PROPERTY AND TRUSTERTY,

A Study of the Possessional Problem

Book 10 in a series on

SEVENTEEN BASIC PROBLEMS OF INDIVIDUALS AND OF SOCIETY

from an original manuscript of 250 pages by

RALPH BORSODI

Author of	The Education of the Whole Man	- 1963
	The Challenge of Asia	- 1956
	Education and Living	- 1948
	Inflation is Coming	- 1946
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Property and Trusterty, condensed by
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PREFACE

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Property and Trusterty is a book about peace, though that word is used perhaps only half a dozen times. It is a book about both world peace and intra-national peace, though the concept of nation is discarded.

Property and Trusterty is also about economics though that term is also discarded for being too vague and full of confusing concepts.

Property and Trusterty is about the Things in the world which human beings need, want and use in order to live. Ralph Borsodi believes that much human misery, conflict and war exists because we don't know the difference between property and trusterty... In this book we can take another look at the Things in the world from the angle of what should be owned and what held in trust; who should own and how?

Property and Trusterty is one of a series from Ralph Borsodi's life-time study and action on major aspects of living. At present he distinguishes seventeen major questions which every human being in the world does something about, even though he is not aware of it. Each human being has some "answer" to seventeen major questions though he may never have defined them, almost certainly has never carefully considered possible alternative ways of dealing with them, nor chosen the ones he is now practicing after deliberate reflection on them all.

In Property and Trusterty you have an opportunity to consider the nature of the Possessional Problem of Living, and the many ways mankind has dealt, and is dealing, with it.

You might like to read Chapter IV first. There you will find the familiar isms, ideologies, doctrines and dogmas (capitalism, communism and dozens of others) about possessions which crowd the pages of political science and sociology texts and the newspapers and magazines. But in Property and Trusterty they take on a new look. They are defined, classified and catalogued as to whether they are Monist, Pluralist, Property or Trusterty ideas. They become real and distinguishable.

But if you want a carefully laid groundwork that takes you, step by step, toward an ability to intelligently judge and evaluate those items and ideologies, then you will start with or return to Chapter I. Here the nature of the possessional aspect of living is delineated. And you'll patiently work through the precise definitions and distinctions among possessions in Chapter II; probe deeper into the nature of the problem by examining title, tenure and transfer of possessions in Chapter III. The Charts help organize and clarify the text.

And don't overlook the Appendices. They contain important elaboration, ending in a World Peace Plan - the first of its kind - based on the difference between Property and Trusterty in possessions.

Property and Trusterty is offered as part of the peace literature of the world. It brings a new and hopeful point of view.

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PROPERTY AND TRUSTERTY,

A STUDY OF THE POSSESSIONAL PROBLEM

Chapter I - The Complex of Possessional Problems

"For why? Because the good old rule
Sufficeth them, the simple plan
That they should take, who have the power,
And they should keep, who can."

- William Woodsworth. Rob Roy's Grave.

Borsodi begins by emphasizing the obvious fact that if men are to live at all, they must obtain and arrange for possession of things. They must consume food and obtain water; protect their bodies with clothing and housing. Men cannot do anything or obtain anything - they cannot even stand or go anywhere - without access to land. To produce the goods they consume and the implements they use, they must be able to use their own labor and that of other human beings. To live above an animal level men must obtain fuel and power, tools and machines. Each human being is not alone in his need and desire for these things. If they are to live like human beings, men must adopt some plan which formulates and prescribes the manner in which an infinite variety of things shall be possessed by everyone. If this plan is to take into account all the other major problems of living, it must not contradict the norms of living applicable to any of these problems. It must, for instance, be in accord with ethical, esthetic and occupational norms.

These obvious facts make it plain that men face a possessional problem. This is not the problem of desiring things; that is a problem in economic values. It is not a problem in producing things; that is a Production Problem. The problem Borsodi discusses here is that of methods of access and possession. It is the problem of providing mankind with a series of humane institutions for the acquisition, the holding and the disposition of possessions of all kinds.

A possession in the sense in which Borsodi uses the term, is anything and everything which is or can be owned or used by anybody, or by any of the many operative entities invented by mankind. Everything found on or in the earth and every imaginable thing thought of or objectified by him in some manner, has been somewhere and sometime recognized as possessable, and legally recognized as subject to ownership.

But though this is true, all known cultures have distinguished in their customs or statutes between possessions which might be treated as "property" and others which might not. Some of these distinctions are based on differences which are real, substantial and consistent with one another. These distinctions can be validated rationally. However, many distinctions have been made, and are still being made, which are in whole or in part, arbitrary, inconsistent and irrational. So long as this is true, criticism or defense of a possession is logically meaningless.

LEGAL DISTINCTIONS

Some of the legal distinctions which Borsodi feels contribute nothing to the real solution of the possessional problem are distinctions between tangible and incorporeal, between movable and immovable, between real and personal property.

Tangible and Incorporeal. All possessions which consist of physical objects, both living and inanimate, are now called tangible: they can be felt and touched. All possessions having no material existence, but existing as a right attached to some substantial object belonging to a person, are incorporeal: like the goodwill of a medical practice. The obly significance of this distinction is that it makes it clear that possessions do in fact consist of both tangible and immaterial "things"; and that legal instruments and processes exist for transferring ownership of incorporated property are as essential as they are for transfer of ownership of things like an automobile.

Movable and Immovable. Merchandise in a store are movable possessions; a house and lot are immovables, and are sometimes used interchangeably with:

Real and Personal. Land and "real estate" is termed real property; personal are chattels, goods and moveables.

These last two distinctions are merely technical and do not solve the basic issues in the problem of possessions. When tested by the question, what does the law, based upon the above distinctions, contribute to the decision whether a human being may or may not ethically be treated as property, Borsodi answers, "Nothing". A human being is tangible, like a cow; he is moveable, like merchandise; he is not land. Could he then be treated as personal property?

Borsodi shows that irrational distinctions have been responsible for most of the misery in the world. It is ridiculous to deal with this problem by a single abstraction, i.e., "wealth", or two abstractions such as "capital" and "labor", or to deal with it deductively.

Rational distinctions. A sensible way to deal with possessions is in the method scientists like physicists and biologists have used. They begin inductively with concrete specimens of what they are analyzing. They classify the specimens according to significant distinctions between them. From this they draw conclusions about them for acting rationally and humanely. Until this is done, criticism or defense of an institution like private property will be illogical and unsemantic.

Chart I is the result of Borsodi's attempt at such a classification of the varieties and sub-varieties of things possessable. It indicates that there are at least eight distinct species of possessions. The nature of each of these (more fully discussed in Chapter II) will help determine in a genuinely scientific manner, what may properly be subject to ownership and what may not.

Eight Species of Possessions. Four tangible and four intangible types of possessions for which provisions must be made, are:

1- Human Beings. These tangible objects come into existence through human reproductive faculties, and are dependent for survival upon the activities of human "objects" themselves. When considered property, these human objects have been termed by lawyers as slaves.

2- Natural Resources. Natural resources are all tangible objects which come into existence through nature or so-called "acts of God", and not as a result of man's efforts or artifices. They include inanimate things like air, land, minerals and waters of the Earth, and living objects - natural forest, wild animals, fish birds, and beasts. (Improvements in or on the land, i.e. buildings and top soil, are not in this class). Borsodi prefers the term "natural resources" to "land", for it includes all natural resources over and beyond mere surface land.

3- Consumption Goods. All tangible objects which come into existence as a result of human activities or labor for consumption of those who acquire them are consumption goods. They include inanimate things, like food and clothing, and animate, like domestic fowl, fish and livestock. When desirable, Borsodi shortens this term to goods.

4- Capital Equipment. Capital equipment includes all tangible equipment which comes into existence as the result of labor and activities of human beings for (a) fabrication into other goods, such as spinning machines and looms; (b) to furnish services, as railroads and telephone exchanges; (c) to be converted into something else, as raw iron ore; or (d) to be held until consumers are ready to use them, as stocks of merchandise. It also includes animated things, such as livestock being raised for food or to breed more livestock. These are termed capital goods, or shortened here to the word, capital.

5- Claims. Claims come into existence as the result of human efforts of many different kinds, but have little or no value in themselves - such as the paper in paper money. Some claims embodied in such tangibles as gold or silver coins have considerable value in themselves,but their purchasing power is usually greater than their bullion value. Claims or tokens acquire their value from the fact that they represent claims to things which are really valued by or useful to human beings.

6- Relational Possessions. The intangible assets arising out of relationships between a merchant and his customers, a physician and his patients (goodwill,etc.), are what Borsodi calls relational or interaction assets.

7- Inherent Possessions. These possessions are intangible possessions that inhere in all human beings. Examples are mental possessions like dilligence and honesty and physical possessions like health and strength.

8- Political Possessions. These come into existence as a result of an act of a political unit, and consist of political rights, (life and liberty); political privileges,(franchise to a railroad or a power company to exercise eminent domain); and political powers, such as taxation or the police power. Borsodi labels them political possessions.

Property and Trusterty. The above classification reveals that eight groups of possessions differ so markedly from each other that they cannot all be dealt with alike. Some things may be properly owned; others may be properly only be held in trust.

Borsodi believes that the confusion between what can be properly owned and what can only be possessed in trust is responsible for more injustice, violence and warfare than any other factor in human history. Until the truth about the nature of property and trusterty is universally recognized, man's inhumanity to man will not end, and no valid solution of the "social" problem will be possible.

An adequate definition of each of these types of possessions is called for. Customs, conventions and prevailing statutes regarding possessions create unlimited confusion. Our over-simplified pseudo-science is full of mis-education. To eliminate some of the confusion, Borsodi outlines the prevailing concepts of possessions, wealth, capital, assets, investments, property and ownership. He indicates his content for these terms, plus the additional ones of trusterty and trusteeship.

He hopes thus to help eliminate the confusion in the possessional problem. If confusion is eliminated, it will be possible to solve the problem of title - of what kinds of possessions can be properly acquired by a private person ~~?~~ and how; and what kinds of quasi-public entities and public authorities are needed, and how to establish them.

Chart I

Wives, children, Dependents, Slaves, Convicts, Conscripts	Human Beings	Tangible Things	Things Which Have been Treated as Property
Surface Land, Mines & Ores, Watersheds Waters	Natural Resources		
Clothes, Food, Jewels, Cars, Furnishings, Houses	Consumption Goods		
Factories Machines, Tools Railcars, Ships, etc.	Capital Goods		
Personal Skills Intelligence Character	Inherence	Intangible Things	
Good Will Contracts Agencies, etc.	Relationships		
Money Bank Deposits Debts	Claims		
Franchises Patents Exemptions etc.	Political Possessions		

Chapter II - Kinds of Possessions - What May Be Possessed

Section 1 - Human Beings

> "There has never been but one problem in all civilization, how to prevent a few men from saying to many men: You work and earn bread and we will eat it".-
>
> Abraham Lincoln

A human being, viewed objectively, is a two-legged animal. He may have an immortal soul; he may love and be loved. But he is an object nonetheless, and as Borsodi shows, in various ages of history has been, and in some parts of the world still is, owned as a possession. The question is: Should human beings be owned? How should those who have the ability and who take the responsibility of providing for any human being, deal with them?

History furnishes evidence of at least six distinct ways in which human beings have possessed one another: familiar ownership, serfdom, slavery, subjection, self-possession and trusteeship.

(1) Familial Possession. Ownership of individuals by the family has usually been patriarchal in form. Ancient Rome furnishes probably the clearest record of the development of property in human beings with regard to women and children, as well as slaves and serfs. Henry Sumner Maine in his classic, "Ancient Law", wrote: "Under the Patria Potestas of the Romans, the parent... has over his children the jus necisque, the power of life and death, and a fortiori uncontrolled corporal punishment. He can modify their personal condition at pleasure; he can give a wife to his son; he can give his daughter in marriage; he can divorce his children of either sex; he can transfer them to another family by adoption; and he can sell them." (*)

As a result, all members of Roman families were in legal theory and for many centuries in actual practice owned by an imnipotent pater families (father of the family) whose ownership was first called manus. Moreover, Patria Potestas and Manus were not exclusively Roman but developed in nearly all known patriarchal systems. The Scriptural family, according to Maine, was substantially similar to the Roman.

In nearly all primitive societies, and in many so-called civilized nations, women were their father's property prior to marriage; their husband's (or their husband's father's) after marriage. In Sexual Relations of Mankind, Paolo Mantegazza gives a vivid summary of the extent to which women were property among primitive tribes,and how it survived into the contemporary world. Wives were bought for a "price" in Australia, India, Iceland, Burgundia, Russia, in the Cameroon, and in Navajo Indian tribes.

(*) H.S.Maine, Ancient Law (Henry Holt & Co., 1888, pp 133-4

(2) Feudal Possession. Vassalage and serfdom in the Medieval period were forms of possession of human beings. This was implicit in the definition of feudal or feudum - the right of using and enjoying land and the things attached to it, on condition that the tenant (whether vassal or serf) render fealty, military duty and other services to the lord by whom the land was held. The lowest classes of serfs were adscript to the land; they were attached to the land; they could not leave the estate to which they belonged, but neither could they be sold by their lord, as he could sell his chattel slaves.

Feudalism sought to protect against brigandage and invasion in an agrarian society confronted by the decay of a highly centralized military and bureaucratic government. Feuds or fiefs were granted to military chieftans and great landlords in compensation for military services by them. They in turn granted small plots to their retainers or serfs. The serfs surrendered their freedom of movement in order to avoid the risk of being sold away from their family and village. They were transferable only with the land. Neither were separable.

Borsodi points out that adscription to an industrial plant in the modern day is akin to feudal adscription to land. Masses of urban workers desperately seek for security in the possession of their jobs. Sit-down strikes have been rationalized by labor's intellectuals with the idea of "property in jobs". But the corollary of property in jobs is adscription to the job - possession by the plant. In Russia, after laborers felt themselves to be free, labor turnover rose to such fantastic proportions that laborers were finally forbidden to leave their jobs. In England, the Labor government implements a type of industrial serfdom by attachment of the worker, not to a manor, but to a plant.

(3) Servile Possession. From Aristotle came the rationalization of chattel slavery - the ownership of one human being by another. He held that there were two types of human beings - the Greeks were naturally superior and capable of freedom; the barbarians inferior and needing direction. Ownership of the second by the first would be beneficial to both slave and master. This concept has been implemented in all sections of the globe. George Fitzhugh (1806-1881), a distinguished Virginia lawyer, was an outstanding defender of slavery in America. In his Sociology of the South (1854), he insisted that an economy based on slavery was more humane than one based on wage labor. He described the security of the slave families on well-run Southern plantations. "Slaves never die of hunger; seldom suffer want. A Southern farm is a sort of joint stock company in which the master furnishes the capital and skill, and the slaves the labor, dividing the profits, not according to each one's in-put, but according to each one's wants and necessities. Socialism proposes to do away with free competition; to afford propection and support at all time to the laboring class; to bring about at least a qualified community of property. All these purposes, slavery fully...attains."

Marx, Lassall, Kropotkin and other advocates of Socialism and Communism use the same criticism of Capitalism as Fitzhugh - the dreaded insecurity of wage workers in wage labor.

Another rationalization of modern "servile possessions" is made by some management authorities who hols that a good way to get the hard and unpleasant work performed essential to a high standard of living for all, is for management to "make the wretches work". "Everyone but an idiot knows that the lower classes must be kept poor or they will never be industrious", was the way L.P.Alford put it in his book, Management's Handbook (1924).

Labor has, after a fashion, accepted this sort of thralldom to industry by unionization. But it now seems to be discovering that they have substituted thralldom to labor for thralldom to industry's leaders.

(4) Chattel Slavery: This is a legally recognized institution which permits one person, the master or owner, to exercise all the powers and rights of ownership over another person, called the slave. It is a step beyond servile possession, in that ownership is explicit and legal. In its most primitive conception, these powers included those of life and death. An owner could kill his slave with the freedom and immunity that he could butcher his animals. In the form developed by more "civilized" men, slave codes limited these powers in much the same way as an owner may humanly treat his horse. According to a study made by the League of Nations in 1925, there were actually 3,000,000 chattel slaves owned in the world at that time.

(5) State Possession. Early in the 1920's after the Communist dictatorship had been established in Russia, and a few years later in Nazi Germany, state slavery (as distinguished from the old private chattel slavery) put in its appearance. The rationalization in Soviet Russia was based on the ideological inferiority of the Kulaks and other dissident elements in Russia and the nations conquered by Communist armies. The German rationalization was based on the racial inferiority of the Jews and other non-Aryans. Both assumed that the sacrifice of some human beings for the benefit of others was justified. Students estimate that Russian state slavery involved between six and fourteen million human beings. See The Economics of Slave Labor (Henry Regnery, 1949) and Forced Labor in Russia (Yale University Press, 1949), both by David J. Dallin and Boris Nicolaewsky.

National Subjects. In nation after nation, both in the past and the present, whole populations have been subjected to such a degree of official control and coercion as to constitute what Borsodi thinks of as a state possession. This includes, in the broad meaning of the term, the status of subjects of any nation who have no real ownership of their own person; who have no exclusive right to do with themselves what they will. Or they have a right so qualified by regulations, licensing, travel restrictions, etc., as to make it meaningless to speak of self-ownership.

The peoples of all despotic states are properly designated subjects. In 1789, after the Revolution, the French, anxious to abolish memory of their thralldom, substituted citizen for subject. Russian revolutionists, in accepting subjection to totalitarian status, did not see that in substituting comrade for citizen, they were indulging in ironic phrase-mongering.

Self-Possession. This is the idea that every normal man and woman owns himself - that he is free to do with his time what he has voluntarily chosen to do; free to occupy himself with activities which he himself has chosen; and that he alone is the exclusive owner of himself. The logical corollary is that while he may legitimately possess anything whatsoever, (even including human beings who are his wards or clients) he cannot himself legitimately own another human being. The root of this concept lies in the fact that self-expression is the most distinctively human of man's three great drives. It is impossible for a man or a woman to be human unless he or she is really free to do with themselves whatever they decide they need or desire within the range of action, which does not harm others.

"Man exists as an end in himself", said Kant, "not merely as a means". We may use a mere thing as we like. When it ceases to have value for us, we may destroy it. But a person may never be used as a means. To do so is to disregard the

fact that he is in reality an end - the end of ends, if there be such, but in any event an end to himself.

Possession-in-Trust. Borsodi points out that the above assertion must be qualified. There are types of individuals for whom it is not true. A hopeless imbecile, for instance, is worth nothing to himself. Normal human beings are ends in themselves. But we must ask the question, what rights have individuals who are not normal? Accompanying Chart II shows four types of individuals who are not in a position to fully take care of themselves. These individuals must, in some way, be possessed by others. Facts call for entrusting some of them to the possession or custody of the government, some to public or charitable institutions, and as many as possible to their families.

Chart II

Minors	Dependents	Wards		
Aged				
Servants				
Tenants				
Conscripts				
Prisoners of War				
Refugees, etc.				
Invalid	Diseased			
Crippled				
Blind, etc.				
Convicts	Delinquents			Human Beings Possessed in Trust
Felons				
Criminals				
Prostitutes				
Perverts, etc.				
		Clients		
Indolent	Irresponsibles			
Paupers				
Pensioners				
Alcoholics				
Insane				
Imbecile				
Senile, etc.				

Irresponsibles. Detailed consideration of all the various classes of human beings who should be wards and who should be held in trust is unnecessary. The fact that they should not be asked to take care of themselves is obvious. But Borsodi gives some consideration to the modern social doctrine of equality.

