

constitutional money, Government monetary control, and in whose philosophy the Nation sees today the only hope for continued democracy. . . .

PROFESSOR FISHER. Years of study have convinced me that the depression has been primarily a monetary matter. The simple failure to have a sound and stable monetary system has been the most fundamental reason for business and bank failures, foreclosures, bankruptcies, and unemployment—in a word, for the depression. It was the depression, the pressure of starving and disillusioned men and women, which mainly caused and still causes the great world upheavals—economic, political, social, and even religious. . . .

Money has become a prime necessity in our civilization. Without it, goods cannot be sold and will not be produced. There may be crying need for the necessities of life; there may be all the iron, coal, lumber, and other raw materials used for manufacturing; there may be millions of able-bodied men anxious to work, yet, if there is no money there is no production; there is unemployment and starvation. . . .

If the banks loan freely so as to generate money, we have a boom. If there are few borrowers or if the banks do not wish to lend we have a depression. . . .

Fluctuations in the volume of our active money do great harm. Our check-book money shrank \$8,000,000,000 between 1929 and 1933, causing the great depression. That eight billions was more than a third of our money—more than a third of the Nation's purchasing power. How can we expect to buy the same amount of goods with two-thirds of our money? The restoration of a portion of this destroyed check-book money by Government borrowing from the banks made our partial recovery. A second destruction of check-book money in 1937 caused the recent recession while a second restoration is making a second partial recovery. [*sic*]

We should never have permitted the destruction of the vast sum of check-book money which was destroyed in 1929 to 1933. We should not have permitted the destruction of check-book money which caused the recent recession. These fluctuations of check-book money could not occur if there was 100 per cent real pocket-book money in the banks in our checking accounts—if the banks were not permitted to create this imaginary money—bank credit. That 100 per cent reserve was the original banking system. Banks did not create credit. They received for deposit actual cash and they loaned actual cash, but they loaned only the cash which was deposited in time deposits, and which were deposited for the specific purpose of being loaned by the bank. There were no low-reserve checking accounts in those days. All business was transacted with actual cash. Deposits of cash which the depositor expected to use in his business remained in the bank in cash at the disposal of the depositor. . . .

The banks now, as a system, hold cash and Government bonds equal to the total balances in the Nation's checking accounts—what we call demand deposits. If all these bonds were made instantly convertible into cash at the demand of the banks, the banks would now have, as a system, all their checking account balances in cash or its equivalent. A very simple law would preserve this desirable situation. Thereafter it would only be necessary for the Government to issue any additional money needed to promote full recovery. This would be in cash, which the Government would deposit in the banks and spend into circulation. If this is done, it is my belief that we shall never again see another depression like the 10-year depression which we have just had, and if this had been done 10 years ago we would never have had this depression at all. Senator Norris, if you will get such legislation enacted in the Senate and your fellow Congressmen at the other end of the Capitol will do their part, you will have accomplished, in my opinion, more for the good of your countrymen than has been accomplished by legislation for a generation. I take this opportunity to express my gratification that you are now adding this problem to the many which you have handled so successfully already.

Comment?—We're bewildered. It is all so simple, as the Professor says, but in the absence of anything that remotely resembles facts, in this day of trial, we are speechless.

THE mode of taxation is quite as important as the amount. As a small burden badly placed may distress a horse that could carry with ease a much larger one properly adjusted, so a people may be impoverished and their power of producing wealth destroyed by taxation, which, if levied in another way, could be borne with ease.—PROGRESS AND POVERTY, BY HENRY GEORGE.

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BOOK REVIEWS

GROUND UNDER OUR FEET: AN AUTOBIOGRAPHY

By RICHARD T. ELY

330 pgs. Price \$3.00 The MacMillan Co., N. Y. City.

Richard T. Ely has been to the Georgeists almost as much of an "enfant terrible" as Hearst has been to the Communists. Perhaps a glance into the lives of our "enemies" would disarm us a little. For a biography—and especially an autobiography—reveals, after all, a human being with a typical human life-pattern. A perusal of Ely's account of himself in "Ground Under Our Feet" may dispose us more kindly toward him. For instance, he opens thus:

"I was born before the Civil War. I have witnessed a panorama of events which has thrilled, saddened, inspired and ever kindled in me a burning desire to set the world right. I have been guided in my efforts by the philosophy that 'the beginning and end of all is man.' In my youth I was branded a 'radical' for saying things

which are today commonly accepted. This does not mean that the problems of the days of my youth have vanished. On the contrary, the conflicts raging today are essentially the same conflicts; between labor and capital, between government and industry; but they are being fought on a different plane. Technological advances have brought into view the possibility of abundance for all. Yet we do not have abundance for all. Therefore the battle rages between those who have and those who have not. Technological advances have resulted in a growing interdependence of human beings. Our economic relations are more and more closely interwoven, and more and more it is "one for all and all for one." Failure to act on this means disaster. If we apply ourselves intelligently and sanely to the problems of today we can look forward to a future worthy of man. If we unleash the forces of hatred, selfishness and brutality, we can look forward only to destruction."

Ely evidently has been motivated by high-minded purposes. Perhaps we should be more tolerant. But on the other hand, how can this man who wants to set the world right, this specialist in land economics, the very title of whose book suggests a prepossession with land—how can he dismiss Henry George's contribution to these problems so curtly?

