

## ECONOMIC FREEDOM

WHILE THE democracies are engaged in fighting the totalitarian powers, they must inevitably concentrate upon the task of resisting by force the attempt to impose Fascist and Nazi ideas upon the world. There is no escape from that duty, and without it all would be lost. But will those ideas cease to exist upon the day when victory is attained, or will they still remain?

No one has so far given a complete factual account of the growth of Fascism explaining the causes which have brought it into existence. There is, however, a considerable body of evidence that it resulted from the despair of the masses, from their losing faith in the efficacy of democracy and economic reforms to improve their position. This thesis is developed at length by Mr Peter F. Drucker in a book published shortly before the outbreak of war. (*The End of Economic Man*. William Heinemann Ltd. 8s. 6d.)

Mr Drucker denies that Fascism was promoted by big business. "On the contrary both in Italy and in Germany the proportion of fascist sympathisers and backers was smallest in the industrial and banking classes. It is equally untrue that 'big business' profits from Fascism; of all the classes it probably suffers most from totalitarian economics and *Wehrwirtschaft*. (War Economy.) And finally it is just ridiculous to maintain that the capitalist class—or for that matter anybody else—had reason to fear a victory of the working classes in pre-fascist Italy and Germany."

Fascism succeeds, not because it has a positive ideology, but because it denies, ridicules and refutes all traditional ideas and beliefs. Although it makes the most profuse promises, it denies that political power must be justified by the benefit it confers on the people; power is its own justification; freedom and equality are derided. Hence the condition of success of Fascism is loss of faith in the possibility of attaining freedom and equality.

"Fascism," says Mr Drucker, "is the result of the collapse of Europe's spiritual and economic order. The last, decisive step leading to this collapse was the disintegration of the belief in Marxist Socialism. . . . Marxism stands and falls by the promise to overcome the unequal and unfree society of capitalism and to realize freedom and equality in the classless society. And it is because it has been proved that it cannot attain the classless society but must necessarily lead to an even more rigid and unfree pattern of classes that Marxist socialism has ceased to be a creed." It is merely a critical and disruptive force within the existing society, and in that respect it aids the growth of Fascism.

It is only "in pre-capitalist and pre-industrial colonial or feudal countries such as pre-Bolshevik Russia, Spain, colonial Asia, and Latin America, where social conditions made the classless society appear feasible; a handful of landowners and entrepreneurs on the one side, the amorphous, equal, proletarian mass of the people on the other" that Marxist Socialism can still be a creed. "The masses might therefore still believe that they can establish the classless society of equals by the elimination of the few people who own anything at all. . . . This explains why, contrary to all Marxist creed, the socialist revolution did not start in the most highly developed country in Europe but in the most backward one—in Russia. . . . This also explains why no adherent of socialism can interpret to his own or anybody else's satisfaction the developments following the revolutions in Russia, Spain, Mexico, or in any other pre-capitalist country that should adopt socialism.

Immediately the very phenomenon appears which makes impossible the realization of the classless society of socialism; the unequal privileged middle classes. . . . The real power, the real security, the real fruits of the revolution, fall to the new privileged bureaucracy. . . . The dictatorship can no longer be justified as one of the proletariat over the bourgeois enemies, with those enemies completely destroyed. It is therefore obvious that it is a dictatorship over an unequal and unfree proletariat itself."

And again: "The complete collapse of the belief in the attainability of freedom and equality through Marxist socialism has forced Russia to travel the same road towards a totalitarian, purely negative, non-economic society of unfreedom and inequality which Germany has been following. Not that communism and fascism are essentially the same. Fascism is the stage reached after communism has been proved an illusion. And it has been proved as much of an illusion in Stalinist Russia as it was proved an illusion in pre-Hitler Germany. Communism in anything but name was abandoned in Russia when the five-year plan was substituted for the New Economic Policy (NEP) after Lenin's death. Under NEP there was still the hope of a realization of the free socialist society. Since the First Five-Year Plan it has become increasingly obvious that Marxist socialism can only lead to an even greater inequality; to the complete loss of freedom and to the emergence of a hereditary caste of officials as ruling class. During the last few years Russia has therefore been forced to adopt one purely totalitarian and fascist principle after the other; not, it must be emphasised, because of a 'Stalinist conspiracy,' but because there was no other possibility."

When Mr Drucker says that there was "no other possibility," it seems that he means this in all its implications. He sees no alternative to the present system (or as he calls it, capitalism) except Marxian socialism, and both are discredited. He considers it as proven that "economic freedom of the individual does not automatically or dialectically lead to equality" and that this "has destroyed the very concept of the nature of man on which both capitalism and socialism were based: Economic Man." The stupid idea that economics deals with a fictitious "economic man" should long ago have been banished from the minds of educated men. Economics no more deals with an economic man, than psychology deals with a psychological man. The social sciences deal with particular aspects of the life of man, but they do not deal with imaginary men.

The corner stone of economic science is the hedonic law that men seek to satisfy their desires with the least exertion. This is a proposition which is true of all sane men, and it is true of all their activities. Whether those activities are connected with production or exchange makes no matter. It is true of the philanthropist, as well as of the miser.

Not only is Mr Drucker's view narrowed by this misconception of the nature of economic science, it is also obscured by the idea that economic freedom has already been tried and failed. This idea underlies much of current thought. It results in an unholy association of those who sincerely wish to make the world better and those who wish to retain their privileges and vested interests, united in condemning the very notion of economic freedom. On the other hand it has to be acknowledged that some of the defenders of economic freedom are merely upholders of such

limited degree of freedom as now exists, and are also unwilling to surrender their existing privileges.