It is impossible to reconcile abnormal human beings with the doctrine of social equality and universal suffrage. In a human society, production of sub- and abnormal human beings would decrease. But in a rational society not only felons and minors, but all irresponsibles would be automatically disfranchised. The right to vote grows out of the fulfillment of the obligation of citizenship. Obviously all irresponsibles who are not able to shoulder the cuties of citizenship should not vote. Similarly, no one should vote on a matter in which his own self-interest is involved. To permit pensioners a voice in determining the amount of the pensions which others pay to them is absurd. Hence, for paupers, and recipients of relief or doles to vote, is profitable to demagogues but ruinous to the health of the body politic.

Conscripts. Conscription is compulsory subjection of men to the officers of the military establishments of a nation. For all practical purposes, a conscript is a slave owned by his country. Three kinds of conscription should be distinguished: (1) that based upon the assumption of a natural obligation of every able bodied man to defend his hearth and country against foreign aggression - militia service; (2) that based upon the assumption of a government right to draft men in actual threat of war; (3) and that based on the right of governments to conscript men to serve in standing armies during peace time.

Conscription of the first kind in Greek and Latin city militias was based upon custom and tradition. In all modern armies it is based on statutory law. It abandons the idea of forming armies on patriotic ardor, or payment for armed services, or of feudal obligation. Though there might be justification for a law justifying national defense, it does not follow that there is a government right to compel men to accept military servitude in time of peace, much less conscript them for imperialistic adventures or wars of aggression. Since most nations never admit to waging aggressive war, the decision therefore must be made by each individual, as to whether his right to own himself has been violated. A humane alternative for every government which is not purely despotic and arbitrary is to provide some kind of alternative compulsory public service for conscientious objectors to war.

Convicts. Our present system of dealing with those convicted of crime consists for the most part of forcible possession and forcible labor. It has involved, and still does, many kinds of brutality. Convicts were lashed to the oars of galleys; they were beasts of burden in construction; they were transported to colonies to work out their time as bondsmen. Though most of these forms of enslavement have been abolished, the substance remains - for instance in the peonage to private contractors enforced upon convicts by prison guards. Imprisonment and forcible labor does not solve the problem of the criminal. Borsodi says it will never be solved until we think of criminals as maimed human beings truly to be considered clients for reclamation as any of the other classes of wards now entrusted to our care.

Section 2 - Natural Resources

"The land shall not be sold forever; for the land is Mine, for ye are strangers and sojourners with Me. -
Leviticus 25:23

On and in the earth men find many kinds of natural resources. These are in their natural state, as contrasted with the things men have extracted, cultivated or fabricated. Those which are natural and unchanged by human labor, Borsodi calls natural resources. They are of many kinds. It is a mistake and misleading to cover them all by the term "land", for even surface land is of several kinds.

The accompanying classification of Natural Resources in Chart III arranges natural resources into eight groups, according to distinguishing characteristics: Hunting Grounds, Fertile Land, Desert Land, Mineral Land, Watersheds, Water, Atmosphere, and Site Land.

In order to deal with these natural resources, another classification is necessary - one based upon the purposes for which different kinds of natural resources may be used. Economist Richard T. Ely, began such classification in his Elements of Land Economics (Macmillan, 1930) in which he had four major classifications - Sub-surface appropriation, surface appropriation, water and Super-surface appropriation. But I believe it is more useful to extend this to the forty important varieties shown on the left of the accompanying diagram.

PRAXIOLOGICAL CLASSIFICATION OF NATURAL ASSETS

(THE NATURAL RESOURCES OF THE EARTH)

Fishing Banks River Fisheries, Salmon, etc.	Natural Forests Mountain Areas Game Reserves, etc.	Hunting Grounds
Garden Land Crop Land Irrigable Land	Meadows Timber Land Woodlots, etc.	Fertile Land
Cities Non-irrigable Desert Abbandoned Mine-sites	Non-reclaimable Swamp land Barren Mountains, etc.	Desert Land
Coal, Iron, Copper, Lead, Zinc Mines Oil, Gas Wells	Sand and Gravel Pits Marble and Other Quarries, etc.	Mineral Land
Mountains Natural Forests	Lake Areas River valleys, etc.	Watersheds

/continued/

/Praxiological Classification of Natural Assets - Continued/

Shore Land	Water Power		
Lakes	Navigable Lakes	Waters	
Navigable Rivers	The High Seas, etc.		
Terrestrial Sphere (Radio)	Atmosphere, Navigable (Airplane) etc.	Atmosphere	
Residential Sites:	Mercantile Sites:		
Urban	Retail Stores		
Suburban	Wholesalers		
Village	Produce Markets		
Homestead	Public Warehouses		
Farmstead, etc.	Private Warehouses, etc.		
Communication Land:	Commercial and Financial Sites		All Kinds of Natural Assets (Land)
Streets	Office Sites		
Highways	Bank Sites		
Rural Roads	Exchanges, etc.	Site	
Toll Roads	Industrial Sites:		
Plazas, etc.	Factory Sites, etc.	Land	
Terminals:	Institutional Sites:		
Docks	Churches		
Depots	Schools		
Bus Stations	Libraries		
Airports, etc.	Theaters		
Right-of-Ways:	Hospitals		
Railways	Museums, etc.		
Telephone Lines	Recreational Sites:		
Power Lines	Natural		
Gas Mains	Artificial Parks		
Water Mains	Amusement Parks		
Pipe Lines, etc.	Archeological Monuments, etc.		
Telegraph Lines			
Street Car Lines			
Bus Lines, etc.			

(CHART III)

Land and Land Values. Land should not be confused with land values. The various kinds of land exist in a "state of nature" apart from their cultivation, mining or improvements by man's labor. Their utility to mankind is what might be called natural value.

By land value, on the other hand, Borsodi refers to the utility of particular lots or plots of land, apart from their improvements to those who may possess them. The site value of any land is not created by what the individual holder does to or with that particular parcel. It comes into existence as a result of all the community and collective activities near it. The fertility of a garden plot is its natural value; the value which accrues to a garden because it is near a market or improved highway is its site-value. This value accrues to it because of the advantages available at its site, over and above less favorably situated plots.

Land-improvements. The value added to land by individual activities on it - clearing, cultivating, fertilizing, fencing, draining it, building houses, barns and other structures on it - are called land-improvements. These, of course, are attached to the land; they are usually bought and sold along with the land, where private property tenure in land prevails. But these values must not be confused with the natural or the site value of the land on which the improvements are made. Land improvements come into existence as a result of the labor and investment of specific possessors of specific parcels of land.

Though man-made, they are not made by such collectivities as townships, state, municipalities, etc. Nor do they develop, as do site values merely because of the pressure of population. Land-improvements are individually made; they constitute a different kind of possession from land values. While land improvements are difficult to separate physically from the land, the actual value in labor and money can be separated, and so entered in a possessor's records. Land-improvements, in sum, are capital goods (as is livestock and machinery) and will be considered under that head.

Real-estate. This term, generally applied to land, is an ambiguous one, and contains within it the three types of values defined above: (1) Its natural or unimproved value - the value it has because of its intrinsic nature and utility; (2) its site value - the value it acquires because of population and because of the advantages available on it due to the collective activity (schools, roads, markets, etc.) of the people nearby; and (3) its private or improved values, added to it by individually made improvements.

The differences among these, call for differences in title, tenure and transfer, discussed in the last section of this study.

CHART IV

Fertility, Arability, Irrigability, Game and Fish Content Mineral Content Climate, Salubrity Scenery Accessibility Navigability	Natural Values	Natural Resources
Values due to: Neighbord, Towns, Cities, Stores, Markets Streets, Roads, Highways Social Services: Schools, Police, Fire Departments, Post Offices, Hospitals, Churches etc. Transportation services: Street Cars, Busses, Railroads, etc. Public Unitilies: Water Supply, Electricity, Gas, Telephone	Social Values	

/Continued/

/Chart IV - Continued)

Fields, Orchards, Gardens, etc.	Improvement Values	Capital Goods	All Kinds of Real Estate Value
Lawns, Shade Trees, Flowers, etc.			
Buildings			
Private Roads and Paths			
Private Dams and Waterpowers			
Drainage, Irrigation, etc.			
Fencing, Surveying, etc.			

Section 3 - Consumption Goods

By Consumption goods Borsodi means any and every tangible thing - food, clothing, bedding, furniture, jewelry and automobiles possessed by consumers for their own immediate or future enjoyment and consumption. He does not mean anything, even though owned by a consumer, and being used up by him, which he actually uses to fabricate other things. A tool like a hoe, an appliance like a sewing machine, a structure like a barn, even those goods are being owned and being consumed, are still capital, not consumption goods. (See Section IV). Some things, like homes, are at one and the same time capital and consumption goods. They are capital because they are used to provide or produce shelter; they are consumption goods because shelter is not separable from the homes which produce it. Consumption goods do not include a library, park or street which, though made for enjoyment, are made for public rather than private and individual consumption. Nor does he mean things in their unimproved and unappropriated natural state.

Consumption goods come into existence only as a result of the work of specific individuals, for consumption individually and not collectively. That two, or two hundred, or even two thousand specific individuals may collaborate in the manufacture of things in a shop or factory does not alter this fact. (How to distribute these things to the workers is a matter for the Distribution Problem). The title to, and the transfer of, such goods is discussed later in this book.

Here Borsodi makes clear the nature of consumption goods and distinguishes them from capital goods. A farm and its equipment are capital; its crops, consumption goods. Capital goods include the brewery, the blast furnace, the automobile plant, the textile mill. The beer, the steel, the automobiles, the yarn and the cloth produced in them are consumption goods.

Two varieties or sub-species of consumption goods include: articles and services.

Articles are physically tangible in terms of numbers, weight or length. Services are tangible only in terms of time. Articles are things to which labor has been applied in the past. In services human labor is being applied to material things in the present. Compare a suit of clothing in a store with the services of a custom tailor making a suit of clothing. Whatever principles or norms of possession apply to one, apply equally to the other.

Section 4 - Capital Goods

Any of the tangible things fabricated by men which they primarily value because they are used in the production of goods, rather than for the purpose of immediate consumption or enjoyment, Borsodi calls capital goods. There is a distinction which is blunted when we allow economists to equate legitimate property with their concept of "wealth", and when they equate honest real capital goods (tools, machines etc.) with their concept of "capital". Capital, in their terms, is usually defined as "wealth used to produce more wealth". It narrows the concept to things which are used either for the making of money or the making of goods. It does not distinguish between wealth and illth, as Borsodi defines them in the Problem of Economic Values. What businessmen ordinarily call their capital ought to be distinguished from true capital goods, and designated as their assets - not as capital. Neither capital nor wealth, in the abstract sense in which economists ordinarily use the term, produces anything. Only human beings using tangible capital goods produce real and genuine goods. All that men can do with "capital" and "wealth" is to acquire more money. In practice we must distinguish between production and aquisition, for in reality this is the difference between earning and exploiting.

Durable vs. Operating Capital Goods. In the accompanying chart V, Borsodi lists many kinds of capital goods in two major categories. Durable includes all that the word suggests - building, ships, machines, locomotives, etc. Operating Capital Goods consists of equally tangible things, but only those which are either consumed or transformed during the process of growing or manufacturing goods: supplies like seeds, fertilizers, raw materials like coal and iron; or finished goods (merchandise) still in the hands and on the shelves of manufacturers, wholesalers and retailers. There are two types of operating machinery - domestic capital goods and factory capital goods. All economists, preoccupied with large-scale and collective production, lose sight almost entirely of domestic capital goods. Yet the facts, discussed in detail in the Production and Organization Problems, show domestic production with domestic capital goods is far more efficient for most of the things we consume. Domestic capital goods in the productive homes of small farmers, modern homesteaders and gardeners represent a huge and neglected total investment by the people of the world. It also represents an enormous, but usually ignored, quantity of consumption goods every year.

Institutional Equipment. The buildings and equipment representing another enormous investment are similarly ignored because the services produced with it are not sold. Borsodi calls them institutional equipment. These are the services of schools, libraries, churches, hospitals, charitable institutions which make no or very little charge to their patrons. The cost of such services are defrayed by taxation, endowments, etc.

To assist in clarifying the understanding of "capital", Borsodi does not indulge in over-simplification, as is often the case in the study of "economics". Capital is often used to refer to four different kinds of things, which are not only different,but incommensurable. Progress in eliminating confusion will come when we recognize these facts:

1. Utility vs. Capital. Capital is used by economists first to designate tools, machines, buildings - tangible utilities or structures capable of being used to produce goods and services. The worth of capital lies in its technical efficiency. Of two steam engines, their original cost, their maintenance and depreciation costs being equal, that engine is most useful which furnished the greater power, for equal fuel and oil.

2. Value vs. Capital. Economists also use capital to designate things which are only psychologically existent - the value which persons apply to them in their minds. Quite commonly, owners of capital such as slaves, horses, fields, buildings, factories, machines, etc. attach values to them which ignore their utility. This subjectivity plays a smaller part in capital goods than in consumption goods, but it is an unavoidable aspect.

3. Investment vs. Capital. Capital, as commonly and confusingly used, is nearly always a synonim of investment, because no capital goods can be created except at a cost of some kind - usually money, sometimes the labor of making a tool, machine or building, and of course the materials used in its fabrication. This cost Borsodi calls investment, and may be greater or less than the worth of the thing, technically considered.

From Borsodi's definitions, it is clear that the nature of human beings and of land (tangible though they are) are open and can never be, capital goods. Today we easily (but mistakenly) think of ownership of a parcel of land, as it used to be easy to think of the ownership of a slave. But that is because we confuse land with capital goods. Our mistaken property system makes it unavoidable to invest in land, but that no more makes land the same as capital goods than legal permission to make an investment in slaves a century ago made slaves the same thing as capital.

Relational, inhering and claim assets are never durable or operating capital. They are investments or assets; not capital.

A man may invest money in a manufacturing enterprise. Some of it he invests in durable capital goods (building and machinery); some in operating capital goods (coal, lumber, etc.). Some of it, under today's irrational system, he has to invest in a land site or pseudo-capital - for the factory building.

The failure of both orthodox and Marxian economists to distinguish between real capital goods and pseudo-capital goods is part of the serious mis-education of which we are all victims today. Think of the savings to enterprisers (managers and workers) that could be made if investments were not necessary in pseudo-capital. The general well-being of mankind has benefited from the abolition of the right to make investments in slaves, slave traffic and ships. It would benefit much more if all statutes which permit and make necessary investments in land, land-value and all pseudo-capital were repealed. Nothing would be lost by workers and producers through their abolition. The only losers would be the speculator, politicians, parasites and predators who profit from these possessional absurdities.

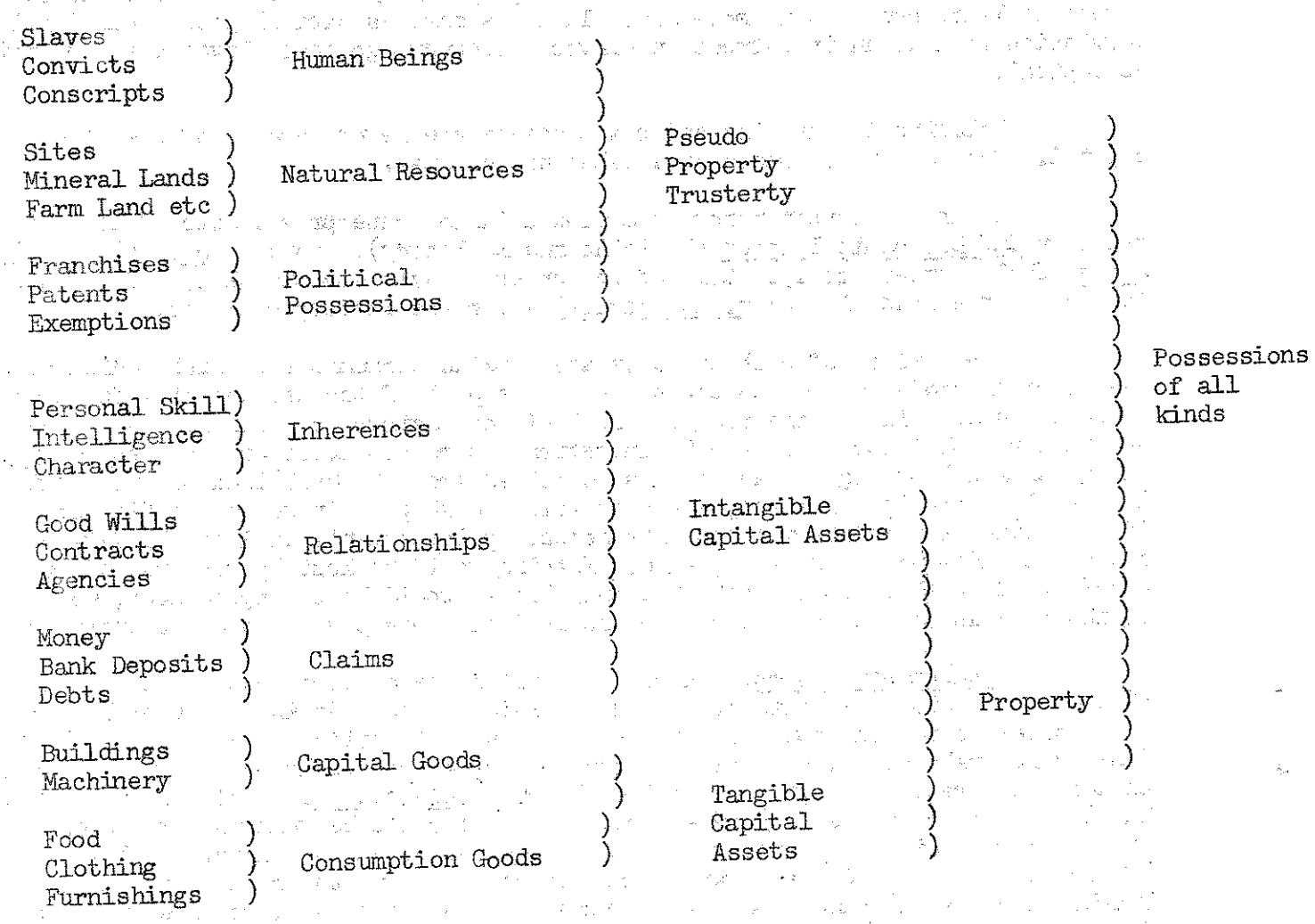
Creditor-investors. There is a difference of form, but not of essence, between the debts of an enterprise and the investments made in it. Everybody who contributes to the sum total of the assets of an enterprise, is an investor in it. Banks which make loans, bondholders, mortgagers, firms supplying materials or merchandise on credit, are what Borsodi calls creditor-investors. Sole owners, partners and stock holders are equity-investors. The difference between the two is only the manner in which their investments are liquidated, and the nature of the return, if any, which they receive. Owners and partners receive their wages as profits; stockholders as dividends; bankers, mortgagers and bondholders receive interest. A mere current creditor may receive nothing but extension of the credit. (Investment and interest are further discussed under Claims).

4. Assets vs. Capital. The assets of an enterprise differ from the investment in only one crucial respect. The investment is what has been expended in order to establish and operate the enterprise; it represents costs. The assets, however, represent the evaluation in terms of current prices of everything owned by the enterprise itself. The value of the assets fluctuates with the market price of real estate, equipment, machinery, materials, merchandise, securities, accounts and notes. The investment, once made, does not fluctuate at all. It is a fixed quantity.

