

The Freeman

A Monthly Critical Journal of Social and Economic Affairs

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Five Cents

RAFFLES OF SINGAPORE

F. T. Hodgkiss

JAPAN SINCE 1852

Fred Karn

TENANT FARMING AND PROSPERITY

Francis C. Griman



Pensions and Land Ownership

The Right to Work

Land Values in a Railroad Strike

Yet who can look about him without seeing that to whatever cause poverty may be due, it is not due to the niggardliness of nature; without seeing that it is blindness or blasphemy to assume that the Creator has condemned the masses of men to hard toil for a bare living.—Henry George in "Social Problems."

THE RIGHT TO WORK

WE hear much of the four freedoms—freedom of speech, freedom of the press, freedom of assembly, freedom of religion. The war in which we are now engaged is being fought to preserve those freedoms—and they are worth fighting for. Our post-war plans are built around these freedoms—which is as it should be.

But the right to work is infinitely more precious than any or all of the four freedoms, for the right to work is the right to live. We can live without the freedoms, much as we should hate to. We cannot live without work, much as we should like to.

It is of the highest importance, therefore, that in this new and better America that we are determined to have after the war, the right to work shall be assured to all. But before we can proceed with intelligent planning to that end, we must have a clear understanding of what it is that stands between the worker and his job. We must be able to refute the oft-heard statement that a large army of permanently unemployed is a post-war inevitability. We must know why it is that of all creatures that roam the earth, man, and man alone, is unable to employ himself, unable to avail himself of the bounties of nature. We must find out what it is in our present economic setup that operates as a denial of the right to work.

Some will say that it is organized labor, with its avowed objective of compelling every worker to join its ranks. They will point to the heavy gains in union membership in recent years, to the large and ever growing number of plants and industries from which non-union workers are barred, and to the threat, which they profess to see in the situation, of enforced idleness as the eventual condition of all unwilling to pay tribute to unions.

They will recall Mrs. Roosevelt's pronouncement that every worker should belong to a union.

They will cite strike after strike in defense industries for no other purpose than to enforce a closed shop. They will bring up the case of the

cantonment job in the South where the union could furnish only a dozen or so of the hundreds of glass setters needed, but refused to permit the employment of non-union glass setters except on condition that the Government take \$2 a day out of each non-union worker's pay and turn it over to the union.

They will mention the practice of charging exorbitant initiation fees in order to create an artificial scarcity of labor, and they will certainly tell you that right now, when the armament program is desperately in need of die makers, the die makers union is refusing to permit the use of additional apprentice helpers unless the Government guarantees that they will not be allowed to continue in the trade after the war.

Finally, they will want to know by what authority, in this time of crisis, American citizens are refused work in the construction, say, of an army camp, unless they first pay tribute to a union. They will insist that this is a free country and that no worker should be compelled to join a union in order to obtain work from his government. By this time they will be wandering away from the argument, and you will have to stop them, but they will have the last word by asking, if all these things don't add up to a denial of the right to work, what does? They will make a swell case—but they will be wrong.

The real denial of the right to work inheres in the institution of private ownership in land. Organized labor is only a superficial irritant. Give a man access to land and he will soon find himself a job, and a good one. Moreover, it won't be long before he will have half a dozen other good jobs up his sleeve. Other people will be bidding for his services. When that happy condition comes about—as it will when land is made of equal access to all—no labor union is going to tell the worker what to do or stand between him and a job. It is the worker, and not the union, that will do the dictating.

C. O. STEELE

An Announcement

With this issue, The Freeman undergoes certain changes in the personnel identified with it. A new editor is taking over, and new names appear among its makers. Mr. Frank Chodorov has retired from the editorship. Mr. C. O. Steele has been appointed his successor. For the new editor I should like to bespeak the same cooperation, and the same indulgence that the efforts of his predecessors have enjoyed.

Among its several thousand subscribers, The Freeman has won many devoted friends. Among the several hundred persons who at one time or another have contributed to its columns, The Freeman has many devoted supporters. The paper is now in its fifth year. The immediate future should determine whether it has made for itself a permanent place in the literature of the Henry George movement. To have that place, it must have several thousand additional subscribers, and the ranks of its supporters must include a broader cross-section of the thinkers and leaders of our movement. The policies that will be continued, and the new policies that will be introduced, will be aimed to determine whether there is a need for The Freeman, and whether The Freeman can fill that need.

The men and women who collaborate in making the paper, and those who collaborate in building it as subscribers and friends of the paper, are those who will make the decision whether The Freeman is to go on through another half-decade. We who have faith that The Freeman will one day amply fulfill its promise will give these self-sacrificing friends of the paper all our support. Our prayers and our hopes are theirs.

LANCASTER M. GREENE,
Chairman of the Board,
The Freeman Corporation.

Pensions and Land Ownership

THE NEW LAW PROVIDING pensions for Congressmen, and the ensuing campaign to provide "Bundles" for these pension-minded legislators, has given a new impetus to those organizations prescribing old age pensions as a cure for a very sick economy. An interesting aspect of this "Bundle" incident was the reaction of pension advocates: Though Congress utilized the distribution formula inherent in the various pension acts, that is, take something from A and give it to B without increasing the production of wealth or modifying the concept of land ownership, the pensionites were prone to criticize and refused to accept the new statute "as a step in their direction."

This about-face on the eve of an apparent victory may be attributed to the refusal of the aged to discard their folklore incident to the ownership of



land, admit the existence of monopoly, and accept money in its true function—as a medium of exchange. Speakers and writers who from the platform and press, have defended the feasibility of the old age pension cure continually harp on the need of monetary and tax reform. The fact that land is the source of all wealth is still foreign to their hide-bound notions. When confronted with the effects of land monopoly upon real wages and ground rent, these authorities for some strange reason become silent. That scarcity has prevented human association and thus delayed human progress is considered sacrilege and is given a deaf ear.

The aged of this nation have a right not only to the necessities of this life, but also those cultural things that make living a pleasure. In order, however, that there might be made possible an abundance for the satisfaction of wants, there must be established common property in land. Otherwise

the aged will have no share in the distribution of the returns from industry. Under our existing scheme of things, they must accumulate during their productive years enough wealth to tide them through their non-productive period. As monopoly grows, real wages go down, and rent increases, and by the time the workers reach their non-productive period, rent has completely absorbed their surplus wealth. The poverty that then confronts them is due to maldistribution of the returns of industry during the productive period, and not the lack of industry, frugality, and intelligence.

In the light of the above analysis the problem that confronts our aged today is in no way involved with overproduction or underproduction. The rapidity with which both labor and industry have responded to the war effort in the defense of this nation, convinces us that the scarcity in the past has been furthered by an avariciousness that emanates from scarcity itself. But produce as we may, there is nothing left to labor when rent is taken out. Thus taking from A and giving to B without increasing production of consumer's goods and destroying monopoly, is one of the most iniquitous formulas ever foisted upon mankind to rectify the inequalities of distribution.

Poverty as an impediment to equality was doomed with the emergence of that indispensable guide to the future, *Progress and Poverty*. By making the aged aware of the implications of land ownership and rent, we Georgists can make it a *fait accompli*.

MARTIN E. PECK.

The Freeman

A Monthly Critical Journal of Social and Economic Affairs

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Never Hate the Wrong People

IT WAS NOT THE RUSH HOUR and that is one of the reasons why it shouldn't have happened. But the local was so long in coming and so many people got on at each station that by Twenty-eighth Street the car offered a good imitation of the rush hour. People clogged the aisles and stayed put no matter how many cries of "Getting off"—"Getting off" arose from us getting-offers as we fought our way to freedom.

Holding my briefcase like a combination of shield and battering-ram, I had gained that narrow strait between doorjamb and centerpost when I met the final obstacle—an extraordinarily broad-beamed Italian lady who had a mind to get on the train. Our transportation destinies were in conflict and there was only one thing to do if mine were to be realized. The door was trying to close and I was in imminent danger of being carried on to Thirty-third Street. The alien lady must be compelled to give ground.

"You poosha me!" she boomed, and once more, "You poosha me!" and she aimed a sideswipe which had it reached its mark must have been crippling. I neatly evaded her arm and swerved on; she surged into the car and hated me with true Latin abandon.

So as I walked on I was naturally formulating in my mind all those things I would have liked to say to that large woman who had hated me so ineffectually (I being good at dodging). She would not have understood subtleties, nor statistics, nor philosophizing.

"Madam, I know who you are hating but I can assure you that you are hating the wrong person. Think not of me but of the man who caused that jam (men are always causing jams). Think of the man who cut down train service so that you and I both had to wait long minutes to get our nickel's worth of ride—the officials who agreed to make both you and me uncomfortable and pushing.

"Did it ever occur to you, Madam," I would continue, "that not only is our train service cut down but those same men and others in this hard-headed city of ours are scheming to make you and me pay fifty to one hundred percent more for the privilege of being pushed and shoved? Men who are driven to want to get ever more unearned dollars—men who hope to cut down even the pitiful fraction they now pay to the city out of the ground rent they collect? These men are working to reduce their taxation at our expense by making us give sev-

en and a half to ten cents for a subway ride. Why don't you go and poosha them?"

I am sure that my Italian friend by now would have lost the hate that I had seen blazing in her black eyes. But it would have been followed by the blankness of puzzlement. She would want to know just who to hate and push in return for the pushing I had administered to her. Would I kindly name the precise villain who had signed the order decreasing train service? Would I show her the city official who had engineered the transfer of the subways to the city and thus made it a matter of civic pride to accept poor service? Or would it be best to go and push the secretary of the real estate board who was fixing to increase his membership's revenue while squeezing pennies and half-pennies out of the poverty of the common woman like me and my Italian friend?

"It is hard to put your finger on these men," I would then have to admit. "They obliterate themselves under the titles of boards and committees and conferences and associations and all such things. Individually they are not very bad men. Many of them have wives and children who they love as tenderly, perhaps, as you love your own bambini. They do not realize what they have done and are doing to you and me. They would feel a pang of regret could they know that they were responsible for the minor fracas which occurred but now when I was trying to leave the car at Twenty-eighth Street.

