

HENRY GEORGE SCHOOL MAGAZINE

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HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

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(Edited by a panel of Tutors)

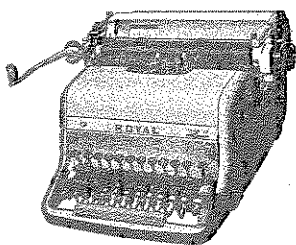
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Editorial



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The purpose of the School Magazine is to provide articles, news and comments dealing with political, social and economic matters as an extension of the study classes of the School; to expound the first principles of economic science and social justice and show their validity, relevance and significance when related to current economic problems; to sustain interest among ex-students and to inspire participation in the School's work.

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An instance of what the working out of apartheid and the applying of the Group Area Act means to Africans, is given in the story of the projected uprooting of the population of the South African village of Sobantu. The village, about two miles from Pietermaritzburg (capital of Natal) is described by the South African correspondent of the Manchester Guardian, as a model village. Yet, "Here we have the Union Government coming in arbitrarily and moving people from a site in which they are contented and which it has been the pride of the municipality to develop".

This is not another Sophiatown. Says the writer: "Emphatically, this is not a slum area, but one of the loveliest African villages in the Union The Government excuse for the interference with Sophiatown was that it was a measure of slum clearance ... Less stressed for overseas consumption was the argument that Sophiatown has come to be surrounded by European areas, and that there was strong European pressure that something should be done. If anyone has been taken in by the story of Meadowlands, let him ponder the story of Sobantu."

The correspondent tells of the proposal to move some 124,000 Indians in Durban if the Group Areas' recommendations are accepted, and if the Cape Town plan is approved. He says: "Coloured people will gradually lose their footing in all the best suburbs and will be compelled to go and live on the far less attractive Cape Flats. Africans are being pushed around in dozens of areas."

Among the majority in South Africa who support or condone apartheid, there are many who do so from

fear. To what extent that fear springs from uneasy consciences it is difficult to say - one fears most those whom one has harmed. Others have conditioned and cossetted their consciences and taken refuge in the superstition that the Natives, Coloureds and Indians are a naturally inferior people, and consequently cannot be expected to live on equal terms with white people. (Not, of course, that the white people live on equal terms with each other, but this is soon rationalised by equally fallacious arguments).

Now from well-qualified sources in the U.S.A., where the colour problem is a major headache, comes unqualified condemnation of the widely held belief that race makes a difference to intelligence. In U.S. News & World Report 26th October 1956, the question is posed, "Are white school children inherently smarter than coloured children of the same age? Or is the better achievement record of whites in many integrated schools a temporary thing - reflecting advantages that white youngsters have had in earlier schooling and associations."

The answers are to be found in a joint statement by 18 social scientists. But before turning to this historic statement, it will be of interest to recall a passage in "Progress & Poverty", where Henry George refers to the same subject. Here is the passage from the unabridged (English) edition, page 346 :

A gentleman who had taught a coloured school once told me that he thought the coloured children, up to the age of ten or twelve, were really brighter and learned more readily than white children, but that after that age they seemed to get dull and careless. He thought this proof of innate race inferiority, and so did I at the time. But I afterwards heard a highly intelligent negro gentleman (Bishop Hillery) incidentally make a remark which to my mind seems a sufficient explanation. He said: "Our children, when they are young, are fully as bright as white children, and learn as readily. But as soon as they get old enough to appreciate their status - to realise that they are looked upon as belonging to an inferior race, and can never hope to be anything but cooks, waiters, or something of that sort, they lose their ambition and cease to keep it up."

Here is what the sociologists say :

STATEMENT BY 18 SOCIAL SCIENTISTS FROM
USA UNIVERSITIES AND FOUNDATIONS (Abridged)

The question has again arisen as to the existence of innate differences in intelligence between negroes and whites. The present statement is directed to that question. Those who have signed it are not on this occasion taking sides with regard to the problem of desegregation as a whole, nor with the manner or the rapidity with which it should be accomplished. They are for the moment concerned only with the facts and conclusions accepted by scientists with regard to racial comparisons in inborn intellectual capacity.

A number of years ago, at a time when Nazi race theories were

receiving much publicity, several scientific organisations placed themselves on record as opposed to the conclusion that race was a determiner of innate psychological characteristics; their position was that no such relationship had ever been scientifically demonstrated.

More recently, in 1950, a group of distinguished social scientists meeting in UNESCO House in Paris, issued a statement on race which reads in part as follows :

"Whatever classification the anthropologist makes of man, he never includes mental characteristics as part of those classifications. It is now generally recognised that intelligence tests do not in themselves enable us to differentiate safely between what is due to innate capacity and what is the result of environmental influences, training and education. Wherever it has been possible to make allowances for differences in environmental opportunities, the tests have shown essential similarity in mental characters among all human groups. In short, given similar degrees of cultural opportunity to realise their potentialities, the average achievement of the members of each ethnic group is about the same."

Two years later an equally distinguished assembly of geneticists and physical anthropologists, also meeting in Paris, pointed out that:

"The scientific material available to us at present does not justify the conclusion that inherited genetic differences are a major factor in producing the differences between the cultures and cultural achievements of different peoples or groups. It does indicate, on the contrary, that a major factor in explaining such differences is the cultural experience which each group has undergone."

