

Box 39

Teacher Training Material

1953

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Henry George School of Social Science

CHARTERED BY THE UNIVERSITY OF THE STATE OF NEW YORK

50 EAST 69th STREET, NEW YORK 21, N. Y.

Telephone: RHinclander 4-8700

Remarks by GEORGE H. ROYAL, Dean of the Henry George School of Social Science, New York, at the Annual Conference of the School, Boston, July 4th, 1953.

The administrators of the New York School have been wholeheartedly cooperative in encouraging me to develop any type of program that would work for the Henry George philosophy. They say "Go ahead and do what you think would be of benefit to the Georgist philosophy". As a result, we have built on the early foundations and have arrived at the present program.

During the year we generally have from two to three 10-week Teachers Training courses. The sessions usually last about two hours. It so happens at times that the people are so enthusiastic that they ask to be permitted to stay an extra hour to discuss and consider problems, and sometimes the sessions, which are supposed to be ten in number, last up to fifteen weeks.

I like to give the course, if possible, to at least ten prospective teacher candidates who are well-qualified, well-recommended, and have taken all the basic courses, who have presumably a high potential (educationally and emotionally), and who have the personality factors and the other qualities that will be requisite and desirable to make them good teachers.

Each trainee is given ten assignments, one for each evening until he has ten assignments. The program will not work satisfactorily unless each person is responsible, accepts his assignments and does his job, as everything is in sequence and related to everything else. So you now have ten sessions, ten people, and one hundred assignments for the entire program. What do the assignments consist of? Political Economy, Economics, Psychology, Sociology, and Logic. It is rather democratic in nature, as we shall indicate. Each cooperator will select a number and every selector will have an equal opportunity to do what everyone else has done. No. #1 will accept chairmanship of the first session. The second session he will probably bring in a news clipping from a periodical, something that is pertinent to the Georgist philosophy, whether it agrees or disagrees with the Georgist philosophy. We take it, consider it, tear it apart, and then get back to basic fundamentals and principles. We see how the economy is going and what the prevailing thought is in the national situation. Then we seek to ascertain what would happen if we applied the Georgist philosophy and consider whether the problems and maladjustments as evidenced in society today would continue. The next thing that we have is the special assignment, and this deals more or less with the idea of giving one a particular topic to discuss. We start our program one week before the current term starts and we brief the prospective student teachers on exactly what is expected of them. Each student is required, upon assignment, to visit the classroom of an instructor who is teaching the current lesson. Upon his return to the Teachers Training class the next session, the student will give a resume of his impression of the evening's work.

Each student teacher will introduce himself to the teacher whose class he will visit; will sit and say absolutely nothing during the session and take in everything in order that he might tell us what we want to know. This has the double merit of enabling us to find out not only how ably the student can report, but also what the instructor is teaching, whether he is teaching the Georgist philosophy or his own brand of philosophy, whether he is mutilating or destroying it or attempting to sabotage it, because we find all types of individuals in any particular movement. It is physically impossible for any dean or any one person to cover all of the classes, but this is a sort of spot check and it goes on all term continuously. We find out, according to these reports, what these people are teaching, the method employed, their approaches, their tact; in fact, all about them. This enables us to ascertain so much information about the general cultural and intellectual level and the background of the individual, and to see whether that person would be a credit or a discredit to the Georgist movement. This system also has the merit of "learning" through observation of what and what not to do if one is to become a successful and an effective teacher.

Then, we have a book review that is most interesting. People who have taken the Teachers Training course told me later that they had thought it would be a lark! They had thought that they were to come and listen to a series of lectures, go home and, through osmosis, absorb the whole thing perfectly. They thought that all they had to do was to come and sit, listen drowsily or dream, and then go away and automatically they would be made good teachers! I inform these candidates that we can't make teachers; we can only advise, we can only direct, we can only suggest, but teaching per se must come from them. At this particular course, people have told me that they worked harder than they had worked in any college course or in any graduate course because not only are they supposed to know the Georgist philosophy and to know it thoroughly, page by page almost, and the interpretation of the Georgist viewpoint, but they are supposed to know much more than the Georgist philosophy. They are supposed to know something about the other schools of economic thought and each person is required to read a book and report a five-minute summary of the book. Now, for instance, a person might take a book and say, "It's ridiculous! How in the world can you give a summary or a report on any particular work in five minutes?" Students soon learn that the ability to do such reporting is an evidence of careful reading, based upon the ability to remember salient points as the work is covered. You must be familiar with the writings of other political economists, some sociologists and philosophers.

Fundamentally, Georgists oppose all forms of monopoly. In accordance with this idea, I do not believe that any Georgist instructor has a monopoly insofar as knowledge is concerned. A monopoly by its very nature retards progress and tends to inhibit creative thinking. If you, as an instructor, presume to have a corner on a certain type of knowledge and behave accordingly in your classroom, you mistakenly tend to create for yourself a monopoly in which you ignore some of the others and don't give them an opportunity for the fullness of their expression. Remember, there are people in the world who are very shy, who are very retiring, who are actually self-effacing, and who are not aggressive, and are of the introvert type who will sit back. They have a wealth of information; they have

plenty to give, but you must draw them out. You must make them feel that they are part of it, that there is a need for them to participate in the class discussions. We want their thoughts and we want their information, and it is up to you, as teachers, to make them feel that not only is it desirable, but their full and complete class participation is necessary. It should be compelling that they have their say, whether you agree with them or not. If there are any errors, then you can correct the errors, but if you take an individual and inhibit him by your actions, you can't tell what he is going to think or what is in the back of his mind. If there is anything wrong there, if there is anything subversive, contrary to American concepts, if there is anything that is contrary to the philosophy of Henry George, you really don't have an opportunity to discern it - you can't detect it. You can get class participation, and you can get group participation, and in so doing you are so far ahead of the game.

It is important for each person who is to act as chairman of a session (and each person in numerical order is going to act as chairman), to know what is going on in his class and to be familiar with the entire subject matter and everything else that is going to be talked about at that session, but it is also important to get the idea in his mind and convey it to everybody else as well, that the success of that session, or the entire sessions of ten or fifteen lessons, depends entirely on him. If he can get that attitude and that religious fervor and conviction, there is every reason in the world to believe that the awareness and the recognition of this responsibility will prove him successful in his endeavors.

We have individuals who are emotionally immature, though they may be fine and delightful people as conversationalists. In dealing with each other, individually sometimes they do very well, but they have not the faculty nor the ability to have good personal or group relationships, due to a defect in their personality. It might be some tension; it might be some frustration that you must discern. You must recognize that characteristic; you must discover the weakness and strength of the individual. This is one method that I use in finding out whether a person is normal in the sense in which we speak - not scientifically normal, because we don't know what that is, we just can't define it, but normal for all of our intents and purposes. In the first place, I have the students come at least one-half hour early and I get around and I talk with them. I establish rapport with each and every individual. I learn his name. I learn his occupation and the things in which he is interested, and my conversations with him at the sessions and elsewhere will be directed primarily according to his interest and intelligence level. Remember, we all have a common interest in this philosophy, but other people have particular interests, and if you can be interested in the other person, you have captured something that is very vital and very important. One example of that is a truism that is so trite it hardly needs mentioning: "If you are interested in my children, you are interested in me". You don't have too much resistance with anything if you are interested in other people's interests, and you can do a very good job in that respect.

I don't like the idea of Georgists (or anybody else) being too dogmatic. At some of the sessions I gained the impression that there was an exchange of opinion, which is always healthy and desirable, but I also got the impression that there were some people who are so dogmatic that

they are the victims of an unhealthy state of mind. What is this dogmatism but a manifestation of a closed mind? I wouldn't say that it is basically due to ignorance, but there is fear there to the reception of new ideas in some way, shape or form. It seems that those people had their own jigsaw puzzle solved and somebody threw in another idea and this upsets them emotionally. They just can't take it! They can't understand it! Immediately there is a mental blocking so they are going to assert their power and force. They brook no opposition. They say "It has to be this way". They become dictatorial. We can't become good teachers by being dictatorial. Everybody has a point of view. Listen to the other person's viewpoint. It is important that you listen to the other person's point of view so that you may learn a little bit yourself. You may learn what the other fellow is thinking about. There isn't anyone who is so low or so stupid or who is so immature or who is so ignorant that we can't learn something from him. There may be some gem or jewel that might be dropped at some time. Listen to what the other fellow says because at times he might give us a clue regarding his problem. Then capitalize on that particular clue. We should be in a position to make a suggestion to resolve that problem and substitute something of validity, of personal worth, which will make that person in harmony with himself and also with the thoughts that we have in mind. I don't like the idea of people being too dogmatic and too arbitrary because, to me, it conveys the impression that all of their ideas are encyclopedic in nature and in origin. I deny that anyone, particularly in this group, and we are typical representative human beings, is a symbol of the Delphic Oracle. We do not know it all and let us make up our minds that we do not know it all. We can always learn something.

Be a little like Socrates when he went around. He admitted that he didn't know, but he was always seeking information. He was constantly going around asking and interrogating. He admitted his ignorance but he was always anxious for you to prove that you knew something yourself. By your admitting that you don't know it all, you don't have a closed mind. That, to me, is always important. Another important thing is this: the very moment that you admit you don't know it all you are on the road to maturity because you are intellectually honest with yourself. The person who knows that he doesn't know it all and is intellectually honest can afford to admit that he doesn't know it all. Human nature is so strange and so peculiar. The average individual has so much ego he feels he is going to be deflated the very moment he admits that he doesn't know the answer to any particular question. Instead of being deflated, it appears to me that you rise in one's estimation when you admit, "I really don't know it all. I know part of what I am supposed to know, but I don't know all the answers to all the things at all times". You see, as an instructor you have a responsibility if you admit that you do not know the answer to every question - then you must go and get the information and come back and say to the person, "I did not know the answer the other day, but I sought the information from competent sources and source material. Here is the best thought along that particular line. Take it for what it's worth". Now, look at the other side of the picture. Rather than admit that you didn't know, suppose you gave an erroneous answer and the person realized, through investigation, that you made an error, and concluded that you deliberately misled him. Doesn't it seem as though you could lose caste with that individual? Isn't it easier and better to admit that you don't know it all, that you can learn as the other fellow can learn, and that is exactly why he is here.

Teachers, I think it is extremely important that you have a sense of humor; that you have the ability to laugh at yourself as well as the other fellow. It's a saving grace. I looked at Joe Stockman last night. Who has more humor than Joe? He can laugh at himself, he can laugh at anyone else. He is mature; he can adapt himself to any situation (and he is no dope!). In having a sense of humor I realize it is also important to have a great deal of patience, because people who are not as fast intellectually as the others need to be dealt with with patience. You must go along with the retarded individual; you must go along with people who have complexes; people who are willing to learn but, through some difficulty that is not of their own making, are a little behind schedule, behind the times. Don't be impatient with people. It might even be necessary to take them after class sessions and explain some point to them or to assign to some particular individual something to show that you have an interest in him so that he might catch up with the group. That person might be invaluable to you, to your movement, and to everything that is important.

One of the greatest indications as to whether or not you know your subject and can put it across is that you will be able to simplify it. Generally, I have found that people who know the least about things are the most garrulous. They use ten-syllable words to explain something that can be explained in words of one syllable, very succinctly and very briefly. When you get the idea that any idea you might have, no matter how complex, can be said so simply and so beautifully that the person of a low-grade mentality can understand it, then you understand your subject matter and you will be able to put it across.

Now what good is it if you have all this information at your disposal and you aren't able to impart it effectively to make people understand and realize it? Not to just intellectually grasp it, but to go a little bit further than that - to emotionally grasp it so that its motivating power will actively dominate you, resulting in a well-balanced religious fervor. The creation of this attitude takes time. First, be sure that you know your philosophy of Henry George, and then proceed. However, use discretion in conversation. Prepare people for new ideas and when they see the need and validity of your proposals, they become receptive and very interested. You can find an opportunity to talk about the principles of the Georgist philosophy. You certainly can talk about it and talk about it so astutely and so cleverly and do it so subtly that people will be accepting your principles before they know it. After they accept your principles, then you can just introduce them to the label, to the package: - the philosophy of Henry George. But first get them to accept your principles. That, to me, is particularly important.

Again, as teachers, it is important to recognize fatigue curves in the lives of individuals. If you make a scientific study you will find that youngsters will be able to concentrate for a period of thirty-five minutes. They are at their maximum development during that period and are receptive to the highest degree for a period of thirty-five minutes. Then the curve begins going down - down - down! Therefore, if you have a two-hour class without any breaks or recesses, you will find that during the first hour you will do very, very well, but in the second hour you will observe restlessness. You will find people not operating at their maximum capacity. You may feel as though you had a two or a three-hour

session which went on without a break and people were tremendously interested and enthused and did very well, but you haven't compared that with anything else. How would those people have done had you considered the fatigue curve in their lives? That fatigue curve is always very, very interesting. You can always have a recess by a joke, a moment of relaxation, or any way that you care to do it, but recognize that fatigue curve!

Now, teachers, you must realize that there is another important thing, and that is your responsibility as teachers. If you say that you will accept an assignment, you must accept your responsibility. Be a responsible individual. Don't say that you are going to take a class and that you are going to be there at a given time and then come late or call up and make an excuse and not come at all. Lateness at times is unavoidable, but hardly commendable. Responsible people avoid such criticisms. If I say I am going to accept an assignment, the only thing that will keep me away is the fact that I am physically ill or it is physically impossible for me to be there. I think all of us should accept that responsibility.

Just as you are ~~here~~ appraising me now, and appraising me quite critically, you must realize that your students are going to appraise you the same way when you are talking to them, particularly at the first session. They want to know "What kind of a human being is this - what kind of a fellow is this - what kind of a woman is this - what is her background - what does she know - what does she do - what is the extent of her education - what is her cultural development - where does she go - with whom does she associate - what about her grooming - what are her 'habits', and so on and so forth". (Being well-groomed and personal habits are important in making a good impression as a teacher.)

And, finally, if you are going to be a good teacher, it seems to me it is necessary for you to earn the respect of your pupils, not only the respect of your pupils because you are a good teacher, but first as a man or as a woman - as a human being. They like you because they like you as a friend. And they like you as a teacher because they respect your knowledge. They admire you as a personality. You have the qualities that they would want to emulate in all respects. Don't make any mistake and think that because the only contact you have with these students is in the classroom that they don't know anything about you. People have ways of getting information about you if they are curious and interested, and if they can admire you and want to emulate you, be grateful that you have done a good job. It will carry over, not only for you in recommending other instructors and courses, but they will want to come and take other classes with you. That has happened in so many institutions and it happens very often in the New York School.

Now I would like to talk about five minutes more about some of the negative factors and aspects - some of the "don'ts". I have indicated that, as a teacher, it's never desirable to talk too much. Let other people do the talking. Be a good listener. Don't be too garrulous. Some years ago I attended a listening clinic in New York, which was most fascinating. Listening is an art and if you learn how to listen (as I indicated before) you will not only learn a good deal, but you will gain some techniques that will enable you to be a good instructor. How can you

learn until you listen - how can you lead until you are able to follow? And so it does follow that you first must learn how to listen before you learn how to talk.

And then - I never argue with students, because it doesn't pay. If we argue with students we defeat the very thing we are talking about. A student will often become obsessed with an idea. He may be very sincere in his thoughts about a particular thing. He may disagree with some theory you are expounding. What's the difference - suppose he does? If you know how to skillfully direct your questions you will throw these questions out to an individual or some members of the group and stir up a conversation with them. In such a discussion the group will take and carry the ball and answer the questions amongst themselves. You might be adept enough to so channel the questioning that the people will feel as though they have found the answers themselves. If they have done that, what's the difference? But the very moment you start arguing with them you lose sight of the thing about which they are talking and you get into personalities. The issue then becomes obscured. That is a very worthless thing to do. Don't make the mistake of engaging in personalities because that is what argumentation will lead to. Redirect your questions. Throw your questions out to other people. I generally ask leading questions and I'm sure that Mr. Goldfinger, a lawyer here, is a skilled trial examiner and cross-examiner and he can teach some of us how to ask the questions and he can ask the same question in ten or fifteen forms to get the answer that he desires. You can do the same thing. Don't forget that asking questions is a particular art.

Now this idea of correct thinking. George makes a statement in his works that with right thinking comes right action. That is one of the things that might be open to discussion, but if with right thinking comes right action it means there must be some activation somewhere along the line. It's up to you, as teachers, to have people so see the idea of right thinking and right action that they will feel impelled to follow such dictates by applying that which they know and in which they believe.

I never waste time with a negative approach. Why not take a positive approach? Let me give you an example of what I am talking about for the purpose of illustration. The marginal utility theory, as expounded very briefly and not in detail by Mr. Goldfinger yesterday, is that the last produced thing has a marginal utility value, it doesn't matter what it is. Should we try to disprove this theory because Henry George didn't belong to this school of thought? In the Georgist philosophy you are talking about the nature of wealth and the laws of production and distribution. And Henry George did say that everything depended upon the law of supply and demand. Now if you can later build up refinements (never mind whether you have the analytical approach or the bookkeeper approach or any other approach) you find basically that the law of supply and demand is the thing that will determine what is the cost and value of an article - of a thing, to a person, as measured by what he is willing to pay for it in terms of labor (labor expended or labor saved). That, to me, is a positive approach. So I seldom, if ever, waste any time on negative approaches, but I try to be conversant with all the other schools of thought. Therefore, the very moment that someone talks about the other ideologies or the other philosophic or economic systems I reply "Oh yes, that writer says such and such a thing, but here is what George says. Let's compare them". When you spend your time in a positive way, constructively, proving that something is worthwhile, I think you will have done a very, very, satisfactory job.

And another "don't" is - don't lecture too much. Don't be the professional. I'll relate the experience of a friend of mine, a graduate of the New York School, as he told it to me: "I had studied the Henry George philosophy fairly well, long before I ever came to the School, so when I came to the School I felt I had an advantage over some of the people who had never studied the Henry George philosophy at all. But my impression of my first instructor was that - in the vernacular - he wasn't too bright, he didn't really know his subject, he didn't use the techniques, he didn't do anything satisfactorily! And if it hadn't been that I already had a conviction, I certainly wouldn't have returned but, you see, as a student or instructor, you take what you get! As prospective teachers we think that people have the mentality, the background, the interest, the enthusiasm, etc. Next I ran into a dynamic individual who was very aggressive, who was talking all the time and nobody else had a chance to say a word. That individual actually drove students away. First, he didn't know his subject. Some people came and they slept, while others failed to prepare their assignments at home. A few felt they could have stayed at home or gone to the movies; they could have done anything else, but they came here to learn - or out of curiosity. Different people have different reasons for coming to these courses. The first instructor lost students, the second one drove them away because he was an exhibitionist primarily. He wanted to be seen; he wanted to be heard; he would lecture; he would do all the talking; he was over-aggressive. But later on I met what I considered an ideal instructor. He was a person who wasn't too intellectual; he was a man of average ability; a person who had the milk of human kindness; who was decent and honorable; a person whom I would want to make a friend of mine; whom I would be happy to invite in my home and say 'At least I admire him as a man, and surely I admire him as a teacher'. That individual did a very good job." Being warm - being human - and being understanding is, to me, particularly important. Don't try to create the impression that because you are an instructor in the Henry George School you are overly bright or overly intelligent or that you have all of the answers to all things. Let's realize that we are just normal human beings, and if we do that, I think we will have gone a long way.

Now, there are positive factors that I would like to talk about. It's taken for granted that every Georgist instructor knows his subject, and he should know his subject thoroughly. If he didn't know his subject backwards, he wouldn't be recommended as a candidate for the Teachers Training course. Unfortunately, we find at times that some people need refresher courses as they have the wrong interpretation and need some re-education in some phases of the philosophy, but we believe that can be done and it should be done.

