From: Noah D. Alper,
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DEC 6 1961

Dear Fellow Class Leader:-

During the Summer of 1961 we revised our supplemental Teachers Notes to make them conform to the lessons and questions of the New "Sixth Edition" Manual of the Henry George School for the course based on George's Progress and Poverty. All this was done under hurried conditions, with too little editing and proof reading, etc; some of the material was written directly on the stencils. But here it is, and we hope it will be helpful. We may issue additional material to further enrich the possibility of these notes being of use from time to time.

Since so much supplemental material has been included in the New Manual these notes may have limited use to some teachers - possibly none at all. However they may have greater value to those who now lack in experience, and if so, this alone will more than justify the work required to prepare and mimeograph these notes. We have found some of the illustrations of value; also, those sections termed conferences, which have to do with "atmosphere" - preparing students for understanding, and, possible acceptance of ideas that are fundamental to the Georgist position.

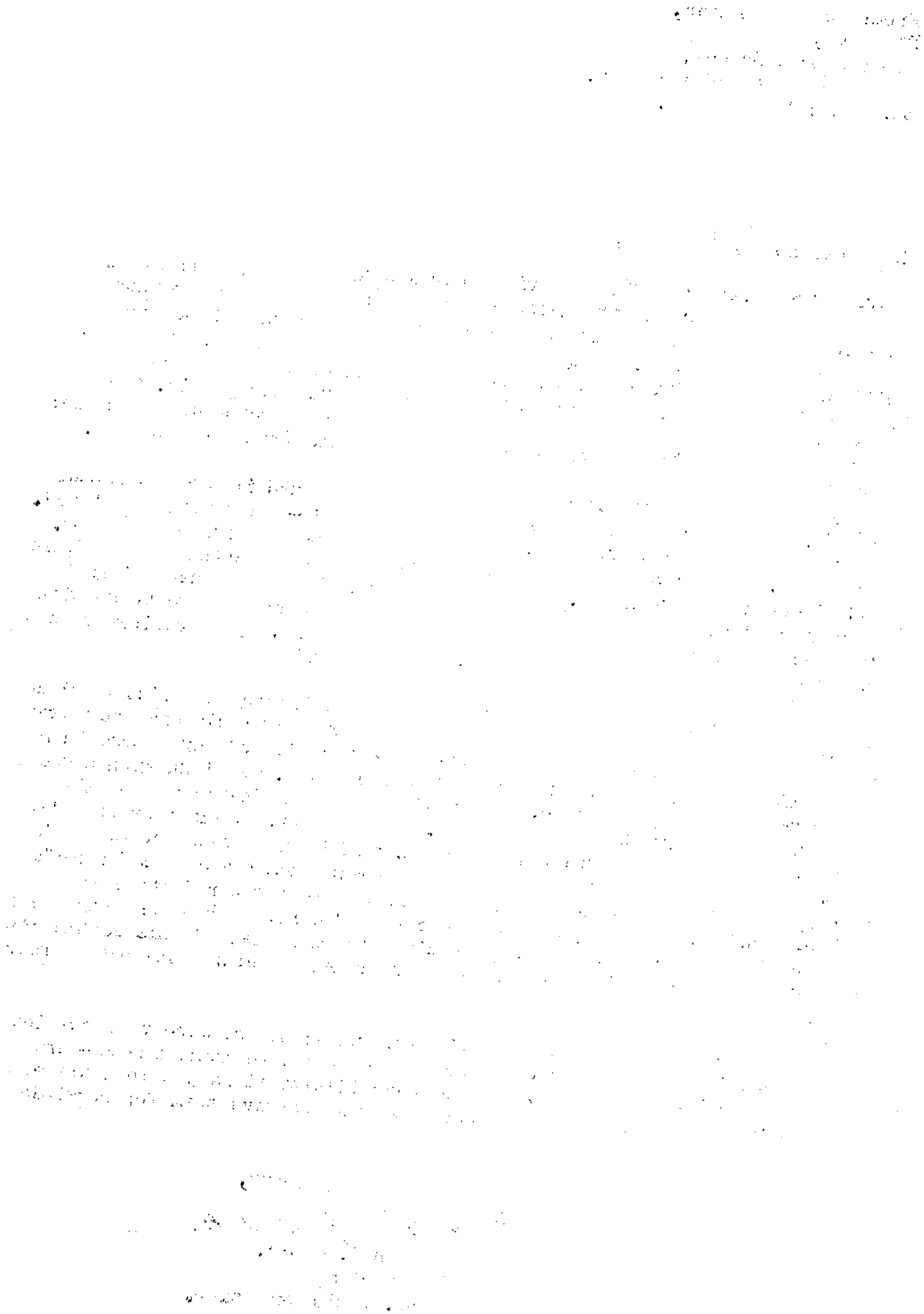
One idea has been of special influence in compiling the material of these notes. This is the thought that people who come to our classes know more of the facts that make up the factors and principles of our course than is generally considered. By living they have learned. By induction based on what they now know we try to, in a real sense, let them arrive at the main general principle or principles. (We say that while they have the "makings" of these general principles that it is not organized as a body of knowledge useful to them; that we will help them place this in useful form.) This is illustrated especially in developing our factors and definitions and in our approach to the Law of Rent. There are other examples and these, we feel, but suggest the ultimate potential of this method in useing the knowledge the student now has to help them see the basic underlying principles.

We will be glad to have your reactions to these notes; also your own ideas and suggestions for better communication of our more basic ideas - and the "build up" of understanding. If you have illustrations you feel are especially helpful on major points we would be glad to have them for possible supplements.

Cordially Yours,

Noah D. Alper

Noah D. Alper,
Director,
St. Louis Extension.



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Supplemental Teachers Training Notes - Summer 1961 Section 1 - Page 1.

Our purpose is to improve our technique of conveying to students an understanding of the economic and social philosophy of Henry George. The "Conference" method is introduced into the question-answer-discussion method of the Teachers Manual in order to prepare the student to better understand a principle to be developed or to understand one previously developed by relating it to experiences all have.

(To better prepare yourself it is suggested that one project by use of our faculty of immagination simulated classroom experiences - but do it vocally and realistically, bringing out as many situations that might happen as you can.

Only one kindof acceptance has a chance of being helpful, and this is acceptance based on understanding. Benjamin Franklin said: "Truth is my only cunning." Truth is all we dare build on.

In communicating ideas to students we should, as much as possible, attach the new and unknown (to them) to what they know and have accepted. Most people know much of the "makings" of economic science because they have lived, seen, read, discussed, and applied. But their knowledge is most often fragmentary and unorganized. Thru the Conference Technique we should draw out this knowledge and organize it into the greater pattern of natural law or principle." Once this "law" is seen they can evalue all like situations in terms of the principle or law.

(Note the attached sheet on Conference Leadership Principles)

What is to be accomplished at the first meeting?

The student should leave the first session with definite favorable impressions. He must feel there is "meat" in this experience; that something worthwhile has been learned this first evening, something "grassroot" on which he can build mental power and personal power. Promise them they will form stronger habits of logical thinking by being aware of how Henry George worked at the great problems in his book Progress and Poverty. The student should be eager to return and want to bring friends to the next class session.

(TIME is a problem. If we introduce CONFERENCE periods we must save time elsewhere. The best way seems to be to present the Manual questions and answers in groups. Limit the student - at first go - to a direct answer to each question of a group, explaining, as a matter of fact and policy, full discussion will take place, as needed, after each group hasbeen briefly treated. This process will reduce the number of questions and the discussion). Group Manual questions as to subject matter covered.

TWO CONFERENCE PERIODS for the first session.

1. To create a basis for understanding and accepting the definitions we use.
2. To bring out the PROBLEM of getting a living in society -- or better, the problems.

(Read carefully the section on the Opening Session in the Manual; what follows is to be adapted to it.)

As you welcome students (give your name - introduce them to others if you can) as they enter. H and them the questionnaire - explaining they are to keep this for their own use. Tabulate results of questions 3 and 7 only on the blackboard,if possible. (Or you can use a "show of hands" for yes's and no's. Explain we are not interested in the answers of any one person but wish to see how much agreement there is on the questions. Make them aware of the divergence of the answers.

Start a quickie Conference. Ask them about the importance of meaning of words. What if doctors and druggists, engineers and chemists, navigators, etc., did not have a common understanding of words, what might happen. Ask if they know of trouble that resulted when people placed different meanings on words.

----OVER----

(Note: Keep check on time. It is well to have 5-10 minutes break - and never, and this is important, keep class overtime. Excuse class and if some wish to remain, fine. Hand out material at least 5 minutes before the period ends) (Plan evenings work - use written outline)

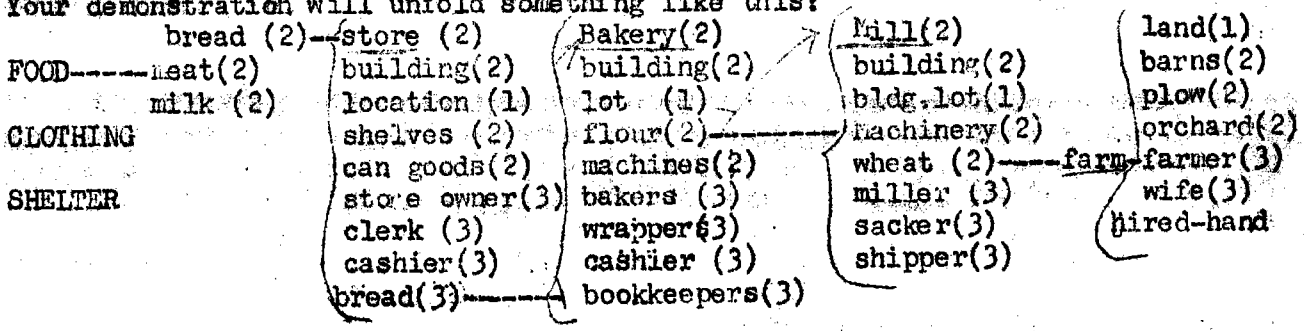
Now you might say: Let us take a few minutes to see if we can find a basis for our definitions so that we may understand and solve problems that have to do with getting a living.

CONFERENCE Object to set up basis for classifying things involved in getting a living....

Ask: What are the essentials of a bare living? Necessities! Food, clothing and shelter will usually be mentioned - if missed you suggest them.

Suggest: Suppose you are to live for a while under conditions of very limited supply. Ask: Miss _____ if you could take only one item of food, what would you select? Ask others same question. You may be told "meat", bread, milk, etc. Select one, bread for example. Say to one: By the way Mr. _____ where do you buy your bread? He will say store or bakery. Write "store" on the board. Ask another "What is a store?" Be sure to get building as part of the answer. Where IS the store? (Get a location identified - a lot). What is in the store? Shelves, meat, milk - and be sure, if you must say it, to get bread. Do people work in the store - and at what kinds of jobs? Clerk.. butcher..cashier..owner, etc. Then ask: "Where does the store get bread?" ---from the Bakery. (What is a bakery...where is it..what is in it..what jobs are performed in it...etc...and be sure to have flour mentioned.) Where does the bakery get flour? (From the Mill! What is a mill - where is it..what is in it..what jobs are done in it...and be sure to get wheat mentioned. Then where does the wheat come from? Farm...and what is a farm, where is the farm (to get location and land in the picture) and what is on the farm (buildings, machinery, wheat, etc) - and what jobs are done on a farm--who works ?Etc.

