

SAGE'S PAGES



Robert Clancy, Director of the
Henry George School, and David
Goldstein, President of SAGE

**Society for the Advancement
of the George Economy**

(SEPTEMBER-OCTOBER 1953)

PRESIDENT'S MESSAGE

In this world of real problems and social ills, any idea is valueless unless applied to the specific problems of actual living. In the readings of the daily newspaper editorials and other media of opinion, we find varying points of view running rampant, ideas glowingly expounded and criticism hurled in all directions. In very few publications do we get clear, precise and logical reasoning. SAGE'S PAGES stands in the forefront of this latter caliber of writing. Issue after issue the editor and writers of this small but powerful magazine have written articles analyzing fundamental economic concepts. The relation of land, labor and capital, the questions of unions, slums, world government, taxation and many other subjects have been carefully explored with the result that more and more readers have found enlightenment and understanding on these topics of major interest.

As Henry George so eloquently said in his book SOCIAL PROBLEMS, "Until there be correct thought there can not be right action; and when there is correct thought, right action WILL follow". Such is the motivating spirit with which this issue of SAGE'S PAGES is published. We hope this meets with your approval.

David Holstein

EDITORS' REPORT

On Wednesday, Sept. 2nd, Henry George Day was celebrated in Central Park and in the Museum of the City of New York. Only this year, for the first time, September 2nd was officially proclaimed as Henry George Day by NYC's Mayor! This idea received much of its original impetus from SAGE.....A proposed change in the name of our organization will be discussed at the October meeting...SAGE sends its best wishes to Carl Shaw of Detroit, who has just entered the Army.

COVER PHOTO was taken at the NY headquarters of the HGSSS by Bob Allen, Washington D.C. Extension Director.

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CAN UNIONS RAISE THE WAGE LEVEL OR INCOME LEVEL OF ALL LABOR ?

Only The Income Level, Says Steven Cord

To modern-day Georgists this quotation is one of the most important in all of Henry George's writings:

"Labor may be likened to a man who as he carries home his earning

To modern-day Georgists this quotation is one of the most important in all of Henry George's writings:

"Labor may be likened to a man who as he carries home his earnings is waylaid by a series of robbers. One demands this much, and another that much, but last of all stands one who demands all that is left, save just enough to enable the victim to maintain life and come forth next day to work. So long as this last robber remains, what will it benefit such a man to drive off any or all of the other robbers?"

The last robber is of course the landowner, and the other robbers are the various monopolists in our midst. Let us consider one such monopolist, the union.

First of all, is a union a monopoly? The definition of monopoly in Webster's Dictionary is: exclusive control of the supply of any commodity or service in a given market. Since unions nowadays have exclusive control of the supply of workers in a given business or industry (generally via the closed shop), they must be a monopoly. In fact, it is only because of their monopoly status that they are able to increase union wages.

Since unions are monopolies, and since we all agree that monopolies can increase the price of an article, it should not be surprising that unions can increase prices. At first glance it would seem that since consumers are paying these increased prices, it is they

WAGES - Labor's reward for producing wealth.

INCOME - Revenue derived from production or monopoly.

who are paying the union wage increase, thus resulting in no rise at all in the general wage level of all labor. In other words, what the unionist gets, the non-unionist pays for. This is so, but only in the very immediate short run. Referring to Henry George's above quotation, we see that the more any of the first monopolists take from the earnings of labor, the less there is for the ultimate robber, the landowner (in the form of rent).

THUS, IN THE LONG RUN, UNION WAGE INCREASES COME OUT OF LAND-RENT.

Another way of arriving at the same conclusion is that many of the consumers who are paying the higher union-caused prices are landowners, who are thereby contributing their income (land-rent) to the unionists. The unionist is forcibly collecting what the landowner collected; namely, land-rent.

As far as non-unionized labor is concerned, if they are not robbed by the unionist (in the form of higher prices) they would eventually be robbed by the landowner. And since union wage increases come out of land-rent, the general wage level of all labor is increased because the unionists are collecting what would otherwise go to the landowner, and non-unionized labor neither gains nor loses. Every time there is a union wage increase there is a corresponding long-run decrease in land-rent. The unions in effect have become economic landowners.