"Much as I hate to make the admission I have to concede that it is probably best (if you must hate someone) that you spend your wrath upon the one who actually pushed you rather than storing it up and leaving it to canker and fester in your mind by hating what is basically an abstraction. The best way to hate an abstraction is to write a letter to the newspapers and I am afraid you couldn't do that. Short of hating the wrong person, Madam," I would finish, "it is much the best thing not to hate anyone and—I do not know any right people to hate."

And by then, breathing once more the spirit of intelligent cooperation and love for mankind—a spirit which will eventually improve subway service and keep down fares if anything will—I reached the goal of my travels. And as I surged through the door and moved on the elevator, I was grateful that there was no charge for riding on it.

JANET AIKEN.

Teachers in War Time

WAR TOUCHES EVERYBODY. It loots pockets, burns souls, warps intellects, destroys lives. Not infrequently, individuals suffer the complete catalog of hurt. If there is anything of real worth in war, it is the lesson Herbert Spencer revealed in "The Data of Ethics." Spencer compares the moral code which asserts society's claim on the individual to the code which asserts the claims of individuals versus society thus:

"But gradually as war declines—gradually as the compulsory cooperation needful in dealing with external enemies becomes unnecessary, and leaves behind the voluntary cooperation which effectually achieves internal sustenance, there grows increasingly clear the code of conduct which voluntary cooperation implies. And this final permanent code alone admits of being definitely formulated, and so constituting ethics as a science in contrast with empirical ethics.

"The leading traits of a code, under which complete living through voluntary cooperation is secured, may be simply stated. The fundamental requirement is that the life sustaining actions of each shall severally bring him the amounts and kinds of advantages naturally achieved by them . . ."

This reasoning is not automatic to the mass of men, nor are all of us Spencers. But all of us can learn, and if the lesson taught by indulgence in war is to have any weight at all, the advantages of a free economy must be generally apprehended. Those who subscribe to what Spencer terms "this final permanent code," voluntary cooperation, which is nothing less than a chunk of the base of Freedom, must educate along those lines. Nor should this teaching be suspended for the "duration." Rather should it grow in scope—for from the squeezing of the first trigger, from the release of the first stick of bombs, this war began to die. The peace table was from the moment war belched its natal breath. However faintly discernible, or out of sight at present, that table comes nearer and with each minute the time to teach the lesson becomes shorter.

If that lesson is not well taught or generally learned before the peace table is set and victor and vanquished take their respective places above and below the salt, then we who have perceived it are to blame in part—we gifted ones, the superior intellects, the charter members of mutual admiration clubs who, once having attained high station in the realm of ethics, sit as hermits on high rocks and hug intellectual egos to spiritual bosoms, like the mon-

key holding the one banana in a cage full of his envious hungry fellows.

Verily, the socially uninformed will not deserve blame for failure to learn: most of it will rest justly in the laps of our educated ignorants who in mere negativeness cast a huge shadow in the way of social light—our own fuming, intellectually foppish, smart Aleck fiddling Neros who garner all the wisdom they can but will not sow an ounce of it.

GEORGE B. BRINGMANN.

Land Values in a Railroad Strike

FEDERAL JUDGE MICHAEL J. IGOE has ordered Chicago traction attorneys and union representatives concerned with the North Shore Line tieup, which began Feb. 1, to appear in court and show what progress has been made toward a settlement.

Members of the Chicago Rapid Transit Union demand a guarantee of full control of North Shore Line labor. They have refused to switch North Shore trains to two elevated tracks, causing the stoppage of 138 trains, including thirty-seven Chicago-Milwaukee trains, on the outskirts of Chicago. The interurban line operates over its own tracks to the Linden Avenue station, Wilmette, and on the fast Skokie Valley route to the city limits at Howard Avenue. From that point the cars continue their trips to and from the Loop on the elevated tracks of the Chicago Rapid Transit Company.

Passengers numbering 30,000 daily, and including many commuters, must under present conditions transfer to the elevated trains at those points to get in and out of Chicago.

North Shore officials declare that the loss of Loop terminal facilities would be a fatal blow to the railroad, for it is agreed that no road stopping in the outskirts could survive.

All North Shore communities are anxious, not merely over the loss of transportation, but also the consequent great depreciation of land values which will result if it takes more time and costs more for residents of the North Shore to get to work in Chicago.

These suburban residents know now how closely the values of their small landholdings are tied to existing transportation facilities.

LANCASTER M. GREENE

It Strikes Me ☸ ☸ ☸ By C. O. Steele

THE BOLIVIAN ARE a backward people. They allow one man, Simon Patino, to get away with most of the rich tin deposits in their country. That makes it pretty soft for Simon. He is said to be worth half a billion dollars. There is no record of his ever having done anything for his country, nor has he set foot on his native soil for nearly twenty years. While he is rolling in wealth beyond the dreams of avarice, the other Bolivians are not doing so well. Ninety per cent of them are illiterate and practically all live in dire poverty.

But though Senor Patino is the world's largest owner of tin deposits, he does not own *all* the tin in the world. Consequently he must sell his tin in the world market in competition with other tin producers. That tends to hold prices down. As a result the Patino income is only ten or fifteen million dollars a year.

Now in our own happy land, owners of silver mines are much better off. *They* don't have to worry about prices. Though silver is selling for thirty-five cents an ounce in the world market, their benevolent Uncle Sam pays *them* seventy-one cents. And the arrangement is likely to stand for a while, too. Only last month some congressman proposed that the Government stop paying exorbitant prices for silver it did not need, and let the silver people struggle along on their own. The motion was voted down in a hurry.

But to get back to the Bolivians, they *are* a backward people to let Simon Patino get away with that stuff. You can see that for yourself.

• • •
SAYS SENATOR BROWN of Michigan, speaking of the recently enacted price-control bill:

"There are several sound reasons why wages should not be included in this bill. The first and fundamental reason is that price control is a very effective wage control. Wages in any industry cannot rise for any length of time beyond a level commensurate with the selling price of the product."

The year is young yet but the senator should win a 1942 first in something with that astound-

ing bit of economic reasoning. Had he added that wages could not long stay out of line on the high side for the simple reason that the business would go broke and production would stop, he would have been on safe ground. But to say that a price ceiling will of itself restrict wages is absurd. It is doubly so in these days, when powerful labor unions, emboldened by pampering at the hands of the Administration, are demanding higher and ever higher wages in the price-ceiling industries—and getting them.

We still believe we have picked a winner in the senator from Michigan. Gracie Allen would better look to her laurels.

• • •

ORGANIZED MILK DRIVERS are up in arms over the plan of the milk companies throughout the nation to save tires by delivering milk once every two days instead of daily. Adoption of the plan, they claim, would force many drivers out of their jobs and on relief. It is not charged that the public would suffer or that tires would not last longer. The concern is solely for the drivers.

Such being the case, the solution is simple. If daily deliveries are good, aren't two deliveries a day better? Or four, or eight? Why be parsimonious? Make it sixteen. Then we could all be milk drivers and everyone would be prosperous and happy, like the islanders who got rich by taking in each other's washing.

No rational person begrudges labor its legitimate ends. Workers have long been getting the worst of it, and will continue to unless they stop believing that there are more men than jobs, that wages come out of capital, that the machine is an evil, that a man can profit only at another man's expense. Let them learn what stands between them and their jobs and where their wages really come from. Then they will know how to get their dues in a hurry.

Relief my eyebrow! If the public is being forced to pay for a lot of unneeded drivers, which is admitted, aren't those drivers *already on relief*?

A Reply to Critics

By C. VILLALOBOS DOMINGUEZ

When the editors of *The Freeman* published my article on "Who Pays All the Taxes?" in the October, 1941 issue, they had the kindness to accompany it with a note in the "Contributors' Corner" which offered, in addition to the gracious personal references, an objection to the thesis of the article. I take this opportunity to answer that objection, as well as others presented by Miss Bertha Sellers and Peter W. Schwander in the November issue.

My thesis is that today and at all times all taxes are in the last analysis paid by the proprietor of the soil. Every tax, whether initially levied on the worker, the entrepreneur, against merchandise, or in any other way, must eventually come to rest upon the landowner.

Such a thesis is substantially admitted by the editors, and I even believe that they will concede the point, with trivial objections applying only in exceptional cases. They say: "It must be conceded that if wages are indeed at an irreducible minimum they cannot be reduced. But it sometimes happens that people can be induced to reconcile themselves to a lower standard of living, and in such a case it would seem possible to depress wages without the burden falling eventually upon rent. If you can sell the idea of 'guns, not butter' thoroughly enough you can depress the economic condition of all economic classes except the lowest—those actually on the verge of starvation, who of course cannot be depressed further. The extreme poverty and undernourishment of the German people in 1916-1919 indicates that even though war may eliminate unemployment, the diversion of productive capacity to armaments may result in shortages of consumer goods, and a consequent diminution of real wages. What are wages except consumer goods?" (Emphasis mine.)

I agree with all this and I did not point it out beforehand because of

a wish to economize space in the journal. Moreover, the difficulty with which I write English made me strive rather for terseness, without stopping for qualifications. A more detailed analysis and enumeration of the possibilities involved might have been convenient under different conditions.

On the wages of many workers there is, in fact, a margin above mere subsistence, and this is capable of being clipped by taxation. It must be admitted that in some indeterminate proportion the wages of specially remunerated workers can be indirectly reduced, temporarily or permanently, by the pressure of taxation. Here originates, in part at least, perhaps chiefly, the universally observed tendency of the "middle class" to disappear—the increasing "proletarianization" of society. But it is certain that the wages of common labor are always (broadly speaking) at an irreducible minimum. These workers form the base of the social pyramid and their wages constitute a standard which determines the wages of all the others.

I do not deny that we may occasionally find situations in which people can be influenced by basely sophistical slogans such as "Guns, not butter" or "Living-space" and that they will fanatically resign themselves to a lower standard of living in consequence of a stupid calculation or an illusion of future prosperity.