In 1953, a statement submitted to the United States Supreme Court by more than 30 American social scientists included the following : "The available scientific evidence indicates that much, perhaps all, of the observable differences among various racial and national groups may be adequately explained in terms of environmental differences... It seems clear, therefore, that fears based on the assumption of innate racial differences in intelligence are not well founded."

These statements still stand, and in our judgement represent the consensus among experts who have studied this question as objectively and as scientifically as is at present possible. We know of no new research which would reverse these conclusions. (End of U.S. statement)

Those who always put their own interests first, and those in whom prejudice has eaten too deeply, will be unmoved. But it will, and should, cause some heart-searching among those not pathologically committed to the obnoxious theories of racial superiority - and there must be many.

In last month's issue our Dr. F. Jones told the story of the great inflation in France (based on the book "Fiat Money Inflation in France"). Mention was made of John Law:- "The memory of John Law's ruinous policies was still strong enough to cause even the wildest supporters of paper money to proceed cautiously..."

Now here is the fascinating story (told by B.W. Brookes, of 'Hu-Mei' fame - see July issue) of John Law's intoxicating rise to power, fame and fortune on a flood of paper money - and of the dreadful trail of misery and ruin he brought to the French people. In view of the lesson that Law left behind him, it is astounding that France could for a second time be hypnotised with the magic of "costless" money.

Will our economists learn the lesson before it is too late?

Rake's Paper-chase

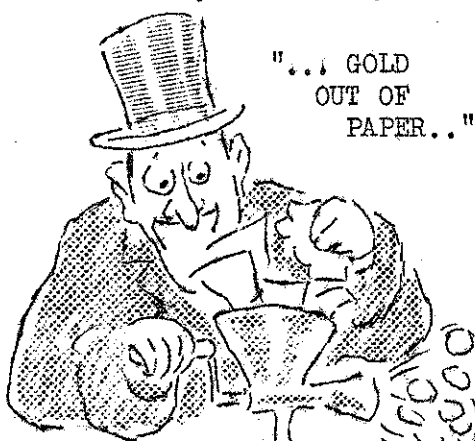
In the year of grace 1671, in the Edinburgh of James II, a son was born to William Law, an educated well-to-do goldsmith. The event was not of over-riding interest to William Law - he had a large family already - but if on that April afternoon he could have looked into a crystal ball and seen his son's life laid out before him, he would probably have dropped a few gold nuggets in his excitement. He would have seen a young man of 23

sentenced to death for murder; his escape from jail while awaiting execution; his desperate flight to the coast with a price on his head, and eventually his getaway across the channel to the continent. Gazing deeper, William Law would then have seen his son's affairs take an upward turn. His amazing rise to power, fame and fortune. Virtual Prime Minister of France at the age of 49. Idol of the Paris aristocracy. But then, accompanied by a catastrophic currency inflation of his own making which was to bring ruin and hunger to millions of Frenchmen, the bubble would burst. The decline and fall would be swift. The Minister would become the exile; the exile the refugee; and finally, death in a Venice lodging house, discredited and destitute at the age of 58. Such was indeed the volatile career of John Law, the son of an Edinburgh goldsmith.

Even as a youth, John Law was said to have had a head for figures and to have shown an "uncommon interest" in contemporary theories of money and credit. But when, as a young man, he came to London, his interest in money and credit hardly extended beyond the tables of the fashionable gaming houses, while his head for figures seems to have turned mainly towards female ones. At any rate, it was his weakness for the opposite sex which led him into a duel with

one "Beau" Wilson in the deserted neighbourhood of Bloomsbury Square, a duel in which John Law's sword despatched Wilson to the mortuary and its owner to Newgate Jail on a charge of murder. A small file, smuggled in to him by friends, enabled him to cheat the gallows, and despite the offer of a reward of £50 for his capture, he made his escape to the Netherlands. The year was 1695, and he was just 24.

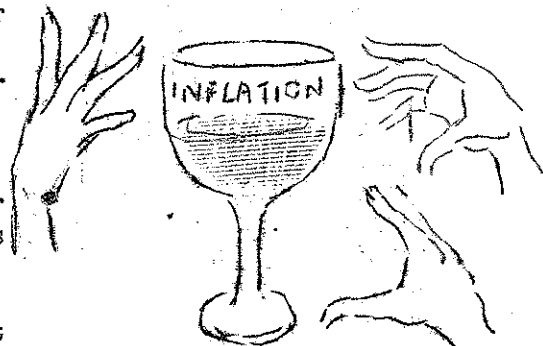
During the next twenty years Law sampled most of the major cities of Europe. Gambling, from which he amassed a sizeable fortune, was his livelihood; money, credit and banking, which he studied in Amsterdam, were his preoccupations, and many were the complicated nostrums which he submitted to the financial authorities of the countries he visited. These schemes, all designed (claimed their author) to lead to the expansion of trade and to bring general prosperity, all had one thing in common; the issue of "notes". Paper money, indeed, held a fatal fascination for Law. What is money, he asked, but a simple exchange voucher? So why use an expensive and inconvenient metal such as gold? What was wrong with paper? It was not until years later, when his whole career swung in the balance,