5. Capital vs. Pseudo-Capital. Borsodi reclassifies all the different kinds of possessions which have at any time been called property and subject to ownership by individuals or enterprises in Chart V. Here they are distinguished by how they came into existence - whether made by human labor, by government fiat or whether they are only "given" natural objects, and also whether they are capital goods assets or intangible pseudo-capital assets.

CHART V

Assets classified into Capital and Pseudo-Capital



Section 5 - Interaction or Relational Assets

Thus far in defining possessions we have been considering the nature of tangible possessions - things which can be seen, felt and touched. There are other possessions which are not tangible. Lawyers call them intangible or incorporeal. They are not materially real and their value does not lie in the thing which expresses them. They are possessions which arise from human interactions; from inventions, from written contracts, statuts, and mediums of exchange. Their value is not in the paper they are written on, but in the benefit, advantage or profit which their owners obtain from their possession. Four classes of intangible assets Borsodi calls relational assets, inherences, claims and political assets.

Relational assets, as the term implies, consist of various types of relationships - between a merchant and his customers, a physician and his patients, an agent and his principals, and even the more intangible relations between an individual and the creators of ideas and inventions which he uses. These incorporeal assets which individuals and enterprises possess are either social or personal.

Social Relational Assets are those relationships between an individual and mankind collectively: between an individual and the unknown persons who invented the wheel and lever, as well as historically known individuals like Watt, inventor of the steam engine, and Faraday, whose invention made possible the electric motor. It is obvious that individuals today benefit from such social assets; that they belong to everybody, and that exclusive possession of them cannot be claimed by any individual,group or government.

Personal Relational Assets. These are the beneficial and personal relationships between individuals or enterprises and the public which patrinizes them, such as the good will of a merchant or medical practice. It is important to recognize their difference from real capital, like a sewing machine. Tangible possessions can be bought and sold, and the new owner can do anything he chooses to that machine without regard to the wishes of either buyer or seller. Goodwill, agencies, etc. can be bought and sold, but their transfer and continuation depends upon the service rendered by the seller. Because relational assets are man-made, they are properly property and can be privately owned. Any social system that attempts to publically appropriate them ignores the fact that they only come into existence as a result of labor and activities of one or more specific individuals.

Good Will is a property-right over and above and distinct from the tangible capital goods and land, funds and other intangible assets of any craft, business or profession. Good-will develops because of the general public patronage and support received from constant customers, patients or clients, on account of reputation for skill, location or even long-standing partialities or prejudices.

Personal Skill. As the result of his own art, craft, diligence, technical knowledge, experience, training and education, every individual possesses personal skill. Commonly it is considered a part of every person's "capital", and in slavery was objectified and mistakenly made tangible and transferable.

A physician's skill is more valuable to his enterprise than his instrument; the lawyer's skill more than his library or his equipment; the artist's more than his paints and brushes.

Agency and Contract. An agency is a property right which comes into existence as a result of a contract between a principal and an agent. The latter, is empowered by contract to represent the principal and usually to sell goods manufactured by him. The stock of automobiles and parts in an automobile agency is one thing; the agency contract to represent the automobile manufacturer is another. If an auto dealer loses his franchise to represent his principal, his primary asset will be gone. Agencies are usually entered into for an indefinite time.

A contract is a relationship entered into to terminate at a definite time. The profits, benefits or advantages resulting from possessions of such a contract are assets entirely distinct from any tangible capital, which either party to a contract may have. Property rights in a contract may be transferred apart from the transfer of other things.

CHART VI

Varieties of Relational Assets

Language, Writing, Numeration, Alphabets; Lever, Wheel, Ships, Steam Engine, Electric Motor, Telephone	Inventions	Public Relational Assets	Relational Assets of All Kinds
Factory Systems, Science, Evolution, Mass Production, Feudalism, Democracy, Scientific Management, Religion, Law, etc.	Ideas		
Manufacturing Processes, Chemical Formulae, Soil Fertilization, Recipes for Cooking, Livestock Breeding, etc.	Formulae		
Songs, Dances, Musical Compositions, Poems, Literary Classics, etc.	Creations		
Geographic Discoveries - Africa, America, Polar regions; Astronomical Discoveries - Helio-centricity, Navigation	Discoveries		
Patronage of Shops, Stores, Manufactories, Professional Practice, Legal, Dental, Medical, etc.	Good-Will		

/continued/

/Chart VI - Continued/

Dramatic, Musical, Medical Surgical, Engineering, Architectural, Business, Scientific, Oratorical, Accounting, etc.	Personal Skill	Personal Relational Assets	Relational Assets of All Kinds
Shipping, Ticket, Insurance Automobile, Electrical Appliance, Employment, Sales, and Others	Agency		
Leases, Ship Charters; Contracts for Commodity, Security, Real Estate Purchases, Building and Construction, etc.	Contract		

Section 6 - Inherences

No term in economics, law or common usage designates specifically the whole class of possessions which Borsodi calls inherent. These are not clearly envisioned by economists nor lawyers, even though they are "things" for which individuals work and struggle. On them individuals are more dependent than any other type of possession, and they all sell them directly, or indirectly. They are all the things which inhere to every human being, simply because of his human nature.

These inherent possessions are both tangible and intangible. An individual's nerves and muscles are tangible things; his dilligence and intelligence, intangible. Both inhere in him, and they are uniquely personal. It is strictly within the accepted meaning of the word possession to say that an individual possesses his own body and its various parts, his own mind and the mental traits which he reveals by what he says and does.

Classification of these possessions in Chart VII seems to indicate three classes of inherent possessions:

1. Inherent Personal Possessions. All the physical and mental attributes of an individual - his physical strength and mental power, and his intellect and imagination.

2. Inherent Cultural Possessions. An individual's inherent attributes which are added to an developed, primarily by education and cultural and other social influences.

3. Inherent Possessions Individually Developed. Those inherent attributes which are developed primarily through effort of the individual.

Chart VII:
Inherent Possessions of All Kinds

Sight, Hearing, Appearance, Body; Imagination, Taste, Logicality	Personal Possessions	Inherent Possessions
Education, Language, Numbers, Writing, Inventions	Culturally Developed	
Character, Personal habits, Techniques, Strength, Health, Craftsmanship, Cleanliness, Puntuality, etc.	Individually Developed	

Section 7 - Claims

> "All the perplexities, confusion and distress in America arise not so much from defects in the Constitution or Confederation, nor from want of honor or vertue, as from downright ignorance of the nature of coin, credit and circulation."
>
> John Adams in a letter to Thomas Jefferson in 1787.

Borsodi agrees that among mankind's possessions, none are more shrouded in confusion, and non play a more important part in deepening the crisis of our times than those which he calls claims. The literature on this subject is enormous. Periodicals about money, inflation and government fiscal problems roll from the press in a continuous stream. But it seems to bring no action to improve the situation. He limits his attempts to throw light on this subject to an effort of definition.

Used in its broadest sense, anything and everything is a claim which entitles one individual (the claimant) to something belonging to him which is in the possession of another. There are three distinct classes of claims: token assets, investments and causes-of-action.

/see chart VIII on following page/

Chart VIII - Assets Consisting of Claims

Coins, paper money, money-of-account, bank notes, bank cheques, bank deposits, bills of exchange, drafts, current accounts receivable, etc.	Tokens	Claims
Interest bearing loans, credits, promissory notes, mortgages, stocks, debentures, corporate and government bonds, life insurance policies, annuities, etc.	Investments	Claims
Trespasses, infringements, breaches-of-promise, libels and slanders, breaches-of-contract, sea collisions, automobile damages and injuries, abandonment, false imprisonment, etc.	Causes of Action	Claims

The value of any and every kind of token lies in what it represents and what it does, not what it is. The value of a coin is in its purchasing power and not in the metal out of which it is minted. The value of an investment in a share of stock is in its returns, and not the piece of paper certifying the ownership. The value of a debt is in its collectibility, not the legal documents recording the cause-of-action. Because of these facts, tokens, investments and causes-of-action lend themselves to adulteration and debasement. Such adulteration can be done so that innocent individuals may be holders of fraudulent tokens - dishonest in whole or in part - which constitutes dishonest currency and circulates freely. They may unknowingly be parties to dishonest investments which are transferred back and forth. They may be suitors to dishonest law suits, unaware that the suits have come into existence illegitimately and fraudulently.

Whenever any kind of currency is minted or issued, investment promoted or suit prosecuted without actually having something substantial or tangible behind it, the token for it becomes a dishonest one. The label by which suitors at law conceal the dishonesty of their claims is "evidence". The label by which financiers conceal the dishonesty of their stocks is "watering". The labels by which government officials conceal the issuance of dishonest currency are "inflation" or "deflation". Dishonest suits of law and investments are bad enough. But dishonest currency - the issuance of inflated money, for instance - is the crime of crimes, because when currency is adulterated every token asset of any kind is correspondingly rendered fraudulent. Everybody then becomes either a cheater or victim of cheating. (*)

(*) Evidence on this subject is in Money and Banking, Illustrated by History, Horace White, New York, 1895; Other People's Money and How the Bankers Use It, by Louis D. Bradeisl Monety, The Human Conflict, Elgin Groseclose, University of Oklahoma Press, 1934; Security Speculation, John T.Flynn, New York, 1934, and also his Graft in Business, 1931.

1. Tokens. A token as Borsodi uses it refers to any coin, bill or entry in a book which comes into existence to facilitate one or more exchanges; and which evidences the claim of the holder by which he can obtain something different from the token by its transfer or its cancellation. They are made valuable by such tangible things as capital goods, consumption goods and unfortunately, land. Tokens are owned for their representational value only. Tested by the extent to which various kinds of tokens facilitate the trade, they range from non-negotiability at one extreme and currency at the other.

A. Charge Account. A commercial credit by charge account is a non-negotiable token. A charge account with a merchant is a record of the goods delivered by a specific merchant to a specific customer. The customer is not free to transfer his right to charge goods to another person.

B. Warehouse Receipts. Certificates issued by a warehouseman containing a list of the goods which a "depositor" has stored in his warehouse. They are usually negotiable but must be surrendered to procure delivery of the goods stored. Most warehouses are bonded and licensed, and then usually called public warehouses. Grain elevators, and all warehouses storing specific staple commodities issue receipts stating the quantity and grade of the commodities stored. Whenever such warehouse receipts are used as currency (as rice, wheat, corn, cotton and tobacco receipts have been used) they become tokens of exchange. These receipts are redeemable in these tangible goods, and circulate freely to exchange commodities without having to transfer the actual commodities from person to person.

Silver certificates issued by the U.S. Treasury (and gold certificates formerly issued by it) are warehouse receipts, with the U.S. Treasury the warehouse, the Assay Office the grader of silver, and the original persons to whom the certificate were issued the depositors themselves. Issuing such certificates in excess of the actual amount of silver on deposit constitutes fraud similar to counterfeiting.

C. Accounts Receivable. They consist of sums payable to a creditor and claimant from month to month (without interest) from persons indebted to him. They facilitate two-part (in contrast to multilateral) transactions. Sometimes they are "opened" by a consumer, merchant or manufacturer in order to buy more freely; sometimes by a borrower from a bank to avoid negotiating a separate loan each time. They are difficult to transfer and virtually non-negotiable and non-circulatable.

D. Trade Acceptances. This is a bill-of-exchange drawn by a merchant upon one of his customers, to whom he has sold a bill of goods, which the customer has acknowledged by his endorsement and "accepted". They are readily discountable at banks and circulate quite freely.

E. Bank Deposits. Bank deposits are evidenced by entries in the bank's ledgers and, by entries in the depositor's passbook. They are token assets, not of the bank, but of the depositor. They are strictly non-negotiable. The bank cannot, without the consent of the depositor, transfer his deposit to any other person.

F. Bills-of-Exchange. These were invented prior to modern banking to enable a creditor to deal with his distant debtor. It is a negotiable instrument directing a person to make payment of an amount due the drawer, to a third person.

C. Sight-drafts. With the development of banking, bills-of-exchange tended to be replaced by sight drafts. This is a negotiable instrument directing the person against whom it is drawn, to pay the amount due or owing the drawer, to the bank presenting it. The bank then transmits the sum collected to the person who drew the draft.

H. Bank Cheques. A bank cheque is a negotiable instrument issued by a bank depositor to a holder or claimant, instructing his bank to pay a sum of money to the holder. In the first instance the issuer is the claimant and the bank the debtor; in the second, the holder is the claimant and the issuer is the debtor. Bank deposits are therefore potential currency and bank cheques actual currency.

I. Bank Notes. A bank note is a promissory note issued by a bank, payable to bearer on demand in legal tender without interest.

J. Currency. A distinction should be made between those tokens defined above which represent value only to the buyer and seller, and those which are universally accepted, which are commonly thought of as currency. Those tokens which are issued in such a way that merchants accept them in payment of goods, workers in payment of wages, creditors in payment of debts, and holders of other monetary claims in payment of their claims are currency. They are redeemable (always in theory, though not always in fact) on presentation to the bank or government which issues them. They are themselves units of some generally accepted measure and standard of value.

K. Bank Money. Banks today loan to their borrowers two kinds of tokens: (1) money saved and entrusted to them by their stockholders and depositors, and (2) money created by them on the basis of the loans to borrowers. This is called bank money. There is a difference only of form, and not of substance, between bank money and bank notes.

In England banks monetize what they lend to borrowers by giving them their own bank notes, which then are circulated by the borrowers. In the United States, banks monetize what they lend to their borrowers by crediting them with a deposit of the amount loaned, and so enable them to circulate bank money by the issuance of cheques against these "deposits". (Evaluations and comments, later).

2. Investments. Investments are claims, and distinguishable from tokens. Tokens, as indicated above, are instruments issued for the purpose of exchanging current assets. Investments are the claims or instruments issued to facilitate the exchange or use of one's savings or reserve. There are also the differences of length of time and returns. Tokens facilitate transactions of a relatively short period of time, and are not intended to produce returns to their holders over and above the amounts for which they were originally issued. A bank cheque, for instance, is issued for redemption at sight or on demand, and only for the amount for which it was issued.

Claims, representing investment, evidence transactions which are to continue for an indefinite period of time (as share of stock), or for a considerable but definite time (as a loan on a mortgage). In all instances, the investor or claim holder expects at redemption to receive interest, dividends or some other form of return over and above the amount of his investment. Investment, as used in this study, refers exclusively to assets used for obtaining money income;

and consisting of intangible (not tangible) property. In short, investments refer to ownership of an intangible asset like a mortgage (not an office building). Investing will refer to converting money or other non-income producing property into an income-producing asset or claim, such as a mortgage. Re-investing refers to exchanging one kind of income-producing claim for another, for instance, shifting from a mortgage to a block of corporate stock.

There is, of course, such a thing as investing in tangible property - like a home - which provides one shelter. But, as Borsodi uses the term, investing involves a form of indirect, absentee ownership, the cashing of monthly cheques. "Investments" in homes and businesses are really savings and involve the owner constantly with problems of maintenance and management.

Saving. The whole problem of investment is really part of the larger problem of saving - of providing future security, of accumulating a reserve or surplus that can be drawn on in times of unemployment, sickness, old age, crop failure, poor business, business depression and other vicissitudes of life. As Chart IX shows, there are two methods of accumulating reserves, at least three distinct species, and many types of commodities and methods in each species.

Saving as here used, refers to sheer accumulation of reserves of two types - either of tangible, consumption goods or non-interest-bearing tokens. It excludes every form of saving that produces a money-return. We save when we accumulate cash or deposit cash in a checking account where it draws no interest. We invest our cash when we deposit them in a savings bank or use them to pay a premium to a life insurance company where they draw interest.

Chart IX -

Varieties of Savings or Reserves

Cash, bank deposits, accounts receivable, etc.	Savings			
Life insurance, annuities, stock and bonds, savings deposits, etc.	Investments	Claims		
Stocks, bonds, foreign exchange, commodity futures, contracts bought for sale	Speculations			
Additions to Supplies of clothing, linens, furniture etc. and stores of food in pantries, cellars, refrigerators, etc.	Savings	Other Assets		Reserves
Purchases, additions, improvements of homes, farms, businesses, etc.	**Investments**			

/Continued next page/

/Chart IX - continued/

			Reserves
Spot wheat, cotton, etc. raw materials like coal, iron, copper, etc., real estate bought and being helf for sale	Speculations	Other Assets	

We must distinguish between investment and speculation. Speculation means buying something for the purpose of re-selling it at a profit without in any manner changing its form. Holding a harvest of wheat or cotton to sell it at a higher price, or buying intangible things like a block of stock for the same purpose, are speculations. They do not add any utility - such as time and place utilities which merchants and retailers add.

III. Causes-of-Action. These are suits belonging to those who resort to the law to enforce payment of what is due them. They are in reality, assets of theirs. Of two types of causes-of-action, one grows out of efforts to obtain recovery of something due a claimant, and the other grows out of efforts to obtain compensation for damages inflicted.

A. Actions of Recovery. Most causes-of-action fall in this class. They are used to obtain repayment of a loan, to obtain money due for merchandise or materials delivered, to obtain payment for labor or for other services furnished, to obtain a payment of money or crops due for rent, or to command the return of furniture or an automobile, or any other thing loaned to another.

B. Actions for Compensation.

(1) Claim for Breach of Promise. In the popular mind actions for breach of promise are associated only with actions for damages sustained for violation of promise to marry. But they include claims for violation of any declaration of one person which gives another the right to expect a certain act.

(2) Claims for Breach of Contract. A contract is more than a promise - it is an agreement to do something obtained by one person from another for a consideration of some kind. Action for breach of contract are not limited to recovery of the consideration, but include damages to the claimant by failure to fulfill the contract.

(3) Claims for Accident. Claims for injuries and damages sustained by the claimant at the hands of another in automobile accidents, collisions at sea, and accidents of any kind for which another is responsible.

(4) Claims of Infringement. Claim against any person who has violated rights belonging to, or priviledges conferred by government upon the owner of a patent, copyright or trade mark.

(5) Claims for trespass. Claims for damages suffered or by implication inflicted upon a claimant, by a person who has with force or violence, injured or interferred with the claimant's person, property or relative rights.

(6) Claims for Libel or Slander. Libels are statements or representations in print without just cause and without regard to their truth or falsehood, if they tend to expose a person to public hatred or ridicule. Slanders are the basis for claims for damages which may be inflicted by a false tale or report maliciously circulated and tending to injure the claimant.

(7) Claims for False Imprisonment. These are claims against both private persons and police or public officials for damages suffered by unjustified or false imprisonment.

Section 8 - Political Possessions: Rights, Privileges and Powers

The concept of political (*) possessions and political assets is novel but necessary. Borsodi makes no claim for the finality of the classifications out of which the concept emerged, but he is confident that these intangible political possessions are of three types: political rights, political privileges and political powers.

Logically and obviously, it can be said that every normal individual possesses the right of free speech: railroads possess the privilege of a franchise, and governments possess the power of taxation. Political possessions are usually evidenced or sanctioned by constitutions and statutes, by franchises, charters, licenses, patents, grants or other instruments issued to the possessor by the government. Many political possessions do not involve any form of government grant, but consist of rights, privileges and powers assumed and exercised by governments themselves.