We sometimes observe events which appear to be exceptions to economic laws, even when the laws

themselves are the best established. This does not mean that we must reject the laws as invalid. The fact is that all economic laws, and indeed the laws of nature generally, are susceptible to apparent exceptions. It is not in their province to state conclusions with exactness. "The premises," says Henry George, "from which political economy makes its deductions are truths on which in everyday life we constantly base our reasoning and our actions. Its processes, which consist chiefly in analysis, have a like certainty, although, as with all the causes of which it takes cognizance are at all times acting other causes, it can never predict exact results but only tendencies." (Lecture on "The Study of Political Economy.") In order to obtain relatively precise results such laws presuppose, moreover, specific political or other circumstances. In all cases the tendency of phenomena to conform to what we apprehend as "natural law" is most powerful; in the long run, attempts to resist this tendency lead to an explosion.

For example, the law of supply and demand which controls prices is without doubt fundamentally certain in circumstances of entire freedom of trade and of the movement of goods and persons. According to it the wages, for example, of European and Asiatic workers should be equal to those of American workers. Of course, political causes interfere; but even they cannot nullify the persistent tendency towards equalization at a common minimum standard of living.

Even though it may likewise suffer specific and circumstantial exceptions, the deductive thesis presented by me is true nevertheless. It modifies fundamentally the Georgist theory and its possible processes of application and it should initiate a new Georgist policy. It makes it clear that all efforts and measures to eliminate present taxes and concentrate them on the value of land



lack necessarily any social effect since they would not essentially modify the existing situation.

This does not exclude the usefulness which the taxation of land values can have as an agency for a political economy of the most extended and profound significance. It is a concept which I believe Georgist thought will have to consider.

Miss Bertha Sellers finds "strange" the assertion that landowners pay all the taxes. In reality, it is not so very strange. This proposition has been asserted by various authors since the eighteenth century, notably by the great philosopher Locke, who stated it thus: "Taxes, however contrived, and out of whose hand soever immediately taken, do, in a country where the great fund is in land, for the most part terminate upon land... It is in vain in a country, whose great fund is in land, to hope to lay the publick charge of the government on anything else. There at last it will terminate. The merchant (do what you can) will not bear it; the laborer cannot; and therefore the landowner must ... whether ... by laying it directly where it will last settle, or by letting it come to him by the sinking of his rents." ("Some Considerations of the Consequences of the Lowering of Interest and Raising the Value of Money." London, 1692; page 87.)

Likewise, the Physiocrats shared the same idea. Quesnay said that "the tax may be levied directly on the product of the landed property; indeed, in whatever other way it may be established in a kingdom which obtains its wealth from its soil, the result is always that it is paid by landed properties." ("Oeuvres, &c., et Phil. de F. de Quesnay, edit. par A. Auken, 1888, p. 337.)

The question has been vigorously mooted from time to time by many writers but no solid conclusions have ever been reached, owing to the insufficient advance of economic science. Many of them did not know the law of rent, formulated by Ricardo, much less the profound investigations of Henry George which today allow us to clarify the subject.

Miss Sellers argues: "Would a

landowner erect a building before he figures whether a tenant would pay taxes as well as construction costs?"

To this I reply that, in the first place, I am quite sure that landowners generally are ignorant of the theory of taxation here presented and act accordingly. Alexander Hamilton, influenced by the doctrines of the Physiocrats, was of the opinion that "a large part of all taxes, however remotely laid, will, by an insensible circulation, come at last to settle upon the land—the source of most of the materials employed in commerce," but that it would be "impracticable" to concentrate all taxes in a single tax upon land. Franklin wrote more forthrightly upon the same subject: "I have not lost any of the principles of political economy you once knew me possessed of—our legislators are all landowners and they are not yet persuaded that all taxes are paid by the land." (Letter to Mr. Small.) In the second place, still replying to Miss Sellers, we must remember that an exact calculation regarding the case of a single proprietor does not necessarily hold regarding the aggregate of proprietors.

Her objection that "land with such natural advantages will bring more rent because the tenant does not have to pay taxes to provide them (a fact which I do not doubt) can be answered with a question: If, contrariwise, heavy taxes are imposed upon the tenant, is there any method by which the latter can pay them except by the landowner's reducing the amount of rent? The rent of the proprietor must necessarily diminish in this case, and thus my contention is proved.

The objection of Mr. P. W. Schwander is that landlords, as such, really pay no taxes at all. "Taxes

must be paid out of production, and landowners are not producers."

This last is true. But assuming that existing laws empower landlords to absorb the whole yield of social production save those parts necessary for wages, interest, and replacement of capital, every tax directly or indirectly diminishes the fund from which they make their withdrawals. In this sense at least we may say that they pay taxes.

PROSTITUTION AND THE WAR

By Philip S. Broughton

Public Affairs Committee, 10c.

This pamphlet was prepared for the Federal Security Agency and reflects the official policy of the government in dealing with prostitution. According to Mr. Broughton, venereal infections constitute a major threat to military efficiency as well as to the civilian war effort.

"In some places," Mr. Broughton admits, "it has been thought that segregation and inspection is the answer. Prostitutes are licensed, by law or by extralegal police tolerance. They are placed in houses or restricted areas. They are made to undergo regular physical examinations, which are supposed to assure their noninfectiousness."

But Uncle Sam doesn't care for this method. In the first place, it doesn't work. Even if medical inspection is conscientiously performed, the task becomes impossible with segregated prostitutes who have from forty to sixty and more customers a day. The political corruption associated with licensed prostitution is apparently inescapable. In the present difficult situation, the army relies upon repression as the only workable method.

Mr. Broughton admits, however, that a basic remedy for prostitution cannot end with repression. He quotes one authority to the effect that "99 per cent of those who become police problems (i.e., prostitutes) come from families that don't have the income to live as American families are supposed to live. Prostitution is seldom a chosen profession."

P. C. EVERS



Raffles of Singapore

By F. T. HODGKISS

Years before Henry George in America made his observations on *The Problem and The Remedy*, Sir Stamford Raffles, a British civil service employee in Java, was putting in operation the theories inherent in Land Rent Collection and Free Trade.

Raffles, known as the founder of Singapore, was born in 1781. At fourteen he entered the London employment of the East India Company where for ten years he was desk companion of the famous Charles Lamb. He advanced rapidly and eventually was appointed to serve the company in Penang.

At that time Napoleon was master of all Continental Europe. He had already seized Holland and was designing to use Java, Holland's East Indies possession, as a base from which to operate against India. To forestall this move by the Corsican, and only after strong representations by Raffles, Britain seized Java which later was restored to the Dutch after Napoleon's downfall.

From October 1811 to March 1816 Raffles acted as Java's British Governor. He found Java a land that had been exploited cruelly by the Dutch company. Conscription of manpower for labor battalions and armed services had drawn one-quarter of the male population, and in the twenty-two years of Dutch control over one million lives had been taken by an army whose principal duties were to suppress their fellow Javanese. Typical of the stupendous tasks assigned to enforced labor was the construction of an eight hundred mile military road through the Javanese jungle, and to supplement the native labor the Dutch imported slaves from Bali and other nearby islands. All trade was channeled through the Dutch company, a practice the foreign masters enforced by the death penalty. A fixed wage scale compelled men to carry a hundred-weight sixty miles for one-half cent a mile—for which, incidentally,

the Dutch in Europe received twenty-two cents. Heavy import duties burdened every article—internal duties of 47%, poll tax, market tolls, buffalo tax, licenses and divers penalties, restrictions and prohibitions.

On taking office Raffles proclaimed: "The duties of government are to uphold the weak, to put down lawless force, to sustain the honor of British good faith and to establish humane institutions." In the sphere of his service Raffles made practical these ideals. In a few years he had effected a social revolution. He eliminated feudal service and made chattel slavery a felony. He abolished tyranny, torture in courts of law, and instituted trial by jury. Free Trade was his policy and his means. He wiped out transit duties and had port dues reduced from 46% to 10%. Once, following a demand by the Indian administration for money to be used in the defense of Java, Raffles did raise the revenue from this source. However, the revenue for the administration of Java was collected solely from the rent of land. His expressed sentiments were: "The rent of these lands was to constitute the one regular form of taxation in lieu of all the varied obligations of the old system. I conceived that a fair equivalent for the old burdens was two-fifths of the first rice crop, leaving the second crop and the fruit trees and the gardens free from assessment, the cultivator free from personal taxes and the inland trade unrestricted and untaxed." In his own words, the land system Raffles introduced had for its object: "Justice to individuals, the improvement of mankind, and the prosperity of the government founded on the mutual advantage of the people."

He paid tribute to his subordinates' help in the internal administration. "They felt," he said, "the honor and character of the British nation prompted them above every selfish consideration and in the short time of six months enabled me to

effect a revolution which two centuries of Dutch administration could scarcely dream." The amount of the rent of land was agreed upon by each cultivator and accepted "not only with readiness but with gratitude." One of the most quickly discerned social effects of Raffles' policy was the increase in the native birth rate and those families that had fled to the mountains for security of person and property returned to become again tillers of the soil.

About the time Raffles relinquished Java to the Dutch he sent out a commission to ascertain the results of the fiscal program. The commission commented on the ease of collecting revenues under the amended system and certified its "beneficial effects in encouraging the extension of industry, agricultural pursuits, securing tranquillity and diminishing criminal activities." Later Raffles was able to say: "With peculiar satisfaction we see the Dutch Government sanctions what we have done and gives our regulations permanency." The investigating commission, be it known, was Dutch!

When he retired as governor and the Dutch flag again flew over Java, Raffles could say truthfully, "I have had the happiness to release several millions of my fellow creatures from a state of bondage and arbitrary oppression." Unfortunately, not long after, the Dutch resumed their policy of excluding others from every mart and island, their one aim monopoly and exploitation. They jockeyed for control of the Straits of Malacca, hoping to shut out all other nations from the route to China and Japan except on terms they could enforce. They were on the brink of succeeding in this attempt when Raffles, who understood the import of their actions, obtained permission from the crown to secure a port south of Malacca. "Our object," he said, "is not territory but trade." ONE free port in these seas must eventually destroy

the spell of Dutch monopoly. His thoughts were on Singapore Island as the site for this free port. The Dutch suspected as much, for shortly after Raffles arrived they came with presents of guns and an offer of protection to the natives. They were late. In negotiations with native chieftains from each side of the Strait, Raffles obtained this island of two hundred twenty square miles.