We do have a manual. I insist that you should study your lesson and also do the collateral reading. This is one way to keep abreast with current affairs. After having studied your lesson and manual you should discard your manual and say to yourself "What does this chapter, this lesson, mean to me in terms of asking questions of students; to interrogate and elicit from them the information that is desired?" You find out then whether or not you know your subject - whether you can formulate desirable questions and whether the students know the subject. Now there is no lesson in the Henry George philosophy that I have discovered that has more than four or five salient points. Some lessons may have two or three, and out of a series of questions you may find one or two points worthy of full

development. Those are the points you will develop, and develop them beautifully and brilliantly. It might be necessary for you to work out some system of twelve, fifteen or twenty questions to develop one particular point, but you should work out your questions. It doesn't make any difference how you do it.

And then, I always insist that each instructor work out a series of illustrations to submit to his pupils, and each person in the class should also work out a series of illustrations, or an illustration on a particular point. Give the student the first opportunity to present and explain his illustration. If your illustration excels his, then give an illustration that will be pertinent to that particular question, and by that exchange and that cooperation of ideas and efforts we will all learn, will refine our techniques and do a much more thorough job. I have also encouraged the creative aspect (the idea I mentioned in the very beginning) of self-expression. Two years ago I had in my Teachers Training class three draftsmen and an architect, who worked out a series of slides to illustrate the rent law different from anything I had ever seen before. Those teacher trainees did all sorts of things. I have a folder with many things that they have done that might be utilized as visual aids. Now I say that visual aids are necessary or desirable at times and yet, paradoxically, they may or may not be necessary. It all depends upon you, the teacher, what you have to bring and what you have to offer. If you need some support from that particular area that will aid you in developing your subject, by all means use it. I haven't found it necessary.

I am careful, meticulously careful, at all times to always relate things to fundamental principles. If you ask and redirect your questions toward the idea of getting back to fundamental principles, you can never stray too far.

At the end of each lesson a student trainee has for his assignment the evaluation of work done during that session. His remarks are always constructive and in general are favorably accepted by his colleagues.

We believe in the Henry George system - in the incentive system. We believe it is a desirable system and we believe it with our heart and soul and we imply that in our course. We have an incentive motivation. We start out with not less than ten - and if we have twenty or thirty it doesn't matter - but at the end of the course, through evaluations that are kept secret, we select an individual who, according to the students, will show the greatest possibility of making a successful teacher on all of these counts that I have indicated this morning. They select, in their opinion, the individual who is most likely to succeed, and at the end of the last session they give him some autographed book or have him as their guest at a luncheon or give him some token of achievement. As a general rule, we find it works very, very well.

These are some of the things we do in the Teachers Training course in New York City and I submit them to you for your earnest consideration.

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SUGGESTED READING:

"The Art of Teaching" by Gilbert Highet. Publishers, Alfred A. Knopf.

"Lancelot's Handbook of Teaching Skills" by W.H. Lancelot (Iowa State Teachers College) Publishers, John Wiley & Sons

Henry George School of Social Science

Chartered by the University of the State of New York

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TEACHER TRAINING COURSE sponsored by the Henry George School

Beginning this Fall, and lasting for eight months, you are invited, based upon your expressed interest, to attend a number of teacher-training sessions. After this period of time, we anticipate that you will have sufficient background to be available for teaching in the Fall of 1984.

Please refer to the attached schedule for dates, subject and page numbers from Progress and Poverty (1971 edition) for the course. Each session will run from 6:00 p.m. to 8:00 p.m. on Tuesdays.

You have been provided with some materials you may wish to read over the summer, but more will be supplied as the course develops.

Stan Rubenstein, Director

TEACHER TRAINING COURSE SCHEDULE 1983-84

<u>LESSON #</u>	<u>DATE</u>	<u>SUBJECT</u>	<u>PAGE #</u>
1	Sept. 13, 1983	Definition of Terms	1-49
2	Sept. 27	Function of Capital	50-88
3	Oct. 18	Malthusian Theory	91-150
4	Nov. 1	Law of Rent	153-172
5	Nov. 22	Law of Interest & Wages	173-224
6	Dec. 13	Material Progress	227-260
7	Jan. 3, 1984	Depressions & Poverty	263-296
8	Jan. 24	Proposed Remedies	299-330
9	Feb. 14	Ethics of Remedy	331-394
10	Feb. 28	How the Remedy Works	397-429
11	Mar. 20	The Remedy's Effects	433-472
12	Apr. 3	Law of Human Progress	475-526
13	Apr. 17	Concept of Liberty	527-565

All sessions meet on Tuesdays, from 6:00 P.M.-8:00 P.M., at the Henry George School, 5 E. 44th Street, in New York City.

SPEAKER'S BUREAU SCHEDULE 1983-84

1983

October 11

December 6

1984

January 17

February 21

March 27

All sessions meet on Tuesdays, from 6:00 P.M. to 8:00 P.M., at the Henry George School, 5 E. 44th Street, in New York City.

HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

CHARTERED BY THE UNIVERSITY OF THE STATE OF NEW YORK

50 EAST 69TH STREET, NEW YORK 21, N. Y.

TELEPHONE RHINELANDER 4-8700

June 1950

Dear Teacher:

The attached set of Teacher Training Notes were developed about a year before the New Manual was issued. It was revised during a teacher training course shortly after the New Manual was issued. It is a result of our St. Louis experience and need. The purpose in sending it out to teachers is to use it as a primer for developing a set of notes that will be helpful in preparing teachers for the "Progress and Poverty" class in the future. It can be used by those who might like to start a class where there is no formal extension, by graduates of the correspondence course, or by class graduates who have moved.

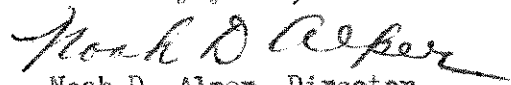
We need and want a far better product for this purpose. With your help we can improve these Teacher Training Notes. Use what you feel is helpful during the next three terms, starting in the Fall. Please make notes of what you think is good. Suggest what should be eliminated. Submit stories, illustrations of principles, drawings you use on blackboards to put over a principle or point, and illustrative clippings you have found that you think can be used in this future classroom tool. Suggest questions that you think should be covered that are not now covered.

In addition to this specific type of aid, we want your ideas of teaching the philosophy. How do you approach an important question? How do you lead into it - prepare the student for it? Do you call a student's name and then ask the question? Do you ask the question and then call on a student to answer it? What supplemental questions do you use? Do you feel you have uncovered a way that you have found effective.

Think what it will mean to a beginning teacher if we can place in their hands the best experience of our teachers who have found good methods! It might take years, certainly it will take a number of "teaching experiences" with classes, to develop this. We can help the new teachers BECOME BETTER TEACHERS in a year than they could possibly in a number of years on their own efforts. This does not mean they would become stereotype in attitude. Each will use this material as he desires. Each will learn techniques and attitudes that will help him to develop his own material and techniques. Let's help each other.

At the 1951 Henry George School convention we can have a superb set of training notes that can be easily kept up by occasional sheets carrying more up-to-date helps. It is hoped that we can discuss this in St. Louis at our 1950 conference. Possibly we can set up a committee to screen material and to submit it to the Directors prior to the 1951 Conference. Your support of the project is eagerly requested.

Sincerely yours,


Noah D. Alper, Director
St. Louis Extension
Henry George School
of Social Science

OPENING SESSION

1. Teacher introduces self as student enters classroom. Hands the student Questionnaire, refers to INSTRUCTIONS on sheet, and asks student to please fill it out right away. (If student notebook cover is available hand them that too - Questionnaire separate)
2. TABULATION. Draw form for tabulation of answers to Questions 3, 4 & 5 on blackboard, or have prepared a sheet of wrapping paper or like sheet - with crayons. Teacher assistant can help with aid of first student to complete questions; or, have two of the first students do it. (Show them how). Towards the end of this period you may have to take up questionnaires from late-comers, telling them they can complete it at home, and take date from their sheets. If some are too late or slow - skip them.
(An alternate method is to have students raise hands when asked who answered 'yes' or 'no' to each question)
3. Hand out TEXTBOOKS AND ENROLLMENT CARDS. As students complete questionnaire, hand them a book and an enrollment card. They will not get so 'impatient' with the book to look over and the card to fill out.
4. DISCUSSION OF QUESTIONNAIRE: Indicate only three questions will be discussed tonight. (Others if interest is shown) Make the following point and MAKE IT STRONG.
"We are not interested tonight in how any individual answers the questions. How does the 'group' answer them? We know from our experience that a group of Lawyers, Doctors, Engineers or others will divide on them just about the way we do here. The correct answer is not important tonight; the disagreement is. If we do not agree on such simple, isolated terms, how can we hope to discuss tariffs, taxes, wages, labor, money reform, etc?"

Point out the differences in the replies. You can say five said the lot on which a house rests is wealth, 2 said no - and, you can add, the five are wrong. You might remark: "As you will see later a vast difference exists between things found in nature & man made things. You will be surprised and delighted to know how much in agreement we are - and to know why we are - NEXT WEEK. We really make a lot of progress the first study lesson."

Note: Most answers to the questions about the 'slave' are yes. Make a big point of: "We have made the slave a producer of wealth by calling him Labor, and the product by calling him wealth and capital at the same time. Can the slave produce himself?"

Remember: The PURPOSE of the Questionnaire is to put some 'humility' into a class that always comes knowing so much.

3. Why STUDY ECONOMICS? Say: (in your own words of course, or some idea like this) "We are going to read a few pages from Progress and Poverty for an answer to this question. Ask the student the nature of our problems today? Do they involve the words, land, labor, capital, wealth, wages, interest, rent; tariffs, taxes, etc? These are 'economic words'. The fight is over distributing the wealth we know so well how to produce. Well, we will study this great problem. You will be delighted."

Formal study of economics has been a part of schooling in America for some 100 years. Truth should bring unity between people in economics as it does in physics, chemistry, medicine and such fields. If houses, buildings, bridges fell; boats sunk; autos, planes, and trains stopped too frequently; if epidemics swept our country as they did in past ages and do today in some world-spots, would we not 'doubt' the knowledge taught in these fields? With the chaos we witness in the economic area today, can any sane and logical person help but wonder what is presented in our schools today whose graduates fail to help in such matters? Henry George says the Science of Political Economy, properly presented, can give an answer. That we believe and want you to see.

At our first meeting some questions were brought up to discuss.

"But why study Henry George Economics?# Many principles, the most important one - what is known as Ricardo's Law of Rent - were known before George knew there was an 'economic science'. Had he not studied the great economists of his and previous times, he could not have written PROGRESS & POVERTY in its present form. Since Henry George built on 'natural law principles' we can only refer to Progress & Poverty as his presentation of economics. Make no mistake about it. Henry George DID make vital and new contributions himself. But it cannot be called Georgeism or Henry George economics. Many other writers wrote books on the subject.

(Is this, or does it lead to, Communism?) Such a question may arise. Even if it does not - it may lurk in the minds of those present. If it comes out - treat it along with Socialism and Fascism -. Something like this may help: "The wonderful thing about Henry George's presentation of economics is this: you will see that we can secure results we want and should have in our country, without altering a single, truly 'free enterprise' principle in the American Way of doing things. A good remedy in medicine is a specific one; one that cures without making as much trouble or worse trouble than the original disease. So is H.G.'s proposal." Say: "This most certainly has nothing to do with Socialism, Communism or Fascism. It has to do with a PURER FREEDOM."

BY ASKING QUESTIONS break down (Communism and Socialism) into its parts. (Fascism is different; here the State usually permits the old ownership to remain but RUNS THE SHOW)

Ask: Who owns and directs business under Socialism or Communism? Get answers. The answer is THE STATE.

Point out: You will see that Henry George favors private ownership and private direction of capital in production. Ford owners and management would do as they do now; as would U. S. Steel, Standard Oil, and Jake's Beanery, Inc. This leads from Communism and from Socialism - and makes Fascism impossible.

ASK: Who are considered Employers under Socialism and Communism? Get answers - but the answer is THE STATE....

Point out; Henry George wants people free to work for themselves or others as each sees fit and most profitable. The Socialistic-Communitistic presumption is that if one man employs another - it is AUTOMATICALLY EXPLOITATION. Henry George says hire all you can in your business. ---more---

Ask: Who has title to land under Socialism and Communism?

Bring out the answer which is - THE STATE.

The presentation of Economics by Henry George reveals that there is no change in the present right to hold title to land; to use it; to will it to children. Under Socialism or Communism land is NATIONALIZED. The State would hold it as to title and direct its use.

Ask: How are PRICES and WAGES set under the principles of Socialism and Communism? Develop the answer from the students - but bring out it is by STATE EDICT - by State authority.

Henry George sees that FREE MARKETS, free buying and selling, free taking and quitting jobs, equal freedom as to opportunity, is the NATURAL WAY of price and wage setting; that under this natural way no consumer or working man can be exploited. He would curb monopoly, and price fixing which Government seeks to do but fails to do now.

SAY: "I am sure this makes you want to know how Henry George proposes to do it. Well, that's what we are here for.

(If you can work it in, continue: The uninformed, those who learn from what amounts to 'gossips', sometimes are made to suspect that there is a Socialistic or Communistic tinge to Henry George's proposals. Such people seldom seek information at its source, in this case, to read and study WHAT HENRY GEORGE DOES PROPOSE AND WHY. They cannot think for themselves. They are the sort that would believe the Salvation Army or the Red Cross is 'communist tinged' if they heard it repeated often enough. About this you can be ignorant - or you can know. We want you to know."

HISTORY OF SCHOOL: Develop your own story-see School catalog and Student Notebook cover...

LIFE OF HENRY GEORGE: Develop your own story.

(Data on both points may be supplied later; if you feel you do not have a good story...we will help. Let us know...You should read The Life of Henry George by Henry George, Jr.,

NEXT WEEKS LESSON: Call their attention to the Lesson sheet. Show how assignments are made. Explain we use the Question and answer method because it promotes the best discussion and keeps us on the beam - doesn't let the TEACHER TALK TOO MUCH. Stress the importance of NOT WAITING until school night to study; to prepare. All they get will be what they put in. It's fun to be prepared. We get out early if we do.

NOW...ANY QUESTIONS? (ask them)

See Student 'note book' cover (Chicago Extension's fine contribution) There are the questions - the best answers.

CLOSE: We hope each one will enroll. Invite your friends next week. As we said the course is free and you understand why. If we provide the book it is \$1.00. Several can use one book. It's OK to borrow one. PLEASE FILL OUT ENROLLMENT CARDS...

If you do not have \$1 with you - your credit is good...pay later.

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(If possible have an assistant. Any friend will do. They can help tabulate; and take enrollment cards and pay for books. This will free the instructor to answer personal questions of those who seem to hesitate; to say to any who might seem to leave without enrolling, 'we'd like you to enroll; we know you will enjoy this very much and have a new knowledge of which you will be proud.' (In spite of all we can do some will not enroll - since they thought it was about cooking, or how to win friends and influence people-etc; don't let such worry you)

EXPECT IT: Some students have heard of Henry George and know something of his proposal. Others may rush home, bet out the dog-eared encyclopedia and read the "works"; who George was, what his analysis was and what he proposed. What is "wrong with him" or maybe what is right. It's a problem, but you can handle it.

We cannot disclose or discuss Henry George's presentation or solution in advance of Henry George's work in our textbook. We should not and need not discuss (but very little) other philosophies. We are not assembling students for others to 'propagandize'. Our purpose with them is to KNOW - what is in Progress & Poverty.

Say: (Something like this); We are here to study and to understand what is in a great book. We will have some diversions - but not many. You can see it will be a full-time job to cover the program laid out. Henry George is a candidate for that remarkable institution - The Hall of Fame. Washington, Jefferson, Franklin and Lincoln have been elected; Henry George will too. (Read what John Dewey says on the cover; also Tolstoy). You will be communing with a great spirit - a great mind; one of the greatest America has produced. It will be well worth your while.

We do not pretend to know the answers to any and all questions you may propound. We will try. The answers we are concerned with are in the book. WE WILL NOT answer questions the second or third week that we know will come up the 5th, 6th, 7th, 8th or 9th lesson. This course unfolds. We will be fair to it. The first six lessons are build up lessons - the next three are the best discussion lessons. We will prepare for them.

NEW FIFTH MANUAL (in preparation) suggestions: Seek to have the students develop answers...no digressions along irrelevant lines...avoid local or national political arguments...(we don't care what religion the student is...or is not...(NDA)...review questions previously discussed if later question indicates student did not get it...ask student to repeat question you did not get clearly - to develop it more (gives you time)...A question not grasped is one not answered 'on the nose'...NDA.

OPEN AND CLOSE classes promptly. If the lesson is over ahead of time - go home; don't go over time....

STUDY SUGGESTIONS: 1. Read entire assignment straight thru. 2. Attempt to answer questions without reference to book. 3. Reread pages indicated alongside each question and review answer. 4. Do not use words of the book in answers. 5. If time permits read the entire assignment. (Tell students if they miss-take class elsewhere - or we will mail missed assignments)

TO BE CONTINUED....

The opening session - questionnaire tabulation and discussion - caused students to want to know the meaning of terms. Clear concise understanding is basic.

As a preliminary try this but do not take too much time. Merely say: What sort of things were in existence before man? Bring out solids and liquids(Land and its contents minerals, oils, chemicals, etc; rivers, lakes, oceans; wild animals of water and land; game and fish; rain, water falls, fog, etc.) What came next? (Man) What class of objects resulted from the union of these two? Have the students name some man-made objects.

Now try to have these three groups 'named.' You might suggest - after a few attempts - (a) natural objects; (b) man; (c) artificial objects. Suggest they keep these classifications in mind while they study George's definitions.

Question 1. "What is land?" (Get textbook answer). Which category does land replace in those previously developed? (Natural objects) Suggest; a better name might be 'Nature.' "But since the economists use "Land" we will too.

Q.2: What is labor? Develop from Manual. Point out we are only interested in man in the study of economics as a producer of wealth or services.

Q.3 What is wealth? Bring out points a, b, c, d of Manual. Write them on board. Dramatize the answer with a pencil. Hold it so all see it. Point out it is a material object; wood, metal, rubber, lead, paint, etc. 2. It is made by Labor. There are no "pencil trees" in nature or land. 3. (VERY IMPORTANT) Note that the pencil has within itself the power to satisfy our desires. I want to write. Or draw, or keep records, etc. The pencil itself is to satisfy these desires. (Suggest watch, house, food, etc; how each item is designed to satisfy specific wants) 4. Other people desire these things so they have exchange value.

GO BACK TO QUESTIONNAIRE. questions on wealth; review them.

Note: Economics is a 'social science' - not the science of the individual; not personal economy or household economy of the family. It has to do with relations of individuals in the social-economic environment. It deals with the 'laws' or means of how men, in society, who produce parts of things and things they do not want, get a living thru exchange. Get this 'economics environment' idea over and you clear the way for future understanding.

(An old faded out canvas, framed, hangs alongside other fine paintings in the gallery of a wealthy and distinguished man. "What is that?" asked a visitor? "That is the most valuable painting I have. It's been in our family 700 years; a painting of our ancestral castle; I would not take \$50,000 for that." Said friend visitor: "I would not give you a cancelled 2¢ U.S. stamp for it." So regardless of its 'worth' to an individual if it has no value in exchange to others, IT IS NOT WEALTH from the Scientific economics viewpoint.

(Tiedeman: "Why the restricted meaning of the word wealth?" Answer: "We need a word for the things that men produce. If there were a better word we would use it. We could use the word 'products' but this does not convey the idea of value, which the word wealth does very well."

(Note: Occasionally we will use quotes from Mr. Henry L. T. Tideman, Dean of the Chicago Extension of the Henry George School of Social Science and it will be indicated as is done above.)

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Note: Group questions: Example: First 9 (Lesson 11) are to bring understanding to students of words Land, Labor, Capital, Wealth. Try to hold discussion within limits of term discussed. The important thing is not the discussion of each individual question but the discussion of each 'group' of questions. After Q.9 take time to clear up definition of four terms. (Do same with 15, 16 & 17). (Time can be saved if discussion - more complete discussion - can be somewhat delayed until the related group of questions have been covered. (Then take ample time to review the whole)

Q. 4. Why must land be excluded from the category of wealth? (Check the four points of wealth) Not a product of Labor. Also, cannot of itself satisfy wants as can a product of labor. It is the source of wealth. (What of beauty of the landscape? We can enjoy that without productive effort; can't so enjoy wealth) (Tiedeman: Land is too important an item to be hashed up with the products of labor -- beans, shoes, steaks, clothes, carpets or houses. Parallel. We are all human beings, but we have special words for special functions -- Men and women. Parents -- Father and mother, Family -- Parents and children. Children -- Sons and daughters. So in Political Economy, of the things which make us consider men wealthy, we have Land and Wealth as words with functional meaning."