"Because I was conscious of my own integrity, I could not see my way clear to advocate the Single Tax. For this reason, they thought that I must have lost my way; they suspected me of selling out to the interests, especially the real estate interests. The advocates of the Single Tax said, 'Here we have applied Christianity. Follow Henry George in his eloquent and moving plea for a new and better social order.' Yet it seemed to me that the natural rights doctrine of Henry George was thoroughly unscientific, a belated revival of the social philosophy of the eighteenth century. I believed that the economics underlying Henry George's pleas was unsound."

Let us admit a high-minded purpose. Let us refuse to question motives. But that stereotyped professorial slam—that's what rankles the Georgeists.

George's "panacea" was to Ely one of the many typical cases of "a false Christ who would arise, mislead the multitude and cause endless destruction."

Immediately after this "criticism" of George, Ely tells us that in casting about for wise guidance he found a great deal in the Mosaic legislation.

"In the Mosaic law, land was not to be regarded as a commodity, for the final ownership was God's. 'The land shall not be sold forever, for the land is mine.' It was to be used by the earthly owner for home and subsistence. Speculation in land, buying and selling for gain, was absolutely inconsistent with the spirit of the legislation. If poverty necessitated it, temporary possession could be given with widely extended rights of redemption."

[*Sic!*] Does George say more? But Ely catches himself in time: "Although these ideas are *sound in principle* (italics mine), they were never carried out. In modern complex society they could not be carried out any more than in primitive Israel [*sic*]. But, if we cannot apply these laws to the letter, we must aim at the spirit for which they stand. It will require our best brains, with all good will, and we must remember that 'the letter (of the law) killeth, the spirit giveth life.'"

What else is George's proposal to socialize the rent of land and permit the land itself to be used by individuals, but an application of the spirit of Moses to "modern complex society"? And how else would Ely prevent "speculation in land, buying and selling for gain?"

Ely's unsympathetic attitude toward George has its basis in his approach to economics. When he proposed the founding of the American Economic Association, in the 1880's, its central idea was to be "that the dogma of *laissez faire* should be abandoned by our leaders." His program "emphasized historical and statistical study rather than deductive speculation," which marked a decisive break with the classical school, and which he joyfully considered an "emancipation."

The written prospectus of the Association, however, did not suggest such a complete break, and Ely's colleague, S. N. Patten called it to his attention. Patten said, in effect: Why don't you admit it? We don't believe in the old-fashioned idea of freedom. "It seems to me that the very object of our association should be to deny the right of individuals to do as they please, and that of course is restricting trade." (Is this one of the things, radical in those days, but "which are today commonly accepted?")

Further on in the book, Ely tells us "I have always recognized that we do not have natural law in the economic world, and that economic laws are different from the laws of external nature." He groans at the slip he once made in comparing economic tendencies to the law of gravity. But he feels consoled because such great economists as Malthus and Walker also made the same mistake. Walker's error, it seems, was in considering Ricardo's law of the increase of rent a natural law. Ely informs us that as society grows "we have relative over-production, and we have a fall in land values and unearned decrements rather than unearned increments in the rent of land."

These assertions, I think, sufficiently explain why Ely does not feel favorably disposed toward George.

Later on, Ely founds the Institute for Research in Land Economics and Public Utilities. The motto is "Under All, The Land." In speaking of the aims of this Institute, Ely says, "The poverty that results from bad utilization of the land and that passes on from generation to generation is evident to every careful observer of what is taking place in city and country. Countless needless tragedies exist. They can be seen on every hand in the struggle of men who cultivate poor farm land and in every city in the efforts of men and women to pay for the land that in a generation will not be worth the price paid." (Unearned decrement!)

Apparently Ely sees no connection between poverty and bad utilization of land on the one hand, and a system that permits land monopoly and land speculation on the other. Still, the purpose of the Institute "is to join in the labors of those who are striving to abolish poverty and hope in time to achieve their purpose."

We earnestly suggest that Prof. Ely again read Henry George's works, with an unbothered mind; that is, forgetting for the moment that Georgeists and Ely do not mix, and keeping in mind that Henry George's works were undertaken for the same reason as his own, to eradicate poverty.

We hope that Prof. Ely will do this, and we will gladly hold our tongues the while.

ROBERT CLANCY.

NEW DANISH EDITION OF "PROGRESS AND POVERTY"

The fifth edition of "Progress and Poverty" in the Danish translation, by Prof. Jakob E. Lange, has been issued by Arnold Busck, publisher of Copenhagen, Denmark. The first edition came out in 1905 and including this latest issue, more than 10,500 copies have been produced. The first four editions were completely sold out making this fifth edition necessary.

In his introduction, written for his first edition, Prof. Lange tells us that his was not the first translation of "Progress and Poverty." In 1886, a translation by V. Ullman, High School principal, was published in Christiania and completely sold out. Prof. Lange adds a few words to the preface to this new edition. He states he has improved and revised his translation, that he may the more nearly achieve the clarity and richness of the original.

An interesting addition to this latest Danish version is the reproduction on the front and back folds of the cover, of facsimiles of the title pages of "Progress and Poverty" as issued in the following countries, to wit: Hungary, Bulgaria, China, Holland, Finland and Spain. We regret our inability to mention the titles in the various languages because the type necessary to do so is not readily available to us.—GRACE ISABEL COLBRON.