

## HENRY GEORGE NEWS

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## The Power of An Idea — V. G. PETERSON

"INVINCIBLE to armies," said Victor Hugo, "is an idea whose time has come."

The power of the Henry George idea made its first impact in England. It fed directly into that great stream of liberal thought to which Locke, Mill and Adam Smith contributed and, as George Geiger says in his book, *The Philosophy of Henry George*, "both the tradition of land reform and also the more specific and concentrated phrasing of that reform as it is stated in the pages of *Progress and Poverty* have found a degree of expression in the financial legislation of Great Britain."

The Lloyd George budget of 1901—a complicated four-part bill which was finally so emasculated by amendments as to defeat its purpose—was one of the first efforts made in England to raise public revenue by a tax on land values. The Snowden budget of 1931 was a simpler proposition which, in the main, contemplated a tax of a penny (two cents) on the pound (480 cents) on unimproved value. Snowden's familiarity with *Progress and Poverty* is clearly demonstrated in his many speeches made in support of the budget. For instance—

"... Land differs from all other commodities in several respects. The land was given by the Creator, not for the use of dukes, but for the equal use of all His people. A restriction in the freedom to use land is a restriction on human liberty and freedom. Every increase in population, every expansion of industry, every scientific development, every improvement in transport, all expenditures of public money, indeed, every child born, adds to the rent of land."

In Australia, New Zealand, Canada, South Africa and South America, measures of land value taxation have been carried. That the results have been meager is easily understood by those who know that until the full economic rent of land is collected and other taxes abolished, poverty must continue to fester although some conditions may be partially improved.

In Denmark the work of the Land Value Taxation group has had marked success, a success the more significant because of the friendly attitude of the farmers. In

1915 a measure was adopted providing for the separation of improvements from land for valuation purposes. The bill provided for the immediate revaluation of all land and, after 1929, for revaluation every five years. "This provision," Geiger says, "gave the land value taxonomists a strong foothold and in succeeding years they managed to influence the Social Democrats to turn at least a degree in the direction of Henry George. The final result was that on August 7, 1922, the Danish Government enacted a small national land value



tax equivalent, comparing it for example with the English Finance Act of 1931, to a third of a penny in the pound. In addition, all improvements under approximately \$2,700 were exempt from taxation."

In Germany, the immediate effect of *Progress and Poverty* was to vitalize the work of the land reformers and to bring about small measures of land value taxation in some provinces. Later, in 1924, the Weimar Constitution made provision for the collection of the unearned increment of land in these words: "An increase of the value of land arising without the application of labor or capital to property shall inure to the benefit of the community as a whole."

The influence of Henry George is to be found in the writings of Tolstoy, in Russia, and in the work of Sun Yat Sen, in China. "People do not argue with the teaching of George, they simply do not know it. And it is impossible to do otherwise with his teaching, for he who becomes acquainted with it cannot but agree," wrote Tolstoy in his essay, "A Great Inquiry." "Sun Yat Sen," his successor, Wang Ching-wei,

told Paul Blanchard, an American journalist, "was greatly influenced by your American radical, Henry George. His economic program, which is ours, means three things: Henry George's method of assessing land, definite laws against monopoly under private ownership, and Government ownership of large utilities. We propose to realize this program without violence and without confiscation."

To extend much further this review of the experiments in land reform that have been tried would be to draw out too long what is, after all, only a by-product of the main idea. George's is not a tax reform program. It goes deeper than that. As Philip Cornick put it so succinctly in the March, 1949 issue of *The Henry George News*, "he [George] set forth his objective in six short words: 'We must make land common property.'"

That Henry George was an important influence in the Progressive Movement that dominated American politics for fifteen years prior to World War I, has long been recognized. A good summary of this is contained in an article by Ransom E. Noble, Jr., entitled "Henry George and the Progressive Movement," appearing in the January, 1949 issue of *The American Journal of Economics and Sociology*. "Some Progressives," says Professor Noble, "were so thoroughly identified with George's idea that their names need only be mentioned to recall his vital influence in that era. Preeminent was the Cleveland group: Tom Johnson, the millionaire monopolist who was converted to the single tax and devoted the rest of his life to a fight for municipal ownership; Peter Witt, his lieutenant, whose 'tax school' was an education in the principles of equitable assessment; Newton D. Baker; who as late as 1914 avowed himself a firm single taxer, hoping that he might some day see with the vision of his master, Tom L. Johnson; and, of course, Frederic C. Howe, 'perhaps the most complete and deliberate single taxer' of the whole liberal group. Equally prominent were men like Brand Whitlock, understudy and successor to Mayor

### This I believe and this doctrine I must teach:

"The Almighty, who created the earth for man and man for the earth, has entailed it upon all the generations of the children of men by a decree written upon the constitution of all things—a decree which no human action can bar and no prescription determine."  
—*PROGRESS AND POVERTY* Book VII, Ch. 1, P. 339  
The Modern Library Edition

"The law of human progress, what is it but the moral law? just as social adjustments promote justice, just as they acknowledge the equality of right between man and man, just as they *inure to each the perfect liberty of every other*, must civilization advance."  
—*Ibid.* Book X, Ch. 3, P. 526

For the last seventy years the doctrine of socialism, that there is no natural law which governs human affairs and there is no standard of right and wrong save what the law decrees, has been gaining a stronger hold on men. No one knows how long these ideas will control. Mankind will reap what it sows.

The rights of man are like the axioms of geometry—they are eternal. The application of the axioms to the affairs of men varies from time to time and place to place.

It's the axioms that are necessary.

—LAWSON PURDY

'Golden Rule' Jones in Toledo, and Louis F. Post, assistant secretary of labor in the Wilson administration, whose speeches and writings as well as his long editorship of *The Public* made him an expositor of single tax doctrines second only to George himself.

"A somewhat longer word needs to be said about another leading Progressive, William Simon U'Ren of Oregon," Professor Noble continues. "U'Ren is perhaps the most interesting example of the effect of Henry George upon attempts to reform American political machinery. He is

(Continued on Page Four)

# A Word With You

By ROBERT GLANCY

The now-famous Point Four — President Truman's "bold new program" — calls for improvement of the under-developed areas of the world. A worthy goal.