Although unions force the wider collection of land-rent, they have many inherent disadvantages: only a few get what belongs to the whole community, their methods are destructive (economy is disrupted, strikes are like wars), continual struggle is necessary (should unions relax, up goes land-rent!), organization is tyrannical, artificial wage increases lead to inflation, and union-caused higher costs make it harder for small businesses to survive.

I think our attitude towards unions should be one of passive encouragement: encouragement, because they are collecting the land-rent for labor; passive, because they are doing it in the wrong way.

I would like to close my article with this quotation from "Progress & Poverty", p. 310:

READERS' COMMENTS

edited by A. D. Jackson

J. RUPERT MASON writes from San Francisco commending SAGE'S PAGES and offers the constructive suggestion that we speak of those in possession of land simply as "landholders" - not as "landowners". Not only is this closer to the spirit of the George principle, says he, but it is also supported by precedent of decrees issued by the highest U.S. courts.

ISLAY M. McDONALD, author of "The Economic System," of South Portland, Maine, believes that the fundamental challenge should be an attack on monopoly of all kinds, not only on land monopoly. Mr. McDonald believes that the debt system should be based solely on equity, not on manipulation, - - - another beloved and highly controversial subject. He proposed that a social credit system, operated by the government, replace our present private credit system.

ROBERT SAGE sends word from Brooklyn, N.Y. that we must define "captialism" as a society in which tools (or other capital) are used.

MRS. ETHEL H. VAN BUSKIRK of New York criticizes our last issue severely for its loose language, especially in the use of such terms as "capitalism" and "government" and in offering statistics without indicating their source.

CARL SHAW writes from Detroit how much he likes SAGE'S PAGES, with the reminder that in the proposed land reform present tenures would continue while economic rent would flow to the community.

"CHICK" REINHART (of Roselle, N.J.) questions George's stand on non-compensation of landowners, and desires a well thought-out article on this subject.

ERNEST KOOSER, lawyer from Somerset, Pa., received the last issue of SAGE'S PAGES from Mario L. Bove, and wrote the latter "...it is very well written, especially the article on the sufficiency of land value taxation. I hope they can make a good go of the publication".

R.M. DREYFUSS requested extra copies of the last issue, which were sent to prominent public figures.

Unions concern themselves with profits and not production. The reductio ad absurdum is the unions' apathy. in providing jobs for the unemployed. If a union cannot raise wages from zero to one, how then can they raise them from one to two? It is a significant fact that the CIO has urged Congress to give financial aid to business. The emoluments of its leaders depend on dues and dues depend on jobs; it makes no difference, of course, whether the dues come out of production or the taxpayer's hide. But government aid ends in government supervision and control. Almost coincident with this consideration of aid to business the Internal Revenue Bureau announced a more intensive investigation of small businesses. If it give it must take!

A few years ago John J. Lewis stated that his reason for decreeing the three-day week was to "stabilize the price of coal"; the stock piles were getting so big that the operators would have to shut down the mines. They would be "unable to sell their coal at a price whereby they could pay the scale". Quite true. The scale was higher than the consumer - not the employer - was willing to pay; he either goes without coal or uses other fuel. Since any reduction in the scale was unthinkable, Mr. Lewis decided to curtail the production of coal and thus hold up the price for those who could not forego its use. Mr. Lewis did legally, what if done by the owners, would be called "restraint of trade", a punishable crime. It is legal in the case of the union because the union has a lot of votes.

More important than the legality of the thing is its economics. The union does not raise wages when it raises the scale of pay; if the scale is higher than what the market will absorb, causing a shut-down, what are the wages of the unemployed?

Costs of doing business are reflected in prices. A wage increase, unless accompanied by a production increase, raises the price level. This cost is borne by all consumers; if they refuse or are unable to pay this increase, a fall in demand and a stoppage of production must result. This presents an interesting dilemma.

Thus, despite the gods of Pennsylvania Avenue, all wages come out of production. The laws of economics do not recognize the politicians' legerdemain.

Art Fleming is a popular teacher at the M.I. Henry George School. He has been teaching for many years.

A COMMENT ON MR. FLEMING'S ARTICLE — Steven Cord

Art Fleming maintains that there can be no increase in economic wages until there is an increase in production, and I agree. But this is not to say that union action cannot raise the income level of unionists.