(Note: We could refer to people as 'human beings; we would not know if they were men or women.)Emphasize we will HOLD TO OUR DEFINITIONS always.

Q. 5, 6 & 7.

Q. 8. What is Capital? See answer in Manual. (Emphasize: Capital is wealth still in the course of exchange; wealth not yet in the hands of the consumer. Border line cases: An auto used both for business and pleasure; say 5 days business; 2 day's pleasure. Suggest 5/7ths Capital; 2/7ths Consumers wealth.

Q. 9... in the

Q. 10. What are the factors/ production of wealth?

See "Note to Instructor". A number of economists treat management as a separate factor; and even the term 'government' in some instances. You will see that we only need the terms Land, Labor and Capital. Labor includes management. (Management is a job just as digging ditches is a job. (See Q. 11) Both are engaged in supplying wants to consumers. Government is a factory, not a factor. It, itself, uses Land, Labor & Capital (or public wealth) in producing common services for us all. The exclusion of Management and Government as factors is one important point of difference between our course and MANY COLLEGE courses.

Q. 11. Stress answer strongly: all is production which carries product to user.

Q. 12 Be sure this is clear.

Q. 13. Suggest they be named only - not defined.

... "define"; "to determine limits of; to describe nature of."

A good definition is one that includes all that belongs within the term and excludes all else. Go to the board. Make a square on the board - see illustration below - and on top line write LAND. Remark: "This is like a pigeon-hole in a desk. If you file a paper in one pigeon hole you can't file the same item in another at the same time. Our economic definitions are like "Pigeon holes." (Name a number of items which are land). Use original questionnaire items.

Make a second square and write Labor on the top line. (See illustration) Take the questions on Labor and show they are filed here.

Make a big square under the first two, writing the word Wealth on top line.

Join Labor and Land squares by an X - see illustration. Remark: Labor working on Land produces wealth. ----here ----

Divide the wealth pigeon hole into two parts as shown. In one write Capital and in the other Consumers. All wealth that is capital goes in one; wealth not capital-wealth in the other. Say: "We can file (classify) every object of economic significance in one of these four squares. This makes the subject easy to handle, doesn't it?"

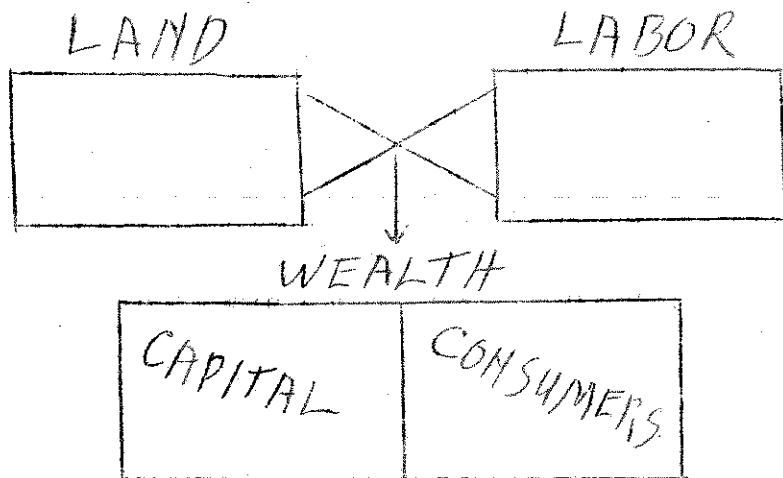


ILLUSTRATION: ECONOMIC PIGEON-HOLES.

Observe how 'natural' these separations are. All things exist in nature-found in nature-not altered, modified, moved or possessed by man, we call 'land.' Next we take man. While man is a 'natural object' we treat man different from other natural objects because of man's power to use mental and physical effort in production and that effort we call LABOR. Suppose we said we would consider all MAN as Labor except his left arm which we would classify as 'land.' This is an arbitrary separation. Why not a leg or his feet considered land? (So seek to clarify definitions. Ask: Any questions? Check up now and then. If some are slow (or merely stubborn) just say we must go on but that you are sure all this will clear up as we begin to use these terms in our future work.)

Q. 14-15-16. (Mr. Tideman: The stress should be laid on the part of the answer which includes the idea of wealth, "That part of wealth which is," etc., in order to carry out the idea of "the distribution of wealth.")

Q. 17. What is the problem of poverty? (See Manual answer) Some will hold back. They will deny existence of poverty 'as a problem.' It is important we get this idea over if possible. (Suggest these figures to help; In 1935 the Statistical Abstract of the U.S (1943) said: (A family unit is a single person or family who produce their own living)

18,358,949 families (46.5%) received under \$1000 (average \$600) annually.

16,878,960 families (42.8%) received \$1000-\$2500 (average \$1500) annually.

Suggest: Brookings Institute of Washington D.C., not a radical outfit by any means, came to a conclusion that one third of our people are ill-fed, ill-housed and ill-clothed. (1/3 is some 50,000,000 people) .

Also suggest: Life insurance companies - not to scatter propaganda but to sell life insurance and induce us to provide for old age, have said: Out of 100 at age 20, in 40 years, 35 die; 1 is rich; 4 moderately well-to-do; five are poor but pay their way until they die; and 55 are dependent. (Some may say it is their fault. And in some cases yet. But many were wiped out by boom and bust economics; many lost in investments and in bank failures due to bad and general economic conditions; not their individual faults. Also: Ask what does the 'trend' of politics suggest? (What of elections since 1932?)

Note: Q. 17 or Lesson 11, diagram following: Reproduce it on the Board.

FACTORS OF PRODUCTION
Land
Labor
Capital

The Product
Wealth
(and Services)

Avenues of Distribution
Rent
Wages
Interest



Also draw 'pic' on board.

Be careful to suggest the divisions mean nothing as to figures of percent. They only illustrate the three ways of wealth distribution and their relationship to one another; that part of the wealth produced which is attributed to LAND is called Rent; that part of wealth attributed to Capital is called Interest; that part of wealth attributed to Labor is called Wages.

Sort of review. (Repetition aids memory)

Which of the Factors of Production came first? Which second? Which third?
Which are Primary? Which Secondary?

Can we engage in production of wealth without Capital?

Mr. Tidenan suggests:

"At the close of the lesson, state the following propositions or ask them as questions for general agreement."

"Are we agreed that since the great mass of men get their incomes by labor that the "problem of poverty" is to be solved by the study of what might be called "the wages question?"

"Do we agree that for the purpose of our discussions the word "wealth" shall mean the useful products of labor? (Repeat the four points: material object: made by labor; containing within itself the power of human satisfactions; having exchange value. (NDALper).

That "Land" shall include only the material gifts of nature?

That "Labor" shall mean exertion devoted to the production of wealth?

That "Capital" shall mean wealth devoted to the production of more wealth?

(Note: Yet to be exchanged shall be added: NDALper)

That "Rent" shall mean the wealth given for the use of Land?

That "Wages" shall mean the wealth constituting the reward for labor?

That "Interest" shall mean the wealth constituting the return for the use of Capital.

LESSON 111.

Q.1. What are the three factors in the production of wealth?

This is an opportunity to review basic terms. We learn better by repetition. Repeat, what you might say when you distribute the Book-Marks; "If you understand thoroughly the definitions and principles given on the Book-Mark you will have a basis for sound economic thinking and understanding."

Q. 2 - 3 - 4.

Q. 5. What is meant by the laws governing the distribution of wealth?

Emphasize again that economics is the science which deals with how the people as a whole get a living. It has to do with the general economic environment in which all work. (It is like dealing with public sanitation and thinking of its relation to individual and individual and private household sanitation) Economics reveals 3 factors of production. Economics reveals we may get wealth (or services) as rent, wages and interest; or combinations of these. First we must know how the wealth is divided or shared as rent to ALL title holders as a group; to all labor as a group; to all owners of capital as a group. How the individuals of those different groups secure their personal share is taken up later.

Q. 6. How are the laws of the distribution of wealth related to each other?

(Add: When the pie is shared between Land, Labor and Capital factors, the pie pan is empty; the three laws together accounting for the complete sharing of the pie (wealth and services). (Claims on all are issued) You might say: If we had more stability (less boom and bust) in our economy the percent going to each factor would change slowly. It might take years to cause observable change. But with 'boom and bust' periods the change might be drastically out of proportion.

Q.7 - 8.

Q. 9. Why is the term "profits" confusing in the study of political economy?

Secure answer from students. Quote this sentence by Henry George. (Write it in your TEACHERS MANUAL) (Page 157) "Either in its common meaning or in the meaning expressly assigned to it, to talk about distribution of wealth into rent, wages and profits is like talking of the division of mankind into men, women and human beings." LET THE SENTENCE SOAK IN. (Break it down. Ask are not men and women human beings? Seek to make clear in minds of students that George is right. Ask: Is profits an economic or accounting term?")

STRESS that the word "profits" is a bookkeeping or accounting term - not an economic term. Accountants should analyze 'profits' and tell the management if the "profits" arose from land rent, wages or interest. (From improper allocation or distribution of these items?)

The following story about a merchant in Omaha is based on actual experience. A man was trying to interest the owner of a large department store in the presentation of Henry George. In answer to a question as to how his business fared the owner said that they were doing better than the department store averages. "How much is due to land RENT?" the business man was asked. Analysis revealed that if the land itself was rented it would bring in far more than was allowed on the books due to increase in population during the years owned. The business itself was producing less than estimated. It resulted in a careful analysis of the business. Some departments were eliminated; others turned over to new managers; greater real efficiency was secured.

Perhaps this illustration will help explain how 'profits' might be wages, rent or interest. An owner of a moving picture theatre was to be away 2 years for his health. He asked a friend to operate the business for him. He pointed out no capital was necessary since he could pay all workers, for the films at the end of the week. The amount paid the owner included interest on capital, rent of land and full depreciation charges. As manager the friend could draw \$200 a month.

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At the end of the first year the auditor said: "Well, you have done alright. You have \$1200 'profit' in the bank." The young manager thought for a moment and then said: "Suppose I had paid myself \$300 a month as wages (salary) I would not have made any profit at all, would I?" Was not the 'auditors' profit merely undistributed wages?

A man worked for the city government. He learned of a street to be widened into a boulevard. Study of the route revealed a highly desirable location for a gasoline station. Hurriedly he sought out the owner and taking advantage of the owners ignorance of the forthcoming improvement by the people he secured an option for \$100 cash, \$100 a month for six months and \$5000 purchase price. When the news of the improvement became public an Oil Company offered him \$25,000 for the lot. Allowing for all costs he made a net of \$18,900 - say. Was not the basis of the "profit" land rent and its CAPITALIZATION? Was it not a sudden increase in the value of land due to COMMUNITY PAID FOR IMPROVEMENT?

A group of men borrowed \$1,000,000 for ten years. In 2 years the purpose for which they borrowed the capital no longer existed. In the meantime business activity had increased and capital interest was 3%, not 2%. They formed a lending company and for 8 years used this borrowed capital. After paying all expenses of operation was not any 'profit' gained due to INTEREST?

Will this analysis and illustration of each share dispel the idea of "profits" from student minds? Stress WE HAVE NO USE FOR THE TERM PROFITS IN THIS COURSE.

Q. 10. Is capital an indispensable factor in the production of wealth?

Picture a man washed up on an island with nothing man-made that could be used as a tool to provide for his needs. He has only brain and brawn. He is thirsty and hungry; fears the cold rains. Would he have to wait to secure capital before he could go to work? (Avoid argument as to degree of productiveness of his effort. Emphasize men could work without capital. Point out the capital we now have is a result of LABOR on land.)

Q. 11. Do the laws of distribution, therefore, require a division into three parts?

(In addition to the Manual answer point out that even where all three factors engage in production ONLY ENOUGH produce (wealth) might be secured to share as wages or wages and interest. If RENT were paid at this point the wages and interest received would not justify labor effort. Land, where no rent could be collected is marginal or 'no-rent' land. (Poorer land is sub-marginal land).)

In this case; P (wealth & services) equals $\frac{W}{0}$ Wages (plus) $\frac{I}{0}$ Interest (plus) $\frac{R}{0}$ Rent. (The Rent percent is ZERO)

Q. 12. What factor of production is the logical starting point from which to trace the laws of distribution? Why?

Expand the answer. What arrangements must first be made to go into business? (A location must be secured) Is not the 'cost' of such a location made known in advance; as a fixed charge or percent of the business? This is a matter of every day practice in renting or buying the use of land.

Q. 13 - 14.

Q. 15. If the same person is both the owner and user of land can there be rent?

Suppose the gross return of a piece of land was \$1000 a year when a man worked it himself (title holder). If he could secure \$300 a year as rent without work can he say the full \$1000 is wages? Must he not say his own wages in working the land was ONLY \$700? (We often hear of men who buy farms as an investment. They want RENT (and interest for improvements) income. They apply themselves as doctors, managers, machinists, etc., elsewhere because they can make more as WAGES elsewhere than working on the land they own.)

Q. 16. Does the rent of a piece of land affect its selling price?

CAPITALIZING LAND RENT WEALTH. People have a choice in making investments. They do in all but FASCIST or COMMUNIST State systems. People compare income they might get from land title holding with other choices they are offered. Suppose

a \$1000 bond yields \$50 a year. This is at 5%. If an investment in land assured a NET RETURN of \$50 a year, with interest at 5%, it would be said to be worth \$1000 too. (Use blackboard) 5% of \$1000 is \$50. So \$50 a year as annual income is worth \$1000 in a lump sum (cash). (Figure out what part of 100 the interest rate is. 5% is 1/20th of 100. 20 times \$50 annual income is \$1000. People would pay 20 times the annual income AT ONCE (\$1000) to possess an investment yielding \$50 a year. Suppose interest is 4%. 4% is 1/25th of 100. 25 times \$50 (annual income) is \$1250. If money is 4% people would pay 25 times \$50 or \$1250 to own such an investment. \$1250 invested at 4% would give \$50 a year. These are the general principles of CAPITALIZATION OF AN INCOME of an investment.

Suppose the net rent of the land is \$50. A community imposed 'tax' increase cuts it to \$40 a year. If capital is 5% would a buyer NOW pay \$1000? 20 times \$40 is \$800. \$800 at 5% yields \$40. The price would drop to \$800. Point out it is NET rent, not GROSS rent, that is bought and sold; or as we say, that is CAPITALIZED. (Since the latter important point shows the effect of a 'tax' on the value of land or its rent you can say this point will certainly be covered later.)

Q.17 - 18

Q. 19. Does the rent of a piece of land depend only on its own capacity as compared to that of land which can be had for nothing?

Henry L. T. Tideman uses this illustration: When gold was discovered on the beach at Nome, Alaska, the land could not be taken up or claimed. But an arrangement was made whereby the beach was divided into 15 foot strips all down the beach and lots were drawn for the strips. By ordinary methods men could mine as much as \$20.00 a day from these sands. The day after the arrangements were made, clerks in stores and dishwashers in restaurants commanded \$20 a day. "Pay me or I leave for the beach." This land was the most productive land in Nome and it was free land. It paid no rent, and any land in the business districts of Nome that could not pay hired help \$20.00 a day and stay in use had to have its rent reduced. (Note: Wages rose with opportunity. If restaurants could not pay \$20 a day both the workers and owner went to the beach. Remaining restaurants would get more volume of business at their locations and could pay \$20 a day.)

Q.. 20. Will land yield rent if other land as good can be had for nothing?

Be sure they 'get it.' Point out: Is this just theory? Or is it a true picture of the way PEOPLE DO OR WOULD DO? Use this idea now and then in all testing.

Q. 21 - 22.

Q. 23. If we learn what portion of production goes to rent, how will that tell us what portion goes to wages and interest?

Recall to the students mind the "Inquiry" we set for ourselves: "Why wages tend to a minimum which gives but a bare living." If the pie is not on the blackboard put it there. Assume one cut is rent; and point out what is left is for wages and interest. (Why do Johnny and Bill watch mother cut Joe's piece of pie? Because the size of Joe's cut determines how much is left to be shared between Johnny and Bill. This is the BASIC ECONOMIC PROBLEM OF WEALTH DISTRIBUTION)

Q. 24. What is the law of rent? (Here you develop Chart of Manual)

As you know this is a MOST IMPORTANT question. The Law of Rent is often referred to as the Ricardian Law of Rent because David Ricardo, a London Broker, (about 1817) wrote most fully about it. The Law of Rent was fully and clearly stated before Henry George ever wrote or even lived. This "law" is taught in practically all colleges as we teach it in our course. Have a student read the Law of Rent from his book-mark. Ask them to underline the word EXCESS. Also have them underline the words "same application." Explain that "same application" applies to amount of used labor and capital. Point out figures in Manual example are index numbers; may mean 4 bales, 40 bushels, etc; 2 land is 1/2 as good; etc.

Lesson 1V:

Q's 1, 2 & 3...

Q. 4. Are stocks and bonds capital, and are the returns from them interest?

We are now engaged in developing the Law of Interest. Emphasize that real interest results from the USE OF CAPITAL; wealth previously produced that is actually used to produce more wealth for exchange. What happens to the wealth people gave up their money claims to when they bought bonds for war purposes? Was it not destroyed? Then it could not be used to produce more wealth, could it? No interest could arise from its use in 'further production.' And interest is a part of PRODUCTION which is paid for the use of Capital in production. What then is the source of the claims on wealth (coupons or bond appreciation) one receives when they collect what they call 'their interest' on war bonds. Is it not taxes? And taxes merely take from the current wages of people (or rent of land).

Or to further illustrate 'fake' interest. The land under the Railway Exchange Building in St. Louis is leased to the owners of the Railway Exchange building. The title holders to land only receive a net rent of \$238,000 a year. This is RENT, not interest. Oil, mineral, timber royalties, capitalized patents and tariff protections do not yield interest tho they may be 'capitalized' into stocks and bonds, etc.

Q. 5. Does capital employ labor or does labor employ capital?

The answer in the Manual is contrary to the opinion of many people. They have read articles on "how much capital" is required to employ one workman. The advertisement or article should have stated worker employ so much capital to get a living in the USA.

Ask: What is capital? Ask what is the difference between a Capitalist and Capital. (Just to clear up the difference between the owner and what is owned) Capital is tools and buildings and materials made by man. Capital cannot think. Capital cannot manage. Only Labor can think and manage. A farmer is LABOR. He may own his own capital. If so he manages this capital in production and uses it too.

A workman who owns no capital seeks to satisfy his wants. He takes a job. He needs capital that goes with his job as tools. He knows that a share of the produce his labor causes to come into existence will be given in payment for use of capital; that in addition he will produce enough to replace wear and tear and obsolete machines with new and modern equipment.

Also picture it in this way. A worker is a consumer. He works to satisfy his desires. As such he hires all labor and capital used in production. As a member of society; as one of the people he employs all labor and capital used in producing things and services he desires for which he gives up the products or results of his own labor. Repeat: Economics is a study of how men in society get a living.

Mr. Henry L. T. Tideman puts it this way: Here is a man operating a steam driven digging machine excavating a place for the foundation of a building. Which labors? Which employs the other? The sense of the word employs is uses, not hires. The use of the word "employ" as synonymous with 'hire' is an Americanism. A Britisher seldom employs a man, he almost always hires him as he hires lodging.

Q. 6. Is capital a fixed quantity?

Show how scrap metal, rags, old jewelry, etc., is sold when there is a high price for it. Ask: Suppose one sells \$100 of old scrap but buys from a store \$100 in goods. Ask: Has capital of the nation increased? No. He took out as consumer goods the equal to what was placed in use as capital goods. He neither increased or decreased the stockpile of capital.

