Trade" by Henry George. I would particularly recommend that you read the last ten chapters of the book, that is chapters 21 to 30 inclusive.

Professor John Dewey of Columbia University has made this statement about Henry George. "No man, no graduate of a higher educational institution, has a right to regard himself as an educated man in social thought unless he has some first hand acquaintance with the theoretical contribution of this great American thinker."

# Our Land and Our Literature

*Faith in the belief that the word spoken in the name of truth leads on to freedom, prompted* MARGARET HARKINS, *assistant editor of* THE FREEMAN, *to write the following article in support of her conviction that writers can make the pattern and cut the cloth for the future peace. She asserts that the long trend toward defeatism and war has now been halted by a counter-trend toward victory, and that in this interval the voice of the social scientist, proclaiming incontrovertible truths based on the operation of natural laws, will be heard and heeded.*

✱ IN THE BEGINNING is the word. And the word becomes manifest and dwells among us. A symbol for good or for evil, it clothes us with our environment of splendor or of poverty; the mirror of our every thought, it explains, interprets, reflects the inward in the outer; a guide and counselor, it points the way along the new directions that lead in and out of the eternal now. Freedom of the word, spoken or written, should make secure all other freedoms; that it has failed to do so generally, and has been used, in particular instances, in a perverted manner in order to achieve the opposite effect, would seem to indicate a need to reexamine mankind's common medium of thought communication, reaffirm its values, and reestimate the influence of civilization's most powerful tool—the word.

When Adolf Schickelgruber lighted a bonfire of books a few years ago he touched off an international spark of indignation that helped to set the whole world on fire. Americans were among the first to offer thanks to the kindly fate that had placed them apart in a land where such things could not happen. Wars and bombings there might be, freedom's wings might be temporarily clipped along with ration coupons, letters and radio messages that could bring aid and comfort to the enemy might be curbed, but that the insular freedoms of speech and press could ever be burned at the stake was considered unthinkable. Thus far no flames have shot forth from the pyre, but that faggots are being brought up and that there is considerable smoke in the air, can hardly be denied by even the most optimistic. The newspaper press has been forced into jealously guarding its freedom of expression, a difficult feat in time of war; various pressure groups are busy with schemes, subtle and devious, designed to lift responsibility from the shoulders of the over-burdened during the emergency, in the hope of restoring it (but on a share-cropping basis only) when peace returns.

In determining the shape of the peace to come, it is helpful to look back at the armistice period which existed between the two world wars. Freedom of speech was taken for granted then, and for more than twenty years the word was a product of free exchange among nations. No insurmountable tariff barriers were erected to stem the flow of the word; back and forth across all borders and all frontiers, the spoken and printed symbol of communication circulated freely. Its effect was

deemed so powerful that once war came, the enemy used every known method to eradicate printed literature which might be harmful to its cause, to remove certain authors and writers from society, to hunt down underground printing plants, and break up suspicious communications systems. Propaganda and counter-propaganda became the order of the day, and the thinking habits of millions of individuals were completely altered by control of the word.

Why then? it might be asked, could a force so potent in time of war, subject to all the harmful influence of control, be so ineffectual in time of peace. Granted that a free press and free speech in America have contributed enormously to the evolution of democracy in this country, still the forward movement has been slowed by continued drifting and a general state of uncertainty. A belief that this is due to neglect of the word by the people is surely not valid in a nation that boasts of the largest news press, the greatest periodical circulation, and the highest book production in the world. It is doubtless true that this enormous volume has lowered the general value and effectiveness of the word by making it commonplace, but this only serves to emphasize the apparent lack of discrimination among readers. Quality has seemed to decrease as quantity increases, although the amount of the proportionate change would be difficult to determine.

If the fault lies in the quality of the material available, the whole matter must come to rest on the doorsteps of authors and writers. The prevailing belief that writers must offer wares demanded by readers is only a half-truth. In the beginning is the word, and readers are not likely to return from a flight into imagination and tell the writers what to write. The readers await the word, and then accept it in whole or in part. If the word is confused, vague, or distorted, it is apt to leave the reader in a similar state of mind. The reader assumes that the writer has studied his subject and acquainted himself with all available facts that might contribute to its lucid presentation. If the author poses a problem and offers no solution, the reader assumes, and rightly, that the answer is not known.

Wars, economic depressions, and other social evils are abnormal conditions, out of harmony with man's ethical nature, and incompatible with the forces of good. The word has been spread abroad in the land to the effect that the solution to these problems lies hidden in the future. Now and again, within rather well-defined group limits, a social scientist calls out the glad tidings that the future is here, that the solution has been found, and that the building of a free society can proceed without fear or favor. But his voice is seldom heard by the populace for the very adequate reason that the populace is busy listening to the voice of an Okie or a Tobacco Road sharecropper who is telling all at the local cinema palace. The same populace, suffering from flat feet or a cold in the head, would not expect to be cured by listening to the moans and sniffles of fellow-sufferers, but would consult a medical scientist who knows the cause and cure for physical disabilities, if the cause and cure have been discovered. If they have not been discovered he is regarded with suspicion and pity; if they have been found and he fails to apply the proper remedy he is quickly and definitely labeled, to his immediate discomfort and often to his permanent disadvantage.

Such good fortune has not come to the social scientist. His is still but a voice in a wilderness—a wilderness which the average person envisions as a no man's land populated by deluded dreamers utterly without benefit of common sense or practical experience. What the average person forgets, or perhaps does not know, is that the philosophy which he accepts is but a reflection of what he himself actually believes. The popular books are those written by authors who have skillfully woven into words the assortment of thoughts, ideas, beliefs, and prejudices common in the minds of a great many people at a certain period of time. A book which was a best-seller ten years ago does not remain in the spotlight for the reason that the thinking habits of millions of readers have changed.

The fundamentals of social science, based on natural law and hence on incontrovertible truth, can be understood only by those who have faith in truth. This is a matter of degree. *Know the truth, and the truth shall make you free* stands as one of the noblest utterances of all time, yet its splendid promise has been largely ignored, not because individuals consider the statement false, but simply because they lack the faith necessary to make it workable. Faith is the motive power that prompts truth seeking; if faith is weak the seeker will usually be willing to settle for a half-truth, or less.

Evidence that society in general has been more than willing to settle for minor compensations, even in matters serious enough to bring on a disrupting war, is offered by the type of books, magazines, plays, motion pictures, and similar mediums accepted by the public during the last few years. The trend has been toward defeatism, toward a cynical review of existing conditions without even a suggestion that society had sufficient potential intelligence to solve the problem of its world. Truth was a commodity for which there was little demand, and the social scientist who claimed to have found truth in the guise of natural law was much like the forlorn balloon vendor who remained alone with his unsold wares floating in the air after the circus had folded its tents and departed.

Now that the trend toward defeatism has been halted by the counter-trend to win the war, the vendor of truth should have less opposition. Already there seems to be a general realization of the fact that a war is not fought with guns alone. In the beginning is the word, and long after the guns have stopped firing, the power of today's word, for good or for evil, will still be felt.

This is the golden hour for the social scientist to speak the word for freedom. *Now*—not in some far-off future day—but now, while the world is in the thick of its fight for justice, is the time to feed the men and women who hunger for a philosophy of affirmation in which they can have faith. This is the hour to proclaim that a panacea has been found—*and that the panacea is freedom itself.*

# Palestine—A Step in the Right Direction

*Advocates of the collection of ground rent as a solution for many of the economic problems which perplex the nations of the world, will be interested in the proposal for the practical application of that principle, in limited form, to the lands of Palestine. The author,* JUDGE BERNARD A. ROSENBLATT, *is a former City Magistrate in New York, and President of the Palestine Foundation Fund (Keren Hayesod) of the U. S. A. A recognized expert on Palestinian economic problems—having spent much of the past twenty-five years in that country—he has been successful in initiating and carrying through a number of important enterprises in promoting the development of the Jewish Homeland. Judge Rosenblatt has lectured and written extensively; among his books are* Social Zionism *and* Federated Palestine and the Jewish Commonwealth.