Your demonstration will unfold something like this:



This will serve our purpose. The important thing is to draw-out from students the pattern, one including items later identified as land, labor, wealth.

ASK if all ythe items on the blackboard are made by man - would some exist if man did nothing? Suggest we give all items which are not man-made Number 1. (See above). Let's place the number 2 after all artificial things, things which would not exist as they are or where they are but for man's effort. Let's identify man and his activities by the number 3.

Now what is our situation? We have identified things as being 1.-(Natural), 2.(Artificial Objects), and 3.-(man and his actions in production)

Return to the questionnaire - Question 3 - a-b, c-d, e-f, g-h. Ask: Which of these items are natural, which artificial? What is the difference between a and b, c and d, etc.

Our problem is to transfer these different classes of things to the terms, land, labor and capital - and consumer wealth. You might say, "Our main object is to be sure we have a good, clear meaning of terms we will use. The Scientific

---M O R E ---

Economist has a special term for Natural Objects, Artificial Objects made by man, and Man and his activities. We'll save the names until you have gone over the lesson material to be covered next week. Whatever terms we use will cover each class of things we have identified and will exclude all other things of a different class.

CONFERENCE: To bring out from members present the PROBLEMS of getting a living in society -- leading up to the problem as stated by Henry George. (Take a couple of newspapers to class with you to help)

This business of getting a living isn't always smooth, is it? Federal, State and local governments, capital and labor organizations are busy with them; they are often international. Let's list some "problems" on the blackboard. Ask students to name some. Have your own list so if students miss VITAL ones you can supply them. Lists will have a number of these:

High Taxes --- Labor-Capital problems -- Social Security --Inflation Too much government--Controls--High Prices -- Health -- Community Chest-Red Cross -- Guaranteed Annual Wage -- Minimum Wage Laws -- Slums-Communism - War - Peace - Unemployment - Roads - Parking - Corruption Juvenile Delinquency - Crime, Public Power, etc.

Ask: How many of these problems are in someway associated with too little income - or, as George puts it - Poverty? (Place check after each one so identified.

This demonstration brings out problems from the students - so they are accepted as such. Point out that Henry George associates these problems basically with low wages, or poverty. Say we will develop this problem -what it is - in our next session. We will be unprejudiced in our study since we will see economics is a science and is a study of "cause and effect."

INFORMATION. The following is taken from "Seven Pillars of Industrial Order, an address by Most Reverend Francis J. Haas, Bishop of Grand Rapids, to Catholic Conference on Industrial Problems, Portland, Oregon, Sept. 28, 1952. Similiar results is shown by many studies - you may say.

"It is exceedingly important to keep in mind that a considerable segment of our American population - something over one-third - are getting much less than the amount necessary to feed, clothe, and to house them. The Federal Reserve Board reported in 1950 that in 1945, 1946, 1947, 1948 and 1949, large sections of the spending units of the nation - a spending unit meaning all the persons living in the same dwelling and belonging to the same family who pool their income to meet major expenses - were receiving less than $2,000 per year . . The report further disclosed that spending units having incomes of less than $2,000 per year were in 1945, 47 per cent of all; in 1946, 40 per cent of all; in 1947, 36 percent of all; in 1948, 30 percent of all; and in 1949, 33 per cent of all. While family budgets for the country as a whole are set ordinarily at well above $3500 per annum, it is easy to see that the estimate that at least one-third of the population is forced to live in poverty is far from an exaggeration."

(Be prepared to give a brief story about our School, about the life and time of Henry George, etc....not too much, but enough to satisfy.)

There is hardly a class of any size that does not have a member or two who, in the beginning, is cautious about our School. If the question arises, and even if it does not, it might be well to say that our School was founded in 1932. We have hundreds of classes and thousands of students - our best investigators. The School is chartered as an educational institution by the University of the

State of New York - the state educational department. The St. Louis Extension was formed in 1939, _____years ago. People who really want to know about our School had plenty of time to find out up to now. We hold classes in city halls, in the county court house, in junior and senior high schools, in public libraries churches, homes - business offices, wherever we can get free rent. When the teachers of the Saint Louis Public Schools were offered courses for INSERVICE Training Points our School's classes were qualified for 4-points. Many of the industries of St. Louis post our announcements on their bulletin boards. The Henry George School has been investigated by proper authorities like all schools have who are formed as ours is and it has never been reported as being in any way against the best interest of the Freedom Way of Life of America.

AS TO OTHER ECONOMIC COURSES

We who work with the School are not authorities on the field of college economics. Our students do not, as a rule, know us nor our School. We should not make wild statements which they could not be expected to understand or accept. Point out we use much of what is now taught in most colleges; that we are most careful in defining our terms and in using them as defined all through the course, that we place special emphasis on the basic factors needed to product wealth, and on its distribution - the laws of distribution as well. We stress what people must know as good citizens of a free country. We now have professors of economics from different colleges address our graduating classes; and that reading from Progress and Poverty is required at some Colleges. (Show the abridged edition of Progress and Poverty prepared by Dr. Harry Gunnison Brown, former Chairman of the Department of Economics at the University of Missouri. SAY the Henry George School was organized because its founders and supporters feel we can remove some of the basic causes of confusion in this field of man's need for knowledge.

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Y OU MI HT SAY:

The wonderful thing about Henry George's presentation of economics is this: You willsee that we can secure results we want and should have in this country without altering a single, truly-free Free Enterprise principle in the American Way of doing things. A good remedy is one that cures an evil without causing different or worse troubles than the disease. It certainly is opposite to Marxism and any of its brands.

Points you might discuss if necessary:

If the people chose to act on the basic proposals of Henry George, which as you will see, are clear and positive - not confused - all the following customs of today would be continued - they are given more not less freedom:

1. Capital remains under private ownership and management.
2. Those in management position would look to the market for employees -
3. People would be free to work for themselves or for others.
4. Individuals and business concerns would hold title to land as they do now.
5. Land could be willed to relatives, schools, churches as today.
6. Prices and wages are set by free market operation as is the principle today; only the operation would be freer and fuller than today.
7. More people would own their own land - if they worked it or used it - than do today. There would be less speculation in land.
8. Government would be involved in less fields of activity - they would give better protection to life and property and would curb monopoly and special privilege more efficiently. More people could and would take care of themselves. (Be sure the next assignment is clear: check Teachers Manual on Assignements).

CONFERENCE LEADERSHIP PRINCIPLES

General: 1. Socrates was the first real conference leader. He never stated an opinion, but provoked scientific thinking by questioning.

2. Conferences were originally used to get opinions to assist the leader in making his decisions. They have evolved into a very useful tool in two-way communications.

3. A successful conference leader must first evaluate his own temperament (aggressive - reticent), and train himself accordingly to approach the Socrates ideal.

4. The subject matter of a conference should be within the area of authority of the conferees or for which they can make effective recommendations or their opinions should carry special weight.

5. The subject matter should be within the area of knowledge of the conferees which would give special weight to any recommendations or opinions they voiced.

6. The subject matter should be of interest to the conferees or should be a problem common to them.

7. The conference leader, himself, must refrain from any opinions of his own and, additionally, must refrain from being "the expert." This must be true even though the conference leader possesses greater knowledge or has greater information on the subject than the conferees he has called together.

TYPES OF CONFERENCES:

1. Military or Naval type: The leader is in command. Conference is to give him factual information he requires. Opinions may be requested or given, but decisions rest with the leader (or commander).

2. Laissez-faire type: The group assembles and elects a chairman, who serves as a "traffic cop." The group itself forms decisions or courses of action. (Example given was the Ladies Aid type of meeting.) Group is in command, as contrasted to Leader in command in (1) above.

3. Business type: The group and the leader are on the same level. Both formulate policy, make decisions, etc.

Basic Techniques of Conference Leadership:

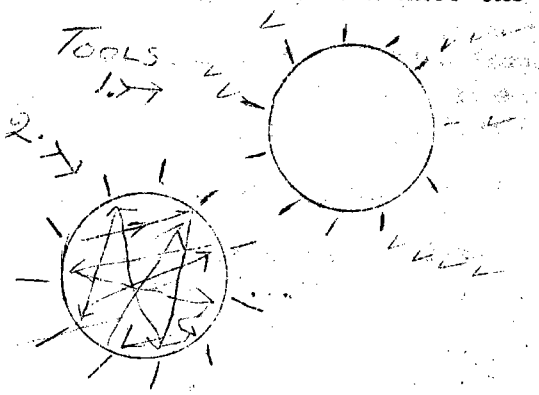
A. Positive Techniques:

1. The Introduction: Should be concise, dramatic, and general enough to appeal, yet specific enough to pin down the subject. Define limits of the subject.

2. How to frame opening question: The opening question must pin down the thinking of the group to the question at hand. Discussion should go on from this basic thought.

3. How to frame development question: To keep thoughts moving along, the best approach is the TWI pattern: Who-what-where-how and why type of questions.

4. Getting everyone to participate: Use of individual interest questions to draw into the discussion individuals who are not active.



Leader, or secretary, charts meeting, and checks each person as he speaks. Leader then concentrates on bringing in those who have participated the least.

Leader or secretary charts direction of discussion (i.e. Leader - conferee 1, conferee 2, etc.) with lines and arrows.

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Incidental to this technique, it was stated that the best size for group discussion is 8 to 15 people.

5. Use of visual aides: Use of chart paper to focus attention. When writing, or referring to chart, do not stand in line of vision of the group any more than necessary. Do not talk with back to group. Do not express opinions. If you disagree on a point, ask questions to bring that disagreement from the group.

Standing before the group puts you above their level; sitting, on the same level. Best to sit down most of the time. If group gets out of control, standing will help to get control.

B. Negative Techniques:

6. To stop the chronic interrupter: This man is too enthusiastic, or hates to to have another person answer the question. Best way is to let him go long enough to let other conferees become aware of him, - then stop him. Otherwise, the group will side against you as leader. If they recognize him as an interrupter before you stop him, you keep the group with you.

7. The long-winded conferee: Takes one point over and over. Break in after listening long enough to know he is repeating himself. Best to let him exhaust his idea before you stifle him.

8. Dealing with the expert: This man may steal your points. Don't treat him as a rival, but use statement such as, "Let's hold that for a minute," or "Let's stay with the first point for a minute." "Going too fast for me."

9. Protecting the individual from the group: The leader may have to side with such an individual long enough to protect him. May get desired effect by re-stating the question, or switching to another.

10. Handling the hostile conferee: You may be able to put the group on him, possibly by reasoning. In any event, don't argue. Try to find out what is causing his hostility.

11. Getting non-verbal conferee to talk: Possible to get him started by asking a question requiring a simple "Yes" or "No." answer, then following with "Why?"

12. Getting interest of disinterested member: Flattery is one tool, - possibly by reference to a point he has made previously.

13. Stopping side discussions: By direct appeal - "Let us in on it," etc. Can say: "Rather hard to hear what speaker is saying-would you mind holding that, etc?

14. Stopping everyone from talking at once: Direct approach O.K. here-rap on the table and call for order.

15. Terminating irrevelent digressions: Refer to a point, or to the visual aid. Or use a man who will pull things back to the subject.

16. Pinning down vague answers: Use further questions to pin down -(use developing type questions (3 above).

17. Resolving conflicting opinions: Be sure that all agree, before leaving any point. If agreement cannot be reached, restate area of conflict and then go on.