The first step, of course, will be to request a Congressional appropriation of many millions of dollars. This will be simply for turning the idea into a program. How much more the carrying out of the program will cost is another matter.

Perhaps a step that should precede this "first" step is the settling of some questions:

What is "under-development"?

Is not the measure of the need for land development expressed in land value? In that case, is it necessary to look to far-away places? I can think of a lot of places right here in New York that could stand such development.

If there are under-developed areas in remote corners of the globe (assuming you will accept land value as the measure), why aren't folks there doing a little developing? I wonder if we would find very different causes from those at the bottom of our own under-development? To wit: monopoly of natural resources by privileged groups, practices that stifle production and trade, burdensome taxation and similar all-too-familiar phenomena.

"Lack of venture capital," you might say. All too often "investments of capital" have been made to secure control over natural resources rather than to develop them. If some of the causes noted above were removed, wouldn't more venture capital turn up — the kind that is used for *production*, that is?

Here's another matter the program boys might think about: President Truman asked that developments be carried out in a way "to benefit the peoples of the areas in which they are established." What is going to be the effect of these projects on land values? If developments do take place in areas where there is some logical need for them, certainly land values will soar. Who will benefit? Not the peoples of the areas, if the increased rents go into the pockets of landowners.

This is a problem that can be anticipated, but you needn't wait for it — because we've already had it with us for a long time. Why not take the rent of land, as is, in taxation, and abolish other taxes? You'll see a "bold new program" develop naturally that will knock your eyes out — without a Congressional appropriation.

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## VIEWS OF THE NEWS

By SYDNEY MAYERS

Progress in chemistry, states a noted Harvard professor, will make it possible for inexhaustible natural resources to support a population in the United States of a billion, and in the world of fifteen billion. Poor Doc Malthus must be spinning like a top.

The commercial practice of "fair trading" — fixing retail prices under permissive state laws — is a dangerous restraint of trade, keeps prices up, and "undermines the basic tenets of a competitive economy." So says the Assistant United States Attorney General in Charge of the Anti-Trust Division.

Writes Contributor L. Leo Greenwald, "I am old enough to remember when this country became quite excited over the first federal budget of a billion dollars—now both New York City and New York State have budgets of similar amounts." Leo, we can remember when a *million* bucks was considered a lot of money!

The National Conference of State Liquor Administrators attributes current increases in moonshining and bootlegging to inordinately high taxes on spirits. Would that moonshining and bootlegging were the greatest damage brought about by taxation.

India's delegate to the U. N. has called upon the United States to aid in developing the enormous potential demand for consumers' goods among millions of Asians, as an effective answer to the threat of over-production and depression in Europe and North America. This is a commendable proposal, but then how is this "demand" to cope with the ubiquitous international trade barriers that prevent productive "supply" from satisfying it?

The notorious Long Island Railroad, desperately struggling for survival, pleads to be released "for a while" from its taxes. For once this much maligned enterprise has our sympathy.

New York's Court of Special Sessions has been imposing work-house sentences on what it terms "rent gougers." If those petty operators are rent gougers, what shall we call private landowners who mulct production for all the traffic will bear?

We quote a discerning comment by Crown Prince Aduaye Emeni of Kwali, member of Liberia's U. N. delegation. Said His Royal Highness, "I don't believe that any law to force social equality will do the Negro people any good. If you improve their economic status, the Negro people will create respect, not have to demand it."

A leading Belgian merchant declares that a downward revision of America's present high customs duties would be of immeasurable value to Europe. As a postscript, we might add that eliminating *all* tariffs would be of immeasurable value to the entire world.

A new law makes it a criminal offense in New York to buy more than 400 cigarettes in another state for use here, labeling such buyer a tax-evading dealer. What has happened to our Constitutional protection against state tariffs and bills of attainder?

Argentina has cut imports from the United States by 75 per cent. That's cutting your exports to spite your dollar reserve!

A fairly close relationship exists in most countries between low per capita incomes and a high percentage of the population engaged in agriculture, according to a Twentieth Century Fund study. Not only is this relationship "fairly close," but, as Henry George pointed out long ago, it is inevitably connected.

The campaign of certain nations to raise crude rubber prices by getting the United States to restrict its production of the man-made kind has been called "a cartel road which leads to totalitarianism." May we respectfully observe that only "legal" monopolies, especially of land, make such cartels possible?

## Econo-quiz

By HENRY L. T. TIDEMAN

*Question:* In *Progress and Poverty*, page 199, Henry George refers to the possibility of turning labor into capital rather than employing it directly at the production of wealth. It seems to me that my expenditure of labor in production must result in tangible articles of wealth which, before they reach the consumer, are capital. Actually, does not capital result from all labor engaged in production?

*Answer:* There is an elision in the thought process in the above. Change the verb "are" to *become*, in the phrase "before they reach the consumer," and the ideas will straighten out: The results of labor in production are wages, interest and rent. In some occupations the products have no other possible economic use than as capital. Examples of these are the manufacture of agricultural machinery, factory machinery, trucks, locomotives and other railroad equipment and the erection of buildings for manufacturers and traders.

Though it is proper to refer to the products of these occupations as capital, for that is the intention in their manufacture, still, they remain wages, interest and rent until they enter the market, becoming wealth in the course of exchange, that is, capital.

If we consider the primary occupations, those which extract wealth directly from nature; in such an occupation as agriculture; a crop having been planted, a continuous increase in value occurs, from planting to harvest time. This daily increase, the total of which becomes available at the end of the season includes the return to each of the factors in production, again, wages, interest and rent.

Now it occurs that producers may not consume directly all the wages, all the interest, or all the rent they produce. Having products for exchange, these products when placed into the market become capital and remain such until taken out of the market for consumption and are replaced by other products, which then become capital.

The words, wealth, capital, rent, wages and interest, are abstractions. They are functional separations of idea which, though they all treat of the same thing, treat of it in its various uses. We must keep each idea in its proper relation with the others. Wealth cannot be treated of as capital until its functions as wages, interest and rent have been completed. Then, if it is devoted to the further production of wealth, it will be comprehended as capital.