✶ Six months before the meeting of the American Jewish Congress, in December 1918, the Zionists of America adopted a Pittsburgh Platform, under the inspiring leadership of the late Justice Louis D. Brandeis. That document of a quarter of a century ago reads almost like a blueprint for a Jewish Commonwealth in Palestine today, with protection for "all the inhabitants of the Land," safeguarding the political and civil rights of all, but with the clear implication that the Jews are to be the major factor in the Land of Israel, with control over immigration and with "Hebrew, the national language of the Jewish people." It is perhaps useful to recall some of the principles of that famous document which are as valid today as when first enunciated. Particularly are points 2, 3 and 5 of that program of special significance at this time.

"2. To ensure in the Jewish National Home in Palestine, equality of opportunity, we favor a policy which, with due regard to existing rights, shall tend to establish the ownership and control of the land and of natural resources and of all public utilities by the whole people.

"3. All land, owned or controlled by the whole people, should be leased on such conditions as will ensure the fullest opportunity for development and continuity of possession.

"5. The fiscal policy shall be framed so as to protect the people from the evils of land speculation and from every other form of financial oppression."

The formulation of a proper land policy is the very foundation stone of a true commonwealth. For that reason, it might be well to re-examine a proposal for the taxation of land values, which is of even greater importance today than ever before. It stands to reason that with increasing immigration after the war—a premise that we must assume for the development of a Jewish Palestine even as we assume the ultimate victory of the United Nations—the limited land area from Dan to Beersheba must necessarily increase immensely in price, so that it will become increasingly difficult for our pioneer immigrants to secure a foothold in the country. (Indeed, the latest information from Palestine would seem to indicate that land values have already increased substantially since Rommel's defeat in Libya.)

Now, the greater the volume of Jewish immigrants, the harder it will be to secure additional land at reasonable prices, and the present landlords (both Arab and Jewish) will reap a harvest which must operate virtually as an increasing tax upon every newcomer in the country. Such increased land values will be the result *entirely* of the new volume of Jewish immigration, while the old landlords will have contributed nothing whatsoever to make such lands more valuable. They will simply reap the benefits of increased immigration by "sitting" upon their land titles.

It is not only altogether unjust that such landlords shall collect these unearned profits, that must come to them as a result merely of increased immigration, but such a policy would operate as an automatic restriction upon immigration, for the newcomers will be unable to secure land for settlement at reasonable prices. Indeed, even our unique contribution to the social system in Palestine—the Jewish National Fund—is vitally affected, for it would be unable to purchase land at an increasing tempo to meet the demands of the new immigration, while land values continue to forge upward, with every shipload of immigrants. It will almost certainly prove to be the case that the land values will increase more rapidly than the monies we are able to collect for the Jewish National Fund—which is only another way of saying that the Jewish National Fund may be forced into the awkward position of becoming virtually a collecting agency for Palestine landlords! There is a simple method to remedy such a situation, which fits into a true definition of a "common wealth." Since the increasing land values will be the result not of what the landlords may have contributed (for we are not speaking of improvements to which they are justly entitled), but solely the result of increased immigration, it is only fair and proper that such an increase should go into the public treasury, benefiting all the people, through an annual land tax, *over and above the value of all the land of Palestine, as it stood on September 1, 1939,* before Palestine became involved in the World War. Such a policy will automatically keep prices to a reasonable level, so that new immigration may be placed upon the land speedily, and without the necessity to pay the ex-

(*Continued on page* 16)

# What Lets Sammy Walk?

*In these unquiet days of commodity shortages, ration books and all the host of irksome, irritating, aggravating and vexatious admonitions, prohibitions, inhibitions, exhibitions, bum predictions and plain fictions inextricably associated with the economic affliction known as war, has human nature changed, or does man still seek to gratify his desires with the least exertion?*

*The answer is that it hasn't and he does.* GEORGE B. BRINGMANN, *assistant editor of* THE FREEMAN, *who is responsible for this tale, asks that he who thinks otherwise harken to the saga of rubber-legged Sammy—let him learn for himself what lets Sammy walk.*

✶ Sammy is a milkman. For twenty years he has been crawling out of bed at two A.M., rain, shine or snow, so that people leading a less nocturnal and more normal existence could reach, sleepy-eyed, outside their doors to take in fresh milk for breakfast. For twenty years, day after day, he has been climbing two hundred flights of stairs on his city route—and almost at a dead run, to give the timely service his customers demanded —and to keep his job. When he was younger, and his legs didn't protest, Sammy didn't mind it too much. But twenty years of running, on schedule, like a limited train—with his legs growing more rubbery with the years—made Sammy rebellious. He didn't want to run. He never had wanted to run, not even to please the numbers of anxious mothers with infants who couldn't wait for Sammy or drink good milk from the previous day. He ran because his competitors would run and get the business if he didn't.

Of course, Sammy had developed customer goodwill and a personal following. These folks liked Sammy just as much at ten in the morning as at six. They knew he was getting old and worn. But there were always some customers on Sammy's book, new ones mostly, who couldn't be pleased entirely. Sammy ran to please them, served them first and out of turn, and kept his job. But that's over now. To save gas and rubber, the ODT decreed that all customers be served in rotation regardless of their personal convenience. Sammy lost some of his headaches to chain store trade. He breathed more easily. Still, some people demanded service "on time"—enough to make Sammy run.

How to avoid running and still satisfy the customers was the problem. Sammy solved it. On a cold, wet morning he started his rounds at six A.M., instead of three. With a sixteen-ounce package in his pocket—in place of the flashlight for which he no longer could obtain batteries anyway, Sammy began serving his route —at a walk, as if he had a world of time. And Sammy was right. He did have the time to take his ease and walk.

When he came into Tom's Diner he was grinning. Emil, the counterman, looked at the clock over the door and then at Sammy and grinned back. "Late, ain't you? And what's the joke?"

Said Sammy: "It's a riot. Here I'm three hours late, to begin with, and gettin' later because I walk, not run. Every time somebody opens a door and looks as if they were gonna give me a sarcastic, 'Good afternoon, you're late and you'll have to do better or I quit,' I just smile at 'em. Then I put my finger to my lips and do a little whisperin'. Then I put my hand in my pocket and hand 'em four ounces of the sixteen I got cached. It works like a charm. All of a sudden like they're full of understanding for my rubber legs. They even pour me a drink. I get done at eleven instead of seven and I betcha I could have just as well got done at four this afternoon. Even Mrs. Papasrosenkelly, who has a new baby every year or so that tells her it wants the milkman to deliver milk at four-thirty, offers me eggs and coffee. Coffee, mind you!

"And all because I got a pound of butter in my pocket and spread it like salve at fifteen cents a quarter pound."

Emil grunted. "What about the customers who've been givin' you a break all along?"

"Oh, them? They get it without opening doors and askin'. I give service, brother. Service with a capital 'S'."

"IF you GOT butter. But what're you gonna do when suppose you ain't got none any more or suppose there's plenty to be got?"

"Start runnin' again. Yeh. Start runnin' again. Gimme some wheat cakes and less conversation. You make me unhappy, you and your supposin'."

*"Our high tariff policy reached out to virtually every corner of the earth and brought poverty and despair to innumerable communities. Many foreign countries which had not recovered from the shock of our tariff increases in 1921 and 1922 and which were tottering on the brink of economic and financial collapse, were pushed in by the Tariff Act of 1930."*

—SUMNER WELLES, Under-Secretary of State, U.S.A., in "The Times," London, 1-11-41.

# An Economic Exploration

*For this installment of the "Old Timers Series," the editors of* THE FREEMAN *turn again to* The Public, *going back to the issue of November 22, 1902, for an article by* LOUIS F. POST, *brilliant editor of that organ of liberal opinion which truly described itself as "A National Journal of Fundamental Democracy and a Weekly Narrative of History in the Making." Old and new readers alike should find Mr. Post's "exploration" a delightful journey indeed.*

* To know how a loaf of bread is made and distributed is to know more of political economy than all the text books and all the statistics can teach. That was Emerson's idea, and Emerson was right. But his idea does not imply that one must know all the chemical and mechanical processes. They are manifold and complex, and it would be impossible for one head, large or small, to hold so much. Even if there were a human brain of this extraordinary capacity, it would very likely be incapable of intelligently using the knowledge it held. Fortunately, therefore, what is necessary is not comprehensive knowledge of technical processes, which is impossible, but intelligent apprehension of familiar economic phenomena, which is easy.