After a union wage increase the unionist's income consists of economic wages (his return for the human exertion in the production of wealth, as determined by the margin) plus something new: the gain from monopoly — the recent union increase in his contract wages. Thus the union man's income is increased.

Mr. Fleming says: "A wage increase, unless accompanied by a production increase, raises the price level. This cost is borne by all consumers; if they refuse or are unable to pay this increase, a fall in demand and a stoppage of production must result".

This is quite true, but it gives the impression that monopoly price increases such as might result from union action cannot be anything but temporary, because consumers will refuse or be unable to pay the price increase. But fact as well as theory refute this — we regulate the prices that natural monopolies such as utilities, bus lines, etc. can charge because we know they could charge a monopoly price which would be much higher than a competitive price for as long as people needed their services and couldn't find substitutes for them.

For Georgists to say that union action can't increase wages, when the general public understands wages to mean what they get in their pay-check (i.e., contract wages) rather than the economic wages Georgists talk about, is to mislead the public as to what Georgism stands for and as to what the truth of the matter actually is.

A COMMENT ON MR. CORD'S ARTICLE — Art Fleming

George's argument for advancing wages at the expense of rent, through union action, runs as follows: if workers throughout the world organized for the purpose of advancing wages and were to quit working if their demands were not met, landlords would have to lower rents simply because less rent is better than no rent. What he brings out in this argument is that both rent and wages are part

of production and that if one is raised the other is lowered automatically. But, as George brings out, it is impossible to organize all workers and induce all of them to cease working; that would stop all production, and starvation and death would ensue. Yes, rent would go down if people were wiped out, either by starvation or the atom bomb - but people fight starvation and the atom bomb can't get everybody. As long as there are people there will be production, and as long as there is production there will be rent.

It has always seemed obvious to me that in this specious argument, George was trying to tell the union men (he was one) - that they were nice fellows, but that they could not affect the distribution of wealth. He was using a left-handed argument to prove that the laws of distribution could not be affected by the unions, but his reasoning was against them. The laws of distribution are proportionate and, says George, are natural laws and as such are not subject to union action or any other kind of force.

If unions can raise wages, then why teach Georgism? The fact is a particular union can raise the wages of its members for a short time, by the simple method of "stealing" from other workers. But the stealing must stop almost immediately, simply because the disadvantaged workers do not have the wages to pay the union members. Besides, if all the workers get a raise in wages, union or non-union, the landlord will reap the benefit.

George's thesis on wages is as follows: all wages come from production; more production, more wages. But since all production calls for the use of land, the ultimate beneficiary of increased production is the owner of the land. If that is so, where the hell do the unions come in?

Remember, George is always talking about real wages, not money wages.

When a free economy is established with the lifting of artificial controls, see how rents (both for house & land) rise quickly.

In just the few months since last winter, rents have gone up in various industrial cities at such speeds as an average of 8% in Detroit; 9% in Denver, Colo.; 5% in Savannah, Ga. Since the 1947-49 period, rents have bounced up 28% in Atlanta, 23% in Chicago, 25% in Kansas City, Mo., and so on. In Houston, Tex., among the

cities where controls were removed early, average rents have gone up 55% since 1946.

COMMITTEE REPORTS

TREASURER'S REPORT - Our financial reserve has decreased somewhat during the summer, and there has been no increase in membership. Important: please respond yes or no promptly to Pete Ignatowsky's dues notices.

DISTRIBUTION COMMITTEE - Plans are being laid for extensive distribution of course announcements for the coming Fall Term. Irving Faust is in charge.

FILM COMMITTEE - Tom Gilmartin is planning the Fall Schedule. Tom still needs someone to work with him.

PUBLICITY COMMITTEE - Seymour Rausch's PHOTO CONTEST is moving into the home stretch - send in your entry today before the impending deadline! Prizes, prizes, prizes!

SOCIAL COMMITTEE - This important committee has been very active during the summer. On Friday 7-31 there was a visit to the Aqua Show in Long Island; Helen Doering was the leader. Quite a large group turned out for the UN Tour on Saturday 8-3; Elaine Wener was the leader. And on Saturday 8-22 there was a boat tour around Manhattan Island, led by Eleanor Whitfield.