# Human Rights — An Economic Paradox

By JOHN STURGIS CODMAN

*A Paradox: "An assertion or proposition seemingly absurd, yet true in fact; a seeming contradiction."*

IT IS BELIEVED that the two propositions concerning human rights as given below are each descriptive of conditions that are essential to the freedom of the individual. On the other hand, it seems that, if one of these propositions be true, the other cannot be true. Here then is the paradox to be resolved. How can these two apparently contradictory propositions be reconciled?

*Proposition No. 1:* That every human being when born into the world has by that fact alone an equal right with all other human beings to a place on the earth and to the use of the earth's natural resources. This right is violated if any one or more persons or nations can effectively claim *exclusive possession* of any portion of the earth.

*Proposition No. 2:* Every human being has a right to the full product of his labor. In order to secure this right, he must have temporarily or permanently the *exclusive possession* of the portion of the earth on which his labor is to be expended so that his labor may not suffer from interference, nor his product be acquired by others.

Now it may be that some persons will at once deny that the above two propositions constitute any paradox at all, because one or the other or both of the two propositions include statements of human rights which, in their opinion, are not valid. Or, they may maintain that such a thing as a human right does not exist. It is well, therefore, to examine these statements and to compare them with the ideas of some of the leading thinkers of the world as to their validity. For this purpose the following quotations are offered, first those in regard to the statement of a human right as given in Proposition No. 1 and then those in regard to the statement of a human right as given in Proposition No. 2.

## QUOTED STATEMENTS IN REGARD TO PROPOSITION NO. 1

The Declaration of Independence:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness."

Thomas Jefferson from Ford's *Writings of Jefferson*:

"Whenever there are in any country uncultivated lands and unemployed poor, it is clear that the laws of property have so far been extended as to violate natural law. The earth is given as a common stock for men to labor and live on."

Abraham Lincoln from *Lincoln and Men of his Time*:

"The land, the earth God gave to man for his home, sustenance, and support, should never be the possession of any man, corporation, society, or unfriendly government, any more than the air or water, if as much."

Karl Marx, *Das Kapital*, Vol. III: 901-2:

"From the point of view of a higher economic form of society, the private ownership of the globe on the part of some individuals will appear quite as absurd as the private ownership of one man by another."

Henry George, *Progress and Poverty*, page 294 - 50th Anniversary Edition:

"... As land is necessary to the exertion of labor in the production of wealth, to commend the land which is necessary to labor, is to command all the fruits of labor save enough to enable labor to exist."

Sumner Welles, Acting Secretary of State, July 22, 1941:

"... No peace which may be made in the future would be valid or lasting unless it established fully and adequately the natural rights of all peoples to equal economic enjoyment. So long as any one people or any one government possesses a monopoly over natural resources or raw materials which are needed by all peoples, there can be no basis for a world order based on justice and on peace."

Herbert Edgar Holmes *The Makers of Maine* 1912:

"We may pass with barely a thought the fact that European sovereigns had no rights, founded on the principles of justice, to assume to grant to favorite subjects vast tracts of land in the Western Hemisphere from which all existing land titles have emanated. For the sovereigns did not receive title to the land by gift of God."

Leo Tolstoi in *Resurrection*:

"The earth cannot be anyone's property."

Herbert Spencer:

"Equity, therefore, does not permit property in land. For if one portion of the earth's surface may justly become the possession of an individual and may be held by him for his sole use and benefit, as a thing to which he has an exclusive right, then other portions of the earth's surface may be so held, and eventually the whole of the earth's surface may be so held; and our planet may thus lapse altogether into private hands."

Harold R. Stassen, Boston Gardens address, April 1, 1949:

"I have a deep and abiding faith [in] the concept of the natural rights of man."

## QUOTED STATEMENTS IN REGARD TO PROPOSITION NO. 2

Henry George, *Progress and Poverty*, page 334 - 50th Anniversary Edition:

"What constitutes the rightful basis of property? It is not, primarily, the right of man to himself, to the use of his own powers, to the enjoyment of the fruits of his exertions? As a man belongs to himself, so his labor when put in concrete form belongs to him. And for this reason, that which a man makes or produces is his own, as against all the world — to enjoy, to exchange or to give. No one else can rightfully claim it, and his exclusive right to it involves no wrong to anyone else."

John Locke in *Essay on Civil Government*:

"Yet every man has a property in his own person. The labor of his body and the work of his hands are properly his."

Thomas Paine in *Agrarian Justice*:

"... It is the value of the improvements only, and not the earth itself that is individual property."

John Stuart Mill in *Principles of Political Economy*:

"The essential principle of property being to

assure to all persons what they have produced by their labor and accumulated by their abstinence,..."

Chamber of Commerce, Nation's Business, August, 1941:

The Three Vital Rights: The right to work in any lawful occupation. The right to refuse to work. The right to the fruit of such labor.

## VIOLATIONS

The inability to reconcile these two propositions has resulted in the violation of both the rights involved in them, namely the rights of every human being (a) to a place on the earth and to the use of the earth's natural resources, and (b) to the full product of his labor.

Let us see how number 1 right has been violated. Under our social order, which permits the private holding of exclusive title to a portion of the earth's surface, it is obviously possible for the titleholder to demand payment from others for the use of land, thus depriving others of their primal right to the earth. A feature of the consequent disorder is withholding of valuable land from use for speculative purposes, thus restricting industry and promoting involuntary unemployment.

On the other hand, a man's right to the full value of his product is violated whenever it becomes liable to seizure by others, even when seized by government itself in the form of taxation. Here are two definitions of taxation:

From the Encyclopedia Britannica:

"That part of the revenues of a State which is obtained by compulsory dues and charges upon its subjects."

Webster's International Dictionary, Second Abridged Edition 1940:

"A charge or burden, usually pecuniary, laid upon persons and property for public purposes; a forced contribution of wealth to meet the public needs of a government."

According to these definitions of taxation, it is clear that taxation is a violation of the right of an individual to the full product of his labor, since taxation bears no relation to the services rendered by the government but is purely arbitrary in character.

Just how the revenues of government are to be obtained, if not by taxation, but as payment for and in proportion to services rendered by the community, including government services, is the crux of the question. The answer leads directly to the solution of the paradox submitted above. It is thought that every well informed student of Henry George must know what this answer is. Nevertheless, in very brief form, the following solution is presented:

The private holding of exclusive title to a location on the land, which appears to violate our number 1 human right, will not be a violation if the titleholder is required to compensate the public for the privilege granted him. This is accomplished if the full rental value of his location is taken for public purposes as Henry George proposed should be done.