But rights, privileges and powers are not the same. It is most essential for any adequate understanding of, or dealing with, both the possessional and political problems, to distinguish among them. Self-defense is a right, due every individual. Carrying of concealed weapons is a privilege. Direct use of violence (with fists, club or deadly weapon) involve the exercise of power. A policeman may be said to be the possessor of all three. He has the right of self-defense, the privilege of carrying a revolver, and the legal power to use it.

I. Political Rights. In Borsodi's studies, right designates anything which every normal human being is naturally entitled to do to live and maintain his life (** see footnote next page). It includes those things which he can demand others (including public officials) to do in order to live and maintain his life.

Rights are of three kinds, primary, secondary and instrumental. The one Primary Right (variously called natural, substantive, antecedent and sanctioned) is the one considered as existing for its own sake, the right to life. The right to

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(*) This section somewhat overlaps the concepts and Borsodi's discussion in the Political Problem, Volume 15. But it seems necessary to include political possessions here to complete the classification if intangible things possessed by human beings.

life is unique. It is the only right possessed by man which is logically primary, and therefore substantive. All other rights grow out of it; all other possessions by individuals, groups or states are subordinate to it. But two facts should be mentioned. (1) it is a possession of normal human beings - those able to fulfill obligations on which life rests. (Infants, children, dependents and irresponsible persons possess and are entitled to the privilege of life from their parents); (2) That a normal person's right to life is not a grant or a privilege from any state or statute.

Secondary rights, or derivative rights, of which there are many, are those to which individuals become entitled either to fulfill or defend their primary right. Such are the right of self-defense and the right of access to natural resources and ownership of goods. Shakespeare spoke truly "You do take my life, when you do take the means whereby I live". Self-defense arises only if an individual's life or property is violated. The right to trusterty and property derive their moral sanctions from the primary, substantive right to life.

An almost unlimited number of instrumental rights are those to which individuals become entitled either to protect their primary and secondary rights or to deal with violations of them. The right to sue and vote are instrumental rights.

Pseudo-rights. When anyone claims or treats a privilege as a right, Borsodi designates this a pseudo-right.

II. Privileges. A privilege is any kind of benefit, advantage or favor conferred by the government upon a particular individual, class of individuals, or a corporation. Sometimes the grant of such a privilege is evidenced by a written instrument, a petent to an inventor, a franchise to a public utility, a license to a physician, a charter to a corporation. Sometime the grant takes the form of a general statute which benefits and favors all those belonging to a specific class - a tariff act or a bill providing subsidies to farmers. Sometimes a privilege merely takes the form of administrative action. A salary paid to a public official or government employee is not a privilege. But a sinecure (a salary paid for no real work) is a privilege. Whatever the reason and however obtained, privileges are created by fiat of law. They are not naturally but arbitrarily created possessions. They are granted to selected and not to all individuals; they are based upon favor, not upon equity.

III. Powers. These are those intangible attributes inhering in and possessed by governments, bu virtue of which public officials enforce courses of action prescribed by them upon the people over whom they rule. These powers are sometimes delegated tu public officials; sometimes they are assumed by them; sometimes they are seized and usurped by them. It is easy to confuse the rights, privileges and powers

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(**) The restriction of rights to normal human beings is a logical necessity. Rights can be asserted and claimed if corresponding obligations are fulfilled. Only normal human beings are responsible: idiots and criminals, for instance, are not, and cannot assert and do not possess the same rights that normal human beings do. The concept of morality is explored in detail in Volume I, The Humanization of Humanity. It is to some extent recognized by law in distinguishing between competent and imcompetent persons.

of government, but it is essential to distinguish these. Taxation is a power possessed by public officials. We tend therefore, to think that the taxing power confers upon them the right to determine how much taxpayers shall pay, the privilege of collecting taxes from them, and the power to force them to pay them. But this is a mistake. Governments only have powers. Government, as is made clear in the study of the Political Problem, is simply organized power. In order to duplicate as little as possible, the essential facts about political possessions in general are summarized in Table X.

Eight kinds of things possessed by human beings have now been defined - four of them tangible and four intangible. Borsodi's charts and classifications are designed to make their special characteristics clear, and to suggest the value judgements that follow from their differences. It is hoped that such classification has helped the reader to determine which of these possessions are rationally, logically and morally property, and which trusterty. But before placing every possession into either class, we should carefully examine the problem of title, tenure and transfer of possessions.

/End of Chapter Two - See Chart X overleaf/

Chart X:

Right to Life	Substantive Right	Political Rights of All Kinds	Political Possessions of All Kinds
Right to Property (patents, copyrights)	Deprivative Rights		
Remedial Rights			
Restitutory Rights (copyrights and other pseudo-privileges)			
Defense			
Right of Participation (vote)	Instrumental Rights		
Right of Protection To Sue			
Privileges of Wards	Pseudo-Rights	Political Privileges of All Kinds	
Privileges of Trustees			
Power of Exploitation			
Power of Belligerance, etc.			
Operating Natural Monopolies (Railroad, Power, Water Supply etc)	Natural (necessary) Privileges		
Eminent Domain			
Professional License			
Banking			
Incorporating non-profit enterprises			
Rights - Patenting, Copyrighting, Trade Marketing, etc.	Pseudo-Privileges		
Administrative Powers Defense, Protection of Person & Property, Investiture	Necessary Powers	Political Powers of All Kinds	
Legislative Powers			
Adjudicating Powers			
Budgetary Powers (Taxation, Appropriation, etc.			
Beligerance	Usurpatory Powers		
Granting Monopolies			
Denial of Natural Rights			
Denial of Natural Privileges etc.			

CHAPTER III - TITLE, TENURE AND TRANSFER

Section I - Title - Who May Possess

> "Whatsoever (a man) removes out of the state that Nature hath provided and left it in, he hath mixed his labor with it, and joined it to something that is his own, and thereby maketh it his property.-"
>
> John Locke

Who may have, use or own the various possessions in the world? To answer this crucial question, we examine the matter of title. The primary issue at stake in the humane disposition of possessions is to make sure that what is property, is owned by individuals; and that what is trusterty, is held in trust by the individuals and organizations set up to hold it. It is essential that some institution or instrument make clear who owns what property, and who has trust of what things and on what conditions.

In common usage, property is anything and everything which can be owned. And what can be made "legal" property, as we have seen, is everything on the earth and every incorporeal thing, ever thought of - without regard to the nature of the thing in question. In many primitive cultures, however, property was restricted to those things which might properly belong to an individual - tangible things with characteristics which made them peculiarly an individual's own - weapons, cattle, ornaments. Most primitives expressly excluded from this conception of property, land, forests, streams, ponds, lakes and natural resources of all kinds. By post-Augustinian times, Roman law had explicitly extended the concept of property to intangibles like claims and contracts. A curious commentary on the culture of men is that the more "civilized" he became the more he included in legal statutes property in slaves, serfs, lands and other natural resources. For any standard by which people should judge a thing property, mere legislative fiat has been substituted.

Over a century ago, John Taylor, a Jeffersonian agrarian Senator of Virginia, distinguished in forthright language between "real or honest property and legal, ficticious or fraudulent property". We can do no better than restore this thinking. Borsodi therefore distinguishes between three kinds of things: (1) things, which by their nature are honest or legitimate property; (2) things, which by their nature are not natural property, which he calls pseudo-property; and (3) legal property, which may include both the foregoing.

Many modern conservatives, fighting for preservation of things as they are, usually think of all legal property as private property. The conservative is for the preservation of all legal property without regard to whether it is honest or pseudo (ficticious) in actual nature. He is against the distinction Borsodi makes because this distinction raises doubts about the validity of things as they are. And the Marxian reformer, who would abolish all private property, is equally reluctant to acknowledge that there is anything to these distinctions for the opposite reason. For him to recognize the possibility of the existence of any kind of honest property would raise doubts about the wisdom of abolishing the right to property of all kinds.

Title. Since both honest and dishonest property are now legalized by statute, we do not get much help in solving the problem of who should own (or hold things in trust) by having a lawyer examine the present title to it. No matter how often a merely legal title to a possession may have changed hands, no really honest title to its ownership ever develops unless the original title came into existence honestly. A present owner may be quite innocent of the fact that the original title was invalid and dishonest. But neither ignorance nor innocence nor payment for it can make the title a really honest one. Ownership of stolen property, as we know, cannot be validated no matter how many times it may have changed hands. The stain of a theft or a misappropriation is in a sense indelible.

It may be impossible to establish who was the original honest owner of property that has passed through many hands, generation after generation. In this case, common sense dictates accepting "things as they are". But wherever true ownership can be established as in the case of land and other privileges and monopolies granted by government, their continued use and possession by present holders can be justified only if the rights of the general public or a particular community are also implemented. Enormous values in property, now privately owned and considered legal by our courts, are in fact illegitimately owned. Fortunately, practical methods are available to correct specific inequities without abolishing all private property.

Borsodi suggests that we substitute three types of tests - ethical and rational standards - for determining title. (1) for legal technicalities, substitute a scientific classification of all things which are considered property; (2) classify the manner in which these various kinds of possessions came into existence; and (3) ethically, esthetically and economically evaluate the consequences of treating them as property.

Chart XI - Methods of Acquiring Title

Manufacture	Initial Title	Honest Title	All Methods of Acquiring Title
Prescription Usucaption Exchange Purchase Donation Inheritance	Constructive Title		
Discovery Fiat Confiscation	Statutory Title	Pseudo-Title	
Theft Fraud Conquest	Criminal Title		

1. Title by Discovery. This theory for title dates back to primitive thinking. Anything which never had an owner (land, mines, wild animals, etc.), or whose owner had abandoned them (movables deserted, property of an enemy, abandoned lands) can be acquired by the conqueror, discoverer or occupier who first manifests his intention to keep it as his own.

This is inadequate, because it deals with two different kinds of things - non-man-made land, and manufactured or made articles. The land, unoccupied, is not man-made; minerals are man-made to the extent which labor is put into mining them; good title to agricultural and mining land are established only if the rest of the community is properly compensated for the land used by the operator. The invalidity - and dishonesty - of mere discovery or first occupancy as the basis for title is clear. Obviously conquest does not give a conqueror title to an enemy's property - this is mere theft. This is true also when land, which belongs to all mankind, is seized by a particular nation, or appropriated to the private ownership of an individual, without payment of a rent or royalty for its use to an authority properly constituted and delegated to administer it in trust for the population involved. (*)

2. Title by Manufacture. This theory obviously cannot apply to land. But for all man-made objects, this theory holds that the only way an honest and original title of any possession can come into existence is by making or producing the thing, and that no valid title to ownership can come into existence at all with respect to things which cannot be made.

3. Title by Prescription and Usucaption. Prescription (ownership from time immemorial) would carry a moral taint if it had invalid origin. Ancient Roman law include usucaption, that thing uninterruptedly possessed for a long time became the legal property of the possessor. To apply this to correct a defective legal title is honest, but to use it to legalize a fundamentally dishonest original act of appropriation is unethical. This applies to the title originating in pre-emption of land; in a patent or the fiat of some government capable of enforcing its decrees. Seizure, conquest or fraud are obviously dishonest sources of title. Nothing can make these honest, and every subsequent transfer of title to such property, even though secured in innocence, is still dishonest.

Borsodi recognizes that the making of any thing cannot be entirely separated from the access to, or the use of, things which are not man-made. The maker or producer must use raw materials from the Earth, which no one manufactured. The farmer cannot plough, plant or harvest a crop (which he has made) without using land. There is definitely a non-ownable or "social" element in everything owned. Borsodi recognizes this, yet points out that these two elements can be distinguished. The oil which an oil company extracts from a well is one thing - a labor product, to which the company can establish title by production. The land, from which it is extracted, is not produced, and the company can lease the land and pay (not the land "owner" or holder) to a properly constituted land authority a royalty for its use. Similarly

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(*) Philosophical anarchists recommend that for a governmental paramount grantor of land, Voluntary Landholding Associations should be substituted. Such would invest title only to the users of land. No title could be valid for an absentee owner of land. The standard of use would be that approved by the members of the community in which the land was situated. - M.J.L.

for farmers, and miners. Their labor product and land improvements can be separated from the land value.

Borsodi emphasizes that the right of ownership carries with it an obligation. Ownership must be implemented so that the public interest in land which cannot be properly privately owned, is protected. The obligation accompanying the right of ownership of all that is produced from land, is the payment of rents or royalties for the use of what is ultimately the public's. Such an arrangement does not alter, disturb or deny the right of use by private individuals or corporations of such land and public possessions.

Norms of Property

Psycho-philosophical Base for Property. Borsodi points out that in working on an object, an individual is extending his personality into it. In creating and improving a possession, he is freezing his labor and thought into it. He adds to the raw material of nature a part of himself. Those objects, physical and intangible, which an individual has made or cultivated , he has made his own. Logically he should have title to such things. Ethically - because it is fair to him and causes no harm to another - he should determine its use and consumption.

What the evidence, thus far presented, seems to indicate is the existence of a natural law, which Borsodi states: Title to property is valid only when original title to it has arisen as a result of its production or manufacture; that is, as a result of its creation by the labor of individual human beings.

The negative implication if this is (as we shall see in the next section): No patent or deed to pseudo-property (to any natural resource, franchise, social privilege or monopoly) is valid or can be validated, no matter how elaborate the legal fictions embodied in statutes invented to justify such titles.

Finally, the evidence suggests a principle for changing from the present situation in which so many titles to property violate these basic norms: Ownership of all kinds of pseudo-properties should be transformed juridically into trusteeship or trusterties - immediately when the transformation can be offered without injury to genuinely innocent owners, and gradually when it cannot.

Legal Ownership. From the foregoing, Borsodi concludes that legal ownership, as we know it today, may be valid or invalid. Ownership is legal and honest when the statute protects the exclusive right to own what is properly ownable (produced by human labor). It is legal yet dishonest whenever the exclusive right to what is not properly ownable is legalized. The difference between what is legal and what is legitimate (i.e. honest) in ownership must be recognized.

Illegal and invalid ownership differs from legal and honest ownership in three important respects:

(1) Illegal ownership is a "right" which a statute or law attaches to possessions as has been said which are not properly ownable. Slaves, parcels of land, monopolies and privileges are not properly and honestly ownable, but have been, may be, and are now declared property merely by statute.

(2) Illegal ownership originates in its recognition by government, and not in the nature of things themselves. What governments recognize and refuse to recognize is not the result of scientific validation. It too often reflects the greed and changing fancy of those who write and enforce the laws. At one time the United States government recognized the legal ownership of slaves. It still recognizes the legal ownership of land. It has consistently recognized legal ownership of monopolies which it has itself created and granted to individuals and corporations. At one time it recognized the lawfulness of traffic in alcoholic beverages; later declared it illegal, and still later, again legal. It is difficult to characterize the infamy of a U.S. Presidential order on January 1934 which declared the ownership of gold illegal, and under cover of which federal police officials seized (stole) all gold which individuals in the United States owned.

(3) Illegal ownership is a right extended by governments to corporate entities and to governments themselves. Ethically only real persons can honestly own. Corporations and governments can only hold property in trust.

Though property systems differ in different nations, everywhere the tests for honest title to both property and trusterty are the same. Three systematic, rational tests can be used: 1- the scientific test of classification by their distinctive nature (as in Borsodi's charts) indicate whether the thing held is property or trusterty; 2- the economic test, of comparing the results from different types of possession on the efficiency of production; and 3) the ethical test, comparing the results from two types of possessions in how it leads human beings to treat each other. That which leads to negative results and conflict is illegitimate and dishonest, and statutes which declare it legal should be invalidated and repealed.

Unfortunately schools do not generally teach these facts.

Section 2 - Tenure - The Manner in Which Things May Be Possessed

> "Who am I that I should sell the land? ...Who am I that I should sell my children's and my children's children's right to the land?" - Black Hawk, Chief of the Sac and Fox Indians

> "The land must not be sold... those who come before should not have more than those who come after..." -
> - Joseph, Chief of Nez Perce Indians

Tenure indicates, as Blackstone made clear, the manner in which property or a trust is held. There are two kinds of tenure, with many sub-varieties: (1) Freehold or alloidal tenure is absolute tenure, and comes legitimately into existence when a thing is produced; (2) Leasehold tenure provides for the conditions under which trusterty is held. (Property may be rented from a legitimate owner; and thus becomes a trust of the user or tenant).

Alloidal, freehold tenure. Alloidal or freehold tenure confers upon the possessor of a thing, the unqualified, exclusive ownership of that thing. He can save what he owns if it is money; can hold it in storage, or let it lie idle. He can rent it or lend it to another. He can use it, as a machine owner or tool owner uses it for producing more goods. He can transform it if it is raw materials. He can consume it, like the owner of food and clothing consumes them. He can destroy it, as the owner of a house may tear it down.

All these rights have a common essence - exclusion. That is, the owner is not accountable to anyone for what he does with his property, so long as he does not harm another. Thus defined, it is the same as freedom. The old English expression of freedom "Every Englishman's home is his castle, whose threshold the King may not cross without permission" is an assertion of an owner's right of exclusion. This right of property is necessary to privacy, to the development of choice, responsibility for consequences of one's choice and action; in fact, for the full development of individuality and personality. The necessity of ownership of private property to freedom and personality growth gives it unique importance. It makes the protection of private property one of the two basic functions of government, the other being the protection of individuals from injury to their persons.

It is this which makes the proper definition of property so important!

Historically we have looked to government for the protection of property. The law gives an owner the right to himself to use force, or call upon policemen to use force to protect him in the enjoyment of what (the law says) is his. Since the government declares what kinds of things may be owned, misdefinition results in the use of force to protect and enforce ownership which is both honest and dishonest. As a result governments have protected (and still do protect) owners of honest property like a house, but also in their "right" of pseudo-property like land and monopolistic privilege. Mis-definition of property also results in the use of force to deprive owners of certain kinds of property which is theirs (as during the prohibition era in the United States), and sometimes to deprive everybody of their freedom to own anything at all, as in Communist states today.

Qualified ownership. The law having declared many things property which are not property, has been driven to limit what property owners may do with what in theory the law says is exclusively theirs. Having declared slaves property, improprieties to which this gave rise, led to slave codes which rectified rights to slave ownership. Having declared land property, the law has enacted zoning codes and conservation measures limiting land use. Having declared natural monopolies property, it has set up interstate commerce regulations, public utility commissions, security commissions etc. for regulating ownership of things which should never (because of their nature) have been treated as property. When the law is forced to qualify ownership, we can suspect that it is really not property, and should be treated as trusterty.

The essence of ownership of property is properly exclusion. Qualified ownership is a contradiction in terms. It is impossible to have both and not have the exclusive right to anything.

Only Human Persons May Own. Ownership is an attribute with which only human beings can properly be endowed. Ownership by a corporate entity of any kind is likewise a contradiction in terms. Corporate property may be made legal by law, but it cannot be thus made valid and honest. For remember, valid title to ownership flows out of the labor exerted by human beings. Corporations are incorporeal - they are not human - they do not labor or make anything. Corporations can only acquire property in trust for the human beings who are the members or stockholders of the corporation itself. It is a legal fiction which jurisprudence should have long ago outgrown to assume that "Standard Oil Co." (a collection of pieces of paper called charters, by-laws, minutes, contracts) can own anything whatsoever. Today corporate property may be legal, but no statutory legalization can make it anything but fiction.

Likewise, a government is a corporate, artificial entity. Governments cannot own property; they can administer trusts. What governments are said to do are done by public officials, bureaucrats, employees, soldiers and sailors. The population and territory over which governments exercise sovereignity and dominion, do not belong to them. These are sacred trusts - not property.