The Halloween Dance is being planned for Saturday Eve, October 31st. Lighthouse Orchestra, refreshments, and entertainment - get your tickets in advance from Dave Goldstein. Highlight of the Fall Season!

MEETINGS

Seymour Rausch, NY HGS instructor, addressed our July meeting on "The Relation of Credit, Rent and Interest". The talk proved quite interesting and a lively discussion followed. Mr. Rausch believes that depressions start when the increasing productivity from the use of capital becomes less than the decreasing productivity resulting from land speculation; credit and inflation can put off this day of reckoning. What's more, he has reduced all this to a set of mathematical equations. There was no agreement as to his conclusions.

HGS Director Robt. Clancy entertained the August meeting with a novel presentation of Albrecht Durer's prints on "The Apocalypse" on an opaque projector. Thespian Tom Gilmartin read from the text.

The next SAGE meeting is Monday evening, Sept. 10th, 8 p.m. In addition to the usual refreshments, Art Fleming will talk on "The Decline of Civilization, 1953" (or "Are we in a New Dark Age?").

ARDEN, DELAWARE

Many SAGers drove down to Arden, Delaware for the weekend of August 29-30th to celebrate Henry George Day.

Arden was founded in 1900 by Georgists along Single Tax principles. The community immediately attracted many new settlers, especially artists and writers, and Arden today is a lovely community of small householders, combining urban and rural life with a special charm all its own.

No one owns his leasehold in Arden - everyone pays an annual rent to the community and receives various social services in return. However, the tax is not equal to the full land-rent; unfortunately, Georgist education has not kept pace with the growth.

On Saturday night the group split into two theatre parties. An educational & entertaining time was had by all.

SAGE COMMENTS

SAGE has been exploring new fields lately. We've been thinking of publishing some pamphlets on Georgism (particularly one by Bennett Challis) and the Boston SAGE group has become very interested in our movie project. Many members think that we should invest our funds in a 10-minute movie short entitled "Solving the Slum Problem", which would be made for us by a professional movie-maker, perhaps using SAGE actors. We will keep you informed on developments.

Chick Rheinhardt writes that because we don't advocate compensation for landowners we subject ourselves to the charge of "Land Communists". Was Abe Lincoln a "Slave Communist" because he freed the slaves without compensation? The fact of the matter is that anyone who levies such a charge actually can be labeled a "Wealth Communist".....Nellie Wester's handling of the refreshments has made the social part of our monthly meetings a real success. Our sincerest thanks, Nellie.

Anita (nee Wener) & Jorgen Schaap have left for Denmark to live. Good luck and keep in touch! They met at a SAGE dance.

THE ORIGIN OF NATURAL RIGHTS

by SEYMOUR RAUCH

There is a fundamental weakness in the arguments employed to restore the doctrine of natural rights to its proper place in men's minds. This weakness is the failure to provide a firm, realistic origin for these rights.

In general, natural rights are held to originate in a nebulous moralistic concept which argues that the truths describing by the creator with the right to life, liberty and the pursuit of happiness.

The pseudo-moral propaganda used by all the participants in today's ideological war to pass for justice and wisdom makes a farce of any appeal to the traditions of past years. There is, however, a simple way of looking at natural rights that can penetrate the mumbo-jumbo comprising the prevailing social philosophies.

It is the recognition that natural rights are the applications to individuals in particular areas of human activity of the natural law, one statement of which is "that each must have private property in his own person and labor. It is an easy task to proceed from this natural law to the natural rights of free speech and assembly, freedom of religion, freedom from the taxation of labor's exertion, and the absence of special privilege.

The question of what agency enforces natural rights and natural laws is simply the natural behavior of society. The horrible crises of war and depression are the actions of society to punish violations of natural laws.

These simple concepts might help restore the sublime dignity of the natural rights doctrine that is now being crushed by the forces that place individual men into an ugly amorphous heap called - the masses.

