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THE SQUARE DEAL

Room 13, 991 Bay Street, Toronto, Ont.

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THE MONEY QUESTION IS A LAND QUESTION

Herbert T. Owens

The monetary reformer is abroad these days and seems to be almost monopolizing the public prints, supplanting to some extent his predecessor, the man who attributed all of our economic ills to the capitalistic system. Neither of these groups, however, has an adequate comprehension that the roots of their grievances lie in the land question.

The monetary reformer talks about "debt-free" money, but is rather vague when it comes to stating a method of ridding money of its "debt". So long as a government hires privately-owned and controlled funds so long is it obligated to pay the hire, or interest. An examination of how private funds come to be accumulated to the point that make them the menace that the monetary reformer rightly considers them to be would seem to be very worth while. How is wealth accumulated?

Economists of one school teach that the way to get wealth is to "work and save." In the present economic set-up, however, the great majority work, but have very little saved. True, a minority manage to make moderate or huge fortunes. But it is equally true that such fortunes are not to be made by working. It is recognized that some individuals are more industrious or more brainy than others, yet mere industry or brain power applied in legitimate ways does not raise its possessor very much above the general average. One farmer may farm a given acre of similar land to much greater advantage than another, yet his income would measure only a few hundreds more than that of his less competent neighbour. One worker on piece work may excel another in the quantity of production, but here again the difference in income to the worker is measured only in a few hundreds of dollars a year. Similarly, difference in skill in mechanical or business lines is measured only in a few thousands of dollars a year at most. Salaries of \$10,000 or more a year are fairly rare in a community, yet it would take an individual earning \$10,000 a year much more than half a century to accumulate a million dollars by compounding that million dollars salary alone, provided he spent nothing, which, as Euclid said, would be absurd. The point in these illustrations is that the average worker, either by hand or brain, can accumulate only enough to afford him a reasonable income. How then did the great incomes of the relatively few arise?

Enter monopoly! What constitutes a monopoly? Land grants, in which are included timber limits, mining rights, water powers, air waves, trading monopolies, like the fur-traders; banks, insurance and trust companies; railway,

## OUR AMATEUR STANDING

The funds of the Henry George Society are low, and are urgently needed for educational work. Never was the need for this work more critical. Once the present unwholesome war prosperity is at an end, this country will have to face a debt beyond precedent and a production system disorganized for peace purposes -- conditions which will make the policies which created the depression of the 30's doubly injurious.

At the same time conditions for this work are favorable, can we but procure the workers and the funds. Myriads of young people have felt the harrow's tooth, and are realizing that they dare not leave economics to the professors. Thousands of young men, willing to risk a limb to beat Hitler, are loth to lose the limb and then return to live under a Hitlerian economy. For this work, the charter of the School of Economic Science is an important recent acquisition.

For these reasons, the Society is at present without salaried official or employee. The work of mimeographing and circulating THE SQUARE DEAL is being carried out on a strictly amateur basis. This circumstance affords reason for condoning the late appearance of this issue, its reduced size, and such technical imperfections as appear. Eager workers are being enlisted, and every effort will be made to bring subsequent numbers out on time and to improve the technical standard.

For 25 years (allowing for the suspension of 1934-7) THE SQUARE DEAL has rendered invaluable service in keeping Georgists informed and in contact, and in keeping alive the inspiration apt to wane in isolation. It must not be let lapse again -- rather must it receive the increased circulation and support which will justify a return to the printed form.

Correspondents are urged to have news items in the office by the 20th of the first month named in the date of issue -- for the next number, by September 20th. And we are quite unashamed in asking for the increased support which, with more money in circulation, many Georgists are now in a position to give. There is not another philanthropic or humanitarian movement in existence which has accomplished even a quarter as much for human well-being, in proportion to the money expended, as has the Georgist movement. Think how much you can afford to give to THE SQUARE DEAL, the Henry George Society or the School of Economic Science, then add something to it and send it on.

highway and air franchises and subsidies; tariff privileges; patents and copyrights. The turnpike trusts of earlier days still survive in toll-bridges. By such monopolies the great fortunes of Canada have been built up. The big salaries and fees are paid by the monopolies. Those who profit by monopolies accumulate surpluses over and above their cost of living and come to form the investing class of the country.

Now, monopoly is in the nature of things. The possession of a building lot, or a farm, or a water power, or a mining claim, is a monopoly, but is never dangerous so long as society is adequately compensated by the user for the privilege he enjoys of the exclusive right to the use of that land. Monopolies are only injurious to the public interest when the holders do not pay a proper rental. The fact is that monopolists are not charged a sufficient rental for the benefits conferred upon them by society at large. It is because of this situation that the class with large investment funds has come to be such a prominent part of the present economic set-up.