18. Breaking up unhealthy unanimity: If the group is sleepily "just going along," ask questions to provoke disagreement.

19. Tying off endless topics or discussions: Ask questions leading into the next subject.

20. Setting up follow-through: Summarize-state conclusions-review visual aids. "Who will do what when?"

General Remarks in Conclusion: Caution against the leader expressing an opinion or taking sides....Be one of the group....Keep control at all times...Play up conferee participation...Emphasize good that has been accomplished...Don't overplay a dominant man....Compliment group for their participation...A

According to Industrial Research: Lecture: 3% of participants are convinced. Conference: 32 % of participants are convinced.

In a vactory, 3 conferences on methods and proceedures resulted in production increase of 16%.

(How much of above can we CLEARLY use?)

The Science of Political Economy or Economics has to do with the nature of wealth and with the natural laws of its production and distribution. It is useful in understanding and in solving the "problems" which arise when individuals seek their living in a division of labor-price economy. In a primitive state, where an individual or a family is a self supporting unit, a reason for the development of a science - organized knowledge- would hardly exist. Individual economy existed.

Trade or exchange is an essential ingredient of civilization of a high degree. Trade began when a surplus of some product existed and its possessor could exchange it for products or the human effort of others in labor. Concepts of surplus of products, value --and EXCHANGE are involved.

The principal economic-science difference between a primitive (self-sufficing units) economy and units cooperating (specializing) as a society, is this element of exchange. In a primitive economy production is for consumption by and for the members of the primitive unit - the individual or family. In the cooperating or associated economy (society) which involves production for exchange, the ultimate objective is the same, namely, the advancing of things (or services) desired by participating units of production to consuming units. Once the product is in the possession of a "consuming unit" and is no longer in the area of societal or associated-cooperating economy, it has been subjected to final exchange. In what ever way the product is used by the consuming unit, even if used as a tool to produce more wealth, it is not involved in the natural laws which go to make up a Science of Economics. (When, however, the societal or associated productive economy reflects a need for it, products in the hands of the consuming units can be (re) exchanged so as to secure wealth (from the social economy) in a different form, or to secure future claims on wealth by adding to the power of production for exchange. The fact that some wealth is not TO BE EXCHANGED where as other wealth exists only to produce more for exchange or is itself subject to exchange justifies different classification of wealth in the field of economic science.

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EXPECT IT! Some students have heard of Henry George and "single tax." Others will "bone up" on George and his ideas in books and may want to discuss everything at the following session. We cannot disclose or discuss George's solution in advance of its place in the course. We should not discuss other philosophies except in limited, clarifying ways. Our purpose is to study and learn the truths of the presentation of Henry George as outlined in Progress and Poverty.

You might say - We do not pretend to know the answers to any and all questions members of groups like this can ask. The questions we are most concerned with are in the book we use as a textbook. We will not discuss questions the second or third week that naturally arise in the fifth, sixth or later sessions. This course unfolds. We will be fair to it. The first six lessons are 'build up' lessons, the next three are ANSWER AND DISCUSSION lessons. The last session will surprise and delight you for it shows the relation of economic science to ethics and law and all that goes to make up civilization. We will take them as they come.

LESSON 11

The opening session which involved the questionnarie, caused students to want to know the meaning of terms.

CONFERENCE before Question 1. As a preliminary try this - be brief. Ask:"What kind of things were in existence before man arrived on earth? Bring out solid and liquid matter - natural resource matter (oil, chemicals, etc); animals ,game and fish; rain, water power sites, etc.

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What came next? Man.
What was the result of the effort of man, working on land or on the natural matter taken from land, or with natural things found on the surface of the earth--land? Products, called Wealth. Name some products--smallest - largest.
What names have we given these different things - things that were here before man, man-made things, and the producer of these things?

Note: To save time it is well to consider some questions as a group for discussion purposes. Try for direct answers to the questions. Say we will discuss questions s o and so after we complete question ____. In lesson II we suggest questions 15, 16, and 17 be grouped or bracketed. This bracketing of questions is merely suggestive. You may want to make changes or eliminate the groupsings later.

Q. 2. What is wealth? Write identifying characterists of wealth, as underlined below, on blackboard, for discussion.

1. Material Objects. Demonstrate by use of pencil or some object; comment, it is made of wood, metal, rubber, paints, lead,etc.
2. Labor-made: Do you find pencils growing on a pencil tree in nature?
3. Satisfies Desires: The pencil has built into it by Labor the qualities that satisfies desires. We have a pencil to draw, write with, etc; it is the pencil that does this - not the money we exchange for it.
4. Exchange value; Other people also desire these things so they have an exchange value; people will give their labor or other things for it.

Review items a-b, c-d, e-f, g-h, Q. 3 of Questionnaire - Lesson I
Repeat that it is labor that seperates material matter that is wealth, and land.

(Illustration. An old faded-out canvas, framed, hangs in a rich man's palace, along with other paintings. "Now just what is that?" asked a visiting friend. "My most valuable painting" was the answer. "It is a painting of our ancestral castle and has been in our family for over 700 years. I would not take $100,000 for it." Said the friend: "It just an old rag now. I would not give yu a canceled 2¢ postage stamp for it. So, regardless of worth of some things to individuals if it has no value in exchange, it is not wealth in economics."

Note: Henry Tideman, founder of the Chicago Henry George School extension, said: We need a word for things man produces. If there were a better word we would use it. We could use the word products but this does not convey the idea of value (in exchange), which wealth does very well.

Note on Q. 3. The metall in coins has a commodity value. When we think of coins as money we ignore its metal content as a commodity, and vice versa.

Q. 4. Is land wealth? Check it against the 4 basic characteristics of wealth. Land fails to meet the test - it is natural, not man made. (Here some will ask about filled-in land, swamps drained,etc. Explain the difference betweem improving and making - creating. Land cannot directly satisfy wants as labor products and services can and do - we can't eat, wear, write with it, etc. Land is the source of matter we use to make wealth.
(What of beauty of landscapes, sunsets, ocean,etc? These we can enjoy in nature without producing them, but we can't so enjoy wealth. We must use some effort - no matter how little- to pluck the wild and natural strawberry and to place it in the mouth so we can eat it and satisfy our hunger.

M O R E - on Page 3.

(Land is too important to be hashed-up with the products of labor - beans, shoes, etc. We could refer to people as human beings; but we identify people as men and women, as parents and children, sons and daughters, etc. In economic science we have things which make us consider men wealthy; but we have land and wealth as words with functional meaning - we must not forget this. We hold fast to our definitions and to the reasons why they differ from one another as all science-sensitive people must.

Q. 6. Are slaves wealth? In a high school textbook, Understanding Our Free Economy, by Fred Rogers Fairchild (Yale), we find this definition of wealth: "Wealth consists of all useful, material things owned by human beings." The following three items are material, useful, and can be and are owned: 1. Virgin prairie land; 2. Wagon; 3. A slave. Each are material and useful, and can be owned. Would it be good science practice to say these are all the same thing, and so all are equally wealth? Because of the definition Dr. Fairchild sets up he says: "The Science of economics therefore considers that free human beings are not owned, and so are not wealth." But he says there is no doubt that slaves are wealth. Of course Economic science, as such, cannot and does not say this; it is Dr. Fairchild who does. Economic science considers man, regardless of whether free or owned, as labor; it has no inherent capability of considering man as man or woman, black or white, religious on non-religious, etc; nor the nature of man-made laws.

Q. 7. What are the factors of production? (See statement in parenthesis in the Manual.) A number of economists treat management, and some even treat government as Factors of Production. Labor, as we use it, includes management, since management is, in fact, a job classification - not a factor. Management-labor (job) and other classes of labor, skilled and unskilled, professional or otherwise, are serving the same consumers with want satisfactions. Government is like a factory - not a factor. To serve people Government, itself, uses land, labor and (public) capital. In this study we exclude management and government as factors. This is one of the important differences between this course and most others. The reward of management is wages; government gets its income by taxes which take parts of wages, interest and RENT.

CONFERENCE - a quickie - not directly associated with questions. This may happen now and then. Its purpose is to build up concepts that fit into later material and situations.

Ask: Have any of you ever heard of what is called "the class struggle?" (Ask someone to explain it). (It is a line-up of people in groups on the basis of class consciousness, which has to do with social solidarity; as an upper and lower class, capitalist vs. working classes, etc. Vital in theories of Marxism, Socialist or Communist types; and often used in concepts of labor vs. Management or capitalistic classes.

You might ask this question: Does treating management-labor as being different from other labor in economic textbooks or anywhere else, give support to the "class struggle" concept, or not?" (Discuss briefly)

M O R E on other side...page 4.

Q. 8. What is land? Suggest that "Nature" is a better word than land but that we will conform to largely accepted practices in the economic field and use the term land to mean all nature.

Q. 9. What is labor? Emphasize we are only interested in man as a producer of wealth and services - as Labor.

Q. 10. What is capital? Emphasize Capital is wealth still in the course of exchange; that it is wealth not yet in the hands of the consumer, as indicated in the answer in the manual. At times there are, we feel, minor problems of seperation of wealth, or capital-wealth from land; as in the case of farm land, and its fertility, for example. The best recommended practices seems to be to consider farm land as to its run-down value only, or, its location value only. This also conforms to the fact that to maintain fertility, constant investments of labor and capital (fertilizer crops plowed under, or artificial fertilizer purchased) must be made. This is not true of oil and mineral production involved, or where natural (wild) timber exists. (Planted trees are excepted since they are capital) In these cases value is established by the royalty paid, or that will be paid.)

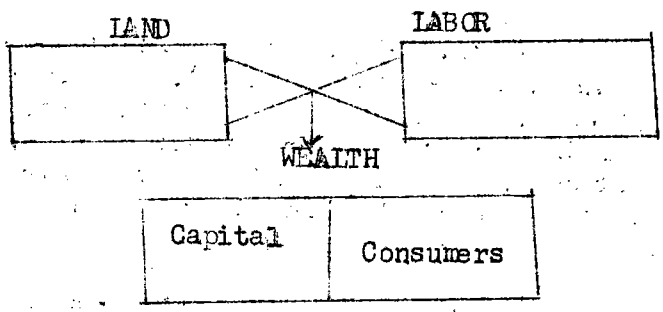
In the case of dual use, as an auto used for business and pleasure. Say it is used 5 days for business, 2 days for pleasure. It can be considered 5/7ths Capital, 2/7ths Consumers wealth. (Other sciences have border-line cases, too;as mercury has some characteristis of liquids and some as solid matter.)

..."define"; "to determine limits of; to describe nature of." A good definition is one that includes all that belongs within the term and and excludes all else. Make a square on the board - see illustration below - and write LAND as shown. As you do this, remark: This is like a pigeon-hole in a desk. If you file a paper in one hole it can't be filed in another at the same time. Economic definitions are like pigeon-holes.

Make a second square for Labor..and a bigger square as illustrated with wealth written to identify it. Join the squares marked Labor and Land with an x - see illustration. Remark: "Labor, working on land, produces wealth". Divide the pigeon-hole for wealth into two parts, writing the words Capital and Consumer as shown.

Say: "We can file (classify) every object of economic significance in one of these four squares. (This makes the definitions easier to master).

Illustration : Economic Pigeon-holes.



Emphasize how natural (as to classifications) and non-arbitrary these definitions are.