Harper's
Magazine:

The New
Wisdom

...in these fields. Wisdom is something extra added to knowledge, but whence it comes is extremely unclear. It is not identical with any particular set of conclusions, as some people believe and others insist. Wisdom is an attitude which involves a deep, compassionate feeling for the infinite complexity and pervasively tragic character of life. "Passion spins the plot." "No villain need be." "In the long run we are all dead."

Neither! says Art Fleming

Let's face it; all of us want more - more suits, a larger car, better scotch, rye or gin, a country home, a mink coat. That's basic and it's the cause of progress. But we're puzzled....and troubled. We see new methods, new machinery and new skills making for an abundance - but the average worker's share does not increase in the same ratio. The wage-earner's dissatisfaction with his lot is manifested in outbursts against the man who hands him his paycheck. Therefore, the worker joins a union to force the employer (whose profits are swollen) to give him what rightfully is his return. Thus runs the current reasoning and a general ignorance of fundamental economics plus a general feeling of envy in the human race paves the way for its easy acceptance.

For water we must go to the well and for wages we must go to production, the only source of wages (Harvard School of Economics, please note). Even the politician who pulls wages out of his magic hat must previously have siphoned production into it - and production also provides him his cut; the use of force does not change the motive power. There can be no increase in wages until there is an increase in production.

Let's get down to fundamentals. In a competitive business, any excessive return is temporary. Competition forces returns to a common level. The records of bankruptcies and liquidation losses over a long period are about equal to profits. These business failures are caused by an absence of purchasing power, the same ailment common to the wage-earning employee. If all profits were divided among all employees, the increase in the wage-level would be nil - and furthermore - there would then be no more employers. If all labor received by force a wage twice the present return, all that would be accomplished would be an increase in the amount of money in circulation; there is no raise in wages until there is an increase of goods, thus liquidating desires.

"It is evident from the laws of distribution, as previously traced, that combinations of workmen can advance wages, and this not at the expense of other workmen, as is sometimes said, nor yet at the expense of capital, as is generally believed; but, ultimately, at the expense of rent."

For example, most of the business men who followed Ike to Washington really seemed to believe they could save billions by cleaning out "waste, inefficiency, and corruption." Now these horrid evils certainly do exist in some of the crevices of government, and a good housecleaning will be a fine thing. But it won't balance the budget—as the Republicans are just beginning to discover. One of Ike's economizers recently reported with shocked surprise that even if he could fire every civilian working for the government—postmen, FBI agents, forest rangers, cabinet officers, and all—he would trim the federal budget by only about 13 per cent. The Big Money, he had found, goes to the military, and to pay for past wars.

Planning and Poverty—

Economically, Iran (pop.: 19,000,000; area: 628,000 sq. mi. or about the size of the U. S. east of the Mississippi) is a backward agrarian country. About 15 per cent of the population, including an upper crust of rich absentee landlords and their ample households, live in the towns; another 20 per cent are nomadic tribesmen. The rest of the people are peasants. Bound to the land by debt (60 per cent of the peasants own no land; another 25 per cent less than 3 acres) they work a parched and stony soil. Irrigation and fertilizers are primitive. Illiteracy is widespread. Misery is the common lot.

COMMENTS

Welfare, not Welfare, State

Furthermore, every man who has planted an acre in this region must have known—or should have known—that it was a land subject to drought, and that if the land was misused as it has been so terribly misused these past few years nature would strike back. But high prices for agricultural products proved too great a temptation and population pressures too great to resist. Grassland fit only for cattle was plowed under to wheat or cotton; rangeland was heavily over-grazed. The land was mined, and now there is danger of dust storms blowing good soil away.

In a significant story published yesterday our correspondent William M. Blair reported from Fort Worth on some of these aspects of the drought that have been largely overlooked. Mr. Blair warns that another Dust Bowl is possible and that if it comes it will be as much man-made as the Dust Bowl of the Thirties—with far less excuse, because our knowledge is so much greater. And he points out that one of the basic causes of the present situation is "emphasis on protection and relief for agricultural producers in federal programs, rather than on land use or capabilities of the land to promote a stable economy." Even now most of the farmers in the region apparently still demur at conservation practices and take a fatalistic view toward droughts—presumably in the hope that whenever the time arrives the Government will always come to the rescue.

No Comments Necessary

To the Editor:

In recent issues of the News readers have questioned the rise in the value of buildings and the drop in land values despite an increase in population, notably in Ohio.

