

THE HENRY GEORGE FOUNDATION

A FOUNDATION DEDICATED TO THE
CAUSE OF JUSTICE AND LIBERTY

"Justice is founded in the rights bestowed by nature upon man.
Liberty is maintained in security of Justice."

Inscription on Dept. of Justice Bldg., Washington, D.C.

THE HENRY GEORGE FOUNDATION OF AMERICA

A non-profit Corporation whose purpose
is to stimulate interest in the study
of the Science of Political Economy.

417 Grant Street
Pittsburgh, Pa.

Percy R. Williams, Executive Secretary

FREE EDUCATION IN ECONOMICS

HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

Chartered by the University of the
State of New York
50 East 69th Street
New York 21, New York

Offers free courses, as a public service,
in Fundamental Economics and Social
Philosophy. Full details on request.

Robert Clancey, Director.

A STUDY

In The

CORRELATION OF GEORGISM AND PRACTICAL POLITICS

With A

REMINDER THAT GEORGISTS, IN THESE
CRUCIAL TIMES OF MOMENTOUS DECISIONS,
SHARE A LARGE MEASURE OF THE
RESPONSIBILITY TO EITHER "NOBLY
SAVE OR MEANLY LOSE THE LAST BEST
HOPE OF EARTH"

CHARLES R. ECKERT, President

of

THE HENRY GEORGE FOUNDATION OF AMERICA

417 Grant Street
Pittsburgh, Pennsylvania

"If civilization is to survive, we must cultivate the science of
human relationships—the ability of all peoples of all kinds, to live
together and work together in the same world at peace."

—Franklin D. Roosevelt

"In a democracy, the qualities of true leadership must comprise
not alone loyalty to the popular will but also courage and frankness
in aiding the people to an understanding of basic issues and of basic
choices in public policy."

—Cordell Hull

2-243

"The law of human progress, what is it but the moral law? Just as social adjustments promote justice, just as they acknowledge the equality of right between man and man, just as they insure to each the perfect liberty which is bounded only by the equal liberty of every other, must civilization advance. Just as they fail in this, must advancing civilization come to a halt and recede. Political economy and social science cannot teach any lessons that are not embraced in the simple truths that were taught to poor fishermen and Jewish peasants by One who eighteen hundred years ago was crucified—the simple truths which, beneath the warpings of selfishness and the distortions of superstition, seem to underlie every religion that has ever striven to formulate the spiritual yearnings of man."

—Henry George

INDEX

	Page
Henry George, Sound Economics and The "New Deal".....	5
The Revenue Act of 1935 and The "New Deal".....	18
The Guffey-Snyder Bill and Labor's Dilemma.....	28
Natural Taxation and The Problem of Unemployment.....	34
The Cause and Cure of War and Poverty.....	47
Politics, Patronage and Civic Duty.....	53
Land, Labor and The Wagner Act.....	60
Labor, Ethics and John L. Lewis.....	68
Agriculture Subsidies and Monopoly.....	79
Privilege, Poverty, and Liberalism.....	85
The Roosevelt Recession and The Hoover Depression.....	95
Sales Taxes	100
Business, Government and Politics.....	103

INTRODUCTION

"These are times that try men's souls." Thus cried Tom Paine in the hectic days of the American Revolution. Today the world is in revolt and again the cry of Tom Paine is abroad in the land. The American Revolutionists were yearning for FREEDOM and RIGHTS. Today people everywhere are yearning for their RIGHTS and their FREEDOM. Among the great apostles of FREEDOM and human RIGHTS in the days of the American Revolution was Thomas Jefferson. He stood for the highest and best, both in individual and community life. His was the guiding hand in the drafting of a set of principles that was accepted by the founding fathers as the foundation of the nation that developed into the United States of America.

Abraham Lincoln was a disciple of Jefferson. In 1859, he said, "It is now no child's play to save the principles of Jefferson from total overthrow in this Nation. One would state with great confidence that he could convince any sane child that the simpler propositions of Euclid are true; but he would fail utterly with one who should deny the definitions and axioms," and continued, "The principles of Jefferson are the definitions and axioms of free society."

Woodrow Wilson, in defining the definitions and axioms of Jefferson, declared, "The reason the American Republic was set up was that she might be different from all the nations of the earth is this; that the strong could not prevent the weak from entering the race; that the strong could not push the weak to the wall. America stands for opportunity. America stands for a free field and no favors."

This was the type of nation for which the founding fathers pledged their lives, their fortunes and their sacred honor, and in this spirit the American Republic was brought into being. This is the real American heritage, but the successors of the founding fathers—the American people—have so far forgotten the real American heritage that the republic of today, instead of being a nation of free men, enjoying a free society based upon the EQUALITY OF RIGHTS declared in the Declaration of Independence, is monopolized, subsidized, tax-ridden and debt-burdened.

The great mass of Americans is blind to this ugly fact. True, Americans are enjoying freedom and prosperity of a sort, but their freedom is not that perfect liberty "that is bounded only by the equal liberty of every other," and the prosperity they are enjoying is an artificially stimulated prosperity due to subsidies and war expenditures. The present war-time and hectic post-war prosperity must be supplanted by an enduring peace time economy, an economy not only rich in material well-being that is self-contained, but fruitful in educational and spiritual progress. It must be pregnant with the spirit of truth and freedom, social justice and world peace. America must move forward to universal freedom, social justice and world peace if she is to retain her high estate among the nations of the earth and successfully meet and overcome the enemies of freedom and democracy.

THE GREAT CHALLENGE

The task now confronting the American people is not only the challenge of the Soviet Union, but the greater task of fundamentally reforming our system of production and distribution. This means that the American Republic must be revitalized with the faith of the founding fathers—the spirit of the Declaration of Independence. The heart and soul of the Declaration of Independence is equal rights and equal freedom for all and this requires a social order and economic system freed and divorced from the exploitations of privilege. This is an imperative demand, a supreme requirement, a MUST if the republic of the founding fathers shall grow, expand and endure.

Henry George in "Progress and Poverty" writes:

"Georgism is carrying out in letter and spirit the TRUTH that is the heart and soul of the Declaration: 'That all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty and the pursuit of happiness.'"

Georgists are eminently qualified educationally and spiritually to point the way for the fulfillment of the TRUTH enunciated in the Declaration of Independence. The author of this pamphlet was an amateur member of the United States Congress from 1935 to 1939, and the ensuing speeches and articles illustrate the way the important events and measures of the Congress during those four years were approached and discussed, mindful always that Georgism, in principle and spirit, is the central TRUTH—the touchstone of free society. This pamphlet is being published in the hope that it will encourage and stimulate Georgists to engage in the great art of politics and government.



HENRY GEORGE, SOUND ECONOMICS AND THE "NEW DEAL"

By

CHARLES R. ECKERT

in the House of Representatives Tuesday, July 2, 1935

Mr. Speaker, during the weeks and months that Congress has been in session much has been said on the floor of this House that was intended as a contribution to the cause of better government and greater economic security. The vexing problems now confronting the country have been ably and eloquently discussed from many angles. In the light of what has been said on these disturbing problems there comes a feeling of confusion and bewilderment.

Is the American Republic a failure?

Is our adventure in democracy doomed to defeat?

Have all the labors of the founders of this Nation been in vain?

Is the prophecy of Macauley to be fulfilled?*

These are some of the reactions that come to one as the result of some of the discussions that have engaged the attention of this House since January 3. And naturally the question mounts, "Is there no way out?"

Is there no guiding principle in the social theories of our time to point the way? We boast of ours as a scientific age. Of mathematics, chemistry, biology, and many other sciences we speak in terms of certainty and assurance. There our calculations and deductions are true and certain. Not so with the social sciences. To them in these moments of uncertainty and bewilderment we turn for light and guidance in vain. The science whose voice is the most important to civilized man in these moments of darkness and despair speaks in terms of doubt and confusion. She offers no guiding principle, no fixed standard of social behavior by which our policies and legislation can be checked and gauged. From the science that holds in its keeping the solution of the problems that in all civilized countries are crowding the horizon there comes no certain answer.

This House sometime ago had the privilege of listening to a very able, learned, and illuminating address directed to the historical development and the evolution of the social and economic progress of the "new deal" by the distinguished gentleman from New York, Dr. Sirovich. We were reminded by our distinguished colleague that from the very dawn of civilization to the present day the many have always been exploited by the few; that methods have changed but that throughout the long, weary trek of man from ancient barbarism to modern civilization it is the same sad story of the few despoiling the many.

Our distinguished colleague called the roll of some of the pioneers in the great struggle of social justice. All honor to the brave souls who gave of heart and mind and body that others might live fuller, better, and nobler lives. It is to be noted, however, that among the honor roll of those who made contributions to the social thought of their time there does not appear the name of a single American. This roll is confined to Europe alone, and while much credit is due the social thinkers of Europe for their contribution to the cause of social justice—especially the Manchester School of England and the Physiocrats of France—whose work was largely responsible for the agitation both in America and in Europe that resulted in the independence of America and the abolition of royalty in France. From the teachings of Smith and the Physiocrats the American revolutionists drew their strength and inspiration. Upon the principles underlying their philosophy the American Republic was founded; and, if she is to endure, our economic system must be developed in harmony with these two schools of thought.

There are those who say our modern economic system is so complex and so involved that the teachings of Smith and the Physiocrats are outmoded; that the doctrine of laissez faire is obsolete; that the law of competition must not be allowed to function; that the natural laws of economics cannot be trusted. Happily there came upon the scene of economic discussion in 1879 a man who recast the scholastic political economy of his time and developed scientifically the teachings of Smith and the Physiocrats. Some day this man will be accorded his rightful place in the niche of fame.

This man was born in 1839 within the shadow of Independence Hall in Philadelphia, and by the sheer force of his intellectual genius and love of truth, gave to the world in 1879 a treatise inquiring into the cause of industrial depressions and increase of want with increase of plenty that is recognized by thinkers and scholars the world over as one of the greatest achieved by the genius of man. It has been described by an eminent American as a book—

That rests upon a granite pedestal of truth, face up, open for the thinking world to scan—a book matchless in logic, beautiful in diction, perfect in illustration, unchallenged and unchallengeable, unanswered and unanswerable; an everlasting monument to the intellectual and moral integrity of the man who wrote it.

Upon the occasion of the author's funeral in New York in 1897, eulogies were delivered by distinguished representatives of various creeds and nationalities. A contemporary, witnessing the last rites, wrote:

Voices from Plymouth's Congregation Choir sang the solemn hymns; Dr. Heber Newton read from the beautiful ritual that as boys he and the dead man had listened to each Sunday in old St. Paul's in Philadelphia; Dr. Lyman Abbott recounted the peerless courage; Rabbi Gottheil the ancient wisdom, John S. Crosby the civic virtue, and Dr. McGlynn feelingly and impressively said:

"The chair of the President of the United States were all too small for such a man! He was not merely a philosopher and a sage; he was a seer, a fore-runner, a prophet, a teacher sent from God. And we can say of him as the Scriptures say: 'There was a man sent of God whose name was John.' And I believe that I mock not those sacred Scriptures when I say: 'There was a man sent of God whose name was Henry George'."

The thinking world is beginning to bear witness of Henry George's greatness and genius. Let me call a few present-day witnesses. Dr. John Dewey, one of the world's greatest educators and philosophers, in speaking of this man, said:

It would require less than the fingers of the two hands to enumerate those who, from Plato down, rank with Henry George among the world's social philosophers.

Tolstoi affirmed:

People do not argue with the teachings of Henry George; they simply do not know it. And it is impossible to do otherwise with his teaching, for he who becomes acquainted with it cannot but agree.

Louis D. Brandeis said:

I find it very difficult to disagree with the principles of Henry George.

William Lloyd Garrison, 2d:

Henry George was one of the great reformers of the world. His conscience was active, his sympathies broad, his purpose indomitable, his courage unflinching, his devotion to principles absolute.

Woodrow Wilson:

All the country needs is a new and sincere thought in politics, distinctly, coherently, and boldly uttered by men who are sure of their ground. The power of men like Henry George seems to me to mean that.

Dr. John Haynes Holmes:

My reading of Henry George's immortal masterpiece marked an epoch in my life. All my thought upon the social question and all my work for social reform began with the reading of this book.

George Bernard Shaw:

I went one night, quite casually, into a hall in London, and I heard a man deliver a speech which changed the whole current of my life. That man was an American, Henry George.

Oswald Garrison Villard:

Few men made more stirring and valuable contributions to the economic life of modern America than did Henry George.

John Erskine:

I would say that the tax theories of Henry George have always seemed to me unanswerable, and I believe that when we have tried other forms of taxation long enough to be convinced of their injustice we shall be ready for his simple and convincing ideas.

Kathleen Norris:

Anyone who really fears a revolution in America ought to reread Henry George's *Progress and Poverty*, one of the great social documents of all time.

Helen Keller:

I know I shall find in Henry George's philosophy a rare beauty and power of inspiration, and a splendid faith in the essential nobility of human nature.

Newton D. Baker:

I am inclined to believe that no writer of our times has had a more profound influence upon the thinking of the world than Henry George.

Albert Einstein:

Men like Henry George are rare unfortunately. One cannot imagine a more beautiful combination of intellectual keenness, artistic form and fervent love of justice. Every line is written as if for our generation.

This is an indication of the estimate of the thinking world as to Henry George's place among social philosophers. As the years roll by this appraisal will grow firmer and deeper, for Henry George, unlike many other social reformers and would-be statesmen, tested his proposals by the hard rules of logic and, like a true scientist, followed truth wherever it might lead. In his economic explorations he was like a man who built a house and digged deep and laid the foundation upon a rock.

Henry George recognized, as everyone does, that with steam and electricity and modern labor-saving machinery the effectiveness of labor has been increased enormously, and he thought, as everybody did, that with the modern methods of production the condition of the laborer would be lightened; that the enormous increase in the power of production would make real poverty a thing of the past. But the facts about him disproved the expectations. And so he set himself heroically to the task of discovering the reason why the laborer, who is the creator of all wealth, should, with the increase of his power to produce wealth, find it more difficult to make a living. This fact has puzzled and baffled the thinkers of the modern world. At the time Henry George investigated the problem Thomas H. Huxley, contemplating this fact, exclaimed in despair:

I do not hesitate to express the opinion that if there is no hope of a large improvement of the condition of the greater part of the human family with the advance of progress, I should hail the advent of some kindly comet which would sweep the whole affair away as a desirable consummation.

Nicholas Murray Butler, president of Columbia University, in a recent commencement address, expressed his astonishment in these words:

Why is it that with all the progress which the world is making in so many directions—science, letters, fine arts, every form of industry, commerce, transportation—why is it that there still exists so much want, so much of all that, which for lack of a better name, may be summed up under the word "poverty."

Huxley, Butler, and others stand amazed and nonplussed in the face of this perplexing fact, while George, unperturbed and undismayed and with a faith beautiful and sublime in the rightness of things, makes a searching examination and, as a result, produces the one outstanding classic that has been written upon the subject of political economy. He did for social science what Copernicus did for astronomy, what Darwin did for biology.

The question, Why does the laborer not receive the full share of the wealth his labor produces? engaged Henry George in the preparation of his great book, *Progress and Poverty*. He recognized that a correct answer required correct and clear thinking and, as a true scientist, he proceeded first to define the elemental terms used in his reasoning. As the problem centered around wealth, he began by defining wealth as "natural products so secured, moved, combined, or altered by human labor that in the production of wealth there are three factors, namely, land, labor, capital.

"Land" he defined as Mother Earth, the raw materials from which and out of which wealth is created by labor with the aid of capital,

such as tools and machinery. The term "land" includes all natural opportunities or forces. It is the source of all wealth.

"Labor" he defined as human energy, exerted to satisfy human want, all human activity exerted in the production of wealth.

"Capital" he defined as wealth used for the production of more wealth, or wealth in course of exchange.

He made the observation that man comes into the world beset with physical needs; that he finds himself upon the surface of the earth on which and in which are found the elemental ingredients that sustain life; that man's primary need is food, clothing and shelter; that the earth is the storehouse from which his primary needs are obtained; that they must be extracted from the earth and that this requires human exertion or labor. So, in the examination of the problem of the production and distribution of wealth, George discovered the simple fact that all wealth is produced by labor and that all wealth is produced from the earth—the natural resources—and that natural justice decrees that labor should be the recipient of the wealth which it produces. Abraham Lincoln, in his day, recognized this elemental fact and elucidated the principle in this fashion:

Inasmuch as most good things are produced by labor, it follows that all such things ought to belong to those whose labor has produced them. But it has happened in all ages of the world that some have labored, and others, without labor, have enjoyed a large proportion of the fruits. This is wrong and should not continue.

Dr. Sirovich, in his address already referred to, historically portrayed the story of the battle between those who labor and those, who without labor, enjoy a large proportion of the fruits—between the exploited and the exploiter. Through the mutations of time methods have changed, but the end has always been the same. The few get a large proportion of the fruits of the labor of the many. In the early history of the race, brute force was the means employed. This method, by gradual changes, gave way to the more subtle and furtive plan of legislative exploitation.

Albert Jay Nock, in an article in the *Atlantic Monthly* of July 1934, speaking of the principle that man attempts always to satisfy his needs and desires with the least possible exertion, comments as follows:

A candid examination will show, I think, that this law is also fundamental to any serious study of politics. So long as the State stands as an impersonal mechanism which can confer an economic advantage at the mere touch of a button, men will seek by all sorts of ways to get at the button, because law-made property is acquired with less exertion than labor-made property. It is easier to push the button and get some form of State-created monopoly like a land title, a tariff, concession, or franchise, and pocket the proceeds, than it is to accumulate the same amount by work.

Nock here calls our attention to the discovery of Henry George that there are two kinds of property, and that these two kinds of property are wholly different in nature and origin. One is the product of industry, the other is the product of law. The product of industry is private property. The product of law is public property. Private property must be held inviolate, while public property must be treated and administered as public property. Grants of power or privileges are

held by the few in derogation of common right and hence the first duty of government is to control and administer those grants or privileges in such fashion that the interest of the people will be safeguarded and protected. In this the Government in the past has been guilty of indifference, neglect, and incompetence. The beneficiaries of privilege were not slow in availing themselves of this remissness on the part of the Government and appropriated the social values of privilege or law-created property to their own private use. It is this fact that has enabled them to build private fortunes and financial empires that have been the astonishment and amazement of the modern world. To this fact many of our social ills may be traced. The public-utility companies, such as control transportation, communication, electric power, gas, water, and so forth, issued billions of dollars worth of securities that represent nothing save the capitalized value of their franchises or rights-of-way. In the franchises or rights-of-way the public-utility companies have no proprietary rights. Franchises are delegations of sovereign power and in no sense are private property. And now, when the people are beginning to assert their rights attaching to these privileges or law-made property, the public-utility companies are facing serious trouble and are accusing the Government of undue and unjustified interference with their business. The slave master made the same complaint during the agitation of the slavery question. But obviously, if the slave master had never transgressed the natural rights of the slave, there would have been no slavery question.

Likewise, if the public-utility companies had observed the rights of the people in the grants and privileges which they received at the hands of the Government, instead of using them for private gain, there would be no trouble ahead for the utility companies now. But, being guilty of conversion of the people's property by appropriating it to their own use, the penalty must be paid. The wrong must be righted.

The public-utility field is a shining example of a sector of the present economic order that is reeking with special privilege—with law-made property. Every public-utility company—whether in the field of transportation, electrical power, communication, gas, water, or any other utility engaged in a public service enjoys a privilege that automatically absorbs social benefits. The social benefits that attach to franchises or rights-of-way are socially created and ought to accrue to all the people. Under our present benighted dispensation of public housekeeping we graciously permit the few to appropriate for private use practically all the benefits. It is estimated by trustworthy authority that these benefits amount to billions of dollars annually. These billions are a direct exaction from legitimate capital and labor, and in the every nature of things must unbalance the economic order.

President Roosevelt, in his annual message to Congress, recognized the inequalities existing in our economic order when he said:

We find our population suffering from old inequalities, little changed by past sporadic remedies. In spite of our efforts and in spite of our talk, we have not weeded out the overprivileged and we have not effectively lifted up the underprivileged.

This is a Presidential challenge of the association of poverty with progress. It is the same challenge that confronted social thinkers and statesmen for the past hundred years. Henry George stated the challenge in these words:

This association of poverty with progress is the great enigma of our times. It is the central fact from which springs industrial, social and political difficulties that perplex the world and with which statesmen and philanthropists and educators grapple in vain. From it come the clouds that overhang the future of the most progressive and self-reliant nations. It is the riddle which the Sphinx of Fate puts to our civilization and which not to answer is to be destroyed.

For an answer to the riddle of the Sphinx of Fate, we must look to the natural laws of the distribution of wealth. George discovered the natural laws of distribution to be the law of rent, the law of wages, and the law of interest.

"Rent" he defined as meaning "the net profit of the use of land; that is, that portion of the products of labor and capital that must be yielded to the landowner for the permission to use his land."

"Wages" he defined as meaning "that part that is paid to the worker and constitutes the reward of human exertion."

"Interest" he defined as meaning "the part that is paid to the owner of capital and constitutes return for the use of capital."

In the operation of these laws he saw clearly what others are beginning to see dimly now. He saw that the values attaching to franchises are simply a manifestation of the law of rent and that wherever this law expresses itself there are to be found social benefits—benefits that rightfully belong to the people. He saw clearly what is beginning to dawn dimly upon the minds of many people now, that values attaching to land anywhere are social benefits that rightfully belong to the people.

To illustrate the operation of the laws of distribution, let us suppose a worker applies his labor to free land by gathering nuts or berries. The nuts or berries gathered would constitute his wages, and the economic equation would be: Wages equal wealth.

In time he used containers in which to put the nuts or berries. Then capital appeared and the equation became: Wages plus interest equal wealth.

Finally, as the community increased, the value of land became private property and immediately tribute was levied on the worker for the privilege of gathering nuts or berries. Then the equation became: Rent plus wages plus interest equal wealth.

And thus it stands today. All products of labor and capital are divided among the landowner as rent, the laborer as wages, and the capitalist as interest. Since all wealth is distributed as rent, wages, and interest, it is clear that whatever is meted out to any one factor leaves that much less to be divided between the other two, and the proportion on which the allocation is made affects the prosperity, progress, and stability of society. Furthermore, whether rent is paid to the privileged few who own the earth inside and out, or paid in whole or in part for the support of government, would make a vast difference to capital and labor, which in the latter case would receive

easement from extortionate prices and relief from multitudinous taxes. But if rent is paid exclusively to privilege, it will tend to absorb the earnings of capital and labor, bringing about depressions, and economic disasters, followed by the decline of civilization, as proved by ruins on the highway of history.

In a speech delivered on the floor of this House on the 9th day of January 1935, Mr. Eaton, our distinguished colleague from New Jersey, made the striking observation:

The President of the United States says we have not "weeded out the overprivileged." This is a fateful statement for the Chief Executive of this Nation to make. Whom does he mean by the "overprivileged" and how does he propose to weed them out? Is he going to weed them out by confiscation of their property? Is he going to weed them out by taxing them on a different basis than other citizens?

How is he going to weed them out, and who are the overprivileged? Let us ask a question or two. Supposing a gentleman is fortunate enough to have had intelligent ancestors who invested in real estate, we will say, for example, on Manhattan Island, and now, without having lifted a finger in productive toil or produced a dollar, he is able to enjoy the privilege of a million-dollar yacht, a city mansion, and a country estate? Does the President hold this gentleman to be overprivileged? I think, myself, he is. But how, by fair and constitutional methods, are you going to get rid of him?

I agree with our distinguished colleague from New Jersey. I think he is entirely correct. The gentleman in this case, who happened to select intelligent ancestors is one of the overprivileged. The privilege he enjoys enables him to ride the seven seas in a million-dollar yacht, live in a city mansion, enjoy a country estate, and all this without lifting a finger in productive toil. A million-dollar yacht, a city mansion, a country estate represent the fruits of thousands of toilers. The gentleman who selected intelligent parents is enjoying the fruits of other men's toil as surely and effectively as the slave owner enjoyed the fruits of the labor of his slaves. Yea, even more so, for the slave master was bound to maintain his slaves, while the gentleman who selected intelligent parents is free from that burden and trouble. Lincoln said:

To enjoy the fruits of other's toil without labor is wrong.

We all know it is wrong. The institution of slavery became offensive to a large portion of the people of America, and, after a long, bitter, and devastating struggle, it was abolished. Today the method of getting the fruits of other's toil is subtle and furtive. Yet the results are the same. The producer is robbed of the products of his toil. There are indications that the modern method of the exploitation of the producer is becoming offensive to the people of America, the same as slavery. The fact that a person by the mere ownership of a privilege, such as a franchise, a title to a valuable land site, or other governmental concession, can, without lifting a finger in productive toil or adding a dollar to the national income, sport a million-dollar yacht, live in a city mansion, and enjoy a country estate is beginning to put the country on inquiry as to its ethical and economic soundness.

Our worthy colleague from New Jersey asys:

Is he going to weed them out by the confiscation of their property? Is he going to weed them out on a different basis of taxation than other citizens?

I yield to no one in my respect for a genuine capitalistic system of production and for the institution of private property. I hold that they are sound and the institution of private property inviolate. I stand with Henry George in the statement—

This and this alone I contend for—that he who makes should have; that he who saves should enjoy. I ask in behalf of the poor nothing whatever that rightfully belongs to the rich.

But, like Gorge, I recognize that there are two kinds of property—private property and public property. Private property, let me repeat, is the product of industry. Public property is the product of law. The product of industry is the result of the application of labor and capital applied to the natural resources and is rightfully private property, for the natural basis of private property is production; while the products of law are legal privileges, such as rights-of-way, an estate in land, or other grant or power from the State. Such grants constitute public property.

It is the duty of government to protect the citizen in the full enjoyment of his rightful private property. It is the function of government to administer public property in the interest of all the people. In the execution and administration of these functions the Government has lamentably failed in the past. It has neither protected the citizen in the full enjoyment of his private property nor administered the public property in the interest of all the people. On the contrary, it has invaded the rights of the citizen in the use of private property by collecting for public revenue a large percentage of the products of his toil and permitted the profits of public property from which public revenue ought to be derived, to be appropriated by certain groups of citizens for their private use. For example, a franchise for the use of the streets of a city granted to a public-utility company has a great value—a value that inherently belongs to the people. Yet, under the custom that prevails, the social values attaching to public-utility franchises are capitalized and appropriated for private use. This is a wrong that cries to high Heaven and must be reformed. This iniquitous practice enables the possessors of public-utility franchises to acquire gigantic fortunes without lifting a finger or adding a penny to the national income. It is a gross and palpable remission on the part of the Government in the performance of its rightful and proper functions, and is one of the primary causes of the unjust distribution of wealth and the resultant unemployment and social unrest.

The American Republic was founded on the principles of freedom and equality. Thomas Jefferson set forth as a cardinal tenet of genuine democracy that "equal and exact justice must be done to all men." Abraham Lincoln envisioned the Republic as having been "conceived in liberty and dedicated to the proposition that all men are created equal"; and Woodrow Wilson declared that "America stands for a free field and no favors."

In order to meet the standards set up by these eminent Americans, as well as the founding fathers, involving as they do the problem of establishing justice, preserving the blessings of liberty, maintaining economic freedom for all, our social system must be developed in a way so that the social benefits attaching to land and rights-of-way due

to organized government and progress will be diffused equally among all the people.

Henry George demonstrated beyond a doubt that the major social benefits due to government and progress are reflected in the value of land and rights-of-way. These benefits are an expression of the economic law of rent. Rent is the automatic reflector of social benefits as well as the absorber of social benefits. It is clear that if these benefits are left in private hands the few will get what ought to accrue to the many. Since they are common benefits, they must be diffused equally among all the people. Therefore, the simple and rational way to bring this about is to socialize the thing in which all modern methods of production are reflected; that is, the capitalized value of land and rights-of-way.

And so, as a remedy for the paradoxical problem of want and starvation in the midst of plenty, Henry George proposed the simple device of collecting for public use the economic rent of land and rights-of-way.

It might be well to remind ourselves that in all our efforts to build our economic order on the basis of social justice, the power of taxation can be used more effectively to achieve this end than any other power of government. In a celebrated case, the Supreme Court of the United States said:

The power to tax is the one great power upon which the national fabric is based. It is not only the power to destroy, but also the power to keep alive.

This dictum of the Supreme Court contains a very important and vital truth that statesmen, if they want America to develop upon principles of freedom and equality, must learn to apply wisely and sanely. The incidence of taxation is a very vital factor in the upbuilding of human society. It may be used as the Supreme Court has said, to destroy, but it can also be used to keep alive. Wisdom could dictate that it be used in such fashion that the prosperity and happiness of the people will be promoted. Inasmuch as the social benefits of government and progress are absorbed in the value of land and franchises, would not reason and natural justice dictate that the social benefits be taxed for the use of all the people? The question, by what constitutional means are the overprivileged to be weeded out, is quite pertinent. The answer is found in the case of *Providence Bank against Billings*, in which Chief Justice Marshall said:

Land, for example, has in many, perhaps all, of the States, been granted by Government since the adoption of the Constitution. This grant is a contract, the object of which is that the profits issuing from it shall inure to the benefit of the grantee. Yet the power of taxation may be carried so far as to absorb these profits. Does this impair the obligation of contracts? The idea is rejected by all.

So it would seem that under existing law the Government has the power to take for public use all the benefits issuing from land and franchises. By taking for public use the social benefits that are absorbed by land, by franchises, and by other governmental concessions, the products of capital and labor would be distributed honestly among producers, the purchasing power of the people would be immeasurably increased and consumption limited only by the people's

willingness to work and produce. Under this plan production and consumption would automatically balance and the problem of involuntary unemployment solved.

It is estimated by reliable authority that the exactions of privilege in normal times absorb one-third of the national income. In other words, if the national income per year is \$60,000,000,000, the privileged interests—those who possess the power to appropriate the social benefits attaching to governmental concessions, receive, without lifting a finger in productive toil, \$20,000,000,000 of the products of capital and labor. From this vast quantity of the products of capital and labor government ought to appropriate enough for all public purposes and then the business-wrecking and depression-breeding taxes now levied upon the products of capital and labor could be abolished.

The claim is not made that the collection of all public revenue from the social benefits attaching to legal privilege would solve all our economic ills. But it is claimed that we cannot get rid of our basic troubles without doing so. Henry George himself made the same claim and concession in these words:

I do not say that in the recognition of the equal and unalienable right of each human being to the natural elements from which life must be supported and wants satisfied, lies the solution of all social problems. I fully recognize that even after we do this, much will remain to do. But whatever else we do, as long as we fail to recognize the equal right to the elements of nature, nothing will avail to remedy that unnatural inequality in the distribution of wealth which is fraught with so much evil and danger. Reform as we may, until we make this fundamental reform our material progress can but tend to differentiate our people into the monstrously rich and the frightfully poor.