Not even the family can own property. The Family is properly a corporate entity. The Family's possessions, its estate, its homestead are properly trusts, to be treated not like individual property, but like an endowment to be administered for the well-being and security not only of its living but of its unborn future members.

Borsodi concludes that everywhere in the world people should examine legal ownership to see how much of it is honest and how much dishonest. He insists there is no basis for concluding that all present legal ownership is honest. Yet he says there is no need for contradictory property systems in the world. The basis for honest property - arising from the production of things by human beings - is the same everywhere in the world. Therefore there is little basis for contradictory property ideologies of reformers. Some of them urge either the de-legalization of honest and valid property rights (as is the case with Communists and Socialists) or the legalization of forms of ownership (as with some money reformers like the Townsendites) which also violate standards of honest possession.

Legal ownership should be restricted to honest ownership. When all kinds of pseudo-ownership are expressly excluded from statutory legislation, then legal ownership could be the exclusive right of natural persons to possess, save, enjoy, use, let, consume, manipulate, transform, barter, sell, give and bequeath objects which by their nature are property. If every statutory deviation from this were ipso facto unconstitutional, and if courts refused to recognize any statutory deviations from it, legal ownership would always be legitimate ownership and legitimate ownership always legal.

Chart XII - Methods of Tenure (Holding)

Absolute Leasehold	Trustholding (Leaseholding)	All Methods of Tenure (Holding)
Leasehold for Life		
Leasehold at Pleasure		
Conditional Leasehold		
Leasehold by Seizure		
Honest Title	Freeholding (Ownership)	
Pseudo-Title		

Trusteeship and Leasehold Tenure. In essence, trusteeship is the exact opposite of ownership. A trustee is a person who has assumed or accepted a task, charge or obligation concerning something which does not belong to him. His trust may have been explicitly conferred upon him, and he knowingly accepted, as when an executor accepts responsibility for administering a deceased friend's estate. He may satisfy some needs of his own, as when a renter assumes the responsibility for the care of his landlord's house. But many of us, uneducated as we are, assume trust after trust without being conscious of it. We assume a trust when we become parents. We cannot avoid that trust in providing nurture, maintenance and schooling for our children. We assume a trust when we cultivate the soil, cut down a tree, use a street or highway or anything which belongs to the public as a whole, or to a future generation as truly as it belongs to our own.

Obligations of trusteeship. A trustee may hold, save and enjoy any trusterty as securely as it is now possible to own property, but instead of holding it without qualification, he cannot hold it in any way that will impair or lessen its utility to future generations. He may not take advantage of tax avoidance, but make certain that all really just public claims, particularly for economic rent on land and natural resources, are paid. He may let or rent it, or if it consists of money, lend it to another, or conservatively invest it, provided such does not reduce its total value. He may sell or exchange it when that is necessary to conserve its value, and cannot charge more for it than a fair market price. He cannot bequeath it without qualification; he can only transfer it to someone competent to carry out the trust. He may use it so long as it does not impair its future utility, and must provide against depreciation and obsolescence. He may transform it, but only into more useful forms. He may even consume it, provided he replaces it with something of the same class, quantity, quality and value. He must maintain it in repair and insurance against major risks and hazards. In sum, everyone has the right to expect integrity, justice and responsibility on the part of those who hold trusterty. Property owners may (though this is not rational) use what is exclusively their own wastefully and irresponsibly. But those who hold trusts are held responsible by those who have an interest in it for any misuse of those trusts.

Objects subject to Trusteeship. Anything which is not the result of human labor is subject to trusteeship. Land, mineral resources of the earth, the atmosphere, the high seas are such things.

But these also include franchises, patents, licenses, copyrights, - a whole gamut of what Borsodi calls privileges. None of these are products of human labor. They are created by fiat. They have no physical existence. They are immaterial assets, evidenced by records on pieces of paper. Legislative or judicial declarations grant them to somebody or attach them to some physical being. These government-created possessions acquire enormous value if those to whom they are granted can privately use them. In recognizing and legalizing such absolute oznership we simply give our respect and approval to exploitation.

Testing these privileges by scientific, economic and ethical tests, Borsodi concludes they are trusterty, not property. They must be used and conserved for the whole population which has or may have an interest in them. Holders of them can neither abandon nor transfer these trusts except in fulfillment of the obligations they represent. Such possessions are essential to human survival on a high plane of living. For their legalized oznership we must substitute some legally recognized and legally institutionalized form of trusteeship.

Natural Resources. Natural land value and site value of land (not being man-made) are trusterty, to be held in trust for others. Land improvements, which result from human labor, are property, properly ownable and rentable. A house may be properly owned and rented, its tenant paying for his use of it, and treating it as a trust for the owner. Land may not be properly rented from individuals. For a possessor of land to receive its rent is appropriating what really belongs to the community which produced the site value of his land.

Borsodi emphasizes two problems which arise regarding trustership of land: (1) allocating the jurisdiction over natural resources, and (2) investiture, or granting of tenure to individuals in lots and parcels of land.

Allocations of land, according to Borsodi, calls for not one, national or international paramount grantor of land , as at present. It calls for a plurality of paramount grantors with concurrent jurisdiction over the land. National or totalitarian jurisdiction over land is the source of error and misery accompanying nattional sovereignity. Allocating land through nations fails to make landholding possible for every family and legitimate enterprise on terms which guarantee their prosperity, security and liberty.

Land authorities. Three types of authorities should be legitimately organized to grant, allocate, regulate and administer land. They are local, ragional and world authorities. They should collect the ground rents (economic rent of site value) from the possessors of land and natural resources.

Chart XIII

Residential, mercantile, commercial, industrial, institutional sites or lots; fields, meadows, woods for farming and grazing; local roads, streets, plazas; local public utility rights-of-way; rail, bus and airport sites; riparian lands, streams, ponds, sewage, drainage and irrigation districts; waterpowers with local sources; clay, sand and gravel pits; local natural, artificial and amusement parks.		Primary, Local or "Town" Authorities
Watersheds, forests, game reservations, irrigation waters, desert land	Conservation Authorities	Regional Authorities
River systems, regional water-powers, navigable rivers and lakes	River Authorities	
Highways, toll roads, bridges	Highway Authorities	
Rights-of-way for canals, railroads, trunk gas, power and pipe lines	Public Utility Authorities	

/Continued next page/

/Chart XIII - Continued/

Rights-of-way for telephone, telegraph, airway lines	Communication Authorities	Regional Authorities
Harbors	Port Authorities	
Mineral Lands and resources of all kinds, High seas, atmosphere, fishing banks and fisheries of deep seas; great archeological monuments of the world		World Authorities

Patents vs. Indentures. Instruments for allocating land are called patents when they are original grants from paramount grantors, and indentures when they evidence subsequent transfer of land from one owner to a successor. The source of most of today's dishonest and pseudo-property is in the granting of private "deeds" by the government to land holders. They should be deeds of trust; and for this Borsodi uses the term indentures.

An indenture is in law an instrument in which two or more persons enter into reciprocal and corresponding grants or obligations to each other. It is an instrument evidencing entrustment of the use of land to a landholder. It should make clear the private trustholder's interest in the land and the public's and future public's interest in it. The landholder receives secure possession of the land against all other persons and public services. He obliges himself to use the land so as not to impair its value for future generations, and to pay full economic rent for the public services rendered that site. The public's obligation is to provide police and fire protection and public highways; its right is the return of the economic rent accruing to that site. Such an indenture would really be a perpetual lease, but conveying it conditionally in trust.

In the School of Living homesteading projects (Suffern, N.Y., 1935-1940), such an indenture was used. None of the attorneys who helped formulate it had to resort to extra-legal formulae under existing law.

Deed vs. Conveyance. A deed is an instrument evidencing the transfer of title to a freehold from one freeholder to another. Strictly speaking it is every instrument conveying property, such as a bill of sale.

A conveyance is in law any instrument by which title is conveyed, including deeds, leases, mortgages and wills. A conveyance might be readily devised which solemnly transfers the title and trusteeship of a plot of land from the original indentee or landholder to his successors. It would convey not a freehold, but a trusthold. Like an indenture, it would be a perpetual lease. Every leasehold is a trusteeship.

/See Chart XIV overleaf/

Chart XIV			
Property:	Title-Deed - Investiture of Title to Property by the Original Maker of the Property	Ownership (freeholds)	Tenures of All Kinds
	Deed (or Bill-of-Sale) - Subsequent Conveyances of Property		
Trusterty:	Patent - Original Investiture with Trusterty by a Paramount Grantor	Trusteeships (Trustholds)	
	Indenture (or Lease) - Subsequent Conveyances of Trusterty		

Constitution vs. Charter. A constitution is an act of some unit of population which constitutes for them a government or the acceptance of an already established one. It may be a formal, written one like the constitution of the United States; or an unwritten one, expressed in law and customs. A constitution is a possession of those who constitute the governing organization, and is obviously a trusterty and not a property for them to do with whatever seems to them expedient. A constitution has the same relation to a charter as a patent to a deed; a constitution is the original act, a charter is secondary.

A charter is a most important form of intangible possession. It is an instrument through which a paramount civic authority delegates powers inherent in itself to some other body. It may recognize formation of a mutual or cooperative corporation for operating a natural monopoly, or record the formation or incorporation of membership or stock corporations, specifying in each case the purposes, privileges and powers involved. Historically, charters have come from centralized authorities. But to consistent Decentralists and logical Federalists, the paramount civic authority would be the local township or ward, which Jefferson thought should be sovereign. Borsodi believes that there is every good reason why we should consider the possibility of towns and townships delegating their inherent powers to the nation, rather than the other way around.

Who May Possess?

From the foregoing, the conclusion is clear that monistic over-simplifiers of economic problems are mistaken. It is unrealistic to say that everything should be held by private individuals, or that everything should be held by socialized governments. As Borsodi shows, there must be many classes of holders, each so different that no tenurial formula can be applied to all of them. The following chart indicates the plurality that is required by the nature of trust and property.

Chart XV - Varieties of Property and Trusterty Holders

Paraphernalia Automobiles Cash Investments Tools Stores Shops, etc.	Individuals	Freeholders		
Land Leaseholds Estates, etc.	Individuals			Private Holders
Homesteads Farmsteads Estates, etc.	Families			
Women's Clubs Country Clubs Colleges Libraries Hospitals, etc.	Non-Commercial Organizations	Trustholders		
Stores Factories Mines, etc.	Commercial Corporations			
Labor Unions Trade Assn's. Credit Unions Mutual Ins.Co's. Coop.Stores etc.	Cooperative Organizations			
Railroads Telephone Lines Power Systems Water Works Pipe Lines,etc.	Quasi-Civic Corporations	Chartered Trustholders		Public Holders
Municipalities Counties States, etc.	Governments	Paramount Trustholders		

Private vs. Public Holders. Three terms are synonimous - possessor, holder or tenant. It is unfortunate that tenant has come to mean renter, for in reality both owners and renters are tenants of the things they own or rent. Owning and renting are simply two different forms of occupancy or tenancy. A possessor, holder or tenant of anything is a private holder if the nature of his possession leaves him free to acquire, hold or dispose of the property or trusterty on his own initiative and responsibility, without accountability to the public as a whole.

Private holders are freeholders (possessors of property) or trustholders (possessors of private trusterty). Only natural persons or the persons who belong to partnerships in which each still has full individual responsibility can properly own property. The moment title is vested in an entity (such as a corporation) set up to represent others, the holding is transformed into trusterty, of which the tenant is the administrator and not the owner. The range of things subject to freeholding and absolute ownership is very wide. Only certain classes of things like things an individual has rented, or land (and estates entrusted to an individual as executor) are excluded.

Private trustholders, on the other hand, may be either individuals or corporate entities, who have no alternative to action in a representative capacity. As Chart XV shows, there are five distinct species of trustholders: (1) individuals who possess land in their own name; who are parents of, or act as guardians of minors; or who hold rented property of some kind; (2) families; (3) non-commercial organizations - membership and non-profit organizations; social, philantropic and educational institutions, etc.; (4) commercial organizations organized for the private profit of their managers, stockholders or investors; and (5) cooperative enterprises organized for the mutual benefit of their members.

Public holders are of two kinds:

Paramount Trustholders. By its very constitution it acts for the whole public regardless of the nature of the things to which it has title. When a government owns clothing (as uniforms of armies) they are trusts. In free nations, disregard of this trust is considered misfeasance and malfeasance in office. Nations which treat such public possessions as if they were their own are considered despotic.

Chartered trustholders. Tenure is vested in them from a paramount grantor, and originates in a charter or grant of a natural monopoly or public utility of some kind.

Progress toward freedom would be rapid - individuals would be incalculably more free if investiture followed these patterns:

a - investiture was always created by a patent creating a trusteeship, and not an ownership;

b - in the case of trusterty like land, the tenure was both exclusive and perpetual;

c - the conveants and conditions imposed upon the landholders were those, but only those, which were required to provide for the equal right of everybody to the Earth;

d - the land tax, ground rent, or mineral royalty which the landholder had to pay, was in the strict meaning of the term, the full, and only the full, economic value involved;

e - that it was paid to a properly constituted authority which used this revenue for the benefit of the whole population, and that it was not appropriated (as it is now in most of the world) by private or improperly constituted pre-emptors of the land.

Moreover, if all these conditions existed, there would be no difference in the security and privacy of possessions conveyed by an indenture to land, from that now conveyed by a deed. Such changes would give explicit recognition and expression to the fact that tenure and transfer of land under indenture, grants possession on conditions of trust which the landholder must fulfill. This is in contrast to tenure and transfer as at present, under a deed conveying absolute and unconditional property rights in land including that of the private appropriation of its unearned increment.

The answer to What may be possessed? is: everything. When no individual and no group has title to a thing, humanity has. Everything is therefore somebody's or something's. But as to who may possess and how it should be possessed, there is no truth in Monism. Everything should not be held privately, as some over-enthusiastic individuals believe, nor publicly, as some over-enthusiastic socialists believe. Until we recognize that Possessional Pluralism is called for, and make scientific disposition of property and trusterty, people will continue to compete greedily for possession of each newly discovered oil field, mine, idea or invention. And when nations take a hand in this stupid business, bloody wars will be fought for them. All this can end, when we decide to whom each one of these things really belongs, and whose interests must be consulted in implementing their tenure.

What may be possessed and who may possess what, is now summarized in Chart XVI.

Capital vs. Pseudo-Capital. All the different kinds of possessions which have at any time been called property and subject to ownership by individuals or enterprises are classified in Chart XVI. Here they are distinguished by how they came into existence - whether made by human labor or whether only "given" natural objects or fiat, and also by whether they are capital goods assets or intangible pseudo-capital assets.

Chart XVI

Slaves Convicts Conscripts	Human Beings	
Sites Mineral Lands Farm land etc.	Natural Resources	Trusterty
Franchises Patents Exemptions	Political Possessions	

/continued next page/

/Chart XVI - continued/

Personal Skill Intelligence Character	Inherences	Intangible Capital Assets	Property
Good Will Contracts Agencies	Relationships		
Money Bank Deposits Debts	Claims		
Buildings Machinery	Capital Goods	Tangible Capital Assets	
Food Clothing Furnishings	Consumption Goods		

SECTION 3 - Transfer and Disposition

"Sic uetere tuo ut alienum non laedas" Roman legal maxim: Enjoy your own possessions in a manner that does not injure those of another.

Ho human right is more essential to real freedom than the right to transfer and to dispose of one's possessions. Without this, the right to acquire food, for instance, whether by producing it on one's own farm or buying it from a grocer, is meaningless unless one has the right to consume it oneself, share it with one's wife and children, or give it to friends or relatives whom one entertains. But in this form, the right doesn't seen very important, and since this right is recognized even in completely Communistic societies, it seems somewhat academic to call attention to it.

But, as Chart XVII makes clear, there are several methods of transfer and disposition, and it is important that explicit recognition be given to them. Classifying the specific methods of transfer and disposition of possessions reveals two distinct orders - the one voluntary, the other involuntary. More properly the methods of involuntary transfer should be termed involuntary seizure and destruction, but this does not make it clear that there is involved seizure and destruction by others of what belongs to the possessor.

Chart XVII - Methods of Transfer and Disposition

Consumption Destruction Donation Bequest Trading Selling	Voluntary Transfer or disposition	All Methods of Transfer or Disposition
Loss Fraudulent Loss Robbery Confiscation Conquest Destruction	Involuntary Transfer or Disposition	

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CHAPTER IV - POSSESSIONAL IDEOLOGIES

There are hundreds of doctrines, dogmas and theories prescribing different patterns of action which human beings should follow in acquiring, holding and organizing title and tenure. These bodies of ideas, groups of tenets, beliefs or convictions, Borsodi calls Possessional Ideologies. He recommends examination and analysis of such ideologies to help clarify thinking in regard to them. Classification of such doctrines according to the principles uncovered in this study may help in our acceptance or rejection of them.

There is probably no other problem which men face which has more ideologies to be evaluated than the Possessional Problem. No attempt is made here to consider more than a few which are typical of each of three categories, as listed in Chart XVIII.

Chart XVIII

Stewardship Franciscanism Gandhian Trusteeship		Monist Trusterty Ideologies	Possessional Ideologies of All Kinds
Capitalism (classical) Cooperatives Distributism Finance Capitalism Landlordism Mammonism Slavery Serfdom	Individual Private Property Ideologies	Monist Property Ideologies	
Communism Social Credit Socialism Social Security State Capitalism	Public Property Ideologies		
Christian Socialism Feudalism Guild Socialism Syndicalism	Collective Property Ideologies		
Abolition Euthanasia Feminism Georgism Individual Anarchism Gesellism Possessional Pluralism		Legitimate Pluralist Ideologies	

A comprehensive treatment of possessional ideas and ideologies would fill a volume. But those discussed will establish the validity of the distinctions which are possible, and the utility of this method of comparing and evaluating them. If, for instance, we decide that liberty is more important than security, all possessional ideologies except those which aim at liberty may be dismissed as invalid. Classification in this way makes it possible to select ideologies in the category we find most valid - the one, when practiced, which would most nearly deal with the possessional problem to permit the development of human potentials.

Section 1 - Monist Trusterty Ideologies.

Growing out of the early Christian rejection of property, and an emphasis on preparation for the second coming of Christ, a doctrine of stewardship developed. According to it, all things on the Earth were to be held as trust - nothing at all was claimed as properly ownable by an individual. Each person was a steward of the Lord, answerable to God for earthly possessions for the time he lived on the earth. This extended into the doctrine of St. Francis, and appeared in various doctrines of monasteries and Feudalism.

Gandhian Trusteeship. The doctrine advocated and practiced by Mahatma M.K.Gandhi in India is a modern expression of a trusteeship possessional ideology. Incorporated in the Swantantra Party it was stated:

> "The Party holds that the State should foster and utilize the sense of moral obligation, the pride, satisfaction and fulfillment felt by individuals in serving others, instead of adopting legislative or other forms of compulsion which commence with lack of faith in people, and are consummated in the serfdom of the governed... The Party therefore adheres to the principle of Trusteeship adumbrated by Gandiji." (*) The riches of wealthy people were not to be expropriated, but such persons were "exhorted to use their wealth for the benefit of their fellowmen, not only in charity and philantropy, but for the benefit of employees, members of the family-clan and servants".

