

Economics and Bankers

OUR American banking institutions, it is pleasant to note, are giving increasing attention to the study and teaching of economics.

In some cases, however, and with lamentable results, the teaching precedes the study. The Bankers Trust Company of New York, for instance, has just issued for circulation a 78-page pamphlet, entitled "Ten Minute Talks with Workers." A brief introduction confidently describes the pamphlet as "a contribution to straight thinking about the relations between Capital and Labor, which is essential to the progress and peace of the world." But the matter and the argument are admitted to be borrowed and "re-printed by special permission from the Trade Supplement of the *London Times*." It is, therefore, an imported production, and not the result of the Bankers Trust Company's own study and thinking. It must be confessed that in the borrowed plumes of the *London Times* the Bankers Trust Company does not gain in dignity and respect.

For the "straight thinking" of the *London Times* on the problems of Capital and Labor turns out, as might have been expected from the traditional policy of that partisan organ, to be a characteristic specimen of loose and crooked thinking.

In proof of this criticism, it is quite sufficient to point out the fact that, in all the 78 pages of the pamphlet, there are but two allusions to land, the primary factor in wealth production. On page 17, we find conceded the first place in production to land, as follows: "(1) The gifts of nature, land in particular." And then, on page 18, it is admitted that "the first requisite of wealth production is one which man does not create and cannot do much to control." But throughout the rest of the pamphlet no further mention is made of this "first requisite of wealth production!"

The relation of Capital and Labor to this basic condition of existence and its bearing on their relations toward each other, apparently do not concern the *London Times*, except perhaps as matters whose discussion must be avoided. Transparently, the pamphlet is an attempt to stage the play of Hamlet without the Prince of Denmark.

It is hard to believe that the same class motives which inspire the *London Times* in its suppression and distortion of economic truth can exist in an American banking institution. The interests of such an institution might be supposed to be identified with productive American industry rather than with that limited non-producing class which enjoys control of "the gifts of nature," "the first requisite of wealth production," and by grace of unjust fiscal laws extorts a vast and increasingly heavy tribute of economic rent from American industry and the mass of the American people.

The Bankers Trust Company manifestly owes it to itself and to the American public to make an independent study of economics and a frank statement of its stand on basic economic issues, upon whose just and speedy solution un-

doubtedly depends the progress and peace of this country and the world. Straight thinking and plain speaking on fundamental economics was perhaps never before so urgently needed. Civilization has reached a critical stage. The decisions of misguided statesmen are apt to be catastrophic. Those who imagine that unjust economic conditions, however advantageous to a class, can safely be prolonged, are living in a fool's paradise. Henry George foresaw the approaching and irrevocable test of our civilization, when he wrote: "The struggle that must either revivify or convulse in ruin, is near at hand, if it be not already begun."

Our leading industrial men and bankers seem already to have sensed the danger, even if they have not diagnosed its cause. May we count on their sound sense as well as courage in meeting the situation? Do they realize that temporizing subterfuges and palliative devices are now utterly futile, that we are at last face to face with a final settlement and that our only salvation lies in the complete surrender to the demands of Justice?

Iowa's Farm Land Boom

LAST year, 1919, Iowa was the land speculator's paradise. Now what is the land speculator's paradise one year is everybody's hell the next. According to a recent issue of the *Weekly News Letter*, issued from Washington by the Department of Agriculture, the land boom that swept Iowa "forced land up to a level at which it was impossible for any but exceptional farmers to make more than 3 per cent. on his capitalization and made it out of the question for a large proportion of the tenants to buy land on borrowed capital with a fair chance of paying out."

The Department of Agriculture, in co-operation with the Iowa State College, made an investigation of the conditions, and brought out some interesting facts. It was found that the increase in the average value of farm lands in sections of Iowa where the investigation was conducted was greater during the year of the boom than during the fifty years from 1850 to 1900.

Whereas the general increase in value of farm land for the country was 21 per cent., in Iowa it was 32 per cent. One of the conclusions arrived at by the investigators was that about two-thirds of the increased value on farms bought and resold during the boom was appropriated by residents of towns and cities.

The report is not very frank as indicating the possible consequences of this boom, but it does say that "the current prices of land (in Iowa) are not justified by the earning power of the soil, and at current prices for land it is not financially profitable for the tenant to become an owner, and that for the great majority it is practically impossible."