Most private and public enterprises are floated on investment funds. A company issues stocks or bonds, and the investing class buy these, and then their surplus takes on the characteristics of a farm. Farmers boast, as compared with workers paid by the hour or by the month, that a farm earns money while the farmer sleeps; and so do investments. Money breeds money. Governments also borrow money from the class with a surplus, thus helping along the process of making the rich richer. It also makes the poor poorer.

Whether a government borrows or pays as it goes is a matter of public policy. A government borrows because it is unwilling to tax its citizens, at the moment the full amount of what it proposes to expend. In that way, the public debt is built up. The public debt system is very widespread, but is not universal. In Nebraska, for example the constitution of the State does not permit any public debt. A few years ago, when Nebraska decided to build a State Capitol, to cost \$10,000,000, it decided to raise and expend \$1,000,000 a year, and when its capitol was completed it had that asset and no financial headache afterwards. When a government decides that it will not tax the people the full amount of what it proposes to expend in any fiscal period, it perforce must borrow from private investors, and then there is a contract between the buyer of the bond and the government, not to honour which is a breach of equity. Yet the economic basis of the transaction may be far from equitable.

The existence of monopolies which do not pay an adequate rental is that basis of inequity. If the few reap

the benefit of monopoly it is evident that the many are deprived of what should be a common heritage. For every monopoly originates in the gift of a government. While not all monopolies are based on land, the most lucrative are. The monopolist of land has the power to control the produce of a given area natural resources. By depriving labour of free access to the soil, the source of all employment, that power inevitably lowers the wages of labour in general. If a just rental were required from each monopoly granted, there would be no inordinate gain to the holder of a monopoly; there would be more revenue for the state instead of a perverted system of taxation, and more wages for the individual. With more revenue coming to the state and to workers at large, huge fortunes would disappear, and wealth would be more evenly distributed. Government would pay as it goes, and would take its natural revenue -- the increment that comes from the utilization of valuable land.

In discussing the question of conscription of wealth in war time, Prof. E. R. A. Seligman, for many years with Columbia University, shows in the following quotation why investors prefer long-term bonds, and sets forth the problem of the investors in that respect. He says:

In reality, therefore, instead of speaking of a benefit accruing to the holder when his bond is paid off, we ought really to speak of an additional burden or sacrifice imposed upon him. For now he will have the trouble of reinvesting his funds. Long-time bonds are in fact generally preferred by the investor in order to obviate the necessity of reinvestment.

The fallacy involved in the contention that the sacrifice imposed upon the future taxpayer is counterbalanced by the benefit accruing to the bondholder thus consists in the failure to realize that there are no benefits then accruing to the bondholder. Whatever benefit may have accrued to him consists in the safekeeping of his money and the annual interest that has been paid. When the bond falls due the benefits cease. There is if anything a burden rather than a benefit now accruing to him. (*Italics ours*).

Given a privileged class with surplus revenues, who wish to invest their surplus in the easiest possible way, long-term bonds, as Prof. Seligman points out, serve the purpose admirably for them; but from the standpoint of money hire or interest disastrously for the people as a whole. The presence of such a class, composedly of the

"best" people, wielding vast influence socially and economically, tempts governments to oblige them by offering attractive investments instead of basing public expenditures on the amount that can equitably be raised by taxation in any given fiscal year. Only by adopting a policy of "pay-as-you-go" can governments get "debt-free" money.

The system of granting monopolies practised in the past having created and fostered the investing class, which is very largely the holder of the public debt, the "debt" on money has created. While the Family Compact may be accounted an episode of the past, its spirit is still with us and it resides in that investing class. Democracy must always be on the alert against privilege, for privilege assumes different shapes in different eras. In one period it may be the holding of an actual physical resource; in another it may be the holding of securities representing natural resources. Collect the full rental of monopoly, and you abolish the ability to make easy money; for without easy money the investing class will cease to be a menace; there will be less money for hire; and governments will pay their way rather than cater to investors.

The best way to abolish monopoly is to collect the rental value of land, which is the rental of monopoly. In the last analysis, therefore, the money question is a land question.

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The proper application of the Georgian taxation of land values is a tax on the mentality of the people and beyond the capacity of a nation not ten per cent of whom are able to read. They cannot understand it. They can only understand socialism at present. Some day with a higher average intelligence, we may adopt the taxation of land values and enjoy economic freedom, but not now.

- Nikolai Lenin.

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Sometimes I think land speculation is a plague more terrible than drought and insect pests and almost as bad as War itself.

Vice-president and former Secretary of Agriculture  
Henry A. Wallace.

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## WHAT IS FASCISM?

Ernest J. Farmer.

The social phenomenon known as fascism appeared at first as something monstrous and incomprehensible. But not too slowly its nature became manifest; it was seen to be but an ancient evil superficially modernized.