This attitude was expected of all, not only wealthy persons. It is basically a supernatural ideology,based on spiritual values. As K.M.Munshi says (**), "The moral obligation in which the doctrine of trusteeship is rooted is the spiritual attitude of surrendering one's ego in the service or glory of another so that the latter may find self-fulfillment... The reward is the subjective satisfaction in creating value in the object - in the friend, the beloved, the child or God. In the case of legal trusteeship, the value is created in the beneficiary - the individual in personal trusts, and institution or an object in charitable trusts... A trustee who owns property feels himself under a moral obligation to see that another fully enjoys the property he holds. Creating the enjoyment of another becomes as satisfying as if he were enjoying the property himself..."

(*) From Trusteeship Theory of Property, (Oct. 4, 1949), "Illustrated Weekly of India".

(**) From "Reconstruction of Society Through Trusteeship", K.M.Munshi, 1960.

Section 2 - Monist Property Ideologies

These doctrines, on the opposite extreme, holding that all things are property and properly ownable, are of two kinds. Some call for individual personal ownership of all things, i.e. private property ideologies. Others call for all things being publicly owned, i.e. owned by governmental units. Both private and public property ideologies (contrary to their declarations) actually emphasize security above liberty. Both take it for granted that the only valid solution to the possessional problem is security in the future. Private property ideologies teach that individuals should accumulate enough money, life insurance, stocks, bonds and real estate to give them a feeling of security about their future. Public property ideologies emphasize social security - i.e., that the individual's security is a government responsibility and should be furnished by it.

A. Private Property Ideologies. Most of these hold that riches are the goal of life, and that security is best attainable by amassing wealth. They are all influenced by a concept of Mammonism, which, implicitly or explicitly, rationalizes greed. They are based on a belief that a minority of persons are better fitted, and should therefore have the opportunity, to administer property. They may even be given special privileges to make themselves wealthy, for in so doing they make possible enough capital to develop industry for everyone, and to build up surpluses for charity to go to those who are unfortunate or unable to provide for themselves. Implementation of Mammonism calls for a land system which permits acquiring fortunes by land speculation; for a money and banking system which favors lenders and handicaps borrowers; for the granting by government of tariffs, subsidies, franchises, charters, monopolies and other social privileges which furnish opportunities for the accumulation of great riches.

Landlordism. The perversion of Feudal land tenure by the Enclosure Acts transformed Feudalism into what might be called Landlordism. Land became legally the private property of those who could enclose it. It has continued in modern history through the Roman Villa, America's Southern plantations, Russian collective farms, and today's giant corporation farms with their migrant workers, and many similar land systems.

Capitalism. The original ideology of capitalism prescribed for only one category of possessions - capital goods, without regard to whether they were used domestically in homes or industrially in production for the market. It prescribed three things: capital shall be privately, not publicly owned; profits and losses from such ownership shall be regulated by free competition in free markets; to assure such free markets and automatic prevention of unearned profits, there shall be no favoritism or any other form of intervention by governments in the operation of free markets.

But Competitive Capitalism became Classical Capitalism, and it in turn became historic Capitalism. Neither Historic nor Classical Capitalism are self-consistent, symbiotic ideologies. They are inconsistent, self-contradictory agglomerations. Their doctrines with regard to land tenure and taxation, and to money and banking are inconsistent with preserving competition or preventing the perversion of competition. When Capitalism succeeded Feudalism and Mercantilism, the special privileges in land and credit were not changed. To them were added new forms of special privilege, such as the limited liability corporation.

By 1870, Historic Capitalism was no longer faintly Classical, but instead predominantly Financial and Corporate in nature, with large aggregations of capital concentrated in private business corporations, financed by the sale of stocks and bonds, and controlled by a limited number of investment bankers or wealthy capitalists. In corporations, ownership is so widely dispersed among stockholders and bondholders that real control is vested in a few individuals who can make themselves wealthy from the perquisites of such control.

Distributism is an ideology advanced in England by some modern Catholics (notably Hillaire Belloc and Gilbert F. Chesterton) to maintain or revive the wide spread use of productive property. It is an effort to counteract the ideology and practice of finance capitalism by encouraging families to establish independent small businesses and small homesteads on the land.

The Cooperative Movement was originally (about 1880) a handing together of consumers to cooperatively own their retail outlets for consumer goods. Through democratic management and rebating to themselves (the buyers) the profits of merchandising, they made some savings for themselves. This has grown to include cooperative servicing in many fields, and to include cooperation among producers to manage and control their marketing.

But neither Distributist nor Cooperative movements have made the essential distinction between trusterty and property, and have not significantly altered the pattern or trend of finance capitalism.

That the institutions of slavery and serfdom are ideologies which rationalize private property in human beings is obvious. While these ideologies still exist in some parts of the world, it should be credited to human progress that they are no longer common. It is still true that "those who take my labor products or my access to land" take my life.

B. Public Property Ideologies. Every kind of group ownership, both public and private, is collective. Private business corporations, mutual insurance companies, cooperatives, non-profit associations are all collectively-owned by stockholders, policy-holders or members. But the fact that membership and participation in such ownership is voluntary makes all these forms of collective ownership merely various forms of private ownership.

Public property ideologies differ from all private property ideologies, first of all, in prescribing either that all the means of production and distribution (or the most important of them) should be governmentally owned. They justify this on the basis of "justice" or efficiency. But the primary reason is the belief that unemployment and poverty can be abolished and abundance and prosperity (which modern technology makes possible) can be guaranteed to everybody by substituting government for private ownership. The essential characteristic of government is not that it is collective, but that it is compulsory. In all cases those who do not wish to participate are forced to help share the cost of public property through general taxation. In some countries, public property ideologies go so far as to forbid private ownership and prohibit private possession by the use of the police power. Public Property ideologies are just as much opposed to private collective ownership as to private individual ownership. In sum, the essential characteristic of all Public Property Ideologies is the belief that the compulsory substitution of government for private ownership is necessary to guarantee prosperity and security to every person in every class of the population.

State Capitalism. Ownership of certain kinds of capital and enterprises or industries, by the government, and their operation on the basis of a charge for services rendered or goods furnished to the user or consumer, is State Capitalism. Examples include: postal service owned by a government for which it charges letter by letter; water supply services, when a charge is made for water used; gas and electric, telephone, telegraph and railroad services, when supplied by, and charged for by the state. Nationalization of industries like coal and steel, if coal and steel are thereafter sold to consumers by the government (and not distributed according to need, as in communism) is a shift from private ownership to state ownership.

Private ownership of enterprises (by individuals, partnerships, corporations, and cooperatives) can go on with State Capitalism. However, State Capitalism may make it impossible for private enterprise to meet the competition of the government's enterprises in the same field. Even if private enterprise were more efficient, the government could afford to take losses indefinitely, offsetting its losses by recourse to general taxation. Widespread extension of State Capitalism, however, would inevitably threaten both the freedom and the very existence of private enterprise, not only in the same but also in many related fields. If, for instance, the manufacture of paper were nationalized, privately owned newspapers could only be published as long as government officials were willing to supply them with paper. Governments would then have the power to dictate to publishers the conditions upon which they could exist.

Municipal Capitalism. A variant of state capitalism, whenever local municipalities or other sub-divisions of government rather than the national government, own and operate enterprises. Frequently called municipal ownership.

Social Security is an ideology which prescribes that individuals should be provided by the State, compensation during unemployment, pension in old age, medical treatment and support in accidents and sickness, subsidies for marriage, payment for giving birth to and support of children, and even subsidies for burial. This would be more accurately designated State Security, since it is the State, and not society which furnishes it. From the standpoint of the Possessional Problem, Social (State) Security changes the idea that individuals possess inherent inalienable natural rights, to claiming that every individual possesses artificial privileges - privileges with which individuals are endowed not by nature or by virtue of the fact that they are human beings, but by virtue of their being subjects, citizens or members of a political state.

Stated somewhat differently, Social (State) Security affirms that every individual is entitled to the equivalent of possessions like annuities, insurance policies, stocks and bonds, and other forms of savings which individuals can accumulate for their future needs. In a sense it calls for the guarantee by the state to every individual the equivalence of a homestead, since by guaranteeing the individual an income, willy nilly, he is guaranteed the rent to pay for a home.

The fact that Social (State) Security artificially endows the individual with privileges is obscured by the fact that the funds to maintain it are usually obtained by the government by collections similar to those made by insurance companies. But even if they were obtained on a truly actuarial basis, the fact that they are not voluntary (as are insurance premiums) but compulsory payments, changes their real nature. All collections by governments are compulsory, and compulsory payments have the essential nature of taxes. Apportionment of a tax in accordance

with one's age, occupation or earnings is the same in nature as apportioning it in accordance with property owned (property taxes), purchases made (sales tax) or gross net income (income tax).

The ideology of social security is the public, or socialized, compelment of Mammonism.

Communism. In communism, the state owns and operates enterprises, and distributes goods and services to consumers without charge, on the basis of their need. Communism prescribes abolition of private property in all the means of production and distribution, by which they mean commercial capital goods - land, machinery, factories, merchant's stocks and stores, railroads, banks, etc. It does not include domestic capital goods. They see only factory and mass-production as important. Communists maintain that the centralization of property ownership in the State is the only way to solve the possessional problem. They believe it alone assures everybody both present and future, prosperity and security.

Communism assumes - because of the substitution of factory for domestic production - that all commodities are socially produced; that no commodity is or can be in any true sense produced individually, and that therefore title to everything necessary to production and distribution (both land and capital) properly vests in the state.

Commodities are defined by Marxians (not as to the nature of the things) only as things produced or manufactured for exchange, purchase or sale. They consider two things of the same kind (a loaf of bread baked at home and a loaf baked in a commercial bakery) as two different kinds. A more fundamental expression would be to say that all loaves of bread are commodities; those made for purchase and sale, merchandise. But this doesn't help solve the possessional problem. If one woman bakes a loaf of bread for her own family, it is admittedly - even under Communism - her product and her property. If she bakes an identical loaf and sells it to her neighbor, it is still produced by her individually. The fact that she sells it does not in any way alter the fact of its production and its ownership.

Marx called for revolution and confiscation. He justified it, as he said in ending the first volume of Das Kapital, because it would "only mean the expropriation of a few usurpers by the mass of people". Events have proved, however, that expropriation of a few usurpers meant also expropriation of an enormous number of legitimate owners of property, not by "the people" but by the government. "The people" and the government are never one and the same.

Socialism. The aims and goals of socialism are substantially the same as in communism. Their concept of property and ownership could be called identical. Socialism differs from communism in method. Whereas communism calls for revolution and expropriation, socialists would substitute education and the ballot. Among the many types of socialism, the Fabian and Reformist socialists are most typical.

Collective Property Ideologies. These ideologies reject private ownership of property, but they also reject the monolithic ownership of all property by the State. They do, however, rely upon compulsion. They would attain their goals by laws, and have their system enforced by the police.

Guild Socialism, or Syndicalism. Guild Socialism concentrates the ownership and operation of each industry in guilds or syndicates composed of the workers of each industry. They are attempts to universalize property and security by abolishing private industry and free enterprise without centralizing everything in the political state. Such ownership would probably be less bureaucratic and arbitrary than socialism or communism, but the difference is one of degree rather than of kind.

Feudalism. As a possessional ideology, feudalism dealt only with land and human beings. These were really owned by the lords of the manors. But capital invested in commerce, in trade and handicrafts, was privately owned, with production and distribution subject to regulation by guilds.

Christian Socialism (or Communism) is an ideology which prescribes that members of a group, usually motivated by New Testament doctrines, "hold all things in common". This usually means all consumer and capital goods, and sometimes the land. It differs from most socialist ideologies in that Christian communism or socialism, is voluntary on the part of its adherents. In other words, it exists within another system, and does not attempt to make its system universal or compulsory upon all others.

Section 3 - Pluralist Ideologies.

Abolition, Euthanasia and Feminism are three ideologies which implement in different fields, the idea that human beings own themselves. Abolition or free labor, in effect denies the doctrines of slavery, that one individual can own another; and of Communism, that the State, can for all practical purposes, own all its subjects. Feminism holds that women own themselves; that they are neither wards nor chattels, and cannot be properly either their father's or their husband's possessions. Euthanasia holds that because each person owns himself, he can even make the decision as to the time and place of his own death.

Georgism. This term designates the doctrine with regard to land and capital, which America's economist, Henry George (*), delineated in his books, chief of which was Progress and Poverty. It is a pluralist possessional ideology which recognizes the difference between land (trusterty) and property (capital). To implement the natural right of all men to the earth, Georgism would substitute perpetual leasehold from the community, for alloidal tenure of land. It would relieve private property of all the taxes now levied upon it by the government, and restrict taxation to the ground-rent of land and all other natural resources. It thus earned the name, Single Tax. These prescriptions would relieve both labor and capital of the burden of private exploitation by land preemptors and speculators, and remove public exploitation in the form of taxes upon labor products. Georgism did not, however, differentiate among the various types of capital. It did not

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(*) The Henry George School of Social Science, 50 East 69th St., New York City, exists to teach economics as outlined by Henry George. It issues free correspondence courses, and has established branches in most large cities of the United States and in many countries abroad.

question interest on capital and money and made no prescription for that significant possession, which in this study is called, claims.

Georgism is implemented to a large extent in New Zealand, Australia, Denmark and in some cities in the United States.

Gesellism. Gesellism, from its founder, Silvio Gesell (*), is a legitimate pluralist ideology in that it too recognizes the distinction between trusterty (land) and property (capital). Gesell recommends that land be put into the hands of the people by each nation purchasing it, with bonds constantly kept at par, and then parcelled and let to individual bidders. Farming land shall be let on long term leases; output of minerals shall be let to private enterprises to the lowest bidder, and the minerals then sold by the State to the highest bidder. The general land policy shall be the preservation of resources in the interest of all the people and for later generations. The land rent shall be paid to the mothers, according to the number of their minor children.

Gesell saw the serious exploitation in methods of exchange of money, as generally issued, for goods. He saw that any system which allowed interest to be collected on money was, in fact, a source of income unconnected with any kind of work. Gesell traced interest to the fact that goods deteriorate whereas money is indestructible. This indestructibility gives the possessor of a reserve of money a privilege in the market, the tangible expression of which is interest. To Gesell, interest is not primarily payment for a loan. Interest is a necessary economic payment to keep present forms of money in circulation. Goods and money are equivalents. But since goods are perishable and money imperishable, Gesell would put money on a level with goods. He would load money with a carrying cost (a demurage charge) so that it too, would be forced into investment and circulation, even if the interest fell to zero. Currency notes, issued by the state, would remain legal tender only when stamped weekly at the holder's expense - at about 5% per year.

A drawback, from the standpoint of liberty, is that in Gesell's system, the issue and circulation of money is in the hands of the political, coercive institution, called the State.

Philosophical Individualism. To philosophical individualists (**), maximum liberty is the primary goal. To this end, they hold a legitimate possession ideology; and distinguish between trusterty and property. This would eliminate governmental coercion completely, and they would administer all types of natural resources and man-made goods by, and through, voluntary associations.

Recognizing the land is trusterty, they believe that only occupancy of land and its legitimate use is necessary for title to it. This title would give the occupier and user of land, exclusive (but approved) use of it. No title would exist for any absentee "holder" of land. Philosophical individualists suggest forming voluntary land-holding associations, the members of which meet to agree on what is efficient use for various types of land, and to allot land to each member by agree-

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(*) Silvio Gesell's ideas are outlined in his book, The Natural Economic Order, available from the Free Economy Association, 2618 East 54th Street, Huntington Park, California.

(**) Sometimes called individual anarchists. Literature available from The School of Living, Brookville, Ohio.

ment among themselves. Each family who requests it, is allotted a portion for its own private use (homestead,business, etc.). On this portion, the occupants are free to live, work, think and act without let or hindrance from others, so long as no one harmed another. (When harm has been done, the services of a voluntary defense association would be available). By common agreement among themselves, members of a voluntary land association might reserve some land for common use such as wilderness, parks and recreation. Those whose purposes were served by it might petition for some land for cooperative use, for grazing or tillage. No land would ever be subject to private sale or private rental, if their ideology were implemented.

All man-made articles - all consumption and capital goods - would, on the other hand, be privately owned.

Believing that the monopoly issue and control of a medium of exchange is the primary source of exploitation and domination, philosophical individualists give special attention to voluntary methods of exchange. They recommend implementing freedom in banking and in the issuing of money and tokens. One such medium of exchange they call scrip. See Appendix A, Page 56.

Possessional Pluralism: In this ideology would be incorporated all the norms, principles and generalizations regarding different kinds of possessions which result from a scientific study of these possessions, as indicated in this study. A brief summary follows of the manner in which the eight kinds of possessions would be owned or possessed in a social system based on Possessional Pluralism:

1 - Human Beings. Every normal human being would completely possess himself. Subnormal human beings, would be wards, or clients possessed in trust by responsible others as in Chart I.

2 - Natural Resources: All natural and site values of natural resources would be treated as trusterty, held in trust by individuals or organizational entities, so as to protect the right of everyone to them.

3 - Consumption Goods would be private property.

4 - Capital Goods would be private property.

A society based on possessional pluralism would be decentralized. Units of land and capital would be scaled to "human size". Homesteads would be the most important of all forms of capital. A homestead is the home of a family holding sufficient land and equipped with the buildings, implements, livestock, tools, machines, and other kinds of capital goods necessary to produce for its own consumption the shelter, food, clothing and other goods and services which it can thus obtain at a lower cost than by renting or buying them from others.

Maximum well-being of every human individual would be the goal of possessional pluralism. Maximum well-being does not call for a total shift of production from the home to the factory; nor does it mean total production in the home. It calls for producing on homesteads of everything which can be most efficiently prod-

uced family by family; for production in shops and small businesses of everything which can be most efficiently produced on a custom or local basis shop by shop. Research (*) indicates that some two-thirds of the average family's needs (food, clothing, shelter) can be more economically produced on homesteads than bought daily or weekly in the market. A proper balance between domestic, small-scale and factory or mass production would produce both greater material well being than factory production only, and would tend to lessen the many social, political and economic problems which are so evident today.

The use of domestic or homestead and local capital has a special bearing upon the most precious of all the achievements of mankind - freedom and independence for the growth and development of each individual's personality. Home production and self-employment on a homestead owned by his family is the natural alternative for the individual dissatisfied with "wages" or conditions of working for another. When homesteads are privately owned, individuals have this priceless alternative to wage slavery. When homesteads are owned by a determining majority of the population, the social order can avoid slavery to the market place or the political state.

5 - Public Relations Assets would be Trusterty.

6 - Inherent Assets of Human Beings would be private property.

7 - Claims would be private property. See Appendix A.

8 - Political Possessions would be Trusterty.

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(*) How to Economize Bulletins on Home Production, (School of Living, 1934-37) Suffern, N.Y.

APPENDIX A

Further Discussion of Claims, Money and Banking

Historic capitalism has been a progression of failures and breakdowns, endemic unemployment with labor surplus, periodic financial crises and business depressions. Freedom has been steadily shrinking in Capitalistic nations, and Historic Capitalism is on trial. Borsodi points out that obviously Historic Capitalism has become a cesspool of exploitation, which critics are determinedly undermining. In order to meet, acknowledge and correct the abuses in what has become Finance Capitalism, the nature and operation of currency, credit and banking must be widely understood. This Appendix is an elaboration of some of Mr. Borsodi's research on those possessions.

Many of the tokens and claims used in modern banking and exchange come into existence dishonestly. There are no tangible goods back of them in which they can be redeemed. This is source of much of the economic misery in the world.

