

age, fear of seeing loved ones suffering from privation—fear of poverty so haunted the mass mind during the middle of the nineteenth century, after the lands of Europe had become completely monopolized, that a refuge of some kind was necessary. The mentality of a bewildered civilization was prepared for the dream state of socialism. When this was invented by Karl Marx, Lassalle, and other poetic imaginers, it was avidly accepted by the harassed and desperate workers as a consoling refuge from unpleasant reality. It is important to observe that socialism found acceptance in Europe first; in America it did not gain a foothold until this century, after all the free land in the country had been pre-empted, and poverty became a fixed national problem.

The growth of socialistic ideas is evidence of two facts: First, that the struggle for existence is becoming keener, and, secondly, that the mind of society is quickly approaching a complete breakdown. In Russia it has reached the state of insanity.

The burden of this dream is that organized society must take care of the individual. To enable organized society or government to do this, the individual must relinquish all claims to personal rights, including the right of possessing what he produces. It is manifestly impossible for government to provide for me if I insist on providing for myself. As such insistence breaks up the entire scheme of this dream state, my removal or incarceration becomes a matter of necessity. Thus, personal liberty, even the right to life, is abolished with the abolition of property rights. No matter what brand of socialism you examine, and there are many, you will find they all come to this: that property and personal rights are relinquished by the individual to government.

The silliness of this dream is not important. The important thing is that the world is adopting it. Why? Simply because the hopeless worker finds it easier to slip into this dream state than to ascertain the cause of constantly increasing poverty in the midst of plenty, and to make an effort to remove this cause.

When the enemy is at the city gates we turn over all personal rights to a captain, whom we follow blindly even unto death. We are afraid. And so with that more hideous enemy, poverty. We fear it so that we readily relinquish the cherished ideas of individual liberty—for which thousands of lives have been sacrificed throughout the centuries—and look to government to save us from the monster. An empty stomach obstructs reason. And so we have doles, and so-called social insurance plans, and public works projects, and regimentation, and more government and more government. And the individual becomes a slave to society. Since society consists of an aggregation of individuals, the slave mentality of the units becomes the mentality of the aggregate. Thus endeth rational civilization.

In our country the dream state of socialism has not

yet vitiated our national mind. Some of us are still able to think and act sanely, because the control of wealth has not yet been entirely concentrated in a few hands, and we are still able to make a decent living. We are rational not because of the vaunted heritage of individual liberty we are told about by Fourth-of-July orators, but because the conditions of economic liberty are not entirely wiped out. But, unless we learn how and why wealth passes from the many to the few, and unless we stop this unnatural flow by permitting the natural law of the distribution of wealth to operate freely, the American mind will, under pressure of increasing economic slavery, find refuge in the dream state of socialism, just as the European mind already has.—FRANK CHODOROV.

What's on my Mind

DR. TOWNSEND'S "Old Age Pension" proposal is on the minds of many people just now and has been for some months. It has been on my mind because it was, and is, the nearest thing to a personal problem that has recently come my way. There are several persons within my close relationship who are, like myself, on the shady side of sixty years of age. Some of them might not qualify for an "Old Age Pension," but all are very much interested in the proposition. Personally, it troubles me since the good Doctor has, in apparent good faith, hitched his quite plausible "plan" to an impossible method of taxation. Many think that such an error is regrettable.

A great many persons are in sympathy with the motive behind the Townsend movement, and also the objective desired, but the proposed method of financing old age pensions, or any other governmental activity, does not appeal to those who have their *economics* on straight.

The "transactions tax" is just another "sales tax" masquerading under a new name. It would raise the price of everything that everybody needs and wants to buy, including land, urban and rural, and, be an additional tax on labor and the poor, who now pay nearly all of the various taxes in force. They are incapable of paying any further levy and that alone would render the entire programme futile.

Most people believe Dr. Townsend and many of his associates are strictly honest and sincere, and for that reason those of us who know something about Natural Economic Laws as related to the incidence of taxation, hope that he and his political confreres may revise the "plan" and make it conform to the fundamental law of rent and taxation *which cannot be revised* nor abrogated. We believe that the "Old Age Pension" *scheme is a wonderful contribution in the interest of humanity*. We think it is one of the most useful and necessary conceptions that has recently been evolved by any one and, consequently, we all hope that wise counsel will not be lacking and, may prevail. Anything less will surely prove disastrous to the project. The host of proposers of farm relief measures and their nostrums have made us shy of ill-advised and superficially considered panaceas and their advocates.

