

cing; and banks loan the money. Now the government is looking for monopoly, and makes itself very popular by shouting at everyone in this chain of industry, and ignoring the only drone, and who directly and indirectly takes half the wages and profits! Now the answer: People do not generally look on landowning as monopoly, so the government cannot treat it as such; but its leaders could propose—and the people would soon instruct them—to tax only the land monopoly, exempting all industry.

PORTLAND, OREGON, A CITY OF 325,000, IS WITHOUT NEWSPAPERS—FOR FOUR DAYS NOW. Part of a strike infection which shut down the Seattle *Post Intelligentsia*, until Mr. Hearst decided to put the President's son in charge of it. Such experience should serve to educate our editors in the economics involved in the labor problem; and result in their settling that problem not only for themselves, but all other papers, and then all industry; for the problem is always the same. But these experiences wherein labor, in effect, destroys their delicately poised business, seem to be more effective in teaching economics than strikes in automobile plants. Their editorials are directed at communists, reeds, agitators, and union invasions; true enough, but falling short of solution. The trouble is where the President and his three assistants have located it—in monopoly; but it is not to be found in newspaper plants or motor factories. Monopoly is organic; it is a system that does its fatal work through use of our tax system, that, applied to all we consume, doubles its cost, cuts its volume, makes unemployment and low wages.

THE PRESIDENT HAS STARTED THINGS IN TWO DISTINCT DIRECTIONS OF BASIC MONOPOLY, UTILITIES AND COAL MINING. Now it remains for us to see if he will follow through, or back up, or make believe. And also for us to see how his critics will perform in either contingency. First, utilities; he has laid the ground work for right action in (a) sternly condemning their practices, (b) more than threatening them with competition and worse, (c) stating the terms of peace as being a rate basis that will include no unearned increments, etc.

Forcing utilities to act on this formula will do them and their investors full justice, especially if taxation on their plants will be replaced with franchise taxation. But if, as charged, his purpose in (a), (b) and (c) is to confiscate and buy them out, he will justify the charge that he is communistic; or if he falls for a high price from Willkie, he will label himself as something not impossible nor uncommon, a combined monopolist and communist.

Next, Coal Mines: The Guffey Act was a legalized political conspiracy against the consumer in favor of union labor, the mine landlord, railroads, and distributors, to all get theirs and add it to price. This has not been put to work and probably cannot be. The physical situation is that mining, as a business and sustainer of a half million miners, has broken down, and a natural system is growing up in the form of bootleg mining, entailing also bootleg trucking and selling. So, although its basis is sidestepping the only fundamental monopolist, the mine landlord—in refusing to pay his royalties and going direct to "mother earth" for a prime necessity of life, by 25,000 jobless miners—this "lawless" act has also fostered a revolt against the whole system—mine operating, transporting, and selling.

Here is a revolt against basic monopoly, the very reverse of the labor-war revolt against industry; monopoly being the only enemy of both labor and capital. It also illustrates how correcting basic monopoly will correct monopolistic abuses in industry, in its productive and distributive branches. Now we have Gov. Earle proposing to settle this age-old problem—primarily the labor problem—in another equally futile way, to the Guffey bad guess,—he would buy the landlords out when they have nothing to sell that they created; and he would buy out the operating and distributing system when all they need is what labor needs—to have the royalty collector taken

off their necks. But here, as in utilities, there is a wonderful opportunity for "the State" to take its first major plunge into socialization, and this will be the test of whether the President wants to revert to a corrected individualism through destruction of monopoly, or go on into "a new order"—communism.

Special Privilege

By HENRY WARE ALLEN

AS our time honored political maxims become hackneyed they are very apt to pass into what Grover Cleveland would call innocuous desuetude. We subscribe to the sentiment that "eternal vigilance is the price of liberty" and yet little is done to counteract those aggressive forces which nullify that freedom which we profess to prize so highly. Even the prayer, "Thy Kingdom Come," is repeated as a mere wish that something good would happen rather than with a determination to bring about those righteous conditions which make for a heaven on earth. Possibly the most neglected of all of our national ideals is our professed adherence to that most democratic of all maxims, "Equal rights for all and special privileges for none." For at the present time our country is honeycombed with special privilege that has become so entirely entrenched as to be regarded on all sides as vested right. Special privilege is condoned by force of its familiarity. Like vice it is endured, then pitied, then embraced.

