

The Remedy for Democracy is more Democracy; deTocqueville

THOMAS JEFFERSON HENRY GEORGE ABRAHAM LINCOLN

democracy

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Money and the Land Question

MONEY IS MUCH MORE IMPORTANT AS A PUBLIC PROBLEM THAN its many students and teachers make of it; but in a much different way.

As an exclusive and separate problem and remedy, it is distorted and exaggerated. But as related to other and even greater problems, and as tending to solve them, money not only becomes important in itself, but these other problems range themselves powerfully behind it.

One tendency of the 'money question' as it is now presented, is to have it spread itself over too much territory, and not, in this process, gather force and coherency; for simplicity is the first essential in teaching a new doctrine based on science.

Thus in going through the Money Year Book, the outstanding feature is its wide scope and variety of content, but lack of concrete statement.

In contrast to this, let us follow through a concise statement of the economic relationship of money:

First, Money is a 'standard of value' that must be authentic; therefore, issued by government.

Second, it must be a 'medium of exchange,' and therefore ample in volume for all industry, commerce and construction; but never to contribute to inflation by excess volume. There will be no danger of either extreme if issued 'for value received' and made redeemable.

Third, Money must be issued invariably for value received and therefore redeemable. It will then be the equivalent of a temporary secured loan, at interest; so there will be no excuse for shortage of volume, since money will be no risk or burden to government. Nor can there be any corruption relating to money, of which there is now much.

Fourth, Money should be only of paper (except for 'small change'). Proof of the adequacy of such composition is in the fact that every solvent business issues its 'money' (notes, stocks, bonds) without metal security. The only reason advanced for use of metal is foreign trade, to discourage or kill which we maintain a 'protective' tariff.

Fifth, Issue of money could be direct or through banks, whose main business would be to secure money at wholesale in exchange for prime securities, and 'retail' it at a margin of profit, depending on supply and demand in a free market. Government would preserve this freedom of market by the issue of normal volume.

Sixth, Issue and redemption, in industry and commerce, would be by production, distribution, and sale. In construction, private and public, upon effecting permanent financing. In self-sustaining and self-liquidating government services, from liquidation and profits.

Seventh, This would leave but one 'money problem,' the redemption of public issues required for budget balancing, for non-liquidating and non-profit public service; for publicly-spent money, expense, that does not come back. Such money inevitably and invariably goes to building up land values, which at present pour into racketeers' pockets, until they have built a pyramid of monopoly which equals all the labor-and-capital-created wealth -- 200 billion dollars -- in the U.S.A.

Eighth, All public-issued money, unsecured otherwise, to be made redeemable from tax payments on land, franchise values, and natural resource royalties. In other words, from the economic or land rents, the only source of public revenue hereafter. This security may be called the only intangible one. Yet it is the most secure of any, and completes the chain of safety inherent in this sound money system.

The outstanding features of this system will be: (1) the permanent security of the public against inflation, by eliminating fictitious credits that cause it. (2) Next will be the public collection of unearned increment, which all economists recognize as required to eliminate business depression, unemployment, poverty, and war.

Finally, (3) overshadowing all, will be the elimination completely of a consumer-tax system, by the collection of these social revenues, which system doubles costs of purchases, halves volume, business turnover, and employment.

And this leaves for those most familiar with the present money and credit system to go into details of reforms, the basis for which this sound system would furnish.

This program at once supplies the key to unlock 200 billions of monopolistic wealth in the U.S.A., where now it is destroying our country and its people. And this program furnishes the solution of the RIDDLE OF THE SPRING -- just as the 'money advocates' quite generally present it. It explains, by ending it, the mystery of why we have millions of workless paupers, while our machines -- to the running of which they are still necessary -- are producing untold billions of wealth.

Money may be made the fusion and the flux that will reconcile right and left, conservative and radical, social and individualist, superficial and fundamental, viewpoints. It may be made to supply the working political program for basic economic reforms.

A Third Party, based on this economic concept of money, may now be launched, with assurance of survival.

SOME OF OUR ALLEGED ECONOMISTS (GODBLESS'EM) -- EDITORS, teachers, writers, etc., seem to think there are two divisions of their science -- No. 1, (and of course not important) is to dope out and dish up in palatable form the 'pure theory.'

No. 2 (and this is really none of their business) have it somehow -- although it must not be through politics -- get into the law of the land! No, it must not be by any kind of organization. Organization has failed!

The trouble with economics is that it has not been taught with enough profundity and distinction; and that it has not been fitted for assimilation by average minds that have been able to produce more wealth than economics could distribute! Great stress is put on this 'production and distribution of wealth.' Why is it not equally important to dwell on production and distribution of economics? And is not the fault one of distribution?

FORTY YEARS AGO, WHEN I WAS SELLING DOLLAR WATCHES IN England for \$1.20, I came to Coventry, driving my one-lung Oldsmobile, with my wife and two little daughters in the hump seat. I was presented to an old watchmaker, who shook his fist in my face and swore I was guilty of the ruination of the watch industry in England, of which this great city was the center. Its streets, now shown in physical and literal ruin, comprised thousands of cottages with daylight second stories where, by this old English system, the fine watches and chronometers were fabricated.

IT IS DOUBTLESS IN VERY BAD TASTE, AND MAY EVEN INVOLVE me with Mr. Dies and FBI. But I cannot resist expressing some interest -- even toleration -- for Mr. Hitler's recent two-hour speech. I can't understand the publication of his speech in millions of papers here, if they were not intended for our reading, reaction, and even comment. Indeed, if the name, Hitler, could be covered, this speech -- in portions at least -- could be mistaken for that of our most artistic rable-rousers.

MONOPOLY IS OF TWO KINDS: FIRST, unfair competition in business, due to the second; basic monopoly of economic rents and natural resources.

Shifting Taxation from industry to monopoly will cure poverty.

VOL. VII.
No. 45

It takes politics and economics to make --
democracy

JAN. 23
1941

CHAS. H. INGERSOLL, Editor and Broadcaster
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TO PERSONAL FRIENDS AND RELATIVES:-

To scores of those who are sending loving messages via 'private air routes,' via cards and via actual letters, I return via **democracy** your greetings and hope you will take this in lieu of more direct and appreciative response.

I hope you will not put aside a number of this paper without scanning it closely, if only for personal rather than 'public' items. I am sometimes asked how I manage to prepare all this material, as a mere incident to major activities. My answer is, 'by sacrifice of all normal social obligations.' In other words, I am absorbed in it, as I would normally be in personal correspondence, etc. Yet there are few things that would be worth saying to any of you that you will not find in **democracy** in the short space of a year!

Sincerely, with best wishes,

C. H. I.

THE INGERSOLL FAMILY MERRY CHRISTMAS 1940 (Read left to right--top down)

John Newman, Jr., Joseph D. Scheerer, J. D. Scheerer, Jr., Wm. Scheerer, 2nd, Gavin Brackenridge, Raymond Maurice Mary Ingersoll Newman, C. H. Ingersoll, Margaret Bond, Ann Ingersoll Brackenridge, Oliver W. Bond, Jane Ingersoll-Scheerer, Bruce Newman, John E. Newman, Eleanor Newman, Eleanor Ingersoll Maurice, Gail Maurice, Raymond Maurice, J. Chas. Ingersoll Newman



THREE KINDS OF MONOPOLY ARE EXPOSED ON ONE PAGE OF news: (1) a new Nitrate Trust; (2) an old Utility game made notorious by Insull, and now Hopson; (3) the Labor Trust: Union officials conspiring with women employees; seven sentenced for from three to eight years for planning to blow up and burn a chain of dyeing stores.

Long, tedious, expensive trials of all these industrial, financial and criminal attempts at what is called monopoly, with doubtful outcome as to economic conditions. Prosecution of such monopoly serves as an effective smoke screen to the source of monopoly now getting no attention from our elaborate Department of Justice.

HUMANISM AND QUAKERISM OR FRIENDS HAVE BEEN ADDED to Earl Browder's United Front of Communism, according to indications in a copy of 'Humanist Friend,' just in from Hollywood.

The evidences, as in most collectivist moves, are fairly covered up. In fact, they are often unconscious. But the little sheet is replete with sniping at the rich capitalists, industrialists, and particularly striking is this headline, 'Managed Distribution will bring abundance for everybody.'

Where sentimentalism meets logic or science, it usually--true to form--goes Marxist; and this of course is the most effective and dangerous form of Communism, because respectably hidden.

CELEBRATING THE LATEST STRIDE INTO TRANSPORTATION monopoly, we are opening up a two-mile sixth avenue link to the city subway, which has cost \$30,000,000 for each mile. This makes our total \$600,000,000 probably doubled for B.M.T. and I.R.T., and other links. The human mind refuses to react on such figures or to think whether such an enterprise is a normal function of government.