Any tax that raises the price of things that any one consumes or wants to use is invariably destructive. It promotes poverty among the many and gives the social earnings of all-of-us to a few-of-us who have a superabundance of things that the rest-of-us need to raise the standard of living among the under-endowed and make it possible of attainment. It limits the quantity and quality of consumer goods and services which the great majority of consumer-workers can buy with their earnings or other regular, but often small, incomes. That limitation of effective demand reduces the necessity to produce and consequently, *the need for labor*. Then develops a condition which is so

often misnamed "overproduction"; throwing many potential consumers out of their jobs, and we have "unemployment" with all its concomitants; progressive cuts in wages, and in demand for capital goods.

Unemployment is the most disastrous condition that can befall any individual or society, and it is so unnecessary. It is always due to high prices for consumers' necessities and luxuries.

The quickest, and only, way to cure the unemployment disease is, manifestly, to cut prices to the bone, for everything that any one wants. In order to do that, manufacturers, processors, public service distributors, wholesalers and retailers must eliminate all redundant costs. But, they should carefully consider which costs to reduce and which to eliminate; always bearing in mind that the buying-power of wage-earners, farmers and other producers must be maintained or raised so that consumption may balance production. They must realize that some costs only are within their control. Rent of land and structures, wages and salaries, also interest, are all governed by the laws of competition, supply and demand. They all enter into cost. If any or either could be reduced, it would not be the right solution; would not be economic wisdom because consumption must be kept equal with production or that other unnecessary evil, "overproduction," would obtain. Disregarding these truths causes depressions.

Advertising, if wisely placed, helps everybody, the producer, distributor and consumer. It takes up the slack and is educational. It reaches those who can and should spend. Most will when consumer goods and services are cheap.

Superintendence and the services of the entrepreneur are always necessary, but often too costly. Generally, we "pay too much for the whistle." A substantial cut in costs may often be made here.

Profits and dividends can be adjusted somewhat, if and when it becomes necessary to prevent under-consumption. Cooperation and coordination are imperatively needed in this field as elsewhere in business, trade and commerce, industry and distribution, especially in all governmental activities.

The last and most important factor that affects costs and overhead is government and its activities. But this is where everybody can control if they really want to. Taxes are a necessary concomitant of any government that does not collect the social earnings—rent—of land and other natural resources, irrespective of all improvements. *Taxes! Ah! There's the rub!* Our governmental activities must be paid for and when we give our social product—rent—to the landlords we have to dig up out of our personal earnings twice; once for land rent, and again for government expense—taxes. Given a rational political-economic system, we would have to dig up but once—land rent. *To tax or not to tax? Ah! That's the question!*

This is where the "transactions tax" which Dr. Townsend recommends comes in for consideration and evaluation. It is economics perverted, as are most of our present tax levies. It would add to the cost of everything that everybody needs and wants to buy. It would boost the price of all necessities, including land, which is a prime and universal necessity. It has none of the attributes of what the economists call "a good tax." Conversely, it is in itself and potentially, the very *antithesis* of "a good tax."

No! It is not inflation but is deflation. It would deflate every one who earned his way in any vocation or avocation. In a short time it would prove most distressing to those whom it is now intended to benefit. All class legislation does that. Their monthly stipend would get less from time to time and the prices of things that they must have would rise progressively as the wealth created by labor and capital flowed into the strong boxes of the few who own the source of all wealth—land values and natural resources. As the St. Louis *Star-Times* says: "It's bad enough to tell junior there's a Santa Claus, but to lead grandpa to believe there's one is unpardonable." The "transactions tax" could not benefit the old and, believe you me, it would injure every one else, landlords included, for it would eventually get them. It would hit the consumer-workers first. Class legis-

lation is always bad. It hurts the to-be-favored class most in the end. Multiple taxes in Russia *cost the taxers their lives.*