Manifestly our major economic ills center around the problem of the distribution of wealth. We have observed that all wealth is the creation of labor, and by every rule of logic, reason, and justice labor ought to be the recipient of its products. It has been noted, however, that a large portion of the products of labor is enjoyed by those who do not labor. The conscience of the Nation is awakening to this fact, and the cry is everywhere heard that the parasites—the drones, those who have and enjoy but do not labor nor create—must be removed from our economic order. The American people are determined to weed out the parasites, the overprivileged. This is a sign of promise for the future. But this task must be approached in a spirit of justice and fair dealing. The indiscriminate sharing of the wealth of the Nation, as proposed in ever so many ways, is an offense against the moral sanctions of mankind. The problem must be solved in the spirit of reason and natural justice, and therefore the distribution of the fruits of productive effort must have the sanction of good morals and sound economics. In order to escape the pitfalls that beset the indiscriminate distribution of wealth by such proposals as "soak the rich", "share the wealth", "revolving pension funds", "limitation of income", and the like, we can well afford to turn to the natural laws governing the distribution of wealth, for these laws, when allowed to function freely and normally, will neither favor nor harm the richest or the poorest.

The Roosevelt administration is making a sincere and earnest attempt to solve the problem of distributing the national income.

This is the first time in all the years of our national existence that a Federal administration deliberately set itself the task of grappling seriously with this age-old problem. In the years gone by the Government at Washington was concerned little, if any, about the problem of social justice or the rights of the citizen to the bounty of nature. Given a great and wealthy domain, the Government at Washington, during all the years of our national life, was content to let its fabulous possessions to be ravaged by the adventurous and the strong. It was open season for the plunderers and the despoilers of our land. Timber, oil, coal, mineral, urban, agricultural, and grazing lands in all sections of the Nation, and rights-of-way over the city streets and country highways were seized and appropriated by private individuals and corporations. Opportunities that these natural resources for self-improvement and self-advancement offered are now available only on the payment of a handsome ransom. The resources of the Nation are now in the grip of a comparatively few, and these few have possession of the economic life of the people. Serious and intelligent consideration must be given the problem of not only asserting but restoring to the citizen his rights to the social benefits attaching to the bounty of nature, for this is the fundamental reform upon which the success of all other reforms depend.

The "new deal", in its deeper meaning, is a long-range program. It is designed to serve a dual purpose: First, temporary recovery; and second, permanent social justice. Much has been done in the name of the "new deal" for temporary recovery. Some steps have been taken looking toward permanent social justice and others are in contemplation. That every measure proposed either for temporary relief or permanent recovery is sound is not to be expected. No one pretends that the "new deal" is perfect. Attempts will be made to achieve its purpose that will seem awkward, futile, and illogical. It no doubt contains features that are undemocratic. These, by trial and error, can be discovered and eliminated, and only those in harmony with sound economics and genuine democracy retained. This is the task ahead for the "new deal."

In a letter to President Roosevelt upon the adjournment of the extraordinary session of the Seventy-third Congress, I said:

In your speech, *The Philosophy of Government*, delivered before the Commonwealth Club, San Francisco, September 23, 1932, you stated: "Government includes the art of formulating a policy and using the political technique to attain so much of that policy as will receive general support; persuading, leading, sacrificing, teaching always, because the greatest duty of a statesman is to educate."

But in teaching, persuading, leading, we must be sure of our ground. There is in social affairs a natural order, and it is the duty of the statesman to discover and follow it. Not to discern clearly and distinctly the natural order is fraught with danger. When the natural order is clearly perceived, the task of steering the ship of state is as sure and certain and definite as the control of an ocean greyhound under the guiding hand of a skilled and trained navigator.

The program set up by the administration in the present crisis may be likened to the work of a certain railroad company that recently erected a bridge across the Ohio River at Steubenville, Ohio. The new bridge was built on the foundations of the old, and during the entire period of the construction of the new bridge not a single train was delayed, nor the traffic interrupted in any

way. The old bridge and the new in the course of construction were so flanked with temporary trestles that both the old and the new structures lost their semblance as bridges. But after the temporary trestles and the old bridge were removed the structure was there in all its beauty, grandeur, and strength. And so let us hope that the work of the administration thus far is but a temporary device set up for use while the permanent structure of social justice is being fashioned and molded and constructed in harmony with the great order of things.

"For there is in human affairs one order which is the best. That order is not always the order which exists, but it is the order which should exist for the greatest good of humanity. God knows it and wills it; man's duty it is to discover and establish it."

The "new deal", in its deeper aspect, is designed to end the exploitation of the many by the few; to permanently weed out and eliminate the parasites and overprivileged; to forever silence the threnody of unrequited toil; to bring equal opportunity and economic freedom to all; and to make America in fact what it is in name, a land of "equal rights for all, special privileges for none."

To the task of developing, amplifying and perfecting the "new deal" in its deeper meaning let us dedicate our political activities in the years ahead, and for light and leading and guidance we are privileged to drink deep at the fount of economic truth as revealed in the inspiring message of Henry George.

*In 1857 Lord Macaulay wrote a letter to H. S. Randall, autobiographer of Jefferson—a letter which President Garfield said startled him "like an alarm bell at night"—which reads in part as follows:

I have long been convinced that institutions purely democratic must sooner or later destroy liberty or civilization, or both. You may think that your country enjoys an exemption from these evils. I will frankly own to you that I am of a very different opinion. Your fate I believe to be settled, though it is deferred by a physical cause. As long as you have a boundless extent of fertile and unoccupied land your laboring population will be far more at ease than the laboring population of the Old World, and while that is the case the Jefferson politics may continue to exist without any fatal calamity. But the time will come * * * when wages will be as low and will fluctuate as much with you as with us. You will have your Manchesters and Birminghams, and in these Manchesters and Birminghams hundreds of thousands of artisans will assuredly some time be out of work. Then your institutions will be brought to the test. * * *

I have seen England pass three or four times through such critical seasons as I have described; through such seasons the United States will have to pass in the course of the next century, if not of this. How will you pass through them? I heartily wish you a good deliverance. But my reason and my wishes are at war, and I cannot help foreboding the worst. * * *

I seriously apprehend that you will, in some such season of adversity as I have described, do things that will prevent prosperity from returning. There will be, I fear, spoliation. The spoliation will increase the distress. The distress will produce fresh spoliation. There is nothing to stop you. Your constitution is all sail and no anchor.

As I said before, when a society has entered on this downward progress, either civilization or liberty must perish. Either some Caesar or Napoleon will seize the reins of government with a strong hand, or your Republic will be as fearfully plundered and laid waste by the barbarians in the twentieth century as the Roman Empire was in the fifth, with the difference that the Huns and Vandals who ravaged the Roman Empire came from without, and that your Huns and Vandals will have been engendered within your own country by your own institutions.

THE REVENUE ACT OF 1935 AND THE "NEW DEAL"

By

CHARLES R. ECKERT

in the House of Representatives Friday, August 9, 1935

Mr. Speaker, the "new deal" is under fire. It is being bombarded from all fronts. This is a happy augury. As long as the vested interests remained quiescent there was a just suspicion that the Roosevelt proposals were regarded as ephemeral and ineffective. But at last the "beast", as an eminent reformer some years ago styled the monopoly and predatory interests, has become aroused, and like a wild animal of the jungle is on a rampage to kill and devour everything and everyone that happens to cross his path in his mad desire to exploit his prey. This is an indication that at last the "new deal" proposals are drawing fire; that the predatory interests are fully aware of its full meaning; that to enjoy their privileges in the future as in the past, the "new deal" and all it stands for must be destroyed.

It is well that such is the case. The people must be made conscious of the fact that a mighty struggle is in the making; that the rumblings in the legislative halls of the Capital of the Nation and the capitals of the various States of the Union are the repercussions of a struggle that will not subside until privilege in all its ramifications is abolished and social justice established. Either this, or our institutions and our civilization will be destroyed. What the American people are now witnessing is the beginning of a war that the people are determined to wage against privilege—their common enemy. Let there be no mistake. It will be a struggle of titanic proportions, in which all the forces of privilege will be mustered into service. The people of America will be called, as never before, to prove their mettle. In the years gone by they met crisis after crisis with high courage and indomitable will. These crises were always overcome. The crisis now on must be met and won in the same heroic fashion, for while much was at stake in the crises of the past, much more is involved in the crisis now pending. Then it was a question of repelling a foreign tyrant; of establishing an independent nation; of saving the Union; of abolishing slavery.

But in the crisis now pending it is not merely a question of protecting the integrity of the American Republic but of saving a civilization. This is the meaning of the "new deal." The program of the "new deal" can be interpreted in no other language. The immediate proposals of the "new deal" may be far removed from the essential social needs for a nation of free men. Be it so. As the program unfolds and develops the futility of unwise proposals will become apparent and others must be substituted whose foundations are laid upon the eternal rock of social justice and human freedom. Nothing short

of this will satisfy a liberty-loving people. President Roosevelt seems to be in accord with this objective. In his annual message to the Congress he said:

We have not yet weeded out the overprivileged.

This statement can have no meaning short of the abolition of privilege. The Democrats in 1932 had the same purpose in mind. In the platform adopted at Chicago in 1932 the party declared:

In conclusion, to accomplish these purposes and to recover economic liberty, we pledge the efforts of a great party whose founders announced the doctrine which guides us now in the hour of our country's need "Equal rights to all, special privileges to none."

The meaning of this is clear. It is a promise and a pledge that the Democratic Party, if commissioned by the people to administer the Federal Government, will use the powers of Government toward the establishment of a social order freed from the burden of private privilege. If there are some who enjoy privileges that enable them to levy tribute upon production, the party is pledged to reform such conditions. This is the plain meaning of the closing paragraph of the Democrat platform of 1932.

How, by all that is logical and sound in reason, can economic liberty be established and the citizen insured equal rights without the eradication, root and branch, of every vestige of privilege now existing in the present economic order?

"Privilege" at law is defined as—

A special advantage conferred by special grant to and enjoyed by some to the exclusion of others.

Our present economic order is an inheritance of the feudal system of the Old World. Many privileges of feudalism have been destroyed, but a few still remain in the present economic order. And before America can boast of real economic freedom so that all may enjoy those inalienable rights of "life, liberty, and the pursuit of happiness", set forth in the Declaration of Independence, the remaining elements of feudalism must be eliminated. Any grants or power of Government granted to individuals or corporations, such as franchises, title to valuable land sites and natural resources, or other concessions of Government are some of the elements of feudalism still remaining.

Who are the privileged?

Are those who enjoy public-utility franchises privileged?

Are those who enjoy title to valuable natural resources privileged?

Are those who enjoy title to valuable land sites privileged?

Are those who enjoy any other concessions or grants of Government in derogation of common right privileged?

Obviously these constitute some of the overprivileged, and, according to the declaration of the Democratic Party platform of 1932, their privileges must be abolished.

How is this to be accomplished? That is the task ahead for the Democrats and the "new deal." To fail in this is to proclaim incompetence and defeat. But there need be no defeat. The task, though simple, will be long and weary and arduous.

The privileges enjoyed by the public-utility companies deserve special attention. President Roosevelt has a clear understanding of the nature of the privileges enjoyed by the public-utility companies. In his book, *Looking Forward*, he says:

A false public policy has been spread through the land, through the use of every means, from the innocent school teacher down to others far less innocent.

Let us go back to the beginning of the subject. What is a public utility? Let me take you back 300 years to King James, of England. The reign of this King is remembered for many great events, two of them in particular. He gave us a great translation of the Bible and the inception of a great public policy. It was in the days when Shakespeare was writing and when the English were settling Jamestown that a public outcry arose in England from travelers who sought to cross the deeper streams by means of ferryboats. Obviously these ferries, which are needed to connect the highway on one side with the highway on the other, were limited to specific points. They were, therefore, monopolistic in their nature. The ferryboat operators, because of their privileged position, had the chance to charge whatever the traffic would bear, and bad service and high rates had the effect of forcing much trade and travel into long detours or to the dangers of attempting to ford the streams. The greed and avarice of some of these ferryboat owners remained a public issue for many years, until in the days of Lord Hale a statement of public policy was set forth by the great chief justice.

The law lord said that the ferrymen's business was quite different from other businesses, that the ferry business was, in fact, vested with a public character, that to charge excessive rates was to set up obstacles to public use, and that the rendering of good service was a necessary and public responsibility.

"Each ferry," said Lord Hale, "ought to be under a public regulation, to wit, that it gives attendance at due time, a boat in due order and take but reasonable toll."

In those simple words Lord Hale laid down a standard which, in theory at least, has been the definition of common law with respect to the authority of government over public utilities from that day to this.

With the advance of civilization many other necessities of a monopolistic character have been added to the list of public utilities—such necessities as railroads, street railways, pipe lines, and the distribution of gas and electricity. This principle was accepted, firmly established, and became a basic part of our theory of government.

It will be observed that all public utilities are vested with a public character and therefore are engaged in the administration of public functions. The managers of public utilities are agents of the Government and subject to governmental control and supervision. If a public utility fails in the administration of its proper function, or if its administration is inefficient or corrupt and dishonest, the people have a moral right to assume the functions administered by the utilities. There are those who complain bitterly if the Government makes the slightest gesture at strict regulation or public ownership of public utilities, and cry out in holy horror that the Government is going into private business. The reverse is the truth. Private business, when it enters the utility field, embarks in Government business. Any good and efficient government is bound to provide the people with public-utility service.

In my home town of Beaver, Pa., the municipality owns and operates its own water system. What is true of Beaver is true of many other cities and towns. The Government may, if it sees fit, delegate such functions to a private individual or corporation. Frequently this is done, but in every such instance the natural or artificial person dele-

gated is the agent of the Government, subject to its control and supervision. This is a well-recognized principle of American jurisprudence. It is well expressed in Hale's Rule that "any business affected with a public use is subject to public regulation and control." This principle was exhaustively discussed by Jeremiah S. Black, eminent jurist and statesman, in a speech before a Pennsylvania Senate committee in 1883. Judge Black said:

It is the duty of every commercial, manufacturing, or agricultural State to open thoroughfares of trade and travel through her territory. For that purpose she may take the property of citizens and pay for the work out of her own treasury. When it is done she may make it free to all comers, or she may reimburse the cost by levying a special tax upon those who use it; or she may get the road built and opened by a corporation or an individual, and pay for it by permitting the builder to collect tolls or taxes from those who carry and travel on it. Pennsylvania has tried all these methods with her turnpikes, canals, and railroads. Some have been made at her own cost and thrown open; on others made by herself she placed officers to collect a special tax; others have been built for her by contract, in which some natural or artificial person agreed to do the work for the privilege of appropriating the taxes which she authorized to be levied.

But in all these cases the proprietary right remained in the State and was held by her in trust for the use of the people. Those who run the railroads and canals are always public agents. It is impossible to look at them in any other light or to conceive how a different relation could exist, because a railroad which is not managed by public agents cannot be a public highway.

At that time Black discussed the railroad problem, as it was the one outstanding public utility. Since that time other public necessities of a monopolistic character have been added to the list of public utilities. But the principle is the same as in the case of the railroads. When the Government enters the field of rendering public-utility service it is not invading the field of private enterprise. It is attending to its own business. On the contrary, if private enterprise enters the public-utility field, it is engaging in public business and performing a government function, and because of this fact government not only has the right but is in duty bound to regulate and control public utilities operated by a natural or artificial person and, if necessary, assume its normal and natural function of rendering such service to the people directly.

This necessarily is due to the fact that in those fields of human endeavor where competition is impossible the people as a whole, through their government, must assume control or operation. Louis F. Post, in his *Ethics of Democracy*, truly says:

Where monopoly is inevitable the service which is subject to it must be assumed by the public to the end that in other vocations competition may be freed. Private monopoly in anything tends to destroy competition in all things.

Regulation thus far has been more or less of a failure. Public ownership is proving successful in many localities. The simplest method, however, would be to tax for public use the full value of the franchises enjoyed and capitalized by the public-utility companies. But whatever method may be employed, the objective must be the abolition of the burden of private privilege, not only as it relates to public utilities but to all other concessions of government that enable the possessors to exact tribute from labor and industry.

There are those who bourbon-fashion and tory-like are condemning the "new deal", and in this pastime it is becoming quite popular to invoke the protection of the Constitution of the United States. This has been the fashion and practice of the favorites of privilege and their spokesmen throughout the years of our national life. The Constitution of the United States is introduced with a preamble that reads as follows:

We, the people of the United States, in order to form a more perfect Union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

Since the preamble breathes the very soul of our free institutions, it would seem that all the inhabitants of the thirteen original States were embraced and protected under the Constitution. Yet at the time of the adoption of the Constitution only a privileged group of the people inhabiting the thirteen original States enjoyed the rights and privileges as citizens. In the celebrated Dred Scott case it is asserted that—

The words "people of the United States" and "citizens" are synonymous terms and mean the same thing. They both describe the political body, who, according to our republican institutions, form the sovereignty and who hold the power and conduct the Government through their representatives. They are what we familiarly call "the sovereign people", and every citizen is one of this people and a constituent member of this sovereignty.

The population of the United States, at the time of the adoption of the Constitution, was approximately 3,000,000 people. The population consisted mainly of members of the white, or Caucasian race, but it also included members of the Negro race. Only the male population of the white or Caucasian race enjoyed the full rights of citizenship. The white female members of the population were denied their political freedom for more than 100 years of our existence as a nation, and members of the Negro race were even denied the status of a human being. All this under a state document that has been hailed as a paragon of virtue and one that provoked encomiums from the greatest and wisest statesmen of the nations of the earth.

What is the explanation of such incongruities?

Here is a nation, established under the aegis of freedom, and yet under its protecting care there are found human beings in slavery, and a large portion of the white race, whose political freedom and status is limited and restricted. Looking back over the years, it seems like a dream, yea, a nightmare, that a supposedly intelligent, fair, just, and free people could have been guilty of moral lapses such as the history and development of the American Nation reveal. Yet the explanation is simple. Right conduct on the part of individuals, as of nations, is based upon morals, and morals are a matter of growth and development. They are those intangible things that emanate from the spirit. They are not fixed and definite quantities, but change with time and the progress of ideas.

The reason that Negro slavery was tolerated in the nation that was "conceived in liberty and dedicated to the proposition that all men are created equal", is due to that lack of moral growth and development

that ought to characterize a civilized people and that must go hand in hand with material progress if civilization is to endure. In the Dred Scott case Justice Taney in his opinion said:

They—

Referring to the Negroes—

had for more than a century before been regarded as beings of an inferior order, and altogether unfit to associate with the white race, either in social or political relations; and so far inferior, that they had no rights which the white man was bound to respect; and that the Negro might justly and lawfully be reduced to slavery for his benefit. He was bought and sold, and treated as an ordinary article of merchandise and traffic, whenever a profit could be made by it. It was regarded as an axiom in morals as well as in politics, which no one thought of disputing, or supposed to be open to dispute; and men in every grade and position in society daily and habitually acted upon it in their private pursuits, as well as in matters of public concern, without doubting for a moment the correctness of this opinion.

It was the common opinion of mankind at the time the American Nation was founded that a white female was incompetent to exercise the right of franchise, and, likewise, that a Negro was an inferior being that had no rights that the white man was bound to respect. This, as Justice Taney says, was an axiom in morals as well as in politics, that no one thought of disputing. I refer and quote from Justice Taney's opinion in the Dred Scott case to emphasize the importance of correct thinking based upon proper moral concepts. In order that our present economic ills may be corrected by proper social reforms, it is necessary that popular opinion and the feeling in relation to existing wrongs and social institutions be changed. Lincoln, in speaking of the Dred Scott decision, said:

Somebody has to reverse that decision and we mean to reverse it.

Every schoolboy is familiar with the story as to how that decision was reversed. The more humane, civilized, and orderly way of reversing decisions of the Supreme Court or changing fundamental law is through the process of education. One of the essentials of good citizenship is active, clear thinking. An eminent American has well said that social reforms are only secured by the awakening of thought, by the progress of ideas, and made the very striking observation that:

Until there is correct thinking there cannot be right action, and when there is correct thinking right action will follow.

For 50 years or more the American people have been confronted with a very serious problem—the problem of the honest and equitable distribution of the products of labor and industry. Statesmen, philosophers, and educators have grappled with this problem in vain for many years. But if our civilization and our institutions are to endure, the problem must be solved and solved right. And for the right solution of this problem, the accepted and prevailing opinion as to some of our social institutions must be changed. Wealth is distributed inequitably because of the unjust exactions of privilege. The plundering of privilege today, as the denial of women's rights and Negro slavery in the days past, has the protection of the Constitution and the sanction of public opinion. This protection and sanction are unfounded in good morals, sound economics, or sound law.

The United States News, a Washington weekly paper and severe critic of the "new deal", carries on its editorial page a saying of George Washington to the effect that:

In proportion as the structure of a government gives force to public opinion, it is essential that public opinion should be enlightened.

This is fine. But if public opinion is to be enlightened, then the truth, the whole truth, and nothing but the truth must be told. And so let us get down to brass tacks as to the cause of our present day economic ills.

Recently this paper discussed the iniquities of the "new deal" in an editorial under the caption "Share-the-loot." This, it would seem, is an unhappy reference to the American tax fund. It would be more in keeping with the truth to refer to the tribute that privilege collects from labor and industry as loot. But, be this as it may, the unjust distribution of the products of labor and industry is the primary cause of our social and economic troubles. Therefore let us look into the problem and see how wealth is distributed under present methods of distribution.

As a piece of so-called "constructive criticism" the United States News offers as a simple alternative to the "new deal's" effort to correct our present economic ills the following:

Repeal the spoils system and introduce the merit system; to prevent the concentration of the Nation's wealth in political hands; and to give willing men a chance to work in industry.

What is the value of this gesture of reform?

If the merit system were substituted for the spoils system, if government—municipal, State, and Federal—were administered honestly and economically so that not a dollar were stolen or wasted, would that give men a chance to work in industry? No one would so contend. The problem of giving men a chance to work in industry is involved in the problem of distributing the products produced by labor honestly and equitably among those whose toil produced them. It is axiomatic that he who makes should have. Wealth is produced by the application of labor to the natural resources. This is the only way wealth can be brought into existence. There is no other, and since labor is the creator of all wealth, natural justice decrees that it belongs to labor. Lincoln, in his day, said:

Inasmuch as most good things are produced by labor, it follows that all such things belong to those whose labor has produced them. But it has happened in all ages of the world that some have labored and others, without labor, have enjoyed a large proportion of the fruits. This is wrong and should not continue.

This is sound logic. Lincoln's Emancipation Proclamation struck the shackles from 3,000,000 bondsmen. But it did not insure the Negro or any other worker the full share of the products of his toil. The laborer today, as in all the ages past, is still deprived of a large portion of the fruits of his labor.

It happens that under the operation of our economic set-up there is a more pronounced and intensive "share the loot" enjoyed by the privileged few than any period in the history of the world. This is made possible by improved methods of production and the operation

of the feudal principles remaining in our present-day economic system. Albert Jay Nock, in an article published in the Atlantic Monthly, explains the operation in this wise:

So long as the State stands as an impersonal mechanism which can confer an economic advantage at the mere touch of a button, men will seek by all sorts of ways to get at the button, because law-made property is acquired with less exertion than labor-made property. It is easier to push the button and get some form of State-created monopoly like a land title, a tariff, concession, or franchise, and pocket the proceeds, than it is to accumulate the same amount by work.

By virtue of the power enjoyed by those who, by the mere touch of a governmental button, obtain concessions, call upon labor and industry to place annually a large quantity of the products of industry in their hands. Such concessions consist of valuable land sites, tariffs, franchises, and other powers and grants of government in derogation of common right. In addition to the tribute labor and industry are called upon to pay privilege, they also are called upon to pay a huge sum to government as taxes, with this difference, however, that the wealth placed in "political hands" maintains our schools, our highways, our courts, our fire and police departments, our Army and Navy—in short, all the services of government—municipal, State and Federal, as well as feeding the hungry and unemployed; while the wealth paid to the few as exactions of privilege, is tribute—loot, if you please—pure and simple, for which labor and industry do not receive one penny in return either in services or goods.

And it is well to bear in mind also that, while the wealth placed in "political hands" as taxes is approximately \$12,000,000,000 or \$13,000,000,000 annually, the wealth taken as tribute by the privileged is approximately one-third of the national income.

Now what are the facts about "share-the-wealth" and "share-the-loot" proposals, about which so much is heard these days?

Those who are guided by principles of right and justice have no sympathy whatever with any share-the-wealth schemes. They want the rich to have every penny that rightfully belongs to them, just as they want the laborer to receive and enjoy the full fruits of his toil. And under a just government there will be no occasion to "share-the-loot." What all of us ought to be concerned about is the distribution of the products of labor honestly and equitably, and in the consideration of this problem, we might with profit recall the straight and simple logic of Abraham Lincoln, when he said:

Since wealth is the product of labor, it ought to belong to those whose labor has produced it.

And also remind ourselves of the further observation he made that—

To secure to each laborer the whole product of his toil as nearly as possible is a worthy object of any government.

It would seem that the Tories and the Tory press of today, as in the days gone by, are more concerned about maintaining and perpetuating the privileges that enable some to plunder the producers of wealth rather than enlighten the public mind as counseled by George Washington.

Since January 1 last I have been living at the Hotel Washington in this city. The Hotel Washington is one of a group of buildings constituting a city block, bounded on the north by F Street, east by Fourteenth Street, south by Pennsylvania Avenue, and west by Fifteenth Street. The land upon which this group of buildings is located contains 89,973 square feet, or approximately 2 acres. Upon these 2 acres of land there are employed upward of 1,000 people. A large percentage of the employed is in the service group, such as are found in hotels and restaurants. Having been a guest of one of the hotels for the last 6 months, I very naturally became acquainted somewhat with the operation of the different enterprises in this particular city block, and here is the one outstanding fact: The activity of these 2 acres of land consists of the labor of the men and women who manage and perform the necessary work incident to the operation of the different enterprises. In short, it is the labor—the toil—of the men and women employed on the 2 acres of land in question that is responsible for the services offered and rendered to the public, and it, and it alone, with the aid of capital—that is, the buildings and equipment necessary to carry on the different enterprises—produces the earnings or income of the various businesses located in this city block.

Now, let us see who gets the earnings or income. How is the income distributed? These 2 acres of land, irrespective of the improvements, are assessed at \$4,346,309 for tax purposes. The owners of the land naturally would expect a net return of not less than 6 percent per annum on the capitalized value of the 2 acres, say \$5,000,000, which would amount to \$300,000 per year. This income might very easily advance to \$400,000 or \$500,000, depending upon the general condition of business. Now, what contribution, either in the form of capital or labor, has been made by the owners of the 2 acres—as landowners—toward the income of the different enterprises located in this city block? The land is not the product of labor nor the creation of any man or group of men. It is the gift of nature or God. The value attaching to the 2 acres is not the result of the labor of the owners. It is due to the presence and activity of the people and the services rendered by Government.

For all practical purposes, the owners might be residents of some far-off land, and yet in spite of their absence, their income, without contributing even so much as a penny toward the earnings or income of the enterprises on the 2 acres of land, are probably receiving \$300,000, or perhaps \$400,000, or maybe \$500,000 annually.

The simple story of this city block as a unit in our economic structure discloses these facts:

First. That the city block contains approximately 2 acres of land that are assessed for tax purposes at \$4,346,309.

Second. That on the 2 acres of land are several buildings and a number of smaller ones and are assessed for tax purposes at \$2,467,200.

Third. That there are employed on the 2 acres of land approximately 1,000 men and women.

Fourth. That it is the labor of the 1,000 men and women that makes the 2 acres of land an active wealth-producing unit in the economic structure.

Fifth. That out of the gross earnings and income due to the labor of the 1,000 men and women, it is fair to assume that the owners of the 2 acres of land receive, without lifting a finger, \$300,000 or \$400,000, or perhaps \$500,000 annually.

In the light of these facts it is clear that both labor and capital are called upon to make a very substantial contribution to private privilege. It goes without saying that, as long as this practice prevails, labor will be deprived of a large share of its fruits and in a large measure explains the poverty of the working masses. Manifestly, if the burden of private privilege were removed from the backs of the workers, their wages would be materially increased, and with the wages of each worker increased, their purchasing power and consumption of goods in turn would likewise be increased. With the increase of consumption, industry would revive and business and trade in general take on new life and vigor.

Our economic troubles will not be solved until the exactions of private privilege will be effectively arrested. The simple and natural way to bring about this desirable consummation is by using the taxing power sanely and wisely. It has been said that the power to tax is not only the power to destroy but also the power to keep alive. The "new deal" tax program is a crude attempt to bring about a fairer adjustment of the tax burden. In order to accomplish the ends sought, the present tax program of the "new deal", as well as the tax systems of the various States, must be fundamentally reformed. A sane and just tax system must conform to the well-settled canons of taxation, to wit:

First. That it bear as lightly as possible on production.

Second. That it be easily and cheaply collected.

Third. That it be certain.

Fourth. That it bear equally.

Such a system demands the exemption of the products of labor and industry from taxation, and in lieu thereof contemplates the collection of the profits issuing from privileges as represented by titles to valuable land sites, public-utility franchises, and other governmental concessions for public revenue. Such a program is not only in keeping with sound, just, and natural taxation, but will go far toward weeding out the overprivileged and solving the problem of want in the midst of plenty.

Let us ever bear in mind that the "new deal" has not fulfilled its mission nor accomplished its purpose so long as the overprivileged are not weeded out, nor the pledge and promise of the Democratic platform of 1932 redeemed, unless economic liberty is restored to our people and the doctrine of "equal rights to all, special privileges to none" made part and parcel of our national policy and social institutions.

THE GUFFEY-SNYDER BILL AND LABOR'S DILEMMA

By

CHARLES R. ECKERT

In the House of Representatives Saturday, August 17, 1935

Mr. Speaker, the bill under consideration is intended to bring order, efficiency, and stability to an industry that for decades has been chaotic, inefficient, and unsettled. The bituminous-coal industry of the United States affects the economic welfare of thousands of operators, tens of thousands of workers, and millions of consumers. It is one of the major industries in the Nation and a very vital factor in all the activities that go to make up the economic life of the Nation. When the magnitude and importance of the bituminous-coal industry is reviewed in perspective, the place it occupies in our economic life is self-evident. An industry that bears such a vital relation to the well being, happiness, and prosperity of all the people must be kept in a healthy and efficient state of production and distribution.

The objects of the bill, as stated by Senator Guffey, one of the co-authors, is:

First. To stabilize the bituminous-coal mining industry and promote interstate commerce in bituminous coal;

Second. To provide for cooperative marketing of bituminous coal;

Third. To levy a tax on bituminous coal and provide for a drawback under certain conditions;

Fourth. To declare the production, distribution, and use of bituminous coal to be affected with a national public interest;

Fifth. To conserve the bituminous-coal resources of the United States and to establish a national bituminous-coal reserve;

Sixth. To provide for the general welfare, and for other purposes.