that the word "confidence" was to take shape in his mind as the all-important essential ingredient of sound paper money. Eventually his great chance came. In 1716, in desperate straits, the French Council of Finance accepted his scheme for setting up a State Bank with himself as Managing Director. Law was jubilant. He pledged himself to stimulate trade and to pay off the national debt. To sceptics who asked whether he had found the Philosopher's Stone he replied in the affirmative. "My secret", he said, "is to

make gold out of paper" For the first two years Law played the role of orthodox banker. He issued banknotes but their number was rigidly controlled, and they were redeemable on demand. His Bank prospered. But the gambler could not change his instincts as easily as he could change his coat. He became obsessed with the idea of a great trading company to exploit the wealth of the French-held Mississippi basin, and in 1717 he formed the "Company of the West", an organisation with a capital of £1,250,000 - a huge sum in those days - with himself at its head. The company, like so many things on which Law laid his Midas touch, at first went well, then better, then like a rocket, and finally spluttered out, falling with an almighty crash. It was, in fact, rather like our own South Sea Bubble - a frenzy of speculation being followed by ruin for most of its shareholders. But while Law the Company Director was still riding the crest, Law the Banker had been increasing his power. His Bank had become the "Banque Royale" - the Government Bank - and soon he was not only influencing Government economic policy but directing it. So much so, that in January 1720, his accession to complete power was given

formal recognition in his appointment as Controller-General of France. Even before this, however, Law was the power behind the throne. His financial methods had become more arbitrary, and by gradual steps he proceeded to make his banknotes non-redeemable. To the modern student of economics this combination of the power of Government, and of note-issue, coupled with a non-redeemable currency, has a familiar ring. And sure enough it was not long before the people of France began to imbibe deeply from the poison-cup of inflation. For Law was more than Controller General and head of the State Bank. He was head of the Company of the West as well, and he saw to it that the fire of speculation in the Company's Shares which swept France in 1719 was well stoked with successive issues of currency. In the second half of the year, for instance, his printing presses churned out no less than 800 million livres (about £40,000,000). And again, when early in 1720 the great landslide began, Law used all the weapons in his armoury to stave off collapse.



By decree he pegged the price of the Shares and pledged the Bank to buy all that were offered at that price. The stampede to sell showed what the public thought about the level of his price-pegging. To meet the rush Law put his printing presses into top gear. In two months he pumped 1,500 million livres into circulation. Day and night the presses worked to keep up with demand. A paper Frankenstein stalked the streets of France.

To the reader of "Fiat Money in France", the rest of the John Law story will be familiar. The pattern of the later inflation was to follow closely that of this earlier prototype. The fantastic rise in prices, especially of food; the payment of preposterous sums for things of real value such as houses, land, jewellery, furniture; the progressive abhorrence of the detested banknotes.

Then the measures of repression - "T", said Law, "will compel confidence". He called in all gold and silver; he made illegal the wearing of jewellery; he authorised the search of houses for hoarded treasure. Next, the moral degeneration. The informers; the gambling with huge wads of notes; the robberies with violence. And finally, in October 1720, with the value of Law's notes practically at zero, his Bank closed and with the whole country in a turmoil, came the collapse of the entire currency system.

Law did not stay to see the slow stabilisation which followed. Two months later, lucky to escape the Bastille, he fled from Paris and soon quitted France for good. In 1721 he returned to England and was granted a Royal Pardon by George I but, associated in the public mind with the South Sea Bubble which a few months before had caused the ruin of thousands of its shareholders, Law found it too uncomfort-

able to stay. In 1725 he set off on a journey across Europe which ended with his death, from an infection of the lung, in Venice in March 1729. Most of his possessions had been left behind in France (later to be confiscated), and he died practically penniless.

Law's biographer, W.H.Montgomery Hyde, describes him as "an honest adventurer". Adventurer he certainly was. That he was honest in his private dealings has not been disputed. But to the student of economics, whatever his motives may have been, nothing can vindicate a man who, by the issue of worthless bits of paper, brought ruin and misery to twenty million Frenchmen.

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I N F L A T I O N A T W O R K

CURRENCY UNITS Loss of purchasing power, 1946-55

	per cent		per cent		per cent
Portuguese	0	U. S.	27	Iceland	48
Dominican	2	Canadian	28	Mexican	48
Egyptian	2	Netherlands	29	Nicaraguan	49
Haitian	3	Norwegian	29	Australian	50
Indian	10	Iranian	30	Finnish	52
Pakistan	10	Venezuelan	30	Austrian	54
Ceylon	11	S. African	31	Peruvian	59
Lebanese	16	Spanish	31	Brazilian	60
Belgian	19	Swedish	31	Greek	61
Swiss	19	El Salvador	32	French	66
German	22	Turkish	32	Japanese	67
Honduran	24	Hong Kong	33	Israel	68
Irish	24	Thailand	33	Indonesian	69
Italian	24	Malayan	34	New Taiwan	85
Guatemalan	25	New Zealand	34	Chilean	91
Costa Rican	27	British	35	Paraguayan	91
Danish	27	Colombian	46	Bolivian	95
Ecuadoran	27	Uruguayan	46	Korean	99

(Picks Currency Yearbook, 1956)

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BAD MONEY DISCOURAGES PRODUCTION

As money is the sinews of every business, the introducing of a doubtful medium - and forcing it into currency by penal laws - must weaken and lessen every branch of business in proportion to the diminution of inducement found in the money.