NO MONOPOLY - said Jefferson - will insure NO BUREAUCRACY.

THE LARGEST INSTITUTION OF EDUCATION IN THE COUNTRY is the 'C.C. of N.Y.'--or New York City College. It is owned and operated by the metropolis of the world. And so it may be said, 'it gets off to a bad start,' especially from the point of a democracy, 'failing' (or being hung) between two thieves--monopolism and communism--and strenuously and clumsily trying to defend its CAPITALISM.

So big is this politician-run school, that it is spread all around under a lot of names, including Brooklyn College. It teaches everything imaginable, including Communism, and has some 30 or 40 thousand students. It stages student riots against the faculty, and is always in competition with Moscow in its loyalty to revolution, class war, and a new Utopia.

A REVOLUTIONARY COLLEGE DOES NOT NEED TO KNOW ANYTHING to denounce our present 'democracy', or to print it always in quotations, or say it with excuses, or qualify it with 'so-called'.

Even our 100 per cent standpat, blueblood, professional patriots, who stage wars for it at the drop of a hat, might admit that our democracy has its faults. I will go further and say that if we could go for the right kind of Communism, it would be the best kind of democracy, because half our wealth is common in its creation, and stand-patters (Democratic or U.S.P.) are exactly as far off center as Communists are, in refusing to yield any of this 50% common territory.

BUT TO SAY THAT REFORMERS--SUCH AS THESE MARXIAN Communists that have now been caught RED-handed ruining this vast democratic source of American education--are no nearer truth, principle, and justice than their accusers, is hardly satisfactory to anyone, except the baiters, who want to make a big stew over the form, because they can't understand the substance.

This is easy to understand. No one but politicians could fail, if they tried even a little. I have stated the monopolist position as claiming all our so-called wealth; and, as I have also said, Communists are exactly as wrong in claiming all our real private wealth for society 'in common.' That's all of the essence of our situation--two sides, both wanting all, but each entitled to half.

AND THIS NEEDS VERY LITTLE OF FURTHER EXPLANATION. I have called the two sides Monopolism and Communism; and ourselves (at least 95% of the people) in-between, representing democracy and capitalism.

While monopoly is all that is wrong on the individualist side, it is using all of us, 'by and large,' in its defense. Especially is it using business and capitalism, as well as wealth and property. This is so, because the Communist attack is on those four heroic dog trays, and they are taking the rap for monopoly.

IT IS TRUE WE MUST SEND ALL EFFORTS TO STOP COMMUNISM. But these efforts will be simply ridiculous, as indeed they are now, while the teaching goes on.

If we can or do suppress either the Communism or teaching, or both, by other means than correcting their economics, and eliminating the cause of this and numerous other 1936 that have attacked us, we will do very little for democracy. We will merely have sided with the disease against a remedy possibly worse.

HERE IS MY FORMULA OF PROOF OF MY STATEMENT THAT each side is equally wrong in claiming all, and that all issues would be solved by yielding half.

Estimated wealth (produced by labor assisted by capital) in the U.S.A., \$200,000,000,000. Estimated social or monopolistic values, produced collectively by population, \$200,000,000,000.

The first comprises all tangible substance: wealth property, and capital. It is, and must remain, private individual and corporate property, because so produced. But all the Marxists demand its socialization, since they are unable to distinguish it from the social counterpart comprising utility franchises, natural resource

royalties, and unearned increments in cities, or site values. And it is these that our Bourbon individualists--and we who follow them--cannot see as social or monopolistic.

So at the rate we now go, we shall lose our own 200 billion because of our individual greed for these values that we all own collectively. We fight for racketeers rights which involve the sacrifice of our own.

NOW IT WILL BE SAID THAT THIS C.C. OF N.Y. IS AN example of the rabble of democracy; that we must not judge our other universities--Yale, Harvard, and especially Columbia and its Teacher of Teachers attachment!--that they are not tainted.

If you preserve this humble organ ('democracy') of a humble cause, turn back to No. 38 and see what I had to say before this 'Eastside' tempest broke. Also see what we have been saying of two revolts in New Jersey against Communist textbooks, led by these highly respectable Communists to our 12000 public school systems! If this outbreak is not traced to these big leaders of revolt and brain trusts, it will be another of many failures of such inquests. This is simply a fortuitous outbreak in its worst spot; this word is a good one--because it should lead us through the whole trail of this serpent, to all the sheep and goats.

I HEAR MUCH GRUMBLING ABOUT OUR DEMOCRACY OUTSIDE these pages; and usually about some of its political phases, when 'democracy' tries to concentrate on the neglected economic end of this run-down institution.

Besides the 'electoral college' as an obvious handicap to political democracy, it is also quite obvious that our 'founding fathers' had not got very far in their study of the subject. We credit them with 'doing the best they knew how.' Maybe, but we could not be blamed for thinking they never wanted us all to vote, when they gave us the handicap.

However, we have been pretty slow, to let it continue for nearly two centuries!

CAN WE INDIVIDUALISTS TOY WITH THE WORD 'SOCIALIST' (or its equivalents--Communist, Collectivist, etc.) without getting burnt? Not as an idle pastime, but with the deep intent of stealing some of their (undeserved) popularity--as a political move. 'Give a dog a bad name,' etc., etc.

So 'democracy,' 'single tax,' 'individualist,' (they say) have bad names. They are liabilities instead of assets. Well then, since we are employing politics (as others do) why not try to be as smart as they are. We have been loyal to probability; why not diversify our loyalty? We have the preemptive right to that word 'SOCIAL.' We are the only ones who are sensible, actual, and scientific socialists.

Who can so well claim that word as he who demands all social values for society? Surely not he who demands also all private wealth! He is socialist-PLUS! (You may say, plus-what).

THE ARGUMENT IS USED THAT SOCIALISM IS NOT TO BE wholly condemned by the Jeffersonian individualist, as many governmental activities have been successful, citing the mail system as an example. But granting success in phases and places--cities mentioned--they are no proof of socialist practicability, since only a minute fraction of our government is under socialist auspices. While socialism is all government, government is not, only incidentally, socialism. Again, socialism may pass on into oblivion as a phantasy, but government never will. It will, under economic democracy, be founded on statesmanship.

AS ONE GENTLEMAN FARMER TO ANOTHER, W. J. BRYAN once at my breakfast table answered my question, 'how did he make his farm pay?' 'A matter of bookkeeping,' said he; 'I meticulously set down every cent taken in, and make no accounting of what I pay out.'

And I have often reflected on how this ordinary 'Bryan joke' is played off on us by all our governments, when they 'balance budgets,' by un-balancing all our budgets with consumer-taxes.

Half our wealth is MONOPOLISTIC which Jefferson said could not be.

THE SCIENCE OF POLITICAL ECONOMY—IN 250 WORDS.

All wealth is produced by labor, assisted by Capital, and from the raw materials of the earth (Land).

Labor earns Wages; Capital earns Interest; and Land (the earth) earns Rent. The accumulated Wages and Interest, in the form of Wealth, amount to about 200 billion dollars in this country.

During the accumulation—and as a result of it—125 million people have, collectively and automatically, caused the accumulation also of about an equal amount of social value—a social dollar for every private dollar. This is Rent, earned by Land.

The Private Wealth comprises everything tangible: everything made by man, using tools and other forms of capital.

The Social Values are intangible: 50 billions of Franchises—the excess earnings of utilities; 50 billions of Natural Resources—Power and Mining Royalties; and 100 billions of Site Values in cities—the three principal forms of economic rent capitalized.

These Social Values—also called Land Values—and Unearned Increments—if Socialized, would create the only true Socialism. They would justify and assure the sacred private possession of all wealth; also legitimize the Profit System and Capitalism, and realize a 'laissez-faire' by destroying the twin evils of bureaucracy and monopoly.

Socializing social values and using them wholly for social needs—in lieu of all existing taxation, would supply the necessary Economic Element to our political democracy and make it for the first time successful, and true to name.

This normal and natural socialization would realize all the 'Utopian dreams' of collectivists, and save us from their devastating class warfare over the fallacies of socializing private capital and wealth.

And finally, it would eliminate every form of monopoly and human exploitation, by socializing the bases on which they rest—by taking the monopoly income for the community, and taking it away from landlords and racketeers, destroying special privilege, instead of destroying industry.

THE LATEST FOR NEW YORK, ALREADY THE MOST SOCIALISTIC city in the world, is a Cancer Hospital with 315 beds, at a cost of nearly \$10,000 a bed. Thrown in is an elaborate plan for experimentation, helped by Columbia University, because the medical fraternity hasn't yet got out of the woods—or going to school—on cancer.