On account of the part bituminous coal plays in all the various activities of human endeavor, it is essential that the industry be efficient, stable, and constant, and it is the hope that this bill will bring about this much-desired result. The hope is that the industry can be brought into a healthy condition by governmental regulation and control. The principle of public regulation and control of certain types of business is a well-settled principle in American law. Until recently, however, the principle of regulation and control was confined to those businesses that were affected with a public use. This limited and restricted regulation and control has been confined to that class of business that could not function without the aid of political power.

For example, none of the public utilities could function without having the power of eminent domain nor without a grant of government for the use of public thoroughfares. Unless a public utility—

whether railroads, telephone, electric power, gas, water, or any other public-utility service is vested with the power of eminent domain and granted permanent use of streets and highways, it cannot function at all. And because public utilities that are operated either by a natural or artificial person are delegated the sovereign power of the people, public regulation and control is imperative. In the absence of such control and regulation, public-utility companies, being engaged in a monopolistic business, would have a free hand to plunder the consuming public without stint or mercy.

As stated above, the principle of public regulation and control in this field of business is accepted and recognized as sound law; but the coal industry is not within this class. The business of producing and distributing coal is not monopolistic in character. It is highly competitive and therefore this bill, as others that have been enacted into law as a part of the "new deal" program, is a distinct departure from the principle involved in Hale's Rule, to wit:

Any business affected with a public use is subject to public regulation and control.

It must be remembered, however, that coal is a natural resource limited in quantity and therefore a very proper subject for conservation by the Government. It is the principal source for light, heat, and power and, as has been said, goes into every home, every business, and every industry. No one in America can escape its effects and influence. This, coupled with the fact that coal is a natural resource limited in quantity, the Government is within its right and power to jealously guard and conserve it for this and future generations.

There are those who are loathe to extend the scope of Hale's rule. It was the common belief in the early history of our country and a cardinal tenet of the Democratic Party that any business that is competitive in character should be left in private hands, free and removed from governmental interference. Upon this theory the production and distribution of coal was recognized as a distinctly private business and has been so conducted from the time when the first black diamond was quarried in America to the present day.

At the turn of the century economic forces and questionable practices began to disturb the equilibrium of the coal business and chaos and disorder have been the result. It is highly probable that this unsatisfactory and disordered condition of the coal business could have been avoided if sound economic principles had been recognized and applied during the development of our economic system. And the hope is being entertained that, with the removal of the basic wrongs in our economic order, not only the coal business but all other businesses in the competitive field will in due time, under the supervision and regulation of the Government, make such healthy recovery that public regulation and control will be unnecessary.

But be that as it may, the fact is that here is a condition and not a theory with which the producers, miners, and consumers are confronted, and hence the present legislation. This bill ought to be enacted into law and it is to be hoped that the proposed legislation will be a boon to the industry, to the miners, and the consuming public.

This legislation is an indication of the economic trend of the times. As one makes a survey of the character of the legislation now demanded by many business interests of the country, one is not only reminded of the change that is taking place, but also of the fact that many types of business are pleading for governmental regulation and control. There is common complaint that the Government is going into business, when, as a matter of fact, it is business that is forcing the Government to take a hand in the management of the affairs of business.

A few days ago this House had under consideration a bill that provided for the Federal Government to grade and supervise in general the sale of the produce of the tobacco farmer. The debate on that bill revealed the fact that the tobacco growers are frequently imposed upon by the tobacco buyers and that, in dealing with the more astute and alert representatives of the tobacco manufacturers they are helpless, and for protection the tobacco farmers called upon Uncle Sam to set up a governmental agency that will help them to grade, classify, and supervise in general the sale of their tobacco. This is in line with the demands of many other kinds of business. For example, milk producers in various parts of the country have been appealing for governmental regulation. In several States milk-control boards have been set up at the request of milk producers, for the purpose of umpiring the milk business.

In the State of New York, under a Democratic Governor and Republican legislature, a milk-control board has been established. In Pennsylvania, under a Republican administration, a milk-control board has been set up. This indicates that the program of regulation is not confined to one political party. Democratic administrations and Republican administrations are simply responding to the demands of various business interests for help, regulation, and control.

In many other lines of human endeavor relating to the production and distribution of goods, the same demands have been made. Uncle Sam, as well as State governments, have been implored by ever so many groups of producers and distributors to extend a helping hand so that the Government finds itself directing, umpiring, and regulating business to such an extent that many new bureaus have come into existence and many more employees—both Federal and State—have been added to the pay rolls. Many citizens, alarmed at the trend of events, are crying aloud for retrenchment. All this, of course, is natural, but quite inconsistent in view of the fact that it is not the Government that is reaching out for greater control of business, but is forced and pushed into the task of doing all these unusual things, in many instances, by the persons who are complaining of too much interference with business on the part of the Government. In fact, those who are making the most noise about the modern trend of events are the very ones who years ago subtly and furtively importuned and inveigled the Government to become a partner in business.

The protective tariff, aside from its economic merits or demerits, is a striking example of government in business. The development of the railroads in the middle of the last century is another illustration

of how government has been used and abused by those who sought to engage in a public-utility service. Millions of acres of Uncle Sam's great western domain were granted to the railroads as bounty under the pretext that the railroad companies needed governmental aid. During all the years since the birth and growth of the various public utilities, financial aid and other concessions were granted by government—municipal, State, and Federal—to public-utility companies. When the industrial and financial collapse came in 1929, the railroad companies, as well as other companies engaged both in public and private business, came to Uncle Sam entreating and imploring for help and assistance, and now the small producers—even the farmers, small merchants, and manufacturers—are clamoring for help, aid, and assistance at the hands of the Federal Government.

It is an ominous sign. It ought to put the country on inquiry as to why the change from the stalwart, independent, self-reliant farmer, manufacturer, and merchant of the old days to the crying, dependent, and helpless individual of today. Surely there must be something radically out of place in the present economic set-up. If farmers, manufacturers, and merchants today enjoyed equal economic opportunities, it is reasonable to conclude that our people would still be strong, independent, and self-reliant.

In line with the cry of business for governmental help and assistance, labor in many instances feels compelled to join the army of business supplicants. This is illustrated in the demands of a resolution passed by the Workers Progressive Association of New Castle, Pa., on August 9, 1935, which reads as follows:

Whereas the present President of the United States has declared that those now unemployed are without employment through no fault of their own; and

Whereas those now unemployed are disposed to accept no responsibility whatever for conditions that render employment impossible; and

Whereas all workers, unemployed and employed, are in general agreement with the statement of the preamble to the constitution of the American Federation of Labor, that "A struggle is going on * * * a struggle between the capitalist and the laborer, which grows in intensity from year to year, and will work disastrous results to the toiling millions if they are not combined for mutual protection and benefit; and

Whereas the present Federal Administration stands committed to approval of the principle of collective bargaining; and

Whereas recent press dispatches have emanated from the office of the Federal Relief Administrator purporting to indicate that where organization of workers exists, rates of pay and working conditions will conform to demands of such organizations; and

Whereas there is no hope whatever of the slightest improvement in employment opportunities in ordinary private industry until buying power in the form of money gained by wages in excess of mere subsistence requirements is made available to the large percentage of the population of the country now unemployed. Now, therefore, be it

Resolved, By the Workers' Progressive Association, that vigorous protest be made against the establishment of wage schedules on work-relief projects by Presidential order without any pretense of collective bargaining; and, be it further

Resolved, That specific protest be made against the publicly announced \$19 to \$94 a month scale provided in the President's original order and \$12 per week "rate" to apply under this order in local territory.

Any fair-minded person must approve the general spirit of the resolution. Every friend of social justice appreciates the fact that labor is cheated of a large portion of the fruits of its toil. It is only too true that opportunities for employment in private industry will be limited until the buying power of the producing class—whether employed or unemployed—will be materially increased. But while this is true, yet the deplorable feature of the situation is the fact that the hope of increasing the people's purchasing power is from the Government. According to the American theory, our Government was set up for the purpose of securing to the citizen his inalienable rights and, with his rights secure, economic freedom and opportunity for making an honest and decent living were to be assured. Of course, everyone knows that such is not the case in the Nation today. And consequently both business and labor are constrained to implore and beseech the Government for aid and assistance. And under the deplorable conditions that have developed in our country during the years gone by, there is no other recourse. This fact ought to put labor as well as industry on inquiry as to why the present insecurity, instability, and helplessness not only on the part of business but of labor as well. Edmund Burke, a century ago, made an observation that both business and labor ought to consider thoughtfully and prayerfully. Burke said:

In a state of nature it is an invariable law that a man's acquisitions are in proportion to his labor; in a state of artificial society it is a law as constant and invariable that those who labor most enjoy the fewest things; and that those who labor not at all have the greatest number of enjoyments.

This observation of the great English statesman was made at a time when the machine age was in its infancy. It is an observation that conforms absolutely to the facts of history. During all the years of human civilization the many have been exploited by the few. And it would seem that as long as this condition prevails there can be no hope for the abolition of poverty or permanent prosperity for those who labor and do the world's work. Passing of resolutions will not solve this problem. It can only be solved by the establishment of a social order based upon sound economic principles. Until industry and labor will learn their true relations and ascertain the right answer to the observation of Burke, the producers of wealth from generation to generation will continue to enjoy the fewest things, while those who labor not will have the greatest number of enjoyments.

Industry and labor are in a deplorable plight. Government aid and Government regulation will ease the pangs of their misery and distress but the freedom and prosperity of industry and labor, which is theirs by natural right, can only be achieved by the establishment of an order of human affairs that conforms to the spirit of our Declaration of Independence. There is no special Providence for labor and industry. They can only find their way to freedom and prosperity by taking thought. Well has it been said that:

Social reforms are not secured by noise and shouting; by complaints and denunciation; by the formation of parties or the making of revolutions; but by the awakening of thought, by the progress of ideas. Until there is correct think-

ing, there cannot be right action, and when there is correct thought, right action will follow.

Let us get a mental picture of the actual condition of industry and labor. An eminent American, profound thinker and social philosopher, introducing a remarkable book that came from his pen, used these words in describing the condition of the laboring masses:

Near the window by which I write, a great bull is tethered by a ring in his nose. Grazing round and round, he has wound his rope about the stake until now he stands a close prisoner, tantalized by rich grass he cannot reach, unable even to toss his head to rid him of the flies that cluster on his shoulders. Now and again he struggles vainly, and then, after pitiful bellowings, relapses into silent misery.

This bull, a very type of massive strength, who, because he has not wit enough to see how he might be free, suffers want in sight of plenty, and is helplessly preyed upon by weaker creatures, seems to me no unfit emblem of the working masses.

In all lands, men whose toil creates abounding wealth are pinched with poverty, and, while advancing civilization opens wider vistas and awakens new desires, are held down to brutish levels by animal needs. Bitterly conscious of injustice, feeling in their inmost souls that they were made for more than so narrow a life, they, too, spasmodically struggle, and cry out. But until they trace effect to cause, until they see how they are fettered and how they may be freed, their struggles and outcries are as vain as those of the bull. Nay, they are vainer. I shall go out and drive the bull in the way that will untwist his rope. But who shall drive men into freedom? Till they use the reason with which they have been gifted, nothing can avail. For them there is no special providence.

Because of our failure to think and think right, because of industry and labor's failure to analyze the economic problem intelligently and scientifically, because of their failure to trace effect to cause, they find themselves today, as in all the ages past, the prey of the cunning and the privileged. Victor Hugo, in his preface to *Les Misérables*, says:

So long as there shall exist, by reason of law and custom, a social condemnation which, in the face of civilization, artificially creates hells on earth and complicates a destiny that is divine with human fatality; so long as the three problems of the age—the degradation of man by poverty, the ruin of women by starvation, and the dwarfing of childhood by physical and spiritual night—are not solved; so long as in certain regions social asphyxia shall be possible; so long as ignorance and misery remain on earth, books like this cannot be useless.

And so let me say that so long as conditions prevail such as exist in the bituminous-coal industry of Pennsylvania and other States, laws such as the Guffey-Snyder bill cannot be useless.



NATURAL TAXATION AND THE PROBLEM OF UNEMPLOYMENT

By

CHARLES R. ECKERT

In the House of Representatives April 24, 1936

Mr. Chairman, I am one of the very few persons who believes that nature, in every growing community, provides a fund for revenue purposes. Therefore, I feel the bill under consideration, in common with the general run of tax legislation, either State or Federal, violates in large measure the fundamental canons of taxation.

CANONS OF TAXATION

A tax levied for public revenues ought to conform as closely as possible to the following conditions:

First. That it bear as lightly as possible upon production, so as least to check the increase of the general fund from which taxes must be paid and the community maintained.

Second. That it be easily and cheaply collected, and fall as directly as may be upon the ultimate payers, so as to take from the people as little as possible in addition to what it yields the Government.

Third. That it be certain, so as to give the least opportunity for tyranny or corruption on the part of officials, and the least temptation to lawbreaking and evasion on the part of the taxpayers.

Fourth. That it bear equally, so as to give no citizen an advantage or put any at a disadvantage, as compared with others.

Mr. Massingale a few days ago delivered a speech on the floor of this House in which he reminded the Members that—

A state can be laid low just as effectively by wrong ideas as by an invading army, and there is no agency of destruction known to chemists that is half as formidable as the TNT of bad economics.

There is no branch of the social sciences to which this observation applies with greater force than the subject of taxation, for the taxing power of government can be wielded either to kill or to keep alive and therefore tax measures ought to conform as nearly as possible to the fundamental canons of taxation and sound economics. The present bill does not meet these requirements, and hence falls into the same class of tax legislation that now generally obtains. This, of course, must be expected. Inasmuch as public opinion is in a state of confusion on the subject of taxation and not sufficiently syncretized to support the system ordained by Nature, legislators are bound to follow the accepted method for raising public revenues. In all fairness, it must be said that the bill under consideration represents an earnest and conscientious effort to equalize the burden of taxation as well as to increase the public revenues, and for this the majority of the Ways and Means Committee and the committee's distinguished chairman, Mr. Doughton, are to be complimented.

MORE REVENUE NEEDED

The President, in his message of March 3, called attention to the fact that if the policy established in the spring of 1933 of trying to meet the ordinary expenses of government by guaranteed income it will be necessary to raise by some form of permanent taxation an annual amount of \$62,000,000. If the request of the President is to be heeded, new sources of revenue will have to be provided, and inasmuch as practically every nook and corner of the economic world has been explored for things to tax, the discovery of a fund that would provide the revenue necessary for the support of government ought to be an event of unbounded joy and delight, especially to those distinguished gentlemen from both sides of the aisle, who for weeks and months have been admonishing the Congress and the country of the danger of debts and taxes. And be it said, their counsel regarding debts and taxes is timely and wise, even if old and commonplace.

Poor Richard, in his day and generation, was loud in his preachments of thrift and economy and pointed out the pitfalls and anxieties of notes falling due on Easter. Political parties have been zealous in decrying mounting public debts and high taxes. Efficient government, economically administered, is a stock phrase for party platforms. In fact, all agree that both debts and taxes are unwelcome in either public affairs or private life. And yet nearly everyone is a victim of both. And so it would seem, for the greatest happiness of all, that the one be kept at the lowest possible point and the other in its proper sphere.

Before discussing the low point of debt and the incidence of taxation, let it be known that there may be things even more dangerous than debt and more undesirable than taxes. The complaint is frequently made that the Federal Government is engaged in a spending spree that is not only endangering the Nation's credit but placing upon the backs of the people burdens that are impossible to be borne. But what are the facts? It is true that since 1929 the public debt has been mounting. During the Hoover administration the national debt increased many billion dollars. Since then more billions have been added. But why the increase?

WHY TAXES ARE HIGH

Since 1929 the United States has been experiencing a disastrous economic crisis—a crisis in many respects more devastating than war, and to arrest the ravages of this economic debacle the resources of the Federal Government were brought into action. Financial aid was extended to farmers, home owners, manufacturers, railroads, and financial institutions. Besides, the Government set up a number of government agencies to provide work for the unemployed, and in addition, was compelled to assume the relief burden throughout the Nation. During the World War the Federal Government increased the national debt by leaps and bounds. In the absence of conscription of wealth there was nothing else to do. No one seriously objected to the action of the Government then. Why so much criticism now in its efforts to combat an enemy more disquieting than the World War?

Public debts are disturbing. They ought to be created only under stress of dire necessity. Taxes are burdensome and ought to be raised only for proper purposes. But there are some things worse than debts and taxes.

Representative Ludlow, in discussing the Post Office and Treasury appropriation bill, stated the case of the expenditures of the present administration correctly and eloquently when he said:

The spending has indeed been enormous—much greater than many of us approved—but regrettable as it is and important as it is that such drafts on the Treasury shall not occur again, there are, after all, some things that are worse than big expenditures. Revolution is worse than big expenditures. Starvation stalking through the land is worse than big expenditures. Who can say that the money paid out so lavishly may not have staved off something immeasurably worse than anything this country has ever experienced? Anyway, the hungry have been fed and the naked have been clothed, and the situation has been handled so that in a depression as black as midnight peace has reigned and the faith of the people in their Government has been maintained.

Of course, government budgets must be kept within sane bounds, but when this policy is observed it is not so much a question of "How large the Budget?" as "What do the people get for their money?"

Let us examine our tax bill with a view of getting a picture of governmental expenditures. The country's total tax bill is approximately \$10,000,000,000. Of this sum the Federal Government, in normal times and for ordinary purposes, spends approximately \$3,000,000,000, while State and local governments use the balance. A large portion of the Federal Budget is needed for the maintenance of the Military Establishment of the country and to pay for past wars. No doubt there are honest differences of opinion as to the wisdom of spending ever and ever larger sums for Army and Navy maintenance. It must be remembered, however, that the world is an armed camp, and jealousies and fears are lurking everywhere, and this condition impels the mad race for armaments and preparation for war. Let us hope that the people of the world ere long will regain their mental and spiritual balance and put an end to this insanity.

The Government is also charged with being wasteful and extravagant. Perhaps so. Waste and extravagance, however, are not peculiar to governments alone. There have been waste and extravagance in so-called private enterprise—the railroads, the power groups—in fact, nearly all public utilities have had their spree of waste and extravagance, all of which indicates that both governments and those engaged in quasi-governmental enterprises have not yet developed that civic mind and social conscience so essential for honest, efficient and economical administration of government and public utilities. In the light of the moral delinquencies on the part of governments and public-utility companies, it is not only the right but the solemn duty of the people to demand at the hands of their governments and public-utility managers the correction of these delinquencies and shortcomings. Our tax bill is large, but much is being demanded of government these days. If the people expect an infinite variety of services from government, the cost necessarily must be correspondingly high, no matter how efficiently and economically administered.

THE PRODUCTIVE PROCESS ANALYZED

Since the high cost of government is disturbing the complacency and peace of mind of some of our worthy citizens, an honest and candid examination of the tax problem is in order. How often have we heard from the floor of this House the wail, "Where are you going to get the money?" This is a very proper and timely question. It is a very vital and important question, and upon its correct answer may turn the destiny of the American Republic. The problem of taxation is the most vital problem that can engage the attention of lawmakers and statesmen. For upon the sane and rational application of the incidence of taxation, depend the peace, prosperity, and happiness of the people. The Supreme Court of the United States, in a celebrated case said:

The power to tax is the one power upon which the national fabric is based. It is not only the power to destroy, but also the power to keep alive.

This dictum of the Supreme Court is sound and attains its validity from the nature of the economy of the social structure. Since public revenues must be obtained from production and the taxing power may be used to destroy or to build, to kill or keep alive, it would seem that the first duty of the lawmaker and statesman is to reduce the productive process into its constituent parts so that the incidence of taxation may be applied wisely and scientifically to the end that the artificial obstructions now hampering industry and impeding the free flow of trade may be removed. With this in mind, let us examine the conditions under which man lives and has his being.

We find man to be an inhabitant of the earth and beset by certain definite wants that must be gratified if life is to be maintained. The elements for the satisfaction of his wants must be drawn forth from the earth—the great storehouse from which the things are obtained that satisfy man's needs. The active factor in the process of drawing forth or producing the necessities of life on the part of the individual is labor. Another factor in the process of production is capital—tools employed by labor. Therefore there are three primary factors in the productive process: The earth—land in its comprehensive sense—and labor and capital. The product produced or drawn forth from the earth by labor and capital make up the infinite variety of things that gratify the physical wants and necessities of man and constitutes wealth in the true economic sense. This, then, is the simple picture of the productive process in which the great body of mankind is engaged in order to obtain their livelihood and maintain civilization.

Let us next examine how wealth, the product of production, is shared. Since the three primary factors in the process of production are land, labor, and capital, it is reasonable to assume that each factor is entitled to a share of the product; and, generally speaking, this is true, excepting in communities where land is free—that is, where land may be had for the taking, as in the settling and homesteading of our western frontier during the last century. The moment, however, that land becomes monopolized and free land can no longer be had for the asking, then those in control of the land demand a share of the wealth produced by labor and capital.

And let it be observed that the demands of the owners of monopolized land increase and multiply with the increase of population and the progress of the race. The higher the race advances in the scale of civilization—materially, intellectually, spiritually—the greater will be the exactions of those in control of the land. This is due to the fact that the benefits of human progress are absorbed by land. These benefits are reflected in the value of the land, thus enabling the landowners to appropriate from the products of labor and capital the equivalent of a fair return on the capitalized value of land. Therefore, those in control of monopolized land are in a position to appropriate all the wealth produced by labor and capital, excepting the portion needed to lure capital into productive enterprise and enable labor to live and reproduce. Landowners of monopolized land, as such, do not contribute anything whatsoever in productive effort. They are drones and parasites on industry. They reap where they have not sown and devour that which in justice and right reason belongs to all the people. Since the benefits of advancing civilization are absorbed by land, and the profits issuing therefrom appropriated by private interests rather than by society, it is obvious that private interests are enjoying what in justice ought to accrue to all. This fact must be taken into consideration in any serious study of the subject of taxation, for so long as we permit the few to appropriate what manifestly is the creation of all the people there can be no solution of the problem of unemployment and its companion problem, involuntary poverty. Nor can the ever perturbing problem of taxation, with its injustices, be solved.

ORIGIN—NATURE AND GROWTH OF LAND VALUE

There is a disposition on the part of lawmakers, statesmen, and economists to disregard the subject of land value and ignore the part it plays in our industrial economy. The manifestation of land value may be observed wherever people happen to establish a community. It appears in most striking form in the great centers of population, but the moment an effective demand arises for land by capital and labor exactions are demanded for the use of land, so that in village and hamlet, in agricultural sections, as well as in the great centers of population, land value appears. This social phenomenon is portrayed by Henry George, in *Progress and Poverty*, in these words:

Here, let us imagine, is an unbounded savannah, stretching off in unbroken sameness of grass and flower, tree and rill, till the traveler tires of the monotony. Along comes the wagon of the first immigrant. Where to settle he cannot tell—every acre seems as good as every other acre. As to wood, as to water, as to fertility, as to situation, there is absolutely no choice, and he is perplexed by the embarrassment of richness. Tired out with the search for one place that is better than another, he stops—somewhere, anywhere—and starts to make himself a home. The soil is virgin and rich; game is abundant; the streams flash with the finest trout. Nature is at her very best. He has what, were he in a populous district, would make him rich; but he is very poor. To say nothing of the mental craving, which would lead him to welcome the sorriest stranger, he labors under all the material disadvantages of solitude. He can get no temporary assistance for any work that requires a greater union of strength than that afforded by his own family, or by such help as he can permanently keep. Though he has cattle, he cannot often have fresh meat, for to get a beefsteak he must kill a bullock. He must be his own blacksmith, wagonmaker, carpenter, and

cobbler—in short, a “jack of all trades and master of none.” He cannot have his children schooled, for to do so he must himself pay and maintain a teacher. Such things as he cannot produce himself he must buy in quantities and keep on hand, or else go without, for he cannot be constantly leaving his work and making a long journey to the verge of civilization; and, when forced to do so, the getting of a vial of medicine or the replacement of a broken auger may cost him the labor of himself and horses for days. Under such circumstances, though Nature is prolific, the man is poor. It is an easy matter for him to get enough to eat; but, beyond this, his labor will suffice to satisfy only the simplest wants in the rudest way.

Soon there comes another immigrant. Although every quarter section of the boundless plain is as good as every other quarter section, he is not beset by any embarrassment as to where to settle. Though the land is the same, there is one place that is clearly better for him than any other place, and that is where there is already a settler, and he may have a neighbor. He settles by the side of the first comer, whose condition is at once greatly improved and to whom many things are now possible that were before impossible, for two men may help each other to do things that one man could never do.

Another immigrant comes, and guided by the same attraction, settles where there are already two. Another, and another, until around our first comer there are a score of neighbors. Labor has now an effectiveness which, in the solitary state, it could not approach. If heavy work is to be done, the settlers have a log-rolling, and together they accomplish in a day what singly would require years. When one kills a bullock, the others take part of it, returning when they kill, and thus they have fresh meat all the time. Together they hire a schoolteacher, and the children of each are taught for a fractional part of what similar teaching would have cost the first settler. It becomes a comparatively easy matter to send to the nearest town, for someone is always going. But there is less need for such journeys. A blacksmith and a wheelwright soon set up shops, and our settler can have his tools repaired for a small part of the labor it formerly cost him. A store is opened and he can get what he wants as he wants it; a post office, soon added, gives him regular communication with the rest of the world. Then comes a cobbler, a carpenter, a harnessmaker, a doctor; and a little church soon arises. Satisfactions become possible that in the solitary state were impossible. There are gratifications for the social and the intellectual nature, for that part of the man that rises above the animal. The power of sympathy, the sense of companionship, the emulation of comparison and contrast, open a wider and fuller and more varied life. In rejoicing, there are others to rejoice; in sorrow, the mourners do not mourn alone. There are husking bees and apple parings and quilting parties. Though the ballroom be unplastered and the orchestra but a fiddle, the notes of the magician are yet in the strain, and Cupid dances with the dancers. At the wedding there are others to admire and enjoy; in the house of death, there are watchers; by the open grave, stands human sympathy to sustain the mourners. Occasionally, comes a straggling lecturer to open up glimpses of the world of science, literature, or of art; in election time comes stump speakers, and the citizen rises to a sense of dignity and power as the cause of empires is tried before him in the struggle of John Doe and Richard Roe for his support and vote. And by and by comes the circus, talked of months before, and opening to children whose horizon has been the prairie, all the realms of the imagination—princes and princesses of fairy tale, mail-clad crusaders and turbaned Moors, Cinderella's fairy coach, and the giants of nursery lore; lions such as crouched before Daniel, or in circling Roman amphitheater tore the saints of God; ostriches who recall the sandy deserts; camels such as stood around when the wicked brethren raised Joseph from the well and sold him into bondage; elephants such as crossed the Alps with Hannibal, or felt the sword of Maccabees; and glorious music that thrills and builds in the chambers of the mind as rose the sunny dome of Kubla Khan.

Go to our settler now and say to him, “You have so many fruit trees which you planted, so much fencing, such a well, a barn, a house—in short, you have by your labor added so much value to this farm. Your land itself is not quite so good. You have been cropping it, and by and by it will need manure. I will give you the full value of all your improvements if you will give it to me and go again with your family beyond the verge of settlement.” He would laugh at you. His

land yields no more wheat or potatoes than before, but it does yield far more of all the necessities and comforts of life. His labor upon it will bring no heavier crops, and, we will suppose, no more valuable crops, but it will bring far more of all the other things for which men work. The presence of other settlers—the increase of population—has added to the productiveness, in these things, of labor bestowed upon it, and this added productiveness gives it a superiority over land of equal natural quality where there are as yet no settlers. If no land remains to be taken up except such as is as far removed from population as was our settler's land when he first went upon it, the value or rent of this land will be measured by the whole of this added capability. If, however, as we have supposed, there is a continuous stretch of equal land over which population is now spreading, it will not be necessary for the new settler to go into the wilderness, as did the first. He will settle just beyond the other settlers and will get the advantage of proximity to them. The value or rent of our settler's land will thus depend on the advantage which it has, from being at the center of population, over that on the verge. In one case the margin of production will remain as before, in the other the margin of production will be raised.

Population still continues to increase, and as it increases so do the economies which its increase permits, and which in effect add to the productiveness of the land. Our first settler's land, being the center of population, the store, the blacksmith's forge, the wheelwright's shop, are set upon it, or on its margin, where soon arises a village, which rapidly grows into a town, the center of exchanges for the people of the whole district. With no greater agricultural productiveness than it had at first, this land now begins to develop a productiveness of a higher kind. To labor expended in raising corn, or wheat, or potatoes, it will yield no more of those things than at first; but, to labor expended in the subdivided branches of production which require proximity to other producers, and especially, to labor expended in that final part of production, which consists in distribution, it will yield much larger returns. The wheat grower may go farther on, and find land on which the labor will produce as much wheat, and nearly as much wealth; but the artisan, the manufacturer, the storekeeper, the professional man, find that their labor expended here, at the center of exchanges, will yield them much more than if expended even at a little distance away from it; and this excess of productiveness for such purposes the landowner can claim just as could an excess in its wheat-producing power. And so our settler is able to sell in building lots a few of his acres for prices which it would not bring for wheat growing if its fertility had been multiplied many times. With the proceeds he builds himself a fine house, and furnishes it handsomely. That is to say, to reduce the transaction to its lowest terms, the people who wish to use the land build and furnish the house for him, on condition that he will let them avail themselves of the superior productiveness which the increase of population has given the land.

Population still keeps on increasing, giving greater and greater utility to the land and more and more wealth to its owner. The town has grown into a city—a St. Louis, a Chicago, or a San Francisco—and still it grows. Production is here carried on upon a great scale, with the best machinery and the most favorable facilities; the division of labor becomes extremely minute, wonderfully multiplying efficiency; exchanges are of such volume and rapidity that they are made with the minimum of friction and loss. Here is the heart, the brain of the vast social organism that has grown up from the germ of the first settlement; here has developed one of the greatest ganglions of the human world. Hither run all roads, hither set all currents, through all the vast regions round about. Here, if you have anything to sell, is the market; here, if you have anything to buy, is the largest and choicest stock. Here intellectual activity is gathered into a focus, and here springs that stimulus which is born of the collision of mind with mind. Here are the great libraries, the storehouses and granaries of knowledge, the learned professors, the famous specialists. Here are museums and art galleries, collections of philosophical apparatus, and all things rare and valuable and best of their kind. Here come great actors and orators and singers from all over the world. Here, in short, is a center of human life, in all its varied manifestations.

So enormous are the advantages which this land now offers for the application of labor that, instead of one man with a span of horses scratching over

acres, you may count in places thousands of workers to the acre, working tier on tier, on floors raised one above the other, five, six, seven, and eight stories from the ground, while underneath the surface of the earth engines are throbbing with pulsations that exert the force of thousands of horses.