After a series of interviews and a promise of annual payments, Raffles set about his task. Three weeks after he began, orders came from England to the effect that if the post had not already been obtained he was to desist from any further attempt to establish one. England's flag had already been hoisted and Raffles stayed.

Raffles appreciated this opportunity to put his ideas into fuller operation. He declared: "I have established a revenue without any tax whatever on trade, which MORE than covers all civil disbursements and which must annually increase in future years while these disbursements should remain the same." Again, "No sinister, no sordid view, no considerations either of political importance or pecuniary advantage should interfere with the broad and liberal principles on which the British interests have been established. Monopoly and exclusive privileges are here unknown. That Singapore will always remain a Free Port and that no taxes on trade or industry will be established to check its further rise and prosperity I can have no doubt." "Education must keep pace with commerce in order that its benefits may be insured and its evils avoided. However inviting and extensive the resources of a country may be they can best be drawn forth by the native energies of the people themselves. If commerce brings wealth to our shores it is the spirit of literature and philanthropy that teaches us how to employ them for the noblest uses. Let it still be the boast of Britain to write her name in characters of light; if the time shall come when her empire shall pass away, these monuments will endure when her triumphs shall have become an empty name. I am san-

guine in my hope that Singapore will stand foremost in effecting that grand object of Christian civilization."

Consistent with his faith and interest in education, Raffles founded a college and endowed it with fifteen hundred acres. Later, this land was given away by the college trustees and only one year after Raffles' death (in 1827 when he was forty-six) it was in the hands of the military. Constant efforts were made to emasculate his fiscal program and in 1855 a minority group clamor arose for the introduction of port dues. This abortive attempt failed since Singapore's governors held it to be in "direct violation of the principles upon which the Settlement was founded."

Since then, Raffles' principles have been abandoned bit by bit until now a wide gulf lies between the founder's ideas of social justice and those of the current administrators.* A great part of the soil is still held at a rental, but only a few millions in

*Mr. Hodgkiss' article was written before the capture of Singapore by the Japanese.



public revenue are derived from land rent, the bulk coming from customs duties, impositions, licenses, salt monopoly, etc. Before the Great War of 1914-1918 only four imports were taxed—opium, tobacco, petrol and liquor. More commodities have been added since then. It must be admitted that an effort has been made to adhere to Raffles' instructions to secure to each person "the indisputable possession of the spot he was allowed to occupy." The somewhat unsatisfactory result may be attributed to the delinquency in assessing land. Yet, however lacking in perfection Singapore's land policy is, the democratic nations of the world might note that great numbers of Chinese and Malays (nearly 42,000,000, over three times the population of New York State, in an area somewhat larger than New York State) enjoy life and pursue industry under land laws and fiscal policies more just than those of the democracies. Our own relative position in the comparison prompts allusion to Macauley's statement that, were great pecuniary interests at stake, acknowledgment of the law of gravitation even now would be met with opposition. Yes, it is not too much to say that Singapore's rise from a cluster of about fifty huts in the early 19th century to seventh place in the world's great shipping ports is the result of Raffles' insistence on Free Trade when Singapore's economic foundations were being laid.

Buried at Hendon, Middlesex, are the remains of Raffles, but graven on the base of a marble statue in Westminster Abbey appear the sentiments of the British Empire: "By wisdom, vigor and philanthropy, he raised Java to happiness and prosperity unknown under former rulers. He founded an emporium at Singapore where he established freedom of person as the right of the soil and freedom of trade as the right of the Port. He secured to the British flag the maritime superiority of the Eastern Seas. Promoting the welfare of the people committed to his charge he sought the good of his country and the glory of his God."

mildred baldwin



But if we will not use the intelligence with which we have been gifted to adapt social organization to natural laws—if we allow dogs in the manger to monopolize what they cannot use; if we allow strength and cunning to rob honest labor, we must have chronic poverty, and all the social evils it inevitably brings. Under such conditions there would be poverty in Paradise.

"The Poor ye have always with you." If ever a scripture has been wrested to the devil's service, this is that scripture. How often have these words been distorted from their obvious meaning to soothe conscience into acquiescence in human misery and degradation—to bolster that blasphemy, the very negation and denial of Christ's teachings, that the All-Wise and Most Merciful, the Infinite Father, has decreed that so many of his creatures must be poor in order that others of his creatures to whom he wills the good things of life should enjoy the pleasure and virtue of doling out alms! "The poor ye have always with you," said Christ; but all his teachings supply the limitation, "until the coming of the Kingdom." In that kingdom of God on earth, that kingdom of justice and love for which he taught his followers to strive and pray, there will be no poor. But though the faith and the hope and the striving for this kingdom are of the very essence of Christ's teaching, the stanchest disbelievers and revilers of its possibility are found among those who call themselves Christians. Queer ideas of the Divinity have some of these Christians who hold themselves orthodox and contribute to the conversion of the heathen.

Henry George in "Social Problems"

Japan Since 1852

By FRED KARN

Commodore Matthew C. Perry led a fleet of four American battleships into the Bay of Tokyo ninety years ago. His instructions from the President of the United States were to obtain certain concessions for American seamen by threat or argument or, as a last resort, by force. He fired enough salutes to frighten nearly everyone in Japan. Then he presented the demands of the American government and steamed away.

The next year Perry returned with ten ships and received a favorable reply. American seamen shipwrecked on Japanese soil would receive humane treatment — much better than the Japanese had been accustomed to giving visitors. Two poor harbors, Shimoda and Hakodate, were opened to American commerce and to whaling vessels which might stop for repairs and coal. An American Consul was permitted to reside at Shimoda. This story of the opening of Japan is known to every American schoolboy. But Perry only began the job.

American merchants eagerly looked forward to a thriving silk trade. On the other hand, Japan considered her American treaty as similar to one which she had maintained with the Dutch for 250 years. This treaty had provided Japan's only contact with the Occidental world during all this time. A single Dutch ship was annually permitted to sail into the harbor of Nagasaki, and to exchange its goods for Japanese silk and tea. While in port the Dutch sailors were virtually prisoners of the Japanese. This trade monopoly, restricted though it was, proved to be highly profitable. With the Perry treaty signed, American seamen expected to break this monopoly and to carry on unrestricted trade with the Japanese.

It was the duty of Townsend Harris, America's first Consul to Japan, to reconcile the two conflicting interpretations of the treaty. He was left in Shimoda with his Dutch translator Heusken, and several Chinese

servants, to administer Perry's treaty. But now that the battleships were gone the Japanese changed their attitude toward Americans. They did everything in their power to cause Harris to lose his patience and to give up hope of enforcing the treaty. At the same time they hesitated to do anything that might cause the United States to send back its battleships.

Since Harris was a Consul General instead of a mere Consul as provided in the treaty, they contested his right even to land in Japan. For nearly a year, government officials accepted American coins at only one third their bullion value. This was the general exchange rate because foreigners were allowed to trade only through the Japanese government. If free exchange had been allowed, the competition between Japanese merchants would soon have established a fair monetary ratio.

The harbor of Shimoda had been blocked by a sand bar which made it nearly worthless to ocean going vessels. Harris requested that a more suitable port be opened. Needless to say, this request was denied.

The American Consul had a letter of introduction from President Pierce which he was anxious to present to the Mikado. Japanese politicians de-

layed the meeting in every way possible. They did not want foreigners to understand the organization of their government. In fact, it was only with the greatest difficulty that Harris was able to obtain an audience with any responsible government officials.

By pleading ignorance of western customs, the Japanese were able to delay negotiations and to frustrate their unwelcome guest. Harris called the Japanese, "the greatest liars on earth." Despite all this, he treated them with honesty and courtesy year after year. Eventually his patience was rewarded and Japan made an effective trade treaty with the United States. Four years after Perry's treaty was signed, Japanese ports were actually thrown open to foreign trade. And Harris had earned the esteem of the Japanese as completely as Lafayette had earned that of Americans.

When she was uncovered by the western nations, Japan was on the verge of a political and economic revolution. Two hundred years before, the Tokugawa family had established itself at the head of the Japanese government. The oldest man in that family carried the hereditary title of Shogun. The Mikado had been reduced to an impotent figurehead. Other nobles who hoped to displace the Tokugawa family were kept in check by a collection of hostages. But the last few Shoguns had been feeble and witless and the power of the ruling family was on the decline. A group of large landowners—daimyos or feudal lords—was plotting its overthrow.

In this revolt the United States unconsciously played an important part. The average superstitious Japanese looked on foreigners as a serious threat to the safety and good fortune of their country. Shortly after Perry's visit, a destructive tidal wave swept over their islands. It caused particularly great damage to one of the harbors which had



been opened to foreign trade. What would happen if foreign ships should make frequent calls at Japanese ports they could readily imagine. Thus, if the Shogun permitted trade with the United States, the daimyos would have a popular ground for revolt. And if it refused to negotiate, the Shogun feared the return of Perry's fleet and the destruction of Japanese cities. The daimyos suggested that Japan build ships of her own for defense against the foreigners. But this was only idle talk, inspired by political ambitions. So the government adopted a policy of delay. It required all the patience and friendliness which Harris possessed to bring his mission to a successful conclusion.

It was not until he obtained the confidence and respect of Lord Hotta that Harris was able to make any real progress. Hotta was one of the few Japanese statesmen of that day who were sincerely concerned with the welfare of their country. Harris was able to convince him that Japan had much to gain by trade with the western nations. But Hotta was afraid that a trade treaty would cause the overthrow of his government, so he appealed to the Mikado for support. The Mikado had been inactive in politics for years, yet he had still some influence on his subjects. But the personal advisers of the Mikado were ambitious. They urged him to reclaim the powers of the Shogun and prevented him from supporting the trade treaty. Lord Hotta appealed to the Mikado's vanity by suggesting that trade with the rest of the world was only the first step toward world domination. But apparently the Mikado determined to dominate Japan first. He denied the Shogun his support.