Next ask: How is capital produced? (The student has not directly studied this question in this form. It comes from other sources than Progress & Poverty.) 1. Point out something must be produced. 2. Some of the production is saved, that is, is not consumed. 3. This saved production (wealth) is placed in use to make more wealth for exchange. If the person who sold junk or old jewelry left the money (claims on wealth) in the bank where it could be borrowed by business men or if the person invested it directly into business as new capital, then capital is increased.

This idea may be useful: As ice is frozen water so is capital frozen or congealed labor; stored up labor. Capital is a product of labor.

Another 'think' causing question not directly studied: Is it true that All capital is the product of labor? (Yes it is true. No capital exists without labor's effort). Follow this with: "Do all who labor produce capital?" The answer is 'no'. Develop: If a man makes \$50 and spends \$50, does he make capital? If a man earns \$50, spends \$40, and places \$10 under his mattress, does he make capital? (Not until the \$10 saved is placed to work as Capital). If he saves \$10 and leaves it in the bank for use of business, then \$10 is added to the stockpile of capital.

A working man said: "Why look at the building! I helped build that. It is really mine and also belongs to others who worked with me. But did he not forget something? He received receipts of labor - money. Did he not exchange these for other products which he consumed? If he were allowed to claim the wealth he gave up as wages to secure and the building too, he would get two portions although he produced only one.

Q. 7,8,9,10,11,12,13. These questions develop how interest and wages are "kept in line" with each other. If wages go too high, labor savings (capital) devices will be demanded to replace labor or to substitute for added labor needed. If interest rates go too high, or the demand for capital is but temporary (in the opinion of business men) they will use more direct labor and work their machines (capital) longer hours in added shifts. (They will use men with hand shovels if the situation does not warrant mechanical shovels) (Study Henry George on this to enrich your presentation. Make notes of illustrations so you can give them.) Take a pencil in hand holding it level. Call one end wages, the other interest. At any one moment one demand may be stronger than the other. Forces set to work - by adding to or subtracting from capital - to restore the balance. But point out that both ends of the pencil, regardless of the lag of one end compared to the other, go up and down together, as Rent of Land goes down both go up; as rent goes up, both go down.

(Note: This is a good time to point out that Natural Laws in economics have the same certainty as other natural laws. We say in Chemistry that if certain quantities of two elements are joined together under certain conditions, certain results will follow every time. If, however, a third element is accidentally introduced, the same results will not be secured. So we say in economics that under the same set of circumstances the same results will follow; that if something does not interfere, the tendency is for interest and wages to go up and down together)

The following figures are from Federal Reserve Reports (St. Louis). The wages figures are for ALL MANUFACTURING INDUSTRIES. The Interest figures are "Prevailing rate on--Prime, Commercial paper, 4 to 6 months) Notice the comparative movements. In making this chart the low point of both wages and interest were taken for 1914. The next highest point for wages was in 1920 and the high point for interest also occurred, so this point was taken.

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Y E A R	Average Weekly Earnings. (Dollars)	Prevailing Rate on Prime, Commercial paper-4 to 6 months.	Don't take too much time on this..yet it is somewhat important to some in the class. (If time, place figures on board) From 1933 see how weekly average wage advanced-but interest rates dropped. Point out it was the policy of the US Government and Federal Reserve Board to keep interest rates at low point in order to make bonds attractive and to spend- spend-tax-tax in its fight on depress- ions and later to finance war. This situation will change eventually and interest rates will go up and down to- gether VISABLY. (As a matter of fact REAL interest for tangible capital (goods
1914	\$11.08	5.74%	
1920	26.50	7.50	
1922	21.69	4.52	
1923	24.01	5.07	
1924	23.93	3.98	
1929	25.03	5.85	
1933	16.73	1.73	
1937	24.05	.94	
1938	22.30	.81	
1945	44.39	.73	

machines, buildings, etc. DID GO UP. The owner could 'rent it out' at very high rates or sell at very high prices. But the average student judges by the rate of interest he knows about in the bank. This was low while wages advanced greatly. Government action financed most production; limited ordinary business making things consumers wanted; made it so most business men did not need to borrow so much from 'banks', so the private individual found little market for his capital and had to take a low return. (Government bonds were attractive compared to bank interest)

Point out that a demand for Capital is a demand for Labor; men at sea when ships (capital) are at sea; men in factories and mills when capital works; trains moving, men working. No outside act - an act apart from the use of labor and capital - such as a LAW passed by Congress, can be really helpful for Labor if it is not also really helpful to owners of capital.

The welfare of Labor and Capital Owners is harmonious. The process of wage determination, individual or collective bargaining, is supposedly a process of finding facts, the facts which are supposed to set wages. Under one set of environmental circumstances bargaining must drive wages down; under another, drive them up. There is no more "sign of conflict" in the bargaining process to set wages than there is 'conflict' (enmity) in playing a game to see who's team is best. Bargaining is a way of 'a free economy'; a way of setting wages, not a sign of conflict of true economic interests. What we seek to do as students of economics, is to so work our economy garden, the environment in which economic forces work, that the constant "RE-bargaining" of individual or collective groups, will tend to set wages high as productive power increases. How to garden our Nation is the problem just as how to farm a farm or cultivate a garden is a problem. The science of Agriculture assists in one; the science of economics in the other.

Q. 14. Q. 15: What then is the Law of Interest?

There is no necessity to become involved in the question of interest. There is some argument, often much argument, as to the CAUSE of Interest in our own and in other groups. (This may be settled one day and is a fine point of speculation in economics) There is little argument as to the FACT of interest although some do declare its non-existence.

The advantages of capital are found in all forms of its use. Interest is paid for the advantage of capital use. If some SPECIAL FORMS of capital are scarce then, free to do so, savings and labor will be directed to making that form. The Law of Interest is as found on the Book-Mark. For practical purposes the CAUSE of interest, it seems, lies in the scarcity of capital in relation to demand for it and for its advantages in production under circumstances existing at that time. The rate of interest, it seems, is determined, not by the net advantage of capital to

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any one user in production, but by the market measure of the advantage of capital to all users and in all forms. Lenders of capital seldom know to what specific use their capital will be placed. It will be loaned on the general character, capacity and capability of the borrower. (In cases where a specific use is proposed and a great risk is involved (or more than the risk of greatest security) the visible interest rate will be higher. But this additional charge is known to include a premium (insurance) for risk. Interest rates are determined by groups of lenders and borrowers of capital in the market place.

(Note: A man's power to labor lies within himself. The capital he produces (makes, saves and puts into production) however, lies without himself. This capital can be used by other men; that is, saved or stored-up labor in capital can be loaned. Others can enjoy its benefits as well as the owner. The income called interest that is received for allowing its use by others is but a form of wages; indirect wages called interest. The interest comes from the advantages in production conveyed to the borrower by the use of the lenders capital. The borrower can produce more with this BORROWED CAPITAL than he could without it. The borrower pays interest out of this EXTRA production made possible by using this extra capital. Actually unless both parties are satisfied with the arrangement made there is no lending or borrowing. The bargaining between the parties determine how much of the gain due to use of the capital borrowed shall go to the capital owner and how much shall be retained by the capital user. So capital, by its contribution in production, produces its own interest. This interest is the product of the PRODUCER of the capital, not of the borrower. The payment of this interest does not reduce wages; it adds to wages.

Q's 16,17,18,19....

Q. 20. If a man employs himself what will be the lowest wages for which he will work for others.

A man buys raw peanuts. He roasts and packs them and sells them, making \$3.25 a day wages. Is he likely to work for another, all else being the same, for less? Wages are determined by optional choice; working for others or self.

Q's 21,22: Q. 23. Where land is owned and rent arises, what determines or fixes wages? You have already developed the Law of Rent.

You might repeat the Chart; or at least put it on the board to refer to. But this simple illustration might be substituted. (Blackboard)

<u>Productivity of Land</u>	<u>Distribution</u>		
	<u>Wages</u>	<u>Interest</u>	<u>Rent</u>
10 Bu. (Marginal land)	9	1	0
12 Bu.	9	1	2
14 Bu.	9	1	4
16 Bu.	9	1	6

Q. 24. What then is the Law of Wages?

(Note: It is important that the student understands the "Margin of Production. Explain that the expression 'Margin of PRODUCTION' includes the 'Margin of Cultivation', which term suggests agricultural land only. As a train goes West from Des Moines, Iowa, into Nebraska, wonderful corn is seen growing; then fair corn; then poor corn; then no corn at all is seen. The 'margin' or edge of corn growing land is passed. The principle applies to shopping districts; as the last drug store or meat market at the edge of the city; the last gasoline station (last chance stations) as you leave the community. The Margin of Cultivation is given a place on the Book-Mark. It is important. Have student read definition.

Henry George set out to discover the Law of Wages. The Law of Rent had long been known. Show the relation of the Laws of Wages and Rent to each other from the CHARTS.

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Q. 25. Q. 26 If better/opportunities than now exist were freely obtainable what would happen to wages?

Recall the illustration of gold found on the beach at Nome, Alaska. How did this affect wages? This also might be used. Suppose a body of land just like the present State of California arose out of the ocean just a few miles off the coast of California. What would happen? Would wages rise or fall in California? Would rent of land rise or fall in California? How could Employers or HIRERS of labor in California retain their working force?

Q. 27-28. Q. 29. Do the Laws of Rent, Wages and Interest, therefore, account for all the full division of the product?

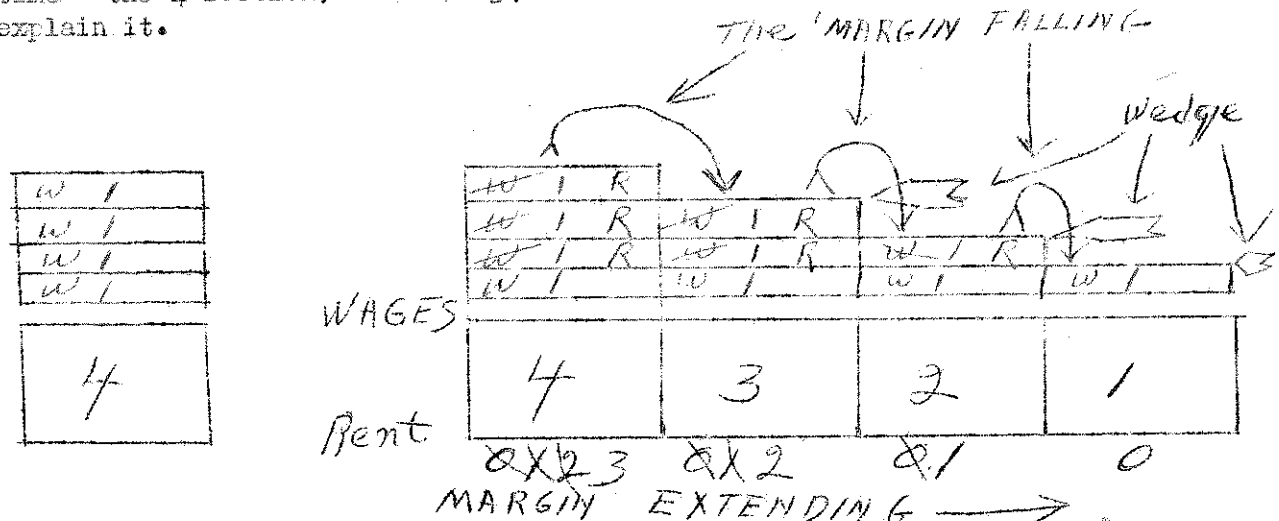
SUPPLEMENT: CORRELATION OF THE LAWS OF RENT, WAGES AND INTEREST.

After developing the Laws of Rent, Wages and Interest, it may be well to remark that, so far as we know, it was at this point that Henry George made one of his great contributions to economic knowledge and understanding. The Law of Rent was stated in correct form by writers previous to George. But he saw the Law demonstrated in San Francisco between 1853 and 1879 when he wrote Progress and Poverty. This caused the book to be written. Henry George saw that if the Law of Rent were related to the 'margin' of production, so were the Laws of Wages and Interest. He saw it so clearly that he gave FORMAL statement to these Laws; tying both to the 'margin of production' along with the Law of Rent. This is ONE SIGNIFICANT difference between the presentation of basic economics in the HCSSS and in most university or college presentations. They do present the Law of Rent. They do not follow-through and ALSO present, as complementary to the Law of Rent, the Laws of Wages and Interest.

A PICTURE ILLUSTRATION OF THIS CORRELATION.

Say: As the need for additional land grows there is a tendency to bring into production less productive land which in turn becomes marginal or no-rent land. Here the same effort of labor and capital produces less wealth. We describe this occurrence in two ways. We say, "the margin is extending", or we say "the margin is dropping." Both have the same economic meaning for as the 'margin' extends, it includes the less productive land; that is land whose produce is less for the same application of labor and capital.

On the blackboard reproduce the basic chart developed in Lesson 1V. (The 4,3,2,1 chart) Above this develop the correlation. Build one section at a time - the 4 section, then the 3, then 2 and last 1. As you develop the chart explain it.



As the margin is pushed out (or drops) from 4 land to 3 land, production drops from 4 to 3. (Draw arrow down from top of 4 land to top of 3 land) As long as 3 land can be had free of rent all 3 units go to wages. But the wages at the margin - 3 - sets wages on 4 land. It is as though competition had driven a wedge along the top level of 3 land production across 4 land, dividing the production on 4 land into 3 below wedge as wages and 1 above the wedge as rent.

Population continues to push into the country. 2-land is being brought into use. As you picture the margin of production being extended (dropped) draw second bent arrow from top of 3-land to top of 2-land. Now it is as though competition for land has forced a second wedge measured by the productivity of the free land (2) across 3-land and 4-land. All above this wedge 2 on 4-land and 1 on 3-land, is rent, all below wages.

Notice the 1,1,1 & 1 on 4-land, indicating 4 units of production. When only 4-land is being used the 'w' to the left of each 1 indicates the unit is wages. (All 4 units are wages when only 4-land is used) As soon as 3-land is settled, and the first wedge is indicated, cancel the w (indicating wages) to the left of the top 1 and write in R, indicating rent, to the right of the 1. This pictured change is continued until 1-land is brought into use as 'marginal' land. At this time 3 w's will be marked out on 4-land, all replaced by R's to the right of the 1, 2 w's will be so treated on 3-land, and 1 on 2-land, as shown in the final development of the chart pictured in the illustration.

Say: "Look at the chart again. See the 'excess' of production. See how the 'excess' increases as the margin drops. The excess of production over the margin is RENT. Observe! As more people move into the land, as more competition for use of land develops, the margin is pushed out and rent rises on better land. So NOW WE CAN SAY---

Rent rises as the Margin Falls (or is extended).

By the natural forces of competition for land, wages are set at the same level across the land area considered; in use. There is a tendency to a common level of wages under like conditions and unlike occupations. The measure of wages is found at the marginal land; the free, no-rent required to use - land. Now read the Law of Wages. Have students follow on Book-Mark. So we can say that AS THE MARGIN OF PRODUCTION is pushed out (drops) wages drop. Point out that WAGES follow the direction of the margin; going up and down WITH THE MARGIN. RENT - however - moves in opposite direction to the margin; rising as it falls; falling as it rises. Recall that INTEREST goes along with Wages, up or down.

So the basic or bottom factor of how wealth is shared (of distributive justice) is the location of the MARGIN of Production. Any human event such as population growth, and, as will be seen, PROGRESS, extends or lowers the margin; raises or lowers wages. As population increases and progress grows rent tends to claim a larger proportion of the pie; wages and interest less. The importance of this study, you can say, will be seen later.

Here is a picturization of the three Laws as they operate by the rising or falling of the Margin of Production. They are all on the BOOK-MARK; they must be remembered and understood. They are quite simple and once pictured in your mind should never be forgotten. The correlation is complete. The distribution is fully accounted for by the THREE LAWS of Distribution; the Law of Rent, the Law of Wages and the Law of Interest.

Mr. Tidomans comment: Production requires Land plus Labor plus Capital. Produce equals Rent plus Wages plus Interest. Wages are regulated by what men can earn working for themselves. What men can earn working for themselves is regulated by the best free opportunity open to them - the margin of cultivation (production) Then: Wages plus Interest equals Produce minus Rent. (Why Labor & Capital fight. Owner of two dogs eats meat off a bone, tosses bone to dogs. Owners of earth take in rent all they can. Capital and labor fight for what is left and soon not to know that is what they are fighting for." ---more---

LESSON V.

Q. 1. Name some factors which contribute to material progress.

Point out how George reduces complexities in our pattern of economic life to simple groupings. He reduces all that goes into making for material progress into three groups; increase of population; improvements in the arts of production; improvement in knowledge, government and morals. But these three reduce to two; 1. Population increase. 2. Progress of the population.

Q's 2, 3 & 4.

Q. 5. Can increasing population increase rent without reducing the margin, and therefore, without reducing wages?

The Pittsburgh area is a good example of a 'bringing out' of special capabilities of the land. First there was fishing and hunting. Then land was cleared for crops. A village and town stage followed. Under the top soil was coal, oil and gas. Iron ore was available. These became important with growth of population. The junction of two rivers supplied transportation. City commercial and industrial areas developed. Rent can rise without lowering the margin.

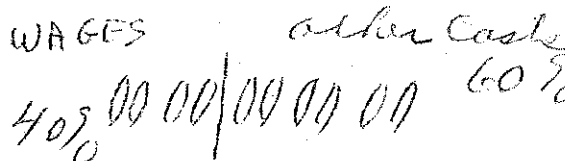
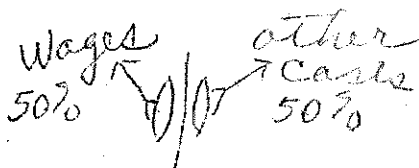
Following Q. 5, it is important to read the Story of the Savannahs. PP235-242.

To develop the idea of WAGES AS A QUANTITY VS WAGES AS A PROPORTION. (Note: See statement in Manual on Page 2, Lesson VI relative to whether wages have gone down in the U.S. as a proportion. The following is to illustrate the difference between wages viewed as a quantity and as a proportion.

A shoe cobbler makes a pair of shoes a week. One shoe is wages, the other pays for other costs. A number of these shoe-cobblers get-to-gether and organize a factory. Now they average 5 pair of shoes per worker a week. Four shoes are wages; 6 shoes pay for other costs. Four shoes are more than one shoe, so wages goes up as a QUANTITY. But 1 shoe was 50% of one pair and 4 shoes are only 40% of 5 pair. In proportion to total production, the economic basis for judging if wages advance or not, wages dropped. They dropped from 50% of the total produced to 40%. Most writers in trying to prove wages have gone up do so by using the idea of quantity of things enjoyed per hour of labor. They may prove wages have gone up as a QUANTITY, while, actually, in the economic sense, as a PROPORTION, they went down. The following illustration will help.

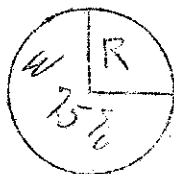
ONE COBBLER PRODUCES ONE SHOE A WEEK.

FIVE COBBLERS TOGETHER PRODUCE FIVE PAIR PER WORKER PER WEEK.

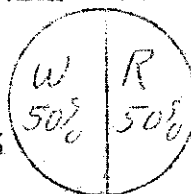


Illustrate with PIE diagram. In 1900 workers bake a pie of wealth and services - see Pie A. In 1945, same workers in number but with new methods, produce Pie B. They receive 75% of Pie A as wages; but only 50% of Pie B. But 50% of Pie B may 'weigh' more than 75% of Pie A. Again wages go up as a Quantity (of pie) but go down as a Proportion - the economic test.

PIE A



1,000,000 units in 1900. 750,000 units wages; 250,000 other costs. in 1945 3,000,000 units produced. But then



1,500,000 units were wages, 1,500,000 other costs. Wages did go up as Quantity from 750,000 to 1,500,000. Dropped 75% to 50% Proportion.