## I.

A child who knows how to get candy can be inducted into the economic mysteries.

Isn't candy got at the store with pennies? So is bread. A child can understand that. But the same thing is true of every thing else with which the human family satisfy their material wants. Whether their wants be of the stomach for food, of the body for clothing and shelter, of the taste for superior qualities of food and clothing and shelter, or of any of the desires for any other of the infinite variety of material things, those wants are all satisfied by buying objects as candy and bread are bought—by buying them, so to speak, at the store with pennies. In civilized society every material desire can be satisfied as it arises, simply by giving money for the things that satisfy it.

But why is that true? Why do pennies so easily fetch us candy or bread or other good things? They wouldn't if we were not living in civilized society. On a desert island no amount of money could procure satisfaction for even the least of human desires. It cannot be, then, that money is the final explanation of economic processes. It is evidently only a superficial expression of something more fundamentally characteristic of civilized life.

## II.

What that thing is should appear upon a moment's reflection. If money will procure satisfaction for any want, in civilized society where trade is a universal phenomenon, and only for a few in savage society where there is but little trade, and none at all on a desert island where there is no trade, then money must be merely a trade token. It must be something, that is, which passes current among civilized people not because anyone wants it for itself, but because it will buy other things—things that are wanted for themselves. And isn't this a fact which every intelligent man knows? It is not money but trade that enables the child to buy candy, and his mother to buy bread, or his father to buy a house. If the child's penny couldn't serve the storekeeper in trade when he goes to buy what he wants for himself, he wouldn't take it in trade when he offers to sell candy to the child. He does not want it except to trade it again. It is simply a token whereby he swaps what he sells for it for what he buys with it. And this is true of all money. The economic phenomenon, therefore, which is more fundamental than money, without which money would be of no use and the object of no one's desire, is trade.

Of course we know that trade consists in swapping things. But why is anything swapped for another thing? Why are things traded? You can't trade the free air. You can't trade the waters of the great lakes. There are kinds of things, certainly, which cannot be traded. Yet there are other kinds of things in great abundance and bewildering variety which not only can be traded, but are in continual process of trade. Why? What is it that distinguishes the tradeable from the untradeable?

Isn't it obviously value? Things having no value are not tradeable, but things having value are tradeable.

## III.

As value is commonly expressed in terms of money, it being customary to say of a valuable thing that it is worth so many pennies or so many dollars, it might seem that we had now got back again to money. But that is not the fact. Though value is expressed in terms of money, it does not depend upon money. Things would have value all the same even if there were no money to express their values. Money bears much the same relation to value that the alphabet bears to language or to thought. It furnishes convenient symbols for expression, but is not the thing expressed.

Value is the expression of a comparison. As exemplified in trade it is the name of the ratio at which tradeable things are exchanged. If, for illustration, one loaf of bread exchanges for five sticks of candy, the ration of bread to candy is as one to five. It follows that if you give one penny for your stick of candy you

must give five for your bread; or, expressing these values in terms of money, that bread loaves are worth five pennies and candy sticks are worth one penny.

Yet it is value, and not its capability of expression in terms of money, that makes things tradeable. The immediate cause of trade is value.

It cannot be, however, that value is the final explanation of economic processes. There must be something still more fundamental. To say that value is the economic base, is almost as weak as to say that money is. Value is not economically self-existent. It in turn must have an economic cause.

IV.

The cause of value is serviceability, in the restricted sense of capability of serving a human purpose. Unless an object is capable of ministering to some human desire, unless, that is, it possesses the quality of serviceability, it cannot exhibit the phenomenon of value. Value rests upon serviceability.

But serviceability plus something else. For the air is incalculably serviceable, the waters of the great lakes and of the oceans are immensely serviceable, the sunlight is indispensably so; yet none of these have value. It will be observed, however, that while they are serviceable they are not difficult to get. They are not scarce. On the other hand, serviceable objects which are difficult to get, serviceable objects which are scarce, invariably exhibit value. The cause of value, then, is serviceability in a condition of scarcity. But as normal desire for scarce things is not because they are scarce, but because they are serviceable, the inciting cause of value is not scarcity, but serviceability.

True, however, as this obviously is, we have not yet reached the end of our economic exploration. For serviceability, though the inciting cause of value, is itself an effect of anterior causes. If bread were not valuable it wouldn't be tradeable. If it were not serviceable it wouldn't have value. But if it didn't exist it couldn't be serviceable. So its serviceability, its value, and its tradeability, depend upon its existence. This seems rather obstrusively obvious, but the most obvious facts are sometimes ignored.

V.

Now, bread does not exist naturally. It is an artificial thing. And that is true of the great mass of tradeable objects. They are artificial. Some tradeable objects, it is true, are not artificial; but these are tradeable for a secondary reason—because they are capable of securing in some way service from articles that are artificial. It is the serviceability that is embodied in artificial objects that makes anything tradeable. We find, therefore, that beneath all the economic phenomena we have thus far explored—beneath money, trade, value and serviceability,—beneath all these in the sense of being their cause, are the artificial objects which possess the quality of serviceability, to which value therefore attaches in conditions of scarcity, which are consequently tradeable, and which may for that reason be bought with money.

What technical name we give to such objects is of no moment, provided we always use the same name to designate those objects, and use it for nothing else. Then why not distinguish them as "wealth," which is a good old economic term? Using the term strictly in that sense, we are able to say that all the economic processes thus far passed in review are caused by wealth.

VI.

But the end is not yet, for wealth is not self-existent. Consisting of artificial objects it cannot be. As the term "artificial" implies, such objects are produced (which means drawn forth) by human art. If man didn't exist, they would not appear. If man didn't labor, they would not come forth. Without human exertion of brain and brawn, there would be no wealth. Wealth, therefore, is properly called a labor-product. So we trace all economic processes back to labor.

Every material thing is brought to us by human labor —our own labor or some one else's; and if at any stage in the process labor were to stop, our desires would forthwith begin to go unsatisfied. At first we should have to stint ourselves, perhaps, only a little; but soon a little more, and then more, until almost every want would plead in vain for even the least satisfaction. The whole process of production and distribution is a process of labor. The raw materials are produced by labor; the tools and machinery, simple and complex, little and big, are made and repaired and remade by labor; the transportation facilities are constructed and operated by labor; the factories and store buildings are erected and utilized by labor.

In the loaf of bread there are the labor of the farmer who raises and harvests grain, and of the miller who grinds it; of the mechanics who make the tools and machinery for both farmer and miller, and of those who make the tools and machinery for these mechanics; of the miner who unearths the metals and the woodmen who cut the lumber; and then again of those who make miners' and lumbermen's tools; of the labor that builds railroads and the labor that operates them; of the labor of the baker and that which equips bakeries; of the labor of the bankers and bankers' clerks in giving mobility to capital, and of that which constructs and cares for their buildings, as well as that which through other complexities of trade furnishes them with stationery and with business furniture; and so on to the labor that slices the loaf at last and that which produces the knife with which it is sliced. From beginning to end it is all a labor process. Nor is it the labor of the past that keeps the process going, but the labor of the present.

The wealth we buy with money, then, for the satisfaction of our desires, is in the last analysis the product of current human labor.

VII.

We have now reached a final explanation. Beginning with the economic phenomenon next at hand, and therefore most familiar, that of buying satisfactions with money, we account for it by the phenomenon known as trade, and for that in turn by the phenomenon of value. Value is found to rest upon serviceability, and service-

ability upon artificial objects, while artificial objects come from labor. It is as if in making a subterranean exploration, we had first laid off the surface soil and then cut through the layers of different material, one after another, down to rock bottom. For human labor is the rock bottom of economic research. It supports all the superincumbent layers—wealth, serviceability, value, trade and money.