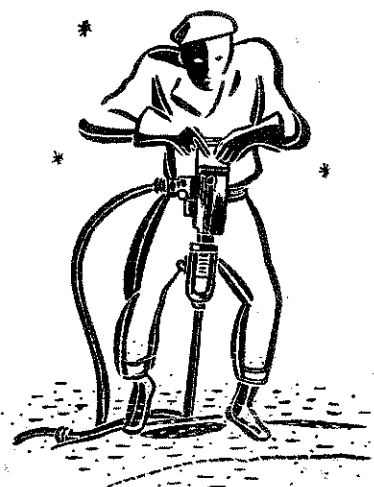
The Japanese government decided to establish foreign trade even at the risk of civil war. First they signed the treaty which Harris had worked out with them. Within a month they established treaties with Great Britain, France, Holland and Russia. Harris moved his consulate to Tokyo and was joined by representatives from the other western nations. In an effort to cause loss of prestige for the Shoguntale, a po-

litical enemy murdered Heusken, Harris' secretary. The British and French consuls fled from Tokyo to Yokohama and demanded reprisals by their governments. But the American Consul refused to be a pawn in the game of Japanese politics. He continued to carry on business in Tokyo and the expected revolution was prevented.

The downfall of the Tokugawa Shoguntale occurred ten years later. This was due to the efforts of fifty men, chiefly members of the nobility and of the military caste. By primogeniture, feudal powers had been passed on by each ruler to his eldest son. The other male members of the family did not work, but depended for their incomes on the generosity of their brother. These idle men were a potential source of revolt. In 1867, the feudal system was overthrown. The daimyos gave up their fiefs and were appointed governors with salaries paid by the imperial government.

Immediately Japan came to life. Commerce and manufacturing had long been restricted by law. Production suddenly opened up and the national wealth increased rapidly. There was a great increase in the population of the cities and towns. Opening of new opportunities in the cities relieved the struggle for existence on the tiny Japanese farms. The standard of living of the agricultural population rose with that of the industrial workers.

And land values increased with



production. Soon the increase in rent began to force wages and interest down. And this has continued until today there is no industrialized nation in the world with as low a standard of living as Japan. Capital also fares badly there. So Japanese investors put their money into land instead of capital. In 1913, their land was valued at 40 billion yen and their national capital at only 70 billion yen. This exceptionally high proportion of land value to capital accounts for the low wages and interest available in Japan.

Thus Japanese industry was restricted, and a nation similar to Great Britain in area and geographic position continues to support half its population on farms. They are small subsistence farms of about two and a half acres. The average farm in the United States is 150 acres. Of course, Japan finds it difficult to produce enough food for 80 million people. Many modern writers cite the Malthusian doctrine and declare that Japan suffers from overpopulation. But Belgium and Great Britain have higher standards of living than Japan. Belgium has twice the population density and Great Britain practically the same as Japan. It is foolish for Japan to produce its own food while modern industry and commerce are available. The United States, Canada, Australia, and Argentina are all eager to dispose of an excess food supply.

Japan's troubles are not technological but economic. It is not necessary to get an extra bushel of rice from an extinct volcano crater or from a rocky hillside. But it is necessary to raise the wages of labor and to keep prices down. Low prices made Japanese manufactures available for export. But wages were so low that Japanese workers were unable to accept the American wheat and beef due them as their share of the exchange. Instead, the Japanese government accepted the credit by buying war materials. In 1932, it used these to overrun Manchuria, an area twice the size of the Japanese Empire.

Manchuria might have been a new frontier for Japan. It might have been as beneficial to her as the set-

tlement of Oklahoma or California was to the United States. But land speculators reached Manchuria before labor and capital. Wages were driven to a lower level there than in Japan. So the expected migration never took place.

Unrest continued to grow in Japan. The world wide depression of 1929 caused the collapse of the Japanese silk industry. Farm land was so expensive and silk and rice so cheap that the landowner could not gain a fair income on his investment. So the farm owners proposed a scheme that would assure their

rent. They offered to transfer their property to the state for 18 billion yen. Needless to say the imperial government did not accept the offer. It did however, reduce the direct taxes on agriculture. For years the government had been burdening farm producers with excessive taxes. The proceeds were used to subsidize heavy industries for armament production. Such an economy could have but one result. The Japanese envied the high standard of living which prevailed in England and the United States. They believed that England's prosperity was due to her

colonial empire. So Japan proceeded to carve out her own empire in China. And China would readily have fallen if she had been unable to import arms from the United States. On December 7, Japan turned her military machine directly against the nation which had been frustrating her imperialistic conquest.

A century ago the Japanese believed that Commodore Perry caused their islands to be devastated by a tidal wave. Today they believe that their national economy can be improved by military conquest.

Tenant Farming and National Prosperity

By FRANCIS C. GRIMAN

One evening in 1933 I attended a lecture at the New York Times given for the benefit of those in the newspaper advertising business. The President of a large New Orleans department store was the speaker. The substance of one remark made a forceful impression—"There can be no prosperity in the United States until the farmer becomes a consumer."

While I had heard such comments before, these specific words were called more and more to my attention by succeeding economic developments in the following years. The Federal Government, by its actions, has indicated full belief in this credo.

Farm Relief was given impetus under President Hoover through the Reconstruction Finance Corporation which alleviated mortgage distress by means of substantial advances to banks, loan, and insurance companies. These types of lending institutions were at a grave financial crisis due to the over-inflation of farm property in World War days. No successful plan of land valuation adjustment had been conceived since the farm expansion period of 1914-1918. When farms were seized or sold at auction after default in mortgage payments, open revolt occurred and sales were stopped with

force of arms.

In 1933 the new Congress passed in rapid succession many farm benefit bills and reorganized existing agencies under the famous Alphabet Acts of the New Deal: PWA, EHFA, FHA, FHLBE, FDIC, AAA, SMA, FCA, CCC, REA. Still others gave indirect assistance but most of these listed rendered direct aid through their many subsidiary agencies.

The present false basis of land tenure caused untold financial loss and suffering to all farmers. Readjustments were costly and disastrous. Farm land values dropped from \$54,829,563,059.00 in 1920 to

\$34,929,844,584.00 in 1930 and by 1935 were estimated at less than twenty billions. According to the Department of Agriculture, the index value of the average farm acre in 1935 was 79 against 170 for the year 1920. This index included improvements which would suffer little depreciation in comparison with land. Despite these drastic losses improved acreage rose from 503,073,007 in 1920 to 1,031,814,370 acres in 1935, an increase of over 100%.

The far-reaching effects of farming upon American economic life can be shown by the size of farm population. On Jan. 1, 1935 the total was 31,800,907 persons, 27,767,230 white and 4,033,677 colored, an average of 4.67 persons per farm. There were 10,482,323 persons actually engaged in farming and 6,812,350 farms with an average acreage of 154.8.

Only about half of United States farms are operated by owners. Of 5,956,795 white operators only 3,036,910 were full owners and of 855,555 colored operators only 173,314 were full owners. Only 37.4% of total land in white farms was owned by the operators.

Considering that much farm land is of so little value that it can hardly be mortgaged, the unstability of the entire tenure problem is further



accentuated by the number and amount of farm mortgages. In 1935, 2,350,313 farms were encumbered to the amount of \$7,654,091,000.00, an average of \$3,253.00 per farm and equal to 34.5% of all farm tenures. The United States Farm Credit Administration alone lists for 1935, 11,438 farm foreclosures for \$36,209,951.96 and lists the amount of \$399,589,441.38 as delinquent.

With an estimated 127,000,000 population for the continental United States in 1935, the farm population represents over one-quarter of our people and is the largest single group affecting the economic life of the country. Since one-half of farm operators are not owners and less than 40% of United States farm land is owned by the operator it is easily apparent that thirteen of every one hundred people are existing in a state of land slavery that affects all of us. The financial problems and income of these persons are even worse.

The index value of the farmer's dollar as computed by the United States Bureau of Agricultural Economics based on 1910-1914 as par, showed a ratio of 86% in 1935. It was as low as 61 in 1932 and fell to 77 in 1939.

These figures mean that the farmer received, for instance, in 1939 an average of 93 against a cost to him for living and production commodities of 121. Only the fact that the farmer receives certain values from his farm such as room and board, enables him to continue at all. If such impossible conditions are long continued it is difficult to foretell what may happen to our way of life. There is no "foreign dictator" who offers as much danger to democracy.

Henry George says in "Protection or Free Trade" (1886), "The dangers to the Republic come not from without but from within. What menaces her safety is no armada launched from European shores, but the gathering cloud of tramps in her own highways. That Krupp is casting monstrous cannon, and that in Cherbourg and Woolwich projectiles of unheard-of destruc-

tiveness are being stored, need not alarm her, but there is black omen in the fact that Pennsylvania miners are working for 65 cents a day. No triumphant invader can tread our soil till the blight of 'great estates' has brought 'failure of the crop of men'; if there be danger that our cities blaze, it is from torches lit in faction fight, not from foreign shells."

What foresight had this man! Miners are still shedding blood in their fight for better conditions. Farmers by the thousands have been wandering our highways unable to find land on which to produce.

The total cash income of farmers in 1939 was \$8,539,602,000. Of this, \$807,065,000 or almost 10% represents payments by the government, or payments contributed largely by urban taxpayers in addition to the original cost of farm products that they must pay. The only period of prosperity for the farmer, or the years in which the ratio of prices received to prices paid for commodities exceeded the par of 1910-1914 were the years 1917-1920 inclusive. Some individual farmers and some individual products have shown better than average earnings at times, but it is the median average that shows the trend and the model average that shows the condition of the class as a whole.

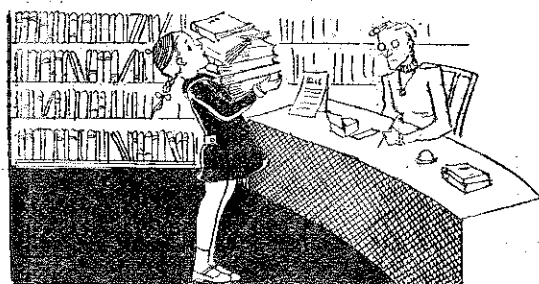
Against an average wage in manufacturing in 1937 of \$1,376.00 per worker, the average farmer showed an estimated cash income of under \$800.00. With exports now greatly eliminated real farm income will drop still further though with inflation it may show an apparent dollar increase. Evidence of this is shown by the drop in cotton exports from 66.2% of production in 1932-3 to 28.6% of production in 1938-9, the lowest figure in our times and far below the 38.1% for 1917-8, the year of unrestricted submarine warfare and shortage of cargo ships.