Taking the full rental value of all locations on the land for public purposes, will ultimately enable taxes to be abolished. This will secure our number 2 right, namely the right of the individual to the full product of his labor.



## The Power of an Idea

(Continued from Page One)

well known as chief architect of that 'Oregon System' of direct government which was widely initiated, in whole or in part, during the Progressive period and which gave him a deserved place among the pioneers of state progressivism. A direct-government system which arrested the attention of the nation, had as its chief *raison d'être* the furthering of the single tax!

Simultaneously, across the continent in New Jersey, another part in the drama of the Progressive Movement was being played by George Record and Mark Fagan, both Henry George men, and others working under their generalship. "The influence of single tax principles," Professor Noble tells us, "is apparent throughout Record's career and in his writings. Particularly interesting is a series of articles which he wrote for the Jersey Journal at the height of the Progressive period. From January 1910 to October 1911, he conducted a daily column in that newspaper—well over four hundred articles in all—many dealing with purely local political questions, but others containing penetrating comment on the major issues of the day. In them Record worked out a coherent program based upon Henry George premises, a program worthy of analysis as an illustration of the influence of Henry George upon one of the Progressive Movement's outstanding leaders."

Much of U'Ren's work, as well as the efforts of other Henry George men, was financed by the Fels Fund Commission, founded by Joseph Fels, wealthy soap manufacturer.

At the same time, Lawson Purdy had procured in the City of New York, the separation of land and improvement values, and had established a system of public records which enabled any citizen to find out how his assessments compared with those of his neighbors and of abutting properties. With land and improvements separately taxed, the protection of land values was made easier. So successful were Mr. Purdy's efforts that other cities quickly copied New York, and the system was made the subject of study by other countries.

It is also interesting to recall that in the period following the first World War, it was Lawson Purdy who initiated the experiment which, more than anything else, was responsible for overcoming the housing shortage, as pressing then as it is today. For a period of ten years, according to a bill enacted almost wholly due to Mr. Purdy's efforts, new dwellings were exempt from taxation.

Not all of the work of these early pioneers has been swept away and perhaps one of the most important evidences of their influence is to be found in the State of California. Large numbers of irrigating districts levy taxes for the support and retirement of their debt and the operation and maintenance of their irrigation works solely on land values. In other parts of the country, small colonies or "enclaves" still retain some semblance of their founders' purpose.

The followers of Henry George might, presumably, have continued in the footsteps of their ideological progenitors. However, a new force was at work which gradually and inevitably gathered momentum as others slackened. It started in Cleveland, with reading circles organized by Louis F. Post and was soon taken up by Oscar Geiger in New York. The founding of the Henry George School of Social Science was the natural outgrowth of Geiger's

### Chicago

Harry Gunnison Brown of the University of Missouri, author of the article "Henry George and the Causation of Interest" which has been under discussion ever since its appearance in The Henry George News in October, will be the speaker at the concluding (15th year) Commerce and Industry Luncheon in Chicago on June 8. Miss Elizabeth Angel, Assistant Director of the Henry George School in St. Louis, stayed over from the Chicagoland Conference to speak at the general luncheon, May 24, on "So You're Looking for Utopia!"

A panoramic presentation of the achievements of the 15th year opened the conference Saturday morning, May 21. Among reports were: the class program in commerce and industry by Jerome Joachim; the laboratory lesson classes by Rex Cleveland; the laboratory course study and lecture series by Miss Cecil Cowherd; the building industry inquiry by Oliver Sandquist; the community area activities by Mrs. Hugh Burdick, Mrs. Marion M. Pierce and Justice Shepro; the general monthly luncheons by Florence Johnson; the Commerce and Industry monthly luncheons by Lewis F. Scott; the Commerce and Industry bi-weekly seminar by Neil S. Booth; the speakers' group by Bruno Twosey; and the Henry George Woman's Club by Mrs. Emma J. Hildebrecht, president.

On behalf of Robert J. Kennedy, 15th year fund campaign chairman, Walter J. Tefo reported the number of contributors up from 559 in the 14th year to 570, and the pledges, apart from bequests and the support of the New York headquarters, up from \$19,051.21 to \$20,586.97. New York support was \$5,200.00 in the 14th year and \$5,075.29 in the 15th. Bequests and special donations were \$6,026.63 in the 14th year and \$2,500.00 in the 15th.

The Saturday afternoon session was devoted to a study of promotion methods based on the new class promotion manual developed by Rex Cleveland, who will be the 16th year class promotion chairman. During the past winter and spring terms, Mr. Cleveland organized record classes at the Austin Y.M.C.A. by personalized methods. His success has been an inspiration to others. The next four months will be devoted to detailed planning of Chicago's 50th—golden anniversary—term starting October 3.

Walter J. Tefo, veteran instructor and campaigner, will head the 16th year fund cam-

dream of an educated citizenry. As an Associated Press dispatch said in 1936, "The Single Taxers have once more thrown their hat into the ring—this time into the educational ring."

What then shall be our keynote—the promise that shall call us on, that shall inspire each of us to his best? George himself gave it to us on the night of his defeat in the first mayoralty campaign. "The future, the future is ours," he cried. "This is the Bunker Hill. We have been driven back as the Continental troops were from Bunker Hill. If they won no technical victory, they did win a victory that echoed round the world and still rings. They won a victory that made this Republic a reality, and thank God that we in our fight can make the true Republic of the future certain—certain in our time."

[The foregoing article follows closely the text of the keynote address given by Miss V. G. Peterson at the Chicagoland Conference on May 21.]

paign in which 200 graduates will call upon 1,000 "other best friends" of the school between September 7 and 19. The groundwork for these twin campaigns was laid at the Chicagoland Conference.

At the teachers' session Sunday afternoon three basic questions were discussed under the general chairmanship of Philip A. Schloss.

The keynote address was given by Miss V. G. Peterson of New York, Executive Secretary of the Robert Schalkenbach Foundation [See page one]. "Must We Put Up With Another Depression?" was the subject discussed by Klaus I. Hansen, Milwaukee, chairman; Otto Biscite, Beryn; and John Fasano, New York; at a public meeting Saturday evening. Dr. Ernest B. Zeisler spoke at the Sunday breakfast on "Justice and Benevolence."