Unlike the other economic phenomena through which we have picked our way, labor is economically self-existent. It has no anterior cause on the economic plane. For labor is a technical term descriptive of the human family producing satisfactions for human desires. And while that phenomenon is indeed an effect (as what short of Omnipotence is not?), yet its cause lies beyond the field of economic inquiry. It is not an effect of anterior economic causes. On the economic plane it is itself the cause of all effects.

VIII.

Nevertheless, labor cannot create. It cannot make something out of nothing. It cannot say, "Let there be bread!" and there is bread.

So far from creating, labor has only the power to produce. That is, it can draw forth artificial objects by so adapting the matter and forces which nature supplies as to fit them for serving human purposes. It can change the shape and place of natural things.

For instance, it can produce coal by changing its shape from the mass in the vein to broken pieces in the mining chamber; it can still further produce it by changing its place from the bottom of the mine to the mouth; it can produce it further yet by changing its place from the mouth of the mine to the coal bin, and finally to the stove or grate of the distant consumer. Or, it can produce houses by changing the forms of trees, rock, sand, clay and ore, and marshalling them at one point and in one form or shape from many distant points and different shapes.

But labor can do none of these things without natural resources. Tools it does not need. For labor, considered as a cooperative whole, makes all its own tools. They are artificial objects—wealth. But it does need raw materials and working places upon the earth. To use the inclusive economic term, it does need "land." Land is the one thing, the only thing, that labor must have. Land is the sole condition of all the economic processes that labor generates. For mining, it must have access to mining land; for farming, to agricultural land; for urban building, to urban land sites; for railroading, to rights of way over land; for sailing, to harbors, and so on. Labor without land, even if life were possible, would be utterly powerless to generate the economic processes. On the other hand, land without labor is unproductive of artificial satisfactions. It only furnishes the natural storehouse and workshop for labor, leaving labor to do the rest. Though labor generates the economic processes, it must have access to land to do so. And land it cannot produce. Land is not an artificial object, but a natural one. But with access to land, labor produces in abundance all those artificial objects having value, which we have called "wealth."

Labor is fundamental and land is fundamental. They are the prime factors of all economic processes, labor being the initial or active force, and land the responsive or passive condition. Thus labor produces wealth from land, and land yields wealth to labor.

IX.

Land, Labor and Wealth, then, are the three subjects of first importance in all economic problems. Land passively yields matter, space, and energy to the knowledge and skill of man. The active application of that knowledge and skill to those yielding elements is Labor; and its product—the natural matter and energy so shaped and adjusted as to satisfy the desires that stirred the laborer to activity—is Wealth.

From this starting point the steps we have taken may be retraced, and the way be more minutely surveyed. Back to money and its functions, through all the mazes of serviceability, value and trade, it is now possible to go, with a certainty born of confidence in familiarity with the route. We have discovered the most fundamental of elementary principles, and in their light problems otherwise perplexing may be easily and correctly solved.

(*Continued from page* 12)

orbitant prices upon inflated values to undeserving landlords.

We offer such a program of land taxation merely as an example, illustrative of the ideals and social implications of a true Commonwealth. The slogan of a "Jewish Commonwealth" is more than a part of the history of American Zionism during the last quarter of a century. Indeed, it has become part of American diplomatic tradition, for as early as March 3, 1919, while the Peace Conference was in session, President Woodrow Wilson uttered these fateful words, in receiving a delegation of American Jewish leaders:

> "I have before this expressed my personal approval of the declaration of the British Government regarding the aspirations and historic claims of the Jewish people in regard to Palestine. I am, moreover, persuaded that the Allied Nations, with the fullest concurrence of our Government and people, are agreed that in Palestine shall be laid the foundations of a Jewish commonwealth."

*Henry George was a great man. He is the only economist I ever read with whom I could find no fault. He was the only economic philosopher of capitalism. If the capitalists had paid any attention to him, they would not be in the mess they are in today.*

—DOROTHY THOMPSON

# Economics of Democracy

*In which* F. MASON PADELFORD, M.D., *Fall River physician, continues his interesting exposition of what it is that makes the wheels go round in matters economic.*

In our illustration, the best land, as it produces annually $250 of Rent, will sell, in a five per cent market, for $5,000. The second grade land, producing as it does but half as much Rent, will have but half this capital value; its price will be $2,500. The poorest land in use will be free; producing no Rent, it will have neither selling price nor investment value. If a two and one-half per cent tax is levied on land, on the basis of value, net Rent, and then capital value, will be reduced fifty per cent. The best land will then sell for $2,500; and that of the second grade, for $1,250. Land at the margin will be taxed not at all.

*The selling price, or investment value, of land, is the capitalized value of its net Rent.*

In ground Rent we have a fund which comes into existence as society develops. It grows as social expenditures grow. It measures, with an approach to mathematical accuracy, the value of the advantages, both social and natural, which each member of society enjoys. It is the government's natural revenue. Always, it is paid to somebody; if not to the government, then to individuals who, in return, give nothing whatever, in either service or goods. If the community, through its authorized agent, the government, appropriates it, no individual will in consequence be deprived of any property to which he has a rightful claim.

As long as the laws are such as to permit the private appropriation of Rent any person who proposes to build and operate a manufacturing plant must first secure a building site. Whether he buys land, or hires it, the financial burden will be much the same. In the one case it will cost him each year interest on the investment, in the other he will pay, in Rent, not less than the same amount. His overhead, when the plant is completed and in operation, will include this interest, or Rent, interest on money invested in buildings and machinery, and taxes on the entire property, land and improvements.

If society exercises its rightful title to Rent the sale value of land will be practically destroyed. This will make it unnecessary for any would-be manufacturer to invest any money in land.

If Rent suffices to defray the expenses of government, as beyond question it will, in normal times, if the public's business is conducted with due regard for efficiency and economy, no taxes except the one on Rent will be imposed. The improvement tax overhead will then be eliminated.

To illustrate, let us assume that land costs $40,000, this being the capitalized value of the $2,000 of Rent which it commands; that buildings cost $40,000, and machinery, $20,000. The overhead must include five per cent interest on the $100,000 investment, and taxes on the whole property at, say, a thirty dollar rate—$8,000.

Taxes on improvements having been abolished, and no initial investment in land being necessary, in place of the $8,000 annual fixed charge, there will be a Rent tax of $2,000, and interest, say at five per cent, on $60,000—$5,000 in place of the previous $8,000. A saving of $3,000 a year is made.

This reduction in overhead makes possible a corresponding reduction in the prices of labor goods. Automatically then the purchasing power of the consuming public is increased.

Sight should not be lost of the fact that when we cease to tax buildings and machinery we shall cease also to tax farm improvements, livestock, merchandise, house and office furniture, stocks, bonds, incomes and inheritances.

*When ground Rent supports the government, import tariffs, to provide revenue, will not be needed. When all products of private industry are exempted from taxation goods will sell for a natural price—so cheaply in fact as to render unnecessary any import taxes for "protection."* Then will international trade be in every way desirable, and always promotive of peace.

Private property in Rent leads to land and capital monopolization. Much valuable land is kept out of use or is inadequately improved. In advance of economic need land at, and even below, the natural margin of cultivation, or use, is taken up by individuals, or by groups, and held for speculative, or non-productive, purposes. This gives to those who own or control land the power to recover from tenants, or from purchasers in the event of sale, or from others in the course of business, any taxes which may be imposed—limited only by the ability of tenants, or others, to pay.

Owners of land, collecting each year many millions of dollars of Rent, naturally make efforts to invest this money in paying enterprises. This can but lead to over-building of productive machinery, to the concentration of wealth, and to the creation of great estates in land.

If governments, recognizing that Rent is the property of society, were to treat it as such, less money would be available for investment, and much more, going to Labor as wages, would be spent for consumption goods.

Increased wages and increased mass purchasing power can but result in an orderly increase in capital investments—demand regulating supply. When, however, capital investments are not in response to an increase in demand for products but are instead the consequence of desires to find profitable investments for vast sums of money annually collected as Rent, over-building, ruthless and ruinous competition, high-pressure selling, deferred-payment financing, and an ever increasing burden of debt, are inevitable. Also is disaster inevitable.

Unused land, at and below the natural margin, as it

has no rental value, should be free—a public domain. The area of the United States is 3,026,789 square miles. Its population is 122,774,045. The area of Germany is 183,381 square miles. Germany's population is 62,348,782. The area of France is 212,659 square miles; its population is 40,938,847. The area of the State of Texas is 265,896 square miles. These figures are suggestive indeed; they show pretty plainly what the public domain in the United States might be were the tax laws of the country consistent with the moral law. Most of this land is privately owned. Too little is adequately utilized, or available for use on terms which make its use possible. Hence the increasing army of unemployed.

Land in the public domain should be available at all times for the use of any dissatisfied, or unemployed, worker who cares to take it. *What the worker can earn for himself, on free land, is the natural basis for the whole wage system.*

If unused marginal land were free the exploitation of Labor would be impossible. Where there is no free land workers seeking employment have no alternative but to accept as wages anything that may be offered. This is economic slavery.

Gloss this over as we may, denied the right of self employment, man is not free. He possesses only the right to choose whether he will work for starvation wages, or live at the expense of his family, his charitably disposed friends, or the community. And bitter experience has shown that the opportunity to work, even for starvation wages, is not always to be had.

If an island on which ten persons live is owned by one, this one, obviously, will be able to dictate to the nine the terms under which the land may be used. He can collect from them, as "Rent," all that they produce except, of course, what is absolutely necessary for their bare support. Under landlordism of this character the status of Labor is fixed; from chattel slavery it is but once removed. Political reforms can be of little avail where this condition obtains.

Owing to the complexities of modern life the relationship of cause to effect is less easily traced. But that like causes will produce like effects, we may be sure. The land question is vital. It makes no difference, financially, to the landless worker whether all the land is owned by one man who takes from him all but a pittance, or by thousands of men under a system whereby really productive land is kept beyond his reach, and he is compelled to work upon that from which he can secure only enough to keep himself and his family alive.

Labor, the victim of the tax gatherer, and of an antisocial system of land ownership, is today economically helpless. Only under exceptional circumstances, and by the greatest self-denial, can any worker save enough to make possible his escape from this state of bondage. Some few, it is true, do escape; the many do not.

The poverty of the masses makes necessary a constant widening of the scope of governmental activities. This necessitates higher, and still higher, taxes. As the taxes mount, private initiative and industry are increasingly discouraged, and more and more business enterprises which should be left altogether in the hands of private owners, come under governmental control, or ownership. Somewhere, there must be a limit: There must sooner or later come a time when private industry can no longer provide the funds that are necessary for the support of government. *What then?*

When it becomes the determined policy of the government to take by taxation *all* of ground Rent, traffic in land will cease to be profitable. Private ownership of land will continue. Land will be owned for use. The monopolization of land will be impossible. Permanent title to any given section will be conditioned upon the payment of an annual "tax" which equals its Rent, or upon the payment of the capitalized value of this Rent in one lump sum.

In the event that the lump sum is paid no taxes thereafter will be paid unless, owing to changing conditions, ground rents in this locality increase.

To illustrate: Assume that the current rate of interest is five per cent, and that the annual Rent of a given parcel of land is $1,000. If $20,000 is paid for the land, the person receiving the money, whether principal or agent—say agent of the government—may deposit it and draw from the bank each year, $1,000. The purchaser of the land, it should be clear, in making this capital payment, pays for all time his taxes on this property.

Unfortunately, when land is bought and sold today the property rights of society are not recognized. The purchaser of land now pays to the individual who sells it, his taxes in capitalized form, and then pays annually to the government another tax equally as great. He therefore pays twice each year for the same public services.

Industry is now compelled, not only to support the government, but also to pay, in what amounts to annual tribute to a land-owning class, a sum at least equal to what is paid in taxes. In no possible way can ruin be averted if this double taxation is continued.

The right of the individual to own land is conceded. Land is made valuable by the growth and activities of a civilized population. The purchaser of land should pay to the seller a fair price for buildings and other improvements, and pay to the city or town the capitalized value of the land's annual Rent. He thereafter should pay no taxes whatever unless conditions change.

This "lump sum" method of tax paying may or may not be practicable; it probably is not. It remains true, nevertheless, that *Under any ethical system of land ownership a title to land, acquired by the payment of the capitalized value of its gross Rent, gives to the purchaser the right to hold this land indefinitely and tax free*—except, as stated above, ground rents in this locality increase.

*(To be concluded next month)*

*Natural Law is the uniform occurrence of Natural phenomena in the same way under the same conditions.*

—OSCAR H. GEIGER

# The BOOK TRAIL

### WHAT'S DEMOCRATIC ABOUT IT?

"An Economic Program For A Living Democracy," by Irving H. Flamm. Liveright Publishing Corporation, New York, 1942. 342 pp. $3.

Mr. Flamm's book is as useful as a treatise on icebergs written by a man who did not know that five-sixths of their bulk is hidden beneath the water's surface. The book is called, by its author, "a capitalistic approach to planned economy." In spite of the subtitle, however, *An Economic Program For A Living Democracy* is not fascistic but socialistic, or projected New Dealism.

Mr. Flamm wants a combination of private enterprise and government ownership. Regimentation and regulation are recognized as not only unsatisfactory, but as approaches to dictatorship. Therefore, runs the argument, let the government own and manage those enterprises where application of the principle of social utility indicates that public enterprise will be more efficient than private. If there is doubt as to which type is more efficient let them compete, unless monopoly is clearly necessary in the public interest.

The fact that this arrangement of government competing with business corporations is like having the umpire in a baseball game also play second base does not bother Mr. Flamm. He explains that the umpire function of the state went out decades ago, and that the functions of the state now are to provide for the security of its inhabitants and bring about their well-being and happiness.

Mr. Flamm must be a happy citizen as he reads in each morning's paper new evidence of the unwearying alacrity with which Mr. Wallace, Mr. Wickard, Mr. Byrnes and Mr. McNutt spring to their governmental duties of applying the principle of social utility to private business, and private consumption. The fact that the gentlemen sometimes disagree as to which shall do the applying of the principle is attributable to their enthusiasm and is no doubt a healthy sign.

Once Mr. Flamm has established the proper function of the state and has invited the whole of our economy to compete at will with any part, he gets on with his real economic program. The program is to have a Planning Commission and fourteen Administrative Boards. Each of the fourteen boards will survey its field once a year and set a quota of production based on resources, technical advances, etc. The administrative board then reports to the Planning Commission, which then—but why go on?

Napoleon once decided on the spur of the moment to board his flagship. As his barge approached the honored vessel the guns remained rudely silent. The Emperor immediately summoned the admiral and demanded to know why he had not received the imperial salute. "Sire," replied the admiral, "there are seventy-seven reasons why we did not fire the guns; the first one is, we had no powder!" The reason "An Economic Approach For A Living Democracy" is not worth a moment's reading time is that Mr. Flamm does not know his economics, although he does possess a mass of Marxian misinformation.

Here are some of Mr. Flamm's boners: "When human energy was supplemented by mechanical power, labor lost its bargaining power. . . . This loss of bargaining power was the cause of the development of land monopoly. . . . Taxation and regulation are not deterrents to production. . . . Advertising creates not one dollar of wealth. . . . Income taxes are irrefutable proof that a free economy without government participation is no longer possible. . . . There is a natural conflict of economic interests of labor and capital."

Mr. Flamm apparently has read Progress and Poverty. He believes that if Henry George's land reform had been put into effect a hundred years ago, "it might have postponed the need for drastic modification of our profit system for a long time." "Now, however, in almost every occupation the exertion of (human) labor on land has become a mere figure of speech." Flamm states that if Henry George were alive today he would agree that the free and natural development of the individual can only be secured through socialization of those large basic enterprises which under private operation are not productive of maximum social utility.