- Pelatiah Webster, "Strictures on Tender Acts", 1780

Wonderland of Modern Economics

Henry George received his economic education, not from any professors but from the body economic itself, which he saw growing up around him in California - right from the primitive gold digging up to the coming of the trans-continental railroad.

When he had seen the growth of the body economic in a comprehensive glance, he then turned to the great authorities and read the works of the masters. Thus he was able to see what was good in these writings and above all to see their defects. These defects he criticised brilliantly in "Progress and Poverty", (1879), and in "Protection or Free Trade", (1885), but he died before he was able to complete his presentation of "The Science of Political Economy". This was published, just as he left it, the year after his death.

Henry George traced the first steps in the historical nemesis that has overtaken the science of political economy, and I would like to give some evidence of that complete collapse of the science which was clearly foreseen by Henry George. For this purpose I would like to draw your attention to some statements made in a most revealing work on "Economic Thought and Language" written just before the war by Professor Lindley M. Fraser, (former professor of political economy at Aberdeen University).

From a Lecture by
Dr. H.G. Pearce,
reprinted from
"The Standard".
Sydney, Australia.
October, 1956.

Professor Fraser says that he desires to show some of the main sources of the error and confusion which surround economics, and he adds that economists have always suffered from the inaccuracy of their language. If this could be overcome, then economists might have some hope of solving their problems of theory and of policy. He says that the use of the same word in varying senses is one obvious cause of the bewilderment and confusion among qualified economists, and still more among their students. He has hopes of clearing the ground and removing some of the rubbish that lies in the way of knowledge.

Professor Fraser goes on to say that economists have not only misunderstood each other's arguments but that they have even failed to grasp the implications of their own. They have deserted the study of the economic system in favour of something that they call the "economic problem". And he agrees with Professor Robbins that students of economics are tending towards a pre-occupation with the irrelevant

and towards the multiplication of activities that have little or nothing to do with economics.

Their fundamental term "wealth" is still highly ambiguous and the theory of value, the corner-stone of economic analysis, has difficulties resulting from ambiguous terms and confused concepts. As for the definition of economics as "the distribution of scarce means among competing ends", he says that such definitions are nothing but composite ambiguity!

Cost has upwards of a dozen meanings in economics and money is a word with five or six meanings - with results little short of disastrous in the development of monetary theory. He adds that into this psychological chaos it will probably never be possible to introduce complete order. Professor Fraser points out that the accepted classification of productive resources is unsatisfactory from any point of view and yet it is retained in almost every standard work on economic theory.

He says that land has four distinct meanings, which accounts for the disastrous results in the understanding of the problem of rent, and for the raising of desperate difficulties to any proper understanding of capital. As for capital, he says that this word has more nearly forty meanings than four. It is full of confusions, with discussions that stress unreal distinctions and overlook really important ones. Finally, the concept of capital tends to swallow up land, labour, and even consumption of goods.

The relations between rent and interest present a problem which, he says, no outstanding economist has ever attempted to solve. Then we find such jargon terms as "short-lived communal recurrent-use goods", which are waste products of economic analysis on the way to the rubbish heap.

Finally, he notes that the professors have altered not merely the content but the whole scope and significance of economic theory - which, I may add in conclusion, is exactly what Henry George said they were all doing, seventy years ago, when economic science was killed at the hands of its professors who could not understand each other or even themselves.

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Contemporary Comments

LONE FREE TRADERS: A Bavarian business man was today sentenced to two years' imprisonment and fined 2,000 marks for smuggling several million marks' worth of textiles from East to West Germany. He bought stockings and window curtains in East Germany, had them shipped to Holland, and then sent back to West Germany. During the hearings a witness said that Frau Lore Staimer daughter of President Pieck of East Germany, was "wilfully patronising illegal trade with East Germany" by signing mock contracts to obtain necessary licences from West German authorities.

Manchester Guardian, 18th Oct.

Thus do Governments make fools and criminals of us all.
And what is reprehensible and sinful today, Governments
can, for political reasons, make commendable and moral
tomorrow.

DRIVEN TO WATER: The current issue of "Modern Caravan" described a new device, in the shape of a floating pontoon, which will carry a caravan securely; it can either be moored like a houseboat, or equipped with a small outboard motor, enabling it to navigate smooth waters. It may contribute to the solving of a growing problem. Caravanners are already hard put to it in many parts of the country to find standing room. The big sites are under heavy pressure. If it is possible to park one's caravan on a disused canal or a lake, a flash, a broad, there comes into view a whole new range of sites for which there are not many competitors. It is not likely at this stage that many people will have their own floats and carry them about, if only because they cost more than £300 apiece. More probably, entrepreneurs will establish water sites equipped with pontoons, and hire them out to caravanners.

Manchester Guardian, 29th Oct.

So this new device ("improvements in the arts") will send up water values (land values to you economists). There is no escape for the landless.