All these advantages attach to the land; it is on this land and no other that they can be utilized, for here is the center of population—the focus of exchanges, the market place and workshop of the highest forms of industry. The productive powers which density of population has attached to this land are equivalent to the multiplication of its original fertility by the hundredfold and the thousandfold. And rent, which measures the difference between this added productiveness and that of the least productive land in use, has increased accordingly. Our settler, or whoever has succeeded to his right to the land, is now a millionaire. Like another Rip Van Winkle, he may have lain down and slept; still he is rich—not from anything he has done but from the increase in population. There are lots from which for every foot of frontage the owner may draw more than an average mechanic can earn; there are lots that will sell for more than would suffice to pave them with gold coin. In the principal streets are towering buildings of granite, marble, iron, and plate glass, finished in the most expensive style, replete with every convenience. Yet they are not worth as much as the land upon which they rest—the same land, in nothing changed, which when our first settler came upon it had no value at all.

Here, in poetic prose, is told the story of the nature, origin, and development of land value. The profit derived from capitalized land values is known in political economy as economic rent. J. Ramsay MacDonald, former Prime Minister of England, referring to this factor in the economic structure, said:

Rent (ground rent) is a toll, not a payment for services. By it social values are transferred from social pools into private pockets, and it becomes the means of vast economic exploitations. * * * Rent is obviously a common resource. Differences in fertility and value of site must be equalized by rent, but it ought to go to common funds and be spent in the common interest.

NATURAL FUND FOR PUBLIC REVENUE

"Where are you going to get the money?" has echoed and reechoed through this historic Chamber for many months. On more than one occasion the distinguished gentleman from Pennsylvania (Mr. Rich) has made it the burden of his song. The problem of mounting debts and taxes in all conscience is serious and, as everyone knows, the burden of the cost of government—both Federal and local—is reaching proportions almost too grievous to be borne. But those who are alarmed at the extraordinary expenditures and disturbed at the refrain of the distinguished gentleman from Pennsylvania, let them explore for revenue purposes the possibilities of the fund represented by the Nation's land values and the values of the public-utility franchises; in other words, the ground rent to which J. Ramsay MacDonald refers.

An honest, impartial, intelligent investigation will disclose the fact that the land values of America and the public-utility franchise values constitute a fund provided by Nature and Nature's God that will supply not only the means of every legitimate public expense but will meet every canon of sound taxation. Yea, it will do more. It will go far to solve the problem of unemployment and involuntary poverty. It will lay the basis and point the way for the honest and equitable distribution of wealth. It will give light and leading to the baffled and perplexed educators, statesmen, and philosophers that are grappling with these problems.

The question is frequently asked: "Why so much want in the midst of plenty?" President Roosevelt, in his Atlanta speech, put the same question in this form:

I think it is of interest to point out that national surveys prove that the average of our citizenship lives today on what would be called by the medical fraternity "a third-class diet." If the country lived on a second-class diet, we would need to put many more acres than we use today back into the production of foodstuffs for domestic consumption. If the Nation lived on a first-class diet, we would have to put more acres than we have ever cultivated into the production of an additional supply of things for Americans to eat.

Why, speaking in broad terms in following up this particular illustration, are we living on a third-class diet?

And proceeds to answer by saying:

For the very simple reason that the masses of the American people have not got the purchasing power to eat more and better food.

And the President properly might have pursued the question further and included not only better food but better clothes, better housing, not to say anything about modern conveniences.

LACK OF PURCHASING POWER

Why do the people lack purchasing power? It is not due to the people's unwillingness to labor and produce wealth. It is not due to lack of capital nor to the niggardliness of nature. All about us we see natural resources that willing hands and idle tools are anxious to exploit. The natural resources of the Nation, if touched by the magic hand of labor and capital, would supply enough and to spare for all.

The Bureau of Home Economics of the Agricultural Department, after a careful survey of the needs of an average family in the United States, found that an annual income of \$2,500 was necessary to maintain a reasonable standard of living. When it is remembered that in 1929, the year of our peak prosperity, there were 6,000,000 families in the United States with incomes of less than \$1,000, 12,000,000 families with incomes under \$1,500 and over 19,000,000 families—over 71 percent of our entire population—with incomes less than \$2,500, it is obvious that the wants of the people were far from satisfied. In periods of depression and in times of ordinary business conditions, the income of the average family is considerably less. These facts indicate the inadequate and limited purchasing power of the great mass of the people either in so-called good or bad times. They further indicate that there is among our own people a great potential market that will be available with the advent of adequate purchasing power in the hands of the masses. It is estimated that if the income of the average family were \$2,500 per annum, the farms, mills, and factories would be required to produce 75 percent more wealth or consumers' goods in order to supply the demand of the American market.

These facts confirm the findings of the Brookings Institution, of Washington, D. C., which found, after an exhaustive investigation and study of the problem of production and distribution of wealth, that at the very peak of our so-called prosperity, in 1929, 13 percent of the people of the United States owned 90 percent of the wealth and that the income of the other 87 percent was so low that only a few of

them consumed any luxuries or conveniences at all, and that practically all of the 87 percent were compelled to spend their entire income for the bare necessities of life, and further discovered that if the income of the other 87 percent were sufficient to enable them to maintain a standard of living such as the Bureau of Home Economics of the Agricultural Department describes as reasonable, there would be a marked increase in production and consumption.

In our exploration for an answer to the question of "Why want in the midst of plenty?" and to President Roosevelt's observations about inferior diet and lack of purchasing power, and the Brookings Institution's discovery of the inequitable distribution of wealth and the low purchasing power of 71 percent of the American people, we may, perchance, also discover the Eldorado where the money may be had with which to pay the tax bills.

Recalling Henry George's story of the nature, origin, and growth of land values, let us, for example, take the city of New York. The report of the commissioner of taxes and assessments for the year 1934 discloses the fact that the land values of the city of New York are \$8,000,995,996, while the improvement values total \$8,456,173,777. It will be observed that the value of the land and the value of the improvements are about equal. And here let it be noted that rows upon rows of buildings and skyscrapers in the city of New York represent a tremendous amount of human labor—every building, every home, every office, every factory, every skyscraper came into being only as the result of the labor of thousands upon thousands of workmen. Not so with the value of the land. The increment of land value is not a labor product. It is the result of the people as a whole functioning as society—as a social organism. The origin of the value of improvements and the value of land are totally different. One is a labor value, and the other a social value. The former is the result of productive effort, the latter the growth and progress of society.

What is true of the city of New York is true of every community, large or small. The land values and public-utility franchise values of the Nation in normal times are estimated at \$200,000,000,000. The value of the Nation's permanent labor products in normal times is approximately two hundred billions. And inasmuch as the one is the product of society and the other the product of labor, are we not within the bounds of logic, good morals, and sound law in concluding that labor ought to receive the share it produces and society be rewarded for the share it produces? Why are the products of labor so illy shared? Why is wealth so inequitably distributed?

Lincoln, in discussing this problem said:

Inasmuch as most good things are produced by labor, it follows that all such things belong to those whose labor has produced them. But—

Continued Lincoln—

it has happened in all ages of the world that some have labored and others, without labor, have enjoyed a large proportion of the fruits.

Applying this line of reasoning to the problem in hand, who is the rightful owner of the profits issuing out of the land values not only of the city of New York but of the land values and public-utility

franchise values of the Nation? Manifestly they belong to the people. But under present law and custom we permit a few to appropriate to their own use that which obviously belongs to all. And so Lincoln's observation is still true—that there are some who, without labor, enjoy a large proportion of the fruits of labor. It is this fact which explains President Roosevelt's and the Brookings Institution's observation about the lack of purchasing power of the great mass of mankind and furnishes an answer to the disquieting question, Why want in the midst of plenty?

WHY POLITICS AND GOVERNMENT ARE CORRUPT

It explains even more. It is this fact in our economic society that accounts for much of the vulgarity and corruption in government and politics. Albert Jay Nock, a publicist and fundamental thinker of note, puts the case in this fashion. He says:

So long as the State stands as an impersonal mechanism which can confer an economic advantage at a mere touch of a button, men will seek by all sorts of ways to get at the button, because law-made property is acquired with less exertion than labor-made property. It is easier to push the button and get some State-created monopoly, like a land title, a tariff, a franchise, or other governmental concessions, and pocket the proceeds than to accumulate the same amount by labor.

Man seeks to gratify his desires and wants with the least possible exertion. There are only two ways by which these wants and desires can be gratified—one is by labor or rendering service, the other by stealing or extorting service. It is, of course, plain why men seek to get at the button to which Nock directs our attention. But it is also clear that we cannot exist as a people or a Nation by robbing each other, whether by the ordinary highway method of stand and deliver or the more refined way of using the power of government.

Since wealth is brought into existence by human labor alone, it follows that some must labor and produce the things that man needs for the gratification of his wants and desires, and therefore it would seem that, since all cannot hope to derive their living off the labor of others, that we put an end to the stealing of the few by organizing society in such fashion that none would reap where others have sown. It is obvious if we wish to establish an economic order based upon the foundation of social justice that the burden of taxation now resting upon the products of industry and labor must be removed and the profits that issue from governmental concessions, such as land titles, franchises, and the like, must be used for public purposes so that all the people will enjoy their share of the community fund. Incidentally, this would put an end to the great prizes for which many of our foremost citizens are ready and eager to grovel in the dirt and slime of politics in order to get at the governmental button. If the problem of unemployment is to be solved and involuntary poverty abolished, then government must be administered in such fashion that legal privilege of whatsoever nature will be destroyed. In other words, the economic advantages derived from pushing the governmental button must be removed from the realm of government and politics.

NATURAL LAWS vs. ARTIFICIAL LEGISLATION

This can be accomplished by the simple process of non-interference with the natural growth and development of human society and the sane and rational use of the taxing power. Too many well-meaning and kindly disposed persons are unmindful of the fact that the operation of natural law in the field of economics can be trusted to bring about just, equitable, and beneficial results, while artificial legislation is bound to go astray. President Roosevelt has declared that we today are engaged in a great crusade in every part of the land to cooperate with Nature and not to fight her. This is fine. But in our effort to cooperate with Nature let us make certain that we are in very truth cooperating with her and not running counter to her all-wise and beneficent laws.

The great Italian economist of the eighteenth century, Gaetano Filangieri, in his *Science of Legislation*, said:

There are certain natural laws governing our economic life. If we regulated our lives according to these natural laws, we would abolish poverty and secure justice and prosperity for all.

Another eminent economist, also of the eighteenth century, said:

There is in human affairs one order which is the best. It is not always the order which exists, but it is the order which ought to exist for the greatest good of humanity. God knows it and wills it. Man's duty is to discover and establish it.

Patrick Edward Dove, a profound economist of the nineteenth century, in *The Theory of Human Progression*, demonstrates the same truth, while Henry George, in his monumental work, *Progress and Poverty*, analyzing and developing his social philosophy, demonstrates logically, scientifically, and conclusively the truth declared by these eminent economists. If we are going to cooperate with Nature, we must learn her laws and obey her commands.

Blackstone, the great English commentator, said:

God has graciously reduced the rule of obedience to this one paternal precept "that man should pursue his own true and substantial happiness." That this precept is the foundation of what we call ethics or natural law and that no human laws are of any validity if contrary to this, and all of them that are valid derive all their force and all their authority from this origin.

Since the validity of all human law derives all its force and authority from the moral or natural laws, any human enactments in relation to the problem of taxation must likewise derive their validity from the same source.

MORALS AND SOUND TAXATION

One of the most important natural laws that govern our economic life is the law of economic rent. Therefore let us put the proposal of taking the economic rent of land or the profits issuing from land value for public use to the test of the inexorable rule of Nature. And first let it be observed how beautifully and wisely Nature has provided for the needs of a growing and advancing community. Someone has said:

That Nature has intended the state to obtain the revenues it needs by the taxation of land values is shown by the same order and degree of evidence that shows that God has intended the milk of the mother for the nourishment of the

babe. For no sooner does the state arise, it needs revenues. This need for revenue increases with the increase of population and the development of human society. The increasing need for public revenues with social advance, being a natural need, there must be a right way of raising them. It is clear that this right way must accord with the moral or natural law.

Wherein lies the right way?

Let us consider the taxes on the processes and products of industry by which our present public revenues are collected. The taxes on occupations, on earnings, on investments, on buildings, on houses, on the cultivation of fields, on industry and thrift in all forms have none of the characteristics indispensable in any plan we can deem a right one. All these taxes violate the moral law. For they take by force what belongs to the individual; they give to the unscrupulous an advantage over the scrupulous; they corrupt government; they make oaths a mockery; they shackle commerce; they fine industry and thrift; they lessen the wealth that man might enjoy, and enrich some by impoverishing others.

Now, what about the tax on land values? We have observed that land values are the result of community growth and advancing civilization. They do not come into being as a result of the activity of any particular individual, but by the activity of all the people functioning as a social organism. Therefore, since no particular individual is responsible for the origin and growth of land values, but are due to the activity of all the people, it is clear that the profits issuing from land values belong to all the people.

And also let it be further observed that a tax upon land values is the most just of all taxes, for, as Henry George says—

It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the use of the community, of that value which is the creation of the community. It is the application of the common property to common uses. When all rent is taken by taxation for the needs of the community, then will the equality ordained by Nature be attained. No citizen will have an advantage over any other citizen save as is given by his industry, skill, and intelligence; and each will obtain what he fairly earns. Then, but not till then, will labor get its full reward, and capital its natural return.

This is a consummation devoutly to be wished. But inasmuch as public opinion has not yet been developed sufficiently to recognize the inequity of the present tax system nor the justice of the taxation of land values, it is obvious that the present need is education and more education, to the end that a healthy and wholesome public opinion may be developed on the vital question of taxation. In order that such education may not be misguided and destructive of its own ends, the promulgation of ideas in relation to taxation and the subject of political economy contrary to the social order ordained by Nature and Nature's God is charged with TNT of bad economics and in the very nature of things will be destructive of the very society and civilization for which the friends of social justice live and labor and sacrifice. (Applause).

THE CAUSE AND CURE OF WAR AND POVERTY

By

CHARLES R. ECKERT

In the House of Representatives Thursday, May 14, 1936

Mr. Speaker, in the confused and bewildered world of today there are two outstanding problems about which many Americans are deeply concerned. One is the problem of war, the other economic security. War has disturbed the happiness of the human race from time immemorial, and economic security has been a delusion and a snare. Those of our generation thought these two problems were settled and solved. At the turn of the century it was freely predicted that there would be no more war, and as late as 1929 economists and statesmen gave assurance that prosperity was permanent; that we were living in a new era; that poverty was all but banished from the earth. Since these pleasant prophecies of peace and plenty, we have witnessed the greatest war of all time and experienced the most widespread and devastating depression of all the years of our national existence. The prophets were in error. Neither the problem of war nor the problem of poverty is settled or solved.

Inasmuch as the problem of war remains unsettled, even after our participation in a war to end war, the Congress of the United States is confronted with the task of providing a military establishment adequate for the defense of the Nation. There is a wide difference of opinion as to the necessary strength of the land and sea forces for adequate defense, while others question the good faith of the Government's professions in regard to her military preparedness, charging that the United States, in common with many of the leading Nations of the earth, is thinking in terms of aggression as well as defense.

Be that as it may, the fact remains that the world is still war minded, and as long as this mental condition obtains, there can be no peace and cessation of preparation for war. This is a fact accepted by all practical men and women, whether they be militarists or pacifists. As long as the world psychology is what it is today, no nation on earth will adopt the policy of unpreparedness. Whether we like it or not, the leading nations of the earth will continue to place upon the backs of the people the ugly and heavy burdens incident to preparation for war. The only question upon which there is a difference of opinion is as to how and to what extent war preparation shall be prosecuted.

The prevailing thought demands extensive preparation, and so we find that, in spite of the many woes of the average citizen, he still cries out for a large Navy and an adequate Army. This, of course, means a tremendous draft on the Treasury of the United States, as is amply testified by the Navy appropriation bill and the accompanying Army bill. Although the distress and tax burdens of the people are rapidly becoming unbearable, predictions are common that another major war is imminent and that such a war would plunge the world

into an era of darkness and destruction. The distress and burdens of the people, the misery and demoralization of war, together with the suggestion of a return to semibarbarism in the event of another major war, are impelling earnest men and women in all walks of life to search for a solution not only for the age-old problem of war, but poverty as well.

The two problems, war and poverty, persist in their onward march, and stubbornly refuse to yield to any of the nostrums and remedies proposed. Why this persistency? Can there be no solution? Are the problems too difficult for the human mind to fathom? In many lines of human endeavor man has demonstrated a high order of mental genius—so much so that in our modern world of invention many achievements seem weird and uncanny. In the light of man's progress in the various spheres of science, why such abject failure and defeat in social science?

There can be only one answer. In the physical sciences man seeks to discover and follow natural law. Not so in the social sciences. Here, with an abandon that is disconcerting, he flounders and fumbles and makes confusion worse confounded. In the light of our past experience, why not follow the example of the true scientist and seek the root cause of war and poverty? It is only by doing this that we may hope to find the true answer.

WHAT IS THE CAUSE OF WAR?

Wars are not waged for pleasure. There is a real, definite reason why war persists.

Why are men ready to fly at each other's throats and defy and violate every instinct of civilized behavior?

The war in Africa, the recent war in China, the fear of war that is disturbing the foreign offices of the leading nations of the world are due to reasons that are not far to seek. Charles O'Connor Hennessy, of New York, in a recent address, said:

Men may cry "Peace! Peace!" but there can be no lasting peace until the root causes of war are recognized and removed; until the peoples may be led to accept a new and simple philosophy of human relationships—that of equal rights for all, freedom for all, justice for all. Political peace and economic war are irreconcilable. There can be no political peace at home or abroad unless it is founded upon cooperation in freedom and mutual friendship and respect.

We propose to end the curse of war, with all its barbarities and brutalities and its grievous burdens upon the backs of the workers of the world, by leading nations to recognize and remove the true causes of international contention and strife. These have their roots not alone in hostile tariffs and the struggle for markets but in the economic imperialism which exploits the natural resources of distant and undeveloped lands for the enrichment of favored groups of capitalists at home.

Since the World War many laudable efforts have been put forth and machinery set up in the hope of arresting the war madness of the world. There is the League of Nations, the World Court, the Kellogg treaties outlawing war, and many other measures designed to prevent war; yet, in spite of it all, the war spirit is still acute, and all attempts to stem the onward tide of aggressive armies in the Orient and the far-off regions of Africa have been in vain, while rumors of wars more

devastating and terrible than any yet recorded fill the ears of men everywhere. There can be no political peace so long as great and valuable economic prizes can be obtained by the arts of corrupt, selfish, or ignorant governments. The true basis of both political and economic peace can only spring from a condition of social justice—a condition that abhors any and every form of privilege, which implies, of course, an economic order based upon the doctrine of equal rights for all, freedom for all, justice for all.

War and rumors of war still continue, and so with the problem of poverty. It, too, persists and remains unsolved. As with the problem of war, there are those who are seeking remedies for its solution. But all in vain. There seem to be insurmountable difficulties. So far both the problem of war and the problem of poverty have eluded the wit and genius of man. Wherever we chance to look, there is confusion and bewilderment. Is there any doubt about the facts pointed out by Mr. Hennessy? The way to peace, this thinker and economist declares, is for the people to accept a new and simple philosophy of human relationships—that of equal rights for all, special privileges for none. And how nicely this matches the doctrine proclaimed by the founders of the American Republic. Our great chart of liberty, the Declaration of Independence, breathes the very soul of this simple philosophy. Those who long for peace, those who would labor for peace, will find their hope for peace not in large armies and formidable navies, but in the deep philosophy of Him who bade men to love one another and the truths contained in the Declaration of Independence. Man's thoughts must be turned away from the doctrine of force and conflict to the doctrine of good will, natural rights, and social justice. It is only in this way that war may be outlawed and peace achieved. The problem of war must first be resolved and settled in the minds of men before any lasting peace can be established. Until this is achieved, the mad race for armaments will continue, and tremendous sums of the taxpayers' money will be spent annually for war and preparation for war.

And why poverty? It likewise has its roots in the absurdities of our economic order. Mr. Theunis, president of the Economic Conference of the League of Nations, called together a few years ago and attended by representatives of 51 countries to find the cause of war and industrial depressions, said:

The main trouble now is neither in any natural shortage of the resources of nature nor any inadequacy in man's power to exploit them. It is all in one form or another a maladjustment, not in an insufficient productive capacity, but a series of impediments to the full utilization of that capacity.

Since both war and poverty have a common cause—a cause inherent in our economic structure, perhaps by answering the question, "Why poverty?" we will kill two birds with one stone. A brief survey of the fruits of our disordered economic system reveals the extent to which the people have been reduced in the scale of poverty. The Brookings Institution of Washington, D. C., reports that 71 percent of the American people in 1929—at a time when incomes were at the highest point in the years of our so-called prosperity—received only enough of the products of their toil that enabled them barely to exist.

The discovery of the Brookings Institution is not surprising. It is a fact known to everyone who stops to think. The question naturally arises, "Why this condition in a land of plenty?" The answer is found in Mr. Theunis's statement, that it is all in one form or another a maladjustment of our economic order.

And wherein lies this maladjustment? Many are of the belief that our money structure is at fault. Others contend that the machine is the culprit; while still others maintain that our productive process is too abundant; and so ad infinitum.

In the midst of this confusion of thought, let us call for counsel and light, Thomas Jefferson, the author of the Declaration of Independence, founder of the Democratic Party, and one of the world's great politico-social philosophers. Mr. Jefferson, in 1785, was stationed in France as Minister Plenipotentiary of the United States. This was Jefferson's first visit abroad. Before reaching foreign shores, Jefferson, in common with the great body of his countrymen, knew little or nothing about poverty. In the new America, every able-bodied and willing worker was employed. Here economic opportunities were open to all on equal terms, and none were so rich as to invite envy, and none so poor as to demand charity. Everyone was prosperous in proportion to his thrift, ability, and application. Not so in France. There Jefferson found the problem of unemployment and poverty in all its ugliness and despair—and this before the advent of the so-called machine age or the rise of the House of Morgan or the doctrine of economic abundance. Why then the problem of unemployment and poverty in all its horridness and magnitude similar to the problem now confronting the American Nation? Let the story be told in Jefferson's own words. In 1782, a few years before his first trip abroad, Jefferson, in answer to a letter from a friend in France inquiring about economic conditions in America, wrote:

From Savannah to Portsmouth you will seldom meet a beggar. In the largest towns indeed they sometimes present themselves. They are usually foreigners who have never attained a settlement in any parish. I never yet saw an American begging in the streets or highways.

As late as 1814 Jefferson wrote Thomas Cooper:

The old and crippled among us who possess nothing and have no families to take care of them being too few to merit notice as a separate section of society.

As soon, however, as Jefferson set foot in France he saw the real thing in poverty. After a year's residence he wrote to an American correspondent, saying:

Of 20 millions of people supposed to be in France, I am of the opinion there are 19 million more wretched, more accursed in every circumstance of human existence than the most conspicuously wretched individual of the whole United States.

And observed that the land of France was concentrated in a very few hands, and that the people had been expropriated from the land and huddled in cities and towns. The streets and highways were filled with beggars, which to Jefferson was a new and distressing aspect in human society. This impelled Jefferson to ask:

What could be the reason that so many should be permitted to beg who are willing to work, in a country where there is a very considerable proportion of uncultivated lands?

and answered by saying:

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

The distress and poverty of the French people were so amazing that he, in a letter to Monroe, exclaimed:

My God! How little do my countrymen know what precious blessings they are in possession of and which no other people on earth enjoy! I confess I had no idea of it myself.

The testimony of Jefferson, depicting in dramatic fashion the economic condition of the people of France as compared with the people of his own country, emphasizes the fact that the people of France were expropriated from the land, while in America there was no end of accessible land on equal terms to all. The conditions in France filled the land with beggars and mendicants and untold millions of wretched men and women, while in America there was neither poverty nor mendicancy.

The account of France's misery and woe and America's blessings and good fortune in the days of Jefferson points the way for the answer to the enigma of our time. Today the economic conditions in America are not unlike the conditions prevailing in France immediately preceding the French Revolution. In France property had been concentrated in a few hands. The major portion of the land of the country was in the possession of the nobility and the church, while the masses of the people were economically dependent upon the few who controlled the economic resources of the Nation. In America today the wealth is in the hands of the few. The natural resources—the wide open spaces of our western domain—are no longer free, and the masses of our people, as in France 150 years ago, are economically dependent upon the few who control the economic resources of America. We today have our beggars and mendicants, and millions of poor and wretched men and women. France had her social eruptions. We today are menaced with dire forebodings, and no one can tell whether or not America will escape her share of the world's civil commotions and eruptions.

A century and a half ago the economic condition of the two countries was vastly different, the one struggling with the problem of poverty and social insecurity; the other enjoyed plenty and social stability. Today the picture is different. The story of Jefferson is quite illuminating and suggests the answer to the question why a free, independent, and self-reliant people have been reduced to a condition of social insecurity and economic servitude.

Mr. Theunis calls attention to the fact that maladjustments in our economic order are the cause of war and industrial depressions. Wherein lies the maladjustment?

Jefferson observed that the earth is given as a common stock for man to labor and live on, and it might not be amiss to remind ourselves that here in America, as in France a century and a half ago, the laws of property have been so far extended as to violate natural rights. And again let us be reminded that in France during the hectic days of the Revolution, the National Assembly of France declared that

ignorance, neglect, or contempt of human rights are the sole causes of public misfortunes and corruption of government. France, as a result of her delinquency, had her Revolution. America, like her sister Republic, has been blind and neglectful of the first duty of government.

We prate about natural rights, about the right to life, liberty, and pursuit of happiness, and yet we have so far forgotten the primary function of government—which is to secure the people in the enjoyment of their natural rights—that millions of our fellow citizens, for all intents and purposes, are disinherited and strangers in the land of their birth. Herein lies the fundamental maladjustment, and thus our economic structure is set for the few to exploit the many, resulting, of course, in the few being inordinately rich and the many abjectly poor.

Those who seek to prevent war and abolish involuntary poverty have but one course to pursue if they wish to achieve their ends. War and poverty have their root causes in the maladjustment of our economic order. The impediments that stand in the way to the full utilization of the earth on which we live must be removed so that labor and industry may have unrestricted access to the resources of Nature and unimpeded exchange among all the peoples of the world. When this happy condition shall come to pass, then and not until then, may we hope to enjoy the blessings of abundance and peace.

POLITICS, PATRONAGE AND CIVIC DUTY

By

CHARLES R. ECKERT

In the House of Representatives Saturday, June 20, 1936

Mr. Speaker, under leave to extend my remarks in the Record, I include the following from the speech of President Roosevelt on The Philosophy of Government, in which he says:

Government includes the art of formulating a policy and using the political technique to attain so much of that policy as will receive general support—persuading, leading, sacrificing, teaching always, for the greatest duty of a statesman is to educate.

Here is indicated the way of practical politics. Attention is called to the futility of seeking reforms that are not supported by public opinion and emphasizes the importance and necessity of education.

No thoughtful person can view the present conditions of the world without feeling intuitively that profound economic changes are in process of incubation. Before our very eyes we see wealth steadily concentrating in the hands of the few—the middle class being ruthlessly swept away and the great body of workers becoming more helpless and hopeless.

These conditions demand attention. The pernicious processes must be arrested. But imperative as is the need of halting the forces that are undermining the foundations of our economic structure, the task is impossible while ignorance and indifference hold sway among the masses. There must be enlightenment for “social reform”, as has well been said—

is not secured by noise and shouting; by complaints and denunciations; by the formation of parties or the making of revolutions; but by the awakening of thought and the progress of ideas. Until there be correct thinking there cannot be right action, and when there is correct thinking right action will follow.

Without right thinking the people will lack vision, and without vision they perish.

No greater task rests upon the leaders of thought than that of enlightened guidance so that citizens and voters may face in proper perspective the real problems of politics and government.

One of the problems that stands in need of discussion and clarification is that of political patronage. In the minds of many the thought is uppermost that the sine qua non for political activity is a Government job at the hands of the victorious party. And political workers become imbued with this thought quite naturally since it has been the custom and practice for generations on the part of those who manage party affairs and seek to get control of government to offer the spoils of office as a lure to engage in political activity.

Ex-Senator Moses, discussing the question “What is the matter with the Republican Party?” boldly and frankly declared that it is in need of three things, namely: Money, patronage, and a boss. With

money and patronage and a boss, preferably of the Mark Hanna type, declared this seasoned politician, the Republican Party could be rehabilitated so that it again would become a strong and formidable organization.

This is the ordinary but vulgar conception of politics. It is obvious that if this type of politics is given the free rein, it must result in corrupting both the people and the Government. Those whose appraisal of politics rises no higher than that of ex-Senator Moses, of New Hampshire, will find fertile fields plying their pernicious and vulgar brand of politics unless economic conditions will be reformed and improved so that opportunities to gain a livelihood at self-employment or in private industry will at least be as inviting and lucrative as that offered by political bosses. In fact, the party boss and the political jobber can only thrive under conditions of gross economic inequality.

In a country where one class is too rich to be shorn of its luxuries and another so poor that a few dollars on election day or a political job will seem more than any abstract consideration; in which the few roll in wealth and the many seethe with discontent, political power naturally passes into the hands of party bosses and political jobbers who buy and sell it as the Praetorians sold the Roman Purple or into the hands of demagogues who will seize and wield it for a time only to be displaced by worse demagogues. But where there is anything like an equitable distribution of wealth, the trade of the political boss and the political jobber will be at a discount.

The antidote for the corruption and political jobbery that have found such a prominent place in American politics is in the development of a standard of civic duty that rests upon right, truth, and justice.

Civilizations in which social groups are bound together by the force of self interest and the hope of reward from political bosses and jobbers cannot endure. Assistant Secretary of State Hon. Francis B. Sayre, in a commencement address before the Virginia Theological Seminary at Alexandria, Va., June 4, 1936, said:

Only as faiths and beliefs are foundationed upon truth will they be all-embracing and enduring. A civilization which is lacking in such fundamental faiths loses its cohesiveness and its power. The great central facts of life are not the selfishness and lusts and cruelties of petty men and small minds, not the suffering and the evil which seem at times predominant, but rather the never-ending, patient bravery, the constant reaching upward toward goodness, and the fundamental nobility of human nature.

In this spirit and in this spirit alone, not only as to individual conduct but as to social behavior as well, can we hope to overcome the social evils of our time and free politics and government from selfishness, corruption, and hypocrisy.

Amplifying this thought, I include under the general permission for Members to extend their remarks in the Record the following letter addressed to Rev. Dr. H. Reed Shepfer, pastor of Grace Lutheran Church, Rochester, Pa.:

"June 20, 1936.

"Rev. H. Reed Shepfer,

"Rochester, Pa.

"My Dear Dr. Shepfer: Your letter in reference to local patronage received. Since you are a religious and a minister of the gospel, I feel free to write you intimately, not only in relation to the context of your letter, but also about those deeper problems of politics and Government that are so closely related to the material and spiritual welfare of the people.

"Addressing myself first to the subject matter of your letter, may I say that the selection of postmasters is really the duty of the President and the Senate. Under our system of party government, however, the practice of permitting Congressmen to recommend candidates for postmasters has ripened into a congressional prerogative, and so the opinion prevails that Members of Congress select the candidates for postmasters.