"An Economic Approach For a Living Democracy" is a thorough-going economic *Through The Looking Glass*. Why lambast poor misguided Mr. Flamm, who, if nothing else, sees clearly the dangerous state our world is in, and speaks out courageously, yet without malice, against the evils he recognizes? Because Mr. Flamm is an enemy of freedom! He is one who would sell our heritage of rights, of government by law and not by men, for a mess of "social utility."

—JAMES W. LE BARON

### IS FORCE THE ANSWER?

"A Democratic Manifesto," by Emery Reves. Published 1942 by Random House, Inc., 20 E. 57th St., N. Y. C. $1.50.

"Why, little more than twenty years after the utter defeat of autocracy and militarism, is democracy once more in desperate danger?" Or, as the little people of the world are saying, "Why is the world at war again?" Answers to these questions are heard over the radio; we pick them out of the newspapers; they are analyzed and substantiated in many current books. Emery Reves, who has been close to individuals more stellar than average, and who has seen much of the world in the years between the two wars, attributes the tragedy to a crisis in nationalism. Nationalism, the ideal that was to give sovereign power to the people, has become a dogma that

sets nation selfishly against other nations. Obviously, if it is peace we seek, we must substitute for the national states an international organization.

Well, what about the League of Nations? Certainly that international body did not insure peace. Reves explains that the League failed in its purpose because it had no power to enforce the international law for which it stood. He would have the democracies proclaim a Declaration of Interdependence and limit the independence of the individual nations through an institution superior to all of them, with power to use force when democratic principles are violated—be the violator within or outside the subscribing powers.

In fact, FORCE is the keynote of *A Democratic Manifesto*. Reves maintains:

> Peace is law.
>
> Law is the justified use of force—a coercive order.
>
> Consequently, peace without the employment of force is inconceivable.
>
> The only way to prevent illegal and anarchic wars is to be forever willing and ready to wage a certain kind of legal war, just as the only way to fight and reduce crime is to be ready to commit the same "crimes" on a legal basis against the criminals.

Fear of punitive measures against them may dissuade would-be "illegitimate" criminals, but fear can hardly be the aim of a program to prevent crime. Criminologists and sociologists have progressed to the theory that criminals are not born, but made, and they seek to eliminate the conditions tending to cause men to satisfy their desires at the expense of others and through recognized unmoral acts toward their fellowmen. Poverty, disease, lack of education, enforced idleness—or, at the other extreme, undue power, special privilege, misused leisure —are at the root of the majority of individual crimes. In the enlarged sphere of national groups the same causes for violations of established codes seem indicated. Mr. Reves endorses prevention of disease, in world affairs as in medicine, but his sense of timing seems confused. He would prevent major world conflicts by using force to stop attacks military and ideological, but his suggestion would have effect only after bad "germs" already had brought about a diseased condition, so that physical mutilation alone could stop an epidemic. Can that be termed "preventive"?

If men had equal access to natural resources, if the markets of the world were open to all would-be traders, if free exchange of ideas spread recognition of the interdependence, not only of all the democracies, but of all inhabitants of the earth, then men would not be so ready to give power to leaders who preach physical aggression as a means to end national frustrations. They would understand that willful destruction of lives and wealth in any part of the world makes people everywhere poorer. Cooperation would be spontaneous, because it would be practical.

Raymond Gram Swing says of *A Democratic Manifesto:* "I know of no book about the problems of a democratic world that I should more vigorously recommend for the widest reading." Yes, it should be read, but critically. We agree with Mr. Reves that the powers on the victorious side in the first World War were so desperately anxious to maintain peace in the years that followed that they were ready to acquiesce in any political manoeuver if it but give promise of putting off a big shooting war, while they closed their eyes to economic and social conditions promoting unrest. Mr. Reves insists that the democracies should have been the first to shoot at such violators of international law as Japan, Italy, Germany, in order to forestall greater conflicts later. Would that have been anything more than merely making plain who were the stronger "policemen" of the world? But, then, the author of this book considers justice to have started on this earth with the first public execution of a criminal based on judgment. That is a very limited concept of justice. We would prefer to see the police forces of the world held to a minimum by reason of the fact that men find it desirable to live in accordance with man-made laws which appeal to their natural sense of justice.

By all means let the democracies now proclaim their principles of international integration, but let them not overlook a course of action after the war that will permit cooperation of all peoples, or they will discover that their shadow on the earth will resemble that of the despised Gestapo.

—FRIEDA WEHNES

> *"Inability of the people to consume what they produce is not due to the nation's money system, but to the taxes that rob the producer of his product. The function of a money system is merely to facilitate the exchange of wealth. The most scientific money system it is possible for human ingenuity to devise would not enable the people to consume what they produce so long as they tolerate a tax system that robs them of a large portion of their product."*
>
> —"Cause and Effect"

**IMPORTANT NOTICE**

**Copies of THE FREEMAN for April, 1942, are urgently needed for bound volumes. Readers having copies of that issue will confer a great favor by mailing them to THE FREEMAN office, 30 East 29th Street, New York.**

**The Editors**

# NEWS *of the* Crusade *for* Economic Enlightenment

## Spring Classes in Jersey

NEWARK—The following spring term schedule of free classes in Simplified Economics is announced by the New Jersey Extension of the Henry George School of Social Science, all classes beginning the week of March 1st:

ARLINGTON
The Harvey Residence, 21 Magnolia Ave.
Tuesdays at 8 P.M.

DOVER
Details later.

HACKENSACK
Y.M.C.A., 360 Main Street
Mondays at 8 P.M.

HACKENSACK
The Washburn Residence, 507 Main St.
Wednesday afternoons at 3:30

IRVINGTON
Morrell High School, 1253 Clinton Ave.
Tuesdays at 7:30 P.M.

JERSEY CITY
Y.W.C.A., 270 Fairmount Ave.
Mondays at 8 P.M.

LEONIA
Details later.

MORRISTOWN
Warren Residence, Egbert Hill Rd.
Wednesdays at 8 P.M.

NEWARK
1 Clinton Street
Mondays, Tuesdays and Thursdays at 8 P.M.

NEWARK
Y.M.H.A., 652 High Street
Wednesdays at 8 P.M.

NEWTON
Details later.

ORADELL
Municipal Bldg., Kinderkamack Road
Mondays at 8 P.M.

ORANGE
Y.M.C.A., 125 Main Street
Thursdays at 8 P.M.

PASSAIC
Y.M.H.A., Washington Place and Hoover Ave.
Thursdays at 8 P.M.

PATERSON
Y.M.C.A.
Mondays at 8 P.M.

SUMMIT
Miller Residence, 100 Baltusrol Road
Mondays at 8 P.M.

SUMMIT
Y.M.C.A.
Tuesdays at 8 P.M.

WESTFIELD
The Starke Residence, 462 Channing Ave
Tuesdays at 8 P.M.

WESTWOOD
Details later.

## Wins Commission

NEW YORK—Mandel Adler, former faculty member of the Henry George School, who entered the Army in April, 1942, as a private, was recently graduated from the Army Air Force Officer Candidate School as a Second Lieutenant.

## Supports Radio Program

NEW YORK—Mrs. Richard A. Miller, daughter of Anna George de Mille, has assisted the educational program of the Henry George School, by making the first contribution to the Radio Fund.

The School is presenting the "Record Album," a half-hour program of classical music, on Station WQXR. The "Record Album" is broadcast on Tuesday, Thursday, and Saturday evenings from ten to ten-thirty. During the other evenings, a series of spot announcements inform the audience about courses offered by the School.

Graduates and friends are invited to become sponsors of this radio program. In mailing your checks, please specify that you wish your contributions to be used for radio advertising.

## Teachers Win

NEW YORK—Teachers and students of the Henry George School of Social Science who came away with a perfect tied score of 100 per cent for each team on WMCA's "Americana Quiz" program on the afternoon of Sunday, December 27, met again on the history quiz Sunday afternoon, February 7, from 3:30 to 4:00. In the second meeting of the two teams which in their first encounter had established a record by making it the first time in radio history that each side turned in a perfect score, the faculty group carried off the honors with a score of 45 to 30.