Currency. Any token which makes it possible for the individual to split barter into two transactions is a medium of exchange. In the first transaction he sells goods or services for some token which represents to him the value of what he sells. In the second, he uses the token to buy what he wants, usually from others than those to whom he sold. Tokens make barter unnecessary. Trading is enormously facilitated; division of labor increased; standard of living raised.

Bank Notes are Currency. But they should be issued by banks, and not by governments. Federal Reserve Banks of the United States are private, not public institutions. Yet the bank notes issued by the Federal Reserve Banks at this time read: "the United States of America will pay to the bearer on demand... Five Dollars . This note is legal tender for all debts, public and private, and is redeemable in lawful money at the United States Treasury or at any Federal Reserve Bank".

There is no good reason for our government's promise to redeem these or any other bank's notes. Governments should have nothing to do with the issuance or redemption of paper money. Borsodi sees the provision in the U.S. Constitution that "the U.S. Congress should coin money" as an error. Governments should only declare the standard of value for money and see that this standard remains constant, just as it sets and maintains the standard for weight, length, and cubic measurements. Governments could supervise (*) banks to make sure that no bank misrepresents by designating as a dollar any paper which does not in fact fulfill the magnitude or standard of value, called a dollar.

The government (or supervising agency) should see that no bank issues any notes which are not in fact issued against staple goods and commodities which the bank controls and can use for the redemption of its notes. It should see that the bank retires notes issued by it to the amount of goods or commodities backing their issue whenever the goods stored are sold or whenever it loses control over their disposition.

(*) Supervision could also be done by depositors, actively participating in the management of People's Cooperative Banks.

Bank notes in a society based on possessional pluralism, would be freely issued by banks whenever such issue in the judgement of the officers or depositors of the bank (not the government) would facilitate the marketing and distribution of staple goods of its depositors and clients. This is a right which any bank may exercise. It is not a privilege to be conferred (as it is today) upon a limited number of central federal reserve, or national banks by public officials. Restriction of this right by statute is an act of political usurpation. The public must be protected against dishonest money and against depreciation of the currency. This protection is the strict legal holding of all banks and bankers to account by treating any issue of bank notes not backed one hundred percent by tangible values, as embezzlement. In this way, no bank could fail to redeem its bank notes on demand at their original value.

Four Aspects of Money

Nine tenths of the confusion about money, and ninety-nine per cent of the mischief caused by it arises from the public's failure to clearly distinguish among four aspects of money, i.e., storage value, standard value, basis of issue and method of redemption. Those who issue currency must be held accountable for its circulation, standardization, origin and redemption.

1 - Currency should have no storage value. Every unit of currency consists of a claim evidenced by a coin or bill which can be used for payment of some sort of transfer of goods and services. Every unit of currency is a possession; it is an asset of its owner; it is a property. A normally issued currency would have no storage value. The fact that currency does have storage value is prima facie evidence of some abnormality in it. Currency is made to circulate - to facilitate exchange. It should be held only long enough for each owner to determine what he wishes to do with it. If an individual desires to save, he ought to put any surplus exchange tokens into tokens of investment. He should not find it profitable to save tokens of exchange. He certainly ought not be given any incentive to hoard currency. Above all, currency ought not to be issued in any way that he is given the slightest hope that it will rise in value. Speculation by hoarding currency ought not to be stimulated. Nor should it be issued in such a way that it declines in value and the public is made fearful of accepting it. Every unit of currency ought to be like a bank cheque - issued purely and simply to facilitate exchange. This problem, of course, would not arise if neither governments nor central banks were permitted to monopolize the issuance of currency. It would not arise under freedom of bank-issue, where currency was issued to the needs of trade in specific situations, and thus unable to be controlled or monopolized by particular banks or individuals.

It is impossible to exaggerate the importance of the principle that currency should have no storage value. But banks of issue and treasury departments in most capitalistic nations have habitually violated this norm. It is quite possible that the misery for which this is responsible - the misery burned into the consciusness of mankind by recurring depressions - is chiefly responsible for mankind's present tendency to abandon Capitalism and embrace Socialism.

2 - Standard of Value. The standard of value of a currency is the measure used to determine its purchasing power. The Standard of Value is the magnitude for currency in the same sense in which a yard measures length, a pount measures weight

or a quart measures liquid. Among the standards of value which have been used or proposed are: (1) staple commodities, such as hides, tobacco, wheat, sald, gold, silver, bronze in ingots; (2) various long-used minted coins or issues of paper money; (3) certain weights of gold or silver; and (4) index numbers averaging the prices of a list of representative commodities.

Obviously the desirability of any standard of value lies solely in its stability and invariability. Any variation in the standard will cause corresponding and often aggravated variations in the purchasing power of the units of currency. For the U.S. standard of value we have adopted a dollar with a certain standard weight of gold. It should remain standard just as a yard, pound, bushel or quart remains standard. If any of these measures is below the standard, its use cheats the buyer. If any of them are above the standard, its use cheats the seller. Similarly, any measure for exchange which varies from the standard agreed upon is a cheating measure. The standard adopted for exchange should for all practical purposes be invariable.

It is possible to cheat with dollars in two ways. A relatively insignificant way is by falsifying or counterfitting bills or coins. But a more serious method is to vary the standard of value. Every change in the standard from the statutorily defined value, makes every actual dollar given in payment of debts, merchandise or labor, dishonest. It falsifies every negotiable instrument, every note, bond and mortgage. If the standard of value is reduced in value (and purchasing power), sellers and debtors are cheated.

Our currency has not been, and is not now, an honest medium of exchange. The government and Federal Reserve Banks (to which the government gives the monopoly or privilege of issuing dollars) can vary, and have habitually varied its purchasing power. Neither the currency of the United States, nor any other important currency in the world today, is an honest currency. Until people everywhere are taught to be as civilized about money as they are about bushels, pounds and yards, money will remain a stench in the nostrils of mankind. We must see it as an offense against law and morality for the once established standard of exchange value to be varied in the slightest degree.

It is a legitimate and proper function of government to define by law, weights and measures and to establish grades and standards so that in all transactions the units shall be indisputable. Since the monetary unit is the most important of all measures used in trade, the government may properly take the initiative in establishing the standard which is to be referred to as a dollar. Beyond defining the standard, and providing for civil redress and criminal prosecution for its violations, it need and should not go.

Since the standard must be as nearly as possible invariable, it cannot be based upon the fluctuating value of a single commodity, not even gold. For the same reason, it cannot be based on already established minted coins or issues of paper money. Borsodi believes the best standard of value would be a weighted index number of the prices of a group of representative staple commodities. The prices of individual commodities would vary according to supply and demand, but by adjusting the physical quantities of each of them so that relative values are unchanged, the whole unit would not vary.

The goal is free banking and genuinely free markets, with government intervention and bank monopolies eliminated. For this Borsodi suggests the reading of Free Banking, by Henry Meulen (Macmillan, London, 1934). Until such a goal is achieved, a gold or even a silver standard of value for the dollar is far better than the managed fiat standards now being used in almost every government of the world.

Originures or basis of issue. The basis of issue means the object backing the currency in which it can be redeemed. To establish a basic norm for the issue of currency (*) we need consider only staple commodities or tokens redeemable in staple commodities; and debts and such metals as gold and silver. The experience of makind indicates that the second category (debts and anything but staple commodities) are improper and immoral as originures for the issue of currency. The United States and most nations of the world are violating this norm on a gigantic scale. They are all basing currency on government debt, or on every imaginable kind of precious metals, which fluctuate in value and purchasing power. At the end of March, 1951, of a total of more than $27 billions of dollars in circulation, $3½ billion were what was left of the Greenbacks issued during the Civil War, based on commodities; and $23½ billions were based on bonds,mortgages and government debt of all kinds. More than 86% of the currency in circulation violated an honest basis of issue, in being based on debt.

4 - Redemption of Currency. A holder of a token of currency should be able to redeem it in staple commodities. A holder of a dollar bill seemingly redeems it by passing it on to another and receiving for it something which he considers equal in value. This transfers the claim for real redemption to another. As long as a currency circulates, the issuers of it can profit by collecting interest from those to whom it was originally issued, or by avoiding payment for what they have bought with the currency. Banks of issue collect interest, and government avoids payment by issuing fiat currency.

Honesty requires that currency must be redeemed and returned to the exact amount originally issued the moment the origineure deposited is withdrawn or disposed of in any way. Honesty also requires that the value of the redemption must be the same - neither more nor less - than the value of the origineure. Any currency, like our own, which can be inflated or deflated violates this norm. Its redemption varies and is ipso facto a dishonest currency. Any currency, the redemption of which is a gold reserve is equally dishonest because it cannot be fully redeemed in its redempture. During 1915 to 1932, when money in the United States was ostensibly and legally redeemable in gold, the ratio of gold in the Treasury to the whole money supply ranged between 6.7 and 10.9%. For the whole period it averaged only 8.6%. Gold or no gold standard, 91.4% of all our money was irredeemable during that period. It certainly was not redeemable in gold, as the people of America discovered to their sorrow in 1929.

(*) There should be no confusion between the issue of currency and issue of bank money. A bank creates no money when it merely loans money already deposited in it or the money represented by its capital stock. It does not issue money when it loans to a borrower on his promise to pay, and treats the amount loaned as a deposit and authorizes him to draw cheques against it.

The United States currency is doubly dishonest. Its standard of value is repeatedly changed, and being based principally on debt, it is, in fact, irredeemable.

All this would be changed in a social order in which possessions were divided into trusterty and property, and held in accord with their nature. Tokens of exchange would be issued by cooperative people's banks in accord with the above honest principles.

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APPENDIX B

The Money Problem in the Light of Liberty

Laurence Labadie (*)

Many thoughtful people are more and more aware that industrial depressions are caused chiefly by faulty control of money and credit. Most "reformers", or those who recommend measures to remedy this, turn to government for issue and control of money. It is my purpose here to briefly present an analysis and "cure" in the light of economic liberty.

It is hardly necessary to inform clear thinkers that legal monopoly and liberty are opposites. To genuine libertarians, there is but one way to delegate social functions, and that is free competition. If any individual or group believes they can perform any social function better than is being done, they should have the right and opportunity to prove it in actual operation, on their own responsibility and that of any who voluntarily join them. To erect through law a monopoly of any social activity is a sure way of promoting graft and exploitation. This is the fallacy of communism, fascism and all schemes involving government monopoly.

If, instead of arguing with one another, the various money reform groups would come out openly for freedom in banking, then each could go ahead with their plans with voluntary cooperators. Each one's money would circulate among those who considered the plan sound and workable. But no one would be compelled to accept any other money than he wished. The better ideas and systems would win out, having been proven sound by actual operation. There might be failures at first, no doubt. But it is by free trial and error, with only experimenters and free cooperators getting "burned", that satisfaction is fully achieved. This is the method of liberty. Many of those who now turn to governmental schemes for lessening man's plight may soon find themselves hog-tied by government force and violence, as has been the lot of several peoples in the Eastern hemisphere.

Money grew out of the need to get rid of the inconveniences of barter. Money is that wealth or media that is generally acceptable in the exchange of goods and services.

Money is of two kinds: commodity money and credit money.

(*) In the 1930's Laurence Labadie edited a paper called Discussion in which the economics of early American philosophical individualists were stressed. This present item, with minor changes, was taken from that source, dated June 1937. Mr. Labadie has gathered a complete library of the books and pamphlets written and published by America's foremost anarchist, Benjamin Tucker. Labadie agrees with Gesell, Douglas and Holdridge that money is the central problem in economics, but disagrees with their recommendation for "solution".

Commodity money is that which has its value inherent in itself - such as skins, cattle, corn or a gold piece.

Credit money is a promise of goods of specific quantity or quality, either "on demand" or at a specified time. All paper money is credit money. Credit money may be (in honesty, should be) backed by, based on and redeemable in actual wealth or commodities. This is called commodity-backed money. Credit money based on government-debt is fiat or dishonest money.

A credit transaction is one in which an interval elapses between the completion of the exchange. In a credit transaction there is complete exchange of the rights of ownership, but an incomplete exchange of the goods in question. Since paper money is not wealth itself, the use of paper money means doing business on a credit basis.

Basis of Issue and Standard of Value

Money is unconceivable without both a basis of issue and a standard of value. One of the most misunderstood aspects about money is the distinction between the need for and nature of these two factors.

The basis of issue is some stable wealth like bales of cotton, bushels of wheat, ounces of gold, against which the money is issued and in which it can be redeemed, at the wish of the holder. The value of credit money is determined by the value of the wealth upon which it is based or secured, measured in terms of a standard unit of value.

The standard of value is some one thing: a unit of gold, like a dollar, lire, pound, etc., or a composite of things, of value by which the exchange value of other things is measures. The function of a standard of value is to serve as a yardstick for the measurement of values. Beside this it has no other influence on money. The substance of the standard need have no immediate connection with a monetary system.

As long as money is based on wealth and is sufficient in quantity to carry on the necessary exchanges, its value will remain on par with the (unit) standard of value, irrespective of the amount of money in circulation. The value of credit money is not determined by the amount of money in existence. It does not follow the law of supply and demand as many money reformers believe. It depends upon the value of the unit used as a standard, and mostly upon the wealth on which it is based and the likelihood of its redemption in that wealth.

Any money is good if it is actually redeemable by its issuer as stated on the note. Many monetary systems today are not based on redeemable wealth, but are based on government debt. They exist only by force of habit because their users do not understand the "system" and its faults. They would collapse if it came to a showdown, if the holders of money asked for redemption. And it is this debt-based or fiat money which governments inflate and devaluate, both of which are breaches of contract and partial repudiation of debt. Under these conditions it is difficult to see how, even in a partially free economy, financial collapse is not inevitable in many countries today.

To illustrate the foregoing points let us imagine ourselves starting an equitable free money system. We must have a duplicating machine or a printing press, a person who can estimate the value of property or "security", a bank toller and a bookkeeper. And we must agree on something as a standard of value, a thing of specific quality and quantity. Suppose we agree on a dollar worth 32.5 ounces of gold. Then we print our money, designating what fraction or multiple of the standard this money is to represent. Our money may read: "Good for one dollar in value, to be ultimately redeemed through the Waverly Peoples Bank". Then we are ready to put the money in circulation.

Now the farmer, the merchant, the manufacturer - anyone who has commodities or tangible wealth which he wants to buy or sell - comes to the bank to get money with which to circulate this wealth. We commonly say such person "borrow" of the bank, though this term is really misleading. A bank's customer does not "borrow" money. He merely goes to the bank to have his honesty and reliability verified. The so-called "borrower" of money is really the issuer of money. He holds the wealth upon which the money is issued, by which it is secured, and with which the money can be redeemed. Even a property-less person may "borrow" money from the bank provided he has a property owner vouch for his reliability, i.e. sign his note.

Obviously anyone can issue a promissory note in payment for goods, i.e., enter a credit transaction, but his promise could not circulate very far because he is not generally known. Such a note therefore would not be money in the sense of a generally circulating medium of exchange. A bank eliminates this difficulty. In the division of labor, the bank assumes the work of determining the reliability of its customers and verifies that reliability by giving them notes, in exchange for the right to confiscate an equivalent part of the pledged property in case the customer should default. This requirement is necessary to protect those who have surrendered goods in exchange for money.

Estimating Value of Security.

A bank customer needing money, to circulate wealth, appears at our bank. Then our bank manager sends our estimator to look over his wealth. The estimator states its value, whereupon the bank agrees to give a loan minus a fraction of its value as a risk premium, a margin of safety determined by experience. Thereupon the exchange is made. The bank gives the bank notes, and the customer gives to the bank the right to take an equivalent portion of the value of his property at the end of the term of loan if he does not return these notes. The money is now in circulation and passes freely from one person to another in exchanging commodities. Eventually the "borrower" finishes his product and sells it on the market. Then he takes the notes to the bank to release his pledge, and the bank then withdraws this many dollars from circulation. Meanwhile other persons have "borrowed" and "repaid". Money was issued and withdrawn in response to the normal demands of the needs of trade. Such is the natural course of the issue, circulation and redemption of money. The final redemption of money constitutes a cancellation of pledge or debt.

Of course there is labor connected with the business of banking. Managers, tellers, bookkeepers, estimators and supplies need to be paid for. In ordinary banking business, this cost runs around one-half of one percent of the amount of "loans" made. Another small item needs to be covered: the loss sustained when the wealth which secures loans is destroyed or depreciates from unavoidable causes. For this another small percent is charged (should never be over one-half of one percent) a sort of mutual insurance. This total of one-percent should be the total cost to the bank's customers. There need or should be no other "interest" charge.

Points to Note in Above Procedure

1. It is not necessary for a bank to have capital of its own.

2. The bank performed its only legitimate function: to insure credit.

3. All money issued in this manner is amply backed, secured and insured.

4. The only sound limit to the volume of credit money is the amount of monetizable wealth in existence, which is hundreds of times more than needed to circulate the wealth in trade.

5. Irrespective of the amount of money issued, the value of purchasing power of that money remains the same as the standard. When gold is the standard, no gold need enter into the bank's transactions, but gold must be exchanged on the open market for other commodities in order to determine the values of things in terms of gold.

6. In this system the value of the gold returns to normal because it is stripped of the law-created privilege of being the sole basis for the issue of money. The money is really issued on the goods or wealth of the customers. It is really the labor necessary to mine gold which is the standard of value.

7. This money is not fiat money - not irredeemable paper money, not unsecured money. It is not subject to change in value which might cause inflation or deflation, which are never necessary.

8. The amount of currency is always adjusted to the amount needed, as it can be issued and withdrawn (pledges redeemed) at the will of the customers.

9. The value of the currency fluctuates no more than the value of the gold used as the standard commodity.

10. Interest is eliminated, so long as people are free to open this type of bank. Any attempt to charge interest would immediately meet the pressure of competition. Customers would go to the banks which only charged 1 (1%) cost of doing business and the insurance. (Bank interest in general practice is due to the fact that banks have a legal or law-created privilege to charge 5% or 6% or more).

11. "Hoarding" is not objectionable because it cannot curtail the amount of needed currency. Currency can always be obtained on monetizable wealth.

12. Since there is no governmental control of this currency, there is no possibility of bureaucratic tampering or exploitation.

13. Free competition and the possibility of rejecting currency eliminate the possibilities of favoritism, graft, irresponsibility, inefficiency, and incompetence; and the abolition of the legal tender privilege will have the effect of good money forcing bad money out of circulation.

14. The books of these banks would always be open for public inspection, with their condition published monthly, upon investigation by public accountants.

15. These banks and the money must exist by voluntary support and therefore maintain themselves in a competitive field. This is the method of liberty.

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APPENDIX C

Further Examination of Monist Public Property Ideologies and Practices

Since some type of collectivism, based on Marxist doctrine, seems to be the ideology to which the world is either drifting or being driven, this Appendix is added to delineate some points in more detail.

The evidence Borsodi has marshalled in this study of Possessions establishes the falsity of the assumption that title to all capital and possession should be vested in government.

Evidence indicates that some things (such as land values) are publicly and community-created; that other things (such as privileges) are governmentally created; that still other things (food, clothing and shelter) are privately produced, even when manufactured on a large scale by dividing labor among a large number of persons. The rise of the factory system really changed nothing so far as title was concerned. It merely aggravated the economic insecurity of the masses of people, growing out of two things: of treating land and other social possessions as property instead of trusterty, and granting special privileges to individuals, corporations and classes.