### St. Louis

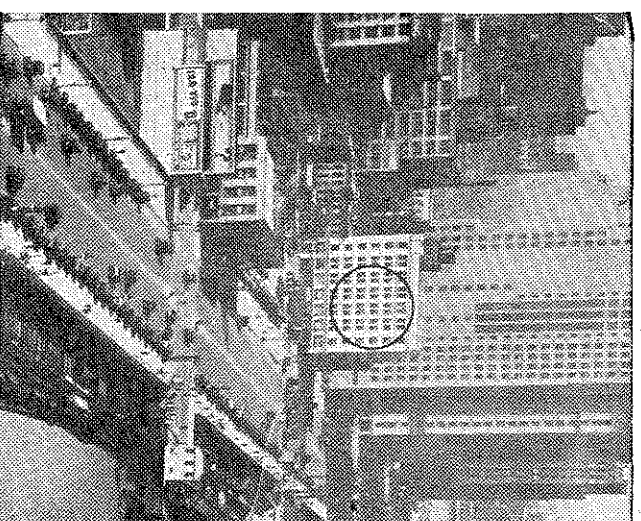
Among those present at the Chicagoland Conference was Noah D. Alper of St. Louis, who sent in twenty-one subscriptions to The Henry George News in April. These were the joyful reflection from eleven classes conducted in St. Louis this spring with a top enrollment of 94 students.

On September 9, 1948, William N. McNair, a former mayor of Pittsburgh, delivered an address at the 2nd Commerce and Finance Luncheon of the Henry George School in St. Louis. He was scheduled to address the graduates that evening but met his death from heart failure shortly after Mrs. McNair had boarded a train at Union Station for another city. His last address, delivered before a large luncheon audience, on "The Pittsburgh Plan of Public Revenue," was been reprinted as a memorial to the beloved ex-mayor whose office in Pittsburgh is now the headquarters of the Henry George School in that city.

So many students and teachers ask for enlightenment on the Pittsburgh Plan that we urge all to write for copies to the Henry George School in St. Louis (818 Olive Street) or New York (50 East 69th Street).

### Pittsburgh

Richard E. Howe of Pittsburgh writes: "One of our lunchtime students, a local vet-



CHICAGO: Looking west from Lake Michigan at the Henry George School (in circle).

# \* London Conference August 14-21

erans' organization commander, discussed the ground rent issue with a multi-millionaire recipient of such revenue recently. What he learned from him amazed him.

"His informant related that he had purchased some land for strip-mining coal. Having removed the mineral the value of the land was set at \$1,500 and placed on the market. However, before it was sold, a well driller secured permission for exploratory operations. The well came in.

"The driller, supplying capital and labor was given a 1/32 share in the income while the land owner retained 31/32.

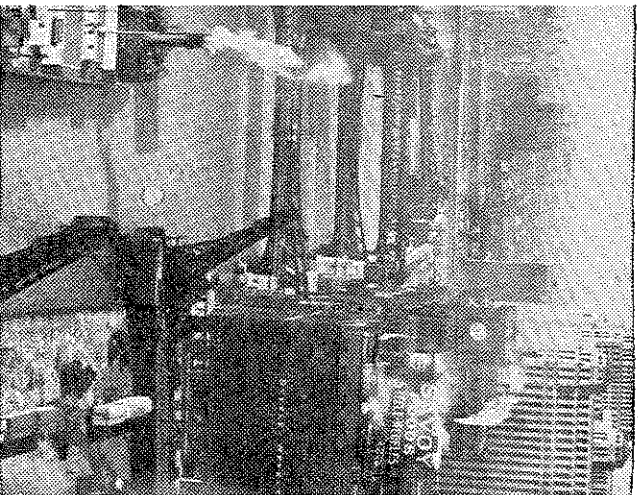
"When our student expressed doubt that the activating forces would work for so small a return he was informed that the driller was more than happy with his income of \$70.00 a day; so much so that he has asked permission to drill another well under the same terms. The \$2,170.00 income to the landowner placed cobs in the head of our student which he is still trying to shake loose. He compared the income of the driller, landowner and himself and set out to reform the world along the Georgian principles.

"In the latest 'News' it was reported in error that our lunchtime students each had a teacher's manual. They have only the lesson sheets. Teachers' manuals are secured only for the graduates that want one while we hope that he will feel the urge to start a class of his own.

"The above report will confirm my objections to the de-emphasis of the effect landlordism has upon our economic well-being which the New York School has admittedly followed in the formulation of the new manual. We get more favorable results with emphasis."

## Los Angeles

Reports received at Los Angeles headquarters to date give the following enrollment for the spring term which began the week of April 18: 208 enrolled in twelve fundamental classes, and 33 enrolled in four advanced classes (three *Science of Political Economy* and one *Democracy vs. Socialism*). This represents a good enrollment for the spring term, although it is slightly under the all-time record which Los



an along Wacker Drive toward headquarters

Angeles had, of 24 students per class in the winter term.

Graduates and friends who attended the meeting of the Hollywood Alumni Association on May 11, at the home of Trilby Lawrence, had the pleasure of hearing J. Rupert Mason of San Francisco speak on "The Power to Tax is Also the Power to Keep Alive." Mr. Mason, an internationally known Georgist, told of a vitally important recent decision wherein the United States Supreme Court (Shelley vs. Kraemer, Vol. 334, U. S. 1), in interpreting the 14th Amendment, held that men should not be debarred from land because of race, color, or creed. Mr. Mason pointed out that the only way to insure the right to the equal use of land, which he said the court recognized as man's natural right, is through the application of the principles of Henry George.

Graduates and friends attending the May meeting of the Glendale Alumni Association heard a vital program, with George E. Lee and William D. Hoffman discussing, "Could Europe Save Itself Without the Marshall Plan?" Marion and Stanley Sapro also participated.

## San Diego

San Diego held finishing exercises of its winter term on May 17, in the First Unitarian Church, with J. Rupert Mason of San Francisco as guest speaker. His subject, "The Outlook for Liberty and the Cost of Living," with the question period which followed, elicited the keenest interest.