Q. 6. Do inventions and improvements in the productive arts save labor?

Draw out correct answer from students. Point out the simple effect of all such improvements; that this means more products with the same labor or less labor to produce the same products. Emphasize the effect of labor saving inventions, in the end, is an increased demand for land. The LABOR SAVED must express itself in making more new goods and services or more old goods and services; that to make more goods and services as a quantity demands the use of more land or a more intense use of land already being used. It demands more CONTENTS of land and more space or sites. Suppose we save labor in producing cotton. Will not more cotton be used? Will not more burlap (from India) be needed? More iron baling strips; more cotton mills; more gins; more to handle cotton seed oil, etc.

Q. 7. Is man's desire for wealth limited?

Illustrate how families and individuals consume more as wages rise. Consider desire on these three fronts; 1. quantity. 2. quality. 3. variety. Ask: "Do we have wants without limit?" Do we have ample materials and land space to use in satisfying our wants? Yes is the answer to both phases of these questions. Then ask, "Is unemployment an unavoidable result of our economic system?"

Point out that unemployment results from SOME ERROR we allow in the working of our system. Suppose invention displaces labor at a factory. Ask, what are the opportunities of their being re-employed at other points? How can adjustments take place? What has been the story of the past?

Point out we have to avenues of adjustment; 1. Natural. 2. Artificial. What are the 'natural' adjustments? The extension of the use of land in providing more old goods and services and some new goods and services.

What are artificial adjustments? Artifices of government. Planned aid. Bring out this point in discussion. Ask what government does now in such cases?

A further adjustment to machine introduction and increasing efficiency can be shorten hours. Many will seek 4-day week jobs. There will be more leisure. But what does leisure do to 'economic demand?' Causes demand for leisure and vacation goods and services; books, shops, fishing equipment, hotel rooms, restaurants, shows, etc. Is not all this a demand for labor? Is there any end to it?

What is a basic essential to RE-employment? Access to land.

Must all "go back to the land?" No. Only a few. If one man takes a tree from the forest, a ton of iron ore from the earth, many men are needed in hauling, making, wholesaling, retailing, until the product reaches consumers.

What do we mean when we say, "We must go back to the land?" Let the student answer..then ask: "Have we ever been away from the land? Don't we mean by "back to the land" merely a change in position on earth where labor is applied to land? From Detroit land sites making autos to Arkansas land sites, rising cotton, etc. Since man never leaves the land as man, actually he can never go back to the land. He has never been away from it.

Q's..8 - 9 - 10 - 11 - 12 -

Q. 13. As material progress increases and rent advances, what is the tendency of landholders?

Work on this question. Be sure students see this action of land speculators. Ask, "Won't man act like human beings? Wouldn't you tend to do the same? Forecasting the growing need for land for expansion of business and homes speculators get in the way. (Ask: Is it their intention to make it easier or harder for industry and man to get to land? In view of future discussions try to hold the discussion down to a yes or no answer if you can control the situation. The idea is just to 'plant' an idea. Say we will go into this further in a future lesson.

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Q. 14. What is meant by speculation in land?

It means to hold land for a turn; to resell at a profit. Ask: Does a real land speculator intend to use the land? Most often not - tho he might if opportunity to do so came at greater profit. Ask: Do you know people who have been mere speculators in land?

15. Are owners always willing or able to use land held for speculation?

Develop: Ask: "What is meant by the term 'land poor'?" (It is where a landholder has so much land the cost of holding it, paying current taxes and possibly mortgage interest, keeps him from having sufficient income for present needs. Often his family lives poorly tho he is reputedly rich.

Q. 16. (Recall charts)

Q. 17. Are any city lands held out of use for speculation?

(Also 18) The City Planning Commission reports that about 20% of St. Louis city land is held idle. But slum land and much other land is poorly improved. Often you see some buildings too high while next to them are one and two story structures? Why only one and two story buildings in important downtown city areas? Speculation! These are called "tax payers." Their owners await higher values to justify bigger improvements.

Chicago, in 1946, had 21% of her land vacant.

Q. 19. Can land near the limits of a city be purchased at agricultural prices?

It is too expensive for that. But it is often used in truck farming and in florist and landscaping productions, while waiting for the best time to develop. It is also farmed if such use is the best use while waiting.

Q. 20. Q. 21. What is the difference between the effect of (a) speculation in commodities and (b) speculation in land?

Students must see clearly the difference between speculation in land and speculation in commodities or productions of man. For example. Speculators (for a rise in price) buy and hold wheat off the market. Competition for remaining wheat by millers and bakers who must produce today, force prices up. Higher prices bring 'corrective forces' into action. One is to secure additional supplies of wheat. This is done by planting more acres and more use of fertilizer and two, by importing. The other force is also a combination of actions; use less wheat and two use substitutes. In a short time market correction takes place. This principle of MARKET CORRECTION takes place on all man-made productions. (It reverses itself when there is too much wheat or speculators work for lower prices when they are too high). (They sell short. This is selling wheat they don't have on the theory they can buy it for less later and deliver it. Selling-short is opposite from buying long or more than one needs)

Is land increased in QUANTITY, as wheat is increased as a QUANTITY (More bushels) because the price is high? Emphasize the quantity of land idea. We do get more bushels of wheat, don't we, when speculators force the price up. Do we get more acres, or square miles of land because speculators hold land out of use? Do we import more land as we do wheat? Do we substitute for land as we do for wheat? (Note: This question is important to the discussion of business depressions which follow.)

Some may say that higher prices will increase the SUPPLY OF LAND OFFERED on the market for sale. This is supply in the market sense only. It is not supply in the sense of increased acres or square miles; not in the sense as MORE bushels, tons, bales, yards, etc. And if some speculators sell might not other speculators buy? In fact in a hot speculative period are not the chances good that more and more land will be held off the market from users?

LESSON VI.

- Q. 1-2-3: Treat 4 & 5 together as to discussion. Comment after class answers.
- Q. 4. When land is held out of use, what is the effect on the margin of production?
- Q. 5. When the margin is lowered what is the effect on the returns to labor and capital. Reproduce a section of the rent demonstration chart on the board. (4,3,2,1 & 0 land) Demonstrate, as a review, how speculative, checker-board use of land quickly forces margin to 1-land, reducing wages; increasing rent. Then demonstrate, with orderly use of land, each settler taking a good working area, how the margin might be at 3-land. Production, with efficient use of 4-land and 3-land, would equal wasteful speculation in all land. Point out that with speculation, ownership might rest in hands of 1000, whereas the land might easily accomodate 50,000. (And as owners - not tenants)
- Repeat: Wages move with the margin; rent in OPPOSITE direction.

Mr. Thedeman (Chicago) says: Why is the answer in the manual true?

1. Because land speculation presses the margin of cultivation so very much farther out. 2. Because even rent yielding lands become so far separated. We raise wheat in Montana and Western Nebraska which must be transported at great cost over long distances. No sense in it."
- Q. 6. With the increasing speculation in land, what is the effect on production? (Point out that expanding production demands access to more land. Ask: Do speculators in land make it easier or harder to get land for use? Is this not akin to a 'blockade?' (The song says: "Don't fence me in"; It should read, "Don't fence me out.")
- Q. 7. In our modern economy are industrial communities independent or are they all inter-related through trade.

(Emphasize the vast specializations; vast markets; a market for each item used in production - pins, trucks, factory buildings, raw materials of all kinds, etc. How are the price-value relationships of all these items and each man's labor effort to be ascertained? Which is more efficient in estimating values and in allocating wages, rent and interest? A free system or a Government-controlled system? Discuss markets. How prices are checked. What happens if prices on any item are out of line? How soon do business men and consumers learn this? How soon would a government bureau chief know this?

- Q. 8. What is trade? (Suggest: Since trade is exchange of commodities for commodities, and since commodities are made by labor, is it really not an exchange of the labor of all contributing producers? Labor for labor?
- Q. 9. How, then, does a stoppage of production at one point affect other points of production?

(Picture Ely-Walker, International Shoe Co., etc., all of whom sell in all markets in the U. S., and in many foreign countries. Do they study crop conditions in each section? Suppose a drouth or the boll-weevil wipes out the cotton crop in Texas. Will these concerns ask their salesmen to sell all they can in Texas, or as little as possible? Will their factories produce the same quota of goods? They know the cotton which normally trades for their products does not exist. Suppose a frost kills off California oranges? These are accidental situations or as sometimes called, "Act's of God." Almost all producers can adjust quickly in such times to bad 'production' news. Farmers can adjust less quickly, but they know how the average of years run and, tho it may take a longer time, they do adjust.

Note: To stimulate thought and to build for future discussion, ask: Suppose, by reason of heavy taxes and excited land speculation, or some other governmental repression of production, (or monopoly) a limited amount of certain wealth is produced? Is not the economic effect on the employment of labor and capital the same as that of boll-weevil, drouths and freezes? Are not potential exchanges reduced? Don't discuss taxes, etc. Suggest!

- Q. 10. Check student opinion. Ask: Any disagreement? Can we produce without access to land or nature? Remind students: Ask: Where does all economic activity begin? They will say 'land', the chances are, then add: Does it not start in the wants of man? Is not the end of economic activity in the satisfactions of man's wants? But access to land is the first need to make.
- Q. 11. Where must labor and capital always go to find employment?
(Ask: Must all unemployed and those dis-employed go back to the land? Picture once more how unemployed are NATURALLY ABSORBED in the production of man's unlimited wants; by producing more OLD GOODS AND OLD SERVICES; by producing more NEW GOODS AND NEW SERVICES. (Also shortening hours is an adjustment) More land is demanded in adjustment. A slight pushing out of the margin will do it. (But, ask, "What if this land is held by speculators? Is adjustment easier or harder?") (See Q. 7, Les. V-Back to land?)
- Q. 12: Q. 13. Name three conditions which will restore production after a period of depression.
Illustrate (a) as given in Manual. Draw ideas out of students. Ask: How do we know the "speculative advance in land has been lost? (b) What is the economic result of "increase in population" and "technological advances. (It lowers cost of production to a point below price market will pay for goods. It tends to assure profit-stimulation to production. (Also point out that workers, knowing others seek their jobs, are more efficient, thus lowering unit cost of production) (c) Labor and capital forces just say: "Well, let's get-together, we are in a depression." (Union resistance?)
- Q. 14 - Q. 15. What is the great problem of poverty of which industrial depressions are merely an acute phase? (Note: I use the following illustration. A little boy had 'boil' trouble. Usually he had one, or one going and one coming. At the moment he had a dozen. This is an intensification of his 'boil condition' which is chronic. Poverty is chronic; depression is an intensification of POVERTY.

CAUSE OF BUSINESS DEPRESSIONS

After Q. 15, Lesson VI, discuss 'business cycles.' The following is the manner in which I (Noah D. Alper) handle this. Unless you feel pretty sure of this it is best not to become too involved. Further, as you may know, there are volumes written on the subject. Many emphasize 'monetary theories'; hoarding of money; too sudden restrictions of credit or easing of credit; etc. The latter fits in with what is given here. This is accepted by the writer but not with the same degree of emphasis others place upon 'credit' controls. It is felt that if the economic base itself provides for corrections, within free market adjustments of supply and demand, the possibility of strong monetary changes (credit) affecting the situation would be greatly and naturally modified.

Make no mistake about it. The point of Industrial Depressions is most important to our course. As Henry George pointed out that in the search for the answer to the "problem of poverty" we would find the cause of business depressions. Depressions make a more interesting study to many than poverty itself. It is worthy of special attention.

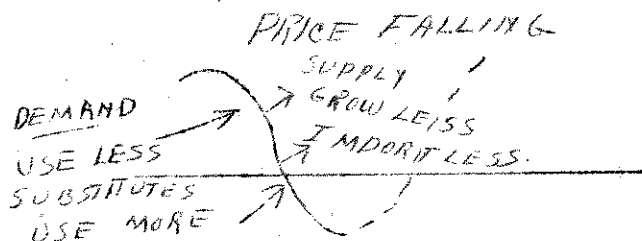
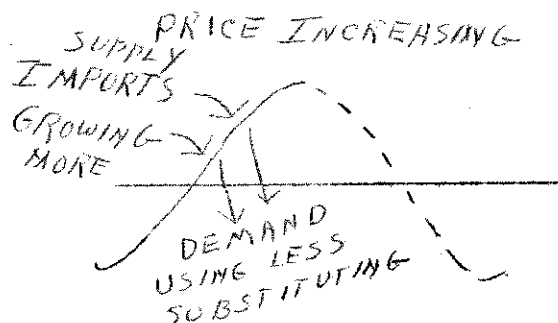
ARE DEPRESSIONS INEVITABLE IN A FREE ECONOMY?

In an AP dispatch, St. Louis Star-Times, Harold G. Moulton, (7/29/49) economist, President of the Brookings Institution, is reported as saying: "He said depressions are inevitable from time to time, and government's can't prevent them, but he thinks government-industry-labor-agriculture co-operation can lessen their severity and shorten them."

The Georgeist position is that depressions of the 'business cycle' type (not seasonal oscillations or moderate market variations) are NOT inevitable. They result purely from mal-adjustments caused by man himself. What man causes man can stop causing. (more.)

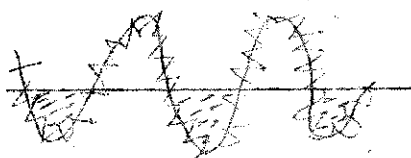
We have a population of some 150,000,000 people. Their basic needs are for three meals a day, quantities of clothing and shelter, which, under normal circumstances of day-to-day business of getting a living, need not vary greatly as a total from year to year. Why, in natural circumstances, should we build like we are crazy and produce all things so excitedly, change price tickets like drunken economists, work ourselves into a frenzy for a few years, and then have a stagnated production period for a few years following? Is this logical? Is it natural to the needs of a society? Of course the reason we have recurring depressions is that we do absolutely nothing to prevent them. The great majority of economists seem to prefer planned devices which counter balance the boom and bust experiences rather than to expose to people and politicians the entrenched and underlying cause of these unsocial and unhuman situations. They are as Doctors who would ice-pack a fever, blanket and hot bottle a chill, but never act as if they knew what caused it.

In connection with Q. 21, Lesson V, the following illustration can be used to help understand our natural system of price correction. On the board draw a line representing the price line of one commodity, say wheat. (Point out it also applies to any item of wealth produced by labor). As price increases picture the forces which actuate supply and demand; their actions and reactions. As price of wheat goes up we (1. grow more wheat, and (2. we import more wheat. This is on the supply side. On the DEMAND side, we (1. do with less or without, and 2) we substitute. The effect is the price line turns down; is corrected.

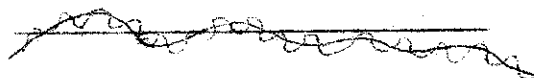


These are the corrective forces of natural-law competition (supply & demand) acting thru markets. The action of each separate market for each commodity or service (for each price line) is to be so corrected as to maintain a stable level. Invention and more efficiency should bend price lines down. Since the GENERAL PRICE LINE (or level) is made up of many individual price lines, this price line of the individual commodities, as corrected naturally, sets the pattern for the GENERAL PRICE LAND. Why then these erratic (boom and bust) price experiences of man?

AS IT IS--the business cycle results



AS IT SHOULD BE--STABILITY BY MARKET ACTION CORRECTION, with price line tending downward with PROGRESS.



Note: Line crissing back and forth with small oscillations represents seasonal or moderate variation adjustments. (Try this comparison: Compare the normal 24-hour action of ocean waves to the occasional TIDAL WAVE action due to the action of a fault in the ocean bed. Man's normal actions would result in the daily smooth action of 24-hour changes in tides. Man's wrong actions build up TIDAL WAVE booms and the 'after-math' depressions.

--more---

You might ask: How long could an increasing price curve on any commodity continue its upward trend in a free, competitive market situation? Would it not correct itself, in some cases, in a few weeks, in others a few months (a growing season or so in the case of farm products); and in some cases a few years as in the case of housing, tho with modern means and good supply lines even this should be well adjusted in a year. Could we have a boom period if corrective forces are free to work? (What would men as labor and as owners of capital do if high prices presented inducement? Would they not miss the boat if they were slow in acting?)

Under what conditions are 'corrective forces' not permitted to work? How about monopoly situations? If prices tend high under a free system, what of imports? But what if there are tariff-taxes. Could importing be a corrective factor?

How about land? If a boom in land prices gets started how long does it take it to run its course? Can a land-boom be quickly corrected? Will we produce more land? Will we import land? Point out that land is under every situation, monopolistic or competitive; that only land speculation can cause a boom so far as basic economics - basic factors - are concerned. A boom is not likely to happen if we have our land economics on straight.)

Land is a monopoly element. It is an element not increased or decreased in amount or area as price for use of land increases or decreases. We merely change 'price tickets' on land. We issue more and more and bigger mortgages; borrow more to buy more land or land stocks.

CONFIDENCE THEORY: When I studied Corporation Finance, the professor, graduate of Kansas University and a Rhodes graduate (Oxford), used the 'confidence theory' to explain booms and depressions. With confidence and increasing confidence came the boom; with a loss of confidence, came the depression. I did not think to ask: But what causes confidence? What causes a loss of confidence? Why do we lose it?

After a year or two or three of depression, or time necessary for the depression wringer to work (mortgages to be foreclosed; debts adjusted) and we have forced the cost of production so low there are 'profits' possibilities even in current low selling prices, the NEWS of profits or gains spreads. This gain is the signal for the up-turn. Profit is the essence of confidence. Soon the land speculators are at work; fencing in every opportunity for business to grow and expand. The next depression is also in the making.

In time the upward spiral reaches new boom-level heights. Some men of vision and understanding say this can't go on forever; can't last much longer. Business men refuse to make long term leases with title holders to land for locations. Factories do not branch out. Older farmers, with long memories, say current land prices won't last and crop prices won't support land at these high prices...better sell. In time business men cancel orders; put on sales; seek to get out from under commitments. Bankers press for notes to be paid. Brokers ask for more margin. Selling starts - fear selling - forced selling - and speculative short selling. This is it - the depression.

But mortgages and debts incurred when commodities sold at high prices, are not so easily liquidated as are high priced goods, stocks, etc. Bankruptcies occur. The wring-out-process is now at work again. Banking and monetary systems are ruptured; the internal squabble between debtors in the mass and creditors break out in a new rash of politics.

What is the answer? To stop the booms prevent land speculation and curb or eliminate monopoly. The competitive section of our economy is adjustable; the monopoly section is rigid and not so easily adjustable.

BOOMS and DEPRESSIONS explain how, over the years, wealth and the power to collect wealth concentrates in the hands of fewer people. Poverty and nearness to poverty becomes the unhappy lot of the masses. This condition explains the mass appeal of "share the wealth" plans and the siren call of the WELFARE STATE. This situation explains why we have Townsend Plans, the New Deal, the Fair Deal, etc., thrown at us. It explains why we are confronted with socialistic and communistic bands.

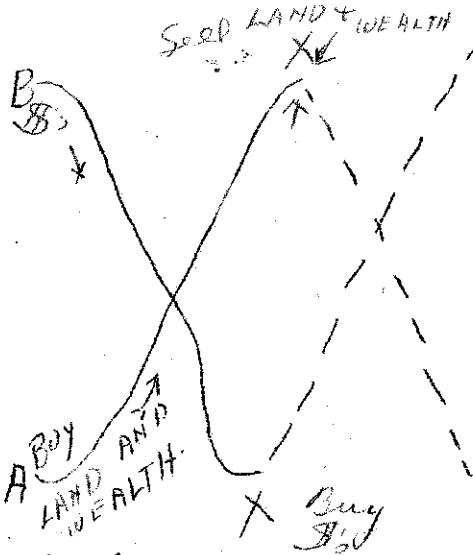
Say: The point is: stop booms and you stop depressions. The cause of booms are known. You will soon see how to prevent booms and so to prevent depressions. The basic cause is specific. Likewise the basic remedy is specific.

In a free enterprise - price - market economy, the individual has a choice between two general types of investments or property.

1. He can hold dollars or claims on dollars. Investments that promise to pay back a certain number of dollars are of this type. This includes insurance, bonds - government and corporate, notes and mortgages, preferred stocks, deposits in savings and commercial banks.