Communism makes the mistake of indiscriminate and wholesale Monism. It condemns private ownership of any kind. And no monist treatment of possessions can be made to work. It does not fit the facts of nature and of possessions, as Russia has had to concede in legalizing private ownership of domestic goods. The prohibition of private property in things which are in truth privately produced, is error. But the confiscation as is being done in many Capitalist countries, of what is properly private property as a means of transition from Finance Capitalism to Communism, is worse.

Goods are produced by individual human beings. It is calling attention to the obvious point that specific individuals cook meals, grow crops, make tools, sew dresses, weave cloth, brew beer, spin yarn. Human beings apply their labor to, and mix it with, materials obtained from the earth. Borsodi holds that human labor properly belongs to the individual who performs it. Therefore an honest original title to any consumption good can always be traced back to the individual or individuals who produced it. That two, or two hundred, or even two thousand specific individuals may collaborate in the manufacture of things in a shop or factory does not alter this fact. Virtually all possessional ideologies acknowledge this stubborn fact. Even in Soviet Russia, the law reflects this so far as consumption goods are concerned. There the law acknowledges that an individual owns the suit of clothing or the loaf of bread he has bought from a State-owned store, or the head of cabbage raised in his own backyard or which a neighbor raised in his backyard and sold or gave to him. This means that title to ownership of consumption goods rests in that person who has made them himself; has acquired them by purchase or barter, or obtained them by gift from another who had legitimate title to them.

This applies also to services, for goods are material things to which labor has been applied in the past. Services are human labor being applied to material things in the present. The ownership of an article of clothing in a store is the same as the services of a custom tailor tailoring a suit of clothing. An individual who labors is properly the owner of his time. If we decide (as decide we must) that labor is properly a personal and private possession, then we are deciding that suits

of clothing and all other consumption goods are legitimately only "congealed working time or labor" and therefore ownable; we are saying the same for capital goods too. For in a very real sense, capital goods are merely goods being consumed by a manufacturer - a special kind of consumption goods produced for intermediate rather than ultimate consumers of things.

Marx, however, argued otherwise. He said that the division of labor abolished the fact of individual production, and nullified all principles based upon that idea. In the new era which the factory system had inaugurated, "all goods should be treated as if they had been socially produced", said Marx. "Capital is a collective product, and only by the united action of many members, nay, in the last resort, only by the united action of all members of society, can it be set in motion. Capital is therefore not a personal, it is a social power." (From "Zur Kritik der Politischen Oekonomie, Berlin, 1889, p.3.)

Let us push Marx's argument a bit further. Let us argue that no individual can produce anything without using technical knowledge which he did not originate. And since this technical knowledge is social and not individual, then everything which is produced is social or socialized. Ergo, then "no individual can produce anything by his own individual labors". In other words, society (*) has a prior claim to the owne-rship of everything an individual produces. It means that the idea that individuals own themselves is an outmoded illusion, rendered false by the change in technology from handicraft to factory production. This actually drives a Marxian to the position, "Your labor is not your own, but the State's". (*) This is another way of saying that "You do not belong to yourself, but to the State".

If then, as in Russia, the State permits you to own the meal you have cooked in your own home; if it permits you to do with it what you wish - give it to your children or entertain guests or eat it yourself - then it is a <u>privilege granted by the State</u>, not a <u>right originating in the fact that you had created good title to its ownership yourself</u>. From this it follows equally logically, that the State may force you to work - where, when and how it wishes - in short, it can enslave you.

<u>Marxist preoccupation with Factory Production.</u> Where capital goods is concerned, followers of Karl Marx (and followers of Adam Smith, too, for that matter) tend to think of capital goods exclusively in terms of industrial production - of the capital used in the manufacture of goods for the market. They ignore the fact that the tools, equipment, and even the buildings on a homestead used for the domestic production of goods and services are as truly capital goods as the machinery in a factory.

Yet a moment's reflection makes it perfectly obvious that not only a home owned for the purpose of "producing" shelter for the owner, but even a mere cook-stove used for "manufacturing" a meal, is capital. Because Karl Marx followed Adam Smith in his exclusive preoccupation with factory and large-scale production, Marx came to the conclusion that all capital was socially produced, and that no capital should

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(*) The identification of state with society is an unforgivable semantic crime which good teaching of the social sciences ought to make impossible. But it will be continued as long as those who profit from it are not challenged. We must make clear that it is a fallacy to assume that public officials are the same as the public or the people. Nor are public officials (the state) the same as that vaguer entity, "society".

(*) Ibid.

therefore be privately owned. But if individuals can validly own cook stoves with which to cook meals for their families, there is no logical reason for assuming that they cannot just as properly own not only one cook stove but a whole restaurant and use its equipment to cook meals for a thousand people.

If capital cannot be privately owned; if individuals or organizations are forbidden by statute to own capital, then mankind is deprived of freedom essential to normal development of choice and personality. If a government, by nationalization or socialization makes the private ownership of any kind of true capital illegal (as the machinery and plants essential to the manufacture of iron and steel) it not only makes iron and steel manufacture a government monopoly, it makes every enterprise which uses these two basic materials dependent upon the government for its very existence, and confers upon its own bureaucrats the power to dictate what every enterprise using steel or iron shall make, how much it may use, to whom it shall sell, and the price at which it shall be sold.

The nationalization therefore of a single basic industry - the declaration by statute that only the government may own the capital goods of such an industry - is the death knell of all freedom. If for instance, the building industry were nationalized, no denomination could build a church unless it were permitted to do so by the government. If the paper industry were nationalized, no newspaper, no magazine, book or pamphlet could be published except by permission of the government. It is not necessary to go to Soviet Russia for evidence of this kind of practice. Our own government has repeatedly exercised arbitrary power through the Post Office - a nationalized and monopolized industry. Individuals have been denied the use of the mails and ruined, not because they were committing fraud, but because they were selling books which some groups like the American Medical Association did not wish to be sold. The proper procedure against one perpetrating fraud is prosecution for fraud, not denial of the use of the mails.

In Soviet Russia, of course, the situation is worse. Since every industry has been nationalized, nobody can conduct any kind of enterprise, or build a church which incurs government disapproval. No dissident can publish a criticism of the government, nor obtain printing presses and paper. Even in Czarist Russia the opponents of the Autocracy were able to print books and pamphlets which expressed their views.

Relational Social Assets are Trusterty - Not Government Property. Obviously, every user of wheels profits from the fact that some one or more individuals invented the wheel long ago. It is also obvious that the wheel, the lever, steam engine, the electric motor, etc., are social assets. They are assets or possessions belonging to the whole of mankind. But what is not so obvious is that once we acknowledge that these social assets belong to everybody, they cannot be claimed as the exclusive possession of any government, no matter how large the territory over which it exercises dominion. Yet this unescapable conclusion is denied in the possessional ideology we owe to Karl Marx.

Marx, in effect, assumed that the development of an idea - the idea of producing goods by the factory system - justified a shift in the ownership of the social assets of mankind from man to the State, and to the government only. Because of his fatal propensity for identifying "government" with "society" or "mankind" (as it they were one and the same thing!) he demanded the abolition of not only private property in factories but in all kinds of property, including the relational social and personal assets of which individuals had possessed themselves. It is unnecessary

to labor the invalidity of this assumption. The fact that it is false becomes apparent if we examine any tabulation of relational assets as shown in Chart VI.

As to personal relational assets, such as the personal skill of a dentist, the contracts which a business man obtains as a result of his acumen, the goodwill created by the successful conduct of a business or a professional practice (so runs the Marxian thesis), these are socially created. They are socially created, it is argued, because the technical knowledge which makes it possible for individuals to create these assets is socially conferred upon individuals and not personally created by them. Every man (so runs the argument) inherits this knowledge; he learns it in schools which he has not established; he obtains it from books he did not write. He acquires it by association with or apprenticing to those who had in turn acquired their knowledge in the same way. It is wrong, therefore, say Marxists, to credit him with having personally created or produced goods or services as a result of which he seemingly creates a relational asset like good will. Everything that he does, or has the ability to do, is social and not individual in nature. All that he produces belongs to society. Marxists therefore think it is a mistake to treat relational assets as privately ownable.

What Marx ignored is the fact that this knowledge is bequeathed, not to a State, Nation or Government,but to mankind as a whole. Technical knowledge is a bequest to the public. It is a public asset of which any individual should be able to avail himself as freely as he breathes the air or warms himself in the sun. How and to what extent he avails himself of it is a private and personal accomplishment. The notion that an individual availing himself of the technical knowledge accumulated by mankind gives to the Government which exercises power over him, a proprietory right to everything he produces with it, is obviously a monstruous perversion of the principle to which the facts point.

Claims not a Government Possession. We have indicated in the discussion of Claims that government should have nothing to do with issuing money, or monopolizing its issue; or with changing the standard of value. Yet it is sad to record the fact that all governments have resorted to counterfeiting - i.e. issuing currency on debt; they have issued gold and silver certificates in excess of the actual amount of metal on deposit; they have lowered the grade of or reduced the quantity of metal in which the certificates were to be redeemed. The history of minting of coins and issuing of bills redeemable in certain grades and quantities of precious metals by governments is one long record of such official embezzlement (by deflation of currencies); official embezzlement of debtors to favor banking and other creditor classes; official counterfeiting in order to enable the governments to spend money without having to collect it by taxation; and official adulteration in order to favor debtors and enable them to defraud creditors.

Government pensions and subsidies abnormal. If the prosperity and freedom to which all mankind is entitled are to exist, the masses of people must be taught how (and provided the opportunity) to properly provide for their own futures. Every average family should have a homestead - a real and landed estate. They should also have savings and conservative investments - not an estate consisting mainly of stocks and bonds, life insurance and speculations on stock and commodity exchanges. No such teaching is going on in our homes and schools. School and college curriculums ignore this problem or teach only what life insurance companies, investment bankers and public officials want taught.

In a good social system, individuals are expected to take thought for their future. They discipline themselves to make provisions for the vicissitudes of life. Individual responsibility, initiative and enterprise must be cumulative. Instead, with the rise of industrialism, personal and family provision for the future has declined. Everything, including the teachings of demagogic politicians carrying favor by expanding government handouts, the teaching of social workers, financial institutions who profit from the popularity of consumer credit, is teaching the opposite. It is teaching dependence and reliance on government officials to do the planning for the family's future. There is no better way to the deterioration of individual responsibility. Government social security, pensions and subsidies are abnormal. They fail to permit nature to exert the steady pressure upon individuals which stimulates them to the fullest development of their potentials of mind and body. It is this fact that furnishes conclusive evidence that compulsory social security, whether it is the government ownership of all the means of production and distribution as in Marxist Russia, or only in the form of government pensions and subsidies of all kinds, is abnormal.

Denying Legitimate Political Possessions Impoverishes Everybody. When a government passes a law depriving people of a natural law - like that of owning property - everyone is impoverished.

In a good or normal society, any statute which denied a substantive right - like free speech,no matter how legally enacted - should be regarded as violating natural law. Any social system based upon the denial of any of man's substantive rights, and which does not provide for his secondary remedial and restitutory rights, is an abnormal and illegitimate system. The notion that rights are something which governments grant to individuals is absurd. A right is something which is inherent in life and living; in the language of the U.S. Declaration of Independence, "unalienable". All the founders of the Republic attempted originally to do was to take cognizance of them. John Taylor of Virginia, in Construction Construed and Constitutions Vindicated (1820) expressed the view that rights were properly beyond the reach of the sovereign power of government: "The right to life, liberty and property, are so intimately blended together, that neither can be lost without all; or, at least neither can be impaired without wounding the others... I conclude therefore that neither the state governments nor congress have a sovereign power over property; that neither of them has any right at all to creat modes for transferring it artificially from one man or one interest to another; that the right of taxation, with which they are invested, is limited to the attainment of social ends or specified objects; and that the right of appropriation, being merely an appendage of the right of taxation, is restrained to the same ends or objects."

When any government does deny them, as Soviet Russia denies free speech and free assembly of its subjects, it is forcefully and violently using its power to dispossess individuals of what is rightfully theirs.

Creating Political Privileges Impoverishes Everybody. Some privileges like copyrights to authors and patents to inventors are necessary if their creators are to benefit from their particular labors, and others are not to benefit unfairly from what the creators created. But special privileges - which confer on individuals, classes or corporations - the right and power to exploit those to whom these favors are denied, are unnecessary and unethical; privilege like allowing only a few banks to issue currency; pensions for which no work has been done; exemption of a church from paying taxes; giving land to railroads, or subsidies to farmers, etc. If we

have permitted something to be engrafted upon our social system which justifies the followers of Marx in their repudiation of it, there is no better place to look than among the special privileges conferred by statute today. If a place deserves Nietzsche's epithet, "the tarantula's den", it is the legislative chambers which manufacture these specious possessions. In some cases they are bad means to achieve so-called good ends, but an end which requires bad means is on the face of it an end which should be abandoned. Privileges like a protective tariff, or censorship, impoverishes everybody. Cancelling such privileges and others like the monopoly of banking or of private ownership of land, releases individual initiative, stimulates individual enterprise and rewards individual diligence. Thus everyone is enriched.

Marxians level strong criticism at America's capitalism but they mistake the real errors of capitalism. Marxians claim that it is private property in capital goods which leads to our Oligopolic and Monopolistic economy, and that competition inevitably and inescapably leads to concentration and centralization. Competition, Marx argued, limits profit taking. Since profit is the aim of Capitalists, they combine to eliminate competition.

But Marxists overlook the fact that combination is possible only if the State permits and encourages the destruction of truly free markets. But the State, Marx maintained, no matter how constituted is always the tool of the ruling class. Since Capitalists are the ruling class in Capitalistic states, the State enacts whatever legislation may be needed, ignores whatever laws it wants to, grants whatever special privileges they may need, in order to restrict competition and make combination possible.

The idea of inevitability in this argument, however, is subtly shifted from the field of competition to that of politics. It is not competition but <u>control by the State</u> which makes combination possible. (And those who control the State have seen to it that the basis of economic life, land and currency, are monopolized by themselves, the owning class.). In effect Marx assumed that it is impossible to organize and operate any State so that it will furnish justice, protect everybody equally. If this is the case, the remedy called for is not totalization of the State as he prescribed, but abolition of the State as the philosophical individualists prescribe. For under Marxian Socialism there has already developed a ruling class. And the evidence indicates that a ruling class of bureaucrats will use their power to further their own interests in the same way Financiers use power in other governments today.

Miseducation has produced the combination, and with it the wastes and unjustices of historic capitalism. We owe to Henry George's famous <u>Progress and Poverty</u> a most vivid demonstration of the manner in which miseducation about land tenure makes possible the breakdown of Capitalism. We owe to a host of students of monetary reform, vivid exposition of what ignorance about the nature of money contributes to the defects of Capitalism. We owe to the followers of Jefferson, evidence on how ignorance about special privilege perverts our present social order.

All this calls for patient, continuous, right education. There is no quick panacea for correcting our social ills. But a just property and economic system can be organized. All the people - every young person and adult - can be taught what sort of economic institutions are essential to justice , and how to

control the activities of such public officials as we really need. The progressive humanization of mankind rests largely on helping mankind develop adequate concepts of property and trusterty. This study of the Possessional Problem of Living is Borsodi's contribution to that end.

Much still needs to be done on this problem, and related problems of living. The help and assistance of able collaborators and research workers will be welcome.

APPENDIX D

A World Peace Plan

In 1941, Ralph Borsodi submitted the following three essentials for world peace, to those urging the ending of World War II:

I. A World Military Patrol Force

1. The immediate formation of a World Military Patrol or Police Force, the rank and file of which is to be recruited by voluntary enlistment from among the peoples of all nations and races; the future officers and commandery to be open to professionally trained persons of any race or nation through tests and examinations of technical, intellectual and moral qualifications. The immediate and universal transfer by all nations of all their armies and armaments - military, naval and aerial - and all their military and naval bases and fortresses, whether within or upon the boundaries of a nation, to such a World Military Patrol Force, to be reduced to proportions adequate for prevention of armament production and war.

The World Military Police thus tu be established shall have the right to dispose of its forces anywhere in the world on reservations of its own selection; to balance the races and nationalities included in each of its divisions and located in the various regions of the world so as to insure impartiality; to move its forces into any area or sea, and to have them there do anything which the commandery finds necessary in order to insure disarmament, prevent re-armament, and restrain any groups, races or nations anywhere in the world from engaging in wars or violent revolutions.

II. Free Trade, Travel and Communication, and Freedom from Imperialism

II. The immediate (and if necessary compulsory) abolition of all customs barriers, tariffs and trade regulations and the establishment of universal free trade between the peoples of all nations; the cessation of all restrictions of any kind or nature upon free travel across national boundaries or between political sub-divisions for purposes of trade, communication and social intercourse (genuine health quarantine alone excepted);

the nullification of all restrictions upon free communication between individuals and in groups or meetings anywhere, whether made orally or in written, printed or visual forms; the renunciation of imperialism by all governments which require armies in order to maintain their colonies, and do not in fact therefore rule with the consent of the governed. The right of a nation or state or community to determine for itself the criteria it shall use for the admission of immigrants who desire to acquire land and to live permanently within its boundaries - including such criteria as language, race, religion and political beliefs - shall not be effected by the abolition of its national sovereignity, nor its right to change its social, economic, political and religious institutions at any time or by any method excepting only the use of force.

III. Freedom of the Seas, Air and of Access to the Natural Resources of the Earth

III. The immediate (and if necessary compulsory) pooling of sovereignity over the seas, the air, and the mines and mineral resources of the earth, excepting from such sovereignity only surface lands, by declaring these resources the common heritage of all the peoples of the earth including the generations to come, by licensing all enterprises (no matter whether native or alien) engaged in extracting raw materials from the earth and requiring them to pay royalties equal to the full economic rent of the resources they use to the Trustees of a World Fund to be established for the support of the World Police and the maintenance of world peace. Sovereignity over surface lands, and therefore control of citizenship, is reserved to the people organized in local communities.

It is necessary not only to make it clear that there are sound reasons for taking each of the three steps proposed immediately upon the ending of the war, but that each step is interdependent and that all must be taken in order to achieve the high objective toward which they are directed. Without going into details, it becomes self-evident that nothing much less complete and radical will actually resolve the following world problems:

The problem of peace and security. Since no nation and no party, other than the World Military Police, will be permitted by the police to acquire the armaments necessary to war or violent revolution, wars will be virtually impossible.

The problem of tyranny and liberty. Without requiring any nation to abandon its present form of government or preventing it from establishing even a monarchical or theocratic form of government, and without compelling all nations to adopt a form of government vaguely referred to as "democratic" in order to insure freedom from tyranny, the combination of military disarmament with universal free trade, free travel and free communication will render the destruction of liberty and the maintenance of tyranny impossible.

The problem of imperialism. Since colonial governments will be prevented from using imperial armies for the purpose of maintaining their rule, no governments which do not rule with the consent of the governed can survive.

The problem of immigration. Since each nation will remain free to determine for itself permanent membership and residence of aliens, mass-immigration which might threaten the native culture or standanrds of living, can be prevented.

The problem of progress. Since the World Police will only be concerned with the maintenance of peace, the existing social, economic, political and religious institutions of the various countries of the world will not be "frozen" in their present forms; and may be changed by the people of any nation by any means other than the use of force.

These minima will, of course, be decried as impractical and inexpedient by those who pride themselves of being political and practical. But they are nonetheless useful. For I believe nothing less can insure permanent peace, and they are touchstones by which to judge how long the truce of our political peace-makers will last.

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