The last I heard was that radium, at \$375,000 an ounce, had failed. And my old authority on health, Dr. J. H. Tilden, always said it was a digestive trouble, not at all the hospital idea.

The Manhattan Single Tax Club

At its weekly meeting on Monday, January 27, the club will be addressed by Mr. George L. Ruby, of Towaco, N.J. The subject of the discussion is: "How many kinds of rent are there?"

The attendance at the meetings has been very encouraging. It reflects the stimulated interest that has resulted from the extended activities of the club. The School of Democracy is bringing new people into the organization. President Ingersoll extends to all students of the school an invitation to join the MTC.



Max Berkowitz
655 E 223 St.
Bronx, N. Y.

3912

RELATING TO DOROTHY THOMPSON'S THREE PREDICTIONS

of change, I have taken them (in No. 40 'democracy') in their most favorable aspect, interpreting them liberally. But noting that she is being generally considered Communistic, I am retracting and covering these vitally important elements, each from opposite viewpoints.

Miss Thompson predicts that we shall have (1) an improved democracy; (2) a non-profit capitalism; and (3) some different form of socialism.

Like so many programs, this may be good or bad; and therefore it must be analyzed for action. If No. 1 is an economic democracy, it will be perfect and merge with perfected 2 and 3. If No. 2 is an unearned profit capitalism, the same comment follows. If the new socialism socializes only social values, as any socialism should, the comment is again in order. And if Miss Thompson will follow them on her 'three postulates,' she will deserve a pedestal.

No. 1: a perfected democracy. There is no way of improving democracy noticeably, but the economic way. And there is no way for civilization to survive without 'perfecting' its democracy economically. A social democracy, an industrial democracy, — any kind of 'great democracy' — as loosely applied to France, England, and Denmark, a Christian democracy, and especially a Marxist or Stateist democracy — if any of these are in Miss Thompson's plan, the guess of her critics is good.

Democracy is the free distribution of nature's gifts to man. We need no better method than Jefferson's two familiar tenets—no monopoly and no bureaucracy. Nor can we interpret more intelligently than to apply the first prohibition to basic monopoly, from which will follow out all minor monopoly, on which Professor Arnold spends his 'me.' And along with this 200 billion, will go the bureaucracy that has been very natural to its up-building.

No. 2: A CAPITALISM WITHOUT ANY UNEARNED PROFITS.

This item will discuss the use of the whole issue of Marxian State Socialism, which is aimed at capital per se, as man's enemy. But democratic economics answers that capital is wholly artificial (as saved up labor) if not tangled with money.

So capital is to be improved by removing its ism, given it by socialistic critics, the ism being all its monopoly, amounting to as much as all wealth and property. This is no trifling or casual change; it is economic, bigger and more radical (going to root cause) than state socialism includes. But it is wholly in the line of least resistance and of most accomplishment. It disturbs no legitimate interest, and benefits the whole mass, almost literally all of 132,000,000 people. If this is the Thompson capitalism, she is purged of all taints of communism.

No. 3: AN ACCEPTED SOCIALISM. THIS WILL BE A

perfected Jeffersonian individualistic democracy; a socialism that will contain only the social element that belongs to society—all the people. It is popularly (ignominiously) assumed that the social and individual oppose each other; but to have this true, you must put 'rugged' before, and 'ism' after them, which makes the individual into a bourgeois standpoint monopolist, who demands all property, wealth and value for the individual, not recognizing society as a factor in ownership. This makes the Marxist so wild, that he cannot see his own, exactly the same, position—in demanding all for society and seeing no individual.

If Miss Thompson sees this vacuum of sense in Marxism, and would fill it with the sense and science of social values for social needs, again she has a solution—the third alternative going to the first point of cure.

KENNEDY, JOSEPH P., IS GETTING INTO THE LINDBERGH kind of limelight. This great country has some smart 'agencies' always in order, which can do a smear job whenever some important interest demands it. And if one has the time and desire, he can usually locate such interests and examine them. In this case, it is evident that the lion's tail has not yet lost its sense of feeling.

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Jefferson's Prophecy By MARSHALL CRANE

"I Tremble for My Country When I Reflect that God Is Just"

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness. That to secure these rights Governments are instituted among Men, deriving their just powers from the consent of the governed."

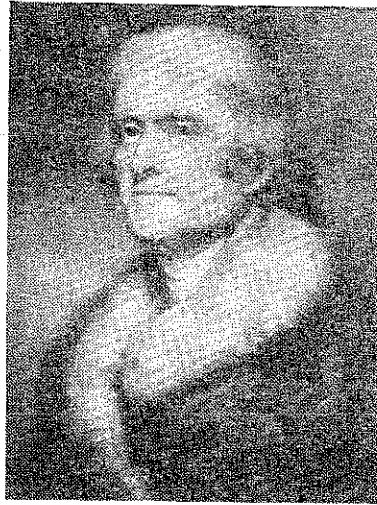
SINCE Thomas Jefferson wrote these words perhaps a dozen political parties have appeared in this country. None of them has ventured to question their truth. Every candidate for office, no matter what his platform, strives to be the first in the race to proclaim himself a "Jeffersonian." For Jefferson stands with Washington, Franklin and Lincoln, far above political parties. It is not mere chance that more than half of our states have counties bearing his name. He was one of our truly great political philosophers.

Like so many other great men, Jefferson was a man of many avocations. He was one of our earliest scientific farmers, and conducted at Monticello some of the first controlled experiments in the liming of acid soils of which we have accurate records. Perhaps the agrarian bent which marks his economics is partly due to this very practical hobby, but there is no doubt that he was also greatly influenced by the works of Quesnay and du Pont. In his later years he somewhat reluctantly recognized the value of industrialization, but he remained in principle a disciple of the French *Economistes*, the eighteenth century heralds of the single tax.

Since his retirement to private life twenty-nine different men have held the office of President of the United States. Twelve have been Republicans, eleven Democrats, three Whigs, and three of his own Democratic-Republican party. During his two terms in office many of his policies were bitterly opposed by his contemporaries, yet most of his successors have professed to be great admirers of Jefferson. This may surprise us when we recall his political position, and particularly one doctrine which may be found repeated in many different contexts in his speeches, letters and public papers:

"I place economy among the first and most important virtues, and public debt as the greatest of dangers to be feared . . . To preserve our independence, we must not let our rulers load us with perpetual debt . . . If we run into such debts, we must be taxed in our meat and drink, in our necessities and our comforts, in our labors and in our amusements . . . If we can prevent the Government from wasting the labors of the people, under the pretense of caring for them, they will be happy."

Assuming that agreement with this principle and some active support of it is a just test, just how many of our last twenty-nine presidents have really been "Jeffersonians?" Government records reveal that during their several administrations the federal budget has steadily grown



THOMAS JEFFERSON.

Born in Shadwell, Albemarle County, Virginia,
April 13, 1743

larger, to a much greater extent than can be explained by our increased population, by the depreciation of the currency, by the multiplication of government services, or by all of these factors combined.

In 1800 the United States was a poor country. Now it is the richest in the world, but as its citizens we are hundreds of thousands of millions of dollars poorer than the Americans who voted for Thomas Jefferson. And it looks as if our children would be poorer than we.

For most of us the answer will not be very satisfactory. After a century and a half of spending the farmer's working day is still measured by the sun. Historians tell us that a thousand years ago, three months' labor sufficed to feed him and his family for a full year, and to maintain his feudal rulers in modest luxury. Today a good part of his income is in subsidies. The mechanic works only two-thirds as many hours, when he works, but even so his rate of production has grown much faster than his consumption. He and the urban laborer pay most of the farmer's subsidies. We may very well conclude that these workers are getting a poor money's worth, whether they are spending their own labor or their grandsons'. The Communist has come to the same conclusion, and his sales talk always includes the admonition, "Don't be a sucker!"

When each new American citizen is born, he becomes heir to a great heritage, both material and cultural. But he is born a debtor too. From his first breath he owes more than seventeen hundred dollars. This is more than the average annual income in a country which boasts of its high standard of living, and very considerably more than most of us manage to save in a lifetime. Fortunately the young heir is too young to

reflect that he will be earning little or nothing for a score of years, and that the debt is very likely to be even larger when he does at last become a producing member of society. But these are facts that should cause very real concern to those who have brought him into the world.

For the future freedom and happiness of this young American cannot be assessed at their face value. They have been mortgaged by spendthrift trustees whom he has never seen, and he has been sentenced, for life, to chase the flying rabbit of sufficiency around and around a track laid down by men who died before he was born.

The common excuse given by those who advocate this method of financing the business of government is that borrowed funds purchase benefits which are paid for while they are being enjoyed. This has an appearance of plausibility. It may be true in some cases. But its applicability may well be questioned when the final cost of servicing amounts to as much or more than the debt itself, and when the latter is only retired at last by the issuance of new obligations—when, in short, it is not paid at all.