On the faculty team were: George B. Bringmann, Dr. Janet Aiken, Philip Kodner, Ezra Cohen and Carl Krause. Student participants were: H. D. Butler, Wilbur Holmstrom, Paula Zweier, George Christianson and Elmer Armstrong.

## Now Let 'em Read

NEWARK, N. J.—The Schalkenbach foundation has a display of books on sale at the New Jersey School, 1 Clinton Street. So many requests for various booklets, leaflets and volumes were received, that it was decided that a special bookcase housing the display would be a sound idea. Now the New Jersey graduates have easy access to the thought-provoking publications of this Foundation, and are all invited to come in and browse.

## Progress and Poverty Chosen

NEW YORK—Mr. Benjamin deCasseres, writer of the "March of Events" column which appears in all the Hearst newspapers, recently published lists of books which he thought should be given to the Armed Forces. Among those recommended was Henry George's "Progress and Poverty."

## Dinner for Graduates

OMAHA, NEB.—Graduates of the fall classes of the Henry George School of Social Science Extension in Omaha were guests of the Omaha Chapter of the Henry George Fellowship at a dinner January 19 at the Y.W.C.A. building. A large group of members and guests were present. The graduates were presented their certificates by Mr. L. S. Herron, President of the Fellowship and Editor of the Nebraska Union Farmer, who spoke briefly but very adequately to them on "Progress and Poverty."

A new winter class at the Paxton Hotel was announced. Dr. W. A. Weisskopf, head of the Economics Department of the University of Omaha, delivered a splendid address on Free Trade, the meeting ending with a discussion of that topic.

## Guess Who!

PITTSBURGH—The following tart rejoinder was written by H. W. Noren of this city on the back of a circular letter soliciting his subscription to The United States News, and mailed to the editor of that journal:

"So you want my subscription! But you did have it for years. For eight years I read your paper; eight years of depression and not once did you have one line to show that any of your editors or contributors knew the cause or the cure. Now we have war. You do not know the cause of war. You only guess, you have no basic knowledge. Nor had Hitler. He did not know the cause of depressions; he thought war would help him out. But war only makes conditions worse.

"I have watched uninformed congresses and administrations for more years than you have. What stunts they have up their sleeves I can guess better than you can. You can not advise them or me, for you don't know. Drop in at the Henry George School of Social Science in New York, and enroll for a course in fundamental economics. Be informed!

"Who am I? What's the difference? I read your paper for eight years."

## Correction

Please correct the item in the January FREEMAN under "News of the Crusade for Economic Enlightenment." The item referred to the Omaha Henry George School of Social Science Extension Classes and a dinner sponsored by "We, The Citizens." The classes and dinner mentioned were sponsored solely by the Omaha Chapter of the Henry George Fellowship. I made all arrangements for both myself, as secretary of the Fellowship.

Omaha, Neb. GEORGE B. GREENE

## Another Freeman Editor On the Air

NEW YORK—On Thursday, February 18th, Miss Margaret Harkins, an assistant editor of THE FREEMAN and member of the New York faculty spoke over station WAAT, Newark, on Ella Mason's program "For Women Only." Miss Harkins stressed the need for the average man and woman to study social science so as better to understand the economic structure in relation to current world problems. Miss Harkins, an individualist of the first water, placed particular stress on the imperative necessity for each man and woman to do his own thinking rather than "letting George do it."

## Cash for Winning Writer

NEW YORK—Two New York business executives, L. Leo Greenwald and R. M. Dreyfuss, together with an anonymous contributor, have put up $5 each as a prize to be paid for the winning FREEMAN article in a contest under the following terms:

The article is to embody a comparison of the cures for our economic ills that have been advocated or tried in this country since 1929 with similar plans tried in other countries during that same period, or in this country in earlier times. Competition is open to all students or former students, resident or correspondence, and to all past or present members of the faculty. Editors of THE FREEMAN are to be the sole judges, and the winning article is to be published in an early issue of THE FREEMAN. Articles should run from 1,200 to 2,500 words. The $15 prize money will be paid as soon as the winning article is selected.

## Greene On Free Trade

NEW YORK—The feature speaker at the February 11th session of the Fourth Annual School for Christian Living, at the John Street Methodist Church, New York, was Lancaster N. Greene, member of the faculty and trustee of the Henry George School, and chairman of the board of The Freeman Corporation, who spoke on "Protection or Free Trade."

## Monopoly in China

NEW YORK—Miss Jean Lackey, member of the staff of the Henry George School, presided at the February 8 meeting of the Alpha Omicron Pi Sorority at Beekman Towers, at which Dr. Wousaofong, former technical advisor in the Chinese Embassy and co-editor of *The Free World*, and Miss Ida Pruitt, formerly with the Union Medical Hospital in Peking and now active in this country in the Chinese Industrial Cooperation movement, were the speakers. Both speakers stressed the difficulty of overcoming monopoly barriers in China. Miss Lackey explained the important part played by the Henry George schools in the fight on monopoly, and invited all present to enroll for classes in fundamental economics at the New York school.

# *Letters to the Editor*

## Says Mr. Matteson Erred

Your contributor, Mr. A. C. Matteson, Jr., (Freeman, September, 1942) makes the statement that the United Committee in England advocated "a penny in the pound" as a slogan "calculated to dispel uneasiness among middle-class listeners." In this he is doubly in error—by the inference that the Committee limited its aim to partial measures, and by the imputation that this has been done to conciliate the interests and not only allay their fears but also assure them that the agitation would end with the passing of the partial measure. Correction of such misrepresentation is very necessary.

The object of the United Committee for Taxation of Land Values and of the International Union is "to promote economic freedom and social justice by publishing, advocating and maintaining the principles and policy of Land Value Taxation and Free Trade as expounded by Henry George." These principles mean that the whole value of land, apart from improvements, belongs to the public and that the right to the use of land and the equal freedom to produce and exchange wealth are to be achieved by making economic rent public revenue, and abolishing taxation on the processes and results of industry. The way to achieve this is to concentrate taxation on the value of land. That is the practical method Henry George recommended (Progress and Poverty, Book VIII) as a practical statesman; and that is the policy to which the united British Henry George movement is dedicated, never abating but always upholding the full principle in its every declaration, manifesto, leaflet or other publications.

It is to be remembered that the advocacy of Henry George's ideas has been so successful in Great Britain that on several occasions bills for enacting some measure of land value taxation either for national or local purposes have been introduced by Liberal or Labour Governments. These bills were not introduced or drafted by followers of Henry George, and they were undoubtedly imperfect in certain respects, and for that reason were faithfully explained and criticized by us. Nevertheless the mere fact of such legislation being proposed by the Government of the day did direct public opinion still more to the ideas of Henry George. It made them the subject of popular discussion on thousands of public platforms.

Should the Henry George movement, presented with such an opportunity for gaining the attention of the public, have stood aside from the controversy and said to the contestants: "A plague on both your houses"? Such an attitude no doubt would have been agreeable to the vested interests. A very few of our friends did adopt the attitude of all or nothing; unless they could have the whole economic rent paid into the treasury at one blow, they were not interested in any practical step. The movement as a whole seized upon the opportunity to make the principles of Henry George known when the public ear was attuned to hear.

We are still working for the realization in practice of a principle of great importance. In a democracy its realization must be by democratic methods through public discussion and the education of public opinion. This education it is our duty to promote with all the resources at our command and at all times. But when the inviting occasion for public debate is afforded by the action the Government itself takes, it is not a question of advocating, much less insisting upon, any "step-by-step" procedure. It is the chance given for expounding the principles involved in the legislative step that is proposed, thereby advertising all the more convincingly the case for the total abrogation of the land monopoly and the elimination of all private appropriation of land values. The free trade cause provides a historic parallel, prompting one to ask whether this country would have moved from protection to free trade if the free traders had objected to every reduction in the tariffs as being useless unless all items were abolished simultaneously? These are issues which confront men in practical life. It may be left to the student in his cloister to ignore them.

A. W. MADSEN, Secretary,
United Committee for the Taxation of Land Values.
London

## The Only English We Know

January, 1943, number a splendid edition; most of it incontrovertible. Wish I could afford to hand out 500 copies. The issue is written in plain, street English.