"It happened that when I came to Washington I was advised by the leaders of the State Democratic organization that all Federal appointments were to be cleared through the Democratic organization; at the same time being advised that experience had proven this policy to be the most effective and practical in promoting party harmony and party solidarity. Whether for good or ill, whether we like it or not, under present political conditions party government seems inevitable. For the most part, throughout the years of our national life the party system of government prevailed and still prevails. It is conceivable that there may come a time when parties as such will have lost their hold in the affairs of government. Among a truly intelligent, just, and patriotic people there would be no occasion for voters to separate into groups and array themselves against each other at election time, for in the last analysis their true interests are common. What is good for one is good for all, providing, of course, that no one wants any special privilege or favor.

"The political struggles of the past and of the present have their root in selfishness, in greed, and in the will to want something at the expense of all the people. These may find expression in the wish for public office or public appointment, or governmental concessions such as franchises, tariffs, bounties, or other concessions of government. Whatever it may be, the thought is always uppermost to get something for little or no effort. If it shall ever come to pass that the people will learn that their highest interests will best be served by obeying the simple doctrine, 'Honesty is the best policy' and 'To live and let live', then political parties will disintegrate and in social and political matters act as one group. But until this happy condition comes to pass, we are bound to speak and function socially and politically through parties.

"Hence it is not a theory, but a condition with which we are confronted; and, therefore, it would seem that the best policy to strengthen and solidify the party is through organization. And experience has shown that this can best be done by cooperating with and supporting

the party organization, subject always, of course, to the condition that it function in the interest of all the people.

"The Democratic Party is seeking to serve the people in the Nation and in the State and, in order that its work may not be interrupted, the party's commission must be renewed from time to time. We are on the eve of a very important national election. The outcome of the issues involved in the pending election is of vital concern to every man, woman, and child in the land. In the struggle impending privilege is battling for its life. No quarter will be granted. Every resource at the command of privilege will be invoked in the hope of regaining control of the Federal Government.

"The New Deal program is, in essence, the battle against privilege. In its deeper meaning it has for its aim the abolition of private privilege in all its ramifications. The Democratic Party is pledged to restore to the American people economic freedom by establishing a social order based on the doctrine of equal rights to all, special privileges to none.

"If every Democratic Member of Congress were to act independently and contrary to the rules and policies of the central organization, confusion and discord within the party would be inevitable. So long as the organization of the Democratic Party promotes policies and submits candidates for political appointments in which one can have confidence and faith, we ought to be happy to cooperate to the fullest extent. Patronage is of secondary importance. It occupies too large a place in the minds of the voters, and for the good of all it is well for us frequently to recur to the question, 'What are parties and politics primarily concerned about?' In doing so we will regain our true balance as citizens.

"Politics is the science of government and is charged with much more important matters than political patronage. Too many, I fear, harbor the notion that politics is a mere matter of political jobs, when, in truth, political positions are a mere incident to the main business in hand. Fundamentally, politics and government are concerned with the problem of human rights and human welfare. In the Declaration of Independence we are told that governments are instituted among men to secure their natural rights, and in the preamble to the Constitution of the United States we are reminded that our Federal Union was established to promote inter alia the general welfare.

"Neither of these objectives has yet been achieved by the American people—in truth we seem to be farther removed from their enjoyment today than any time in our history. Today, want and misery, poverty and distress are encountered everywhere and unemployment is all but universal—all of which indicates that politics and government are not yet functioning effectively for the public good.

"Dr. Nicholas Murray Butler, president of Columbia University, in a commencement address a few years ago, asked this challenging question:

"Why is it that with all the progress which the world is making in so many directions—science, art, letters, all forms of industry,

transportation, commerce—why is it that there still exists so much want, so much of all that which for the want of a better name may be summed up under the word "poverty"?"

The poverty of which Dr. Butler speaks is not due to the niggardliness of nature or nature's God. It is not due to the unwillingness of man to labor and produce wealth. On the contrary, man's power of production is multiplying with every new invention, and his willingness to labor is evidenced by his frantic appeals for work. Yet in spite of it all poverty persists and deepens with the passage of the years. Quoting again from the address of Assistant Secretary of State Hon. Francis B. Sayre:

"Millions of human beings are walking the streets of our great industrial cities, hungry and unable to find work. The demoralization that comes from idleness and public relief is eating into youth. Those who have succeeded in laying something by against sickness or old age are harassed with vanishing values and economic uncertainties. We are forced to mortgage unborn generations to care for present want. In the midst of abundance the world is multiplying poverty."

Upon reflection it is quite apparent to everyone that the problems involved in Dr. Butler's question must be solved and solved correctly if civilization is to endure. Hence those who are in positions of public trust and spiritual leadership are in duty bound to give these problems serious, conscientious, and intelligent consideration.

In view of this fact, is it not deplorable that so much time and thought are consumed in the consideration of comparatively inconsequential things of politics and which provoke and bring into action the baser emotions, for, after all, the subject of patronage sinks into insignificance when compared with the deeper problems of politics and government, problems which have in their keeping the rights and liberties of mankind. The millions of our fellow men that are suffering the pangs of poverty represent the problems of unemployment and the inequitable distribution of wealth. It is for us to find a rational and permanent solution of these problems. To fail in this task will only multiply the ugly conditions that now prevail in American politics and further menace the perpetuation of our free institutions. As has been well said—

"When there is anything like an equal distribution of wealth—that is to say, where there is general patriotism, virtue, and intelligence—the more democratic the government the better it will be; but where there is gross inequality in the distribution of wealth the more democratic the government the worse it will be, for while rotten democracy may not in itself be worse than rotten autocracy, its effects upon national character will be worse. To give the suffrage to tramps, to paupers, to men to whom the chance of labor is a boon, to men who must beg, or steal, or starve, is to invoke destruction. To put political power in the hands of men embittered and degraded by poverty is to tie firebrands to foxes and turn them loose amid the standing corn; it is to put out the eyes of a Samson and to twine his arms around the pillars of national life."

Unless the benefits resulting from new inventions and material progress will be equitably diffused among the masses, the corruption of politics and government will become more and more menacing as the years go by. It is no light and trivial thing that in the richest and most self-reliant Nation of the world—a nation that boasts of its schools and universities, its churches and Christian virtues, there should be millions of unemployed and other millions on the borderline of poverty, while the gulf between the House of Have and the House of Have Not widens with the passing of the years.

During the closing years of the last century students of social science were impressed with the gravity of the economic conditions and emphasized the importance of a satisfactory solution of the social problem. How much more pressing is this same problem today!

In the consideration of this perplexing problem, may I call your attention to the intimate relation between the secular and spiritual welfare of the people. The spiritual development of a people must keep pace with material progress. Quoting Assistant Secretary Sayre again:

"Further progress demands building anew upon spiritual foundations. The amazing and splendid advance in material progress of the last century must now be matched by spiritual progress and understanding. It is not that we must accept arbitrary, unreasonable, or fruitless dogmas or traditional moral codes. What our civilization needs is a master and practical utilization of spiritual laws with as large a measure of success as our own generation's mastery and utilization of physical laws."

A thorough and intelligent analysis of the social problem reveals the fact that the moral precepts given to man for guidance of his individual conduct are applicable to his behavior as a citizen and member of society. The Golden Rule applies in the realm of civic behavior as well as to individual conduct—That we should do unto others as we would have others do unto us—that we should respect the rights of others as scrupulously as we would have our own rights respected is not a mere counsel of perfection for individuals, but it is the law to which we must conform our social institutions and national policies if we would secure the blessings of abundance and peace, is wise and sound counsel.

And Christ himself tells us 'Seek ye first the Kingdom of God and His righteousness and all these things shall be added unto us.'

"And again we are admonished that 'As God's will be done in heaven, so on earth.'

Hence the solution of the problems involved in Dr. Butler's question is to be found in those deeper truths that lie at the very root of true religion and constitute the hope of democracy.

The contemplation of these truths inspirit and inspire. They lift us up and beyond vulgar demagoguery and selfish politics. They impel us to center our hearts and our minds on those deeper problems of politics and government, the proper solution of which will bring

about a new and fair division of the goods and right of the world, to the end that the Biblical injunction may be fulfilled:

"'And they shall build houses and inhabit them; and they shall plant vineyards and eat the fruits of them. They shall not build and another inhabit; they shall not plant and another eat.'"

"Under separate cover I am mailing you a copy of Progress and Poverty, which has been described by an eminent American as—

"'A book that rests upon a granite pedestal of truth, face up, open for the thinking world to scan—a book matchless in logic, beautiful in diction, perfect in illustration, unchallenged and unchallengable, unanswered and unanswerable; an everlasting monument to the intellectual and moral integrity of the man who wrote it.'"

"With kindest personal regards and best wishes, I am,

"Very sincerely yours,

"Charles R. Eckert."



LAND, LABOR AND THE WAGNER ACT

By
CHARLES R. ECKERT

In the House of Representatives Wednesday, May 19, 1937

Mr. Speaker, the National Labor Relations Act is being acclaimed by labor as one of its greatest achievements in the long and weary struggle for its rights. The weeks and months that its life was hanging in the balance labor was filled with anxiety and despair. The actions of the courts were awaited with bated breath, and when at last, on the 12th day of April, 1937, the Supreme Court of the United States pronounced the act a living thing there was great rejoicing in the ranks of the workers. And this not without reason, for the principles for which labor fought and struggled throughout the years were at last sanctified as the law of the land. The right of self-organization and collective bargaining have been regarded by the champions of labor among their most important and effective weapons.

That labor should be unduly enthusiastic about the outcome of the legal battle over the Wagner Act and anticipate greater benefits than can possibly be realized must be expected. For the rank and file of labor have not only been schooled in the efficacy of self-organization and collective bargaining by their leaders but the Supreme Court entertains and declares the same view. In the light of the teachings of the leaders of labor and the decisions of the Supreme Court, it is but natural that practically everybody is entertaining the thought that, with the Wagner Act and related legislation securely on the statute books, labor is about to enjoy its just rewards.

Without minimizing in the slightest degree the importance and value of the legislation embodied in the National Labor Relations Act, it may be well to remind ourselves that, notwithstanding the legal recognition of the much-coveted principles underlying the Wagner Act, the war for the full rights of labor has not yet been won, and that many bitter battles remain to be fought. Candor impels the necessity to remind labor that the enjoyment of the full fruits of labor can come to pass only when the basic element of production will be available to all on equal terms and the rights of the people to their God-given inheritance restored. Equality before the law and the right to life, liberty, and the pursuit of happiness are delusions so long as labor must pay tribute to the privileged few for the opportunity to labor and produce.

In the celebrated case of the National Labor Relations Board against the Jones & Langhlin Steel Corporation, recently decided, Chief Justice Hughes, who delivered the majority opinion of the Court, said:

The right of employees to self-organization and to select representatives of their own choosing for collective bargaining or other mutual protection without restraint or coercion by their employer is a fundamental right. Employees have

as clear a right to organize and select their representatives for lawful purposes as the respondent has to organize its business and select its own officers and agents. Discrimination and coercion to prevent the free exercise of the right of employees to self-organization and representation is a proper subject for condemnation by competent legislative authority. Long ago we stated the reason for labor organizations. We said that they were organized out of the necessities of the situation; that a single employee was helpless in dealing with an employer; that he was dependent ordinarily on his daily wage for the maintenance of himself and family; that if the employer refused to pay him the wages that he thought fair, he was nevertheless unable to leave the employ and resist arbitrary and unfair treatment; that union was essential to give laborers opportunity to deal on an equality with their employer.

From these words it may be fairly inferred that a laborer, as a member of a labor organization, is on a basis of equality with his employer and therefore in a position, through the power of collective bargaining, to demand his full rights. But before accepting this conclusion and ringing down the curtain on the problem of labor, let us examine the facts. And in considering this problem, let it first be observed, in order that laborers, either individually or collectively, may deal on an equality with their employer it is necessary that such laborers enjoy freedom of contract. It goes without saying that, unless the right to bargain on the part of the contracting parties is free from pressure or duress from any source whatsoever, there cannot be equality between the parties. It has been said:

Freedom of contract begins where equality of bargaining begins.

In other words, there is no freedom of contract where the bargaining power of the contracting parties is unequal.

Freedom of contract is a deceptive phrase. Americans are boastful of their so-called freedom and accept as a matter of course that the inalienable rights with which man is endowed are theirs to enjoy. Upon examination, however, this is a bold and unjustifiable assumption. America has not yet achieved that station of economic and political development where it can be truthfully asserted that the wage workers are free and independent. True freedom is impossible in an economic order when even the most obscure worker is denied the opportunity to use his labor for the satisfaction of his wants.

Do laborers, even with the right of self-organization and collective bargaining, enjoy the economic freedom necessary to use their labor to satisfy their wants or to deal with their employers on a basis of equality?

The basic factor in production is land, and the word "land", as here used, includes the whole external world accessible to man, with all its forces and powers. Freedom of contract is impossible where equal access to land is denied. Today land is not accessible to labor on equal terms, hence labor's bargaining power or ability to use its labor for the satisfaction of its own wants is not on a par with those who enjoy special advantages over the basic element of production. Before labor will be on a basis of equality the basic factor in production, to wit, land, must be freed from the grip of monopoly.

In a state of nature there is no unemployment. The tramp, the beggar, the man without a job are concomitants of civilization. Hence

the phenomenon of unemployment is due to man-made institutions, and the reason we are stumbling along without discerning the chief cause of unemployment is our failure to comprehend the relation of industry to land. When hard times overtake us, when we are in the grip of a depression, and the highways are resounding with the tramp of the army of the unemployed, we waste time and energy in a wild attempt to ascertain the number of unemployed instead of ascertaining, if possible, the reason why able-bodied men are out of work; why they are unable to find opportunities to use their powers for the satisfaction of their wants; why their services are not in demand.

We are accustomed to saying that there is no demand for the unemployed. But all we can mean by such a statement is that no employer wants their services. Inasmuch as our physical wants can be satisfied by labor and labor alone, it is obvious that there is always the same demand for the labor of every man that there was, for example, for the labor of Robinson Crusoe alone on his island, namely, the need of satisfying his own wants. Why, then, cannot the demand be met?

The denial of access to land is the chief and primary cause. As has well been said by John Sturgis Codman, in a little book entitled "Unemployment and Our Revenue Problem", Robinson Crusoe needed no employer. He required only that there be no interference with his use of the natural resources of the island. Why, then, in this country, where we have natural resources greatly exceeding the needs of our comparatively scanty population, where we have all the advantages of modern knowledge concerning the methods of facilitating production in cooperation with our fellow men, should not all of us, who are able-bodied and sane-minded, be able to earn an independent living far better than that to which Robinson Crusoe aspired, instead of being periodically obliged—many of us—to walk the streets to find work?

Why unemployment? Why do men lack opportunity to work? When it is remembered that land is the basis of all labor and all production, the answer is obvious. Without access to land, labor is at the mercy of those who control the natural resources. Unless the primary factor of production is available at the command of labor, unemployment—or employment on unfavorable terms—is inevitable. The rights of labor are so intimately related to the land question that the one cannot be considered independently of the other. They are part and parcel of the same problem.

In the District of Columbia there are thousands of unemployed. These thousands of unemployed have the same demand for labor for the satisfaction of their own wants that Robinson Crusoe had on his island. But they have no opportunity to work. Why? Because, first, no employer wants their services; and, second, the necessary and basic element in the productive process—to wit, land—is monopolized, and hence not available to the unemployed.

As illustrating the vital part land plays in the problem of employment, let us suppose that, adjoining the District of Columbia, there should arise as if by magic, out of the Potomac River, a strip of land

equal in area to the District of Columbia and that the land of this new magical world is rich with gold nuggets from which a laborer, in a day's work, could produce from the land \$10 worth of pure gold. And suppose that every foot of this magical island would possess an equal quantity of gold and that its production would require the same amount of labor. And, again, suppose the Government, being desirous to free itself of the present relief load, would announce that after a given day any unemployed resident of the District of Columbia would be given the exclusive possession of 1 acre of land of this magical island upon which to work. How would this affect the unemployment situation in the District of Columbia? Obviously, every able-bodied unemployed person in the District of Columbia willing to work would immediately make requisition for an acre of this gold-producing land and, without the intervention of an employer, go to work and at the end of each day's labor have in his possession at least \$10 worth of gold. Under such conditions unemployment in the District of Columbia would be at an end and would remain so as long as the land retained its gold-producing capacity. It would also raise the wage level to a minimum of practically \$10 per day throughout the District in all lines of endeavor.

Of course, all this sounds fantastic, but the only fantastic part is the magical island. The other features of the illustration are facts demonstrable in every growing community, as upon reflection may be discerned. The factor in the illustration that transformed the army of unemployed in the District of Columbia into a group of free, happy, and contented workers was the accessibility of productive land. It may be said that in America all productive land is in use, and therefore the land question is irrelevant. This, however, is far from the truth. In every center of population there may be seen many areas of vacant land or land only partially used, as may be noted by the following example:

In full view of the Capitol and within a stone's throw of the White House there is a tract of land, located in the Capital City of the Nation, bounded on the north by Fifteenth Street, on the east by Pennsylvania Avenue, on the south by Fourteenth Street, and on the west by E Street, containing about 1 acres of land. This tract of land has great productive powers. It has a potential productive capacity many times that of a single acre of the magical island. That is to say, while one person working on 1 acre of the magical island would produce \$3,000 of wealth per year, upon the tract described, if put into production to its maximum capacity, there would be produced, not only many thousands of dollars worth of wealth annually by virtue of the inherent productive power due to its advantageous location and the services rendered by society and government but, at the same time, hundreds of laborers would receive employment, while millions of capital would be brought into use. The point being that land—Mother Earth—is a vast workshop wherein there is a job for everyone willing to work.

In the foregoing illustration attention is called to the fact that society and government render very distinct services in the process of producing wealth. It must be borne in mind that these services are of

first importance. All proper activities of government and the normal association and cooperation of the people of the community constitute the services that society and government render in the productive process. The net economic result of these activities attaches to and is reflected in the value of land. This may be seen in every center of population.

For example, in the city of Washington, as in all other cities of comparable size, land has great value. The most valuable is found in those sections that offer the best opportunities for trade, shopping, amusements, and other activities and conveniences that accompany modern civilized life. It will be noted that there is a very distinct and positive relation between population and the value of land. The profit arising from these values belongs to the people. J. Ramsay MacDonald, former Prime Minister of England, during his Premiership had occasion to observe that—

Rent, "ground rent", is a toll, not a payment for service. By it social values are transferred from social pools into private pockets, and it becomes the means of vast economic exploitation. * * * Rent is obviously a common resource. Differences in fertility and value of site must be equalized by rent, but it ought to go to common funds and be spent in the common interests.

If the economic rent of land were collected and put into the Public Treasury for the common benefit of all the people, as suggested by the ex-Prime Minister, the confusion and bewilderment concerning the labor problem would immediately be in process of clarification and solution.

It may be well to pause and recount the benefits that would accrue to the people under a proper and just administration of the Nation's natural resources. Our imagination need not be stretched to see that if the value of the services rendered by society and government were appropriated for public use in lieu of the present onerous taxes on the products of labor, government would not only be simplified, but at the same time private business would be freed from many of its present burdens, vexations, restrictions, and regulations.

With the reform of our revenue system along the lines indicated, the Government would, so far as its revenue policy is concerned, function within well-defined natural law, and thus observe the principles of morality and justice. This, too, is a matter of first importance. The life of human society is dependent upon moral virtue. No nation, no civilization, can long endure unless firmly rooted in the principles of eternal justice. Whenever and wherever nations have departed from the path of righteousness and justice, then and there they were overtaken by ruin and disaster.

President Roosevelt has publicly declared that the most effective guide for the safety of this most worldly of worlds is moral principle. This is ancient wisdom, applicable at all times and under all circumstances. Unless the activities of government have the sanction of ethics and good morals, evil fruits will be the harvest. Good morals decree—

Thou shalt not steal.

This applies to nations as well as individuals. The vice of the violation of this moral precept is the taking of the rightful property

of another without his consent. Governments, in the exercise of the taxing power, ruthlessly ignore the spirit of this rule. They have a fashion of wielding the power of taxation with an abandon of good morals and ethical precepts that would put to shame the Captain Kidds and Al Capones of all times.

Let it be repeated, the essence of theft and robbery is the taking of the property of another without the other's consent. Yet governments by the indiscriminate use of the taxing power, commit this offense without let or hindrance, as may be seen upon examination of the revenue systems of all governments.

Labor, in conjunction with capital, is the creator of all wealth. The factors involved in its production are land, labor, capital. Equity decrees that each factor shall be compensated in proportion to the contribution that each makes toward its production, and this allocation may well be left to the operation of the natural laws governing the distribution of wealth. The portion allocated to land is rent; the portion allocated to labor is wages; and the portion allocated to capital is interest.

The item "rent" is a social product, and justice decrees that it be appropriated by government for the benefit of all, and hands off wages and industry. In practice, however, governments permit rent to be collected by private interests and thus are compelled to exact tribute from the wages of labor, and the interest of capital for public revenues. In doing so they violate the commandment "Thou shalt not steal."

But it is said that the persons whose labor created the wealth, as citizens of the country under whose government they live, are in duty bound to bear their just share of the cost of government. Granted. But it must be borne in mind that the laborers, as producers of wealth and units of society, make a distinct and decisive contribution to society and government. This contribution, as stated before, is reflected in the value of land and constitutes the fund provided by Nature and Nature's God for the support of society and governmental needs of the community. To permit this fund to be privately appropriated is an unspeakable sin of omission on the part of governments and impels governments to commit the indefensible crime of robbing labor and capital in order to obtain the necessary taxes for community needs.

Bolton Hall, a prominent lawyer and a noted publicist of New York, in a few eloquent passages expounds the principles under discussion in these words:

Most of man's misery is made by mankind's mistakes.

Man lives by applying work to land and to the products of land; land is the source of food and of all raw materials. No one can create wealth or even live without access to land. Only those who speculate or share in some monopoly can get rich without working.

Even a highjacker or a pickpocket would starve if he did not work at his business.

Independence depends not upon someone giving you a job, but upon free access to places to work. Possession of each piece of land by all is impossible, but exclusive occupancy must be assured; therefore each possessor of land should compensate those excluded from the more desirable holdings.

As land value is created by the presence and activities of the community, each landholder should pay to the community the annual rental value of whatever site or other land he holds. At present we pay these billions as land rent for permission to live on this earth to landholders who do not earn them.

If the community got the full value of the service it renders, there would be ample revenue to maintain that service. Taxes would be unnecessary, and labor and capital, being tax-exempt would get as wages all they produce and if money monopolies were destroyed, they would get whatever interest super-abundant capital might bring.

As nothing could be made from land without using it, land would be held only for use, and all unused land, including water power, mines, etc., would be available free of purchase price. The doors of opportunity would be open to all.

If land rent were not paid to landholders, no one could get more than wages; hence, as one could not get wages by another's labor, exploitation would be impossible. Industry and progress would have a fair field.

Involuntary unemployment and poverty would cease; the golden age of our dreams would be made possible.

This is not bolshevism nor communism. The New York State Constitution, article I, section 10, reads: "The people, in their right of sovereignty, are deemed to possess the original and ultimate property in and to all lands within the jurisdiction of the State."

It is interesting to note that Blackstone, the great English law commentator, declares that—

It is an undeniable principle of law that all lands in England are held immediately by the King.

And Williams, on Real Property, in the same vein, says:

The first thing the student has to do is to get rid of the idea of absolute ownership. No man in law is absolute owner of his lands but only holds estate in them.

The Constitution of the State of New York, as pointed out by Mr. Hall, is simply in line with the well-recognized principle that the true ownership of the natural resources is in the sovereignty of the people.

Statesmen and economists, industrialists and merchants, businessmen and bankers, labor leaders, farmers, and others, meet daily in the Capital City of the Nation, planning and worrying in a vain attempt to solve the elusive and vexing problem of unemployment. If these groups would make a pilgrimage to the little plot of land lying opposite the north side of the Commerce Building, they would see a tract containing about 1 acre of land that in appearance is not unlike the thousands of acres of pasture and fallow land in all sections of the Nation. Yet if their imagination were stirred and quickened, they would perceive that this vacant tract of land has great potential productive capacity. In fact, before their very eyes there would arise a veritable El Dorado that, if put into production, would yield fabulous quantities of wealth. With this experience, perhaps their imaginations would again be stirred and comprehend the fact that labor and capital are called upon to pay billions annually as tribute to the privileged landholding interests of America for the mere privilege of producing wealth, and furthermore, realize the futility of attempting to solve fundamentally the problem of unemployment, with its attendant misery, so long as the illogical relation between land and production exists.

All our economic activities are dependent upon land. Before a farmer can till the soil, the miner produce coal, a manufacturer turn

a wheel, a merchant sell a spool of thread, a banker discount a note, a lawyer write a brief, a teacher conduct her school, or a preacher expound the precepts of religion, space must be rented or bought. That is inescapable, and since such space of the earth's surface is limited in quantity, its control becomes a coveted prize because of its inherent power to exploit labor. The privileged landholding interests of America are in control of the natural resources of America. And it is this fact that enables them to demand of labor billions of dollars annually for the mere right to work and produce. This is the great iniquity of our economic order, and so long as this condition exists laborers cannot be free to contract upon just and equitable terms, even though they are clothed with the power of unionization and collective bargaining.

The importance of the land question and its relation to the labor problem are well illustrated in the anthracite coal region of Pennsylvania. There thousands of men were employed. The principal occupation of these unemployed is coal mining. When the depression came, the operators closed the mines. The miners, of course, lost their jobs. But something happened. Here were large quantities of virgin coal in the bowels of the earth. True, these coal beds, under the present scheme of things, are private property. But some of the miners, faced with their own and their families' wants, flouted the law, took possession of the private property and, without the aid of employers, are busily engaged in the production of coal and thus are solving their own problem of unemployment. They are solving the problem of making a living for themselves and their families without the aid of employers, the Federal Government, the W.P.A., the N.R.A., or the welfare agencies of their communities.

The factor that has made this condition possible in the anthracite coal region of Pennsylvania is access to land. Labor there, as Robinson Crusoe on his island, went to work without asking embarrassing questions about the ownership of the natural resources.

The fundamental wrong from which labor is suffering cannot be settled by merely bargaining and entering into agreements between employer and employee. The wrongs involved are so deep-rooted in the economic structure that failure to reform the iniquities inherent in the system along just and basic lines means hardship, suffering, and misery to employer and employee alike. Before labor can achieve economic freedom and enjoy the power to bargain on a basis of equality with the employer, it must recognize the great truth that "The earth", in the words of Thomas Jefferson, "belongs in usufruct to the living."

Hither, ye blind, from your futile banding!

Know the rights and the rights are won.

Wrong shall die with the understanding;

One truth clear, and the work is done.

Nature is higher than progress or knowledge

Whose need is ninety enslaved for ten;

My word shall stand against mart and college;

The planet belongs to its living men!

LABOR, ETHICS AND JOHN L. LEWIS

By
CHARLES R. ECKERT

In the House of Representatives Friday, August 20, 1937

Mr. Speaker, the labor program of the Federal administration is in keeping with the spirit of the New Deal. All legislative enactments of the Seventy-third and subsequent Congresses, in relation to the national economy, are designed to improve the economic condition of the American people. The economic crisis that gripped the country at the time the present administration came into power demanded quick and heroic action. The legislation enacted was improvised to meet a dire emergency. As the emergency is receding, the New Deal program may very properly be scrutinized, with the object in mind of detecting possible defects and proposing changes wherever necessary in order to bring the entire program in line with sound economics and fundamental principles of democracy. For it must be borne in mind that America was set up to secure to all its citizens the inalienable rights of life, liberty, and the pursuit of happiness. Therefore, any New Deal legislation now in force, or hereafter enacted, must stand the acid test of good law and sound economics.

Blackstone declared that permanent legislation, in order that it may have force and validity, must be in harmony with ethics or natural law. This is the foundation of all sound legislation. It is said that Nature abhors a vacuum, and with equal assurance it may be said that Nature resents assaults upon the majesty of natural law.

Hooker, while contemplating the order of the universe, in a moment of ecstasy cried out:

Law—her seat is the bosom of God; her voice the harmony of the world. All things in Heaven and earth do her homage, the least as receiving her care and the greatest as not exempt from her power.

Wherever man delves into the mysteries of Nature there is found the universality of immutable law. A noted student of modern medical science recently was moved to observe that—

The sum of all folly and the foundation of all corruption is rebellion against the laws and regulations of Nature.

The National Assembly of France 150 years ago, in a similar vein, discoursing upon the excesses and misfortunes of the French people, declared:

Ignorance, neglect, or contempt of human rights are the sole causes of public misfortune and corruption of government.

And so, whether in the field of medicine, sociology, or other branches of science, there is found eternal, immutable law. This fact must be borne in mind by statesmen and lawmakers.

The Department of Justice Building, in the Capital City of the Nation, carries this inscription:

Justice is founded in the rights bestowed by Nature upon man. Liberty is maintained in security of justice.

When it is remembered that America's first claim to greatness lies in the fact that she was established as the land of the free, and also remind ourselves that liberty is maintained only where justice is secure, and that justice rests upon the rights of man, bestowed by Nature, it is clear that the attainment and preservation of the gifts of Nature to man must be the statesman's and the lawmaker's primary and deepest concern. Therefore any civil enactments that violate the elemental rights of man bestowed by Nature are unsound and have no place in the governmental structure of a free people. All New Deal legislation ought to be subjected to the acid test of ethics and natural law. For a social structure that is to endure must be true to justice and liberty. In this light and spirit the labor program of the New Deal ought to be scrutinized and considered. The fixing of arbitrary standards of hours and wages is fraught with difficulty, due to conflict with natural economic law.

But until the conditions in our economic order that breed and foster monopolies are removed, the enactment of legislation designed to establish minimum wages and maximum hours, abolish the curse of child labor and the iniquity of sweatshops and other immoral conditions is inevitable. But that is not enough. Regulation at best is a mere palliative. It will not cure the disease. The root causes of poverty and unemployment must be eradicated. This involves a program based upon sound economic principles, and labor leaders and statesmen are apt to go astray unless they are grounded in the principles of sound economics.

As the labor problem revolves around the wage question, a simple lesson in elementary economics may be of interest. G. Frank Kelly, a distinguished citizen and noted economist, of Scottdale, Pa., discusses the wage question in these words:

"To know the nature of wage is to know that to fix them by statute is an economic impossibility. A man's wage is what he produces, not the amount of his pay. If he produces nothing, he has no wage. No man is entitled to a minimum living or maximum wage, other than what he produces. If a man made a wheelbarrow, that is his wage. If 100 men in a factory, each doing equal work, made 100 barrows, a barrow is still the wage of each, if equal or unequal, each wage is its owner's product. The entrepreneur's wage is his part in production, be it \$1 or \$100 per day. Economically there is no such thing as profit; all produce is somebody's wage.