There lived in a Colorado city years ago a house-wife who made convenient use of coal cars on the side track across the street from her dwelling with which to replenish her stock of fuel. This she did without any qualm of conscience but as a special privilege which, by the sanctifying touch of time had grown into a vested right. This woman doubtless was punctilious in the ordinary obligations of life and would have hotly resented any statement to the effect that she was stealing coal. She was guided by that all too common kind of honesty which is based upon expediency rather than principle. Not on any account would she have withheld what was due from her to a neighbor who would have suffered by her delinquency, but the advantage to her of getting this coal was so great and the loss to some impersonal owner of same, mine, railroad, or smelter, was relatively so negligible that the argument was all in favor of her acting in her own interest without question. No personal equation was involved and if at first there had been any hesitation on her part of this practice, that was long ago a thing of the past. But the railroad company put a watchman on guard and her supply of fuel was thereby stopped. She then turned to the local charity organization with request for a continuation of the supply which had thus been rudely taken from her and the very righteous indignation with which she told her story was ample proof of entire absence of comprehension on her part that she had been stealing.

This incident, which is a true story, illustrates very

nically the evolution and the nature of that special privilege which eventually becomes a vested right. And if the searchlight of analysis is turned upon our social system we may be surprised to find the presence of special privilege in unexpected places and of a volume that is, in the aggregate, enormous.

As a basis for this inquiry it may be well to state the fundamental truth that property may be secured in three ways only; first, by labor; second, by gift; and third, by theft. If this test is repeatedly kept in mind, the task will become easier. One of the commonest forms of special privilege is that which is provided under ninety-nine year leases on valuable business property sites. These leases convey to the owner of the land a stipulated income after the tenant has paid all taxes and expenses. In the parlance of political economy this revenue consists of what John Stuart Mill defined as unearned increment, a value which is produced by no individual but which is purely the result of population reflected upon desirable locations. For this revenue to be turned over to individuals as is now the unquestioned custom in all of our large cities and to an amount of billions of dollars annually is a procedure which is precisely in the same class as the stealing of coal from the railroad car by the Colorado housewife.

A much larger source of public revenue which is diverted to individuals is that of the rent of valuable property in excess of a fair interest return upon the intrinsic value of improvements on the property. This applies to practically all property located at the center of our large cities and involves enormous revenues. There is a mixture here of legitimate return on capital invested with the unearned increment which belongs absolutely to society but the case is not less clear on that account.

Another prolific source of public revenue which is diverted to individuals is that which comes from the lucky possession of oil wells. This possession frequently gives incomes of thousands of dollars daily to those who have no more claim on such revenue than is involved in the possession of the land upon which the wells were developed. The wealth that has by this means been given to certain sections of the country and certain groups of people has run into the billions of dollars. The Osage tribe of Indians in Oklahoma are said to have been made the richest people in the world due to this special privilege. Such beneficiaries are no more justly entitled to the revenue which they receive than was the Colorado woman justified in stealing coal from the railroad car. It will be said that the oil industry involves a great deal of capital and that many dry wells are paid for before a single producing well is developed. This is true and therefore makes the proposition somewhat more complicated but does not alter the conclusion.

Another source of revenue which diverts public funds into private hands is speculation in land. Purchase of

inside property sure to increase in value is the one investment that has been invariably recommended by shrewd financiers. This speculation is far greater than has been generally realized. More than one-half the area of New York City consists in vacant lots which are held out of use for speculative purposes, and the same is true of all our larger cities. Incidentally, this speculation has the effect of enhancing the selling price of desirable land to artificially high figures. When land which is purchased with a hope of subsequent rise in value, the investor practically lays a trap by which he may secure values that rightfully belong to the community. And this process makes an artificial scarcity of land with consequent artificially high cost to those who must use it. This process of securing a profit, of getting something for nothing, is persistently the same in character as that by which the Colorado housewife secured her supply of coal. Here again objection may be interposed to the effect that land frequently has to be sold for less than it cost. This is an objection that was raised by no less an economist than Francis A. Walker, the foremost critic of Henry George during his life-time. General Walker exclaimed, "Mr. George has much to say about unearned increment: He says nothing, however, about unrequited decrement." Mr. George's rejoinder to this was an expression on his part of his inability to discuss the problem with one who spoke of unrequited decrement in something which originally had no value. In other words, so far as society is concerned its interest is only in the rental value which is produced from year to year and which rises or falls accordingly as population grows or wanes. The important fact is that this increment, whether large or small, belongs to the community which produced it.