The truth is that from the end of the eighteenth century for several generations the idea and the practice of economic freedom made great strides in certain directions. Serfdom and personal inequality before the law were largely destroyed. Trade barriers of a local character were swept away, and there was a general movement in favour of diminishing tariffs and other barriers to exchange between the citizens of one nation and those of another. In this country freedom of exchange except for revenue tariffs upon a few articles was almost completely achieved. All this contributed towards a larger production of wealth and encouraged technological improvements in industry and in agriculture.

But one great cause of inequality remained—the private appropriation of the rent of land by the fortunate few who happened to be the owners of it. As the production of wealth increased, the toll by the owners of land taken for permission to produce increased also. The contrast between riches and poverty became greater.

### AMERICAN NOTES

On behalf of the Robert Schalkenbach Foundation (32 East 29th Street, New York City) Messrs W. Fairchild and G. Hansen recently made a tour of some of the colleges in Upper New York State. They visited Albany, Pesselaer, Trog, Saratoga Springs, Schenectady, Hamilton, Clinton and Ithaca and interviewed about thirty professors. This trip was a sequel to the Foundation's summer campaign which started last July with the publication of a *New Guide for Teaching the Principles of Political Economy* based on the text of *Progress and Poverty*. Sets of lesson sheets for the use of students have been printed. The Guide was announced to the colleges in a series of mail campaigns which brought requests from 652 professors who want the Guide in connection with their classroom work. About 250 of them asked for *Progress and Poverty* as well. Five of the colleges asked for classroom supplies of the lesson-sheets for use of students; two have groups of fifty students; one has twenty and two have ten.

\* \* \*

*Land and Freedom* (150 Nassau Street, New York) September-October number carries an extensive report of the Henry George Congress in Chicago, September 29-30 and October 1, organised by the Henry George Foundation of America. Among the 100 registered delegates present were J. Rupert Mason of San Francisco; C. A. Gaston of Fairhope, Alabama; N. D. Alper of St Louis; Mrs N. M. McEvoy, W. I. Swanton and P. Rubin of Washington, D.C.; Spencer Heath of Elkridge, Maryland; F. Chodorov, Lancaster Greene, and S. J. Abelson of the Henry George School of Social Science, New York; C. R. Eckert, Carl D. Smith, G. E. Evans, P. R. Williams and others from the State of Pennsylvania. We are pleased to note that Mr J. Rupert Mason was elected to the Board of the Foundation.

Articles in this issue of *Land and Freedom* include "Rent and Wages in Great Britain," by our co-worker D. J. J. Owen, who has been making his regular contribution in a series of special articles to *Land and Freedom* during the past couple of years; "Land Value Taxation in New South Wales, a Successful Experiment in Australia's 'Empire State,'" by A. G. Huie; "Strength and Activity," by J. L. Björner, translated from the Danish *Grundskyld*; "Property Rights," by J. Rupert Mason; and articles by T. E. McMillan (on New Zealand), S. J. Benjamin (War is No

The rapid increase in the value of land inevitably caused land speculation, the holding of land not for immediate use but for future accretion of value. So the disparity between rich and poor was deepened. It is in this sense that it is true that "economic freedom does not lead to equality." But the argument is not against economic freedom, but against an incomplete freedom. Mr Drucker appears to be quite unaware of this. He is unacquainted with Henry George or any of the long train of writers in many countries who have pointed to the consequences of the private appropriation of economic rent. Neither does he mention the reversal of policy which has become so acute in the last two generations, and especially in the last quarter of a century, with the heightening of tariff barriers and many new devices for preventing exchange and fostering monopoly. He assumes that we have attained to economic freedom, and implies that our troubles are due to that. It is but a step to the conclusion that there is no hope except in a society which disregards all economic criteria. That way lies the despair of the masses which leads to Fascism.

Solution), T. N. Ashton (The Pen and the Sword), I. M. Kass, Josephine Billington, J. Pusateri, J. Schwartzmann, R. V. McNally and J. W. Graham Peace.

First among the book reviews is that of *Why the German Republic Fell*, a very commendatory notice which should encourage sales.

\* \* \*

One of the resolutions adopted at the Chicago Henry George Congress declared in favour of "the organizing of an American Association for Land Value Taxation, modeled after a similar organization in Great Britain, for the purpose of supporting legislative action in conformity with the Henry George ideal" and "that a convention of alumni groups of Henry George Schools and of other Georgeist groups be called as soon as possible for the purpose of establishing such an action organization."

### AUSTRALIA

The trustees of the Henry George Foundation, Australia, held their annual meeting on 28th May. It was reported that during the preceding year the literature imported comprised 500 *Progress and Poverty*, 200 *Significant Paragraphs from P and P*, 200 *A Great Iniquity* by Tolstoy and 50 *The Great Robbery* by J. W. G. Peace. The Foundation had itself published 1,000 *Costless Credit* by E. J. Cragie, 5,000 *Menace of Land Monopoly* compiled from the speeches of Mr Winston Churchill, and 5,000 *Mankind's Guide, Philosopher and Friend*. In round figures 12,000 pieces of literature were received into stock and 11,600 pieces distributed. The first edition of 2,000 *This Struggle* having been exhausted, Dr Culley has issued a second edition of 3,000 copies. In regard to new productions, arrangements have been made, with the concurrence of the Robert Schalkenbach Foundation, for a 5,000 Australian edition of the *Significant Paragraphs from Progress and Poverty*; and it has been decided to print a second edition of 10,000 of the *Menace of Land Monopoly*.

### TO OUR READERS

Shortage of paper necessitates curtailment both of the size of this journal and of the number of copies printed. This is an inevitable result of the war. We trust that subscribers will appreciate that the changes in type and format which will be made commencing with our next issue are due only to this reason.