"But that those may make barrows, thousands of others must toil—produce. The farmer must produce food; others must produce all the personal needs of the barrowmakers and the needs of those who supply them. It is an endless chain—plant and equipment, transportation, housing, food supply, all factors in producing wheelbarrows. The doctor adds to production by keeping men fit, the preacher, poet, and philosopher by maintaining morale. Railroad president and paddy each earns his wage. The total world produce of any year constitutes the total wage of human exertion, mental and physical, white collar and overalls, for that year, and each man's wage is his share in that production.

"Capital takes nothing from labor, but produces and is entitled to its own increment. To take from labor and capital its increment, its part in production, is robbery. Just as a man with a hoe (capital) produces more and is better off than with his hands alone, so it is with every form of capital, including machines. Capital takes nothing from, but aids, labor. How, then, can a statute fix wages when every wage is a fixed entity, the amount of the individual's production? The trouble is we operate under an economic system by which labor and capital are robbed; neither gets what it produces. That capital and labor are natural allies and complements is shown by the fact that when wages are high, interest—return from capital—is high, and vice versa; labor and capital prosper or suffer together. Human enactments in violation of natural law can result only in disaster.

"Henry George in *Progress and Poverty* shows where and how capital and labor are robbed, who gets the increment earned by labor and capital, and how to establish ourselves so that every worker will get his own produce, his economic wage, and every item of capital its own increment. He shows how every man may have unlimited opportunity of employment with obligation to no man for a job. Unemployment and its concomitants, poverty, and economic slavery, are results of economic error.

True, Mr. Kelly's discussion is academic and, as such, contains no proposals for immediate relief of labor's woes. But in the light of Mr. Kelly's sound reasoning and the logical and conclusive demonstration of the problem by Henry George in his monumental work *Progress and Poverty*, is it not the part of wisdom to frame pending legislation, in relation not only to the labor problem but to the national economy generally, so that infractions of the rights and liberties of the people will be removed as rapidly as progress along the path of sound economics and true democracy will warrant? Our first concern ought to be, not to set up an artificial Utopia, but, to clear the way for the establishment and development of a society founded upon liberty and justice.

Inasmuch as the labor problem is of peculiar concern to the wage worker, under leave to extend my remarks, I include a copy of a letter addressed to John L. Lewis, in which an effort is made to point out the way labor must travel in order to gain its rights and freedom.

Mr. John L. Lewis,
Washington, D. C.

My Dear Mr. Lewis: It seems to be written in the stars that those who are influential in the labor movement are targets for abuse, ridicule, and misrepresentation. There is no dart too poisonous, no lie too vicious, no punishment too cruel for their traducers. And it also seems to be written in the stars that "If the blind lead the blind, both shall fall into the ditch." Hence the task of directing the movements of the toilers in their struggle for better things is both unpleasant and difficult. On the one hand, calumny and abuse; on the other, tribulation and danger.

And so it is with extreme pleasure that I listened last evening to your discourse on the present labor situation. Poise and restraint and good common sense characterized your every utterance. This is reassuring and full of promise. It is an indication that at last labor leaders are seeking not only unionization of labor but social reforms that will open the way for the establishment of a social order based on the principles of freedom and justice, of equal rights for all, special privileges for none. If these ideals are to be achieved, then those who are charged with the responsibility of leadership must confine their activities strictly within the limits of the ethics of the social problem. It is only by doing so that the movement can gain the moral sanction of mankind and thus achieve its coveted goal.

This fact has been emphasized time and again throughout labor's bitter struggle. On this point no one has been more outspoken than Henry George. In 1894, in a speech delivered at a Cooper Union labor meeting called to protest the sending of Federal troops to Chicago in the railroad strike of that year, he said:

"Let me tell you what I have told you many times before. It is something I must tell you or I would be dishonest. This whole great organized-labor movement is on a wrong line—a line on which no large and permanent success can possibly be won. Trade unions, with their necessary weapon, the strike, have accomplished something and may accomplish something but it is very little and at a great cost. The necessary endeavor of the strike to induce or to compel others to stop work is in its nature war; and, furthermore, it is a war that must necessarily deny a fundamental principle of personal liberty—the right of every man to work when, where, for whom, and for what he pleases. Those who denounce labor organizations and their works use this moral principle against you. Stated alone, it is their strength and your weakness.

"But above the wrongs which strikes involve there is a deeper, wider wrong, which must be recognized and asserted if the labor movement is to obtain the moral strength that is its due. It is the great denial of liberty to work which provokes these small denials of liberty to work. It is the shutting up by monopolization of the natural God-given opportunities for work that compels men to struggle and fight for the opportunity to work, as though the very chance of employment were a prize and a boon.

"The key to the labor question is the land question. The giant of monopolies is the monopoly of land. That which no man made, that which the Almighty Father gives us, that which must be used in all production, that which is the first material essential of life itself must be made free to all."

There can be no blinking the facts. Labor and labor leaders must constantly be conscious of their moral responsibility. To employ tactics that violate the moral rights of any of the parties concerned will expose the movement to devastating attack. The right of every man to work when, where, for whom, and for what he pleases, as George points out, is a fundamental right that cannot be violated with impunity.

Likewise, it is a fundamental principle of sound morals that the sanctity of rightful private property must be respected. Therefore, when striking workers, in the prosecution of a strike, feel called upon to violate the personal liberty of the individual to work and the rights of owners of private property, the cause of labor is due to suffer irreparable loss. Such violations of fundamental rights are seized upon by the foes of labor and exploited to discredit the movement. The emissaries of privilege and those whose god is gold are ever alert to take advantage of the mistakes of labor and labor leaders.

Under present economic conditions it may be a far cry to implore strikers to observe religiously the rights of the owners of private property and man's natural right to work. Strikers and labor leaders may feel that under certain circumstances this is impossible. Yet the personal liberty of the individual and the sanctity of private property are of the very essence of right and justice, and so it behooves strikers and labor leaders alike to observe the ethics of the labor problem. They must learn to think of the problem not so much in terms of strikes as in its deeper meaning.

The equities are all on the side of labor. The stars in their courses are in league with right and justice. This is the strength of labor. If labor leaders will but hold aloft the standard of eternal truth, all right-feeling and right-thinking men will rally to their support.

It is regrettable that the labor problem in its aspects as to poverty and unemployment, and the equitable distribution of wealth does not command that degree of penetrating study and analysis at the hands of labor leaders that its importance merits. There is too much loose thinking concerning this all-important problem. If that were not so, how could the problem of unemployment and poverty so long remain? Almost half a century has elapsed since the great railroad strike of 1894. Labor and labor leaders, before and since have been milling and mulling about, but to little or no avail. Today labor is the victim of exploitation, the same as in the years gone by. This is understandable only upon the theory that there is neither intelligent action nor study in relation to the labor problem. A copybook proverb reminds us that "The recognition of one's own ignorance is the forerunner of knowledge."

This applies with equal force to the cause of labor. Labor is bound to fail in its struggle for freedom and justice as long as it remains ignorant of the root cause of its miseries and wrongs. As yet labor has no intelligent conception of the cause of its woes and troubles. Henry George—than whom there is none who had a greater insight and fundamental understanding of the labor problem—depicts the stupidity of labor in one of his noted books in these allegorical words:

"Near the window by which I write, a great bull is tethered by a ring in his nose. Grazing round and round, he has wound his rope about the stake until now he stands a close prisoner, tantalized by rich grass he cannot reach, unable even to toss his head to rid him of the flies that cluster on his shoulders. Now and again he struggles vainly, and then, after pitiful bellowings, relapses into silent misery.

"This bull, a very type of massive strength, who, because he has not wit enough to see how he might be free, suffers want in sight of plenty, and is helplessly preyed upon by weaker creatures, seems to me no unfit emblem of the working masses."

The truth of the word picture of the condition of the laboring masses is brought home to everyone who stops to think. Be it said, however, to the credit of labor, that in this respect it is no worse than the supposedly wise and learned. By way of illustration, let it be known that Thomas Huxley, the great English scientist, while contemplating the unhappy lot of the working masses of the world, cried out in despair:

"I do not hesitate to express the opinion that if there is no hope of a large improvement of the condition of the greater part of the human family with the advance of progress, I should hail the advent of some kindly comet which would sweep the whole affair away as a desirable consummation."

A few years ago Dr. Nicholas Murray Butler, president of Columbia University, asked this searching question:

"Why is it that with all the progress which the world is making in so many directions—science, letters, fine arts, every form of industry, commerce, transportation—why is it that there still exists so much want, so much of all that, which, for lack of a better name, may be summed up under the word 'poverty'?"

And King Edward VIII, on a visit to Glasgow, after inspecting the slums of that great industrial city and the Queen Mary as she was about to embark on her maiden voyage across the Atlantic, made this timely observation:

"How can you reconcile a world that can produce such a mighty ship as the Queen Mary to the slums that we have just visited?"

These incidents, coupled with the many fantastic proposals of educators, lawmakers, and statesmen as to remedies for the economic ills of society, indicate the confusion and bewilderment concerning this most important of all problems. It is quite true that movements and plans are sponsored by earnest men and women in the hope of solving the puzzling problem of poverty. Today labor leaders and governments are feverishly engaged in efforts to find a remedy. Both labor leaders and governments are seeking to improve the economic conditions of the working people. They are anxious that labor receive a larger share of the national income; that the fruits of their toil be more fairly shared; that their condition be improved.

Much confusion, however, prevails as to methods. The thought is common that, due to our highly mechanized and technical methods of production, there must be a high degree of governmental control of industry, especially in relation to wages, hours of work, prices, unfair trade practices, etc. In the very nature of things, such programs involve labor and industry in a mesh of rules and regulations, restrictions and bureaucratic control that are extremely irritating and well-nigh intolerable. Perhaps a measure of supervision of labor and working conditions under our modern intensive industrial methods may be helpful. But before relying upon legislative regulations, might

it not be the part of wisdom for labor and labor leaders to intelligently analyze the economic problem, in the hope of discovering a solution that would be free from the irritation and annoyance incident to Government regulation?

Tom L. Johnson, a noted industrialist and former Member of Congress from Cleveland, Ohio, in discussing the economic problems of his time, had occasion to say:

"The evils of which there is such loud complaint (unfair trade practices, hard times, etc.) are due to the restrictions created and the special privileges granted by law. And the true remedy will be found in removing the restrictions and in abolishing the special privileges."

The problem today is the same as in Johnson's day, and therefore there is much in his observation for labor leaders to think about. The prosperity of labor depends upon production. In turn production depends upon amiable relations between labor and capital, free and divorced from unwise restrictions and unjust burdens. Labor and capital must have a free field in which to function, and that implies that the first and primary factor in production—namely land—must be accessible to these two factors on terms of equity and justice.

This being a necessary condition of maximum production, is it not foolish to impose conditions that harass and impede the full and free activity of industry? Restrictions that interfere with the free and uninterrupted activities of labor and capital result in smaller output. Do not the demands of labor for regulation, in the face of these facts, simply confirm the truth of the simile herein related and reveal its stupidity comparable to that of the bull?

Labor's true destiny is freedom, and its leaders must be wise enough to direct its movements so as to remove whatever obstacles are in the way and to prevent further obstacles from being put in the way of labor's true destiny. Today labor and capital are in an unconscionable war, destroying each other's power and usefulness in a stupid attempt to improve their relative positions. This is the height of folly. There is no natural basis for strife between capital and labor. The efficiency of labor and capital to produce wealth is possible only by working together in the spirit of comradeship and cooperation. Any interference with the orderly relation that naturally hinders the productive process, reduces the output, and therefore diminishes the earnings of labor.

Labor produces its own wage fund. When this fact is borne in mind, it becomes clear that every reduction in earnings, in the final settlement of the account and the distribution of the products among the three factors in production, namely, land, labor, and capital, if (labor) must bear its share of the loss.

It is quite true that labor is illy paid and robbed of a large share of the fruits of its toil. But the capital employed in the productive process and used by labor is not the robber. On the contrary, capital, in common with labor, is filched by the same robber. Would it not be more to the point to hunt, run down, and destroy, if possible, the robber responsible for the injustice and wrong that labor suffers? It is only by doing this that labor can ever hope to enjoy the full fruits

of its toil and those natural and God-given rights for which humanity has struggled from time immemorial.

Who are the robbers? Obviously the restrictions created and the special privileges granted by law, as pointed out by Tom Johnson. They are the culprits. Until the craft of legal exploitation is destroyed, no matter how diligent labor may be in its efforts of organization, striking, picketing, and all the rest, it will continue to be despoiled and robbed.

By way of illustrating the truth of the foregoing and the assertion of Henry George that the great workshop which the Almighty Father gave to the children of men must be opened up to all on equal terms, please observe an interesting fact in American history. The founding fathers, presumably for good and sufficient reasons, located the seat of government of the infant Republic in a little village on the banks of the Potomac. At the time the District of Columbia was set apart as the seat of the Federal Government it was an unimproved tract of land, with few attractions, little value, and scarcely any inhabitants.

The selection of this tract of land as the seat of government of a growing and promising Nation, however, gave the 10 square miles of land in the District of Columbia unusual prominence and importance. Not only the eyes of the youthful Nation, but the eyes of the world, were directed toward the little plot of land on the Potomac, and from that early and inauspicious beginning to the present day it has been growing in wealth, beauty, population, importance, interest, and, most of all, as a profitable camping ground for land monopolists.

The increase in population and the city's magnificent development have been accompanied by a social phenomenon that labor leaders and statesmen cannot afford to overlook if they expect their efforts in behalf of labor reform and social justice to bear fruit. When it is recalled that those 10 square miles of land in the District of Columbia at the inception of the Government were practically valueless, and then note the difference in value of the same 10 square miles due solely to the labor and activities of the people and the services rendered by Government, one begins to get a glimpse of the social phenomenon responsible for the fabulous increase in the value of the 10 square miles of land in the District of Columbia and the relation of the labor problem to the land question.

What are the facts concerning the land and the labor question of the District of Columbia?

First. The District contains 10 square miles, or 64,000 acres.

Second. At the time of the organization of the Government the District was uninhabited and the land had little or no value.

Third. Today the District has a population of 600,000 and the 64,000 acres of land have a value of more than \$1,000,000,000, or substantially \$20,000 an acre.

Fourth. The land value of the District is a social value due to the presence and social activities of the people and services rendered by the Government.

Fifth. The profits annually arising from the land values in the District of Columbia are upward of \$50,000,000.

Sixth. The profits thus arising are appropriated by the landowners of the District and constitute a ransom exacted from every worker in the District.

Bearing these facts in mind, what, may we ask, are the moral implications of the problem and the effect upon the workers? Is it not clear that the land value and the profits arising therefrom are due to the presence and activities of the people and the services rendered by Government, and therefore, as was observed by Ramsay Macdonald, former Prime Minister of England, that—

"These profits, being ground rent, are a toll, not a payment for services. By it social values are transferred from social pools into private pockets, and it becomes the means of vast economic exploitation. Rent is obviously a common resource. Differences in fertility and value of site must be equalized by rent, but it ought to go to a common fund and be spent in the common interest."

The failure on the part of labor leaders and lawmakers to observe the phenomenon manifested in the increase of the value of land with the increase of population and the administration of orderly government is responsible for the slow and unsatisfactory progress of the labor movement. The aim of the labor leaders is to improve the condition of the working masses by increasing their purchasing power. This is a laudable ambition. We cannot have prosperity unless the buying power of the working people will be increased. But the mere increase of wages without protection from the exactions of monopoly will not increase their buying power.

Suppose that in the District of Columbia, by act of Congress, the wages and salaries of all Federal employees and public officials were increased 100 percent. Who would ultimately reap the benefits? Obviously the monopolists, of which the larger group is the landowner.

Now, suppose it were possible, by virtue of favorable labor legislation and every device of organized labor, that the wages of the workers throughout the Nation would likewise be increased 100 percent. Would labor enjoy the increase? Obviously not. The increased wages would be absorbed by the extra demands of the monopolists, and the last estate of labor would be no better than the first.

Is that not the fate of labor today? Increasing wages is always followed by increase in rent and other monopoly exactions. Labor leaders and well-meaning statesmen should not deceive themselves. As long as land monopoly and other major monopolies continue to thrive and flourish by the exercise of the exploiting power that is inherent in monopolies, labor will remain illy paid and poverty continue to stalk through the land.

Restriction and special privilege are the twin evils that strangle industry and oppress and rob labor. For relief and escape, why not hearken to the voice of Nature and Nature's God?

There are certain natural laws governing our national life. If we would govern our lives according to these laws, we would abolish poverty and secure prosperity and peace for all."

Thus wrote Filangieri more than 100 years ago in a treatise on *The Science of Legislation*.

All that labor and labor leaders need for the achievement of their ends is justice, and justice is the natural law. Let us bear in mind that natural law can be trusted, where attempts to order the world by human legislation are bound to go astray.

Labor has been exploited from the beginning of time. The primary and fundamental reason of the unhappy lot of labor is due to the fact that our economic system is saturated with legal privilege. Privilege is the mother of monopoly, and monopoly is the instrument by which the few exploit the many. As long as monopoly remains in private hands labor will be exploited in spite of the organization or unionization of labor, or governmental control of industry.

There are many monopolies, but the major ones may be listed as follows:

Land monopolies, public-utility monopolies, money and credit monopolies, and patent monopolies.

It is estimated that the tribute exacted by those who control these major monopolies amounts to more than one-third of the national income. Inasmuch as the struggle of labor leaders is to increase the buying power of those who toil, is it not clear that if the exactions of these monopolies were abolished the purchasing power of the laboring masses would be increased many billions of dollars annually?

The exploitation of the privileged few can be abolished by the simple process of shifting the incidence of taxation from the products of labor and industry to privilege. This is the simple, natural, and efficient way. It is eminently right and just. It meets every demand of good morals. It is in accord with sound economics. It is in harmony with the natural order. It would remove the regulatory irritations and vexations from labor and industry. It would free both labor and industry from the ever-increasing burden of unjust taxation. It would promote peace and concord between capital and labor. And for the first time in all history labor would enjoy its rightful place in the industrial world and receive its full rewards.

The grip of monopoly upon the economic life of the people is a deadly cancer. This deadly disease cannot be removed by the methods now generally employed and suggested either by labor leaders or governments. Its roots and tentacles are too deeply rooted in the very element upon which life, liberty, and the pursuit of happiness depends. That element is land. As Henry George pointed out in his Cooper Union speech almost 50 years ago, the land must be made free to all.

What is involved in the land question?

First. Land is the basis of all production. There can be no work, no human activity of any kind without access to land.

Second. Land is the factor in production that measures with scientific exactitude the share of production that belongs to society.

Third. To permit the share of production that properly and rightfully belongs to society to be appropriated by private individuals or corporations unbalances the natural economic equilibrium.

Fourth. The disturbance of the economic equilibrium is responsible for the concentration of the wealth in the hands of the few and the consequent unemployment and poverty.

Fifth. Land is the element in the productive process which, when free and accessible to all on equal terms, together with the abolition of all other monopolies in private hands, will regulate, naturally and normally, labor and industry, and establish social justice in the Nation.

This is the great truth that labor and labor leaders must recognize. The lot of the workers cannot be permanently improved as long as the iniquity of private monopolies and special privileges remain wherewith the favored few lay their heavy hands of toll and tribute upon labor. Unless the power of monopoly that holds in its grasp the economic life of the people is destroyed and the rights of the people to their natural God-given inheritance restored, there can be no permanent solution of the labor problem.

The struggle for social justice has been weary and bitter, and no doubt will continue so for many years to come. And therefore every right-feeling person is in sympathy with the present efforts of the labor leaders to improve, even if only temporarily, the condition of labor. But labor leaders must not be content with temporary advances. They must plan a long-range program—a program that will include the fundamental reforms herein suggested and bring about the abolition of legal privilege in private hands.

Such a program will encounter bitter and stubborn opposition on the part of the beneficiaries of privilege. But this fact makes it all the more important that labor leaders find their bearings. The working masses need, and have a right to expect, intelligent direction on the part of their leaders.

"Social reforms", said Henry George, "are not secured by noise and shouting, by complaints and denunciations, by the formation of parties or the making of revolutions, but by the awakening of thought, by the progress of ideas. Until there is correct thinking, there cannot be right action, and when there is correct thinking, right action will follow."

And so let it be repeated, that labor leaders must be sure of their ground. They must have wisdom and understanding.

"Wisdom is the principal thing; therefore get wisdom. And with all thy getting, get understanding."

With kindest personal regards, I am,

Very sincerely yours,

Charles R. Eckert

AGRICULTURE SUBSIDIES AND MONOPOLY

By

CHARLES R. ECKERT

In the House of Representatives December 21, 1937

Mr. Speaker, agriculture is in distress. Many farmers are crying for help. In desperation they are appealing to the Federal Government for relief. In that respect the farmers are keeping step with industry, commerce, finance; with wage workers and unemployed. Hardly a group, whether engaged in business or workers in industry, remains that is not casting eager eyes in the direction of the Federal Government, seeking aid and help. And so the farmers of America are not only keeping up with the custom and practice of the times, but in certain aspects have much to offer in justification. The American farmer has been in distress and suffering the pangs of unrequited toil for many decades. The millions of American citizens whose livelihood is dependent upon tilling the soil are being sorely tried. Their homes and their farms are constantly passing out of their hands, so that the roll of the tenant farmer is growing larger and larger with the years. In consequence there has been an acute American farm problem for more than 50 years.

During those years political parties vied with each other in fulsome platform promises. The declarations of the party platforms always turned out to be empty and elusive. Of course, the game of deception could not continue indefinitely, and so the time arrived when the farmers were no longer contented with empty mouthings and vain promises. The Democratic Party in 1932, by solemn declaration, assured the farmers of America that, if entrusted with power, action in their behalf would be taken. After assuming control of the Federal Government in 1933, the party immediately undertook to honor its plighted word, and steadfastly continued to translate its platform promises into law.

Contrary to common report that the farm legislation is emanating from certain self-seeking individuals high in the councils of the administration, whose sole aim is the establishment of a totalitarian state and the consequent loss of our cherished liberties, the farm program occupied a prominent place on the agenda of the special session of Congress in response to insistent appeals from the farmers themselves. The administration would be quite happy and the Congress relieved of a vexing and perplexing problem if farm legislation could be consigned to the limbo of forgotten things.

But there is no such good luck in store for the Congress and the President. The farmers are demanding legislation on the subject of agriculture. While the farmer has ample precedent for his present course, might it not be profitable to inquire as to the reasons why such economic distress?

There was a time in the life of the American Republic when the American farmer was the envy of the world. He occupied a place in the national economy that was everywhere recognized as the strength of the Federal Union. His station in life fostered and developed sterling manhood and true citizenship. He was sturdy and strong; vigorous and wholesome; independent and self-reliant. He represented the bold peasantry of which Goldsmith wrote:

Ill fares the land, to hastening ills a prey,
Where wealth accumulates, and men decay;
Princes and lords may flourish, or may fade;
A breath can make them, as a breath has made;
But a bold peasantry, their country's pride,
When once destroy'd, can never be supplied.

No longer does he occupy this high estate. In common with his fellow toilers in mill and mine and marts of trade, he is the victim of economic forces and conditions over which he has no control, and so day by day and year by year his place in the national economy is becoming more and more precarious.

Agriculture is our basic industry. It is the most essential of all human endeavor. All other activities are dependent upon the tilling of the soil. Food and clothing are primary necessities. Both are first-hand products of the soil. The place of agriculture in the national economy is vital to national well-being. No people can survive, let alone grow great, without healthy and profitable agriculture. And yet we find this industry, in spite of its importance in our national life, helpless and prostrate. Why?

A little journey to the field of elementary political economy might shed light on the perplexing and baffling problem. Political economy is the science of the production and distribution of wealth. As we stand puzzled and confused before this baffling problem, one thing at least is clear: The farmer—the dirt farmer—does not present any unemployment problem. He always has work to do. And this brings us to the very brink of the problem of production, for all productive effort involves work.

The farmer is a producer of wealth. The products of the farm are brought into existence by the application of labor to land. Wealth of every kind is created in the same way. There is no other method known to man by which wealth can be created. The farmer is the pioneer in the field of production. He is a living example of the process of bringing wealth into existence. In the cultivation of the crops of the field all the factors in production are employed. These in terms of political economy are:

LAND, LABOR, CAPITAL

Land is defined as "the natural universe outside of man and his products." The term "land" necessarily includes not merely the surface of the earth as distinguished from the water and the air but the whole material universe outside of man himself. The term "land" embraces, in short, all natural materials, forces, and opportunities.

Labor is defined as "all human exertion directed toward the production of wealth."

Capital is defined as "wealth used in the production of more wealth."

The result obtained from the application of labor with the aid of capital—tools—to land is wealth. Wealth therefore is "all material things produced by human labor having exchange value."

The process of production or the creation of wealth is quite simple. The farmer furnishes many striking examples. In his activities he runs the entire gamut of production. He is a first-hand user of land. The very nature of his labor impels him to contact the soil. He is a user of tools—capital. And so the farmer in action employs all the factors of production—to wit, land, labor, capital—more distinctly than many other producers of wealth. Let not this fact, however, obscure the simple truth, that in all production—no matter how intricate and complex—the three factors of production are employed.

Now, since the process of production has been analyzed, let us examine the problem of distribution. This is important. For it availeth the worker little unless the factors involved in production receive their just share of the product. In the unjust distribution of wealth there lurks the germ of economic and social disintegration. The farmer's troubles cannot be discerned, nor proper remedies proposed, without a clear understanding of the laws of distribution. The farmer's miseries are not due to his inability or unwillingness to produce. He, in conjunction with generous Nature, produces in abundance, but somehow and somewhere in the course of the processes of distribution of the things his labor brings into being there passes out of his possession a major portion without due recompense. It is this fact that is accountable for his troubles.

And so let us examine the laws of distribution. It has already been noted that the factors in production are land, labor, and capital. The sum total of all production is primarily divided among these three factors—the portion allotted to land as rent, the portion allowed to labor as wages, and the portion allotted to capital as interest.

It is clear, therefore, that the amount which the farmer will receive for his labor and capital will depend upon the amount the factor land is able to extract. If land is plentiful and cheap, rent will be low. On the other hand, if land is scarce and dear, land will be high. These phenomena are illustrated in the history of our own country, the former by the settlement of our western frontier and the latter during the World War, when the cry went up over the land that we would win the war with wheat. Homesteads and fairly sizeable farms could be had during the settlement of the West for the asking, and consequently the item of rent was absent. But after all free land was homesteaded or monopolized, then arose the item of rent, and henceforth it played a decisive part in the fortunes of the farmer. The experience of the farmers during the World War is a case in point. The prosperity of the farmer depends in large measure upon the terms for which land may be had.

By way of illustrating the laws of distribution, let us suppose that A is the owner of 100 acres of virgin wheatland, worth, in its virgin state, \$100 per acre. B, a farmer, rents the land from A for \$600 per year. B has no capital and so borrows from C, let us say, \$5,000 at 6 percent interest. With the capital thus borrowed B obtains the neces-

sary tools, seed, fertilizer to plant the 100 acres and erect such buildings as are necessary for the protection of himself and family. Thus equipped, B plants the 100 acres of land in wheat. In due course he harvests his crop and finds that his labor was rewarded with 2,500 bushels of wheat. He converts his wheat into cash by selling it at \$1 per bushel, so that the total income for his year's labor—assuming that the production of 2,500 bushels of wheat requires the labor of one man 300 days, involving 2,400 man-hours of human labor—is \$2,500. Now, the distribution of the \$2,500 would, by virtue of the operation of the laws of distribution, appear somewhat in this fashion:

Rent paid to A	\$600
Interest to C	300
Cost of seed	150
Cost of fertilizer	300
Cost of threshing	125
Cost of transportation	125
Taxes	100
Total	1,700

It will be observed that B has remaining for his year's labor \$800 as wages with which to support himself and family and amortize the \$5,000 debt within the lifetime of his farm equipment and buildings.

The figures in the illustration, of course, are arbitrary and are not intended to represent an exact picture of wheat husbandry. It does, however, show the operation of the natural laws of distribution. It must be noted that as one or the other factors employed in production exacts a larger or smaller portion of the total product, the others will rise or fall, thus affecting the amount that the farmer will receive as wages. If rent rises, interest and wages will fall; conversely, if rent falls, interest and wages will rise.

Inasmuch as the farmer is never out of employment and since all wealth is the creation of labor applied to land, and as the farmer produces a large portion of the wealth of the Nation, as evidenced by the sum total of all the agricultural products, and again inasmuch as the total production of the farmers represents the farmers' wages, less, of course, the amount paid for the use of capital as interest and the use of land as rent, does it not seem passing strange that his lot should be so hard and his income so low?

It is plain that his troubles are not due to lack of work nor of production. His labors are fully rewarded with the products of the field. Nature responds freely and generously to his toil. Then why his unhappy plight? Since it is not due to his indolence nor the niggardliness of Nature, the explanation must be sought elsewhere.

Since his wages are low and the total sum of the products of his labor are distributed to the three factors in production to wit, land labor, capital, it would seem that the demand of either land or capital, or both are responsible for the low income of the farmer. Capital, however, being the tools used in the productive process, is powerless to exact more than a fair share of the product. Capital is subject to the law of supply and demand. In periods of economic sluggish activity, interest is low; in periods of active activity, interest is normal. Therefore the trouble is not due to excessive interest. And since

wages are low and interest not excessive, it follows that the exactions of landholders are responsible for much of the farmer's troubles. That the major woes and worries of the farmers are due to the latter cause becomes clear upon critical analysis of the problem.

The social phenomenon of the increase of land values with advancing civilization must be taken into consideration when seeking the cause of the woes and worries of the farmer. This phenomenon is outstanding in every civilized country. It follows the wake of progress as unerringly as do the colors of the prism in the wake of the shining sun. It is a law of Nature as immutable and changeless as the law of gravity. The greatest and mightiest stand helpless and powerless to stop or impair its march with progress. Therefore the effects of this social phenomenon upon the fortunes of the farmers are of paramount importance in the consideration of the farm problem.

In periods of prosperity land values rise. During the hectic days of the World War, when the cry went out over the land that wheat would win the war and the price of wheat was soaring, wheat land and other lands likewise increased in value.

The rise in agricultural lands kept pace with the demand and price of wheat and other agricultural products. It was not uncommon during those hectic days to see agricultural land sell for as much as \$500 per acre. And as the selling price of agricultural land kept pace with the price of wheat and other farm products, the landowner was eagerly anticipating his full share of the high price of farm products. Just as farm prices increased, he demanded higher and higher rent for the use of his land. This is the universal practice of the landowner. It will continue to be his practice as long as he will be permitted to collect the profits arising from land values. This is true no matter whether the farmer happens to be landowner, laborer, and capitalist all in one or as tenant or mortgagor. The ultimate effect on the fortunes of the farming fraternity will be exactly the same. The result is exploitation of the farmer as a worker. In view of the fact that there is no escape from the relentless working of the law of rent, does not the fundamental cause of the farmer's troubles become clear? In view of this stubborn fact, surely prudence would dictate a change in our land policy.