M O R E - turn to page 5

Q. 13. When is production completed? The question is important. Picture all productive activities as if under a big tent - all wealth used to produce more wealth for exchange, wealth not yet in the hands of the ultimate consumer, wealth still in the course of exchange, is under this tent. At the outside rim of the tent picture the Consumer outlets - stores, markets which sell at retail, offices of doctors, lawyers, etc., as they serve people directly, where people bring their incomes (money or checks) to take out wealth and services for consumer purposes - their real wages. When products (or services) make the final exchange and are possessed, or in possession, of the consumer, production is completed so far as the economy is concerned. (Note: wealth and services produced for the family by the family is important but is not production for exchange; so all implements used to this end are considered Consumer-wealth rather than Capital-wealth.

Q. 14. Suggest that the names of shares of distribution only be given, since they are defined in the answers to questions 15, 16, and 17.

Place chart that follows Q. 17 on blackboard, if you have one; or make a sort of flip card to show Factors of Production, The Product, and Distribution shares. Also draw a circle to represent a pie - and show its cuts as wages, interest and rent - the total 100%. Draw the circle under the word wealth...and, in patenthesis, insert word services. We want to keep in mind the importance of services in production.

Q. 18. What is the problem of poverty? Refer back to the first lesson where information on this problem is given that is taken from "Seven Pillars of Industrial Order".

Also use the following information:

Headlines: Finds 32 Million Americans Are Living in Poverty.

"That's the conclusi on of a study of the nation's "low income population prepared for the Congressional Economic Committee by Robert J. Lampman, economics professor at the University of Wisconsin. Labor previously carried a study by Lampman showing concentration of wealth in upper brackets.

"Using official figures, Lampman found that in 1957 fully 19 per cent of all Americans had poverty incomes. He defined such incomes as $2500 a year or less (at 1957 prices) for a family of four - and correspondingly less or more for smalle r or larger families. For a family of two, for example, the poverty income level would be $1,638 or less a year."

Item taken from Labor- Railroad Brotherhoods paper, Dec. 26-1959.

Life Insurance companies, to help people realize the need for life insurance and not as a matter of social or political propaganda, some years ago released the following data; "Out of 100 at age 20, IN 40 YEARS, 35 die; 1 is rich; 4 moderately well-to-do; five are poor but pay their own way until they die; and 55are dependent.

(Some say of those unable to take care of themselves, that it is their own fault, and in many cases it may be. But many were wiped out by inflation and the economic depression that followed; their investments being lost, their savings accounts lost in banks. Many were too old to expect to build back their losses. Such as this could not be said to be due to individual faults.

(Note: Repeat a few of the ideas developed in the CONFERENCE, Lesson I, Page 3.

We hear frequent references to "built in stabilizers" - social security, pension plans,etc., which is true. But to this we must realize that once,

O V E R

when doctors said a person had diabetes, friends said "good bye", knowing it was fatal. Today we have insulin and corrective diets, and those with this disease may live to be 90 and die in an auto accident. But would a doctor do the right thing if a patient were ill with diabetes to put him on insulin and diet if he could cure the disease or prevent its recurrance? But to a great extent we have learned to live with these economic stabilizers as accomodations to evil. Should we do so if we can prevent the economic disease in the first place; or cure it now? A deceased economy, like a body diseased can be chronically il - never well. Must it be so?

Q. 26. Do we live on past or on current production?

Suppose a general strike occured. Would not some people be out of food the next morning at breakfast? Some restaurants short of things? Some stores depending on orders they placed to be filled the next day? Remember transportation is part of production. And what of electricity, gas, water, telephones, etc?

Q. 27. Does a lack of capital explain the persistence of Poverty?

When much of our production is shut down in a depression, a period of much extreme poverty to many, plants are shut down, but is their capital gone? Emphasize that Capital can be increased when needed since it is a product of man. Something causes poverty but it is not Capital, as such, nor its private ownership; since owners must use it to be served by it.

******

Review: Since repetition is useful in learning.

Which of the Factors of Production came first? Which, second? Which last?
~~Which are Primary? Which secondary?~~
Repeat 4 characteristics of wealth.

Mr. Tideman suggests: "At the close of the lesson, state the following propositions or asked them as questions for general agreement.

Are we agreed that since the great mass of men get their incomes by labor that the "problem of poverty" is to be solved by the study of what might be called "the wages question?"

Do we agree for the purpose of our discussions the word "wealth" shall mean the useful produts of labor?

That "Land" shall include only the material gifts of nature?

That "Labor" shall mean exertion devoted to the proeduction of wealth ?(And services?)

That "Capital" shall mean wealth devoted to the production of more wealth? Wealth not yet in the hands of the consumers: wealth still in the course of exchange? NDA

That "Rent" shall mean wealth given for the use of Land?

That "Wages" shall mean the wealth constituting the reward of Labor?

That "Interest" shall mean the wealth constituting the return for the use of Capital?

!!!!!!

To know what distribution is. . .To know the natural laws of distribution and how they relate to one another. . .To know the "shares" - Rent, Wages and Interest.. To know the Law of Rent. . .To know the meaning of the Margin/how it determins basic Rent, and as a result, Wages and Interest.

(Remind the student that the "book mark" is one of the most important pieces of printed matter they will receive. To understand thoroughly the definitions and principles given on this "Book Mark" is to have a basis for sound economic science thinking and understanding.)

—General Review Questions —

Ask: Where does all economic activity begin? (In the wants of man..tho some may say on the land, which is alright--but for ourpurpose make it "man".
Where does economic activity end? (Satisfaction of wants)
Is economic science for man, or is man for economic science?
While there can be many economic viewpoints, can there be more than one economic science? (Do not prolong any discussion..just want to inject the ideas)
Is Labor a tool for Capital, or Capital a tool for Labor?
How do men who own no Capital get the use of Capital?
How do we pay for the use of Capital? Ans; We, in effect, give up some of the product as interest.
Do people get less Wages because of paying interest?
(Acually, more, since the interest is only a part of the gain due to the use of Capital - its advantages in production.
(Note: As the amount of Capital, and its quality increased in relation to demand, the percent claimed as interest declines.)

Why do men Labor? What happens if production stops?
Is wealth the only thing produced? (No: services grow more important.) Explain they are equivalents - hams for doctors services, doctors services for other services, etc.
Must capital be accumulated before labor is employed?
(No. But only primative production can be had under such conditions)
What is the process of making Capital? Ans. We make something and we save- do not consume all we make; and we invest - put savings to work in the form of equipment, or as savings in the bank which the borrower can use to get the real capital wanted.
What is the function of Capital?

1. To help us exert our labor in more effective ways - as, by moving a ship with a propeller instead of by oars;
2. To take advantage of the reproductive powers of nature; so we can have housing, refrigeration, etc to store and keep what has been produced - to get the advantages of modern egg and chicken production over the mother-hen way, etc.
3. Helps us divide up labor and secure specialization and productive efficiency. . .as having thousands at work making shoes, each using special machines (capital). Without "capital creation" we could not do this. Note; This has nothing to do with social or ideological systems - it is astrue in Russia as in the U. S.)

(Note: Why these special questions, some of which will be covered later? To enrich beginning experience; to emphasize educational experience to be enjoyed; to inform briefly of things to come and to cause thinking. Be brief on all extras.

—OVER —

Check results on the "Check-Your-Progress Game; have a copy worked out yourself)

Thomas Robert Malthus(1766-1834). English political economist. In 1805, he was appointed professor of history and political economy of Halleybury College. In his famous Essay on the Principles of Population (1798),he propounded what is known as the Malthusian Doctrine, namely: that the increase of population advances at a geometrical, the increase of the means of life at an arithmetical ratio; that this renders the condition of the poor more and more hopeless; that unless famine or war interfere to diminism population, the means of life will eventually prove inadequate; that discouragement of early and improvident marriages and the cultivation of self-restraint must be employed to avert the danger." From The Concise Encyclopedia

Conference may be held here.

Has any country ever achieved stability of population?
France did - for years not much change. In later years, due some think to fear of larger populations around her, France offered payments to encourate morechildren. Some years ago, prior to the war, it was predicted by population experts, that the U. S. population would stabilize.

Has there been over population in the U.S? Any evidence we cannot provide for many more?

When do "population explosions" tend to occur? Usually in and after wars or great crises.

(See supplement sheets on this but first cover the questions 1 1 - 8)

(Note: Some years ago there was so little concern with the population question the material was omitted from the course. Later two books on population taking the Malthusian viewpoint were written, and then it was restored to later Manuals)

The Laws of Distribution. (Conference)

In the Manual we read: "As the answer to our problem is not to be found in the laws of production, we will turn to the laws of distribution." We might prime the situation as follows, bringing out knowledge students have by past study or by just living, and so give more zest to learning about the natural laws that govern distribution.

"Do Socialists or Communists believe our system to be a failure so far as production is concerned? Where in their opinion does it fail?

(They emphasize the failure of distribution. Their proposals are based on a way to control the implements or forces of production, and the product which will give Government - the State - and not free markets - control of distribution. In this way they can demand from each "production according to ability", and make distribution "to each according to need".

What is the Townsend plan? (Dr. Townsend proposed to give all over age 65 $100 a month which they had to spend). Is this plan one to increase production, basically? What other plans do you know of that are designed to alter distribution?
(Ham and eggs" and "30 dollars every Thursday" in California. Social Credit in Canada - a cash dividend to all people, out of profits. (Actually given in some years recently but out of RENT-of-land - oil royalties) Don't get involved in what these plans are,or in discussing them.

What about the Income Tax? Is it designed to increase production; or is it a plan to alter distribution?

—M O R E —

Conference continued

Is there a difference between Distribution and REdistribution?

If people had good reason to believe there was honesty and reasonable efficiency in wealth distribution in the first place would there be so much agitation for schemes of re-distribution?

Realising both are important, which is more important? To prevent fires or to learn to squirt more water on them? Prevent flies, mosquitos, rats, polio,etc., or to treat those sick? Prevent wrong wealth distribution or correct it by plans of redistribution? (Note; in economic and social problems as in all others, we must think in terms of cause and effect patterns; in the course it is important we emphasize this.)

Does 'distribution' take place at the factory or other pay offices?

If you saw a sign in a factory which said "We distribute fairly; 92 cents of each dollar available for distribution goes to our employees and 8¢ to taxes, profits,etc, does this mean the "distribution of wealth" to be 92¢ to workers and 8¢ to taxes,profits,etc?

(If a man puts a dollars worth of labor into products at a factory does the man get an equal value in products at the store when he spends the dollar? What deductions might there be? How about Social-Security, Income, Earnings and like taxes? And what of hidden taxes in the cost of goods and services?

Question: If you could get a dollars worth of labor-effort in exchange for a dollars worth put in at the factory or farm, would you say that is fair distribution? To learn how to make this possible in onepurpose of this study.

(Note: We can't use all the material developed nor need we do so. We must control the Conference periods - judge our time. However if we work at learning how, we can do it. Practice using material by setting up mental class situations and get the feel of using this material in this way. As the material becomes really yours to use confidence and ability to use it will grow, too.)

Q. 9. In political economy, what is meant by: a) the distribution of wealth?
b) the laws of distribution.?

After questions are answered: emphasize that economic science deals with how people, living in society, get a living. It has to do with the environmental conditions in which we all work. Economic science is to the individual and home economy what public sanitation is to the individual and home sanitation. The laws governing the distribution of wealth shows how wealth is divided or shared as Rent to all title holders (as a group), as wages to all called Labor (as a group), and to all who provide Capital (as a group). How the individual secures a personal share of the group shares is developed later).

--xx--First see Questions 12 & 13 on next psge.