We hear it claimed that as our children will benefit from what we build, it is only proper that they bear part of the cost. But how is this excuse better than the last? For even such supermen as we make a relatively small contribution to the general fund of human culture. May we not expect that our children will present their offering when their turn comes, and that it will at least pay for ours? And shall we have done our duty to them if we, while guardians of their interests, have added to their load?

There is only one other excuse for governments' spending what they do not possess. It is the worst of the three, perhaps, but it may be the hardest to dispose of. What else shall government do except borrow, in times of crises, of sheer necessity, as in times of war? "Necessity knows no law," but even here the laws of reason need not be entirely ignored. It has been said that the cost of the most expensive war we have ever fought could have been met in a comparatively short time if there had been no other national debt.

The general laws of politics are derived from the moral laws which pertain to the conduct of the individual. These latter, re-enforced by the dictates of prudence and reason, require the private citizen to live within his income, and to pay his debts. Surely these principles apply no less to our conduct as a community of persons. And there is no erasing the consequences of disobedience. The penalties are as natural and inevitable as the laws themselves. It is only to the extent that we recognize "public debt as the greatest of dangers," only to the extent that we "prevent the government from wasting the labors of the people, under the pretense of caring for them" that we can ever be happy, that we can ever be really prepared, either for peace or war.

A Word With You

By ROBERT CLANCY

The Senate committee investigation into organized crime comes almost as a welcome relief. With prices and taxes both getting chockingly higher; with hot and cold wars getting more and more nerve-racking—with all these things and lots more, added to the chronic uncertainty of economic conditions—we are in a stew that is a masterpiece of confusion. And the worst of it is that there are no convenient, clearcut scapegoats to vent our spleen on—except maybe Joe Stalin, and he's too far away. For the most part we can only be irritated at the muddle.

And so the crime investigations come just in time to give us something and somebody to get good and mad at. Gangsters, racketeers, gambling bosses—the fast-buck crowd.

The only trouble is that even here all is not as easily culpable as seems at first blush. Whenever there is an investigation into the Big Money, there is usually revealed a glimpse of an apparently endless network. (The recent R.F.C. probe is another case in point.) Seldom do such investigations get to the bottom of things. Some of the stuff uncovered touches very respectable society and before you know it the issue is confused and you are rapping at the solid pillars.

And then there's something else that makes it harder to point an uncompromising finger. During the Senate investigation, a distinguished witness was called from Mexico, and he testified, among other things, that "slums and jails go hand in hand." Whatever other testimony of this particular star witness was open to challenge, that one observation was not. Poverty as a breeder of crime is too well known to be quibbled about. Take any of the "I-wouldn't-remember" boys, and you could almost *a priori* sketch the main outlines of their lives up from the slums.

How about a little investigating into that?

No, our hearts don't bleed for the tin-horns, gamblers, pimps, parasites, politicians, monopolists, etc., who have succeeded in getting on the gravy train. We weep instead for the poor little confused guy who somehow pays for it all in the end—Mr. average-citizen-consumer-taxpayer-sucker.

And say! while we're at it, why not a little committee investigating the biggest gambling racket of the ages—the traffic in the socially-created value which attaches to our God-given earth—land speculation?

Gems for Georgists

By NOAH D. ALPER

They Knew It Too

"With the white men as well as the redskins, all using maces, making wampum, the inevitable result was inflation—perhaps the earliest case of inflation in America. Wampum in time became so cheap that a redskin could scarcely carry enough to purchase an ounce of powder or shot. Great heaps of the shell money were left untouched and even greater heaps of shells, collected for making wampum, were abandoned. Many of these heaps of shells exist to this day as silent tokens of that era of the white man's early endeavor to change the law of supply and demand."

From column "Historic Long Island" by Paul Bailey, The Messenger, Smithtown Branch, Long Island. Submitted by H. Ellinoff.

H-Bomb Land Site Leak

"... A group of other South Carolina politicians suddenly snapped up leases on important land sites just one day before the Atomic Energy Commission announced it would locate the hydrogen plant near Aiken, S. C." A State Senator, Edgar Brown, told some friends there would be a need for 2,500 houses and suggested they ought to provide them. That's the way he said he explained it to his friends. But Drew Pearson, from whose column this item was gleaned, wrote: "He did not explain, however, why these friends proceeded to gobble up options on farm property for as low as \$60 an acre without letting anyone else in on the big secret."

Census Significance

"Our nation's population has notably increased, particularly during the past ten years. A sharp rise in the number of marriages during the war and immediately thereafter, better health facilities, greater longevity, and rising immigration all have had their effect. Probably the most important factor to businessmen during this time has been the rapid increase in the number of families. This means a greater demand for almost everything merely to maintain the existing scale of living. More families mean a greater need for food, clothing, living space, household appliances and furnishings. Transportation industries, public utilities, school facilities, occupational and recreational services also must expand to keep pace with these rising demands. Those who furnish the necessary raw material of manufacture and commerce are also affected."

Since American business has a goal to maintain the present standard of living and also to raise this standard constantly, these population statistics must be seriously considered in all planning for the future. Increased population means the constant expansion of production and marketing to supply a greater number of Americans with the necessities of the American way of life."

From *Business Booms and Depressions*, the 1951 edition, published by The Century Press, Toledo, Ohio.

Unclean Hands

William O. Douglas, justice of the Supreme Court in a speech to a civic gathering in Tucson, Arizona, February 15 said (A. P. dispatch): "I gathered my information, not in the capitals of the Asiatic countries, but in talking to farmers and goatherders in the back areas... The world is different than we in America have thought. The plain fact is that the world is in a revolution that cannot be bought off with dollars."

"We think of that force as Communism but it is not. The Communists only exploit the situation... American foreign policy never has been addressed to the conditions under which these revolutions flourish..."

"We send technical experts to help in seed selection, soil conservation, malaria controls and the like. But we never raise our voices for reform of the vicious tenancy system of Asia under which increased production works to the benefit of a few."

Or course we don't raise our voice for reform of the tenancy system in Asia by which increased production benefits a few. If we did we would have to do it in the United States of America.

Shah's Land Reform

Another nibble at "land reform" hit the front pages. The Shah of Iran offers his personal land for sale to those who work it and will use the proceeds to improve the farming of the country. No solution, of course, but in it is recognition of the problem.

The St. Louis Globe Democrat (February 5, 1951 editorial) says: "If the Iranian Government can put through a land reform that will cut up rich estates and give the 15,000,000 peasants a chance for progress and development, Pahlevi may develop a state more loyal than ever and determined to keep its freedom."

"Land abuses such as exist in Iran are all too common elsewhere in Europe and in Asia. Unless they are ended, the most plausible feature of the Communist program will continue to make converts wherever oppressed folk exist."

Econo-quiz

By HENRY L. TIDEMAN

Question. "Where or what" asks a correspondent "is the advantage in time which is given by capital and gives rise to interest?"

Answer. All borrowing for production is voluntary and is done because the borrower sees advantage in the act. The value of the advantage is measured by the amount of interest offered for the loan. Such borrowing grows out of two human tendencies: (1) the satisfaction of each desire is a foundation for increased desire, and (2) men seek to gratify their desires with the least exertion.

Capital is used because of the expectation that such use will increase wages. If that expectation is not active, then whether it be owned-capital or needs to be borrowed, it will not be used.

Let us consider a simple suppositious case in a primary industry, farming. A man has 160 acres of tillable land, but he has enough capital to operate only 60 acres. With that he can earn about \$1,500, not a very good living. But doing that he can get along until the next harvest and perhaps save something toward the purchase of more capital at some future time. Meanwhile, the other 100 acres will stand idle.

Must we suppose that an enterprising person will act thus? He will not. He borrows or buys capital on credit, let us say \$2,000 worth, agreeing to pay 6 per cent interest a year. Now he can cultivate his entire holding.

Being successful, and his earnings on the new 100 acres being at the same rate as on the old 60, his income becomes:

On the first 60 acres.....	\$1,500
On the new 100 acres.....	2,500
Gross	\$4,000
Interest to pay	120
Net income	\$3,880

Having borrowed capital and paid \$120 interest, he has *this* year increased his wages from a prospective \$1,50 to a real \$3,880. What is so wrong about paying \$120 for the use of that capital? He can reduce his loan and so become part owner of the capital. In a few seasons it can all become his.

Is it not apparent that the advantage asked about lies in the availability of the capital when needed instead of at some indefinite time?

Apology: it is difficult to discuss capital without dragging interest in to the light. But in this example the interest proportion in the distribution of wealth is too small to be worth much controversy.

Humpty-Dumpty

By STANLEY SINCLAIR

EVERY time I think I'm going to make both ends meet, somebody moves the ends.