2. An individual can invest in land; or in tangible products of labor. He can hold wealth and capital in improvements, stocks of goods, mining and oil equipment, etc. Or he can hold common stocks which represent equity or ownership in such things.

NOW OBSERVE THIS: From the end of one depression to the next one, or to the climax of the following boom, prices are going up. (On the blackboard draw line A shown to the left. That is, \$'s will buy less goods as prices advance. So this means that the \$'s one holds or the claims on dollars, are going down. The trick of making a speculative fortune is to know when prices have reached the top or X in the diagram. Then you quickly sell all land, stocks of goods and stocks which represent equity in the things produced by labor (and land) and hold dollars or claims on dollars instead. For in the next period of the Business cycle prices will go down (depression) and dollars (buying more) will go up. If you know how to buy on margin, borrow and speculate - a fortune is made from the traditional shoe string. You legally and successfully and morally (by current business standards) rob your fellow men.



- Q. 16. Would economy in government or reduced taxes eliminate poverty? Government workers displaced by economy in government would have to adjust their labor effort to other productions. Is this not a demand for land use?
- Q. 17. Q.18: (Recall that the GENERAL LEVEL OF WAGES is determined by the margin of cultivation or production as the Manual answer suggests. Ask how can Mr. John Lewis and his unions effect the margin of production so as to raise wages - the GENERAL LEVEL of wages. Will the old 'trickle down' theory work? The argument is sometimes made that the spending of the rich will enrich those poorer. Will more coal-mining spending enrich the spending power of the poor or take from them their spending power? If coal costs more will the poor, who must use coal, therefore have more to spend for other things?

Q. 19. Suppose we all joined a union. Now what do we do? No power can resist the combined demands. But will these 'combined demands' be just to all? What yard stick measures justice in wages? Will there be equality? Such a force may move to bring on socialization of industry. Still the problem of full scale production and just distribution faces all. How can they solve it? Is there any solution more certain than the freedom of a free and unhampered market place? This applies to wages, interest, rent, goods and services.

Do unions exert pressure in a manner which indicates that their leadership understands the relation of wages to rent of land? Are their efforts directed in such a way as to make such adjustments in man's relation to the land as to permit wages to rise and for all men to benefit by rent of land? It is possible that strong and total Union pressure might force title holders to land to accept less and this might be added to wages. But in view of the better method of collecting rent is this not like burning down the house to get a bit of roast pig?

Q. 20. Can COOPERATIVE enterprises raise the GENERAL LEVEL OF WAGES?

Many people, socially minded, are enthusiastic about cooperatives as a solution to economic problems. Picture for the students a successful cooperative say in a county in Missouri. Twenty-five years have passed since it was started. It is highly successful with a world-wide reputation. In the meantime children have left the farms to become artists, business men, etc. The owners are well off and wish to retire to the town life they have dreamed of so long. They seek to sell or rent their land. What will the selling or renting price of land be now? Will it be as it was without the successful cooperative? Will the title holders to land allow the benefits of the Cooperative which serves this land area and which they built in their youth, go to new tenants? Why should THEY get the benefits they ask. Or will the title holders take full advantage of those who must now compete in purchase price or rent price for the use of the land serviced so well by this cooperative? Will not those who pay high prices for land or high rents then lose the value of the cooperative to them as farmers or other producers? Does not land value (land rent) siphon off the benefits?

Q. 21. Q. 22. Can a more general distribution of land raise the GENERAL LEVEL OF WAGES?

(Is 'division' of land a solution? How can we divide up land worth millions of dollars an acre as in New York and land worth a few dollars an acre in Montana among all the people physically? And what of the next year and the next even if we could. Would it not have to be done over again soon? This solution was used by Moses. It worked in his day and time when farming was pastoral more or less. But there is now known a better way. This you will learn soon.

---MORE---

Lesson VI.E.

Q. 1. What is the remedy proposed by Henry George for the relief of poverty?

The answer is: "We must make land common property."

Lesson VII Question sheet has a supplement "On Property In Land." It seems best to some that the 'remedy', the answer to Q. 1., be discussed at end of Lesson VI. You can start by saying; Next week we discuss the 'remedy.'; the following week the application of the remedy and then the effects of the remedy.

What presses 'wages' down? (land or rent, they will say -we hope). Then any 'remedy' which might raise the GENERAL LEVEL OF WAGES above a poverty level must have something to do with the rent of land, must it not? (Ask: What remedy does George propose? The chances are some have read this) Give remedy! "We must make land common property."

You can say George does NOT mean, as you will see, to take land from people; to destroy titles; to nationalize or to make government the landowner. The fact is George would preserve every legal right a man has in land today. (Ask: Just what rights does a title give one? It gives private, exclusive, perpetual use-subject to any claims the people may make upon the owner. If he does not pay taxes now he loses the land. Nothing in the title itself says how much the title owner pays, does it? Where is this decided? (By Federal, State and local government) How is it decided? By politics? Is it always decided justly?

George proposes, when he says to "Make land common property" only to collect the rent of land for public use. Oddly enough, however, by law land is already 'common property.' Have student turn to the last page of Lesson VIII which has just been handed out. Read "On Property In Land." or have student read it best. Point out that land is not a labor product. We have social arrangements for its private and exclusive use and perpetual use. This is different from owning the land itself. But, you might suggest, it is quite exciting to see what George means by the study and discussion of lessons that follow.

Q's 2,3,4,5; Q.6: What constitutes the rightful basis of private property?

If a man owns another as a slave and the slave produces wealth by his labor does the slave own this wealth? (Not under laws of slavery!) The owner of the slave owns the wealth. But we Americans own ourselves or at least we claim no one else owns us. Therefore we claim we own what we produce. The wealth a man makes is therefore but an extension of himself and he claims as a RESULT of making, this wealth. Private property in land cannot arise by reason of a man making it. (What is land?) (Note: You might say that the FAILURE to define property in accordance with sound economic principles and ethical considerations is the basis of economic social evils) (And of fights and wars for land)

(How about the labor of the pioneer in opening land, say that is now the center of Pittsburgh, Pa., for use? If his labor does not give private property in land what does it give? You can say it gives him prior right and possession of the land - the legal basis of title. It gives him private property in holding title to cleared land which may be worth more than land not cleared. It gives him title to all improvements he places in or on the land site he possesses. But a few hundred dollars worth of work in 1840 does not give him claims to a million dollars annual rent in Pittsburgh in 1940.

Q's 7,8; Q.9: A house and lot are both called "real estate". Why does this term lead to confusion in determining the rightful basis of property?

Recall the confusion of terms in the minds of people and of the class the first night. Real estate is a term of common use. It is misleading since it combines two basic economic factors (elements), land and wealth (or capital). Water is a common word. It is also a compound word. Chemists broke water down into its two elements - oxygen and hydrogen. What would happen to the science of Chemistry if scientists tried to use the term water instead of using oxygen and

hydrogen? What if, when they wished oxygen used in an experiment they asked for water? Or take salt. The chemist say it is made of sodium and chloride. The scientists concerned dare not be so sloppy as to use water or salt in their field. The "economic scientists" - laymen or professional, cannot successfully use such confusing words as real estate, profits, property in scientific economics.

Suppose some real estate association decided that taxes on "real estate" were too high. They proposed a sales tax to 'relieve' real estate. Since both land and wealth is untaxed if 'real estate' is untaxed, it is important that we know the effect on society; on employment, wages, investment opportunity, slums, general housing, social security, relief, etc. Suppose we became economically scientific? Suppose we asked people to vote only on 'tax relief' for that part of "real estate" that is land. The proposition: Do you favor 'tax relief' for land or land values? Do you favor 'tax relief' for wealth or wealth values? Might it not be that, if the people knew the difference, that they might vote yes on one and no on the other? Might not a keener interest be shown in politics? Might not a more favorable result - favorable to the people that is - be secured? (Note: The above can be discussed only as a problem. Don't solve it. If the student asks for the solution, tell them this is discussed in Lesson IX, under the effects of the remedy. And say, this KNOWLEDGE IS WORTH HAVING).

(Mr. Tideman suggests the term 'real estate' is peculiar. It is doubtful if any other language contains its true equivalent.)

"Down in Tennessee there is a place called King's Mountain; up in Quebec there is a hill called Montreal, the royal mountain. The words are different, the ideas identical. The French term for "the king" is "le roi." What has this to do with real estate?

"When William of Normandy took over the administration of public affairs in England after the defeat of Harold at the battle of Hastings in 1066, he sent out commissioners all over England to take an inventory of all lands and hereditaments. The work required 12 years for completion and was compiled in a great book called Domesday. It was a record of the Royal Estate - of what the king had to administer. The spelling then was like now, real estate, the pronunciation was 'ra-all'.

"Time has corrupted the pronunciation, the idea remained. Other words: Regal, Realm. A Spanish word 're-al', for a silver coin. A Portuguese word reis, for a coin."

Q. 10. What is the origin of land titles? Ask students for examples given by George. What is origin of present land titles in England? (See story above. What of present land titles in Ireland? (English conquest). Titles to land in California? (Spanish land grants). Does passing of counterfeit notes from hand to hand give later title holders a better claim on wealth than the first holders had?

This story helps put over the idea. An Irishman was walking down a farm lane. Seeing a farmer breathing his plow horses by the fence, he made talk. "You've got a nice farm here," he said. "How did you get it?" "From Dad," said the farmer. "And where did he get it?" asked the Irishman. "He got it from Grandpop" was the answer. "Now how did Grandpop get such a nice farm as this?" "Well," the answer was, "he fought the Indians for it." "If that's the way ye get land," the Irishman said, "take off yer coat. I'm going to fight you for it now."

(Extra question: Ask "What is the difference between origin of land titles and origin of titles to wealth? Take title to house. Show how many suppliers there are to getting a house. Ask, when does the owner get ownership? When he has satisfied all claims for labor and labor in materials only. Until full exchange is made there can be no title to wealth. Title is by making.

- Q. 11. Does priority of occupation give an individual exclusive right to own land?
(Discuss rights of first-comers at banquet places, theatres and seats on trains. What rights have they? After 'use' of place, what then?)

This story has a value here. "To show you something of the 'white man's' ideas, especially of English and Roman tradition with respect to the relation of people to land, consider the American Indians. Down in Oklahoma some whites had an idea it would help the Indian; make him more like the 'white' man; more self-reliant and have more 'initiative' if each had his own land instead of holding the land in common as was the Indian's custom. It was decided, at Washington, D., C., of course, that on a certain midnight all Indians living in the area or members of the tribal group, would have an equal share of land. About two minutes before this important mid-night an Indian boy was born. The Indians promptly named him "Johnny-on-the-spot." Two minutes after mid-night another baby boy was born and the Indians named him, "Johnny-too-late." And too late he was. For under the land of Indians with 'headrights' was oil. One was rich by chance - white man's style; the other was largely dependent on Government aid - on tax derived money; charity.

- Q. 12 & 13. If land is justly common property how can a man retain undisturbed use or possession of land and yet satisfy the equal rights of all?
Why does payment of rent to the community satisfy fully the equal rights of all. (Both questions should be brought out before much discussion is allowed).

(You might say this is a question that should interest the religious leaders of all denominations. The Bible says: "The earth hath He given to the children of men." Psalm 115) What children? What race? What religion? What nationality?

You might say: Rent is a measure of the advantages of some land over other land. Since private collection of rent destroys equality between people, its public collection will restore this equality. The public collection of RENT WEALTH can be the GREAT EQUALIZER.) Point out how Russia is 'dividing' the land--agricultural land--among the farm workers temporarily. (They will collectivize it later). Payments and taxes will surely take all but a bare living anyway. We use the same system in Germany and Japan. Why do we ignore commercial and industrial land; mining, timber, water-power and other natural resource lands in the 're-division?' Are we making for democracy and equality among the people of Germany and Japan? Yes, in reverse, as we do in America.

This story is helpful in illustrating how the common interest of all is assured by the public collection of the rental value of land. A father has five sons. He owned assorted properties; a farm, a country and city home, a factory building, an apartment house building, stocks, etc. He could in no sense divide pieces of property equally among them. He set up a trust and provided that all property must be sold or rented. The trustees collected all the rent and sales money. He would write out five equal checks to the sons. This very practical way of treating five sons in equality reveals how we can use government (as a trustee) to secure justice as between all the "children of men" who make up our society. The government, as trustee for all the people, could collect rent from the community land estate. Of course this rent might be divided among the people. But since this would involve endless detail and much unnecessary work, why not use this rent for public expenses and so give all the benefit. Rent is the NATURAL INCOME of all the people. When there are no people in an area there is no need for government and there is no rent. With the coming of population comes the need for government service to the people, and, lo! comes rent to provide it.

Since Questions 14, 15, 16, 17, 18 & 19 are related, get brief answers to each question, then, and you might suggest to the classes that this be done, go back and open all specifically or generally to discussion.

Questions 14, 15, 16, 17, 18 & 19 (See Manual) bring out the question of Justice and Compensation to title holders of land. Perhaps a good way to OPEN UP the discussion is to ask some questions. Is anybody guaranteed against changes? Does the basic law guarantee title holders to land, to horses, to tobacco, to gasoline, that the assessments will remain the same? Has the title holder, by reason of his title, any assurance the people won't collect more of the land rent wealth? Some would like to think such is the case - but it isn't. (Are wages guaranteed against INCREASED taxes? Is land rights more sacred than wages rights?)

Story: A man with a load of bricks met a man with a load of hay. Each needed what the other had. They made a trade, bricks for hay, and hay for bricks. They stopped into the tavern to celebrate their lucky trade by a glass of coca-cola. While there a train went by showering the area with sparks, setting the hay on fire. When the two men came out and saw what had happened the man who had bricks on his wagon said: "Well, guess I'll take my bricks home." The man who had traded the hay for the bricks said: "The bricks are mine; your hay burnt up." He was right. When we trade bricks for hay we take bricks with their characteristics and take hay with their characteristics. If a man who had just bought his land, paying cash he had saved over a lifetime of work, gave us his claims to any wealth he might desire for title to a piece of land, he took the land with all its history and future. If the people decided to tax land rent more the next day, has he been deprived of any 'right'? Is this not the risk he took in buying the land? Is not the rule, "Let the buyer beware?" (Haven't we been warned, certainly since the day of Henry George, to beware? And, since the day of MOSES, too.)

Prof. Harry G. Brown, Dept. of Economics, University of Missouri, feels that Henry George meets the problem of 'compensation' in finest style in his book "The Perplexed Philosopher."

Ask: How would we pay this compensation? Try to get some answer-perhaps several suggested ways. Issuing bonds or printing money is the usual suggestion. Would this not be a staggering amount? Would this not cause INFLATION? Would not land title holders shift their new purchasing power to industry and so continue to collect wealth they never produced? Can we rid ourselves of an evil by only changing its form? (Rent is EARNED INCOME: not of the individual but of people)

Ask: Who should have compensation? All land title holders? Suppose the title holder to land (and this applies to most of them) received more in benefits than in losses by the proposed change? Should he have 'compensation?' and the gain too? Only a few would have net losses of income. But in many cases the net saved, in spite of the losses, actually might buy more goods and services under 'untaxed production' than he was able to buy before.

What is a 'good deal?' A good deal is one which sometimes enables one to take less of a loss than the alternate choice. Since the alternate choice now is one of loss of all to the 'State' - both wealth and land (if the trends continue), might not loss ONLY OF LAND RENT WEALTH and LAND SPECULATION PRIVILEGES prove to be a mighty good deal even for great landholders? Let them think of the 2 million Russians who owned ALL THE LAND OF RUSSIA? Looking backward would you say that Tolstoy's proposal that they institute the system of Henry George have been such a bad deal for them? How about the GREAT LANDLORDS of Britain? What goes on there?

Ask, What is the custom as to compensation? If we tear down a house to make room for a highway, do we compensate? Yes, we do. But this is a case where damage is done to one individual and where the act is not general or of a reform nature. We compensate when we tear out one man's house in building a road but we treat all holders alike in the matter of asking them to pay to society for what they are PRIVILEGED to first collect from society by land title possession.

1. In devising methods for abolishing private property in land what right must be safeguarded? (Here is an opportunity to again emphasize that all improvements are free of taxes under the George idea. Improvements are WEALTH and CAPITAL; man made things; true private property. (Ask: Is it not an arbitrary invasion of government to use man's PERSONAL LABOR EFFORT as a basis for raising PUBLIC REVENUE? Is there any justice in assuming that because a man works harder or more efficiently HE SHOULD BE TAXED MORE? Also; note type of improvements FARM TENANTS MAKE. (Or do they make them?) Unless man is assured PERMANENT USE of his improvements he won't build well if he builds at all.

(Extra Question taken from previous Manual: Is private ownership of land necessary to encourage the erection of buildings and the cultivation of land?" Indicate finest of improvements are erected on 'leased' land. (Mr. H. L. T. Tiedeman says: Most farms are operated by tenants. Many farms are operated under a mortgage of such size as to virtually make 'farm owner' a tenant (or proportionally so). The greatest buildings in the Chicago Loop District are on land under 99 year lease. The ownership of land and buildings are separate. Still the improvement goes on.)

Astor (New York) seldom sold land. He usually leased for short term periods, in some cases 20 years. He dictated type of building to be erected. At end of lease he got the building. The Railway Exchange Building in St. Louis is on leased land. (Net rent to land owners \$238,000 a year) Radio City (New York) is on leased land, rent \$3,250,000 a year. Oil, mine, chemical companies, tinker, etc. build on leased land, paying rent 'royalty.'

- Q. 2. Q. 3. What objection would there be to public purchase of land?

Best answer is in Manual. If we purchased land WHO WOULD pay the land title holders? (The people generally) Would the bulk of the payment come out of rent, wages or interest? Who has been getting the benefit of rent all those years? When we purchase the land we buy the UNTAXED RENT, do we not? Are we buying PAST rent or future rent? (The rent we buy is not something that exists now like a house, is it?) If we issue Bonds to buy the land we pay taxes to land owners what they formerly received as RENT. If LAND HOLDERS invest will they not - in theory - collect this same rent forever? Have we then changed anything? Can we end an evil by ONLY CHANGING ITS FORM? Is this Justice to the people?

Mr. Tideman says: "It would be complete injustice. The people should not have to buy what really is, after all, their common estate. Furthermore, It would not be done! Suppose that the U. S. Government were to print enough money to pay in terms of dollars what the present value of the land is, and should give every owner as many dollars as his land is now worth. Would the land owner be paid? Obviously, no. The money would have so little value that he would never get for it in products what the value of it was before the money was issued."

- Q. 4. Would it be necessary to 'CONFISCATE' land?

Is it correct to use the word 'confiscate' really? in connection with the public collection of the publicly created rental value of land? If the title holder collected rent from a tenant user does either think of it as CONFISCATION? If you leased YOUR land to an oil company and collected royalty would you think of YOUR COLLECTION as CONFISCATION? Would it not be paying for what one gets? Is it any different if the title holder, who, after a ll is only a 'middle man' between the people and the land's use, pays for what he first gets?

Again, what is custom? When we lower tariffs and put some protected manufacturer out of business by such an 'act' of government - the people - is there compensation? No. When we increase tariffs to protect some manufacturer and put an importer out of business do we compensate? No. (A man imported lace handkerchiefs. A tariff act stopped his business of importing. He received no compensation. Knowing the trade well however he decided to manufacture handkerchiefs in this country. He imported machinery and skilled labor. In a few years he was going nicely and making more than as an importer previously. A change of 'political parties' took place. Tariffs were lowered. Against he was put out of business. Compensation? Not on your life.

When we, the people, passed the prohibition act, was there any compensation to distillers and brewers? No. Yet in a true sense this 'VALUE' - as to income - which was destroyed had been built by labor effort. It was different from land value, which is socially produced and which society can claim as against any individual by rights of private property. It is certainly true that many land title holders supported prohibition. They could not have been so 'dumb' as not to have known the effect of their acts on owners of distilleries and breweries, some owners being 'poor old widows'. Did they 'go to bat' for owners of such industries? Indeed not. They were not seen to ask for 'compensation.' But if their ox is goaded???