The most spectacular form of special privilege which we have to deal with today is that provided by the protective tariff. This protection enables the American manufacturer to secure an artificially high price for his product. The common argument in support of the protective system is that the American standard of living must be maintained by this artificial means, but this argument falls to the ground, if at the same time, we permit any improvement in labor-saving machinery which naturally has far greater effect upon the labor market than is produced by the competition of merchandise imported from abroad. The enormity of special privilege due to the tariff is perhaps more conspicuous in the State of Pennsylvania than elsewhere, a single family in Pittsburgh, the direct beneficiaries of the tariff on aluminum, being reputed to be worth in excess of two billions of dollars. There will be found that, with a few rare exceptions, the great fortunes of America are based upon special privilege of one kind or another.

Although there are many minor sources of special privilege which are embedded in our political and social

institutions, those above enumerated are the principal ones.

The special privileges provided by legislative action at Washington are in a different class from those which have become a regular part of our system of taxation but are none the less to be condemned. The most flagrant of these in recent times was the appropriation by Congress and approved by President Hoover, of five-hundred-million dollars of tax payers' money for the specific purpose of stabilizing or artificially enhancing the price of wheat, cotton, and other farm products. It was presumed by the makers of this law that it would have the effect of giving artificial advantage to the farming class, which would offset in a measure the special privileges which had been given so generously to Eastern interests by means of the protective tariff. The plea for this farm legislation was repeatedly based upon that consideration. It so happened that even the immense waste of money involved by the farm marketing act was negligible as an influence in the world wide markets and that it did not affect in any considerable degree the law of supply and demand upon the prices of the agricultural products which were supposed to be favored. But the very fact that this legislation was put through with little opposition furnished a very good illustration of the fact that special privilege legislation is regarded as perfectly legitimate. And this has been further illustrated in monstrous degree by the New Deal legislation under President Roosevelt.

There is everywhere consciousness of a mysterious force which is responsible for easily acquired fortunes on one hand together with an increase of unemployment and consequent lower incomes on the other hand. Each succeeding census report makes more appalling this undemocratic and unjust condition in our social fabric.

If prosperity is to be secure, there must be an end to special privilege of every kind, and a system of taxation inaugurated in place thereof which shall be based upon justice to all. Henry George has demonstrated how this should be done.

A Glance at Aldous Huxley

BY FRANK W. GARRISON

SOMETHING has happened to make the world appear more bearable to Aldous Huxley, in spite of the deepening chaos. An escape from frustration signalizes his new book of essays, "Ends and Means," where an attempt is made to survey present-day problems and formulate an approach to a solution.

The contention that the means employed always determine the end arrived at, that a good end cannot be won by bad means, is as easy to accept in theory as it is hard to put into practice. In Huxley's case his conviction has led to an uncompromising pacifist stand,

and a partial detachment from the tenets of Fabian Socialism, accepted by so many of his contemporaries. Yet he does not seem to have been influenced by the writers of the individualistic school who explored the science of political economy in the 18th and 19th centuries. There are no references to Quesnay or Turgot, to Cobden, Herbert Spencer or Henry George.

Huxley makes the common mistake of assuming an opposition of hostility between competition and cooperation. Cooperation consists in an exchange of goods and services, by individuals or companies. It includes trade and business relationships of all kinds, and it is clear that these relationships will increase as economic barriers are removed, i. e., as competition is promoted. If cooperation is to be enjoyed in its fullest extent, competition must be unrestricted. This is the goal of *laissez-faire*. It would put an end to prohibitions and partial laws, just as it would restore the natural flow of population and transform the present system of land tenure, bringing it into harmony with the ideal of equality of opportunity.

That access to land is the basis of independence is indicated by the history of the common lands in England, and is being illustrated afresh in the anthracite regions of Pennsylvania where public opinion makes it possible for discharged miners to help themselves to coal seams on land that belong by statute to the owners of the mines. A revised land system might provide an alternative to factory work and thus, at a single stroke, modify the problems of low wages, long hours, and many phases of exploitation that seem to compel government interference. The ending of trade monopoly and land monopoly would, it is safe to predict, lessen the accumulation of wealth and power at one end of the scale while tending to remove the causes of poverty (with its concomitants of degeneration and crime) at the other end.

If Franz Oppenheimer is correct in his theory of the origin of the State, the real purpose of government is not to increase human happiness but to accumulate in the hands of those who control the political machinery as large a proportion as possible of the wealth produced. Military prowess and a swollen bureaucracy, essential parts of the system, are incompatible with self-government in industry and the extension of individual rights. Nothing would have a greater decentralizing effect than the repeal of privileges and the consequent opening of the field of economic opportunity to all manner of talents.

Huxley moves but hesitatingly in this direction. He sees equality best served by "a society where the means of production are owned cooperatively, where power is decentralized, and where the community is organized in a multiplicity of small, interrelated but, as far as may be, self-governing groups of mutually responsible men and women." It may be said in passing that there can be