We all seem to be caught in the spiral of rising prices and wonder whether our dollar incomes will ever catch up with mounting expenses. So great has this problem become that the government, for its political health, is seeking a formula to keep costs from rising further. In this atmosphere, it would seem almost foolish to warn against slackening business and sales curves running down hill.

Some six months ago we warned that big inventories would meet sales resistance this spring. At that time we misguided a stabilization of the Korean affair around the 38th parallel.

Continuing military activity throughout the winter, however, has kept the pot boiling. Nonetheless, many of the elements we pointed out last fall still exist in our economy: Many businessmen still look for a repetition of the '40's. Then our war effort against Hitlerism created shortages of practically everything. Most everyone was caught unprepared.

This time, in the minds of many, it was going to be different. If we were going to fight Stalinism, they said, let's go, but let me get a warehouseful first. This has been the policy of many manufacturers and marketers. As a result, storage space throughout the country is packed with all sorts of goods. There are in fact few real shortages in this country today. There are many lines, though, in which goods are being held out of the market in anticipation of higher prices to come.

Under ordinary conditions, it would be impossible to create shortages in this manner. Other manufacturers would rush in to fill the vacuum. But with war clouds on the horizon and intermittent showers prevailing, nobody is worried about being able to sell umbrellas for some time to come.

The Federal Reserve Bank, aware of this condition, has asked banks to call a large share of their outstanding loans against warehouse paper. This request is a veiled command because if they don't call loans voluntarily, the reserve requirements will be hiked to force the banks to do so. To get the cash demanded by the banks, manufacturers and merchandisers will have to bring their goods out onto the market.

This increasing of the supply will bring prices down faster than all the bureaucrats in Washington blowing cold all at the same moment. But where will this lead? In effect a large dumping program will make supply plentiful. On the other hand, credit restrictions and higher taxes will have the effect of diminishing demand. At this rate prices for about everything except artificially supported farm commodities should go way down.

With reduced prices, buying would ordinarily be stimulated. But these are not ordinary conditions. Buying has been deliberately stifled. Furthermore, with the contraction of commercial credit, both by regulation and tacit agreement, business activity will be slowed.

From this analysis, it would seem that the government boys have found the magic touch that will reduce prices. But have they done it the hard way? Have they knocked them off their high wall like Humpty-Dumpty, and then, will all Harry's men and all Harry's horses not be able to put them back together again?

PLAIN TALK by Jerome Joachim

"Don't look now, but I think that man behind you is a tax collector."

If the man behind you isn't a tax collector, he is an exception to what is becoming a very general rule. Whether he is a street sweeper, a store clerk, a baggage man or a bank president it is almost a cinch that part of the money he collects for his service will be an overcharge made possible and necessitated by the fact that he has been involuntarily assigned to the task of being a tax collector in addition to his regular job.

There are times when you feel like cursing him because he appears to be charging you more for his services than he should. Though government is encouraging him via this dual role to charge too much, much of his overcharge results directly from the fact that he is forced to collect billions for a government that hasn't guts enough to tell its constituents the truth about how deep its expenditures cut into income.

Tax collectors have been unpopular throughout all ages. Even in Biblical times it was fashionable to stone them to death. By surreptitiously making each of us tax collectors, the politicians help to overcome the dangers of their profession.

While our duly appointed tax collectors directly take sums that would put to shame many of those mentioned in the Bible, the sums they collect directly represent only a small part of the taxes which our government collects from us through the involuntary agents mentioned above.

Take the Illinois Bell Telephone Company as an example. One could take the railroads, the bus companies, the gas and light companies and most every other semi-monopoly and illustrate the point equally well but the figures for the Illinois Bell happen to be before me.

In 1950 this concern, as an involuntary tax collector, extorted \$81,870,000 in taxes from Illinois residents for use by the various branches of government. This was \$32.30 for each phone user. The sum was three times as much as the total the company collected from phone users for the investors who installed the multi-mil-



lions of dollars worth of equipment needed to give our people the finest telephone service in the world.

There was a time when people called the owners of monopolies "robber barons." Political parties were organized to stop their exploitations. Now our politicians are using these same organizations to extort sums triple the amount the

"barons" are getting and using most of it to discourage and destroy production throughout the world. It may seem strange but this phase of governmental action, instead of decreasing the income of monopolists actually has tightened their monopolies even more than they were able to do by themselves.

When we realize that our innocent looking telephone bill carries an average annual tax of \$32.50 and to this we add the taxes collected by our butcher, baker and candlestick maker and add the local and federal taxes which we pay directly to the official tax collectors we begin to realize why a \$100 per week budget is so difficult to manage—if we are among the fortunate few who get \$100 per week to divide with the politicians!

Despite the countless billions which our politicians are already collecting they now have the gall to warn us that they have only started. Now we are going to be taxed until it hurts!

This change has all happened in just a few years. So far the process is only a trend. By the time we add the cost of our effort to prevent the spread of communism in Europe and adopt a few of the communistic measures which have been suggested, the only person who could keep people working in this country would be a dictator with the absolute power of death and concentration camp consignment as his weapon.

Fighting communism in the world by adopting a system of taxation that can result only in complete power over us by our politicians seems sort of futile. Much better that we prevent communism by making ourselves strong at home and by fighting those measures which permit government to steal from those who produce for the benefit of those who don't, which is the essence of communism.

Two Systems

We have in our science of political economy, two philosophies for a legitimate source of revenue for meeting the financial needs of our government. First, we have the philosophy that land values arise from the pressure of population against available land, which in turn gives rise to the privilege of drawing rent for the use of land.

Second, we have the philosophy that a net income arises from the use of money in exchange, giving rise to a privilege of a charge for the use of money, which is not a product of labor, but a product of civilization to facilitate its advancement. Therefore, a tax on net income does not hinder production—it being a social phenomenon from the use of money in exchange.

—BY L. KROMAREK
From the *Dakota Farmer*

The Mule

This, children, is a mule. He says, "Hee-haw!" He has long ears in front, long legs underneath, and a long tassel behind. He is not very handsome, is he?

People laugh at the mule because his father was an ass. This is very unjust and unkind. For though he cannot play the Missouri Waltz he really is a very clever animal indeed.

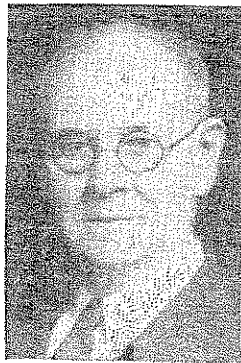
What he doesn't know about his job is hardly worth knowing. He is very strong too, and tough as rawhide, and it takes a lot to upset his digestion very much, or for very long.

He is a good hard worker, but his master must never forget that when he is overloaded he balks. He just refuses to go at all. And if you try to force him, he can kick. And how!

In some ways our national economy is like a mule.

—MARSHALL CRANE

Systematic Appraisals By WALTER W. POLLOCK



AS CITIZENS and taxpayers we are all interested in equitable taxation without systematic valuation of the objects of taxation I hope to show how it is possible to appraise real property — land and buildings — by analysis of the elements of value in property, and by computation of

the relation of each land site and the buildings thereon to all other sites and structures in a taxing district.

The chief obstacle to equitable assessment of real property is the lack of technical knowledge by tax administrators, and lack of understanding of the laws relating to assessment. We have legalistic, and sometimes idealistic concepts of the fundamental elements of civilized capitalism which we call value, but we have not formally advanced in the science of valuation beyond the expression of such generalizations as "fair" value, "market" value, "true" value, "the price a willing buyer will pay a willing seller" and other similar mottoes, which call for interpretation by a systematic process; but the process is not usually a part of the formal rules of appraisal.

An Australian commentator recently listed about 80 different kinds of value as worthy of consideration by appraisers; but as I see it, there is only one true goal of valuation for the purpose of taxation, and that is the value for use. Every landholding comprises definite elements such as area, location (with potentialities for use), possible cultivable qualities, and adaptability for all other purposes necessary to the life of the people.

In buying and selling land in the United States the seller seeks high prices while the buyer's interest is to purchase at low prices, so it is particularly difficult to apply the term "market" value to land. The materials in a building and the labor required for installation may be appraised at market prices, but the building produced is subject to judgment as to its present condition, and desirability for use. The combined valuation of the land site and the building or buildings thereon comprises not only information as to costs and relation to other properties, but also the adaptability for use by a potential purchaser. In other words, the academic and legalistic theories relating to value need to be supplemented by processes of recording for each property all of the value-elements, and in judging the value-effect of each.

The Somers System

William A. Somers, as City Engineer of St. Paul, devised a system of relative appraisal of land which was designated to analyze the elements affecting each lot and parcel of real estate in the community. In 1910, while he was directing the revaluation of the City of Cleveland, we arranged with Mr. Somers for the use of his formulas, and we have installed his system in nearly 100 municipalities in 18 states. Briefly, the Somers System, when installed in a

community, calls for the expression upon community maps, of the best opinion obtainable as to the unit prices — the value which a single street frontage confers upon each block for an agreed frontage and depth — usually one foot front 100 feet deep. This is like appraising the value of a commodity unit of quantity by the yard or pound or ton.

Mr. Somers insisted that land does not have market value, he said this phrase could apply only to things which were exactly duplicable in both quality and quantity, and that each plot of land was unique as a separate entity incapable of duplication. There is, however, duplication of economic opportunity which may be expressed by unitary judgment as market price or prices for each block frontage, if that judgment is confined to opinion of the useful value of single-street frontage for uniform frontage and depth.

The unit prices, judged by the assessor, published for the criticisms of taxpayers, develop an accurate basis for comparison of single-street values and when finally approved, the value-effects of lot depths, of corner influence and other factors are computed by the Somers formulas. This is followed by a review in which topographical irregularities and other value-detracting elements are considered for deduction from the normal or computed values for each property. The Somers System is fully explained in a book which we published in 1926, *The Science and Practice of Urban Land Valuation*.

Comparison Figures

The laws do not usually require that assessments shall be relative, one to another, but the concept of all taxation laws carries that implication, and the assessor who is earnest in the desire to do a good job will try to establish values which are not only equitable individually, but are also proportionately and provably comparable each with all other land sites in the assessing district. How can this be accomplished?

First—there should be sectional lot and block maps, showing dimensions of the several ownerships of land, with systematic numbering for identification of lots, blocks and wards. These maps are essential as a check against assessment lists which are frequently inaccurate, with occasional omissions of lots as shown by map surveys, and with possible inaccurate lot dimensions.

Second—there should be land-unit price maps, drawn to show block outlines only, with widened street areas for marking unit-foot prices. The assessor, with cooperation of taxpayers, appraises and marks upon the maps the tentative land unit-prices, which are published and exhibited for the criticism of taxpayers, who readily grasp the idea of comparison of street location values, and expression of opinion of comparative unit prices, which may be determined at \$10 or \$25 or \$100 or \$1,000, as the consensus of the values of inside lots might indicate. In judging these unit-foot prices the assessor and taxpayers may be guided by actual sales, opinions, offers, or other credible evidence.

Abstract or summary sheets are used for the compilation, with totals by blocks and wards, of all valuations, showing names of owners, descriptions of properties, land value unit-foot prices as appraised, computed values of land sites, appraised valuations of buildings, the total of land and buildings for each property,

and in the last column, for comparison, the current assessment which is under revision. These abstracts are offered for inspection of taxpayers, who have previously been informed of the method of appraising land unit-foot prices, and who are shown for further criticism before assessment, the analyzed valuations of their own and their neighbors' property.

This process of valuation for assessment of real estate, when expertly managed by competent appraisers, by the authority and cooperation of intelligent and informed assessors and reviewing bodies, should result in full approval by taxpayers, most of whom want to pay their proportionate share of taxes if they can be assured just what that share is. When properly managed, there are comparatively few definite appeals. As a result it is usually possible to reduce the tax rate and still collect the funds necessary to conduct a municipality's business. When there is full cooperation in the plan, have outlined, there is fulfilled what may be called systematic democracy.

The value of land and buildings is the effect or result of occupancy of an area by citizens. The value of land sites is regulated by the competitive demands for land for business, industrial, residential and other requirements. The total real estate values in a typical city may be estimated from the character of the community at, we will say, from \$1,000 to \$1,500 per capita for land site values and \$1,200 to \$2,000 per capita for the depreciated values of all buildings.

In many communities there is a strong disposition to assess at something less than full value. In some states there are systems of county or state equalization under which the full-value community is penalized in computation of county or state taxes. The late Mark Graves when chairman of the New York State Tax Commission, was an ardent advocate of systematic "full-value" assessment, because of the inherent inequities which are covered up by attempts to assess at some assumed proportion less than full value.

In some cities, after systematically determining all assessments at presumed full values, the assessing authorities have determined to maintain equality by assessing all properties at some percentage of the full values determined by systematic processes. In others, the taxing authorities have sought to relieve the owners of improved properties by reducing building assessments by 25 per cent or 50 per cent of appraised values. In Houston and other places this plan was claimed to have greatly stimulated the construction of new buildings and new enterprises.

Periodic Revaluation

A complete community revaluation will be usable for about ten years, but its relativity can easily be put out of joint in the intervening years by disregard of the rules under which the revaluation was made, through reappraising individual properties without use of the systematic plan. There can never be real improvement in the public function of tax assessment until the processes I have described are established as a legal requirement, with provision for maintenance of the system established for future revisions.

As students of taxation, you have a definite interest in equitable assessment. The argument favoring adoption of exclusive land value taxation is that while you do not disapprove of private ownership of land, nor to the making of profits from the improvements on land, you



Walter W. Pollock is president of the 51-year-old Manufacturers' Appraisal Company in Philadelphia. Though he knew Tom Johnson, Louis Post and Joseph Fels, he himself never became a single taxer. "My whole philosophy of taxation," says Mr. Pollock, "is that it should be equitable and proportionate as between the subjects of taxation, and that can only be accomplished by systematic appraisal, which is my life work."

do believe that the cost of government for which taxes are collected should be imposed entirely upon "rental value" of land. You do not hold to the socialistic idea that all means of production and distribution should be owned and operated by government. Your advocacy of a single tax under existing economic lines runs contrary to the usual theories of taxation, although there are various plans in several states for the distribution of the tax burden.

In Connecticut, Ohio, Illinois and many other states, machinery of industrial and commercial businesses is taxed locally, in addition to the real estate tax. In Philadelphia personal property of all kinds, including machinery, is excluded from local taxation, except for certain types of securities; but millions of dollars are collected in Philadelphia in wage taxes. In many states taxes are imposed on household furnishings. In some municipalities real estate, assessed under rule other than the usual legal concepts which are interpreted by each assessor by fiat rather than by intelligent processes, is presumed to be assessed at some percentage of value, without first determining values by accurate processes.

While the plan of exempting buildings from taxation is actually unlawful, it is no more unlawful than many present practices. No system of taxation based upon property valuation can operate equitably without a workable system of relative appraisal in which the separate value-elements are disclosed for each taxable property for comparison with similar elements in all properties. There is no hope that the single tax can be adopted as a general tax policy until it shall become possible to make such analyses of value. I suggest that in Henry George Schools there is an important field for study in the Somers System of land appraisal. An equitable assessment would always be the starting point in any move to install the single tax or any other theory of valuation which required relativity in the processes of appraisal.

Community-Creation or Justice?

By HOWARD M. THOMSON

HOW VALID is the common assertion that "the community should collect ground rent because it is community-created?" How can a community create ground rent? The origin of ground rent is here our first subject of inquiry—the danger of using the "community-creation" theory is then demonstrated and, with justice shown to be the objective, a valid and sufficient reason is offered for giving the community sole claim on ground rent. In ground rent we include (a) economic rent for sites used in production of wealth and (b) rental value for sites used for other purposes or not used at all; we exclude rent for improvements.

Two facts need to be recalled concerning the origin of ground rent. We know (1) that sites differ in productivity for purposes of wealth production and differ in desirability for purposes of satisfying other desires. We know also (2) that people try to acquire use of the most productive and otherwise desirable sites in order to receive satisfaction of desires with the least personal effort and thereby obtain a maximum return from life. The combination of these two facts gives rise to ground rent.

As fast as wealth is produced, the natural ownership is shared immediately and instantaneously by the laborer who exerted the labor, the capitalist who provided the capital (if any), and the landowner who gave permission to use the site. These shares of the wealth are termed wages, interest, and rent. What subsequently happens to the ownership of the shares is beyond our immediate consideration.

In the process of production of wealth does the community create anything? Let us use the word "community" to designate the total of all people living within any appropriate political boundary. The community as such does not actually create any of the wealth or any portion of the wealth. The laborer does that; the other members of the community take no active part in this function. The community has no existence apart from the individuals who live within it. It has no muscles for physical work—no brain for mental work. How can a non-physical entity create anything? The community as a community does not create the wages or interest shares of wealth, nor the rent share, hence cannot claim it on the basis of *creation*. Similarly, the community as such takes no part in the rendering of personal services on sites utilized in that manner.

Nevertheless, a community is a *prerequisite* to the existence of ground rent, the indicator of exchange value for sites. In fact, a community is also a *prerequisite* to exchange value of all wealth. The community as a whole does not create exchange value and bestow it as a favor which may be withdrawn at will. Exchange value arises for something when at least two people want it and are willing to exchange their human energy or products of labor to obtain it. The actions of individuals seeking to satisfy their desires with the least effort create all exchange values, not only for land but for goods and services as well. If this creation of exchange values by those *particular* individuals who perform economic functions in the market place is to be the basis for *all individuals* collectively (as a community) to claim the exchange value of sites, it is logical for all indi-

viduals collectively to claim the exchange value of everything else that has exchange value. We can reject this conclusion only by recognizing the error in the premises on which the argument is based.

To claim (justly) anything from anybody, the individuals of a community must offer something in exchange. What can they collectively offer in exchange for the claim on ground rent? For them to have anything at all to offer, we must assume that all individuals in a community possess an equal right to use the best sites. To attempt to exercise that right would obviously lead to conflict that could only end by reducing the community to a single individual. On the other hand, if all other individuals give up to the users their equal rights to the preferred sites, the users are obligated to give something equivalent in return. That equivalent is the amount by which their sites are more desirable than the poorest sites in use, expressed as ground rent.

When the users of all sites better than the poorest in use put into a common fund the annual rental value (ground rent) of the sites they occupy and the fund is utilized in conformity with the principle that all members of the community have an equal interest in the fund, all individuals in that community receive practical equality of treatment regarding use of the earth.

It is an unfortunate but common error to stress the "collection of rent from landowners," as if it were an objective and not just a means to our objective. The idea connoted is that something that belongs to landowners is to be taken from them. This is an inconsistent implication that should be avoided. The idea that should be conveyed, consistent with the concept of justice, is that landholders owe a fair compensation to their fellow citizens for the privilege of monopolizing a preferred portion of the earth's surface or extracting its treasures such as oil and coal.

When government functions are simplified and limited to those that provide justice among individuals (to the extent that government can do so) in the jurisdiction, all such individuals should bear an equal share of government expense. It is practical and natural, then, that the common fund be taxed by government and used to meet necessary government expenses. Questions regarding the adequacy of the fund are irrelevant until the principle is fully applied and government functions are trimmed to be in accord with justice. Government that operates to insure equality of freedom among individuals and equality of sharing in the superior offerings of natural opportunities, is government in accord with justice.

By giving a false reason for advocating a just reform the just reform becomes harder to establish and those who use the false reason do the cause of justice and themselves a great disservice. Claiming ground rent for the community is no mere fiscal reform but a means for obtaining justice. Let us advocate *justice* first, last and always. Justice is defensible. Justice is our objective. Establishment and proper use of the ground rent fund is one of the principal means for obtaining justice for all individuals in regard to access to the earth for all functions of living.

lected, if not actually, then potentially. Ground rent, whether publicly or privately collected, is not paid for the use of land, but for the privilege of monopolizing it.

A motorist cannot derive revenue or advantage from his temporary use of space on the street. There is no ground rent involved in street parking, and therefore it cannot be collected. The parking meter system is a device for collecting a tax or fine, rather than payment for a privilege. Before meters were installed motorists were assumed to have the right to park on the streets for a limited time.

—RICHARD T. HALL
Boston, Massachusetts

To the Editor:

With reference to a substitute term for single tax, as we all know, few people are familiar with the terms, rental value, ground rent, etc. But nearly all understand land value. So I suggest that "the public or site value of land" would attract most favorable attention.

Regarding plans of procedure, I am for holding fast to our school program until something better has been provided. But it seems evident that all campaigns for top political office, including Henry George's mayoralty race, and "The Great Adventure" effort of California, show that (qualified) political action is the best of all educational methods for the masses on public questions.

—E. W. WALTHALL
Pensacola, Florida

[There are a number of very good reasons why the Henry George School cannot foster or engage in political action. The consensus is too long to append here but is generally understood by students who know the history of the movement. Ed.]

To the Editor:

Without doubt, numbers of persons who are followers of Henry George will be visiting the Great Smokies National Parks this coming summer. Two Georgists living in Western North Carolina would enjoy the opportunity of talking to some of those who have studied George and to compare notes on the progress of the Henry George philosophy:

Edward L. Burke, P. O. Box 532, Bryson City, North Carolina.

Alex J. Duris, P. O. Box 831, Hendersonville, North Carolina.

Detailed instructions for reaching us will be given to those who may plan to visit Western North Carolina. We would also like to get in touch with other Georgists who may now be living in Western North Carolina.

—ALEX J. DURIS
Hendersonville, N. C.

To the Editor:

I was surprised to read in the March issue that Jerome Joachim has been unaware that he is a radical. That is the reason I always look first for his "Plain Talk" when my copy arrives. He never fails to search out the "radix"—the root—of any question, and he always presents it logically and simply. Conditions which are radically wrong certainly need radical correction. A principal fault of so-called radicalism (not Mr. Joachim's variety!) is its superficiality.

—MARSHALL CRANE
Bedford, New York

John C. Lincoln Says—

Ask almost anyone what rent is and he will say, "Rent is what you pay for the use of something. House rent, for instance." Ask him if production costs affect rent and he will say, "Sure, if a man who builds houses for rent can't get a fair return on his investment, he'll go into another line—or go broke."

Ask him what ground rent is. "Ground rent," he will explain, "is what you pay for the use of ground, for a piece of land." Ask him if production costs enter into ground rent. That will start him scratching. While he is at it, let us see just what ground rent is and what makes it tick—for it ticks to the tune of some fifteen billion a year in the U. S. A. Who gets those billions?

Isn't it time to give thought to a plan whereby billions could be had without the crushing burden of higher taxes or the insidious burden of currency inflation?

—From the March Lincoln Letter

Chicago

Alexander M. Goldfinger, dean of the New Jersey school, gave an inspiring talk in Chicago in February on "Liberty and the Free Market." While in Chicago, Mr. Goldfinger met with leaders in the Commerce and Industry program in order to better evaluate the results so far attained and to consider future plans.

"How to Encourage Equity Capital," was the subject of the symposium of the year in the monthly series of Commerce and Industry luncheons on March 14. Joseph W. Hibben, co-manager of Kidder, Peabody and Company, was moderator for the discussion in which the participants were George W. Cloos, economist, Research Department, Federal Reserve Bank of Chicago; Lancaster M. Greene, executive committee, New York Society of Security Analysts; Eli Shapiro, associate professor of finance, School of Business, University of Chicago; and Chester D. Tripp, president, Television-Electronics Fund, Inc.

Joseph A. Stockman, director of the Henry George School in Philadelphia, was the featured speaker at the monthly meeting of the Henry George Woman's Club on March 20. His subject was "The Wit, Wisdom, and Humor of China." The annual card party of the club on March 10 helped to build up the treasury which is devoted primarily to equipping the school headquarters. The 12th annual birthday dinner party of the club will be held Saturday evening, April 14 at Normandy House.

Dr. Ernest B. Zeisler spoke on natural rights in the monthly lecture series at headquarters on March 27. Robert Clancy, director of the school in New York, will speak on "Justice in the Bible" on April 24. Monthly lectures are held in the LaSalle Hotel the last Tuesday evening of each month.

Detroit

Three basic classes in Detroit began with an initial enrollment of thirty, and a new class to begin this month, organized by John Derrickson, had nearly a dozen students enrolled two weeks before opening date. As an experiment, the papers of 6 correspondence students are being graded in Detroit so a closer contact can be kept between students and instructors, both during the course and later.

Robert Benton, the Detroit director, recently addressed a group at the St. Antoine Y.M.C.A. in downtown Detroit on the subject "Mechanics of Freedom."

Special: Write for copies of the illustrated 20-page annual report containing 1950 highlights of all the extensions. Any number you can use for distribution will be sent promptly from New York headquarters.

New York

Monsignor L. G. Ligutti of Des Moines, executive director of the National Catholic Rural Life Conference, was the speaker at New York headquarters on March 30. Under the title "Miracle in Wood" he gave an inspiring address which delighted the audience.

Dr. Howard E. Kershner, editor of Christian Economics, will be the speaker on April 13, on "Spending and Totalitarianism." On April 27 Dr. Ibrahim Mansoury of Hunter College will speak on "The Psychology of Mental Health." Documentary films will be shown on April 6 and 20.

"Are We Teaching Communism by Default?" was the controversial topic discussed before the Economics Club of City College of New York by Professor Harry Gunnison Brown last month. H. D. Butler spoke before the Roosevelt Kiwanis Club of Long Island recently, and in response to the enthusiastic reception he distributed school announcements. Another speaking engagement at the private Walden High School was filled by Harold Sager, chairman of the speakers' bureau, because the notice came too late for him to find another speaker.

An army of volunteers licked 10,000 stickers for spring term announcements during the week of March 12, and are expected to address an equal number of envelopes. The S.A.G.E. dance at headquarters was a social and financial success and the money will be used for spot radio announcements advertising the spring term.