Q. 14. Why is the term "profits" misleading in the study of political economy? (Have students answer). Then quote this sentence by Henry George p. 157: "Either in its common meaning or in the meaning expressly assigned to it, to talk about distribution of wealth into rent, wages and profits is like talking of the division of mankind into men, women and human beings." (Give emphasis to the idea that when we classify mankind as men and women - the words "human beings" are unnecessary.

Ask: Is the word profit an economic science word or a bookkeeping word? (It is a bookkeeping or accounting word) A profit could be any one or a combination of the shares - Rent,Wages or Interest. (Suggest that our system is a "profit and loss" system.

--O V E R --

A friend tried to interest an Omaha Business Man in the ideas of Henry George. One day he asked the Business Man, "How's business?" "Good," the other said; "better than average." "How much is due to land rent?" asked the friend. This caused the business man to think. Analysis showed he could get much more as RENT-of-land from others than was charged off on their books; it also revealed defects in management since, had proper rent of land charges been made, there would have been losses. The up-shot was a general increase in real efficiency.

"Profits" - where they come from.

These illustrations can be used to explain how profits can be wages, interest or renr.

An owner of a moving picture theatre was to be away 2 years because of ill-health. A friend was to operate the show. All employees and rental of film could be paid out of the weeks receipts. An agreed on amount covered interest on the owners capital, depreciation and rent-of-land. The owner suggested that as manager he could safely draw $300 a month.

At the end of the year the auditor said: "You have done well; you have $1200 profit in the bank." "Suppose", the manager said, "I had paid myself $400 a month instead of $300 as wages. In this case there would be no profit, would there? (Point out in this case profits was merely undistributed wages).

A city employee learned of a street to be converted into a wider boulevard. He saw a site ideal for a large filling station at that point. He persuaded the owner to give him an option on thelot for $500 cash, $100 monthly rental for six months, and $10,000 purchase price. When the new boulevard was announced publicly an oil company finally paid the option holder $25,000 for the lot. Assuming all costs in the transaction to be $1000, $14,000 was made. Is thisnot RENT-of-land capitalized?

A group of men borrowed $10,000,000 for ten years at 2% interest. Two years later they were about to liquidate when a member said, why? Money is now worth 3½%—we can loan it savely. They did and a profit was made. But, allowing for expenses, was not the profit interest?

(Stress the fact that one difference in our course and others is that we will not use the bookkeeping term profits.)

No. 12. (Prior to Q. 14 - previous page)
Is capital a necessary factor in the producti n of wealth?

Picture men washed up on an island with no tools - no capital, only brains and brawn. They are thirsty and hungry and fear cold rains. Will they have to wait to sdcure capital or tools before they go to work? They will go to work at once, as all known. Agree productivity will be low. Emphasize all capital now in existence is a result of labor using the "capital making process" - making, saving, investing - putting capital to work for owner or others.

Q. 13. Prior to 14 on preceeding page.
Is wealth always divided into three parts?

(In addition to the answer in the Manual point out that even if all three factors are involved in production only enough wealth might be secured to pay wages and interest. If Rent were paid the wages and interest left would not justify the labor effort; wages could get more for their effort elsewhere.)

See Q. 14 on previous page

—M O R E —

LAW of Rent - Conference.

Developing the Law of Rent offers a fine opportunity to use the conference method to show students have experience and knowledge, learned from life, to understand the basic facts of RENT - and so to accept the law. The Law is merely a description of what they know.

Begin the conference : : As we know, to live, let alone live well, man needs access to land. Would you say, Miss X, that anything that makes it easier to have accessto land would make it easier or harder to get a living? Or would it make no difference? (If necessary - repeat the question)

Get confirmation or disagreement on this from others. (This will, of course, tend to help get acceptance for the final answer which is often built on the acceptance of many small parts.

Do you know of any worthless land in the U.S. Mr. Y? --land on which no one can make a living? Just what is it Mr. D. that makes some land worthless, and other land valuable? (Whatever they say put answers on the blackboard. Guide the experiment until the items on the blackboard bring out these two conditions-- distance or location facts; or natural richness - fertility, oil, minerals, natural timber, etc.

Would land rich in oil or fertility be worth much, Mrs. Jones, if it is so far away, or behind mountains, you could hardly get to it - let alone produce for the market?

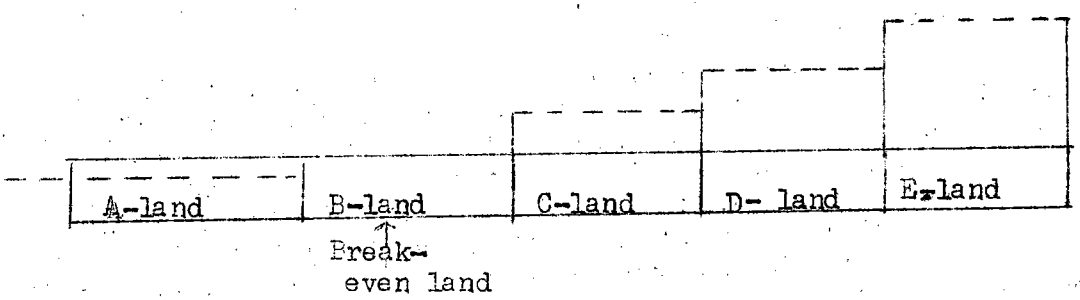
Do you think, Miss___, that even under these conditions someone might try to get ownership, figuring that government might build roads in the area?

By the way, Mrs.___, if you had a choice right now of an acre of land any place you selected where would you want your acre? (Ask others) (Ask if any one had ever heard of No. 1 Wall Street, possibly the most valuable acreage in the world? Point out that if one owned such an acre he could easily buy any other acre he wanted, and more, too.)

Suggest we try a few experiments. Let's assume 5 grades of land; A will be the poorest; B will produce but a bare living; just enough to support one and maintain present capital; Call this land Break-even (B E)land. C. land is better; D land better still; E land the best of all.

Use Blackboard; set up A,B.C.D,and E land as illustrated below.

- - - - represents production line



Mr. Smith, wife, and 16 year old son, are looking for a land location on which to build a farm. They have four horses, a wagon, plow, rake, some fencing, etc. A-land shows soil erosion and out-cropping of rock; little fertility. Conditions indicate little rainfall. Mr. Figures he would get less than 6 bushels to an acre on A-land, but needs 15 to break even. This he could get on B-land; but on C,D,& E land he would get 20,25, and 30 bu. per acre.

--O V E R --

If Mr. Smith had his choice of land would he pick A-land, Mrs___? What land would he pick? (E-land, of course) It is at E-land he can get the most product for the same application of his and his families labor and his horses, wagon, and other capital.(Emphasize the words "same application" since they are used in the law of Rent.)

Note: You can use the above form - A,B,C-land,etc) to illustrate differences in locations or quality (content or richness, or population traffic) of land for other uses, such as timber and mining operations, factories (where labor and materials must be easy to obtani and shipments made), and stores where many people pass by - and this applies to offices for professional people, as well.

You can picture mining, lumbering, oil production, etc; as being near or far from markets, near or far from the surface, rich and thick veins of minerals and coal, large or small pools of oil in the ground where shllow or deep wells must be drilled, etc. You can develop examples of residential areas - near or far from schools, libraries, parks and playgrounds, churches, transportation, etc. All people know these differences - so they are really prepared to learn and understand the Law of Rent.

This is an experiment where you can control the conditions in your setting up of the experiment as scientists can in their lab's. Here we merely want to keep land and labor constant in amount and quality - varying the land conditions, to bring out RENT..

Ask: How do people get land for use today? (Buy or lease it). Suppose a few families or corporations owned this land - A-B-C-D-E. How would people who owned no land get some for use? Which land would rent for the most, or command the highest price? Would anyone pay RENT for the use of A-land under the conditions given in the experiments? What of B-land? Could they afford to give RENT for B-land? How about C,D & E land? Where would title holders to land get the most rent, or the highest price for their land?

Ask: If a man owns his land and uses it - A-B-C-D- or E land, does he not get the same advantages a tenant would get in the use of the land? Would he not, if he wanted to keep his books or records right, set up a speical account for RENT-of-land, just as if land was an investment which he rented-out to someone? (And would he not keep his interest on his capital, and his own salary (wages) or management - each in its own account? (Well," you might say," business men who take this course do that, or account for rent in other ways).

Let us go on with our lesson and develop the Law of Rent as found in economic science. We will have a description of RENT--a statement of "natural law" as the scientists term it. The statement will descrive in the fewest possible words what you really know from observation - from experience but about which you may not have given much thought. The statement of the Law of Rent will fit all cases where land will produce enough to "break-even" and where there is an "excess" of production over what can be had with the same amount of labor and capital over what is secured at the "break-even" point.

What factor of production is the logical starting point from which to trace the law of distribution? Why? Expand this in this way. What arrangements must be made first to go into business, or practive a profession? We must get a location. Do we generally know the rent in advance? And don't we have to figure we will have to pay this 'rent' before we get wages and interest? So must we not start with Rent is working out the laws of distribution?

-M O R E -

Q.16. If the same person is both the owner and the user of land, can there be rent? Suppose the gross income is $1000 a year for rent and wages on a small piece of land, worked by the title holder. If he could secure $300 a year as rent alone for the land, this would leave him $700 as wages (and interest). But suppose he could get $1000 for the same labor at another occupation. He would be inclined to rent the land for $300 and work for $1000 thus getting a gross income of $1300. If he worked the land himself he could not account for more than $700 as wages since he could get $300 in rent without working.

Q. 18. Does the rent of land depend only on its productivity, or on its productivity compared to land that can be had for nothing?

Henry L.T.Tideman used this illustration: "When gold was discovered on the beach at Nome, Alaska the land, being public property, could not be taken or claimed by individuals. Arrangements were made to divide the beach into 15 foot strips and men drew strips by lots. By ordinary methods men could mine as much as $20 a day from these sands. The day after the arrangements were made, clerks in stores and dishwashers commanded $20 a day. 'Pay me or I leave for the beach."

(Ask: Will people pay Rent for land if they can get land as good for nothing? Is this idea a fact or just "theory"? Is it true people a t this way?

22. What is the Law of Rent? As you know this is an important question. The Law of Rent is often referred to as the Ricardian Law of Rent because David Ricardo, a London Broker, wrote most fully about it in 1817. The Law of Rent was fully and clearly stated before Henry George even lived. This Law is taught in most economics courses in colleges as we teach it, although their charts are statistically and mathematically more complicated. Have a student read the Law of Rent from the Book-mark. Ask all to underline the word "excess". Also have them underline the words "same application". Explain that "same application" means the amount and quality of labor and capital used--as if the same labor and capital were used on varying grades of land. Point out that the figures used in the charts of the manual are index numbers; 4 may express 4 pounds or tons, 4 bales, 40 bushels, etc; and that 2-land, for example, is half as prdoutive as 4-land.

Q. 24. If we learn what portion of production goes to rent, how will that tell us what portion goes to wages and interest?

Recall to the students the "Inquiry" we set for ourselves in the beginning. "Why do wages tend to a minimum which gives us but a bare living?" If the "pie" is not on the blackboard put it there. The pie builds up a sense of the whole and the relationship of the parts (Rent, Wages and Interest). Assume one cut is RENT; point out what is left is Wages and Interest.
AskWhy do John and Bill watch as mother cuts a piece of pie for Joe? Because the size of Joe's piece determines how much is left to be shared between John and Bill. The basic economic problem of wealth distribution is how the shares are divided; how much of the pie goes to the different factors of production - Land, Labor and Capital (owners). How the shares can be altered unnaturally by taxes and other actions is something we will discuss and make clear later.