These statistics indicate but one thing. The whole farm problem in general and farm tenancy in particular are fraught with danger—danger to our economy and to our democracy. Danger here and now. Dictatorial control by government

has appropriated the wages of industry in order to pay the financial losses of agriculture. It has been dictatorial in the sense that it was brought about and exercised by conditions about which the people never have been truly and intelligently enlightened.

All the artificial controls that may be devised, however, cannot stop the functioning of natural economic law. Yet action taken to avert disaster for 25% of our people has very evident reactions upon the remaining 75%. A rapidly increasing population has previously hidden our basic economic faults through spurts of prosperity. The future can promise no continuance of this. Statisticians and economists have been and are warning us that the population trend is towards stabilization. If we are to exist with a constant population we must maintain an economy that will support all men in justice and equality. Today many see their only hope in a completely socialized state. No matter what the name of that socialized state may be; Communist, Fascist, Nazi, or New Deal, it means sacrifice of our liberties, of the freedoms for which, through the years of struggle, we have fought and died.

There is but one efficient remedy for this state of affairs, and it is an economic fact which has always been a fact, which cannot be disabled or proved false by any population trend. Only freedom can make men free. Our freedom to speak and write, to worship and assemble, must be augmented by the freedom to produce and exchange. The savage, without benefit of education and technology, still maintains himself because he is free to address himself to the resources of nature for the satisfaction of his desires. In our ignorance, we have given to a few of us the authority to shut us out from this same storehouse. But those who gave the authority can take it back, if they will. If we permit an archaic system of landownership and the "vested rights" of monopoly to continue to deprive us of access to the bounty of the Creator, we have only ourselves to blame.



The BOOK Trail

BASIC PRINCIPLES OF ECONOMICS

By Harry Gunnison Brown

Lucas Bros. (Columbia, Mo.)

Most men, said Oscar Wilde (wasn't it?) kill the thing they love. Communities and civilizations sometimes do the same. The American people are committed by tradition, by preference, by every conceivable bond, to the theory that there can be no good society save it be based upon liberty, equality, justice—in short, upon the guarantees of the Bill of Rights. The concepts of free enterprise and individual initiative are implicit in the American Credo. Americans generally detest collectivism; there have even been written into statute law provisions discriminating against individuals who adhere to the Communist party. And yet, despite this love for and faith in free enterprise, the ideal itself is not only as remote today as it ever was, but appears even less attainable than before. Indeed, by preaching freedom on one hand and seeking special preferential legislation on the other, huge pressure groups in our body politic threaten to wreck the very system of private enterprise to which they give not wholly insincere lip service.

Such, it seems, is the point of view from which Professor Brown approached the subject of political economy in his new textbook. "I have attempted here," he says, "to present a sort of philosophy or defense of the price system (capitalism)—not a defense of it as it is but an explanation and defense of it as it might be." In the words of his publishers, he raises by implication the question, "Are we sabotaging our system of free industry, the competitive, voluntary price system commonly called capitalism?"

Those who know Professor Brown will not be surprised to learn that his book gives full and adequate treatment to the nature of rent (i.e., the rent of land) and the social and economic effects of our system of land tenure, and examines in some detail the speculations raised by proposals to shift taxation to the site value of land. His penetrating analysis of the relation of "vested rights" to the taxation of land values follows much the same line as in his earlier "Economic Basis of Tax Reform" and his still earlier "Theory of Earned and Unearned Incomes"—an analysis which caused Hotelling of Columbia to observe (*Econometrica*, 1938, p. 256) that "The proposition that there is no ethical objection to the confiscation of the site value of land by taxation, if and when the non-landowning classes can get the power to do so, has been ably defended by H. C. Brown."

Professor Brown makes, in connection with supposed extreme rates of return on capital, one point which is generally overlooked in arguments on entrepreneurial profits, but which, if properly apprehended, helps to clarify one or two much mooted questions. "Some of the incomes which are often thought of as unearned are chance gains so offset by corresponding deficiencies at other times, as to mean no average loss to the public." The "corresponding deficiencies" may of course be in other places, rather than at other times. Such unusual profits as are reaped by (e.g.) successful cigarette manufacturers may well fall into this category; if we consider them as a chance gain, offset by the losses of those who try to crash the cigarette market and fail, we have

at least some basis for assuming that the expectation of profit is approximately equal for all competitive capitalist enterprise, the principal difference being in the magnitude of the stakes.

But it is not possible to dismiss the book with unmixed praise. Its length (507 pages, not counting the appendix, glossary and index) is forbidding, and likely to frighten away students who might profit by it—unless, of course, they read it as a text book, under duress. This forbidding aspect is somewhat enhanced by having the book printed on comparatively thick paper. (The print, however, is large, and the style smooth and readable.) Again: the discussion of the rent of land occupies the closing portion of the book—and unless student practice has changed considerably since the writer's own day at Missouri University, there is reason to fear that the majority of students will never "get to that part."

On the other hand, the work's value as a text is probably enhanced by this arrangement, at least from the point of view of those teachers of economics who diverge most sharply from Dr. Brown on the rent question. The earlier chapters of the work, though individual and provocative, are nevertheless not so unorthodox as to be revolutionary. All in all, the book deserves a large readership, and may yet wield an important influence in shaping American economic destiny.

It may not be cut of place to include here a word of appreciation for Professor Brown's gracious acknowledgment of material which appeared originally in *The Freeman*.

PAUL PEACH

The Shovelcrats

By CRAIG RALSTON

(Continued from last month.)

His most startling theory was that Dry Lake City had actually been impoverished. The advance in shovels, he claimed, created an army of idlers and robbed the camp of wealth their labor would have produced.

To give work to these idlers, the camp embraced protectionism and the protective tax. The protective tax was a consumers' tax—that is, each consumer paid the tax in proportion to the beans he ate. Rich men devour about the same quantity of beans as their less affluent brothers; hence, rich and poor were taxed at the same rate. The poor, being more numerous than the rich, paid by far the greater share of the whole. Protection therefore broadcast increased poverty to the poor.

Under normal conditions, the affairs of Dry Lake City might have been expected to go on quite competently. Employment should have been stable, the wage was sufficient, and every man was under contract to hold his job. The whole term to be occupied in the completion of this great project might have been counted on as remote from upheaval. This calm was broken by Martin and his theories of wealth.

Within two years, business and finance assumed bewildering complexity. The business element adopted the Martin dogma, and held its author in reverential awe. Bankers, who opened offices to accommodate the public, were its strongest sponsors and since they were supposed to be financial experts, their judgment carried weight.

Shovels came to be recognized as the basis of credit. The banks, which had become deeply involved in all affairs affecting shovels, preferred shovels as collateral, rather than the ability of the borrower to produce enough earnings to pay. So did trust, insurance, and investment companies. A huge artificial credit system was thus erected for which no one was responsible.

Martin utilized these facts as additional arguments for measures to sustain the value of shovels. Further, he demonstrated that any impairment of their value could not but ruin the financial institutions and their depositors and crush the city.

Morgan derided the credits and financial operations built on the going value of shovels. That shovels could be used as a credit basis, he did not deny—but he held it to be a questionable advantage. Men were buying shovels, gambling in shovels, and borrowing and lending on shovels—and some day, he thought, they would have a sad time.

The ensuing city campaign was keenly disputed.

Under Conservative guidance, great strides had been made in wealth and prosperity; Martin said so. Shovels were vastly more valuable. If Conservatives were returned to power they would revise the railroad farther outward, and make more work. He pointed with pride to what had already been achieved, and viewed Communists, of whom a few were about, with alarm.

What Conservatives did in increasing the value of shovels and revising the railroad outward was accomplished by utilizing the power of the State. Morgan protested in vain against the assumption that the

State should fix prices and wages and designate those to whom profits should go. When this is done, he maintained, the State will, to a considerable extent, select those who shall be rich. In a round-about way, it will at the same time nominate others to be poor.

"That's what the Reds want to do," Morgan said. "It does not change it to call it business when Conservatives do it, and confiscation when Reds do it. The results are the same—somebody gets what somebody else earned."

In fostering the doctrine that the State should allot wealth, Conservatives sowed seeds that would produce a bigger crop of Reds some day; so Morgan prophesied.

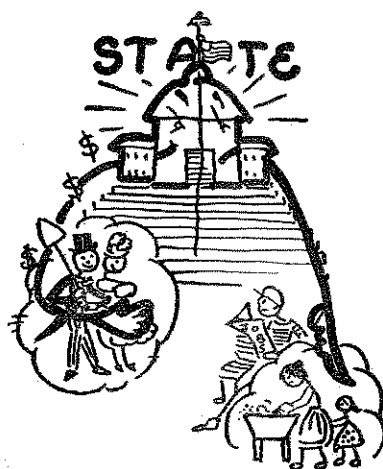
Martin won, and instead of being elected Mayor, Morgan went back to his trench with his \$7,500 shovel, protesting that its true value was \$1—the same shovel he started with, in breadth, depth, and material, except that it was a little worn.

Nature is patient. Her obvious purpose is to cooperate with man. When he blunders too much for cooperation, she tries to rectify his errors by striking a new balance.

When wealth accumulates as in Dry Lake City, it is because some expropriate the right of others to work. The losers are thus deprived of the chance to produce their own wealth and be their own masters.

In her own wise way, Nature intervenes. The expropriators, having made their piles, wax lazy and seek ways to enjoy their wealth in ease and comfort. This creates a new demand for service. In Dry Lake City, this demand gave employment to hundreds, who ministered to the wants and pampered the appetites of the new rich.

Others who could not obtain this work or did not care for it, begged on the streets or became criminals and held up those who possessed wages or dividends. This had a two-fold beneficial effect in affording relief; first, the mendicants and hold-



up-men established an occupation for themselves; second, it was necessary to employ a large police force, construct a commodious jail, and increase the number of criminal courts from one to five. All this afforded employment to some who patrolled the streets and arrested people; others watched the jail to keep the jail-birds from getting out; while a third group found jobs as judges sending them in.