Landlordism is one of the oldest modes of subjugating those who work to those who will not. Monopolistic industry is almost as old, usually as an accomplice of landlordism, and a century ago had already undergone a great development. Organized crime is also ancient. In many lands landlordism originated in the periodic raids made by armed banditti upon peaceful peasants; the raiders found it more profitable to leave the peasants a minimum of subsistence (something modern landlords are apt to forget); the exactions came to be standardized and finally looked upon as a matter of right, so that the robbers looked upon anyone who proposed to diminish their exactions as himself a thief. In the Middle Ages, especially in Italy, bands of hired assassins became a recognized factor in government. And the whole of Prussian Junkerdom originated in a gang of highwaymen who became so powerful as to form a state organization, but maintained the criminal tradition. The Prussian claim to be a "Herrenvolk" is indistinguishable from the racketeer's contempt for the "sucker" who abases himself to productive labor.

Fascism is simply a combination of landlordism, monopolistic industry and organized crime for the purpose of obviating the hindrances which democratic institutions place in the way of the complete subjugation of the worker.

Mussolini's organization was originally of socialistic type, but founded upon its members' resentment at their inferior position, and devoid of the idealism of the earlier Russian revolutionists. Its fascist character became set when, first, it became strong enough to amalgamate on advantageous terms with the Camorra, the great criminal organization which had terrorized and preyed upon Italy for generations; and secondly, when it received support from the monopolists who were alarmed by the rising tide of democracy in Italy. Communism, which Mussolini used as a bogey to terrify the middle classes into acceptance of his yoke, was very weak in Italy until it received some stimulus from the increasing misery brought about by his misrule.

The Nazi party was originally an innocuous organization devoted largely to combatting loan-shark exactions. It was at least an organization, with some local favor and a treasury not quite empty. Hitler joined it at an early stage. He attracted to himself a group of whom about half had criminal records and one (Horst Wessel, the Nazi "mar'

was a criminal of the basest possible type. These proceeded to capture the organization quite in the style of gangsters "taking over" a labor union for racketeering purposes. Communism being actually much stronger in Germany than in Italy, it was even easier for Hitler to get himself a job with the monopolists than it had been for Mussolini.

Even under the Spanish monarchy Juan March headed one of the most powerful criminal organizations in existence. It not only procured his release after a conviction for murder, but blackmailed King Alfonso into granting him a tobacco monopoly which netted him millions. In his case it was not so much the monopolists who were the main strength of the Fascist organization as the German and Italian agents, followed by armies of some 200,000 men, who finally broke the resistance of the Spanish people.

In the United States fascist organizations have not yet risen above the control of occasional city councils, as was the case in Jersey City under Mayor Hague. But the method developed during the 20's for breaking strikes, especially in mining and steel towns, shows the fascist type and technic clearly. On threat of a strike, emissaries of the company concerned appeal to real estate boards and property-owners' associations, threatening them with withdrawal of the plant and collapse of real estate values if the strike should succeed. The combined interests bring pressure upon the newspapers to publish accounts, nearly always false, of Communist affiliations on the part of the strike leaders, and of imaginary interviews with workmen's wives deploring the suffering the strike must bring on their families. From the nearest available criminal leaders gangs of armed "punks" are hired to beat, cripple or kidnap union leaders and to assault picketers. If the latter resist, the newspapers represent them as having started a riot; if they make no resistance, the papers do so anyway. In some cases, as in Chicago and Youngstown, dozens of strikers are murdered outright. If outside papers publish any truthful account of the proceedings, the correspondents are arrested, beaten or run out of town. The Mayor, if not already an accomplice, is blackmailed into ordering the police to turn a blind eye or even to assist the gangsters.

By such methods, on a nation-wide scale, did the exploiters help the gangsters to become rulers, in some cases to their sorrow. Our present alliance with Russia is likely, however, to bring about one change in fascist tactics. If Fascism should ever come to power in Canada, it will probably be on an anti-fascist platform.



PROMINENT GEORGISTS PASS ON.

Toronto Georgists deeply regret the passing, after long and honorable careers, of two long-time members of the Single Tax Association. Mr. J.B. Watson, a former President died at his home on Baby Point Road on July 10th, at the age of ninety-one; and Mr. James Edward Maybee, for thirty years a member, died at his home on Inglewood Drive on August first at the age of seventy-five.

EMPIRE NEWS

EDINBURGH, Scotland: After conversation "over morning coffee" with a number of students, a Social Gathering and Conference has been arranged to be held on 8th May, this being specially for students. The object is to give as much opportunity as possible, not for speeches, but for discussing the proposition "That the Land Monopoly is the Real Cause of our Troubles." Printed cards of invitation are being circulated among members of the various Student Societies. There is a proposal to hold a weekly "coffee hour" meeting on the land question with a group of students regularly till the end of the term.