Medical doctors usually think their problems through. They mean to understand the cause of troubles brought to their attention and aim to adjust conditions rather than use radical measures to effect a cure, and endeavor to conserve the whole body while treating affected parts. They are surprised that Dr. Townsend overlooked that important natural law: "The Consumer Pays the Tax." It has never been repealed nor will it be, so long as God is in His Heaven. The Doctor knows all this and *should know that there are only three* types of taxes that do not raise the price of consumers' necessities, nor lower their purchasing power, namely: Personal income tax on net receipts above \$2,500 per annum; inheritance tax, and, land value tax, irrespective of all betterments. The first two step up the price of land and all natural resources by *indirection*; promote land speculation and monopoly, but, if they are the only source of government revenue, they lower the cost of living to everybody, *at least for a time.*

The land value tax *lowers the price* of everything needed or wanted, including land, urban and rural. Old and young, rich and poor profit by its effects. It also conforms to the four cardinal requirements of "a good tax," which Adam Smith reduced to their lowest terms, in his "Wealth of Nations" when he enumerated the four maxims: Equality, certainty, convenience and expense of collection. That part of his work has never been seriously questioned by any economist of note. If and when these four maxims govern the imposition of taxes and, as levied, do not raise the price of anything, an important step will be made toward conquering "the high cost of living."

Either or all three tax types mentioned would finance Townsend's "Old Age Pension" programme satisfactorily and completely. The best would be the land value tax as it would destroy speculation in land and, to a great extent, commodities. No other form of tax will or can achieve that desideratum. They all promote speculation and monopoly.

Most taxes that now obtain should be shifted to land values for the reason that they throttle trade and commerce, business and every type of industry, by boosting prices and aggravating living costs. They should be shifted gradually, one tax at a time, step by step, not revolutionarily. "Haste makes waste." Shifting some of our taxes in this way would materially increase buying power; raise our living standard by reducing prices. An example: telephone taxes about double the cost of the service to consumers and they pay the entire tax; the telephone companies pay none. The same holds good for the various transportation facilities. Transportation costs farmers and other producers, consumers and labor more than any *other item of overhead* or expense. Shifting all taxes from carrier facilities to land values in exchange for a comparable cut in rates would benefit me and all other farmers \$2.00 to \$3.00 per acre, annually. It would lower the price of most consumer-goods 25 to 40 per cent and freight rates about 50 per cent.

The effect of taxes on freight rates is the chief cause of the *midwest farmer's trouble* and we brought it on ourselves by heeding the host of demagogues who told us to "soak the rich" service corporations, but were mum about it being a boomerang. We have learned by sad experience and now want to undo the mischief we did ourselves and everybody during the last three or four decades.

It has been suggested that shifting taxes from all carrier facilities be "tied in" with the Townsend "Old Age Pension" programme so that lower living cost, due to exemption from all taxes of all carrier facilities, would make \$100 per month *worth as much to us old folks* as \$200 with present prices. A further reason: All of us, young and old, would benefit by the cut in prices. We could buy more things which would require more labor, thus absorbing the unemployed who can and want to work. *Man! How business would boom!*

Our rugged individualism under democracy has done a great work. It has gone far in the last 150 years. We should be proud of the progress made. But, *we have built castles in the air* and Thoreau said: "That is where they should be. Now put foundations under them." It might be well to *start the foundations* by requiring the Congress to

underwrite all transportation taxes and a *modified* Townsend "Old Age Pension" appropriation and "*Take Taxes Out of Prices*" by a levy on the several states equal to 2½ per cent on all land values, *urban and rural; not structures* or other improvements, annually. Such a start toward putting down foundations by shifting one tax item only each biennium would be conservative progress and 100 per cent American. We could then evaluate its worth. Jobs would soon be seeking workers instead of the workers hunting jobs. Then, and not until then, wages and time employed per day, week, month and year will come into their just share of the productive and industrial income. If and when we exempt all transportation facilities from all *taxes we will be well on the road to economic and social security* for everybody.

—CHARLES J. LAVERY.

McNair Fights Back

IN a series of articles running in the Pittsburgh *Sun Telegraph*, Hon. William N. McNair bares the rackets of Pittsburgh under the protection of the politicians, and strikes some telling blows in newspaper English. He says the yearly profits from organized and protected racketeering in Pittsburgh would total two million or more, "probably much more." He says: "The numbers racket in the Hill District took in \$12,000 a day. During my administration this figure was reduced to \$150 a day."