The farmer is weighted down with excessive and burdensome taxes. He pays a tax on his capital investment; he is taxed on everything he buys; he finds himself a victim of a vicious tariff system; and in addition to the endless list of taxes, both direct and indirect, he is the victim of excessive freight rates on the things he ships to market and on the things he has to buy. But this is not all. He finds himself the victim of trusts and combines and patent monopolies in addition to the perpetual exactions of the landowner. What is the trouble with the farmer? He is the victim of monopoly exactions. And while he remains the victim of monopoly, no planning—whether it be crop control, soil conservation, subsidies, or whatnot—will permanently solve the farm problem. As long as the farmer remains the victim of the ruthless and relentless exactions of monopoly his woes and his worries will continue. Obviously the remedy for the farmer's troubles is to abolish the monopoly privileges now in private hands.

We are told farming is a way of life. Yes. But first of all it is the way of 20,000,000 American citizens by which they gain their livelihood. It is all very well to sound the praises of agriculture as a way that leads to noble virtues and high spiritual attainments. But before this noble enterprise can be touted in such strains the exploitation of which the farmer is now a victim must be abolished, to the end that his material wants may be gratified short of utter physical exhaustion and spiritual bankruptcy.

The farmer must be freed from the many monopolistic exactions from which he suffers. First and foremost of these is land monopoly. Land monopoly can be easily abolished by the simple device of collecting for public revenue the economic rent in lieu of the many burdensome and depression-breeding taxes that now rest not only upon the farmers alone but upon industry and business generally. Such a policy would clear the way for the repeal of all taxes upon production. And with production freed and released from present-day monopoly and tax exactions industry would receive a mighty impetus. Production in all lines would expand, and with the expansion of industry there would arise an effective demand for labor. Consequently wages would increase, employment would be steady, and the purchasing power of factory workers would rise. With the purchasing power of the wage earners increased, trade and commerce would experience new life and vigor and, in turn, the demand for the products of the farmer would increase.

It is contended by students of the farm problem that if the American people had adequate steady buying power the farm problem would be solved. And in support of this contention they cite the statement of the Department of Agriculture to the effect that if the American people were possessed of adequate purchasing power there would be a market for 40 percent more poultry, 40 percent more dairy cattle, 100 percent more acreage devoted to fruit, almost twice as much devoted to truck crops, 50,000,000 more acres of harvested food crops, and 40,000,000 more acres of feed grains.

This is not an idle dream. Everyone knows that there are millions of American families who are deprived of proper living conditions due to their low purchasing power. With this condition corrected by means of a proper and just system of distribution, the farmer's problem would be solved. Then there would be no need for aid or assistance at the hands of the Government other than such help and counsel as are now available through the Agriculture Department, State experiment stations, and local farm agents. In addition, the farmer can improve his economic status by the establishment of voluntary devices such as cooperative associations, better farm management, and modern business methods, and availing himself of the advantages that science and invention have given to the world.

But first of all he must be freed from the many monopolistic exactions and unjust tax burdens from which he now suffers.

PRIVILEGE, POVERTY, AND LIBERALISM

By

CHARLES R. ECKERT

In the House of Representatives May 5, 1938

Mr. Speaker, the New Deal epitomizes the liberal movement in America. The groundwork was prepared by thousands of earnest and sincere friends of the cause of social justice throughout the years. Until 1933 it was without form, but under the dynamic leadership of President Roosevelt the movement began to take definite form. It was then that privilege and its emissaries began to appreciate for the first time the formidable aspects of the movement.

The immediate task of the New Deal was to arrest the ravages of the most disturbing, devastating, and pernicious depression in the Nation's history. All was well while this phase of the New Deal was being developed. The brilliant leadership of the President caught the imagination of the country and the stimulating influences that followed in the wake of the march of the New Deal was acclaimed with shouts of approval by friends and foes alike. If finis could have been written to the end of this chapter, the glory of the New Deal would have gone down in history undimmed and with flying colors. And a less courageous leader than President Roosevelt might have considered the thought and let the world go hang.

But not so with the President. There was a great task ahead. To stop the ravages of the depression was only a part of the job. The social structure needs to be reformed in order that economic liberty and permanent prosperity may be established. Besides, this was the promise of the Democratic Party in 1932, at whose hands Franklin D. Roosevelt received the nomination for the Presidency. The Democratic Party solemnly declared that the best efforts of the party and the nominees would be put forth to reform the economic system in the spirit of the doctrine "Equal rights to all, special privileges to none," for the purpose of establishing economic liberty.

Encouraged by the enthusiastic reception the work of the extraordinary session of the Seventy-third Congress received by the Nation, President Roosevelt proceeded undaunted and unabashed toward the development of the New Deal, with an eye single to permanent recovery. This, in the nature of things, brought the President and his party into head-on collision with the powerful and mighty in monopolized business and finance, and henceforth the war was on. At the beginning, resentment was only smoldering, but as the New Deal marched on to new attacks against the evils and iniquities of privilege, the more ferocious and fiery became the emissaries of privilege, so that now the war is raging fast and furious all along the battle front.

Liberalism dare not blink this fact. Liberalism is approaching not only the bitterest struggle but the most vital in its history, and

therefore it behooves the liberals to take stock, commune together, examine the New Deal, locate its weaknesses, remove what is unsound and reinforce with what is sound.

First of all, the fact must be recognized that liberalism is not a fixed and definite quality. The structure of liberalism is in the making. It is a never-ending process and its steady growth and strength depend upon the accuracy with which the underlying principles of true democracy and free society will be respected in its development. If false and spurious creeds and faiths creep into the philosophy of liberalism, its vitality will be weakened and in due course bring disaster to the cause. A New Deal half false and half true cannot stand. It must be made true—true in the sense that the natural laws governing human society must be religiously obeyed.

Albert J. Nock, in a recent issue of the Atlantic Monthly, calls attention to the great truth that natural law operates in the realm of economics as inexorably as in the realm of physics. This fact as yet is not accepted wholly by the liberal forces, but the time has come when it must be accepted if the Nation is to escape the pitfalls that befell the nations of antiquity because of their obstinacy and stupidity. The New Deal will be able to withstand the attacks of its foes only if the liberal forces will place themselves on sure and solid ground.

Much that has been done in the name of the New Deal is fine. Its program of relief has much to recommend it. Its reforms in behalf of human welfare, as embodied in the social-security program with its old-age benefits, unemployment insurance, mothers' aid, youth assistance, and so forth, is not only of inestimable value but adds that spirit of humanity that is so essential in the struggle for human right and economic justice. Of course, the relief program must, as time goes on and as rapidly as conditions permit, be reformed and improved so that the benefits of old-age pensions and the rest will be shared and enjoyed by all the people in such degree and in such fashion as will give a full measure of comfort and satisfaction.

But the true strength of the New Deal lies in its moral and economic soundness; therefore every measure incorporated and made a part of the New Deal must withstand the acid test of good morals and sound economics. The forces of liberalism will do well to accept the counsel of Woodrow Wilson, to make sure of their ground, and besides making sure of their ground, it is also important that liberals exercise a high degree of patience. The liberal movement, as stated before, is not a static thing, but a faith, a belief, a religion as it were, that is as endless as time itself. Therefore the end sought is not the vital thing, but the sure knowledge and faith that the liberal movement is on the right road and going in the right direction. To this purpose liberals are enjoined to consider with prayerful meditation Henry George's observation as to the source and growth of true social reforms. He said:

"Social reforms are not secured by noise and shouting, by complaints and denunciations, by the formation of parties, or the making of revolutions, but by the awakening of thought, by the progress of

ideas. Until there is correct thinking there cannot be right action, and when there is correct thought right action will follow."

Under leave to extend my remarks there is included the following letter addressed to the Honorable Harold L. Ickes, Secretary of the Interior:

April 27, 1938.

Hon. Harold L. Ickes,

Department of the Interior, Washington, D. S.

My Dear Mr. Ickes: I was very much interested in your free and frank discussion of the trend of politics Tuesday evening, April 19, before a group of House Members. I share your deep concern over the fate of the liberal movement in America. Is it to be eclipsed by the forces of reaction? Wise action and intelligent leadership are needed in the immediate future. Woodrow Wilson is authority for the statement that—

"All that America needs is a new and sincere thought in politics, distinctly, coherently, and boldly uttered, by men who are sure of their ground."

This is a bit of counsel that the liberal forces of America might contemplate with profit. They must make sure and certain of their ground. The great danger to the liberal movement lies in the lack of understanding. It is not enough that liberals shout liberalism, for liberalism is a many-sided thing. There are liberals and liberals, but the liberals that fit into the American scheme of things must chart a course and propose a program that will conform to the fundamental principles of true democracy and free society.

Quoting Woodrow Wilson again, as to the reason why America was set up, he said:

"The reason that America was set up was that she might be different from all the nations of the world is this: That the strong could not put the weak to the wall; that the strong could not prevent the weak from entering the race. America stands for opportunity. America stands for a free field and no favors."

And the Democratic Party, in its declaration of principles in 1932, declared:

"In conclusion, to accomplish these purposes and to recover economic liberty, we pledge the nominees of this convention the best efforts of a great party whose founder announced the doctrine which guides us now in the hour of our country's need. 'Equal rights to all, special privileges to none'."

Here, in concise and popular phrase, is set forth the reason for America's birth and the foundation upon which her institutions rest. The genesis of America and the reason of her being are guideposts by which the course of the liberal movement must be charted. Liberals cannot afford to be swayed or diverted from the path outlined by the fundamental principles of true democracy.

After the adjournment of the extraordinary session of the Seventy-third Congress, I addressed a letter to President Roosevelt,

felicitating him on his superb leadership, and incidentally commented as follows:

"Much of the legislation enacted by the Seventy-third Congress does not square with the democratic philosophy of government. Some of the most important and far-reaching legislation enacted is in direct conflict with the fundamental principles of true democracy. But this, we have a right to believe, was done because of the present condition of the body politic. The body politic is sick, desperately sick, and as with the human body, when strength is impaired by reason of illness, the freedom of the patient is restricted for a time so as to allow Nature to work a recovery.

"It is in this sense that the restrictions imposed on the social and industrial order are justified. The task before the administration when it entered upon its duties March 4, 1933, was to avoid utter and complete disaster, and therefore every known means to avoid the impending cataclysm had to be employed. To meet the emergency, Congress and the administration can justify their course, and Democrats can consistently give it wholehearted approval and support.

"But merely to avoid disaster is not enough. We must build for permanent recovery. This is a big task and will require vision, courage, faith, and intelligence of a high order. It will lead over paths as yet untrod. But they must be traversed. To halt and hesitate and doubt spells ruin. Neither the Democratic Party nor the administration can afford to fail. The consequence would be too frightful to contemplate."

On July 2, 1935, in my remarks in the House, I said:

"The New Deal, in its deeper meaning, is a long-range program. It is designed to serve a dual purpose: First, temporary recovery; and second, permanent social justice. Much has been done in the name of the New Deal for temporary recovery. Some steps have been taken looking toward permanent recovery and others are in contemplation. That every measure proposed either for temporary relief or permanent recovery is sound is not to be expected. No one pretends that the New Deal is perfect. Attempts will be made to achieve its purpose that will seem awkward, futile, and illogical. It no doubt contains features that are undemocratic. These, by trial and error, can be discovered and eliminated, and only those in harmony with sound economics and genuine democracy retained. This is the task ahead for the New Deal."

In the letter to President Roosevelt I further said:

"In your speech, *The Philosophy of Government*, delivered before the Commonwealth Club, San Francisco, September 23, 1932, you stated 'Government includes the art of formulating a policy and using the political technique to attain so much of that policy as will receive general support; persuading, leading, sacrificing, teaching always, because the greatest duty of a statesman is to educate.'

"But in teaching, persuading, leading, we must be sure of our ground. There is in social affairs a natural order, and it is the duty of the statesman to discover and follow it. Not to discern clearly and distinctly the natural order is fraught with danger, for as has been

truly said, 'If the blind lead the blind, both will fall into the ditch.' When the natural order is clearly perceived, the task of steering the Ship of State is as sure and certain and definite as the control of an ocean greyhound under the guiding hand of a skilled and trained navigator.

"The program set up by the administration in the present crisis may be likened to the work of a certain railroad company that recently erected a bridge across the Ohio River at Steubenville, Ohio. The new bridge was built on the foundations of the old, and during the entire period of the construction of the new bridge not a single train was delayed, nor traffic interrupted in any way. The old bridge and the new in the course of construction were so flanked with temporary trestles that both the old and the new construction lost their semblance as bridges. But after the temporary trestles and the old bridge were removed, the structure was there in all its beauty, grandeur, and strength.

"And so let us hope that the work of the administration thus far is but a temporary device set up for use while the permanent structure of social justice is being fashioned and molded and constructed in harmony with the great order of things.

"There is in human affairs one order which is the best. That order is not always the order which exists, but it is the order which should exist for the greatest good of humanity. God knows it and wills it. Man's duty is to discover and establish it."

"The New Deal, in its deeper aspect, is designed to end the exploitation of the many by the few; to permanently weed out and eliminate the parasites and overprivileged; to forever silence the threnody of unrequited toil; to bring equal opportunity and economic freedom to all; and to make America in fact what it is in name, a land of 'equal rights to all, special privileges to none'."

If the liberal movement is to fulfill its mission and bring to pass that measure of freedom, opportunity, and prosperity to the people of America that is due them, the New Deal in its deeper aspect must be amplified, developed, and perfected. It is not enough to provide relief to the unemployed and ease the pain and anguish of the victims of a disordered economic system. The system must be reformed and readjusted to fit present economic conditions and assure to the people the rights and opportunities for which America was set up.

The life of the liberal movement in America depends upon how well this task will be performed, and to this end a necessary first step is the recognition of the eternal principles underlying social justice and free society. Just as the New Deal, in its unfoldment, keeps step with these principles, to that extent and to that degree will it be successful. To the extent that it fails, there will be failure.

The liberal forces of America may well heed the doctrine announced by the founder of a great political party, "Equal rights to all, special privileges to none."

Privilege, the mother of monopoly, is the major evil in our economic system, and, therefore, the liberal forces must make sure that none enjoy favors, for so long as privileges or favors are enjoyed by

some there cannot be social justice or permanent prosperity. It is privilege that enables the few to ride on the backs of the many. Thomas Jefferson said:

"The mass of mankind has not been born with saddles on its backs, nor a favored few booted and spurred to ride them by the grace of God."

There are those, however, who, by legal legerdemain, are booted and spurred, that are riding the mass of mankind. But in every instance the boots and spurs are rooted in privilege. Destroy privilege and the riders will automatically be unhorsed. The problem confronting the liberal movement therefore is, How can the booted and spurred, those who enjoy special privileges, be unhorsed? They will not volunteer to dismount, for it still remains true, as Tolstoy said:

"The privileged are willing to do everything for the masses excepting the one thing needful; and that is, to get off their backs."

The magnitude of the evil and injustice that privilege exerts in human society may be appreciated, in part at least, when it is remembered that privilege exacts from labor and capital upward of one-third of their entire production; that is to say, if the national income is sixty billions annually, upward of twenty billions are appropriated by privilege. But this is not all. Labor and capital are also called upon to contribute, out of the remaining forty billions or less, approximately fifteen billions annually in the form of taxes for the support of local, State, and Federal Governments. Between the exactions of privilege, on the one hand, as tribute, and the exactions of Government, on the other, as taxes, labor and capital are ground, as it were, between the upper and the nether millstone of a maladjusted economy system, grinding labor into poverty and driving capital into despair.

In the face of such a condition, why should there be so much confusion and ignorance as to the major cause of poverty and unemployment?

The problem resolves itself into a matter of simple arithmetic. The whole is no larger than the sum of its parts, and the portion of the national income taken by privilege as tribute and by Government as taxes leaves less than one-half of the entire product to be divided between the workers and those who furnish the tools. Under such a scheme of things, how, may we ask, can there be prosperity? He who runs ought to be able to see why labor is illy paid and capital fearful to venture out of its hiding places.

Let it be stated over and over again, that privilege is the troublemaker—the root cause of our economic woes. Privilege neither toils nor spins, yet its beneficiaries fare sumptuously. Legal privilege may be defined as "an immunity or an exemption conferred by special grant in derogation of common right," or, in Blackstone's phrase, "A branch of the King's prerogative subsisting in the hands of the subject."

There are many types of legal privileges. The major ones, however, may be designated as follows:

The privileges enjoyed by public-utility corporations.

The privileges enjoyed by the banking fraternity.

The privileges enjoyed by the owners of the natural resources and valuable land sites.

The privileges enjoyed by the beneficiaries of the tariff and other taxing privileges.

The privileges enjoyed by the holders of patent rights.

The abolition of privilege in private hands is a major task confronting the liberal movement in America. How? What steps can be taken to achieve this end? Here is the crux of the problem. While the task may seem difficult and puzzling, yet it is not unsolvable. First of all, there must be an intelligent analysis of the various types of privilege, to the end that the source from which privilege draws its strength may be ascertained. Let us, for example, consider the public-utility problem.

A great cry is heard these days about a feud between public utilities and the Federal Government. Criticisms emanate from many sources to the effect that the Federal Government's attitude toward public utilities is an unwarranted interference with private business and a threat against private property. These criticisms are due to the fact that great confusion exists in the public mind as to the exact status of a public utility.

A public utility is a public enterprise. It is engaged in rendering public services, whether in the field of transportation, communication, or elsewhere, and performing a governmental function. The public character of a public utility is due to the fact that any agency engaged in public service is clothed with sovereignty—the power of the whole people functioning as a unit. Here is the source of the power that privilege exerts in the exploitation of the masses. The fact that those engaged in any public-utility service are enjoying the power of sovereignty must be kept clearly in mind, for it is this feature of the utility business that differentiates public utilities from private business.

The Government may very properly grant to natural or artificial persons the right to engage in the public-utility business. This has been done time and time again in the development of the various public utilities. But in all such cases, as has been well said by Jeremiah Black, eminent jurist and statesman:

"The proprietary right remains in the Government and held in trust for use of all the people."

This does not imply that there must be Government ownership or that the capital invested in public utilities may be confiscated. On the contrary, legitimate investments in public utilities and public-utility corporations are entitled to the same protection and security as investments in private enterprise. There is no room for debate on this point. The investments, however, must be legitimate and limited to the actual value of the property used in the conduct of the business.

President Roosevelt, in his book *Looking Forward*, points out clearly the privileged character of public utilities and the legal prin-

ciple applicable to their control and regulation by Government. President Roosevelt says:

"Let us go back to the beginning of the subject. What is a public utility? Let me take you back 300 years to King James of England. * * * It was in the days when the English were settling Jamestown that a public outcry arose in England by travelers who sought to cross the deeper streams by means of ferryboats. Obviously these ferries, which are needed to connect the highway on one side with the highway on the other, were limited to specific points. They were, therefore, monopolistic in their nature.

"These ferryboat operators, because of their privileged position, had the chance to charge whatever the traffic would bear, and bad service and high rates had the effect of forcing much trade and travel into long detours or to the danger of attempting to ford the streams. The greed and avarice of some of these ferryboat owners remained a public issue for many years until in the days of Lord Hale a statement of public policy was set forth by the great chief justice.

"The law lord said that the ferryman's business was quite different from other businesses, that the ferry business was, in fact, vested with a public character, that to charge excessive rates was to set up obstacles to public use, and that the rendering of good service was a necessary and public responsibility.

"Each ferry," said Lord Hale, "ought to be under a public regulation, to wit, that it give attendance at due time, a boat in due order, and take but reasonable toll."

"In those simple words Lord Hale laid down a standard which, in theory at least, has been the definition of common law with respect to the authority of government over public utilities from that day to this.

"With the advance of civilization, many other necessities of a monopolistic character have been added to the list of public utilities—such necessities as railroads, street railways, pipe lines, and the distribution of gas and electricity. This principle was accepted, firmly established, and became a basic part of our theory of government."

In this statement of President Roosevelt there is set forth the guidepost by which the liberal forces may chart their course with reference to the public-utility problem. If the policy outlined therein will be strictly observed by the liberal forces in the treatment of the public-utility problem, they will be on solid and impregnable ground.

Inasmuch as the privileged character of a public utility is well established in principle, it ought to be a simple matter to draw a line of demarcation between public business and private business, and this likewise is a task for the liberal forces, as it is vital to the success of the liberal movement that the activity of government be confined and limited to its legitimate function.

Let the fact be boldly and distinctly uttered that, if private enterprise enters the public-utility field, it is engaging in a public business and performing a government function, and, because of this fact, gov-

ernment not only has the right but it is in duty bound to regulate and control private utilities operated by natural or artificial persons and, if necessary, assume its normal and natural function by rendering utility services to the people directly. This becomes necessary for the reason that those in fields of endeavor where competition is impossible the people as a unit, through their government, must assume control of operation. Louis F. Post, in his *Ethics of Democracy*, truly says:

"Where monopoly is inevitable, the service which is subject to it must be assumed by the public to the end that in other vocations competition may be freed. Private monopoly in anything tends to destroy competition in all things."

Therefore it is the duty of the liberal forces to declare boldly and distinctly that government will not invade business that is competitive in character, for such business is not clothed with the power of sovereignty and therefore private business. All competitive enterprises may well be left to the natural law of competition for control and regulation. Much of the discord and misunderstanding between government and business today is due to the fact that public business and private business are subjects of control and regulation indiscriminately on the part of government without regard to their public or private character.

Failure to fix a line of demarcation between private business and public business has resulted in such confusion in the business world and brought upon private business such a multitude of regulations, restrictions, and taxes that it is extremely difficult for private business to function and survive.

One of the greatest services that the liberal movement could render to the people of America would be to set itself resolutely to the task of unshackling private business and removing the excessive tax load under which it is now staggering. In the effort to free private business from its present shackles and tax burdens it is necessary that the liberal movement consider with intelligence and understanding the land question and the part that it plays in our national economy. Philip Snowden, former British Chancellor of the Exchequer, said:

"There is no economic or social question that is not at bottom a land question. It is from the land that all human needs are supplied. The root cause of the world's economic distress is surely obvious to every man who has eyes to see and a brain to understand. So long as land is a monopoly and men are denied equal access to it to apply their labor to its uses, poverty and unemployment will exist."

Dr. John Dewey, in discussing our economic problem, said:

"One of our great national weaknesses is speculation. Only a few realize the extent to which speculation in land is the source of many troubles of the farmer, the part it has played in loading banks and insurance companies with frozen assets and compelling the closing of thousands of banks; nor how high rents, the unpayable mortgages, and the slums of the cities are connected with speculation in land values. All authorities on public works hold that the most fruitful

field for them is slum clearance and better housing. Yet only a few seem to realize that with our present situation this improvement will put a bonus in the pockets of landlords, and the land speculator will be the one to profit financially—for, after all, buildings are built on land."

In order that the evils of land monopoly as pointed out by Philip Snowden and Dr. Dewey may be abolished and private business unshackled and its tax burdens removed, it is important that the Government's fiscal policy be in accord with sound canons of taxation. Dr. Dewey, in reference to this phase of our economic problem, said:

"So with taxation. There are all sorts of tinkering going on, but the tinkers and patchers shut their eyes to the fact that the socially produced annual value of land—not of the improvements, but of ground-rent value—is many billion dollars, and that its appropriation by those who create it, the community, would at once relieve the tax burden and ultimately would solve the tax problem."

A sane and rational system of taxation would not only solve the tax problem but would open the way for the equitable distribution of the national income and eliminate the major portion of our economic ills.

It is obvious to those who have given the problem of unemployment and poverty serious thought that the products of industry are divided unjustly, resulting in an unbalanced economy, with little or no purchasing power in the hands of the masses. And so long as privilege, through its power of monopoly, exacts billions from the workers and those who furnish the tools—labor and capital—on the one hand, and government collects billions in the form of taxes on the other, there can be no solution of the problem of poverty and unemployment.

In order that the liberal forces of America may retain the ground gained and move on to greater and more substantial achievements they must attack courageously and unflinchingly, yet with intelligence and understanding, the problem of the equitable distribution of wealth, and the first and major task in the consideration of this problem is the abolition of privilege in private hands.

One might continue to discuss further the problem of privilege and monopoly, but enough has been said to show not only the magnitude of the task but the course that must be pursued if the future of America shall be directed by the liberal forces.

Appreciating keenly the high character of your public service, and with kindest personal regards, I remain,

Yours very sincerely,

Charles R. Eckert

THE ROOSEVELT RECESSION AND THE HOOVER DEPRESSION

By

CHARLES R. ECKERT

In the House of Representatives Monday, June 6, 1938

Mr. Speaker, in popular thought, business depressions are as natural as the tides. They come and go—no one seems to know from whence nor how nor why. Like erratic meteors of the sky, they are regarded by many as a passing phase of nature over which man has no control. And so it seems that nothing can be done except assuage the suffering that follows in their wake. To meet this problem, all manner of measures are proposed to remove the sting of these inexplicable and immutable dispensations.

Business depressions play a large part in politics and government. When a major depression hits the country, there is a tendency to blame the party in power for the calamity and the President in the White House becomes a target of abuse. Thus in the memory of many now living, there settled upon the Nation the depression of 1894. Grover Cleveland was President of the United States. He was a Democrat, and according to the logic of those yearning for the control of government for selfish ends, Cleveland and the Democratic Party were responsible for the 1894 depression. They said it was a child of the Democratic Party. With this cry, the reactionary forces won elections year after year until 1932. By that time the slogan was exploded. Its magic force was gone.

For in 1929 when every rule of big business was in full operation—easy money, unimpaired credit, unbounded confidence, and a balanced Budget—the economic structure collapsed, and there came upon the country the Hoover depression, the most severe, devastating, stubborn, and pernicious in the Nation's history. The formula for good times failed. The depression came in spite of easy money, unimpaired credit, unbounded confidence, and a balanced Budget. If the conditions preceding the collapse of 1929 could, as if by magic be brought into play immediately, genuine prosperity would not be ours, for the reason that the root cause of hard times, depressions, unemployment, and poverty is a chronic defect in the very structure of our economic system. And until this defect is removed and corrected, hard times and depressions are as inevitable as the flow and ebb of the sea.

In the interest of fairness, the depression that came into being in such shocking reality in 1929 was not a Hoover depression. Depressions do not come and go at the whim and caprice of Presidents and the fortunes of political parties. But as the 1929 depression was not a Hoover depression, so the hard times that settled upon the country in 1894 was not a Cleveland depression. Henry George, one of the

foremost social philosophers of all time, in an article published in 1894, said:

To ascertain the cause of failure or abnormal action in that complex machine, the human body, the first effort of the surgeon is to locate the difficulty. So the first step toward determining the causes of business depression is to see what business depression really is.

By business depression we mean a lessening in rapidity and volume of the exchanges by which, in our highly specialized industrial system, commodities pass into the hands of consumers. This lessening of exchanges, which from the side of the merchant or manufacturer we call business depression, is evidently not due to any scarcity of the things that merchants or manufacturers have to exchange. From that point of view there seems, indeed, a plethora of such things. Nor is it due to any lessening in the desire of consumers for them. On the contrary, seasons of business depression are seasons of bitter want on the part of large numbers—of want so intense and general that charity is called on to prevent actual starvation from need of things that manufacturers and merchants have to sell.

It may seem, in first view, as if this lessening of exchanges came from some impediment in the machinery of exchange. Since tariffs have for their object the checking of certain exchanges, there is a superficial plausibility in looking to them for the cause. While, as money is the common measure of value and a common medium of exchange, in terms of which most exchanges are made, it is, perhaps, even more plausible to look to monetary regulations. But however important any tariff question or any money question may be, neither has sufficient importance to account for the phenomena. * * *

Seasons of business depression come and go without change in tariffs and monetary regulations and exist in different countries under widely varying tariffs and monetary systems. The real cause must lie deeper. * * *

Every businessman sees that business depression comes from lack of purchasing power on the part of would-be consumers, or, as our colloquial phrase is, from their lack of money. But money is only an intermediary performing in exchanges the same office that poker chips do in a game. In the last analysis it is a labor certificate. * * * Thus what they really pay for commodities with is labor. It is not merely true in the sense he meant it, that, as Adam Smith says, "Labor was the first price, the original purchase money that was paid for all things." It is the final price that is paid for all things.

The lessening of "effective demand," which is the proximate cause of business depressions, means, therefore, a lessening of the ability to convert labor into exchangeable forms—means what we call scarcity of unemployment. * * *

What is employment? It is the expenditure of exertion in the production of commodities or satisfactions. It is what, in a phrase having clearer connotations, we term "work." * * * I employ a man to black my boots. He expends his labor to give me the satisfaction of polished boots. What is the 5 cents I give him in return? It is a counter or chip through which he may obtain at will the expenditure of labor to that equivalent in any of various forms—food, shelter, newspapers, a streetcar ride, and so on. * * *

Now, employment or work is the expenditure of labor in the production of commodities or satisfactions. But on what? Manifestly on land, for land is to man the whole physical universe. Take any country as a whole or the world as a whole. On what and from what does its whole population live? Despite our millions and our complex civilization, our extensions of exchanges, and our inventions of machines—are we not all living as the first man did and the last man must, by the application of labor to land? Try a mental experiment: Picture, in imagination, the farmer at the plow, the miner in the ore vein, the railroad train on its rushing way, the steamer crossing the ocean, the great factory with its whirling wheels and thousand operatives, builders erecting a house, linemen stringing a telegraph wire, a salesman selling books, a book-keeper casting up accounts, a bootblack polishing the boots of a customer. Make any such picture in imagination and then by mental exclusion withdraw from it, item by item, all that belongs to land. What will be left?

Land is the source of all employment, the natural element indispensable to all work. Land and labor—these are the two primary factors that by their union produce all wealth and bring about all material satisfactions. Given labor—that is to say, the ability to work and the willingness to work—and there never has and never can be any scarcity of employment so long as labor can obtain access to land. Were Adam and Eve bothered by "scarcity of employment"? Did the first settlers in this country or the men who afterward settled those parts of the country where land was still easily had know anything of it? That the monopoly of land—the exclusion of labor from land by the high price demanded for it—is the cause of scarcity of employment and business depressions is as clear as the sun at noonday. * * *

Idle acres mean idle hands, and idle hands mean a lessening of purchasing power on the part of the great body of consumers that must bring depression to all business. Every great period of land speculation that has taken place in our history has been followed by a period of business depression, and it always must be so. * * * The upas of our civilization is our treatment of land. It is that which is converting even the march of invention into a blight.

Henry George here traces the primary cause of business depressions to its very roots. It is clear that neither Presidents nor political parties are responsible for business depressions excepting to the extent that they fail to remove the causes. While it is unfair to place the responsibility of the 1929 collapse upon President Hoover, it is equally unfair to place upon President Roosevelt the responsibility of the present recession. The so-called Hoover depression is still on. It has not yet run its course. This is quite clear when we view depressions in retrospect. The present recession is simply a relapse of the 1929 collapse, due to the fact that the underlying causes of the so-called Hoover depression have not yet been removed or corrected. That task still lies ahead.

It may be asked, What about the New Deal? Is not the New Deal intended to abolish poverty and unemployment and open the way for a more abundant life for the great mass of American citizens? Exactly. If the New Deal contemplates fundamental reforms and removes the root causes of business depressions, prosperity, and the more abundant life will be the lot of all.