An asylum for the insane had to be provided with a corps of guards and attendants. The rich went crazy in the struggle to get richer, and the poor because they were distracted with poverty.

* * *

In the eight years the Shovelcrats have ruled Dry Lake City part of a new generation has matured. Boys grew into manhood and contended lustily for shovels and bid the price up to get them. These youths were the recipients of much good advice from the better element, which being composed chiefly of the owners of shovels, had abundant time to offer it.

They were advised to marry young; not to marry until they had saved enough to buy a shovel; to rear large families; to restrict their families to the proper size; to marry a girl whose father had two shovels; not to drink intoxicants; to drown their troubles in more intoxicants; to put their money in the

bank; to spend their money, and boom business; to endure the lack of a shovel patiently in this world, and look for reward in the world to come; and the like.

Despite this good advice, there were tendencies that encouraged immorality. Caution prevented men from marrying until they were able to provide for a family, and as this became more difficult, caution became a source of immorality. Not being sought as wives, women crowded into occupations. Ties of the old home grew lighter for women who did not find new homes for themselves.

The community was richer than ever before. Never in the world's history had shovels been worth \$7,500. Shovel owners stated that they had sought men to operate these valuable shovels, offering to permit them to retain two-thirds their wages. The offers were accepted reluctantly, or not at all; therefore, it was clear that some of the people must be inherently vicious, deliberately preferring dissipation to probity and industry. Much was said about the incompetent and the unfit.

The better element organized societies, which employed watchers and detectives to peep about and see what they could see. The crusades were thought to be effective by their promoters, who as evidence of achievement, pointed to large numbers of the sinful in jail. With uplift committees perpetually in pursuit, armed with admonitions, search warrants, and injunctions, life for the shovel-less became one swift sprint between two eternities.

Men and women joined clubs, played cards, sought culture, amused themselves with dress, called protest meetings, or organized Leagues to suppress this or that. So much idleness among the rich naturally gave the cultured folk opportunity to devise endless schemes to uplift the social order and try them on the dog. In this case, the dog was the idle poor. Being idle, it had plenty of time to be the dog, and get uplifted.

* * *

As in all cities, journalists pilot

progress. Each has his favorite political party, which he asserts will increase the price of shovels faster than the opposing party. If he is not a party journalist, he turns independent, and searches relentlessly for good men with forceful characters to elect to office so they can rescue the camp from misgovernment, reduce the shovel tax, and thus increase the price of shovels more rapidly than the machine politicians.

In the theater the drama mirrors the longings and emotions of the people. Each workman would like to possess a shovel or a job, so that is the conventional theme.

The plot discloses the handsome youth, owner of perhaps 20 shovels who loves a beautiful maiden, who possesses no shovels. Over this incongruous situation, sentimental play-goers shed their tears—to be lifted into ecstasies when, as the curtain act, the affluent hero bursts the barriers produced by differences in shovels, and clasps the lovely, but shovel-less heroine to his manly bosom. Or it may be the well-worn theme of the honest, but indigent workman, whose shovel mortgage is about to be foreclosed in a snow storm, which affords the spectators the opportunity to hiss the heartless mortgagee.

(Continued next month.)



News of the Crusade for Economic Enlightenment

Edited by LAURA BREST

Joseph H. Pendleton

SAN DIEGO, Calif.—The Henry George School of Social Science has lost a devoted supporter of its principles and its work in the untimely passing of Major General Joseph H. Pendleton, of Coronado, California, at the age of 81. General Pendleton was a life-long follower of the philosophy of Henry George, and through a long and brilliant career continued to teach and spread the doctrines of a free economy. He was a sponsor of the San Diego Extension of the Henry George School of Social Science, and for years had remained one of its staunchest and most active supporters.

Born in Pennsylvania in 1860, General Pendleton was a descendant of one of the earliest Massachusetts families, his forebears having settled there in 1634. At the age of 18, he entered the United States Naval Academy, receiving the rank of second lieutenant of the Marine Corps in 1884. His promotions were constant, culminating in his being named a Major General in 1923. Since 1924, he has been on the retired list, spending his declining years in what could hardly be termed "retirement," as he continued to be enthusiastically active both in the Marine service and in the Henry George movement. An ardent worker in many fields, and a member of many fraternal and civic groups, General Pendleton attained affectionate distinction as "the most beloved officer ever stationed at San Diego" and "the father of the Marine Corps in California."

In announcing the sad news of the death of General Pendleton, Grant M. Webster, executive secretary of the San Diego Extension of the Henry George School of Social Science, stated: "He was a consistent and fearless advocate of Henry George's economic policies, and gave us his hearty support through a long career. His death is a great loss to our cause." General Pendleton was laid to rest in the Fort Rosecrans National Cemetery in California.

From the Pulpit

ST. LOUIS, Mo.—Laurance Robbins Plank, Minister of The First Unitarian Church, in St. Louis, Mo., devoted his entire church bulletin of January 25, 1942, to quotations from the works of Henry George. The topic of Mr. Plank's sermon for that day was "The Philosophy and Religion of Henry George" and on the following evening, Monday, the Discussion Group at the church, under Mr. Plank's direction, examined further the ideas of Henry George.

Change in Directorship

The resignation of Mr. Frank Chodorov as Director of the Henry George School and has been accepted by the Trustees of the School. Miss Margaret E. Bateman, Assistant Director has been appointed to succeed him.

Wedding Announcement

The marriage of Mr. William Witort and Miss Theresa McCarthy was performed by Monsignor Ligutti at the church of St. Philip de Neri in The Bronx on February 14th. Prior to her marriage Miss McCarthy had been working directly under the Trustees of the Henry George School of Social Science of New Jersey. Previously she had resigned from her voluntary duties as secretary of the Board of Trustees of the Henry George School of New York.

New York Faculty Meets

NEW YORK, N. Y.—A joint meeting of the faculty of the Henry George School of Social Science and the trustees of the New York School took place on February 28.

Speakers Bureau Reports

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

March 2—C. O. Steele at Young Women's Republican Club, Scarsdale, N. Y.

March 29—Henry A. Lowenberg at Sunday Evening Forum, Harlem Unitarian Church, N. Y. C.

April 5—Henry A. Lowenberg at Young Women's Republican Club, Scarsdale, N. Y.

April 7—Emanuel Choper at Readers Association, N. Y. Public Library, Westchester Square Branch, Bronx, N. Y.

George for Lunch

NEW YORK, N. Y.—A luncheon class for business-men has been instituted by Lancaster M. Greene, of the Henry George School of Social Science New York faculty, at the Railroad and Machinery Club, 30 Church Street, N. Y. C. Mr. Greene conducts these classes every Thursday from 1:00 to 2:00 P.M. There is no charge for the course, so if your friends are too busy to attend evening classes at the Henry George School, they might be able to partake of Georgism and luncheon simultaneously.

Schedule of Classes (Fundamental Economics)

Spring Term, 1942—New Jersey Extension

Henry George School of Social Science

Bloomfield	Public Library, 90 Broad Street	Tues. Mar. 3, 7:30 P.M.
Cranford	Haas Residence, 507 Orchard Street	Fri. Feb. 20, 8:00 P.M.
Dover	Public Library, 32 E. Clinton Street	Wed. Mar. 4, 7:30 P.M.
Elizabeth	Y.M.C.A., 135 Madison Avenue	Wed. Mar. 4, 7:30 P.M.
Hackensack	Y.M.C.A., 360 Main Street	Mon. Mar. 2, 8:00 P.M.
Irvington	Morrell High School, 1263 Clinton Avenue	Tues. Mar. 3, 7:30 P.M.
Jersey City	Y.W.C.A., 270 Fairmount Ave.	Fri. Mar. 6, 8:00 P.M.
Montclair	St. Luke's Parish House, 73 So. Fullerton Avenue	Thurs. Mar. 5, 8:00 P.M.
Montclair	Y.W.C.A., 25 Park Street	Wed. Mar. 4, 1:30 P.M.
Newark	Y.M.H.A., 625 High Street	Wed. Mar. 4, 8:00 P.M.
Newark	1 Clinton Street, Room 29	Mon. Mar. 2, 8:00 P.M.
Newark	Weequahic High School, 279 Chancellor Ave.	Tues. Feb. 10, 8:00 P.M.
Orange	Y.M.C.A., 125 Main Street	Mon. Mar. 2, 8:00 P.M.
Orange	Y.M.C.A., 82 Oakwood Avenue	Thurs. Mar. 5, 8:00 P.M.
Passaic	Fortsmann Memorial Library, Gregory Ave.	Tues. Mar. 3, 7:30 P.M.
Paterson	Y.M.C.A., 123 Ward Street	Thurs. Mar. 5, 8:00 P.M.
Summit	Y.M.C.A., 67 Maple Street	Wed. Mar. 4, 8:00 P.M.
Summit	Miller Residence, 100 Baltusrol Road	Thurs. Feb. 5, 8:00 P.M.
Westfield	Office of Dr. G. W. Eby 629 E. Broad Street	Tues. Feb. 17, 8:00 P.M.
Westwood	Public Library, 49 Park Avenue	Mon. Mar. 2, 7:30 P.M.

Classes in "Science of Political Economy"

Caldwell	Home of Mr. Addison K. Barry 86 Westover Road, W. Caldwell	Wed. Feb. 11, 8:00 P.M.
Maywood	First Presbyterian Church Maywood and Thoma Avenues	Tues. Feb. 24, 8:00 P.M.
New Brunswick	Y.M.C.A. Livingston Avenue	Fri. Jan. 30, 8:00 P.M.
Newark	1 Clinton Street, Room 29	Fri. Feb. 27, 8:00 P.M.

Objections Overruled

Q. When by taxing both land and improvements we are still unable to raise enough revenue to meet the expense of government, how can we hope that a single tax on land values will be adequate?

A. Even if it were inadequate we should exhaust the possibilities of the more advantageous method of raising revenue before we turn to something less advantageous. But in point of fact, there is no reason for anticipating any deficit. With poverty and war abolished, governments would not need huge revenues.

