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HENRY GEORGE— SOUND ECONOMICS AND THE “NEW DEAL”

Remarks of
Hon. Charles R. Eckert
of Pennsylvania
in the
House of Representatives

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REMARKS
OF
HON. CHARLES R. ECKERT

Mr. ECKERT. 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 Macaulay 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 forerunner; 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 principle 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 dug 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 as to fit them for human satisfaction", and discovered 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 asks:

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 George, 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 would 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 and equitably, and with the products of labor 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 are 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 para-

sites—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 contem-

plation. 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 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 it 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.