Henry Craner, a trustee of the school, acted as moderator. A lively feature of the program consisted of three-minute talks by student-representatives, uncovering much talent in addition to a sound understanding of the course.

Sidney G. Evans, trustee and faculty member, gave a delightful, brief talk, ostensibly in introduction of his class, but with amusing quips and an excellent demonstration of the warmth and camaraderie that can develop between teacher and students.

The question of organizing an alumni group was discussed and aroused hearty approval.

## Ohio

Robert Benton spoke to the College Group of the Glenwood Methodist Church in Columbus on April 25 on the topic "Henry George's Contribution to Economic Thought and Social Philosophy." The pastor, Reverend Shellhas and many members of the congregation were present and joined in the general discussion period which followed. He was asked to come again in May.

Diplomas were presented to 25 students at a graduation banquet held at the Y.M.C.A. in Columbus on May 17. Speakers were James Bussey of Ohio State University and Verlin Gordon of Lima. Carl Strack of Cincinnati and Ellis Jackson of Hamilton, both instructors, led a round-table discussion following the addresses.

## Ottawa

The members of the Ottawa Society bid a regretful farewell to another term during which *Progress and Poverty*, *Protection or Free Trade* and *Social Problems* were studied, under the sponsorship of their Director, Mr. H. G. Barber.

"This has been a good term," writes Correspondent Marion E. Minaker, "and everyone feels happy at the knowledge gained and the opportunity given them to realize that 'More is given to us than to any people at any time be-

fore; and, therefore, more is required of us. We have made, and still are making, enormous advances on material lines. It is necessary that we commensurately advance on moral lines. Civilization, as it progresses, requires a higher conscience, a keener sense of justice, a warmer brotherhood, a wider, loftier, truer public spirit.' The members feel that this comprises true education.

"May you all have an excellent summer."

## Detroit

Those who remember that Georgism had a valiant defender in Detroit in the person of F. Gordon Pickell, will be saddened as we were by the news of his death in Palm Beach on March 27.

Thurlow E. Coon of Detroit wrote of his colleague, "In the past fifteen years he spent most of his time and a great deal of his means in furthering the knowledge of the philosophy of Henry George. Gordon was a very successful architect for probably thirty years until he retired. He was an avid student and reader, and I think I should say, a great 'prose-lyter.' Although he was not a teacher of classes, he was a frequent conductor of seminars and did a great deal of work in this way to further the cause."

Mr. Coon who has been a firm believer in the philosophy of Henry George for thirty years, says the most hopeful thing in Georgism today is the work being done by the Henry George Schools. The message of Georgism, he thinks, is all wrapped up in education in fundamental economics, for in no other way, he believes, can the United States, or the world, be saved from ruin.

## New York

Lancaster M. Greene showed the films "Pueblo Boy" and "Men of Gloucester" to an audience in the Jewish Synagogue at Bellevue Hospital recently. He developed the history of the Pueblos in remaining in peace both internally and with the rest of the world for centuries, while other Indian tribes have been at war and impoverished. Their ideas of land tenure paralleled those of Henry George.

"The Gloucester fishermen are working on the ocean 'the last free land.' As men will not work for others for less than they can make on free land, the impossibility of renting out any large part of the ocean has been a bulwark of civilization," said Mr. Greene.

An exhibit of art work done by the Henry George School Poster Class has been on display at the school since May 16. The class began in January under the direction of John Frew, a commercial artist. The students have followed a specially designed course of study which included the presentation of economic problems as well as technical methods of illustration. A prerequisite for the class, which will be given again next September, is the completed study of *Progress and Poverty* by Henry George.

Recently someone stopped Sydney Mayers and said, "There's a man named Brubaker who writes a column in The New Yorker, just like yours."

Here, by way of illustration, is a paragraph from Howard Brubaker's column of May 21:

"Experts fear that the federal deficit for the next fiscal year will run close to three billion dollars. They predict that the Treasury will be squeezed between tightwad taxpayers and a loosewad administration."

This feature has been appearing in The New Yorker for many years. No offense on either side, we hope.





# The Long Term Decline in Wages—By WILLIAM C. LEON

FOR CENTURIES men have realized that the standard of living for most individuals is substantially lower than it might be. At times it was apparent that the simplest sort of change would restore to the producer the full product of his labor. Vigorous defense against raiding tribesmen secured possessions against outright robbery. Successful revolt against slaveholders ended the continual confiscation that once lasted from birth until death. Civil wars finished the power of monarchs and courtiers to take, in taxation, the production of their subjects.

With the rise of democracy and the recognition of each individual's rights, there developed the land tenure system in which, despite apparent freedom of opportunity and competition, the vast majority of people through free choice willingly paid for the right to work. They fondly hoped for a day when they could sell this privilege to another at a higher price. At the same time these people directly or indirectly voted for taxation on their earnings. These were to finance the construction of the community and the construction of civil improvements which would add to the cost of an opportunity to engage in production. The financing of wars and sustenance of the destitute was eventually paid for with government debt which is the only escape for those able to defray such expenses.

The most subtle confiscation of wages which came after the abolition of slavery and the suppression of tyranny drew the attention of political economists who attempt to explain why living standards remain lower than they might be. Henry George describes the problem as a tendency of wages to a minimum which will give but a bare living in spite of an increase in productive power.

Economists for and against the *status quo* have wrangled for two centuries. Some argue that the system is just and equitable while others insist on changes for material and moral reasons. The more violent revolutionaries in recent years have gained the upper hand and there is a strong tide running in the direction of state collectivism. Many concessions have been wrung from the reactionary elements in society while the middle of the road people vainly cry out in protest.

Many who agree with Henry George's analysis of the problem of poverty and accept his proposed reforms do not agree with his original description of the problem; that there is a tend-

ency for wages to decline. These people insist that wages over a long period of years have persistently tended to rise. The accompanying record indicates that wages have increased as a quantity while they declined as a proportion of the total product. No doubt a further decline in proportion will eventually overtake the quantity of wages accruing to producers.