End of Notes for Lesson III

Watch the class time.....try to end on time...it's hard to begin on time too, so often; but you can start a bit of review to give added time for late arrivals.

We must learn when and how to NOT ANSWER A QUESTION. Remember we are not authorities on everything-or, any, in fact. Also, some questions come up later. And avoid treating a class as a captive audience - to 'air' our views on conservatives, liberals, health,etc; we have our basic job to do....all else is incedental....

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(Note:-Make these corrections in your Manual if you have not already done so. Q. 13 - Lesson III, page 19 - Number at end of question should be 164 - not 184. Supplement - Lesson III - page 21: In table on Wheat,Barley,etc; next line - Per Bushel Per Acre should read Bushels Per Acre. Also Fertilizer - Per Arable Acre, should read Pounds Per arable acre.) Below - change Sweden to Japan.. Scratch entire line under U.S.A. reading, Aver.(excl.USSR).

Object: To learn Laws of Interest and wages; to further establish the relationship of these laws to the Law of Rent, and with each other. To learn how a "balance" is kept between Wages and Interest.

CONFERENCE period before Question I.

Has to do with Wages - not Rent-of-land but Law of Rent is basic to Law of Wages.

If the same amount of Labor and Capital is used on various pieces of land do we get the same product from each?

How do we explain the difference in results, Mrs.____?

What kind of differences do we find in Land, Mr. ____?

Have such differences always existed, Miss____? What Natural Law is based on these differences, Mrs.____?

(Comment by class leader: The RENT-of-land was carefully identified by economists like Adam Smith and the French Physiocrats prior to 1776. David Ricardo, a London Stock Broker, in his book, Principles of Political Economy and Taxation," written in 1817, developed this law so throughly that it is now known as Ricardo's Law of Rent.

Conference continues: What is the mathematical relation of parts to the whole, Mr.___? (The whole is equal to the sum of its parts). If RENT-of-land takes 30 per cent of the product how much is left to divide as Wages and Interest,Mis C? ---Well, let us get into our lesson....

Q.3. Do stock dividends and interest on bonds represent true economic interest?

After Q.3 is answered--Emphasize that real interes arises from use of Capital in production. When people buy war bonds what is produced with the war-bond money? Is it used to produce more wealth and services for income or exchange? Where does the money come from that is used to pay interest and pay off the bonds? (It comes from taxes on current production) Is the money collected by holders of War bonds true interest?

The land under the Railway Exchange Building is not Capital. The title holders collect a net RENT-of-land of $238,000 a year. Is this income Interest?

Land rents and royalty payments on oil, mineral, timber, capitalized value of patents and tariffs do not yield interest even if they are capitalized into stocks and bonds.

Note: Emphasize that monopoly and special privileges, power to get income without giving a proper return in exchange, are not Capital. (Explain that any kind of income can be capitalized in the finance-banking sense as interest so often is, but this does not make the source Capital.

(Note: Make full use of the wonderful illustrations used by George.in discussing the next question and others; Write reminder notes in your Manual)

O V E R

Q. 4. Does capital employ labor or does labor employ capital?

The answer in the Manual is against the opinion of many people. They have been told in many ways that so much capital is required to give jobs, or to make a job; to 'employ' a working man.

Ask: What is Capital? Is there a difference between Capital and Capitalists? (--to clear up difference between Capital and Capital-owners-between Capital owner and what is owned--) Capital is tools, buildings, machines, stocks of raw and finished materials. Capital cannot think or manage. Only Labor can do this; Labor that does this are managers. --It is true that so much Capital per job exists in factories - this is far different from saying because there is so much capital it gives a job.

A farmer is Labor. He may own his Capital. If he does he "manages" capital in production - and that, too, is labor.

A man who owns no capital and who seeks to satisfy his wants takes a job. He wants to use tools to help him produce. He knows some of the increased production due to the use of capital will go to capital owners; and that more will be used to keep up the efficiency of this capital -- to maintain it - to offset wear and tear and to replace old fashioned capital with new.

Also picture the worker as a consumer, too. Man works to satisfy his desired. Is this changed just because he works in a factory? As a consumer he hires all labor and capital used in production.

Remember and Repeat : Man's wants are the beginning and the satisfaction of his wants is the end of all economic activity. As a human being he employs all labor and capital used in producing things and services he secures by trade or in the market place. He will produce and exchange his productions with others.

(--Repeat: Economics is the science that deals with man's living in society.)

(Mr. Henry Tideman put it this way: Here is a man operating a steam driven machine excavating a place for the foundation of a building. Which "labors?" Which employs the other? The sense of the word employ's is uses, not hires. The use of the word "employ" as synomous with 'hire' is an Americanism. A Britisher seldom employes a man, he almost always hires him as he hires lodging.)

Q.5. Is capital a fixed quantity? (Note: Write "Note" to left of 5 in manual.

Point out how scrap metal, rags, jewelry, old suits and dresses, auto's, etc:, in the hands of consumers are sold/a high price is offered and people want the equivalent in money.

Suppose one sells $100 worth of his scrap and possessions but buys $100 in products at stores. Has the nation's Capital increased? (The answer is no; consumer goods were taken out equal to wealth put in to serve as Capital)

If we convert our houses into office buildings or into boarding houses or apartments, is the Nation's capital increased? Yes-consumer wealth hasbeen converted to capital wealth.

Ask: How is Capital produced? (Note: The student has not directly studied this question. Point out that to produce Capital: 1. Something must be produced; 2) some of this production must be saved (or the money saved); and 3) it must be put to use in producing more wealth or services for exchange, or for income.

If the person who sold scrap and other consumers wealth to one who produces for exchange, and leaves the money (claims on wealth) in the bank where it can be borrowed by capitalistic producers, or if the person invested it directly into new business as new capital, then total capital is increased.

(This idea is useful: 'As ice is frozen water, so is capital frozen or congealed labor - stored up labor. (Like a battery, this gives off energy)

A question to stimulate thinking: Is it true that all capital is produced by labor? Then follow with: But do all who labor create Capital? Pause..Ask if a man who makes $50 and spends $50 makes Capital? If he makes $50 and saves $10 under the mattress? Not until savings are put into production.

Idea continued... --M O R E --

A man said: "Look at that building. I helped build it. It really belongs to those who made it." What is wrong with this statement? Point out: He ignored the fact that he received money - receipts for labor - and that he exchanged those receipts (claims) on wealth for the productions of others he now owns or has consumed. If he were allowed to claim the wealth his money purchased and to claim the building he worked on too, he would get two wages or portions, although he only produced one portion. (Write "Note" after 11--to remind you of the note)

Q. 11. After--giving its answer....

These questions, 8 - 11, develop how interest and wages are kept in line with each other. If interest rates go high, labor saving (Capital) devices will be used (demanded). If interest rates go too high, or if the demand for Capital seems only temporary (in the opinion of business men) they will use more labor directly in production; they will work their machines and equipment (capital) longer hours in added shifts or overtime - even on Saturdays and Sundays. In this way they make more use of Capital by adding more hours of employment for labor. (Also, note, men will use hand shovels if the job does not fully warrent use of steam shovels, buying them or renting them).

(Make notes of illustrations George uses at all times)

Visual Aid

Take a pencil in your fingers, holding it horizantal - level. Say that one end represents wages, the other interest. Twist the pencil so that the point representing interest is higher. This is a signal of what? (Ask students). That more capital is wanted. Forces set to work, by adding to or subtracting from the amount of capital - to restore the balance between wages and interest. (But say both may balance at a higher level - higher wages and higher interest rates). But point out that both ends of the pencil, regardless of the lag of one compared to the other, go up and down together; as RENT-of-land goes up, wages and interest go down; as RENT-of-land goes down, wages and interest go up - that is takes a greater per cent of the product.

(Note: This is a good time to point out that Natural Laws in economic science have the same certainty as other natural laws in other sciences have - as to principles. (This does not mean as to exactness). We say in Chemistry that if certain quantities of two elements are joined together under certain conditions, certain like results follow each time. If, however, a third element is introduced accidentally, or by plan, the same results will not be secured. So we say in economic science that under the same conditions the same results will follow; that if something else does not interfere, the tendency is for interest and wages to go up or down together. Let us see how this can happen by a study of Wage and interest rates.

YEAR	Average Weekly Earnings (Dollars)	Prevailing Rate on Prime, Commercial paper - 4-6 months.
1914	$11.08	5.74 %
1920	26.50	7.50
1922	21.69	4.52
1923	24.01	5.07
1924	23.93	3.98
1929	25.03	5.85
1933	16.73	1.73
1937	24.05	.94
1938	22.30	.81
19.45	44.39	.75
1946	43.82	.81
1954	71.86	2.55

Continued next column..

(Continued from other column)

1956	84.05	3.63
1958	88.04	4.10
1960	92.52	4.66

These figures are from the Federal Reserve bulletins. The wage figures are for all manufacturing industries. The interest figures are "Prevailing rate on Prime, Commercial paper, to be paid off in 4 to 6 months. Notice the comparative movements - up and down-of wages and interest. In making this comparison

--O V E R --

the low point of both wages and interest was found in 1914, in different months, however. The next highest point for wages and interest occured in 1920, so the highest figures in that year were taken.

Do not take too much time on this..yet it is often important and interesting to some in the class. (If you have time place the figures on the Board - or do this before class time (as illustrated). Ask them to note where the principle that wages and interest tend to go up and down together fails. (From 1937 to 1945 interest rates dropped steadily while wages with little exception climbed higher. Point out that from 1945 to 1946 interest went up while wages dropped.

Ask: What do you suppose caused this? Point out that it was the policy of the Government and the Federal Reserve Board to keep interest rates in savings accounts low in order to make Government bonds more attractive as investments, and to keep the total interest charges Government would have to pay as low as possible as a budget item. Eventually these restrictions were eased up and interest rates, as published and visable, tended to rise again with wages.

Point out that as a matter of hard fact real economic interest did rise during these periods when Government kept the visable rates low. Anyone who had real, tangible capital goods in the form of machines, trucks, inventories of goods, buildings, etc. could let these out for hire at very high rates - or sell at very high prices. Most people judge economic interest by savings in banks or in building and loan concerns and their interest rates. This form of finance interest was low from 1937 to 1945 while weekly earnings went up rapidly. Government creation of credit-promises to pay - financed most war or "lend lease" production and it restricted the production of ordinary business that usually borrowed from banks or other finance institutions. This reduced the rate banks paid for our savings since they were in great supply in relation to 'permitted' demand. Government bonds were attractive compared to bank or like interest rates.

Point out that a demand for Capital is a demand for Labor; men at sea, ships at sea (capital -when commercial, pure capital. Men/factories and mills when Capital works; trains and trucks moving, men aboard. No law can be passed that is truly helpful to Capital that is not helpful to Labor, and vice versa. (Can you sustain the point in view of today's headlines - and attitudes of Labor and Capital? No need to go out on a limb too far - hold to your basics. With a "me first" attitude any group can make a good showing for themselves. We deal with the basics and we should stick pretty close thereto.)