It will be said, of course, that the New Deal has failed. It has failed only in the sense that the fundamental causes of business depressions have not yet been corrected and no discerning person expects that to be accomplished in 5 short years. That will require decades rather than months and years for it is a long, weary, and arduous task.

There is nothing strange about the present business recession. It is in keeping with the experiences of the past. Instability is of the very nature of the present economic order. Disorders of the body politic are not unlike the disorders of the human body. In the case of human illness, a relapse frequently occurs. That is not necessarily fatal. In many instances it is an indication of the need for different and more drastic treatment for permanent recovery. The same is true of the body politic. Those responsible for the treatment and cure of the social organism when indisposed must exercise the same skill and judgment that the wise physician displays. Frequently the patient, after weeks and months of steady progress on the road to recovery, takes a turn for the worse, and it is at such moments that the real skill and genius of the healing art are subjected to the acid test.

Such moments come to the statesman. It is then that his mettle is tested, his skill tried, his understanding brought to account.

Let it be repeated, the present recession is simply an incident to the so-called Hoover depression. But in spite of the fact that the recession is but a passing event of the economic disaster of 1929, there will be no end to the cry of "Roosevelt depression" on the part of the emissaries of reaction and the horde of hungry office seekers, in the hope that the New Deal may be liquidated and the way cleared for a return to the good old days of Government of, by, and for the privileged few.

Short is the memory of man. So the friends of progress and reform must keep in mind the facts in connection with the present recession and the benefits of the New Deal. While the problem of unemployment has not been solved yet, is anyone so bold as to say that the many salutary and helpful acts of the Government during the last 5 years have been useless and in vain? Those who seek to stir the prejudices of the people and pit them against the administration would not dare remind the country that the financial aid given to banks, railroads, insurance companies, building and loan associations, farmers, manufacturers, home owners, and others, and the help given to millions of destitute Americans through agencies such as the W.P.A., the P.W.A., the C.C.C., the National Youth Administration, the Federal Housing Administration, and many other governmental agencies saved the Nation from unspeakable disaster. To appraise the value of the Government's activities during the dark days of 1933 is beyond human computation.

Suffice it to say that a program less comprehensive and less effective might have resulted in consequences too dire to contemplate. During the early days of the Roosevelt administration, conditions throughout the land were so charged with revolutionary dynamite that the task confronting Roosevelt and the Democratic Party, in 1933 was so herculean and disturbing that it stirs one to admiration and surprise. There was a great job before the administration. It was approached with courage and true patriotism. Let no one be deceived by the cry of "Roosevelt depression," but rather be moved to greater concern about the future needs essential for a lasting and permanent recovery.

The New Deal must be reinforced with measures that will remove the basic and ancient wrongs responsible for the ever-recurring depressions. Mere palliatives will not suffice. That is amply proven by the present recession. Steps must be taken to correct the glaring inequalities and injustices that exist in the present economic system. Assistance to the unfortunate and help for the needy are very necessary in times of stress and strain. But commendable as such efforts are and admirable as they may be in the sight of the Lord, yet governments, both Federal and State, have not fulfilled their true function so long as one able-bodied person in all the land is denied the opportunity to work.

And this is not to be interpreted as saying that it is the duty of anyone, be he industrialist, merchant, farmer, or what not, to provide

work for the unemployed nor is it primarily the function of governments to furnish work for the unemployed. This becomes a duty and a necessity on the part of governments only when they fail so to adjust the economic structure as to keep open and accessible at all times and under all circumstances the opportunities that Nature and Nature's God have given to the children of men. Herein lies the great sin of omission on the part of governments and, of course, so long as governments persist in their sinful ways, providing relief and employment properly and necessarily becomes the duty of government.

The aim, however, must ever remain as the first duty of government to accord to everyone an equal right in the bounty of Nature. The New Deal, if it is to meet the hopes and expectations of its many ardent supporters and friends, must supplement its splendid work of relief and its many other useful and splendid achievements by reforming the economic structure so that the least as well as the greatest will enjoy an equal share in the natural resources. Short of this, the New Deal is due to fail in its ultimate objectives. For, after all, men want freedom and independence and the opportunity to earn their own livelihood and live their lives in their own way. True, sturdy, stalwart men abhor the thought of being wards of governments. They seek right and justice, and with right and justice, free men will take care of themselves.

In order that the yearnings of the average American may be realized the New Deal must be reformed by removing the ancient wrongs and inequalities that lurk in the system. Unless this is done depressions will continue to curse the Nation.



SALES TAXES

By

CHARLES R. ECKERT

In the House of Representatives Wednesday, June 15, 1938

Mr. Speaker, under leave to extend my remarks in the Record, I include an article on the much mooted subject of tax sales, sponsored by the Tax Relief Association of California. The article is timely, in view of the fact that taxes are constantly mounting and new sources of public revenues sought by tax-levying and tax-spending bodies. The sales tax has such a subtle appeal that those who seek ways to pick the pockets of the poor never cease urging it as a quick and easy method to provide public revenues. The following article is worthy of careful perusal:

In California, as well as in other States, there are sales taxes, the general rate in California being 3 percent. To this tax the only exception affects food-stuffs sold in grocery stores, restaurant foods paying the tax.

It is our desire to sum up in a few words the arguments in favor of or against the imposition of a sales tax. The arguments in favor of it we shall arrange by stating the proposition and giving the answer.

ARGUMENTS IN FAVOR OF THE SALES TAX

It is equal because rich and poor pay like sums.

Answer: Only superficially has this argument any foundation. The rich pay their taxes out of the superfluous income and without depriving themselves of the use of a single necessity. The poor paying the tax deprive themselves in the course of a year of the purchase of many articles of ordinary comfort and necessity. The money they pay may prevent them from purchasing needed clothing or furniture or books or other articles. In no direct sense, therefore, is the sales tax equal because of taxing on the same 3 percent basis.

The sales tax means little in many individual instances.

Answer: The statement is only correct as to those who have an income beyond the personal necessities. All estimates show that the average sales tax paid by the poorest stratum of society amounts to about \$8 per year. In these instances the sum so paid will be anywhere from 1 day to 1 week of hard labor for which the laborer receives no compensation from the State. This is true even in tens of thousands of instances and it cannot be argued in truth that the sales tax means little in individual cases.

Everybody should contribute to the support of the Government and the sales tax is the appropriate method of enforcing contributions.

Answer: Everybody does today contribute to the support of the country. Aside from the numberless taxes entering into the production of the simplest article (in the case of bread it is estimated to amount to no less than 50 percent) one pays his contribution to the support of the Government when he pays as he does, his rent.

The sales tax is the only way to make visitors pay towards the support of the government which they enjoy.

Answer: Like all others in any given State, the visitor, during the stay, pays for the support of the government in the rent as well as in the case of individuals in the indirect taxes on whatever they consume.

The sales tax relieves real estate.

Answer: The question arises what one means by real estate as well as with what should be relieved. If by real estate we mean land values, then they

should not be relieved from taxation on any pretext. They are the product of the society which is gathered together under the State, and being such common product may be taken for public use as extensively as the State may see fit. If we include improvements under the heading of real estate, that should be exempted from taxation because all taxes upon them interfere with the production of useful articles, and this would keep men out of work. The argument, however, in favor of relief of real estate is made by people who want land values not to be taxed and vigorously resist every attempt to exempt improvements.

The sales tax supports the public schools.

Answer: This statement is absolutely without foundation. The sales tax contributes largely to the general fund which supports the public schools. To the schools it can make no difference if the general fund is obtained from the sales tax or from a general tax upon land values, which is what would happen if we were free of the sales tax. Any attempt to say the sales tax is essential to the support of the schools is unsustainable and in this connection we refer to the report made by Dr. Elmer H. Staffebach, in August, 1933. After protesting very vigorously against the sales tax and charging that its institution came from the "vested interests," he says, "Now we find ourselves in this year of our Lord 1933 reverting to a policy which was in force 150 years ago and which required a revolution to overthrow—a tax system which taxes the people who can least afford to pay and they can do least to avoid it."

The sales tax costs little to collect.

Answer: At the present time in California about \$2,000,000 is expended to collect a sales tax yielding around eighty to ninety million. If, instead of a sales tax, a tax were imposed on land values and collected by the county tax collector with the other taxes, the cost of collection would be a trifle. For the luxury of collecting a sales tax, the State pays today, therefore, without adequate return, \$2,000,000 per annum.

The poorer element of society, having the largest number of children, should pay a sales tax as a proper return for the benefits conferred upon them by the schools.

Answer: This argument loses sight entirely of the purpose for which schools were created. The fundamental idea is to build up citizens useful to the whole community and is not primarily based upon the benefit to the individual. The soundness of this contention is illustrated by the result; where the best education is furnished to the child, there the land values reflect the worth of the citizen. In a broad sense we see it in the different States of the Union. Where education is neglected, land values are low; where education is perfected, land values are high.

ARGUMENTS AGAINST THE SALES TAX

While these arguments are many, we shall refer to a few of them, reverting at times to some of those we have already stated.

The sales tax compels the poorer strata to work for the Government from 1 day to 1 week per annum for which no compensation is paid.

The sales tax makes a crime of the innocent act of buying or, if not a crime, a hindrance. The purchaser should not be compelled to pay for the privilege of purchasing, an act innocent in itself and beneficial to everybody. When we expose individuals to such a tax we are infringing upon a natural, fundamental, and elemental right.

The sales tax imposes upon the merchant. It requires him to keep unnecessary books and to be subject to annoying and vexing visitations from tax officers.

The sales tax diminishes sales and products. When a man deducts a sales tax he finds himself less able to buy; the merchant sells less; the manufacturer produces less; the laborer has less work to do or is deprived of employment entirely. There can be no doubt that it puts thousands of people out of work in California.

The sales tax operates unequally as between the poor and the rich. We have discussed this in our answer to the argument in favor of the sales tax.

The sales tax is contrary to enlightened economic opinion. This opinion is well illustrated by the report of the special Committee on Tax Policy to Adjust Economic Recovery and Permanent Prosperity. The committee includes a number of the most distinguished economists in the country. Among the recommendations is the following: "Personal property taxes, which are administratively unsatisfactory, and general sales and poll taxes, which are regressive in nature and therefore constitute an unfair burden on the poorer classes, should be abolished as speedily as possible."

In the further discussion of the subject they say, "General sales or poll taxes bear no relation to ability to pay but are instead extremely regressive in character and cannot be justified on the ground of equity. General sales taxes are, moreover, repressive in their effect upon business, as they tend to diminish buying and to drive business across State lines. They fall with unequal effect upon different business enterprises."

CONCLUSION

In view of the foregoing, it is submitted that the California sales tax should be abolished as speedily as may be. This in the interest of the vast majority of our citizens.

TAX RELIEF ASSOCIATION OF CALIFORNIA,
NOAH D. ALPER,
General Executive Secretary



BUSINESS, GOVERNMENT, AND POLITICS

By

CHARLES R. ECKERT

In the House of Representatives June 16, 1938

Mr. Speaker, it is related that our ancient ancestor, Adam, on account of some untoward behavior in the Garden of Eden, was put under a ban by the Creator, conditioned that during the rest of his days he should eat bread in the sweat of his face. This ban, with the same condition, was placed on his progeny; so here we are, bound to work if we want to eat. And inasmuch as life is sweet and the urge to live strong, people will work rather than starve. In this fact is the origin of business.

The major portion of the activities of every generation of men, from the days of Adam to the present time, is devoted to the production of those things that sustain human life. Man's primary needs are food, clothing, and shelter. The world is teeming with industry, commerce, and transportation, all for the purpose of bringing into being the physical needs of man. This process is involved, complex, intricate. It baffles our imagination. It is impossible for the human mind to comprehend all the details of the production of even the simplest articles.

By way of illustration, let us examine briefly a meal such as most of us are accustomed to eat daily. How did it come into being? Did a magician wave a magic wand and, behold, the meal was before us? Is there in truth an Aladdin's lamp? Are there omnipotent genii to work wonders at Aladdin's touch? Not at all. The meal came not by magic, but by the labor of those who set it before us. This is simple, and this we see. But back of what we see there were countless persons whose labor contributed to the meal that we do not see. The food was prepared by a cook. It in turn was obtained from a farmer. So far the story is simple. But the farmer, in the production of the various food products that comprise the meal, employed tools that again were brought into being by the labor of the workers in mill and mine and factory. The labor employed in the preparation and serving of one simple meal presents such a labyrinth of social services as to defy complete description.

What is true of one simple meal is in equal measure true of the infinite variety of articles in common use in modern, civilized society. The business of the Nation and of the world is a vast interlocking and interchanging enterprise—intricate, complex, delicate—in which everyone engaged in useful toil in some way or other plays a part.

Since the sons of Adam are bound by the decree of the Creator to work for the necessities that sustain life, let us examine briefly the conditions under which this sentence was imposed. A few basic facts in the productive process attract our attention. These facts are

peculiar to the field of political economy. Political economy is the science that treats of the nature of wealth and of the laws of its production and distribution. The production of the necessities of life, as we have seen, is a very complicated process. Yet the factors involved are few in number and easily apprehended, and understood. The factors involved are land, labor, capital—these three, and no others.

The term "land" is defined as "the whole material universe, outside of man and his products."

"Labor" is defined as "all human exertion directed toward the production of wealth."

"Capital" is defined as "wealth in the production of more wealth."

Wealth is created by the intelligent application of labor with the aid of capital—tools—to land and is defined as "all material things produced by human labor for the gratification of human desires having exchange value."

Let us keep these facts and definitions definitely in mind. While the origin of business arises from the elemental physical needs of man, yet the growth and expansion of business are due to man's capacity to live and cooperate with his fellows. Man is more than an individual. He is a social being and his social instincts urge him to associate and work with his neighbors and establish community life. If it were not for this trait with which man is endowed, he could not rise above the living standards of the cave man.

Throughout the centuries, however, man has risen from the cave man's low estate to the present state of civilization. His progress and advance in community life are due to the power of reason. By the exercise of the gift of reason, man is enabled to adapt, contrive, experiment. He builds a simple hut but also erects an Empire State Building. He makes a crude boat but also constructs a Queen Mary.

Aside from being a social being, man is also a spiritual entity. By virtue of a spiritual insight he is able to discern good from evil. Down deep in the heart of every human being there is a something, the still small voice, as it were, which enables him to determine right from wrong. And if man in his association with his fellows would hearken to the promptings of the deeper impulses of his soul there would be no transgressions, no violations of the moral law. Besides, there has been revealed to man a rule of conduct by which his every act, both individual and social, may be checked and gaged. He has been admonished that "All things whatsoever ye would that men should do to you, do ye even so to them," so that by virtue of man's inherent capacity to determine right from wrong, reinforced with the wisdom and virtue of the Golden Rule, there is no reason for the manifold moral transgressions that have made the history of the race one long, weary story of misery and woe.

If progress shall continue and peace and prosperity bless the race, man must learn to respect the rights of others as scrupulously as he would have his own rights respected. As Henry George truly says:

The law of human progress—what is it but the moral law? Just as social adjustments promote justice, just as they acknowledge the equality of right

between man and man, just as they insure to each the perfect liberty which is bounded only by the equal liberty of every other, must civilization advance. Just as they fail in this, must advancing civilization come to a halt and recede.

Violations of the natural rights of man contain the seed of social disease, and herein lies the reason for government.

Society and government, contrary to common opinion, are not synonymous. Thomas Paine, in his treatise, *Common Sense*, makes this quite clear when he says:

Some writers have so confounded society with government as to leave little or no distinction between them, whereas they are not only different, but have different origins. Society is produced by our wants, and government by our wickedness. The former promotes our happiness positively by uniting our affections; the latter negatively by restricting our vices; the one encourages intercourse; the other creates distinctions; the first is a patron; the last a punisher.

Paine here points out the distinction between society and government. Society is a positive good; government is a reactionary force. Its origin is due to the inability of moral virtue to govern the world.

Government may be defined as "sovereignty in action" and "sovereignty" as "a power of the whole people functioning as a unit."

The primary functions of legitimate government are expressed in three terms—police power, land tenure, highways.

Police power is public because it is a necessary function of sovereignty.

Land tenure, which is inevitably related to the revenue system, also is public, because it is a necessary function of sovereignty.

Highways are public because it is only by the exercise of sovereignty that roads and streets and channels of communication may be established.

If these functions were justly administered, no need would arise for governmental regulation or direction of private enterprise. The misuse of governmental power is to be found in its use for personal gain. Men seek to gratify their desires with the least exertion possible. By controlling government these desires may be gratified with little or no exertion, and so designing and unscrupulous persons strive to control government. Human nature is weak and the temptation is great to seize the power of government and use it, not to secure the natural rights of men or promote the general welfare, but as a short cut to private fortune. The misuse of government has been called to the attention of the American people by a noted publicist and writer, Albert J. Nock, in these words:

So long as the state stands as an impersonal mechanism which can confer an economic advantage at the mere touch of a button, men will seek by all sorts of ways to get at the button, because law-made property is acquired with less exertion than labor-made property. It is easier to push the button and get some form of state-created monopoly like a land title, a tariff, a franchise, or other concessions of government, and pocket the proceeds, than it is to accumulate the same amount by work.

The history of the American Republic is a striking example of the truth of this statement. From the very beginning of our national life to the present day there were those who sought to control government for their own aggrandizement. Their number has increased from the

inception of the Government to the present time. Today there is hardly a group that is not casting covetous eyes on the Capital City of the Nation and directing its energies to exact aid and help from the Federal Government. First there came the manufacturers asking for a protective tariff; then the railroads pleading for subsidies. These were followed by the public utilities; and now we see the farmers and others all constituting a mighty host, representing practically every line of human endeavor, imploring, beseeching, praying for aid and help at the hands of the Government. It will be noted that this mighty host of governmental supplicants are seeking favors—favors that in essence are special privileges.

The effort to obtain favors at the hands of the Government is inspired by the desire to make a living in the easiest way possible. In doing so, the still small voice is silenced and the command "Thou shalt not steal" is ignored. The aim is to get possession of a privilege, and with a privilege in hand the exploitation of honest business is easy.

"Privilege" is defined as "a special advantage granted to and enjoyed by some to the exclusion of others."

There are many types of privilege, but the major ones are the privileges enjoyed by the public-service corporations, the banking fraternity, the owners of natural resources, the owners of valuable land sites, and the beneficiaries of special legislation and concessions of Government.

Let us examine privilege in its true light. Let us remember that its chief characteristic is favoritism, that it gives the possessor a special advantage at the expense of others, and that to own or possess a privilege means the power of procuring wealth or making a living by the labor of others. It is this fact that makes privilege such a coveted prize, and in order to acquire it many influential citizens will engage in politics and violate every rule of decency and honor. Is it reasonable to suppose that single citizens would contribute thousands of dollars to campaign funds with which to influence—yea, corrupt—the electorate, if there were no hope of recovering the money spent for election purposes many times over? The history of our political struggles proves that these huge election contributions are made with an eye single to electing the political henchmen of the beneficiaries of privilege so as to control government, in the hope of securing new privileges at the hands of the Government and protect the privileges they already enjoy.

Like a mighty pest, privilege is eating out the very vitals of trade, commerce, and industry. Not unlike the parasitical insects that subsist on the lifeblood of their victim, privilege subsists on those who toil and labor and produce the wealth of the Nation—in short, subsists on business. Just as the flea-ridden dog or the louse-ridden hen will become pale, anemic, and weak, so business, under the steady and constant drain of privilege, loses its virility and strength. To improve the health of the dog or the hen, the owner seeks to do away with the fleas and the lice; and likewise, to improve the health of business, privilege must be exterminated.

Much difficulty is encountered in abolishing privilege. It will battle for its life with every weapon at its command. Privilege has monopolistic control of many of the necessities of life, and with this control in the hollow of its hands it has a persuasive influence over the agencies that create and influence public opinion. It influences, controls, and directs great bodies of men. It corrupts the voters and perverts the public will, so that its henchmen are frequently placed in public office to do its bidding and carry out its will.

At one time in the history of our country it was our proud boast, "Millions for defense, but not one cent for tribute." But things have changed. Now we offer as tribute on the altar of privilege upward of one-third of the national income. In this one fact there is the explanation of the inequitable distribution of wealth. The national income in the peak days of our so-called prosperity was estimated at \$90,000,000,000 per year. To avoid the disaster of panics and hard times, wealth must be distributed justly and honestly. Natural justice demands that the national income—that is, the sum total of all the wealth produced by the farmers, miners, manufacturers, merchants, and all the helpers and workers in the Nation's workshop—must be distributed to each in accordance with the contribution that each makes in the way of productive labor.

Now, if by virtue of our economic set-up—which in essence is monopolistic—the farmers, manufacturers, miners, merchants, and the helpers and workers in the Nation's workshop are compelled to contribute to monopolies the tidy sum of thirty billions annually, it stands to reason that the annual income of those who produce the national income will be materially reduced. In fact, the figures indicate that \$30,000,000,000 is equal to a contribution to privilege of \$1,000 by each family in the United States.

If privilege were abolished, agriculture and industry would be free of the paralyzing and destructive burdens of taxation, and thus the way would be opened to produce in abundance. Production then would be limited only by the demands of the people. With agriculture and industry freed from the present-day oppressive and depression-breeding taxes, there would be no need to limit production of any kind. There would be a free field and no favors, and the natural laws of production and distribution would automatically control and determine the need of things for which there would be an effective demand. Many of the artificial attempts at regulation could be abandoned. The irritating bureaucrats could be handed their hats and invited to go home.

This is no idle dream. This is exactly what will happen as soon as the American people display sufficient economic knowledge and the will to abolish privilege. The annual tribute that privilege exacts from the producers of wealth is the reason why the few are rich and the many poor.

Ill fares the land, to hastening ills a prey,
Where wealth accumulates and men decay.

Confronted with this situation, what is honest business to do? Obviously, the task at hand, in order to establish opportunities to all

on equal terms, is to abolish the privileges now enjoyed by the few. And the first problem to consider is, who are the privileged? The major privileges—those whose exactions are unduly onerous to business—may be summed up under the titles, public utilities, land, money, taxation, patents.

Much confusion prevails, especially in the minds of businessmen, as to the part that Government may properly take in the control and regulation of business. First, it must be understood that there are two kinds of business, public and private. Public business ought to be controlled and regulated by Government; private business ought to be left severely alone. While it is the distinct duty of Government to control and regulate all public business, it is equally true that Government must pursue a policy of hands off so far as private business is concerned.

What is private business? The answer is obvious. All business enterprises that do not enjoy the power of sovereignty are private.

It is recalled that the primary functions of Government are limited to the maintenance of highways, management of landholdings, and police power therefore any business that requires a constant and continuous use of the highways and enjoys the power of sovereignty, is properly public business. The services rendered by the various public utilities, such as transportation, power, communication, and the like, are governmental functions; in short, public utilities are engaged in public business and are agents of the Government and subject to governmental regulation and control. This becomes necessary for the very obvious reason that services that are monopolistic in nature must be under governmental supervision in order that the rights of the public may be protected and the law of competition function freely and fully in the field of private enterprise. As has been truly said:

Private monopoly in anything tends to destroy competition in all things.

Those engaged in the administration of public utilities constitute a powerful, privileged group.

Land ownership is a legal privilege. As such it enables the owner to appropriate to his own use the profits arising from the value of land. This is clearly a violation of natural justice, for the value attaching to land, due to the progress of human society, is a social product and therefore the benefits and advantages arising therefrom belong to all the people.

The administration of the value of land and the profits arising therefrom is public business; in other words, it is the first duty of government to collect for public use the income derived from socially created land values. And it is well to note that if this were done the multitude of oppressive and depression-breeding taxes now borne by business could be abolished. Then private business would be freed and both capital and labor could engage in the production of wealth in the assurance that both would receive as recompense the full share of their joint product.

Owners of land, to which values attach by reason of the activities of the people and the services of government, also constitute a privileged group.

Other privileges, such as are enjoyed by the banking fraternity and owners of patents, must be reformed so that the power to exact tribute be abolished. Bankers and patentees also constitute a privileged group.

At the risk of repetition, let it be repeated that there are two types of business—public and private. Public business is properly the concern of government, while private business should be free from governmental interference, excepting such police regulations as may be necessary for the maintenance of safety and sanitation.

It may also be well for business to remind itself that much of the interference of government in private business is occasioned by the inability of moral virtue to govern the world. Pure-food laws, laws in relation to weights and measures, legislation in regard to sanitation, regulations to insure fair trade practices, together with the multitude of regulatory measures under the police power of government so vexing and annoying to business and responsible for the horde of bureaucrats, came into being because of the moral delinquencies of certain branches of business. When business learns to police itself and set up standards of business and social behavior that have the sanction of moral rectitude, the annoyances and interferences of governmental bureaucrats will vanish from the picture. This day will come to pass if and when business will purge itself of its own antisocial and immoral practices.

Business is in distress. It is sorely tried. It has many real or imaginary troubles. In the hope of improving the lot of business, all manner of artificial schemes are proposed. From time to time there come into being governmental programs that bear euphonious titles, such as "Old Deal," "Square Deal," "New Deal," and others. Much of the legislation that is enacted under the caption of these euphonious titles is disturbing and annoying to business and yet there is a very sound and good reason why it exists.

In the interest of enlightened self-preservation the attention of business is directed to an observation of Albert J. Nock, in an article published in the May issue of the Atlantic Monthly. Mr. Nock discusses in illuminating fashion the reason for the attempts of government to regulate human society. Mr. Nock says:

Why are New Deals? Simply, my dear friends, because of two almost universal superstitions. First, that natural law does not operate in the realm of economics just as inexorably as in the realm of physics—which it does. Second, that a government can work some sort of magic that will nullify or modify the operation of natural law—which it can't. These two superstitions are as widespread as the belief in witchcraft back in Cotton Mather's time. We have been brought up in them from infancy as part of the air we breathe, and hence we all firmly believe in government by sleight of hand—or should I say in government by incantation?—and we all squeal like stuck pigs when we have to take the consequences of that utterly silly belief. There is no excuse for this, and no sympathy coming to the victims of their own foolishness, especially in the country of Franklin, Jefferson, and Paine—all of whom gave them warning

enough. Eighty years ago, Herbert Spencer dissected those superstitions right down to the bone in a volume of essays whereof I'll make you a small bet that you can't buy a first-hand copy in the United States today without sending to England for it.

Moreover, since I am in a betting mood, I'll pay you a liberal bounty for the name of every American man of affairs you can produce who has read those essays or even heard of them. I promise you won't get purse proud on the proceeds. Well, then, have I any sympathy with the downtrodden and bedeviled American businessman now that his superstitions have returned to plague him? The plain truth is that these two superstitions have for years been breeding a choice job lot of rotten brains among us, and we now have nothing but rotten brains wherewith to meet the consequences. Statesmen like Franklin, philosophers like Spencer, kept telling us that government's only proper concern with business is to punish fraud and enforce the obligations of contracts, and beyond that it should let business strictly alone; but, no, that was not good enough. We kept running to the Government for subsidies, grants, concessions, franchises, and every imaginable kind of intervention and interference, coaxing it to stick its finger into every pie, until now at last the pie dish is so full of fingers that there isn't room for any pie.

Emerson's counsel is still sound:

Fear, craft, and avarice cannot rear a state.

WHAT OTHERS SAY

Without economic freedom no other freedom can endure.

—Benjamin Franklin.

God give me strength to face a fact though it slay me.

—Huxley.

If we would guide by the light of reason, we must let our minds be bold.

—Brandies.

The taxation of land values is a just principle which is becoming universally established.

—Lord Roseberry.

The Single Tax will wait, I fancy, for years, since it is so fundamental, and mankind never attacks fundamental problems until it has exhausted all the superficial ones.

—Brand Whitlock.

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

—Abraham Lincoln.

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

—Thomas Jefferson.

Land is not, and cannot be, property in the same sense that movable things are property. Every human being born into this planet must live upon the land, if he lives at all. The land in any country is really the property of the nation which occupies it.

—Froude.

Whenever the ownership of the soil is so engrossed by a small part of the community that the far larger part are compelled to pay whatever the few may see fit to exact for the privilege of occupying and cultivating the Earth, there is something very much like slavery.

—Horace Greeley.

The root cause of the world's economic distress is surely obvious to every man who has eyes to see and a brain to understand. . . . Permanent peace can only be established when men and nations have realized that natural resources should be a common heritage, and used for the good of all mankind.

—Philip Snowden

The greatest movement in the world to-day may be characterized as the struggle of the people against privilege. Just to the extent that the law grants special favours to some, to the exclusion of others, do the people suffer from this evil. And the greatest of all governmental favours or special privileges is land monopoly, made possible by the exemption from taxation of land values.

—Tom L. Johnson.

The best way to do something of permanent value for present youth and for the future of society is to take measures that will change the social causes that have produced the present plight. . . . As a beginning of the first steps to permanent recovery, there should be a nation-wide revival of interest in the writings of Henry George, and an enlightenment of public opinion, so that our representatives in legislatures and public places be compelled to adopt the changes he urged.

—Professor John Dewey.

Abolish special privileges and Government interference in industry. Give to all equal natural opportunities—equal rights to the inexhaustible storehouse of Nature—and wealth will distribute itself in exact accordance with justice. This, the ideal of Henry George, is what I would place before our people.

—Max Hirsch.

Henry George not only saw clearly the knot that had been strangling human life since society first took shape and form, but showed with equal clarity how easily it might be untied. It was perhaps the very simplicity of the remedial process that aroused the opposition he had afterwards to encounter; for it is strange though true that, alike in religion, philosophy, economics, and in the art of right living, the last things to be believed in are the Great Simplicities. If mankind had not been burdened by a deeply-rooted habit of stoning its prophets; if George's "message" had then been understood and acted upon, we should have been looking out upon a very different world today.

—Alex Mackendrick.

It is quite true that the land monopoly is not the only monopoly which exists, but it is by far the greatest of monopolies—it is a perpetual monopoly, and it is the mother of all other forms of monopoly. It is quite true that unearned increments in land are not the only form of unearned or undeserved profit which individuals are able to secure; but it is the principal form of unearned increment which is derived from processes which are not merely not beneficial but which are positively detrimental to the general public.

Land, which is a necessity of human existence, which is the original source of all wealth, which is strictly limited in extent, which is fixed in geographical position—land, I say, differs from all other forms of property in these primary and fundamental conditions.

—Winston Churchill.

LINCOLN'S TRIBUTE TO THE AMERICAN CHART OF FREEDOM

The Declaration of Independence was formed by the representatives of American liberty from thirteen States of the Confederacy . . . These communities, by their representatives in Old Independence Hall, said to the whole world of men:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness."

This was their majestic interpretation of the economy of the universe. This was their lofty, and wise, and noble understanding of the justice of the Creator to his creatures . . . They erected a beacon to guide their children, and their children's children, and the countless myriads who should inhabit the earth in other ages. Wise statesmen as they were, they knew the tendency of prosperity to breed tyrants, and so they established these great self-evident truths. . .

—Abraham Lincoln.