Classes in Montreal

MONTREAL, Can.—In February, the Henry George School of Social Science in Montreal opened three new classes. Three new classes in Progress and Poverty were opened in the Henry George School of Social Science in Montreal, under the direction of Mr. Mathieson, Mr. Markland and Mrs. Russell. John Anderson, President of the Henry George School in Montreal, is conducting a class in "Protection or Free Trade," and Mr. Markland has also undertaken the instruction of a small group in "Democracy vs. Socialism."

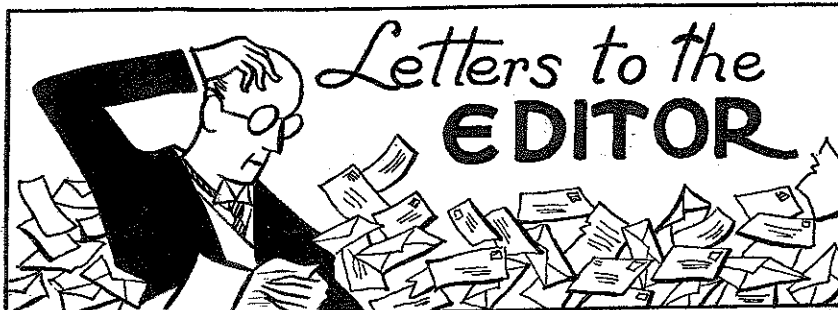
Ban Goods from Heaven

"A meteorite which fell in the United States was located by a farmer, who found the mass of molten iron in his field and began to exhibit it for profit. Along came the landowner, who pointed out that, as he retained all mineral rights, the meteorite was his property, and that all exhibition fees should be paid over to him. The dispute was still unsettled when the Customs officials intervened and confiscated the meteorite as unmanufactured iron which has entered the United States without paying duty."—"Square Deal," Toronto, Canada, March-April, 1941.

The Small Shall Be Great

NEW YORK, N. Y.—In Conn. Mutual Life Insurance Co. vs. Stinson, 62, Ill. App. 320, it was held that while one-vigintillionth part of the front end of a lot is so minute as to be unappreciable by the physical senses, nevertheless the mind recognizes it as a real entity, and a title obtained to it by a deed under a tax sale would cut the owner off from access to the street, and render him guilty of a technical trespass whenever he passed over it. (Case & Comment, January, 1942.)

A vigintillion is a billion billion billion billion billion billion billion—one followed by 63 zeros.



Belief in the divine right of kings has faded; but the divine right of landowners survives—under the name of "right to property"—the divine right to collect tribute.

As we look about and see the present possession and distribution of land, and the vast number of men who have no land, and cannot secure any, the problem of securing their natural rights to all men may seem impossible, a mere dream.

The real difficulty will be to educate men to recognize their natural rights, and how they may be realized. This is what the study of Henry George means.

John Harrington
Oshkosh, Wis.

* * *

A bouquet for "The Shovelcrats"! I hope you realize what a treasure you have in this tale. I hope you are holding the type on this, and planning to reproduce it in booklet form. It's important.

I'm teaching economics this year to college freshmen, and I'd like to put it in the hands of every one of my students. I beg of you to issue it in pamphlet form. It's simply priceless, and should be permanently available.

Morgan Harris
Los Angeles, Cal.

Editor's Note: We are indeed saving the type on Mr. Ralston's unique story, and plan to follow Mr. Harris' suggestion.

* * *

In the February issue of *The Freeman* I find an article, "Wanted: A Religious Textbook," which must be decidedly opposed, because it clearly demands the introduction of religious instruction in our schools under the cloak of a religious-moral textbook.

The introduction of "released time" to let children out of school for instruction in their own churches, was the first bashful step, and the author of this article refers with satisfaction to this and at the same time to a recent act of Parliament making religious instruction and daily worship a statutory requirement in every school.

Such a totalitarian-like ordinance in a democracy needs by no means to be a

model for us. Our Constitution secures religious liberty; such an ordinance would be an invasion of that guaranty.

The immorality of land-ownership can be shown without reference to any religion.

Andrew Cordian
Flemington, N. J.

* * *

Your article, "A Religious Text Book," greatly interests me. At the best, the church has become a social unit in which the teachings of Christ do not play any weighty part. At the worst it has become a corrupt political system completely divorced from the teachings of Christ and, in fact, perverting them.

Any religious teaching the church may dole out is incidental. It is useless to try to bring about reform. Your article, "A Religious Text Book," is the right solution.

A. G. Tillotson
Jamestown, N. Y.

The Freeman

A Monthly Critical Journal of Social and Economic Affairs

Editor: C. O. STEELE

Assistant Editor: PAUL PEACH

Associate Editors

Sydney Mayers John Lawrence Monroe
Harry Gunnison Brown Laura Brest
George Bringmann Sylvia Wiren

* * *

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The Correspondence Department of the Henry George School of Social Science is seriously considering converting its present question-and-answer lesson sheets to a series of multiple-choice questions. Readers of *The Freeman* are invited to take the following test, which has been submitted as a possible question sheet for Lesson 1 (Book I, "Progress and Poverty"). If you will send your answers in, you will receive a correction sheet.

Question 1.

In recent years, much attention has been given to the study of the meaning of words. When we use words in shifting or inexact meanings, we are likely to fall into (a) bad grammar (b) illogical conclusions (c) untrue statements (d) pedantry (e) illiteracy.

Question 2.

In beginning the study of political economy we find that many common words are used with special meanings. This circumstance (a) is common to all specialized fields (b) shows that political economy is different from other sciences (c) shows that political economy is a real science (d) shows that political economy is not a real science (e) proves the inadequacy of language to express ideas.

Question 3.

In political economy, the term **labor** is applied to (a) all who work for an employer (b) all who receive a stated compensation at fixed intervals (c) all human exertion directed toward the production of wealth (d) mechanics and others who work with their hands (e) those who work in a subordinate capacity.

Question 4.

A group of four men includes a carpenter, a truck driver, a newspaper editor and a factory superintendent. Of these, (a) none (b) one (c) two (d) three (e) all should be excluded from the economic category of labor.

Question 5.

From the viewpoint of political economy, a dollar bill is not wealth because (a) most of our business is transacted with checks, not cash (b) printing more dollar bills would not make the community richer (c) paper money has no intrinsic value (d) our paper money is not backed by sufficient bullion (e) our paper money is not redeemable in gold.

Question 6.

Many modern text books give the factors of production as land, labor, capital, government, and enterprise. If, however, we go to fundamentals we can omit from this list (a) government (b) enterprise (c) government and enterprise (d) capital and enterprise (e) capital and government.

Question 7.

Indicate which one of the following is land: (a) a wild animal (b) a vegetable garden (c) an oil well (d) an irrigation ditch (e) the lake behind a dam.

Question 8.

Indicate which one of the following is not capital: (a) money in the bank (b) a miner's pick (c) a storekeeper's fixtures (d) a factory (e) a locomotive.

Question 9.

I possess a slave, a government bond, a guitar and a good singing voice. Of these four, (a) none (b) one (c) two (d) three (e) all are wealth.

Question 10.

A group of men includes a farmer, a miller, a store-

keeper and a delivery boy. Of these, the activities of (a) none (b) one (c) two (d) three (e) all are part of the production of wealth.

Question 11.

A loaf of bread goes through five stages: (a) taken from oven in bakery (b) delivered to grocery store (c) delivered by storekeeper to consumer (d) placed in consumer's breadbox (e) eaten by consumer. Which of these stages is the last in the process of production?

Question 12.

Which part of the following definition can be omitted? "Wealth consists of objects which are (a) material, (b) have exchange value, (c) are produced from natural raw materials (d) by labor (e) and capital."

Question 13.

Rent is defined as payment for the use of (a) any borrowed equipment (b) a room or apartment (c) land (d) real estate (e) durable goods.

Question 14.

"Distribution" means (a) the delivery of the product to the ultimate consumer (b) transportation (c) merchandising (d) both transportation and merchandising (e) the apportionment of the product among the factors of production.

Question 15.

The categories of distribution are given by some writers as rent, wages, interest, taxes and profits. From the standpoint of fundamentals, we may omit from this list (a) none (b) the first two (c) the last one (d) the last two (e) the last three.

Question 16.

I own and personally superintend an apartment house, built on land which does not belong to me, but which I occupy on lease, paying the full market value. The income I derive from this property consists of (a) rent (b) rent and wages (c) wages and interest (d) rent and interest (e) rent, wages and interest.

Question 17.

I own an apartment house, together with the lot on which it stands, but do not personally provide any services or take a hand in the management of the property. The income I derive from it consists of (a) rent (b) rent and wages (c) wages and interest (d) rent and interest (e) rent, wages and interest.

Question 18.

In a group of five persons, one (a) is a miser and lives off his hoard, another (b) lives on royalties from mineral rights, another (c) on his salary as manager of a large manufacturing corporation, another (d) on a pension, and the last (e) by taking in washing. Assuming that none has any other source of income, which one is a capitalist?

Question 19.

Identify the true statement among the following: (a) All wealth is capital (b) Some (not all) wealth is capital (c) Some (not all) capital is wealth (d) No wealth is capital (e) No capital is wealth.

Question 20.

The political economist can discuss wealth in general instead of specific kinds of wealth because all wealth is (a) material (b) valuable (c) exchangeable (d) the product of labor (e) the object of desire.

PRICE GOING UP!

On March 15, 1942, the annual subscription price of The Freeman will be increased to \$1.00. All subscriptions postmarked after midnight of that date will be at the new rate.

The necessity for taking this action need surprise no one; most of us are familiar with the rapid rise in costs. Skilled labor is increasingly at a premium. Paper is rising rapidly in price, and may eventually become unobtainable at any price unless buyers are willing to accept lower grades.

The test of the desirability of any commodity or service is its ability to survive in the competition of a free market. It is proper, then, that the readers of The Freeman should bear the principal burden of defraying its costs. There will, of course, be no change in the policy of The Freeman with respect to art and literary work; these will be done on a volunteer basis, as heretofore.

Subscribers who wish to do so may renew at the old rate within the time specified. Use the coupon.

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This offer expires at midnight, March 15th, 1942.