Comment: The process of wage setting or determination, individual or by collective bargaining, is supposedly a process of finding facts - the facts which are supposed to set wages. Under one set of facts bargaining is supposed to set wages high, under another, low. There is no sign of conflict in this process. (A question might be asked if bargaining is a sign of diverse basic interests and conflict?) There is no more basic signs of conflict in the bargaining process which established wages than there is conflict (enemity) in playing a game to see which team is best. Bargaining in a free-type economy is a way of setting wages, not a basic conflict of economic interests. As students of economic science we seek to know how to cultivate the economic garden, the environment in which economic forces work so that bargaining will tend to raise wages as our productive potential and power increases. How to cultivate the National Economy is a problem just as how to cultivate a farm or home garden is a problem; the Science of Economics helps in one case, the sciences of horticulture and agriculture in the other.

How about bargaining if there is a monopoly? Is there any? (Yes) The bargaining merely sets the prices higher under monopoly than under competition, with less chance of reasonable fast readjustments.

--MORE--

Q. 13. What is the Law of Interest? Give as stated in book and on Book Mark

(Comment) There is no need to become involved in the question of interest. For example, some people will engage in arguments as to the "cause" of interest. We need not labor the point. It's like arguing what electricity is, the important thing being its existence and our knowledge how to use it safely and efficiently. There is little argument about the fact of interest - that people will pay it and receive it; although some deny its rightful existence.

For our purpose this approach will serve. The cause of interest lies in the advantages of Capital in all forms under existing circumstances, and in the scarcity of Capital in relation to demand for its use. The rate of interest is determined, not by the net advantage of Capital to any one user, but by the market measure of the advantage of capital to all users and in all forms. Loaners of Capital seldom know to what specific use their capital will be placed. It will be loaned on the general character, capacity and capability of the borrower and on his security. Interest rates are determined by groups of lenders and groups of borrowers. Rates are higher in specific cases when "risk" of loss is greater; and in this case the rate is assumed to include a premium - a higher overall rate, because of this risk.

Comment: A mans power to labor lies within himself. The capital he produces (makes, saves and invests) however is a thing apart from man; can be used by other men. The benefits of capital can be loaned or borrowed. Since capital is a labor-product, interest is a form of wages, albeit indirect. Interest comes from the benefits of capital conveyed to the borrower by the lender. The borrower can produce more with capital than without it, and the interest (a share of the product) is paid out of the added production.the use of capital makes possible. Actually, unless both parties cooperate neither gains. Bargaining determines how much of the gain in production due to the use of capital goes to capital owners and how much is to be retained by the capital user. Capital, by making a contribution to production, produces its own interest. The payment of interest for the use of capital does not lessen wages - it increases wages. (W_e must not forget there are abuses of the term capital - there is fake or pseudo capital; there is advantage taken by tricks of lending and many suffer. Here we are concerned with true capital and natural marketing principles to determine rates..competition.

Q. 18. If a man can employ himself what will be the lowest wages for which he will work for others. (Write "note" in Manual to left of the question)

A man buys peanuts. He roasts and packs them in sacks, and then goes out to the ball park, or other likely places, to sell them. He makes, say, $5 a day. Is he likely to work for another, all else being the same, for less? In his bargaining he might have good reasons for wanting more. Wages are determined by the choice one has of working for others or for ones self.

Q. 21. Where rent arises, what determines wages? (Write "note" to left of question)

Where land is owned and rent arises, we know, by our development of the Law of Rent, that wages are fixed, basically, by marginal opportunity. The following illustration might be used for a quickie on the blackboard; it offers the learning power of repetition - and visualization.

Productivity of Land		Distribution		
		Wages	Interest	Rent-of-land
Marginal Land:	10 bushels per acre	9	1	0
Better land	12 " " "	9	1	2
" "	14 " " "	9	1	4
" "	16 " " "	9	1	6

— O V E R —

Q.22. What is the Law of Wages? (Write "note" to left of the question.)

Comment: Students must have a working concept of the Margin of Production. Marginal land is an area of land, not laid off by straight lines. An area of poor land might be in the middle of an area of fertile land. Marginal land is "break even" land - land on which a bare living can be made, wherever it is.

Repeat that Henry George set out to find the law of Wages. The Law of Rent had long been known. Bring out clearly that while George's name is associated with land reform and the law of Rent, his primary object was a concern with Wages; and he could not solve the Wages question without relating it to the Land Question.

Q. 24. If better natural opportunities are reduced to ownership, what may happen to wages? (Write "notes" to left of Q. 24)

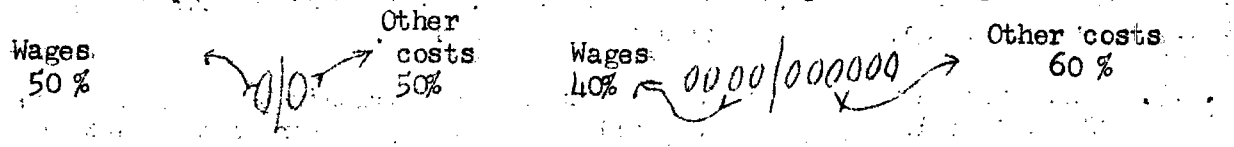
Recall the illustration of how discovery of gold on the beach at Nome, Alaska affected wages. This illustration might also be used: "Suppose a body of land about like the State of California arose out of the ocean bed a few miles off the coast. What would happen? Would wages rise or fall? Would RENT of-land be higher or lower in the State of California? Could hirers of labor in California retain their labor force? How? What natural phenomenon determines basic opportunity? and wages? (The Margin of Production)

(After question 25)

Q. 25. Is the Law of Wages a law of quantity or a law of proportion? (Mark Manual.

(Note: It is important that students visualize and understand the difference between wages as a quantity and as a proportion. Primarily, economic science is concerned with wages as a proportion. But many writers, trying to prove wages have advanced, give facts or statistics based on an increased quanity received by each working man per hour or day. The following illustration will point out the difference - quantity vs proportion.

A shoe cobbler makes a pair of shoes a week. One shoe is considered wages, the other as paying for other costs. A number of shoe cobblers get-to-gether and organize a factory-shoe-production system. Now they average 5 pair of shoes per worker per week. Four shoes are taken as wages; six shoes (of the five pair) pay for other costs. Note that four shoes are more than one shoe, so wages, as a quantity, has increased from one to four. But one shoe is 50% of a single pair, the former days production; and four shoes are only 40 per cent of five pair. In proportion to total production wages has dropped. Wages dropped from 50 to 40 per cent. Illustrate this on the board as follows:



Q. 28. Do the laws of Rent, of Wages, and of Interest account for the full division of the product?

After question is answered work out the following:

Correlation of the Laws of Wages, Interest and Rent.

After developing the Laws of Rent, Wages and Interest, it may be well to remark that, so far as we know, it was at this point that Henry George made one of his great contributions to economic knowledge and understanding. The Law of Rent was stated as we use it by writers before George wrote. But he saw the "Law" in the growth of San Francisco which took place between 1858 (arrival date) and 1879 when he completed Progress and Poverty. Henry George saw that if the Law of

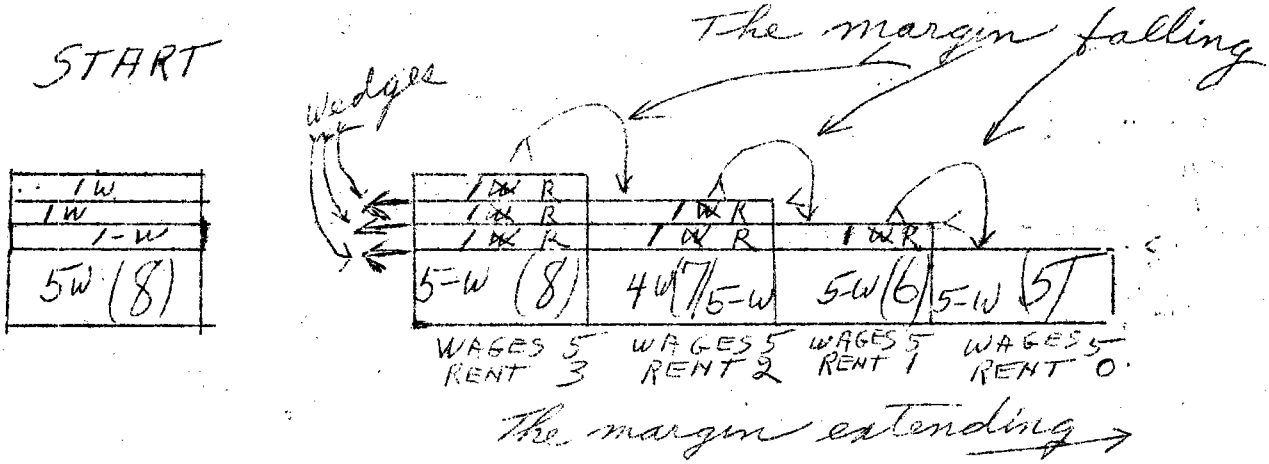
--MORE--

Rent was related to the Margin of Production, the Laws of Wages and Interest were also related to the Margin. He gave formal statements which showed this relationship in Progress and Poverty. (See the Book Mark on Laws of Distribution). This is another significant difference between the presentation of basic economic science in the Henry George School and most college or textbooks presentations. Usually the Law of Rent is demonstrated in college courses; they do not bring out its real significance for mankind; they do not present, as complementary laws, the Laws of Wages and Interest.

A Visual Illustration of This Principle (Practice its presentation)

Say: As population increases and progress takes place, the need for additional land establishes a new marginal level of production. Here the same labor and capital produces less wealth. We describe this movement of the margin in two ways; we say that "the margin is extending" ; or we say "The margin is dropping". Both have the same economic meaning, since as the margin extends it includes less productive land which will return less products for the same application of labor and capital.

Reproduce the basic 8,7,6,5 charts as developed in Lesson III. Develop the correlation above this. Build one section at a time - first the 8 section, then 7,6,5, etc. As you develop the chart explain it again - with an "as we have said before" attitude. The completed illustration will look like this.



As the margin is pushed out (or drops) from 8-land to 7-land, production drops from 8 to 7. (Draw curved arrow from top of 8-land to 7-land) So long as 7-land can be had free of Rent all 7 units produced will go to wages. But the amount of wages at the marginal land - 7 - sets the basic level of wages on 8-land. Say it is as though competition for land-use has driven a wedge (seewedges) along the top level of 7-land production, across the 8-land, dividing production on 8-land into 7-units below the wedge-line as wages (1 W,1 W,etc) and one unit above as Rent (1 R).

Population grows and 7-land is brought into use - all 8 and 7-land now being occupied. As you speak of the Margin of Production being extended (dropped) draw a second curved arrow from the top of 7-land to the top of 6-land. Now it is as tho competition for the use of land has driven a wedge across the top level of 6-land horizontally across 7-land and 8-land. All above this 6-level wedge line is now Rent; all units below the line remain wages.

Notice the 8-land has 8 1-w's, indicating 8 units of production . When only 8-land is being used the 1-W indicates wages - all eight units are wages. As soon as 7-land is settled, and the first wedge is drawn, cancel (draw a line thru) the W indicating Wages and to the right of the W draw an R, indicating Rent.

—O V E R —

This pictured change is continued until 5-land is brought into use as marginal land. By this time 3-W's will be marked out on 8-land, all replaced with R's; 2-W's will be so treated on 7-land, 1-W on 6-land, as shown in the full development of theillustration above.

Say: "Look at the chart again. See the "excess" of production. See how the excess increases as the Margin is pushed out, or drops. The excess of production for the same application of labor and capital becomes Rent. Observe, as more people move over the land seeking opportunity, as competition for land use becomes more and more intense, the margin is pushed out - lowered, and rent arises on all land more productive than marginal - or, no-rent land. So now we can say:

RENT rises as the Margin falls.