This evidence has been obtained from the Federal Reserve Bulletin and the bulletins of the Department of Commerce. These sources contain indexes of the unit production of wealth in the United States as well as total factory wages paid out, commodity price indexes and the number of people employed. In order to reduce money wages to real wages the amounts paid are divided by commodity prices. Since the Federal Reserve Board's Index of Production is expressed in unit terms, we can calculate from the number employed what the unit production was per man in any given year. Division of production per man by unit wages per man, then indicates the proportion of the product received by the producer. The figures in the column headed "proportion" are not actual percentages, as the FRB Index of Production is a statistical compilation of industrial output of key enterprises reduced to an index figure using the years 1935-39 as a base of 100. The accompanying index denoting proportion therefore is also only an indicator, but it adequately points up the tendencies under investigation.

This record reveals that real wages rose from 82 to 92 between 1919 and 1929. Meanwhile production per man increased from 69 to 106 so that the portion of production retained by the producer declined from 118 to 87. During the ensuing ten years real wages followed an erratic course as attempts were made to manage the economy. In 1938, when artificial stimulants were temporarily removed, real wages fell from the 1937 peak of 99 to 84. Production per worker was still under the 1929 level despite the increase of population, and improvements in the arts of production. The stimulus of war was required to raise productivity above the 1929 level and with this fresh demand for labor real wages rose well above the 1929 level. However, the increase in real wages as a portion of product was negligible despite the fact that the demand for labor was sudden and drastic. The figures for real wages during the war years are of little significance as the money income is adjusted to ceiling prices for commodities, and

Year	FRB Index 1935-39 = 100	Factory Employment 1939 = 100	Factory Payrolls 1939 = 100	Wages Per Man 1939 = 100	Consumer Prices 1935-39 = 100	Real Wages	Production Per Man	Index of Proportion	After Income Taxes
1919	72	108.7	108.9	100	123.8	82	69	118	
1920	76	104.2	124.2	118	143.8	90	72	117	
1921	68	79.7	80.2	100	127.7	79	73	110	
1922	73	88.2	86.0	98	119.7	82	83	98	
1923	88	101.0	109.1	108	121.9	88	87	101	
1924	82	93.8	101.7	108	122.2	88	87	101	
1925	90	97.0	107.2	110	126.4	87	93	92	
1926	96	96.8	108.5	113	124.4	90	98	92	
1927	95	96.9	109.7	113	122.6	92	102	87	
1928	99	98.9	108.7	113	122.5	92	106	87	
1929	110	103.1	117.1	113	119.4	88	101	87	
1930	91	89.8	94.7	106	119.4	88	101	87	
1931	75	78.8	71.8	95	108.7	87	89	88	
1932	68	64.4	49.5	76	97.6	80	87	83	
1933	75	73.3	48.1	74	92.4	80	87	83	
1934	87	88.1	88.8	83	93.1	86	93	88	
1935	103	106.8	108.8	100	99.4	96	106	80	
1936	108	106.4	108.8	102	102.7	89	106	83	
1937	113	106.8	108.8	100	100.8	84	109	85	
1938	89	90.0	100.0	99.4	100.8	100	109	82	
1939	109	100.0	100.0	100	99.4	100	109	82	
1940	126	107.5	114.5	106	105.2	106	117	90	
1941	162	132.1	167.5	127	105.2	120	123	98	
1942	189	154.0	246.2	188	116.5	186	129	106	
1943	239	177.4	384.4	184	123.6	162	134	118	
1944	285	172.4	345.4	200	126.5	160	134	119	
1945	285	172.4	345.4	200	126.5	160	134	119	
1946	203	151.8	283.4	154	128.4	150	132	114	
1947	170	143.4	269.1	138	139.3	135	119	114	
1948	187	157.3	329.1	159	159.2	132	120	110	
1949	180	159.	350.0	220	168.0	130	118	110	

we know that there was little to be had which means that there were less real wages. Where commodities were obtained in the black market the prices were so much higher that a properly adjusted real wage index would necessarily be substantially lower.

Beginning with the year 1941 the index of real wages is adjusted for personal federal income taxes so that it represents "take home pay." The index for wages as a portion of product is readjusted accordingly. The tax rate used is only ten per cent of wages received and well below the average that could be arrived at were all exemptions properly calculated.

Of the utmost significance is the fact that wages as a proportion during the war and post-war period rose toward the levels of 1919 and 1920 on a pre-income tax basis. On an after-tax basis they have followed the pattern of the earlier era. This means that the increase in productivity does not any longer accrue to land in the form of rent but rather to the State in the form of taxes.

Incidentally, a study of national income and federal income tax statistics as published by the Department of Commerce indicates that our income tax policy is political rather than economical. In 1947 total compensation of employees in the United States amounted to \$127.5 billion. Proprietor's and rental income was \$46 billion or a total of \$173.5 billion. Federal personal income tax receipts were \$19.7 billion for the year. This is equal to 11.3 per cent of wages and proprietors' incomes. Our personal tax rate starts at a level near this figure, which means that it is economically not necessary to "soak the rich." While those with very high incomes pay fabulous amounts in taxes—where they do not escape into tax-free municipal bonds—there are so few of these that the aggregate amount paid is negligible in proportion to the total paid by all the people. We therefore can see that the government is "flaying the rich patricians to the delight of the masses." The modern Caligula, like his forebear, is giving the people exactly what they want. He must, in order to be elected.

## New York Business Man Calls for Action

*The housing crisis would not exist if Georgist principles were accepted.  
Isn't this something in these days of flat tire homes?*

—MSGR. L. G. LICUTTI

The most "unhopeful" thing about land value taxation is that so many thousands believe in it, and do nothing to put it into law.

Socialistic legislation for housing is now being passed in Washington—no protest publicly from any of us! I can't even find another person interested in doing something about it in the only way possible—legislative. (I realize nobody is stopping me from organizing a one-man crusade, of course.)

What to do about it? I'll stick out my neck! Let's combine theory with practice. Every student after graduating in *Progress and Poverty* should be advised to either conduct a new class in the same subject or agitate a legislative program for "single tax" laws. Stop teaching anything but *Progress and Poverty*!

—H. C. MACINTYRE

# Letters

To the Editor,

Why do we use the phrase, "make democracy work?" It seems to me we should think in terms of *letting* democracy work. I doubt if we can *make* it work. All we can do is to remove the obstacles to its working. That attitude fits in with our work. Perhaps someone can turn a neat phrase that will convey the thought.