USUAL FORMULA: The pattern of Chinese society stayed relatively unchanged, but Chinese history was not static. It falls naturally into a rhythm of dynastic periods, of which there have been eight since Chinese society took its characteristic shape. A dynasty

flourishes and ensures peace. There is a flowering of art and letters. In the shelter afforded by strong government, the population grows. Pressure on the land begins to become heavy. In consequence the size of farms dwindles; distress causes the sale of land, and ownership is concentrated in the hands of landlords. Because of the competition for the land which is available, the landlords can raise their rents. Poverty causes growing discord throughout the country as a desperate peasantry takes to banditry.

From "Spotlight on Asia" by Guy Wint (Penguin Special)

DESTINY OF DUKES: Reviewing "Tales of the British Aristocracy" (Burke's Peerage 15s.) The Manchester Guardian, 29th October says: When the Duke of Norfolk succeeded to his estates in 1929, 50,000 acres were in Norfolk ownership, but he had to sell some of his property, and how much remains now? Taxation "stalks more closely the walls which military enemies were never able to overthrow." The author describes the situation as a scandal and goes on "A man in the position of the Duke should have no need to concern himself about the possibilities of sale. He should be guaranteed a proper estate free from taxation of the predatory kind in order that he may carry out duties which seven centuries of English history have assigned to him."

POLITICAL IGNORANCE: One of the biggest issues in the Manx General Election is whether public houses should be allowed to open on Sundays during the visiting season. I hear therefore that it was refreshing at an election meeting the other night to listen to a new sort of question: "Are the candidates in agreement with Ricardo's theory of economic rent?"

The questioner stood defiant while two candidates on the platform and the chairman looked embarrassed. There was a shaking of heads until at length one admitted their ignorance.

"Well, if you don't know about Ricardo's theory of economic rent, you're not fit to stand for the Parish Commissioners", said the questioner angrily. "And", he added as he stamped out of the hall, "good night".

Daily Telegraph, 5th November.

THE PRICE OF POSITION: A freehold corner shop site at Ealing, 10,030 sq.ft. formerly occupied by the Railway Hotel, was sold at an auction yesterday for £101,250. Lilley and Skinner, the multiple footwear firm, was the buyer. (Works out at approximately half a million pounds per acre).

Daily Telegraph, 30th October.

POLITICAL HARI KARI: Among the expert assessors of public taste on radio and television it has, for some time, been a commonplace that politics is the prime audience-killer. None of the statistical evidence that accumulates does anything to dispel that view.

Manchester Guardian, 30th Oct.

War is also the prime audience killer, though in another sense - And war can be the price of apathy in political affairs.

WITHIN THE LAW
(legal as well as moral)

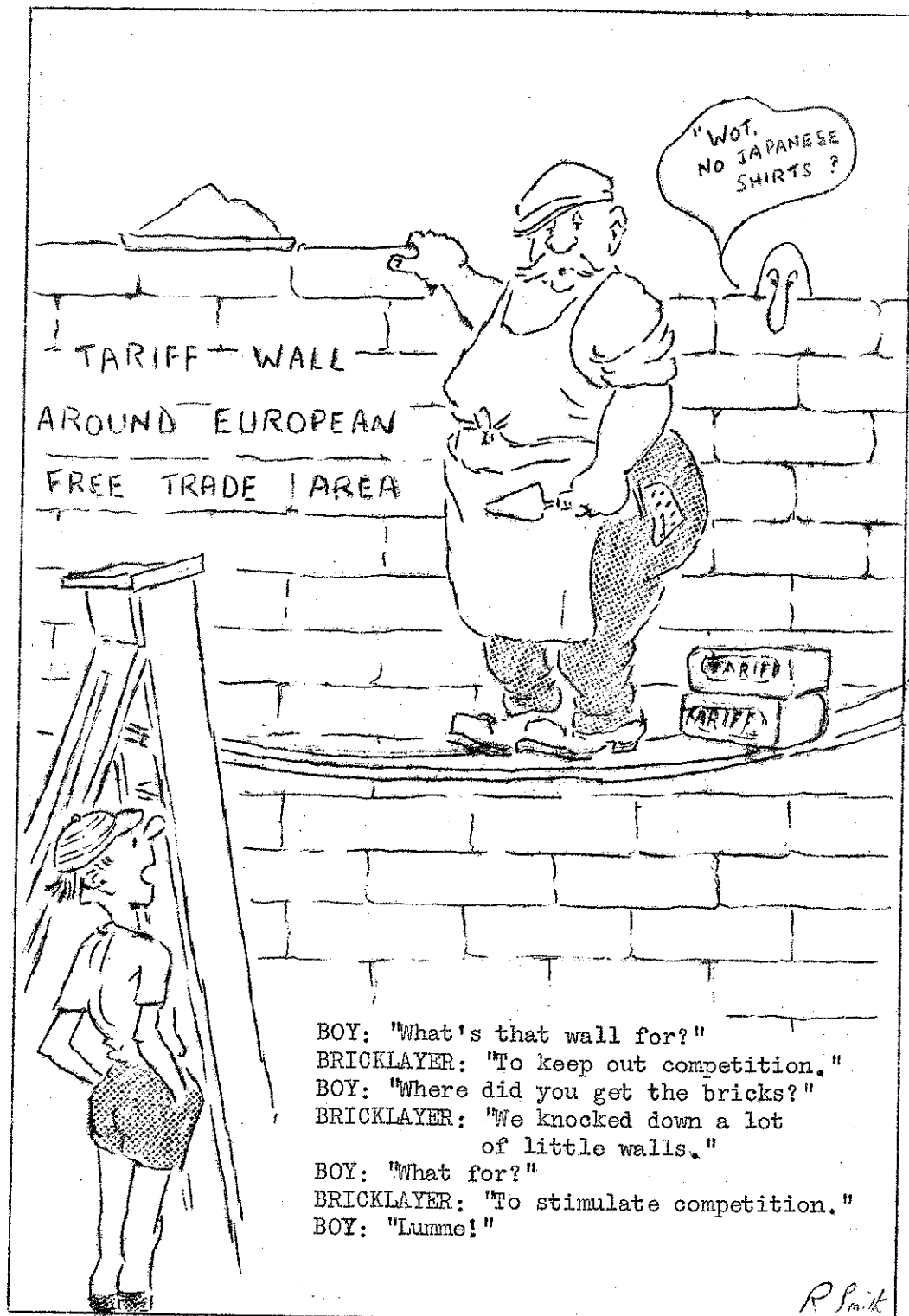
There is complete unanimity of opinion among all legal authorities that there can be no absolute private ownership of land in this country. No man can truly call the land his own property. He is only a tenant under a superior lord.