He tells of the threats made against him, the movement for his impeachment and the "ripper bill" to get him out of office. He reviews the work of his administration and what he has actually accomplished. He took the police out of politics and eliminated the "fixer," instituted a new system of assessment which relieves the small owner, improved the administration of justice, enforced the collection of taxes on big estates, opened the City Hall to the citizen whose property it is, etc.,—on the whole a series of accomplishments for which he is entitled to claim credit. Besides he tried to loosen the grip of land speculators. Here he was blocked.

He tells of his fight for cheaper bus fares. He says he knew all the time he was fighting for the land speculator. But he was working as Mayor of the city and he knew that to progress in competition with other cities Pittsburgh must have cheaper bus fares. So he fought for lower fares, though he knew the land speculators would benefit more than the people.

In regard to public utilities he says: "Utility, rates are too high. But I don't advocate government ownership. They have that in England and it takes an hour to get a telephone connection. Nor do I believe in taxing the utilities to death. I believe in taxing their land sites, but I'd like to abolish all taxes on their services, because when we tax them they either raise their rates or curtail their services."

McNair reveals how the underworld tried to buy him off. Racketeers, knowing his "weakness" tried to bribe him by offering the proceeds of their rackets to the Henry George movement. They followed him to the Henry George Congress in New York with their offers. McNair laughed at them.

He fired the City Treasurer, James P. Kirk, and appointed William B. Foster in his place. The Council refused to confirm him. The city could not function without finances, and the salaries of teachers, firemen, etc., were unpaid. So he got out. A further move on his part to withdraw his resignation was later decided against him by the courts.

That is the story McNair tells in these wonderfully interesting articles in the Pittsburgh *Sun Telegraph*. His enemies were out to get him; threats of nonfeasance in office were made if the courts decided in his favor.

The new Mayor, Cornelius D. Scully, a life long Single Taxer, states that the prestige of his office will no longer be used to propagate the Georgeist cause. Or rather that is the statement made for him by

the Pittsburgh papers. Since McNair's retirement the axe has fallen on a number of his adherents, and more are to follow.

But the net gain is that the Single Tax got on the first page of the Hearst newspapers and the net loss to McNair is his salary of \$20,000 a year!

A Visit With the Kin of Cobden and Bright

ONE of the most interesting experiences I had in England, on my recent visit, was a week-end spent at Dunford House, Sussex, the much-loved home of Richard Cobden.

Resting comfortably on green velvet sward and flanked by gay gardens, the house is sheltered by noble trees and looks across the Sussex Downs (which to my amazement aren't downs at all but ups rather—being a line of gentle, pastel-tinted hills). It can accommodate some sixteen guests and is as entirely Victorian in atmosphere as though it had slipped from the pages of a Thackeray novel. Possibly some of its plumbing dates it later, but the furniture, the portraits, the framed presentation illuminations and photographed groups, as well as souvenir bric-a-brac and the books in the library, throw the setting definitely into the period of Cobden himself.

So redolent of that great and good man is the place that one could almost expect to see him walk again through the rooms he loved so well.

How interesting it was to me, who am the only living child of Henry George, to contact here Richard Cobden's only living child, a white-haired lady nearing eighty, Mrs. Cobden Unwin, and to be told by her of the evening my father had spent with her and her sister, long years back.

How interesting to talk here with the silver-haired Philip Bright, only remaining child of John Bright, about how my father had been likened to his, in his gift of eloquence.

How interesting to meet, in this inspiring setting, Lady Gladstone of Hawarden, the widow of the last child of W. E. Gladstone, and to note her interest in the Cobden tradition.

One wished for long hours of reminiscences with each of these delightful people, and for long quiet talks with one's hosts, Mr. and Mrs. Francis W. Hirst, and with Sir Gilbert Jackson, Major Lawrence Wright, Sir George Paish, Mr. Alec. Wilson and the others of the party, some twenty-four in all; each one keen on world affairs and dedicated to the cause of universal peace, and to the destruction of trade barriers. One longed for time to explain to them one's belief that Cobden, himself, had he lived, would have accepted the teaching of "Progress and Poverty," and that today their logical course, if they hope to establish international understanding and economic freedom, is to work for freedom of trade in production as well as in exchange.