In addition to courses in Fundamental Economics and Social Problems and Trade, scheduled every day for the next term, there will be 3 science courses. Of 11 regional classes, 8 are in the basic course and 3 are trade classes. About 250 students graduated from the basic courses held at headquarters and New York environs.

Four special advanced classes are attracting attention this month. The first two, which are being given for the first time, are: Survey of Economic Thought, with *Basic Teachings of the Great Economists* by John W. McConnell as the text; and, An Introduction to John Dewey, using the textbook *Reconstruction in Philosophy* by John Dewey. This will afford a glimpse into the ideas of the celebrated philosopher and educator who is also the honorary president of the Henry George School. The ever popular Monetary Theory and Law of Property courses will also be given again this spring.

St. Louis

Graduation exercises were held on March 17 at the Universal Dance Studio, owned and managed by William E. Hoeflin, a graduate of The Henry George School. J. E. Jury, president of Business Collaborators, Inc., a firm which applies engineering principles to the solution of problems of a social nature arising in plants, discussed "Engineering and Human Relations in Industry."

Other features of the graduation were an exhibition of a series of challenging cartoon paintings by Jessie Beard Rickly, well known St. Louis artist and a Henry George graduate. There was also a dance demonstration by Universal Dance Studio members, followed by more dancing, bridge, canasta and refreshments.

The St. Louis extension is planning for 8 basic classes in the spring term which begins the week of April 9.

The Chinese Constitution

[From "A Study of Forty Years of Constitution-making," by Pan Wei Tung, Institute of Chinese Culture, Washington, D. C.]

The Fundamentals of National Reconstruction, April 12, 1924.

Article 10:

"At the beginning of self-government, it is imperative that a declaration be made of the value of private-owned land in the district (local), the procedure being to require the owners to make their own declaration at the local administration, so that the tax will be imposed according to the declared value, but the local government is entitled at any time to purchase the property at the declared value. Any increase in value as the result of improvement in the administration and progress of the community shall be set aside for the benefit of the whole community and the original owners are not allowed to keep it for themselves.

Article 11:

The annual revenue from land, the increase in land value, the produce from public land and the income from forests, rivers, mines and waterfalls shall be reserved for the local governments to care for public needs.

Article 13:

The contributions of the districts toward the expense of the Central Government shall be a certain percentage of their revenue. The percentage shall be fixed annually by the peoples' representatives.

Revised Draft of Constitution—October 16, 1934

Article 131:

The land within the territorial limits of the Republic of China belongs to the people as a whole.

Article 132:

All subterranean minerals and natural forces belong to the state and shall not be affected by private ownership of land.

The unearned increment shall be taxed by means of a land-value increment tax and devoted to public benefit."

Joseph Stockman, Philadelphia director, who sent the above excerpt, adds that these principles are still embodied in every draft and revision of the Constitution to date. Mr. Stockman recently appeared on a number of television programs in Chicago and his visit was the cause of much favorable publicity in the newspapers.

New classes in Fundamental Economics will begin the week of April 16 at Philadelphia headquarters and the North Branch Y. M. C. A.

San Francisco

Sixty friends met at the class promotion conference in the Palace Hotel March 23 to plan for an enrollment of 240 in twelve classes opening the week of April 16. The nine neighborhood class committees sat at separate tables, each presided over by a class promotion chairman. Each committee made arrangements for the addressing of 2200 class announcements and for the placing of an average of 45 posters, and then devoted the remainder of the meeting to planning the word-of-mouth campaign. The conference was arranged by the spring term planning committee: Halina Koninski, Earl Hanson, George Amberg and Ben Smith. Russell Powell was chairman. Many of the committee members were students of the current term. They learned of the campaign at the student conference in which 50 had participated on the preceding Friday.

Glenn Hoover, chairman of the Department of Sociology and Economics at Mills College, will be the speaker at the winter term commencement in the San Francisco Public Library on April 11.

Mr. Hoover was editor of a valuable book published last year entitled *Twentieth Century Economic Thought*.

Charles MacSwan, formerly of Glasgow, will give the opening speech at a new forum to be inaugurated April 20. The forum will be conducted as a regular feature for the benefit and interest of its members.

Great Was the Fall Thereof

By CRAIG RALSTON

PEOPLE who like to figure out what-causes-what, could trace our Chinese troubles back to the Koumintang's rejection of Dr. Sun Yat Sen's single tax reform.

Had the Henry George plan been adopted, the down-and-out Chinese peasant could have obtained land for himself. Stripped of their power to collect 50 to 75 per cent of the peasant's product for ground rent, and of the 12 per cent per month usury rate they exact from peasants, Chinese capitalists would have been constrained to put their money into development of the industries which China so badly needs.

The Koumintang abandoned the idea that people can do things for themselves and embraced the notion that government must do things for the people.

The Koumintang National Congress adopted its "Industrial Reconstruction" program in 1945.

The program declared that "the Principle of the Peoples' Livelihood (general welfare) is for the people, so capital must be nationalized and

the fruit should be enjoyed by the entire people." Other declarations said that "in order to develop national capital, a system of state enterprise shall be instituted" and "profits realized from state owned enterprises shall be invested in productive enterprise and thus increase state capital." Another plan lists key industries to be taken over by the state; private enterprise, it said, could enter other fields.

The land program declared the state should own all natural resources. In new cities, the land should in principle be managed by the government; the government should establish a land bank to issue bonds to help small farmers and assist land improvement. Possibly out of deference to his memory, the land program added Dr. Sun's defunct single tax.

Industrial reconstruction was to be based on a "planned economy"—the government shall have carefully mapped out plans so that manpower can be transferred according to needs. The state was to enforce collective farming and require all workers to join trade unions for collective bargaining with arbitration and mediation.

This part of the program was well saturated with Marxist thought and Soviet trimming. According to the guilt-by-association technique which has recently invaded our politics, backers of the Koumintang are Red, too.

The rest is colored with welfare statism, requiring the government to meet the needs of the people in food, clothing, shelter and transportation; assist in large scale housing projects; develop farm and labor organization; promote social welfare activities; provide tariffs, subsidies and controls to assist important industries and mining enterprises; give private industries financial assistance; promote handicraft industries and cooperatives; enforce planned thrift and savings movements; guide the peoples' investments; expand the size of farms; encourage rural electrification; develop cooperation in rural marketing and transportation; improve rural financial systems; fix minimum wage scales; establish eight hour day, six day week, annual vacation with pay, factory inspection; safety standards, health and accident insurance, consumers' cooperatives, mutual aid facilities, safeguards for women and child workers; protect tenants, reclaim wastelands, forbid high interest rates, organize public and cooperative farms to realize socialization of rural economy; develop rural cooperative finances; stabilize farm prices; promote physical training and recreation among farmers; construct public utilities to create jobs; institute accident, old age, infirmity, illness, maternity, jobless, and death insurance; provide social relief and other services for the needy.

Burdened with these liabilities, and with the task of preserving the privileges of the land-owning class, it is no wonder that the Koumintang tottered to its fall.

Los Angeles

"There is a scientific solution to the 'money question,' without inflation and without a national debt," said George B. Lee, president of the Los Angeles school's board of directors, at the meeting of S.A.G.E. on February 26. Mr. Lee made the novel proposal that money be issued only by the government to pay for government services (not through banks), and that the amount of money in circulation be made equal to the annual amount of ground rent. In spite of rain that evening (in California it is called "liquid sunshine"), every seat was filled.

The Los Angeles headquarters was honored by the visit early in March of Mr. and Mrs. Louis Weitzman. Mr. Weitzman is a trustee and instructor of the school in Newark.

The Los Angeles Central Labor Council is again mailing and distributing a thousand class announcement folders to labor leaders.

New Jersey

Messrs. Goldfinger, Tetley and Howard M. Thomson (author of the article on page five), participated in the recent course in General Semantics at Columbia University taught by Dr. Francis P. Chisholm. Several faculty members have made application to join the seminar which will be conducted by Professor Ludwig von Mises at New York University in June.

At a meeting of the Board of Trustees in March a report was given upon the address of Colonel Harwood in New York and his proposed scientific method of procedure. In the spring term, which will open on April 2, it is expected that at least one of the classes will be conducted using the scientific method.

A Monte Carlo night will be held in Newark on April 20. Various games, motion pictures and refreshments are being planned to make for a gala social evening.

As mentioned above, Louis I. Weitzman has been traveling and he sells copies of *Economics Simplified* wherever he goes. He collects for the books and uses the funds to carry him along. Orders for the book and correspondence course pour into the Newark office and his account is charged accordingly. The only catch is that he will have to pay the bill when he gets home. Orders have come in from Florida, Louisiana, Oklahoma, Texas and California.