—NOAH D. ALPER  
818 Olive Street  
St. Louis, Mo.

To the Editor,

This note is prompted by Mr. Gilbert M. Tucker's thoughtful reply to Mr. Dowe's article published in the April issue of *The Henry George News*. I should hesitate to assert that my suggested ending to this unfinished sentence measures up to the standard of "a new and altogether happy phrase, simple, exact and crystal clear," but perhaps it makes a start in that direction.

Try adding—his "privately held public domain."

—BENJAMIN ALK  
50 East 42nd Street  
New York, N. Y.

To the Editor,

I am very much surprised at the discussion aroused by Professor Brown's paper on Interest. To me his position is sound and was clearly stated. I am tempted to try a different approach to the same conclusion.

There are but two factors of production, the Earth and Man, Land and Labor. The product is divided into but two parts, rent and wages.

I am in the business of making boats and fishing tackle. You fish. We are in partnership. I furnish the boats and the tackle, and keep them in repair; you do the fishing. The boats and tackle eventually go to the scrap heap. The real product is *fish*. I have done my share of the work, and you have done your share of the work. We are both entitled to our wages, that is, each to his share of the fish.

You want to work by yourself, going out of the partnership. You ask me what I will take for the boat. I reply that I'll swap the boat for a machine to make fishlines. I can make more lines with the same labor. I know where I can get such a machine for \$300 cash, and you may have the boat for \$300 (the medium of exchange) in cash. You haven't the cash, and offer me your note for \$300, payable a year from now. I say "That's satisfactory, and 6 per cent interest will be about right." "Interest!" exclaim you, "I will pay you no interest. I'll pay what the boat is worth and no more." My reply is "You want the boat *now*, so that you can catch more fish next year than you could without it; I want the machine *now*, so that I can make more fishlines than I could without it. The available capital in our possession is the boat, and it belongs to me. If you want the advantage of capitalistic production, you must pay for it. Otherwise I shall sell the boat, get such machinery as I can for the proceeds, and have the advantage of capitalistic production myself."

—HIRAM B. LOOMIS  
Gurnee, Illinois

To the Editor,

Mr. Hiram B. Loomis, in his article, "The State Is What We Make It," [May] makes the statement that the time comes (presumably in the course of the life of a society or group) when *the division of labor and the growth of population make it necessary for the group to act consciously as a group, and that thus the state is born*. Since the statement is not definitive or specific, we may with reason ask why group action and the state were necessary.

Take into consideration the division of labor. Modern states strike at the very basis of this when they restrict their members in their attempts to exchange their products across state boundaries. As to the population problem, modern states have created this problem when, economically speaking, none actually exists.

By using present-day facts as a basis for our reasoning, and without going to history, we perceive that the state has no economic reason for being. The only possible conclusion is that the state is a political institution—an institution whereby some live at the expense of others.

—RICHARD T. HALL  
177 St. Botolph Street  
Boston 15, Massachusetts

P. S. I should like to commend Mr. Lurio's splendid article on the non-existence of interest. P. P. S. I enclose one dollar to renew my subscription to *The Henry George News*.

To the Editor,

"Economic Interest is Zero" [M. S. Lurio, May issue]. I'll say it is! All last winter in Florida, whenever I met someone who was grumbling about our rotten government, I tried to steer the conversation around to economics in the hope that I could interest the other fellow in finding a solution of our problems. I might just as well have tried it in New York State where I have been unable to find any economic interest in years.

I have read a lot of excellent literature put out by the Committee for Economic Education, the F. F. F., the T. O. U., etc. I wonder if it gets any more attention than the more important reading matter we Georgists circulate?

—W. A. SNYDER  
802 Columbia Street  
Hudson, N. Y.

To the Editor,

The article by Mr. Jerome Joachim in the April issue regarding the contest between classes for improved living is very interesting and makes good food for thought. His explanation of how our progress would have been much greater if some of us had not had the opportunities to obtain some of the fruits of labor produced by others, is also very good.

However, the contention that only bad effects will result from the formation of gangs for self protection would be debated by many. Some of us do not like big unions, but it certainly appears that big unions are naturally the result of big business with which only big unions can deal on an equal basis.

In spite of government intervention against monopolistic practices industry is being dominated by a few companies in many fields. Three tobacco corporations control almost all of the cigarette business; three milling corporations produce more than one-third of the flour consumed; three meat packing companies produce also one-half of the meat processed; three dairy companies produce almost one-half of the condensed and evaporated milk; three baking companies produce almost three-fourths of all biscuits and crackers; three companies produce more than three-fourths of all the soap; and three others produce almost all of the fruit jars. After all, Henry George's philosophy teaches us that a reform is necessary at the very base of our economic system.

The article by Mr. J. Glenn Richards entitled "What's Wrong With Capitalism" is also very interesting. It explains clearly the difference between capitalism and communism. If every citizen in our country would read this and give it unbiased consideration and the proper interest, the proposition of overcoming communism would be simplified and quickened. Most of us glorify capitalism and entirely overlook our own faults and shortcomings.

—W. T. MEYER  
4100 Sindley Avenue  
Downers Grove, Ill.

[Ed. Note: A number of people have asked "who" J. Glenn Richards "is". He lives in Beresford, South Dakota, and has been variously occupied as a journalist, teacher, farmer and rancher. His grandfather, before his death, presented him with a first edition copy of *Progress and Poverty*. You know the rest.]

## ANNUAL CONFERENCE

HENRY GEORGE SCHOOL OF SOCIAL SCIENCE  
NEW YORK

Friday, Saturday and Sunday  
July 22-23-24, 1949

### "EDUCATION FOR FREEDOM"

July 22 and 23, 10 a. m. and 2 p. m., sessions at Henry George School headquarters, 50 East 69th Street. Discussion of school problems.

July 22, 8 p. m. Symposium on economic policy and practice. Hotel Commodore.

July 23, 4:30 p. m. Exhibit on Henry George. New York Public Library.

July 23, 7 p. m. Banquet, Hotel Commodore.

July 24, 10 a. m. Breakfast, Hotel Commodore.

July 24, noon. Bus tour of New York and trip to Henry George School, Newark.

Details of Conference in next issue of *The Henry George News*.

Please make reservations now for banquet, breakfast, bus tour and hotel accommodations