EDGAR POMEROY, Editor
San Francisco "Our Common Wealth"

Vicar (after looking at an allotment newly laid out by one of his parishioners): "Splendid, John! How amazing what Providence and you have been able to accomplish with that piece of land."

John: "Aye, vicar, aye. But you ought to ha' seen it when Providence 'ad it on 'is own."

TORONTO EXCHANGE

## As Mr. Farkas Sees It

Don L. Thompson appears to have had qualms about entering the ring regarding interest as shown in his article "Of Interest" which appeared in the January FREEMAN.

He tried to justify natural interest in two ways. First, he states, "it represents a payment for the saving in time." Further, "people want things now, not a year hence. . . ." This is the argument of Max Hirsch and is none other than the "abstinence theory" which Henry George brushed aside. Abstinence is a not doing, not a doing. Besides, Mr. Thompson is bringing in consumption which is only concerned with individual economy and has no place in political economy.

Secondly, "in order to more quickly satisfy their wants, which may be a home, an automobile, or machinery with which to carry on production, isn't it reasonable to suppose that they would be willing to pay a premium . . . called Interest?" Certainly people are willing, just as the producer is willing to pay rent to the landowner. As an individual producer he doesn't give a "tinker's damn" who collects his ground rent. Applying Mr. Thompson's reasoning to the example just given, we must reach the conclusion that the private appropriation of economic rent is justified.

In my analogy I do not infer that the capitalist has a power similar to the landlord's. The fact that people are willing to pay a premium justifies nothing. Custom and habit of thought are not the basis of justice.

Boston, Mass. SANFORD FARKAS

## Boosts Bowen Book

We need more popular presentation of issues in *Progress and Poverty*. Dr. Bowen's *Economics Simplified* has been immensely helpful. I have given it as a gift to thirteen people and three schools besides our city library; have loan copies out; wrote reviews of it for twelve magazines and it furnished the basis for articles for five other important magazines, Land and Home (published by National Catholic Rural Life Conference) being one. Also have sold twelve copies and am collecting funds from friends to send at least one copy to each of 66 camps where conscientious objectors are at work. Personal notes to eighteen other friends have resulted in at least half of them buying it.

Couldn't THE FREEMAN start a movement to secure a fund to present every U. S. Congressman a copy of *Economics Simplified*? It is readable, direct, concrete and intelligible—even to Congressmen—and *is it needed?*

Brookville, O. MILDRED JENSEN LOOMIS

## Likes the Thompson Article

The article, "Of Interest," by Mr. Don L. Thompson, in your January number, is the most satisfying explanation of the cause of interest that I have seen. The saving or discount of time, with the conveniences and advantages resulting, may be the sole and sufficient cause and justification for interest.

If a man owes me $100, payable in a year, I may be in a position to tell him that I need money so badly now that I will give him a discharge of his debt for $90. Or he may tell me that he has money lying idle, and is willing to discharge his debt for a discount of three dollars.

The mere persistence of interest throughout the centuries would indicate that it is paid pursuant to natural law—as much so as wages or rent—and that it is clearly distinct from either.

Oshkosh, Wis. JOHN HARRINGTON

## Books from Mr. Nash

NEW YORK—The following books have recently been presented to the Henry George School Library by Mr. Louis Nash of Seattle:

"New Careers for Youth," by Walter Pitkin; "Equality," by Edward Bellamy; "The Case for Socialism," by Fred Henderson; "The Future Is Ours," by Jay Franklin.

## Interest on Interest

With regard to Mr. Don L. Thompson's article in the matter "Of Interest," it strikes me that the more it is studied, the less it develops that there is any economic law of interest. It may sound funny to turn to Calvin Coolidge, but with regard to the war debts, he said, "They hired the money, didn't they?"

It seems to me that if you look upon the source of the actual payments of interest as goods rather than money, you realize that it is a simple case of convenience, perhaps affected by Mr. Thompson's reference to the time element. In short, if I want a truck, I hire it from a trucking company; if I need extra seats for an auditorium, I hire them; if our factory here needs a few thousand dollars, we hire it. Very simple.

The important thing is that interest is not the reward of monopoly. Capital is constantly accumulating and constantly competing, and therefore, to write a law about interest is the same as writing an economic law as to whether streetcar coupons were more convenient than cash.

When I condensed *Progress and Poverty*, I was tempted to leave out the chapter on interest and did append a little footnote to the chapter substantially in the form above.

San Francisco, Cal. JOS. S. THOMPSON

## Approves Freeman

THE FREEMAN is good—too good for such a limited field and circulation. I hope some day soon to see it the leading, most influential liberal magazine of the nation. It has the name; it has the cause, and it has a vastly superior and select array of correspondents and contributors, and the editors are not without wisdom and merit. Find the dollars and put it over!

Beaver Falls, Pa. R. W. STIFFEY


# Appeal for Funds

**No more than any other institution or individual is the Henry George School of Social Science immune to the vicissitudes of war. Class attendance and new enrollments are both showing the effects of the country's call for millions of young men and women for the armed forces and multitudinous allied services. Large numbers of the school's 25,000 graduates are already engaged in one branch or another of war activities; more are joining daily. Students and faculty members are being compelled to forego further study because of war's demands; prospective students are being restrained from beginning courses by imminence of their call to service.**

**Inevitably—and this at a time when practically all of the school's expenses are higher than ever before—inevitably, contributions to the school's sustaining fund—the budget has it set at $50,000 for the year—are shrinking.**

**All the more important it is, then, that those who are still in the home ranks dig a little deeper than first contemplated. Whether you plan to subscribe, or have already given, one dollar, five, ten or a hundred, won't you double it? Never was the work of the school so important as in these troublous times; never was the need for financial support greater.**

**This appeal is made through the columns of THE FREEMAN at the specific request of Miss Margaret E. Bateman, Director. Make checks payable to the Henry George School and mark for Miss Bateman's attention. Of course, if you don't have your check book handy, cash will do—AND HOW!**

**There is a fellowship among readers of newspapers that is** more powerful than common membership in fraternal and secret societies and other organizations which exist to meet the needs of mankind's gregariousness. When people respond to the impulsion of intellectual concepts they are firmly united, and neither time nor space jeopardizes their voluntary allegiance.

BUT SUCH LOYALTY is necessarily limited to a circle smaller than those which take form among well-intentioned but unthinking persons. Millions of people shiver with an undefined joy when they hear the tune known to us as "America," to Britishers as "God Save the King," and to Germans as "Heil dir im Siegeskranz," and under stress of the emotion thus aroused allow themselves to be made to do more than they would otherwise be moved to do.

A KINSHIP BASED on an idea demands thinking, hence the limited public for ideas, and hence the enthusiasm with which men and women holding common cause with a favorite journal hail each other. So many have nothing to think about and little to think with.

"CLUB SPIRIT" does not arise from the possession of a clubhouse but from the identity of aim that is the basis of association. A great periodical is an intellectual home from which its readers—holding like beliefs—draw sustenance, and its validity may be measured by the need that evokes it. It is to man's mental striving what the Church is to the spiritual aspirations of so very many. Because of such a relation the magazines that stand for ideas do not hesitate to ask that their readers go out into the world for proselytes. THE FREEMAN knows that a FREEMAN reader does not resent being asked to get more readers, because its continued existence depends upon securing a body of supporters sufficiently large to pay the cost of production. When and if it proves practicable to do so THE FREEMAN will look to advertisers for part of its revenue; meantime it needs subscribers.

THE DOLLAR THAT YOU PAY for the paper is far less than it costs. That price will not cover the cost until the monthly edition is greatly increased. If you like THE FREEMAN your obligation to the paper is as great as the paper's obligation to you. Your way of balancing the account is by getting subscribers or a subscriber, and when you do that THE FREEMAN will be as grateful as if there had never been an obligation.

**What a waste,** that the enjoyment and stimulation afforded by THE FREEMAN should be confined to a relatively small number, when thousands need precisely that sort of entertainment and enlightenment to develop their potentiality as citizens of the world!

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