If a bus or street-car line be rerouted by act of government is there compensation? (One title holder loses; another gains) There are other examples.

ASK: Actually is not the question of land value or rent collection by the public not a matter of COMPENSATION but of RESTORATION? If a question of compensation is raised as between owners and slaves (and the public) who should get it; the owners or the slaves? The owner got the benefit of all the past work of the slave, the slave did not. If title owners should sue for compensation might not a just case be that of suing them for 'past damages?' and restoration?

The following is used by George E. Lee, instructor in the classes of the Los Angeles extension, to good advantage, we can be sure.

"Take different occupational groups,--say, grocers, for instance. Imagine all the grocers in the city were suddenly taken away, or emigrated. Would we miss them? Of course, we couldn't buy any groceries. Take the farmers. If they all left the state, or the nation, would we miss them? We'd soon starve. What about the merchants, selling dry goods, etc? If they all left, would we miss them? Of course. But take all the landowners, as landowners (not as capital owners), in the sense of owning improvements, but merely the surface of the earth, and the other elements making up the economic term land. If they all left, or were taken away, would we miss them? Do they furnish the land? No, the land would still be here. It is furnished by nature, or God, whichever term you prefer to use. (Of course, perhaps we should hasten to explain that we are not blaming them as individuals, but merely pointing out that, as landowners, they furnish nothing to society, and are responsible neither for the land being here, nor (as landowners) for the increase in the production or rent from the land.)"

(Taken from Bulletin for Instructors of the Los Angeles Extension)

The following was also taken from this bulletin: "Land was given by the Creator to man for improvement and cultivation, by the possessor in good faith, not for speculation. Man's encouragement and security should be the great object of civil laws; and speculation in land should receive no encouragement from legislature or courts of justice." From a decision rendered in 1851 by the Louisiana Supreme Court in the case of Burows vs Pierce.

Q. 23---

--More---

Q-4 continued. He did not make the land-the value (rent or royalty). We have a good old American saying: "Those who make should have." Who makes land rent - the title holder? (Get answer) Who should collect according to Capitalistic principles? (The people) (NOTE: As things are to day THIS IS PERVERTED)

Q.5: What is the best method of making land common property?

MOSES provided that a tenth (the tithe) went to COMMON USE. Note this "tithe" covered NOT ONLY religious matters but general education, and all the costs of GOVERNMENT as well. Was this not in the nature of a RENT? And, to keep conditions from BECOMING in the "Promised Land" as they were in Egypt from whence the people came, that is, a few (called NOBILITY) from owning all the land, he gave them the LAW: "The Land shall not be sold forever". The land was divided justly and PROVISIONS MADE for its redistribution every 50 years - the year of the Jubilee. This worked in the pastoral age of Moses. It would not today. But the Henry George idea of sharing rent thru common government benefits would. If we do this then every baby born, in any generation, inherits the earth; and comes into this world with a 'rent stake' in it already provided.

Q. 6. What is the best method for the 'confiscation' of rent?

Repeat - it's not CONFISCATION - its RESTORATION.

Here is the 'essence' of George's practical remedy. To appropriate rent by taxation and abolish taxes which fall on labor made goods or services; "to abolish all taxes save those on land value." How many people would understand this statement without preparation and study? (Ask the class that) "The Remedy" would go on a piece of paper the size of a cigarette wrapper or prescription blank. The Doctor's remedy is to restore health to the individual. George's remedy is to restore an "economic environment" (healthy) in which a free people may live and develop; where the individual human being may 'flower' into all he is capable of becoming in a FREE SOCIETY. FREEDOM, not a tax system, is what George is after.

Q. 7. Is there any existing machinery for public collection of rent?

(If you inspected the tax books at the city hall you would find; land and buildings (improvements of all kinds) separately assessed. We take part of OUR RENT now. George proposes that we take ALL that is practical; possibly LESS than 100% - the difference being a 'fee' to users of land to gather, thru their work, OUR RENT FOR US. The people ARE the landowners. Is it good business for LANDHOLDERS not to collect their rent? Remember the title holder is only a 'middle man' in the picture, standing between God and his gift of the land and the people - all - to whom it was given. Title holding is a special privilege. Landowning is a right to all.

Q.8. What does George's remedy require with respect to all other taxes?

(Is it merely another tax? (No, its a substitute for taxes)

Here, even if discussed before, you might ask: "Is rent collection by the people a tax? What is a tax? One of the most famous definitions is attributed to Prof. Seligman. It is given by Kieckhofer in his Economic Principles, Problems and Policies as follows: "A general compulsory contribution of wealth, exacted by public authority, according to some general rule, and levied without reference to the special benefits which the contributors derive from the public purposes for which the revenue is required." And he says: "It is the absence of a quid pro quo or distinct equivalent value which most sharply distinguishes taxes from other sources of public revenue."

If an individual 'title holder' to land pays for a PUBLIC IMPROVEMENT by a direct assessment against the value of land he holds, is this a TAX? No. It is a assessment; an assessment for benefits. Collecting RENT is not a tax. It is an assessment for special benefits reflected to him in the use of the land he

is privileged to hold. He pays for what he himself - directly- is privileged by the community to receive. With his PRIVILEGE there is an OBLIGATION to the people of EQUAL VALUE - the obligation to PAY RENT TO ALL. Some like the privilege but don't like this OBLIGATION. THAT'S WHY WE HAVE TAXES.

Q. 9: Q. 10. What are the standards to which taxation should conform?

Point out these standards were set by Adam Smith in his book "The Wealth of Nations" in 1776. George uses them to test his ideas of private and public revenue.

Q. 11; Q. 12. Do such taxes hamper production?

Pictura to the students what happens if the city raised taxes on dogs \$5 a year. Would there be more or less dogs? What happened when the British Government imposed a window and a chimney tax? The people build houses without windows and chimneys; and tore out windows and tore down chimneys.

Q's 13-14-15: Q. 16. Can a tax on land values be easily and cheaply collected?

In this connection mention LAND VALUE MAPS. These are used in New York and Denmark. Anyone can see what they pay in relation to their neighbors. (Anyone can see this by going to the city hall or assessors office usually.) Once the system is 'settled' changes in land value would be slow. The Denmark system of assessing 1/5 (20%) of the area a year, covering all in 5 years, and holding community hearings, would mean that a title holder knows for 5 years what he is to pay and can just send in his check.) (Think of how stupidly complicated our present MONSTROUS TAX SYSTEM IS)

Q. 17. Do taxes on commodities tend to increase prices?

(Ask: What sets the price for hiring a house? If there are more vacancies than demanders would the cost of hiring a house be more or less? House rentals are set by supply and demand. (Ask, is this not so?)

Suppose the NET return of 8% is considered normal at a certain time. Suppose the assessor had previously ignored the law requiring 100% value assessments, making only 25% of value assessments. He was compelled by court decisions to assess at 100%. This then reduced NET income to say -1%. Would property owners be able to raise their prices for house use and so restore their net income to 8%? (Note: Has supply and demand RELATIONSHIP changed because of the court order and the sudden change in assessments? Could this higher tax be shifted in higher house rents at once? With NET RENT only 1% would this encourage building? Not until enough houses were torn down or burnt up; until population increased, could the demand increase enough to permit house rents to be raised. When this happened the rates would go up to pay: 1. the old tax, 2. the added tax, keep up the property, and NET 8%. Then new building may start.

Q. 18. Does a tax on rent enable the owner to pass it on to the user of land in the form of higher rent? (Check Manual answer carefully. Illustrate this answer on the blackboard. Show marginal land as 3 and best land as 5. The excess, the rent, is 2. If the Rent Collector for

for the people collected the rent -2- and the owner tried to raise his rent 2 to get as much as he did before, the worker would pay 4 out of 5 that is produced on the land - leaving 1 as his wages? What can he get at the margin? He can get 3. Who would use the title holders land? No one. Can he pass on the RENT TAX? Hardly. It sticks.

Q. 19 AND Q. 20. Does a tax on land values increase the price of land?

Does a tax on land values add to the price of commodities?

THESE ARE CRUCIAL QUESTIONS (See next pages)

YES - THESE ARE CRUCIAL QUESTIONS. If a tax (the public collection of rent) on land values can be shifted then the Henry George 'remedy' has no validity or appeal. If a student leaves class (and many do) without a good understanding of WHY a tax on land values must be paid by the title holder and cannot be shifted it is doubtful if he will ever be an enthusiastic Georgeist. That's how important this is.

1. AUTHORITY. Authority impresses people..who can't or won't think ever after the got FACTS to think on and with...

Prof. Wm. H. Kiekhofer, University of Wisconsin, Economic Principles, Problems and Policies, says: "A tax on the income of land, known as its economic rent, or on the value obtained by the capitalization of its economic rent, cannot be shifted."

)))Prof. Harry G. Brown, University of Missouri, in his Economic Basis of Tax Reform, says: "One thing at least can be asserted with positiveness, viz., that a tax on the rental value of all land, however used, can neither be shifted from one land owner to others, not from landowners as a class to any other class."

((Prof. E. R.A. Seligman, Incidence of Taxation, says: "If land is taxed according to its pure rent virtually all writers since Ricardo agree that the tax will fall wholly on the landowners, and that it cannot be shifted to any other class, whether tenants, farmer or consumer. . .The point is so universally accepted as to require no further discussion."

Demonstration. The following illustration may help the student understand why a tax on land value does not cause higher prices and is not shifted. Remember the test of the shifting of a tax is whether its nature is such as to cause a shortage of supply and therefore higher prices. If it does not cause HIGHER PRICES is is paid by the one on whom it is first put, that is, it is absorbed.

Suppose supply and demand sets the price of wheat in Chicago at \$1. C-land (marginal land) shown in the illustration below, produces 20 bushels of wheat at a cost of \$20 for labor and capital. This cost is \$1. a bushel. Since it sells for \$1 delivered Chicago, the selling price equals the cost. (Note; To keep the comparison the same for C, B and A land, assume the distance to Chicago is the same, freight the same, etc;) There is no RENT at C-land since cost of production equals selling price. Only interest and wages are received by the producer. B-land produces, with the same labor, 25 bu., at a total cost of \$20. This is 80¢ per bu., and there is a difference of 20¢ a bushel (Rent). A-land produces 30 bushel at a total labor cost of \$20. This cost is 66 2/3¢ a bu., and leaves a difference of 33 1/3¢ a bushel (Rent).

\$1.00 bu

		A-LAND	B-LAND	C-LAND	D-E-F
Draw		33 1/3 bu	20¢ bu RENT	COST	SUB
This	Supply-	¢ rent	COST	\$1.00 bu	MARGINAL
On	Demand SETS	COST	80¢ bu.	NO RENT	LAND
The	Price in	66 2/3¢ bu.			
Black-	Chicago				
board.	at \$1.00				

30 bu. to 25 bu. to 20 bu. to no production
acre acre acre

Now let us suppose a tax, in proportion to the RENT (or land value), is levied. Since A-land produces 33 1/3 ¢ a bu. excess (rent) over labor and capital cost (at the margin) (where cost tends to equal selling price; where, if cost were more than selling price there would be NO PRODUCTION) (Price is SET at the MARGIN) then 33 1/3¢ tires 30 bu. to acre is \$10.00 - the Annual Rent per

acre. This land is worth \$200 an acre if the current interest rate is 5%, since 5% of \$200 an acre is \$10.00 - the rent. (Recall to the students that this is the way rent is capitalized into a lump sum or capital price) B-land produces \$5.00 excess rent and is worth \$100. (\$100 @ 5% yields \$5.00) C-land produces no excess (rent) since it is marginal land and its cost per bu. of wheat equals what can be had in the market at Chicago - \$1.00 a bushel. It's value is ZERO dollars. Now a tax rate of 5% on \$200 (A-land) would give the Government (agent for the people) \$10 a year, \$5 on B-land, and 0-dollars on C-land.

Suppose an absentee owner held this land. He collected \$10 an acre on A-land, \$5. on B-land, and \$0 on C-land. Suppose now the government sends him a bill for each of these amounts per acre and collects this share of the produce instead of the title holder to the land. Would there be, as a result of this, say a price change in Chicago the next day from \$1.00 a bushel? Isn't it merely a matter of the government getting it and the title holder losing it? People would still grow wheat for wages for the labor and interest for their capital. (They do now, point out, on all T.W.A.N.T USED LAND.)

Now suppose the title holder said: "In this case I won't allow my land to be used in producing this wheat. The land is still worth \$200 (market price) and the community (Government) would still demand \$10 an acre, the rent on A-land, and \$5 an acre, the rent on B-land. Before he paid this out of production on the land. Now he pays it out of pocket and out of other income or savings, and it is a net loss. He would be worse off not to produce at all.

Suppose he says I'll hold my wheat for \$1.33 1/3 on the A-land, \$1.20 on the B-land, and \$1.00 on C-land. Obviously no such variation in prices in Chicago could exist. Suppose he (and others) hold enough wheat off the market to cause the price to rise above \$1.00. What would be done with sub-marginal land D; D-land? This would be brought into production at the higher price, supply would be increased and the price lowered again to \$1.00. There is nothing the land title holder can do to avoid paying the land rent share of the produce to the Community. (He could get shares as interest for use of his farm improvements and equipment. If he worked the land himself he could get wages and interest - untaxed)

RENT OR VALUE OF THE LAND

SUPPOSE THE GOVERNMENT TAXES THE WHEAT, NOT THE LAND ON WHICH IT GREW.

Suppose instead of a tax on land value or rent a tax on wheat is levied. Suppose a tax of 10¢ a bu. was levied on wheat which sold for \$1 a bu. in Chicago. Even if the tax is levied on a bu. of wheat the price, owing to the supply and demand relations, is not likely to change immediately - barring wheat speculation. But the tax must be paid. In this case the growers receive only 90¢ a bushel. The cost of production on A-land and B-land is such that at these points the tax can be absorbed by the land title holder out of rent. (Or some might come from wages and interest) C-land, however, receives only 90¢ and the cost of production is \$1.00 (And this is the point). Under these circumstances, C-land production is stopped. With reduced supply - in time - the price goes to \$1.10. A tax on wheat falls on ALL GROWERS OF WHEAT, on marginal land as well as on better land. A tax (a horrible word in this case) on rent or land value falls ONLY on such land that produces an EXCESS over that produced on MARGINAL land.

THE DIFFERENCE should be clear. Think of the ECONOMIC price, the value of the labor and capital used in production. Rent - as a tax - is paid from the difference between labor and capital cost and the selling price. Rent is

with in, or under the price level set by the cost of production per bushel at the margin. Taxes levied on wheat are added ON TOP (to the Economic price) This shows why pumping out the RENT part under the price set at no rent land costs, in no way adds to price. (It merely shifts RENT collected by title holders to RENT NOW COLLECTED BY THE COMMUNITY in same amount) Adding taxes to wheat prices set at the NO RENT LAND or marginal land does raise price. Taxes which raise prices ARE SHIFTED TO THE ULTIMATE CONSUMER. Taxes which convert rent to the community ACTUALLY, by reason of other effects, tends to LOWER PRICES as we become more efficient in production. (See illustration below. The illustration page 35 can be altered to show the difference)

\$1.00 is selling price

10¢ TAX	10¢ TAX	10¢ TAX
EXCESS	EXCESS	COST
COST	COST	<i>\$1.00</i>
<i>66 2/3 bu</i>	<i>80 4 bu.</i>	<i>BU.</i>

TAXES TEND TO ADD UP ON TOP OF LABOR-CAPITAL ECONOMIC PRICE, But - a tax which collects Rent - the Excess of production of better land over marginal or no rent land draws from within the \$1.00 price already set; from under the price. (See ?) I hope so H.A.G.

The principle (and we must judge and orient our conclusions on PRINCIPLES (natural laws) of a tax on rent (or land value) merely siphoning out the EXCESS - the Rent - the difference between economic labor-capital cost and the labor and capital cost on marginal land due to advantages of the land (location or contents advantages), and so not decreasing supply and not raising prices, applies to all productions of man. While we may not be able to say at what time precisely the SHIFT in price will occur, we can say taxes added to the labor-capital (the economic cost) of products TEND TO RAISE PRICES BY REDUCING SUPPLY. (Collection of rent for public use does not raise prices, but, for reasons which come into play tend to lower them ultimately. Citizens must guide on PRINCIPLES in determining what SOURCE OF PUBLIC REVENUE TO ACCEPT; which to REJECT)

FOUR (4) COMMON SENSE REASONS why land title holders must pay rent for the land they are privileged to HOLD and cannot recover from the tenant or the consumer of the product.

1. Vacant land is taxed as to its value the same as used land. Since it is vacant to whom could the owner shift the tax? The title holder must pay out of his pocket. How long will he do this? He will either sell it for what he can get or abandon it (as he will today for the same reason). This land that was always here comes on the market or is just unused land as it was in pioneer days when the first settler approached it. (Ha! We restore the frontier) Since the EFFECT of this land value tax (collection of rent) is to cause more land opportunity for would be users the price of land drops. (If the tax were shifted the price of land would rise) This is proof that the land value tax is not shifted.
2. If a land title holder, faced with paying more of the rent he has been collecting to the community, could demand and succeed in collecting more

rent would he wait for the imposition of higher taxes on land values to do so? Users must pay all the land title holder can get. The added tax does not cause more people to pass the lot nor alter the nature of its contents or fertility. The tax on rent or land value in no way gives reason for more rent collection by the title holder.

3. If the title holder succeeded in collecting more rent is this not a signal for the government to collect more in turn from him; a sign that it was not collecting full land rent before? So an increase in rent collections under the public collection of land rent would only increase the payments to the public.

4. This is strictly political. If a land value tax could be shifted by the title holder of land why do the organized title holders oppose proposals to tax land according to its value? If such a tax could be shifted, that is, avoided, what difference would it make? Its non-avoidance makes its opposition.

Q 21. 22, Q. 23. From the standpoint of justice, what distinction should be made between taxing wages and taxing rent?

Rent arises out of the natural advantages of land which population increase and population progressiveness make more valuable. As a pure title holder to land the act of collecting and keeping rent is an act of extracting tribute for allowing industry to function. Wages is a share of the produce due to human effort and comes from the share left after rent is taken. It is a private income as naturally as rent is naturally public income.

24. Q. 25. What, then, is the most just and equal of all taxes?

Rent is a paying for special privilege in holding exclusive and private use to land equally owned by all. Unless RENT is collected for the benefit of ALL then injustice is inevitable to non-rent collectors which includes most of the population by far. By substituting rent for taxes we can STOP THE INJUSTICE of Government confiscating the private property a man builds up in his wages.

But if only land values were collected would non-land-title-holders pay their share? People ask this question because they do not understand the nature of RENT and how it arises and how it is collected. As we demonstrated before the price set at marginal land INCLUDES the rent on the better land. So when each person buys wheat, or a meal, or a shirt, or pays room or house rent, the prices paid INCLUDE the land rent. It is from the prices we pay that all who directly pay land rent in business GET THE RENT (money) to pay with. One who, as a consumer and user of his own lot or other land collects the rent in benefits and pays for the benefits direct as a land title holder. Therefore it is certain all who spend a penny contribute to the land rent fund. This is how non-title-holders to land make their contributions. None escape. All pay and all benefit if they use public service.

Q 26. Can we separate the value of land from the value of improvements?

See the Manual answer. Also: What are the situation in which there may be difficulty in separating improvement values from land values? In homes and buildings? Any good contractor can estimate the value of the buildings and so can good assessors. They do all the time. An orchard? The value of an orchard is well known. How much would it cost to develop an orchard from scratch to its present state? (Lot's of experience is had on such matters.) Usually the problem is related to fertility. Since fertility must be maintained by labor the value of land can be taken as if it were unfertile, or run down. This is only a technical problem.