Whenever we (Georgists) talk of values we always presuppose a free economy. The fact is we do not live in a free economy.

During the last twenty years, the building trades demanded and commanded monopoly wages—building materials of every nature demanded and commanded monopoly prices. The net result of the unholy alliance between material owners and labor has been not only to increase the cost of new construction but to raise the price of the old buildings.

It is not only possible but quite probable, that in Ohio, as elsewhere, despite increase in population, the value of buildings will continue to go up and land value, will decline until the monopoly in the building materials and building trades is destroyed.

—ALLAN J. WILSON
Merrick, L. I., New York

HEADLINES

in the New York Times:

- 1) The State's gift to the landlords,
- 2) The ultimate result.

ON THE

NEWS

Allan J. Wilson talks real sense in a recent "Letters to the Editor" column in the Henry George News.

LAND VALUES RISE ON THRUWAY ROUTE

Syracuse Area Farm Prices Up
From \$600 to \$6,000 an Acre
in the Last Three Years

GROWTH OF SLUMS NOTED

war also exaggerates the picture.

The critical point is the expense budget. The citizens should be asking themselves whether it is sound to be paying nearly 20 per cent of city revenues for debt service, or whether by dint of present self-denial and hard struggle in the direction of pay-as-we-go, we should try to cut down the interest burden of future years. This would mean four

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Keynesians: The long run is shorter than you think.

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THE "FREEMAN" AND WHAT IT STANDS FOR

The "Freeman" magazine was started in 1924 by Francis Neilson, a Georgist. For a few years after 1937 the publication was published by the Henry George School, Frank Chodorov as editor. But eventual changes in editorship and ownership moved the Freeman further and further away from the Georgist fold.

The magazine parades under the slogan of "A Fortnightly for Individualists". The present editors evidently feel that this worthy slogan is entirely in keeping with their editorial policy of advocating a return to the McKinley era of economics. Everything conservative is lauded, and all social reform is viewed with automatic distrust. Somehow, according to these editors, even McCarthyism is part and parcel of "individualism".

The Freeman recently ran an article entitled "The Fallacies in the Single Tax" in which the author's main point was that Single Taxers advocate an all-powerful world state. !!!!!

Yet one can find much good sense and editorial truth in the Freeman. It is against high taxes, high tariffs, Marshall Plan charity, big government, a controlled economy, and so on. But a careful reader notices a note of despair running through the publication: New Dealers are getting all the publicity, overseas governments are going socialist, Americans are getting left-minded, colleges teach Keynesianism to our children, we are the last outpost of reason and logic, etc. So run the complaints.

The trends they point to are real enough, and there is reason for their despair. One excellent reason should be apparent enough to a Georgist: they are against the one basic reform which can make true individualism possible in this modern era of mass production.

But there is another reason: look through their pages and note how the editors largely avoid the burning economic issues of the day. They are against communism (who isn't?), but how do they propose to rid our cities of slums? How do we help small business? How can we lower taxes? What about the rising cost of living? What about racial discrimination? Depressions? (yes, and whatever did happen in 1929 when the conservatives were in power?)

The fact of the matter is that the reader seeking an answer to these questions will get no help from the Freeman, or from conservatives in general. He will get theories and platitudes, but no specific answers on these current issues of general public interest. May-be this is why people are turning away from the conservatives. At least the so-called liberals offer specific answers to each specific economic problem.

And therein lies a moral for Georgists, for we also tend to talk all too much on the theoretical level, far removed from the specific problems of the day. Should someone want to know the Georgist position on slum clearance, we are all too prone to enthusiastically recommend a 10 wk. course in economics to him, and let it go at that. Have we modern-day Georgists neglected to include recent monopolistic and inflationary developments in our economic analysis?

Theory must always remain the basis for opinion, but we must relate our theory to the practical problems of everyday economic life, and we must try to talk not in abstract language but in terms that can be easily understood by our listeners. Either this, or we face the same despairing future that the Freeman and conservatives in general face.

Incidentally, we intend to take our own advice; in the future SAGE'S PAGES will deal more with specific modern developments and specific problems than with abstract theory.

The Editor

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