GLASGOW, Scotland: The Women's Council of the Scottish Liberal Federation, holding annual meeting in Glasgow on 30th April (Lady Glen-Coats presiding), approved this resolution:

"This Council earnestly desires to see a Scottish revival led by Scots in Scotland, and expresses the hope that a body of technical experts in research will be set up to investigate and advise on industries and agriculture; urges the necessity for the taxation of land values, access through modern transport to markets, power schemes, afforestation, and an intensive land settlement plan."

LONDON, England: The offices of the United Committee for the Taxation of Land Values, Ltd., of the Henry George Foundation of Great Britain, and of the International Union for Land Value Taxation and Free Trade have been completely destroyed by enemy action.

We tender our apologies to correspondents whose letters are unanswered and ask them to write again. Despite the loss of our records the work will go on, for the value of the ideals for which we stand remains.

New premises have been secured at 4 Great Smith Street, London, S.W.1, to which all correspondence should be addressed.

AMERICAN NEWS

LOS ANGELES, Calif: A new class in Fundamental Economics was begun on May 9, according to Extension Secretary Ferrell. Mr. Ferrell has now finished with his class in International Trade, which he organized for 15 selected graduates.

CHICAGO, ILL.: The annual banquet of the Henry George School was held on May 12th. Francis Neilson, trustee of the New York School was the guest of honor. Hon Max M. Korshak, Treasurer of the Chicago Extension reported that during the past year 639 students completed the basic course, bringing the total to 2160 since the first Chicago class in 1934.

Nearly half the \$5000 budget of the Chicago extension had been subscribed by June first.

EUREKA, ILL.: The students of Prof. Lou Tandy's class in Public Finance at Eureka College were enrolled last winter in the Henry George School's Correspondence Division. Prof. Tandy reports that the experiment was a success, that the students felt it was well worth while, and wished that they could have "spent more time with Henry George in class".

BOSTON, Mass: The Enrolments in the spring classes were built up from 51 on opening night to 159, and with an additional 70 registered in the advanced classes, total 229.

HUDSON, N.Y. : The class in International Trade closed on May 21. A notable feature of the meetings was the complete agreement reached on the subject of protective tariffs early in the course. The students had the experience of saying: "How is it that principles so obvious as these have so long escaped recognition?"

New York, N.Y.: Special classes in Fundamental Economics for high school seniors and graduates were conducted at head quarters this summer. Classes began the week of June 7 and met twice each week.

A capacity crowd of about 700 graduates and friends attended the School's Spring Commencement. Mrs. Anna George de Mille made the address of welcome to the graduates.

The Motion Picture Committee of the HGSSS presented its first production, "The Story of the Savannah," ( a slide-film) in the auditorium on June 18.

NEWARK, N.J.: Graduates of Philip Blacker's class in New Brunswick have formed a discussion group to be known as "The Freeman's Forum." They will meet in Mr. Blacker's office to continue their education in Georgist philosophy.

Philadelphia, Pa.: Commencement exercises were held here on June 5, at the Central Y.M.C.A. About 125 graduates and friends attended.

ST. LOUIS, Mo.: Five classes have been completed. This term ended the second year of the School, during which time 300 students have been exposed to the philosophy of Henry George. In addition, Forum Meetings for graduates have been conducted with a view to clarifying understanding of the economics studied in class.

NEW JERSEY: Seventeen classes were held in various parts of the State this spring. There were about 100 graduates. A teachers' training course was conducted during the Summer to prepare teachers for the coming Fall term.

SUFFERN, N.Y.: Daniel Beard, often called the father of the Boy Scout movement in the United States, died on June 11th, a few days before his ninety-first birthday. He was one of the few remaining personal friends of Henry George.

#### MONTREAL NEWS

On June 29th forty-five Georgists enjoyed an all-day picnic on the farm of Mr. S. Kindlevitch in the Laurentian Mountains. A magnificent natural swimming-pool is one of the attractions of the place.

Mr. Gerry Walsh attended the First Annual School Convention in New York, July 9-12.

In early Summer Mr. Frank Choderov spent a few days in Montreal. Advanced students and teachers increased their knowledge. New students were assured that there are definite laws governing our social practices, and that understanding and complying with these laws, we may alleviate the desperate struggles now undergone by those who must make a living.

Miss Margaret Bateman has returned to Montreal, after only a few months in New York. Her return greatly brightens prospects for the coming season.

A number of students and graduates have been writing effectively to the papers on economic topics. Mr. Oscar Boelens has written to be periodicals in both French and English.

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Land Speculators are classes with undesirables and gamblers. See closing sentences of the article "Go West, Young Man," in the April Readers' D: