

In every important center throughout the State there are those who are doing everything to advance the amendment and the principles it represents. In Pacific Grove, for instance, there is Fred W. Workman; in Stockton, Mr. L. D. Beckwith and Mr. J. Southwick; and in Sacramento, Mr. Edward Adams, and Mr. H. G. Hecker.

OTHER CALIFORNIA NEWS

Among the writers identified with the Ralston Amendment are Lincoln Steffens, Kathleen Norris, C. E. S. Wood, Hamlin Garland, John H. Barry, Upton Sinclair, and George Creel. The latter two are rival candidates for the Democratic nomination for Governor.

Mr. Archie V. Hahn of Los Angeles is one of the State's leading convert-makers. Three of his friends have just subscribed to LAND AND FREEDOM. They are Mr. A. W. Nelson, Mr. Charles Burrige, and Mr. Jack Macartney.

Three of the most prominent men in the strike situation in San Francisco were Single Taxers: Andrew Furuseth, president of the International Seamen's Union, and Archbishop Edward J. Hanna and O. K. Cushing, members of the President's special appeal board.

Mr. A. J. Milligan of San Francisco has conducted three ten-weeks' courses in Progress and Poverty since 1929. The classes have had an average attendance of thirty. Mr. Milligan is now organizing a public speaking class which will furnish speakers for the amendment campaign.

Mr. Bryant Hall, research engineer for the Regional Planning Board Commission of Los Angeles County, first heard about the Single Tax from Lawson Purdy and John J. Murphy when he was employed by the National Housing Association of New York City. Since recently reading Henry George's statement of the problem in Progress and Poverty he has been making a close study of the subject. He arranged two important appointments for Mr. Monroe, one before the Government Administration Group composed of several city managers, professors, and regional planners, and the Western Statistical Association.

One of the members of the Government Administration Group is Gordon Whitnall, son of Mr. C. B. Whitnall of Milwaukee. Mr. Whitnall, Sr., is chairman of the Milwaukee Committee on Tax Problems which recently issued an important recommendation for land value taxation.

Judge Ben Lindsey has been speaking for the Ralston amendment.

There are none who have been more devoted to the cause of social justice throughout the years than Mrs. Lona Ingham Robinson of Glendale. Though her health will not permit her now to take the active part to which she has been accustomed, Mrs. Robinson is as always giving every help and encouragement she can to the progress of the work.

Two taxes were once currently enforced in England, a tax on bachelors and a tax on marriages.

A State to Control Monopolies Only

By MARK MILLIKEN, M. D.

THIS is what I hope will fill the bill of "an intelligent rejoinder" to an amazing article by Henry Pratt Fairchild in the May issue of *Common Sense*. The amazement is not at its double-headed theme, to eradicate "conflict in all business alignments, and the struggle for private monetary profits as the main dynamic of economic activity," but he missed something, or at least did not express it. Why he did not see the superiority of "A State to Control Monopolies Only," over his plan of "A Non-Corporative State," is the occasion of my surprise.

He has little use for the NRA and the "alphabetic permutations" that indicate plans of relief. Nor have I; and I fully agree with him when he says, "in all the activities and expedients of the New Deal, venturesome and humanitarian as they are, it is impossible to discover any features of a thorough and effective recovery programme, and certainly not of a set of plans and specifications for a genuinely new social order." That they are venturesome, there is no doubt. That they are humanitarian, yes, because like the old woman in the sick room, not knowing just what to do, the administration tries a little of everything.

Prof. Fairchild says that our problem is "to find a formula that will eliminate competitive struggle to the maximum extent, while interfering as little as possible with the cherished traditions and emotional and temperamental proclivities which are as dear to human beings as material comfort or even security." And then he assails what he calls the individualistic—capitalistic system. Here is a good time to say that the critics of individualism are about the most rampant individuals on the planet.

Their individualism stands out in their writings, their speeches and their idiosyncrasies. They are, as a rule, non-conformists. They may be physically weak, but they subordinate their opinions to nobody. Many of the older critics were brought up on the doctrine of "rights" so well worked out on a biological basis by Herbert Spencer; but his epoch-making book, "Social Statics," is now 34 years old, and to quote from that book is like riding down Fifth Avenue in a rusty model T. So after lauding some principles and values which are in the bone and brain of every well educated Englishman and American—personal liberty, freedom of action and self-determination, things incompatible with state socialism,—he proposes this remedy: "*the excision of the corporation from the body politic because it is the causation of economic chaos and personal distress.*" The corporation is regarded as a malignant growth in the body politic which secretes the toxin called *profit*. This is the view of socialistic pathologists. On the other hand, individualistic pathologists view the corporation as a

highly integrated phenomenon performing a useful and varied service, and only secreting toxins when restricted or abused. Prof. Fairchild speaks of the corporation as "this monstrous excrescence" and again goes into a very concise and illuminating description of its functions.

May I remind Prof. Fairchild that pathologists do not think that malignant growths have any function? These monstrous excrescences are masses of cells running wild in their anarchy and orgy of reproduction. So it would appear that Prof. Fairchild is unfortunate in his metaphor. However, there will be little disagreement in his statement that the corporation "fosters the development of the profit motive in all its most irresponsible, rapacious, and destructive forms." With this indictment he proposes the following remedy: *the immediate expropriation, and future ownership and operation of all business corporations by the Federal Government.* The italics are his, not mine, though if making any contribution, I should add several exclamation points. He admits that this proposal is radical and 'subversive;' but that "it is formulated in the engineering spirit;" that "it is an attempt to discover what means will produce a desired result, given a certain set of conditions to start with." Here I must criticize his evident confusion of structure and function. He makes the common mistake of seeking a desired result while ignoring the means of obtaining it. As an example, I need money. There is a proper way of obtaining it by putting up collateral and borrowing it at the bank. There is a wrong way, such as robbing the bank. The result (money) is gotten, but it makes a vast difference how. And so it is with many evils that crop out from human activities. Bad as they are, our frontal attacks against them are usually failures and the parents of more evils. There is a tacit belief in the old doctrine that the king can do no wrong in this plan of the campaign against profits. Prof. Fairchild says, "The people of the United States, acting through its Federal Government, and by due process of law, seizes the ownership of all existing business corporations, meaning by that term a corporation created for the purpose of making profit." Evidently the ethics of taking over something which doesn't belong to all of us, such as a store or a factory trouble him, for he plans to issue certificates to the stockholders providing for payments on the original stock, thus reimbursing them in twenty years.

Having obtained these "monstrous excrescences," the government proceeds to operate them on a non-profit plan. His conclusion is, that "since there are no profits to be made there is no incentive to produce beyond the consumers desires of the public." Nobody will deny that this is a valid conclusion. And here is another balanced statement: "Since there is no effort to put the selling price above the cost of production the purchasing power is always equal to the cost of production, and all the goods for which there is an actual demand can be sold."

Prof. Fairchild would allow the individually-owned

businesses to proceed as before. Partnerships may do the same, provided they are good and abstain from the bad features of the corporations. This indicates that the conflict in his mind between his latent individualism and the precepts of NRA has been called a draw. He admits that his plan is a "straddle between individualism and socialism."

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My criticism of his plan is that he has proposed socialization of things which do not need it, and has ignored the socialization of those which do. My thesis is, that *all natural monopolies ought to be controlled and owned by the political units in which they are.* That means railroads, telegraph and telephone systems, pipe lines, deposits of coal, oil and gas; rivers and harbors, large areas of forests, roads, airways. Being a Single Taxer, I am more than willing to join hands with the socialists, who in a weak way (much to their discredit) advocate the government exercising its right of eminent domain and taking over the land. This belief then leads to another opinion. It is that the true functions of the nation, the state, the county and the municipality ought to concern themselves with the natural monopolies within their respective boundaries and let the individual alone. I do not regard U. S. Steel or the Standard Oil as monopolies. They are big, but they are not natural. They could not have achieved their size had the government owned and controlled natural monopolies from which they draw sustenance. This is the crux of the situation. We allow individuals to get control of natural monopolies such as come under the head of public utilities. They mulct the public, and, as a remedy, legislators with no knowledge of the canons of taxation, proceed to tax them. The stock in these corporations, being hygroscopic, swells up and attracts the investor. The latter, now a co-parasite of the society served by this utility, draws dividends from profits. This offends Prof. Fairchild; he would have the government take such an institution over. So would I; not because it made profits, but because it is a monopoly in private hands. The profits are incidental and final. Paid out by a private concern they should go to stockholders. Paid by a natural monopoly they should go to the consumers at lower prices. I can see nothing wrong in profit. As an example, a man produces milk on a farm. He sells it at a profit to a middleman who transports it to a city distributing and sterilizing plant at a profit. The distributors sell it to a grocery at a profit, and the grocer sells it to the ultimate consumer at a profit. The "spread" between the price at the farm and what the ultimate consumer pays is often a subject for official investigation. What is wrong? The farmer is paying land rent to his landlord. He is paying taxes on his equipment. The middleman is compelled to buy a refrigerated conveyance. He is confronted with labor troubles. The owners of the milk-plant are likewise the victims of our obsession to tax industry, as are their employees. The same is true of the

grocer. The milk in its progress towards human gullets has jumped a series of useless and harmful hurdles. To obviate some of these effects of officialdom Prof. Fairchild would have the Federal Government take them over, on the homeopathic principle that "like cures like." Instead of having first things come first he proposes to have last things come first. I would tackle the fundamentals first with every assurance that the incidentals would take care of themselves. Sweet are the users of *laissez-faire* when working under conditions of freedom.

Prof. Fairchild writes, "Any one who is familiar with the role played by speculative profit-seeking in the creation of depressions will recognize that the removal of this force would produce sweeping results." My belief is, that the cause of depressions is an inability to meet obligations, in other words, DEBT. It is true that when the value of stocks fell and the buyers on a margin were called on to put up cash or more stocks, and could not, that the depression became manifest. There are two necessary steps to prevent depressions. First, take away the speculative value of land by taxing it at its part or full value, preferably the latter, which would be about five to seven per cent. Or, do as the socialists propose, take it over and charge rent for its use. That makes Iowa and Florida land booms impossible.

I think a splendid argument against Prof. Fairchild's scheme of governmental meddlesomeness, regimentation, and purblindness is his own statement, "the one great unanswerable objection to complete socialism has always been that it would be virtually a system of state slavery. With the government the only employer, anybody who worked at all would have to work for the government, and since such a government would not allow idleness, there would ensue an actual condition of forced labor. Forthwith there arise the habitual questions as to who would assign jobs, who would affix wages, who would be on the regulating committee?" That little paragraph is like a bullet; it hits his argument. Any argument based on fundamentals should succumb to that wound. But arguments based on incidentals are so shifty and attenuated that they are apt to be only excited by the thrust of a basic principle.

A state to control monopolies only, gets us back to the Jeffersonian idea of government, that it is best when governing least. A non-corporative state is a misnomer. Prof. Fairchild's state would be practically a huge corporation with multitudinous details, licenses, officials, annoyances, and assaults on the law of equal freedom.

IF "real estate" can not bear the burden of governmental expense then the government deserves no support. Every useful governmental act increases land values and automatically makes land able to bear the expense. Acts that are not useful have the opposite effect and the government must be indulging in a lot of them if "real estate," or rather the land part of real estate, can not pay.

Democracy

By HENRY WARE ALLEN

IS our democratic form of government a success? This question is being asked more and more frequently. Italy is pointed to as having the most efficient government today and speakers before our civic clubs in referring to Mussolini, himself a Rotarian, are apt to receive prompt applause when suggesting that we ought to have a benevolent despot of his type in the United States. College men and liberals who might naturally be counted upon as the strongest supporters of democratic institutions, are foremost in the ranks of those who have become discontented with present conditions. Possibly the reduction of salaries has something to do with this attitude of mind and it may also be responsible for the easy acceptance by them of the programme of state socialism. There is a growing belief that big business can not be handled in any other way and that the state must take care of the unemployed and the underpaid.

Socialism is an elastic label. Years ago it was used as a term of opprobrium and the word socialist was an epithet. The socialist like the anarchist was a dangerous agitator. Then Christian Socialism was introduced and although the plans and proposals of socialists themselves are more or less vague and indefinite its advocates are now much more numerous to be found in the parlor than in the street gathered about soap box orators. The standard dictionary defines socialism as involving the "public collective management of all industries." Says Henry George, "Socialism seems to us like men who would try to rule the wonderful complex and delicate relations of their frames by conscious will." This is exactly what the government at Washington has started to do. It is an innovation diametrically opposed to democracy and if continued is certain to result in usurpation of power with tyranny. A benevolent despotism easily changes to a malevolent despotism. Socialism is founded upon the theory that the individual citizen is not competent to manage his business affairs but that he must on the contrary be subject to the management extended by the superior wisdom of government. Most important of all is the fact that socialism denies and ignores the existence of natural law and, therefore, substitutes in place of natural law the regulations and restrictions of puny men.

In this connection it is interesting to note that socialism has a tendency to lead away from that faith in God which is based upon reverence for His natural laws which are provided in every realm of science including that of political economy. Conversely, it is the universal testimony of those who have come to understand the full development of democratic ideals that this, by revealing the harmony and inter-relation of natural law, has given them a new faith in God. It is true that in Russia where socialism is now in force on a grand scale, antipathy to the church