Mr. Serjeant Stephen (New Commentaries on the Laws of England) says: "All lands owned by subjects in England are in the nature of fees, whether derived to them by descent from their ancestors or purchased for a valuable consideration; for they cannot come to any man either of these ways, unless accompanied by these feudal incidents which attended upon the first feudatories to whom the lands were originally granted".

Joshua Williams (Principles of the Law of Real Property) says: "An English subject may enjoy the absolute ownership of goods, but not of land. The law does not recognise the absolute ownership of land, unless in the hands of the Crown; and the greatest interest in land, which a subject can have, is an estate in fee simple, that is to say, an estate inheritable by his blood relatives, collateral as well as lineal, according to the legal order of succession, and held feudally of some lord by some kind of service. For, by English law, the King is the supreme owner, or lord paramount, of every parcel of land in the realm; and all land is holden of some lord or other and either immediately or mediately of the King... English law then recognises property in but not absolute ownership of land; the most absolute property in land that a subject can have is an estate. Now there is a great physical difference between lands and chattels or goods. Land is immovable and indestructible. You may dig holes in land and waste it, but you cannot remove the site of it. Goods, on the other hand, may always be removed or destroyed. Cows and sheep may be killed and eaten, furniture may be broken up and burnt. And this physical difference has great importance for the purposes of legal treatment... Again land is permanent, it lasts beyond the life of man, the same land sustains successive generations of men."

Lord Chief Justice Coleridge (Laws of Property) says: "All laws of property must stand upon the footing of general advantage; a country belongs to the inhabitants; in what proportions and by what rules the inhabitants are to own it must be settled by law; and the moment a fragment of the people set up rights inherent in themselves, and not founded upon the public good, plain absurdities follow."

Sir Frederick Pollock (English Land Laws) says: "It is commonly supposed that land belongs to its owner in the same way as money or a watch; this is not the theory of English law since the Norman Conquest, nor has it been so in its full significance at any time. No absolute ownership of land is recognised by our law books, except in the Crown."



BOY: "What's that wall for?"
BRICKLAYER: "To keep out competition."
BOY: "Where did you get the bricks?"
BRICKLAYER: "We knocked down a lot
of little walls."
BOY: "What for?"
BRICKLAYER: "To stimulate competition."
BOY: "Lumme!"

Rights of Ownership

In the October number of "The Freeman", a correspondent, a retired missionary teacher who is writing a book, puts this question: "Does the right of ownership to a thing depend on my having laboured for it?"

The question is answered on behalf of "The Freeman" by F. A. Harper.

Selections from the best criticisms of Mr. Harper's reply will be published in our next issue. You are invited to contribute.

In my opinion, you are probing deeply when you tackle the matter of how the rights of original ownership can be justified. I am not sure that I have a tenable position, but let me try to expose my current and tentative belief.

"In the beginning God created the heaven and the earth."

But He did not create value. That was created by man, who wanted things in excess of God's creation of them as free goods. To get what one wants but does not have, a man offers in exchange something of his that he wants less than the object of his desire. It might be his time or it might be some possession that he offers in exchange.

Personally, I am of the Austrian School of thought as to utility which is this:

1. The utility of anything is strictly a personal appraisal, unknown to another person and hardly even known precisely and formally to the person himself. It is constantly changing, or subject to change, for each item for each person.

2. The exchange value tells us no more about the matter than that an agreement was consummated at this point between two persons for purposes of exchange. For each of them it expresses a point below his limit of utility for what he buys, and above it for what he sells - a condition requisite to every instance of a voluntary exchange.

In terms of this concept I reject, of course, the labour theory of value.

My right to a thing arises out of my having properly acquired it rather than out of my having laboured for its production. When we speak of the value of anything that has been traded, this refers to whatever the buyer has willingly offered. The offer is made from

what a person owns in a proper sense, having been previously acquired by means other than theft from the previous owner.