The *Weekly News Letter*, after stating the conditions thus gingerly, touches—but just touches—upon the burning problem:

"A logical inference from these facts is that an improve-

ment in credit arrangements, frequently suggested as a remedy for the increase of tenancy, may not be regarded as a fundamental solution so long as land values are so high that it is both unprofitable and impossible for the majority of tenants to acquire ownership.

"When conditions are such as are revealed by the present study, the solution of the evils of tenancy would appear to require methods that will limit the tendency toward the over capitalization of farm-land values in relation to farm incomes. In part, this may be accomplished by educating farmers in alternative lines of sound investment, and in showing them the folly of sacrificing their standards of living in order to purchase land at excessive prices. In part, it may be necessary to employ more direct methods for the purpose of reducing that part of the demand for land which is the outgrowth of speculative motives or other motives not connected with the desire to acquire land for the purpose of utilizing it."

Thus, with delightful euphony, the system that has given over the farm lands of Iowa to the speculator is referred to in Chesterfieldian terms. It is a characteristic little touch, that about "educating the farmers," telling them how foolish it is to "sacrifice their standards of living in order to purchase land at excessive prices." But as land goes up many buy that they may sell again. Though there has been a slight increase of ownership of farm lands in Iowa (if we are to trust the Report) it is to be doubted if the actual number of working framers is increased. High prices of farm land, united with unprofitable returns to farming based upon the capitalization of these inflated values, is not likely to result in increase in the number of farmers. It is conceivable that there might be an increase in the number of farm land owners.

How naive is the advice urging "the education of farmers in alternative lines of sound investment." Who are the farmers of this country that they need to be educated by anybody as to where and how they will invest their money? What they need is a system that will safeguard them from the attacks of the land speculators, and this can be done by the utter destruction of that dangerous, demoralizing and wholly corrupt institution which permits the private collection of the rent of land which in Iowa is the creation, for the most part, of the working farmers of that State. Left to the sport and gamble of land speculators the result is economic disaster—as Iowa will wake to find.

A vote for the Single Tax is a vote to change all this.

Mr. Buck Defends The Farmer-Labor Party

ROBERT M. BUCK, one of the leaders of the Farmer-Labor Party, says in the *Nation* of Aug. 7th: "The effort of the Farmer-Labor Party is to induce all the exploited groups to arise in their political might and throw off their exploiters."

These be brave words. But who are the exploiters, and how are these groups exploited? What is the machinery of exploitation—its exact nature and operation? The

platform tells us that "political democracy is only an empty phrase without industrial democracy." Good again! But what is industrial democracy? How is it to be brought about? The party tells us in the plank which reads "The right of labor to an increasing share in the responsibilities and management of industry; the application of the principle to be developed in accordance with the experience of actual operation." Cautious in this particular are these friends of trade union management of shops and factories. They would not do it at once, only as its reasonableness were developed by experience. But *how?* By legal enactment? By revolution? The industrial institutions of the country, the factories, the mines, the great wholesale and retail businesses, are in private hands. How shall labor proceed to take a larger share in the management of these?

Is it to be assumed that Labor is as wise in management and supervision as it is in the work essential for the actual production in these enterprises, these myriad industries? Conceivably, progress may give an increasing share of direction and supervision to labor in the management of great and small industries. This would be eventually developed, as the platform makers of the Farmer-Labor Party assumed in a moment of sanity, "in accordance with the experience of actual operation." It would also develop (but this the platform makers of this party are not wise enough to see) in accordance with the increasing freedom and independence of labor that would be the result of securing to it the right of access to the natural opportunity, such natural opportunity being land in all its forms, mineral sites, forest and city land, agricultural and grazing land, forest and city lots.

But for a political party to declare in favor of labor taking a larger part in the management of business either means nothing at all, or is a covert assault on every form of property held by over one hundred million people whose right to own, sell and bequeath is recognized by the laws of the land and the conventions of society.

In thus arraigning themselves against the idea of property, and adopting and mischievously extending Proudhon's familiar slogan, "Property is robbery," the Farmer-Labor Party may be assuming ground which they are capable of defending. But if so, they must defend it on the assumption that there is no true basis of property, and place themselves in opposition to the Single Tax Party, whose members are sticklers for the sacred right of property, and who, regardless of the smallness of their numbers, are yet strong in the principles to which they appeal, principles the triumph of which awaits only a clearer perception of the true nature of property and an awakened conscience on the part of the electorate.

A TAX upon ground rents would not raise the rents of houses; it would fall altogether upon the owner of the land, who acts always as a monopolist and exacts the greatest rent which can be got for the use of his ground.

—ADAM SMITH, in his "Wealth of Nations."