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The farmer himself will help. So long as farms are taxed as real estate (land and improvements taken as one) then separation is not of any importance to the farmer. But if the improvements are taxed at a lesser rate than land value, or exempted entirely, the farmer will quickly take the initiative in pointing out that his maintained fertility is an IMPROVEMENT and is exempt; that his ditches, leveling, drainage and the like are IMPROVEMENTS and so are exempt. He and his neighbors and their farm association and union officials will insist on IMPROVEMENT exemption and get it. Because we cannot pour all the milk out of a bottle it is no reason for not drinking all the milk we can pour out. And merely because, in some instances, there is difficulty in making separation perfectly, is no reason why we should not do the best we can in a working manner. Those who argue such PERFECTIONISM should think of what we have now in thousands of cases where the assessor can't possibly know what he is doing. We can do a very good job without perfection is separation. We can do better as we work at it exclusively. Besides, as is now the case, there can be appeals made to rectify errors of any consequence.

Q. 27-6, 28.

The previous Manual had this question: "If the rent of land were taken in lieu of all other taxes, would there be sufficient revenue to bear the expenses of the government? To some students this is the \$64 plus ? .

Many professors of economics think they 'brush-off' George's 'single tax' idea as it is often called (tho its not a tax proposal at all) by arguing that this land rent source would not produce enough revenue. And if the 'singleness' of the source (land rent) is the heart of what George proposes and the rent would not produce enough then obviously the 'idea' won't work, so why bother with it at all. Thus they glibly slide-over this point at least; that there would be GREAT BENEFITS in collecting ALL THE RENT we can first, before using other sources of revenue. EMPHASIZE that the case for the public collection of land rent wealth DOES NOT REST on the singleness of the source, but on the NATURE of the source.

Get student opinions. The answer depends on a number of factors. It must not be forgotten - ever - that the question of whether rent is sufficient for government needs is SECONDARY to the question that so long as there is rent to be claimed by government, should wages and interest be taxed? Is not rent the most natural source and the first source?

Reduce the problem to an everyday experience. Assume a family has an income of \$200 a month. The family gets along - even saves. But - mother falls and breaks her hip, a child gets sick, some relatives move in. Now \$200 is not enough.

Suppose the family is a wasteful and thoughtless family who keeps no budget. \$200 might not be enough.

Picture the RENT FUND as the 'natural fund' for government use. Picture the rent - that part of total production that is accounted for by the use of better land - as the NATURAL BUDGET; the limits of the amount government has to spend.

If it were public policy to restrict public spending to the rent-limited-Budget, there would be enough. If the people voted to spend more than this natural fund of public land rent, debt would be incurred or other sources - only wages or interest - assailed. Today - under chronic conditions of war debt of staggering proportions (like a family with sickness), with disabled veterans to care for, with relief needs artificially increased, it is quite possible land rent income would not provide enough revenue. We might have to TAKE (tax) wages and interest incomes. But our very system of securing public income causes the CONDITIONS (slums, poverty, insecurity, wars, etc) which makes even rent insufficient. And the rent of land in the U. S. is staggering in amount.

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Point out. ...just as the management of a large office building charges for floor space (a building is like a city) and pays the cost of all services rendered in the building, corridor (street) sweeping, sanitation, water and sewer system, fire and police protection, and the like, so would the management of the community land-space area - the government - collect land space rent for the use of the public to meet public expense.

A VERY IMPORTANT PHASE. Government costs would greatly decrease. 1. We would eliminate many tax bureaus and tax collectors. We would not have to pay high, speculative prices for land needed by the government for public service. We would only have to pay for improvements at market value and for expense of relocating the individual displaced. The cost of materials used by the government, being untaxed, would be much cheaper. 2. Instead of a widely, spread-out city area, and possible future spreading out too soon, we would make better use of city and government utilities and services of all sorts already in place and in position to serve people who would use in-between vacant lots; who would build better improvements in the place of slums houses and the likes. 3. If we did not do so much to prevent people from earning a better living for themselves we would save most of the cost of relief and costs due to poverty, including costs of crime; excessive police forces and courts, etc. 4. With much corruption (most of it) abolished by eliminating its cause - the seeking of special privilege - we would have more efficient public officials, more people in office who would look upon their occupation with pride as a noble position - as it is. The office would not be sought at the behest of a few who would control politicians or by politicians who seek office as a source of bribery-income. This would result in amazing economy. None would need bribe to save taxes on wealth (stocks of goods, warehoused goods, trucks, etc) because wealth would not be taxed. None would seek public spending to improve land areas in which they had speculative holdings for with the public collection of rent there are no such speculative holdings. Schools, roads, parks, playgrounds, etc., could be located where 'City Planning Commissions' desire them to be located.

Draw your 'distributive pie' on the board showing 'cuts' of rent, wages and interest. Point out - emphasize - rent is a percentage of the total produced (a proportion). If we spend all our rent fund and we want to spend more, or need to spend more, where will the added funds come from? Wages and Interest naturally. (One answer to the question "if rent does not provide sufficient revenue, we can just raise the rent -- is a to-be-expected statement from some student. Don't let that one get by. Rent is a part - a percent of the total production that can be attributed to land or claimed by title holders. This amount is limited. When we spend this there is no more rent. (We can't just make magic) and say there is. We 'slop over' into the wages-interest cuts of the pie. (Note: If government could arbitrarily raise RENT and did so in excess of its NATURAL AMOUNT this would then be like a tax and would discourage production and use of land just like taxes do.)

(Lesson VIII & IX are important lessons. Prepare for them. After you cover the ground a time or two - and use notes carefully placed in your Manual - you will enjoy teaching more than ever.)

If the class leader has consistently, pleasantly and diplomatically refrained from answering questions in Lesson III, IV & V that are discussed in Lessons VII, VIII & IX, they should be brought out and answered during Lesson IX or before X. (Before Lesson X, ask for questions)

Q. 1. What would be the effect on production if taxation of land values were substituted for taxes on laborers and owners of capital?

Use specific illustrations. Ask: "If taxes were removed from cigarettes what would they sell for? Would more or less be used? Would there be more tobacco grown, cigarette papers and packaging papers made? More or less jobs? Then ask: "Does this not apply to all man-made things? Won't we have more wealth and more jobs if we do not tax man-made things? (Get an answer; a class commitment) Since we have seen that the ONLY CHOICE of sources for PUBLIC REVENUE is rent of land, or wages and interest, and have seen the EFFECTS of both, is not our problem of which to use made simple by our study of economics, etc?

Q. 2; 3; 4; Q. 5: The text states that if taxes were shifted to the value or rent of land, "the selling price of land would fall; land speculation would receive its death blow." Explain.

Ask: "What is the labor cost of production of land? What price did God or Nature place upon land? Point out that the price of land is merely a result of "public policy" with respect to taxation laid down in Washington, in State, County and local seats of government. Those privileged to hold title's to land are not asked to pay fully and fairly for land holding privileges. The more of the RENT they keep the more land is worth in the market; the less they keep the lower the price.

ADDITIONAL QUESTIONS: What would become of unused land? (Some people just can't imagine such a thing as land without someone to hold it) Well, we'll just let it lay there. It becomes our NEW FRONTIER. Pioneers could take it today and have title just as in the early days. Land opportunity again becomes 'open-end'. It is not 'hogged' by speculators. Land is our "escape route" from possible population or social pressure. Suppose dozens of us were in a room too small for us all. Yet more people came. This is bad news. But suppose this was a most unusual room. The walls could be pushed out as we need more room. Our unused or 'un-owned' land (by private title holders) is like the flexible walls of the room. Collecting rent which makes it easy to push out to new area also equalizes the production results of those using the best land and those using marginal land so far as PRIVATE WAGES are concerned for equal work. (Better or more skilled work would give the producer more, of course) All tend to get equal wages for equal work. But in the process "All of God's children" have equal rights of access to land.

Q. 6; 7; Q. 8: Under Henry George's proposed remedy would it be necessary to pay large sums in advance, or incur mortgages, to obtain land?

(Develop this scene. Picture a young couple saving for a home with a building & loan company. When would they select the lot? Usually not until they were ready to build. Where would their 'savings' go? Into the building. (And they buy untaxed material and need pay no taxes each year on the finished house) And would this not apply to farm land, natural resource lands, etc?

Q. 9: What effect would opening natural opportunities have on competition among laborers? Ask the class under what conditions do wages tend to rise, when there is a demand for labor or no demand? There is an old saying that "a farmers work is never done." Well, whose work is ever done? The world we live in was

was made in generous proportions...unlimited human wants...unlimited materials to satisfy those wants. (Also mention substitutes being developed). Is not more jobs than men to fill them the natural order? Has not man messed up the natural order by a tax system which, by encouraging land speculation, locks out his fellow man from land?

Q. 10. What would be the effect on wages? WAGES would rise to their fair earnings...that is, a worker would receive a full measure of what he contributed. Wages are not without limits. But wages would tend to rise as years passed and we learned to produce more in the same LABOR TIME. (Remind the student also that under Henry George's proposal rent would go to the community and so be ADDED to wages. When it is privately collected and KEPT we lose the rent and then lose wages taken by taxes too. LET THAT SOAK IN.

(An American whose father came from England tells this story. When his father was about 18 in England he witnessed a leasing of some land. The old tenant had died. Applications of prospective tenants were screened and those considered were asked to 'bid' to get the use of land. One gave up 10% of the produce; another perhaps 25%; another 50%. When the one who would give up the most of what he produced as rent was found he became the tenant. The young man heard the talk of the people at the 'auction'. They said the new tenants could not come out good since he had to GIVE UP so much of the product as rent. He came to America where, while the same thing was going on here, it had not advanced so far.)

Q. 11; Q. 12. How would increased wages affect labor's productive powers?

Poorly paid labor cannot satisfy more than bare living wants. How many times in the past have laborers wanted more things and services and been willing to work for them? Soon the desire for more, better, different things is so deadened as to hardly exist. Children raised in such an environment learn to want little more than their parents desire; or if they want more they usually seek more in ways not within the law. Unstimulated by natural, unfolding wants, they lack stimulation to sustained and efficient work effort. There is both a poverty of desire and of goods. Then picture to the class how developing wants expand. The little extra wages gave a week-end in the country...which caused them to think one day they would go to Colorado for a week; to Canada; to Mexico; to Europe: around the world - and why not? A few dollars spent on a nice reproduction of a painting - a famous picture - might cause the desire to own an original painting.

Q. 13; Q. 14: Acre for acre, how do the values of agricultural land compare with town and city land? Discuss. Then give examples. The NET RENT under the Railway Exchange Building in St. Louis is \$238,000 a year. Ask how many acres of farm land would it take to yield such a rental? It would take 47,600 acres of \$100 farm land values, at 5%, to yield that much. How many acres under the building. Just a few. The land under the Marshall Field Store in Chicago yielded some \$1,000,000 a year when owned by the Marshall Field estate. The land under Radio City yields \$3 1/4 million a year. (Let that soak in)

Q. 15; Q. 16: If only land values were taxed how would farmers be affected?

A farmer who works his own land could not live for much of the year on the rent he holds back from the community. Suppose he holds as much land value as \$5000.00 in raw, unimproved land. If interest was 5% and no taxes was levied on the land at all his income of rent would be \$250.00 for the year. The hidden taxes on what he spends of his crops and stock would amount to several times this much on such a farm. He would save taxes on his improvements; his fencing, ditching, drainage, barns, orchard, animal stocks, crops, and on his implements, auto, and other personal property. The IMPORTANT questions are: 1) Where are the land values and does a farmer (or home owner as such) own them, and 2) Can the tax on rent of land be shifted by the land title holder?

(A study made in California showed that 3 counties, San Francisco, Alameda, and Los Angeles, out of a total of 58, had 53% of the land value. (About 1935) Block 329, 1.54 acres, in San Francisco, had a total value of \$2,766,020, or \$1,790,000 an acre. Trinity County, in Northern California, had a total value of land of \$2,728,715. Blocks 3704, 5 and 6 in San Francisco (between 3rd & 6th Sts) had a total value of \$13,360,120, which is over \$1,000,000 more than the value of all the land in Shasta County (adjoining Trinity) which is \$12,166,890. In 1939 the Commerce Department showed that eight of the Nation's 3,870 counties accounted for 25% of all manufacturing; 34 counties accounting for the next 25%. All this indicates that the bulk of the land values are NON-FARM kinds of values. (Point out valuable oil, mineral, timber, chemical, right-of-way lands, etc.)

Farmers, as such, have little land value. Therefore they will receive little of the total rent tax bills sent out by government. And as you know the tax on land value or rent CAN NOT BE SHIFTED BY THE TITLE HOLDER.

Point out to the class that most farmers are tenants or operators of family sized farms. Corporation farms - big acreages - operated mostly with hired hands or tenants - are not likely to gain so much under the Henry George plan as are the family size farmers.

Also point out again how farmers pay taxes placed on gasoline, city improvements, city stocks of goods, etc., in higher prices. He actually, tho indirectly, pays his own as well as city taxes. Being a first or prime producer he does not get much of a chance to shift any of his taxes. He is a working man anyway.

To bring out the effects on different categories of farmers ask; How would farm hands who own no land fare? Tenants? Would land value taxation make it easier or harder for hired hands, tenants, and sons of owners of small farms to get land of their own to work? Which type of public revenue system would discourage city people from holding farm land as a speculation or to get rent income?

Q. 17. How would home owners fare?

What is the usual value of a lot compared to the value of a house built upon the lot? Get some figures from class members. Picture taxes levied on the house, the furniture and furnishings, his auto, garage, shrubbery, improved lawn, etc. How important is the rent of land he holds back to him compared to these other taxes he pays? (Refer to supplemental sheets on VIII&IX if you have them)

Point out that the owner of a lot WITH A HOUSE on it pays more taxes than does a mere lot holder to support parks, playgrounds, police and fire departments, schools, museums, art galleries, libraries and the like. True the vacant lot holder pays the same rate on the value of his lot. But what about this? Gas, electricity, transportation, telephone services, etc., are provided by PRIVATE utilities. They have NO POWER TO TAX. They pay for these services out of rates paid by people who live in houses put on lots, not by owners of vacant lots. In some cases 25% of the cost of utility services is taxes. In this case the presence of such SERVICE is sold by the lot holder in higher land prices. But he pays not - generally - one cent to the utilities to install them or keep them operating. Ask who does? Ask: What does the owner of a lot sell? The land or the services in and about the land? Churches? Does land sell for more where there are good churches? Theatres? etc.

Q's 18-19-20-21-22, and 23...

EXTRA QUESTION. This question always tends to come up. "Will Rent of Land provide enough revenue?"

The fact is the idea of collecting RENT and abolishing other taxes in no sense rests on the SINGLENESSE (the Single Tax idea) of the source. Some professors reason: "Today we spend so much the rent would not be enough. The "Single Tax"-Henry George's idea would not provide enough; therefore the "Single

Tax (Henry George's idea) can be passed up as IMPRACTICAL. (College students are not likely thereafter to pay much attention to an idea called IMPRACTICAL by their college professors. The PROFESSORS may have learned it this way and, neither their students or they will question it unless forced to do so)

THIS IS IMPORTANT. The question of first importance is NOT if there is enough rent to support government as it SPENDS today. The IMPORTANT QUESTION IS THIS: Should government take from people their private property in wages and interest, before they collect all the PUBLIC PROPERTY IN RENT OF LAND THEY CAN for public use?

Consider the operation of a building which rents space. A charge is made for floor or space rent. Out of this SINGLE-space-rent charge all costs of building services are paid; elevators, lights, heat, cleaning, fire and police protection, etc. The GOVERNMENT (the people's agent) manages our land space area and what income they collect for the use of land space, made valuable by public service of government and private institutions and general population, is available to meet such costs of government.

Note: If it were the public policy to limit (budget) public spending to land rent income there would obviously be enough. If more were to be spent we would have to do as we do now - borrow, and tax wages and interest. With enormous war debt to be financed, with veterans to care for as well as widows and orphans, with government highly involved in a social security program, it might well be that land rent wealth would be hard put to provide fully. But the situation is most abnormal and chronic. The amount of land rent in our country is tremendous. Some feel it would be more than enough for normal needs.

THEN, TOO, the government costs would tend to decrease sharply. 1. Unnecessary tax bureaus would be eliminated. Land for public use would be secured at little capital (tax) outlay (except for improvements). Government purchases would also be free of taxes which now inflate prices. Vacant lot spaces and poorly improved land areas would be put to use, since all essential UTILITIES of the City are already in such areas to support them. This would curtail needless far-removed expansion programs and greatly reduce costs.

Corruption would be greatly lessened. The back-bone of corruption NOW lies in seeking favors from PUBLIC OFFICIALS: favors to put in public improvements near privately held lands (schools, street widenings, sewers, etc and to get public service of private concerns extended prematurely) and FAVORS in NOT SEEING all personal property (warehouses full of goods) subject to taxation. With land value taxation in effect fully and OTHER TAXES ABOLISHED who would care who were the tax officers? They could render no favors worth money anyway. This alone would permit SELECTION of people for public office who make a profession of it and whose success is based on how well they serve. (This would reduce all other avenues of corruption in government)

In time, owing to STIMULATION to production of the new arrangements, rent would tend to increase - but naturally - not in "checker-board" style as when land speculation is concerned.

(Emphasize that RENT is only a part of the whole; a piece of the pie. This is all Government has to spend. The rent fund puts government on a strict budget. Point out that if more is to be spent that direct taxes will have to be levied extra on wages and interest which might develop great opposition.

In case of WAR government would appropriate labor and wealth necessary with adjustments made later under appeals. There NEED BE NO WAR DEBT.

C's 24-25-26.

(Supplemental notes)

Ask: What is a GOOD DEAL? Must one always make a gain or a profit to consider a deal a good one? (Get answer) Suppose one is confronted with a possible loss of a million dollars. If a friend (or someone) could show him a deal where the potential million dollar loss was reduced to \$500,000, is this a GOOD DEAL?

You might ask "How do business men generally like the deals they are getting now?" Business men and the people generally are making choices now - fatal decisions. Being based on superficial appearances (symptoms) they are mostly wrong. If conditions could be greatly improved by merely surrendering rent incomes and people could enjoy wages and interest untaxed, might this not be THE GOOD DEAL? THE VERY BEST DEAL?

Ask: Have we solved any basic problems? Don't they come back again and again? Must not each generation of people worry with them? If we fail to allow freedom to work must we not accept regimentation of the fascist or communist groups? If a "reform" such as Henry George proposes will rid our system of its evils why merely seek to swap one set of evils for another?

WHAT WOULD BE CHANGED by Henry George? Initiative? Only such initiative as is typified by the burglar or pirate. Burglars and pirates make it their business to get in the way and to get out of the way for a fee. In what way are land speculators different in economic function? (But it is well to point out that so long as the people's lack of knowledge permits it and it's legal, it is idle to condemn individuals who profit. If they did not some others would). Perhaps they should be congratulated and envied.

Would private savings be denied under the Henry George proposal?

Would private ownership and private use of capital be denied?

Would private collection of interest on capital be denied?

Would anyone be denied the right to employ others?

Would private title to land and private use of land, as it is now, be denied?

Would the right to leave wealth, capital and the private title to land to others be denied? None of these would be denied. The Henry George concept would lead to the achievement of the ideal of Free Enterprise or Capitalism. It would only reform the basic rackets now encrusted on the system and smothering it.

For years the trend has been to shift the burden of taxes off of the value of the privilege of holding land to industrial and mercantile processes and to wages and interest. Is it Communistic or Socialistic to shift it back? Big land title holders might want people to think so. The object of Henry George is not tax reform, but what such a reform will bring; liberty and freedom; dignity to the individual; a finer civilization on all fronts; economic, political, ethical.

TOLSTOY begged the Tzar of All Russia to institute the system of Henry George. The few million Russians who hold the land would not yield. They had a choice to make. They made it and over 2,000,000 of them were murdered and others scattered over the face of the earth. They made the wrong choice. Is there any doubt that even the GREATEST LANDLORD of Russia would have benefited by the George-Tolstoy idea?

LESSON X: Box X of Progress and Poverty is a beautiful lesson. It is up to the individual student to get it. Select some passages to read in class together.

Check students for their "What I Can Do Sheets" and lists of recommended names. Urge them to attend graduation exercises. Enroll them in ADVANCE CLASSES.