Say, for instance, that I offer you \$1.00 for a bushel of your potatoes, which you willingly sell; and shortly thereafter I offer you \$2.00 for another bushel from the same bin of your supply, which you also willingly sell. Why, it may be asked, do you have any right to the second dollar of excess price in the second bushel? I would answer that it is your right merely because you owned it, and I willingly offered you the second dollar through the process of a voluntary bid - just like the first bushel, and the first dollar of the second bushel. Obviously, your right to the second dollar did not arise from any specific labour on it, since the total labour for the second bushel was presumably identical to that for the first.

This, then, seems to resolve all problems of rights to appreciated value. The right was granted in each instance by those who bid for it; and the highest bidder acquires the deciding vote in the matter of its amount. This seems to take care of the matter of rights in all instances of exchange value, leaving un-answered only the question of initial ownership of any item, following its prior status as a free good.

Now, as to initial ownership of a thing, the situation must have been - if we assume a free society in which the situation arose - that only one person attached, at that time, any economic significance to a title of acquisition. There was no second bidder then in that market. Therefore, in acquiring a title to it, the initial owner took nothing of value from any other person. Every other person was then declaring the item to be worthless - not even worth the paper, or the driving of a stake, to establish ownership. Nobody was robbed of anything of worth by taking the initial title of ownership. And this denial of any theft is the judgment of every other person at that time, all of whom declared it worthless. Taking something without worth to anyone else is not theft, to be sure.

Can we not say with reason, therefore, that the right of original ownership of a thing arises from the person's appraisal of its utility when all other persons deny its having any utility? Is this problem then not the same, really, as that of your right to the second dollar for the second bushel of potatoes?

How does this explanation of original rights of ownership strike you?

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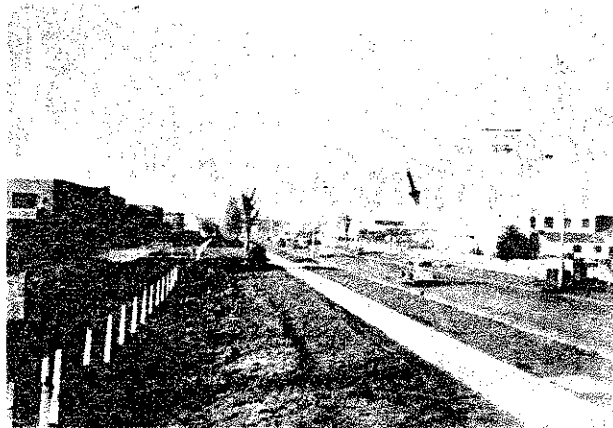
TREASON TO FREEDOM

The greatest enemies of democracy, the most violent reactionaries, are those who have lost faith in the capacity of a free people to manage their own affairs and wish to set up the government as a political and social guardian, running their business and making their decisions for them. This is statism, or Stalinism, no matter who advocates it, and it's plain treason to freedom.

- Maxwell Anderson, "The Guaranteed Life"

Why Rents and Rates are High

Estate agents and would-be buyers of land know the law of rent - they have to! Note in the illustrations given, the factors which give rise to land value - making it a proper source of public revenue. Note also that idle land, no matter how valuable is regarded for rating purposes as valueless.



The above factory site is 17 miles from London, close to St. Mary Cray Station in Kent. The site of $1\frac{1}{4}$ acres set well back from the arterial road is on the far side of the "Tip Top" Bakeries and is roughly indicated by the arrow. There is no main road frontage and access to the site is by private road.

Main sewer and all services are available and it is pointed out that "The proximity of the L.C.C. and other Council housing estates, together with the excellent travelling facilities afforded by bus and train, should greatly assist the labour position".

The price asked (January 1956) is £10,000. This averages £8,000 per acre or 7/6d per square foot. (The Shoreditch site, details of which appear on following page, is 20 times more valuable).

The land value is in the region of £500 per annum but no use is being made of the site so the assessment for rating purposes is nil.

9/10THS OF AN ACRE IN SHOREDITCH
FOR £150,000

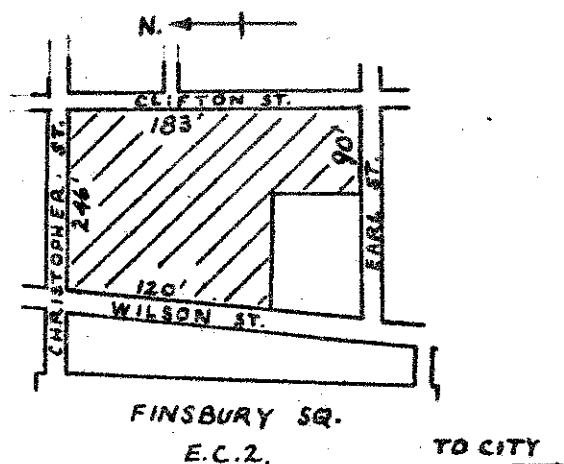
View from buildings in Wilson Street looking across to Clifton Street with Christopher Street on left.

The price asked (March 1956) for the freehold is £150,000 or the owners would be prepared to let on a building lease at a rental of £7,500 per annum.

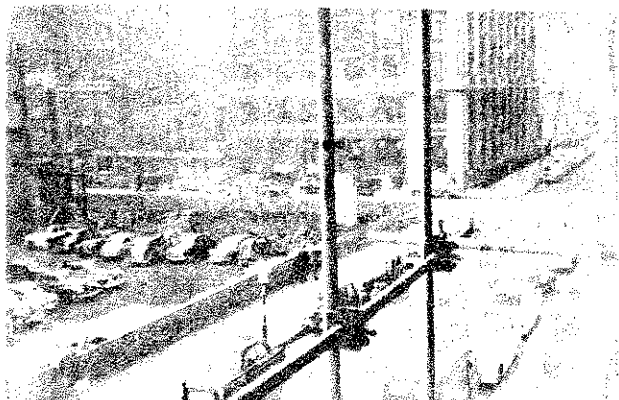
The site is zoned for general industrial use under the County of London Development Plan. It has a total area of about 40,000 square feet so that the price asked averages £163,350 per acre or £3,15.0. per square foot.

Having a total street frontage of some 639 feet the average price per foot frontage is £234.

Because the site is being used as a car park it is assessed for rating purposes at £315 per annum. The rate poundage for the borough of Shoreditch being 14/8, £231 is paid on it annually. But the land value is in the region of £7,500 per annum.



MOORGATE STN.



View across north-west corner of site showing development in Wilson Street. Finsbury Square can be seen on the extreme right.

The Master Motive of Human Action

Short-sighted is the philosophy that counts on selfishness
As the master motive of human action;
It is not selfishness that enriches the annals of every people
With heroes and saints.
It is not selfishness that on every page of the world's history
Bursts out in sudden splendour of noble deeds
Or sheds the soft radiance of benignant lives.
It was not selfishness that turned Gautama's back to his royal home
Or bade the Maid of Orleans lift the sword from the altar;
That held the Three Hundred in the Pass of Thermopylae,
Or gathered into Winkelreid's bosom the sheaf of spears;
That chained Vincent de Paul to the bench of the galley.
Call it religion, patriotism, sympathy,
The enthusiasm for humanity, or the love of God -
Give it what name you will;
There is yet a force that overcomes and drives out selfishness;
A force that is the electricity of the moral universe;
A force beside which all others are weak.
Everywhere that men have lived it has shown its power.
And today, as ever, the world is full of it.
Look around! Among common men and women,
Amid the care and struggle of daily life,
In the jar of the noisy street, amid the squalor where want hides -
Every here and there is the darkness lighted
With the tremulous play of its lambent flames.
He who has not seen it has walked with shut eyes.
He who looks may see, as says Plutarch, that
"The soul has a principle of kindness in itself
And is born to love, as well as to perceive,
Think or remember."

- HENRY GEORGE



HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

YOU ARE INVITED TO THE
9TH ANNUAL
**CHRISTMAS
PARTY AND DANCE**

WESTMINSTER ARMS BALLROOM

Marsham Street, Westminster, S.W.1.
(Continuation of Great Smith Street)

SATURDAY 8TH DECEMBER
7-0 P.M.

MUSIC BY: THE TED LEGGETT TRIO

BUFFET AND
LICENSED BAR

NOVELTIES
GAMES & PRIZES

MASTER OF CEREMONIES

JOHN BENNETT

ADMISSION - FOUR SHILLINGS AND SIXPENCE



NOTES AND VIEWS



NEW VENUE FOR ANNUAL CHRISTMAS PARTY AND DANCE

A special feature of the School's Christmas Party and Dance (Saturday, 8th December), is the beautiful but intimate ballroom that has been engaged this year. The warm, bright and cosy atmosphere, with lounge adjoining the ballroom, makes it specially suitable for the occasion. It is a considerable improvement on the accommodation we have had previously. Ted Leggett and his band will provide the music, and our inimitable John Bennett will work himself into a frenzy in his determination to see that people enjoy themselves whether they like it or not!

There will be no (official) stage show, but anything can happen during the course of the evening. Novelty dances and other ingenious physical exercises will be performed, but there is to be no organised 'rock-n-roll'. For those who like a quiet time, delightfully appointed sit-out tables are available. Send for your tickets now - only 4s.6d. each. Friends welcome.

A WORD FROM THE DIRECTOR OF STUDIES: A special drive to increase enrolment of students for the

January term is now in preparation, and the School urgently needs your help. As the cost of advertising increases, we have more and more need for enrolments by recommendation. Here is something you can do: From now onwards, make a point of reading the correspondence columns of your daily and weekly papers, jot down the names and addresses of those correspondents who in their letters give some indication that they would benefit by, and be interested in, the economic discussion classes of the school. Send these names and addresses to me, so that I can include them on the School's mailing list for advice of new classes. Don't just murmur, "Good idea!" - start today. - V.H. BLUNDELL

NEW BRANCH IN SIDCUP

Mr. Michael Monk, a newly appointed tutor for the School, addressed a meeting of Liberals in the Sidcup area recently. His subject was "The Work of the Henry George School." After outlining the School's aims and activities, he put his audience through the first lesson of the basic course, using the "What Do They Mean to You" demonstration with great effect. It was not exactly what they were expecting, but they responded enthusiastically, and then unanimously declared that they wished to form a class, requesting Mr. Monk to take them through the rest of the course. The class is now officially established, with eight enrolments, and attendance is being well maintained.