Because of the natural forces of competition for land use, wages are set at the same basic level across the land area previously settled. (Note: Special skills or harder work can raise wages of individuals above the basic level) There is a tendency for wages to seek a common level as it is for water, free to flow, to seek a common level. The measure of the wage level on all land in use is the wage attainable on marginal land. Now read the Law of Wages. (Have students follow on Book-Mark).

So we can now say. As the Margin of Production falls Wages will fall. Point out that wages moves in the same direction - with the margin - as the Margin moves, going up as the margin rises, going down as the margin falls. Remind them that Interest moves in the same direction as Wages.

So the basic or bottom factor of how wealth is distributed - of Distributive Justice is the location of the Margin of Production -the margin of opportunity open to people to work and produce where they give up no produce as RENT. Population growth and progress tends to extend or lower the Margin - and lowers Wages. Tell the students the importance of this part of our study will be seen later.

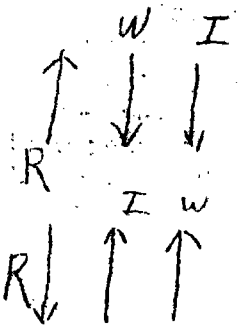
Pointing to the correlation chart you might say: This is a picturazation of the three Laws of Distribution as they operate with the rising or falling of the Margin of Production. These laws are all on your Book-Mark and tha they must be seer clearly and understood. They are quite simple, and once understood will not be forgotten. The correlation is complete. The Distribution of Wealth is fully accounted for by these three laws - The Law of Rent, The Law of Wages, and the Law of Interest.

(Mr. Tideman offered this comment: Production requires Land plus Labor plus Capital. Produce equals Rent, plus Wages, plus Interest. Wages are regulated by what men can earn working for themselves. What men can earn working for themselves is regulated by the best free opportunity open to them - the margin of production. Then: Wages plus Interest equals Produce minus RENT.

Why do Labor and Capital (owners) fight? Owner of two dogs eats most of the meat off the bone, tosses bone, to the dogs. Owners of the earth take in Rent all they can. Capital and labor fight for what is left and seem not to know that it is what is "left" that they are fighting for.

End of Notes for Lesson IV.

P.S. This illustration has value; Draw an arrow pointing up - calling this RENT: Draw two other arrows pointing down - calling these Wages and Interest. Then, reverse the drawings. Make an arrow pointing down as Rent, and two pointing up as Wages and Interest. Suggesting something in the future - suggest that from all this it seems, to raise wages, we must do something about RENT, doesn't it? We will see, etc. (No discussion)



We should be careful not to use our classroom as a pla to air personal opinions on matters of religion, politics, health and even economic problems. When we do we should make it clear it is a personal opinion. In a sense we have a 'captive' audience, which won't remain with us long if we abuse it.

In the best sense we seek to solve, by our understanding of economic science and its natural laws and factors, and by its development with our students, such problems as fall within its particular area that have to do with the nature of wealth, and its production and distribution. We seek to understand action and reaction, or cause and effect patterns, and to develop the power to predict what result will follow a certain cause or action so as to solve economic (and social) problems. We try to help students learn what can be done to secure a desired result, or to explain why an observed 'result' is experienced. The more we hue to such lines the more effective will we become as leaders and the more respect for our objectivity and fairness our students will have for us. We should avoid personal arguments on any subject at all times. We are not and do not want to be considered 'authorities'. We should remember we lack much knowledge others may have of what is taught in Colleges today. Our main object is to be good leaders of what is taught in Progress & Poverty -- not necessarily in having accepted all that George presents as truth. If we cannot 'witness' it as truth from our own experience or from the experience of the group - which may convince others - let it pass.

CONFERENCE before Question 1.

Our lesson today concerns the "Effect of Material Progress" upon the production and distribution of wealth. The object of this conference is to briefly bring out what students conceive to be progress - material progress. We might say: Some people are said to be progressive. How do progressive people differ from non-progressive people? (Students may use ideas from the current lesson, which is alright).

Ask: Do you think more such progress as we have had in the past can solve today's economic problems? (Mention, or better, have them mention some of today's problems. Ask: Would more inventions of the kind which help us produce more with less labor solve our problems? (Get a committment).

Q. 1. Name the changes which contribute to material progress. Note especially that George reduces the three items, to two, really: increase of population and Progress, in all ways, of the population.

Conference before Questions 2-5.

Note: When George wrote P & P population was 60 million; now it is over 180 million.

Ask: What is the population of St. Louis today (About 850,000. What was it 100 years ago? In 1850 St. Louis had 77,860 people. Is populatiom increasing in this area today? What of U.S. A? The world?

Q.5. Can increasing populatiom raise rent as a quantity without reducing wages and interest? (Check the questiom in your Manual. If the words "as a quantity" are omitted, insert them as in our statement of this question above)

Pittsburgh, Pa., is a good example of "bringing out" of special capabilites of land. First fishing and hunting stage; then the farm stage and growth of a village. Under top-soil coal, oil, gas were found. Iron ore was also found in the area. As the community grew all this was to be important. Two rivers supplied transportation and made railroad routes available. City commercial, industrial and finance areas developed. Rent-of-land rises without lowering or extending the margin. Rent can rise without depressing wages and interest as a quantity. ---O V E R ---

After Q. 5 you might ask: "If we take the most concentrated areas of population such as Chicago, Los Angeles, how much of our total land area would be taken for making a living and housing for 50% of our people?
Say: An Associated Press dispatch from Washington, D. C., Oct. 8, 1952, said "46 % in U. S. Live on Half of One % of Land."

We may be able to get the 1960 Census figures, but those of 1950 will illustrate the principle. The Census Bureau report said that in April 1950: Almost 39,000,000 people - a quarter of the population - lived in 12 big urban agglomerations of 1,000,000 people or more.". . "Some 69,250,000 people lived in 157 "urbanized areas." The 12 urban areas with over 1,000,000 people each and their populations were: New York-northeastern New Jersey, 12,296,117; Chicago, 4,920,816; Los Angeles, 3,996,496; Philadelphia, 2,922,470; Detroit, 2,659,398; Boston, 2,233,448; San Francisco - Oakland, 2,022,078; Pittsburgh, 1,532,953; St. Louis, 1,400,000 ; Cleveland, 1,383,599; Washington, D. C., 1,287,333, and Baltimore, 1,161,852."

What do these population figures mean so far as the use and value of land is concerned?(Point out the relation to concentrated or high land values)
(If time..read The Story of the Savannah": maybe end of session?)
CONFERENCE before Q. 7.
Use this conference period to develop the idea of progress by reason of Improvements in the arts of production and exchange.
Is man's desire for wealth limited?
Develop how individuals and families consumemore as wages rise-- how desire expands on many fronts.... desire as a quantity, as to variety and as to quality - better things.

Ask: Is unemployment natural to our system so far as its basic principles are concerned? Or, unnatural? Ask: Has unemployment ever been due to a a lack of land space or resources?
Ask: In fact, isn't it a common criticism when we have unemployment to point out our unused factories, land and resources? If unemployment is not due to failure of man to want more or in nature, must it not be due to something man does - to some arrangement of man?
Suppose a labor-saving invention reduces the number of men working in a factory. Man's wants being unlimited and there being plenty of space and resources, why aren't they reemployed at once in other productions? How can adjustment to such unemployment take place? (Ask students)
Suggest there are two avenues of adjustment: 1. Natural. 2. Artificial.
Ask: What are natural? Reemployment in making more old products and services; or in more new products and services.
What are the artificial adjustments? (Planned aid - have government make work - aid depressed areas, give unemployment benefits.. force people to retire earlier..etc.(Ask students to name more)
Which system is emphasized today?
(A further adjustment can be shorter hours. Many will seek 4-day, maybe 3-day a week jobs. Many will retire early - on an acre of land). There will be more leisureand leisure often is an economic demand for goods and services...vacation goods - books..do-it-yourself-gadgets, fishing travel--all a demand for labor. Is there any end to it?
What is an essential element to re-employment? Access to land.
Does this mean all must "go back to the land?" (No. Only a few. If one man works and removes a tree from the forest, a ton of ore from the earth, are not many needed in hauling, making, wholesaling, retailing, etc., until the product reaches the consumer?)

--M O R E --

What do we mean by "Back to the land"? . . .after answers ask: Have we ever been away from the land? (economic science meaning?) Don't we merely shift our positions on the land--from Detroit making auto's to Arkansas making railroad ties? etc. Since man, as man, never leaves the land, actually he can never go back to it. He has not been away from it.

INVENTIONS! What do they do? Do they save labor? Do they cause a demand for more or less land space? (Some naynot, but on the whole we might say most do - and the ultimate effect is a demand for land). Do inventions increase the use of iron, steel, oil, lumber, cotton, etc. per person?

Ask: How much iron per person do we use now compared to what we used per person, say - 50 years ago? Increased, hasn't it? (Note: The 50 year story of U. S. Steel Corp. said: When the steel age began 1.2 pounds of steel were produced per person. By 1900 the figures had risen to 300 pounds per person. In 1950 it (the steel industry) produced 1,276 pounds for every man, woman and child in America." (Is this not a demand for land and land space?)

So have the use of all minerals tended to increase and all natural resources are, in this respect, matters of importance - a demand for land.

Ask: What of airconditioning? Is "air conditioning" a new industry or did it merely replace some other industry--an older one? What materials are needed to produce air conditioning? (Iron, copper, oil, housing, etc).

If you, Mrs. Al__ had land with copper ore in it - not rich enough or now well-located for the market, what might this new industry and demand for ore-bearing land do for you? Might it not give LAND RENT (royalty) to You? Is a demand for airconditioning a demand for land, Miss Y?

Do people, merely as title holders of land, do anything to cause this demand?

(Some patents: --labor saving devices: Spinning Jenny - 1767; Cotton gin-1793; Steamboat - 1793; Telegraph - 1832; Reaper - 1833; Rubber vulcanized-1839; Sewing Machine - 1843; Steel - 1857; Dynamite - 1885; Typewriter -1868; Telephone - 1876; Incandescent lamp - 1878; Linotype - 1885; Automobile - 1892; Airplane - 1903; Nylon - 1930; Synthetic rubber - 1930; Release of atomic energy - 1945. (Emphasize that while such inventions should have helped us solve our economic and social problems they have not - nor is it likely more of the same type will. Why they do not is what we want to know now...and carry on).

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CONFERENCE - before Q. 14

Remember we work to secure acceptance thru understanding - the acceptance of important items coming later. Bring out that man has been conditioned to try to make money out of land; it is just as open to men to do this as to make money by its use - to grow potatoes. Ask: Won't men act like human beings? Wouldn't you tend to do the same thing? Forecasting the growing need for land for expansion of business and homes, for community needs, speculators buy in the way. Ask: Is it the intention of land speculators to make it easier or harder for industry and men who want homes to get land for such use? In view of future discussions try to hold development to a simple answer if you can. The idea is to plant ideas. Point out we will develop this further in future lessons. ---

By the way, Mr. Smith - what is meant by speculation in land? (It means holding land for a higher price - to resell at a profit.

Do real land speculators intend to use the land he holds? (Most often not - although they might.)

Ask: Do you know people who have been mere speculators?

Are owners of land always willing or able to use land held for speculation? ...Ask have you ever heard the term "land poor?" (What does it mean? (It is where the landholder has so much land that paying taxes and interest is a great burden - often his family suffers a lack of necessities. While rich by repute - he lives poorly.)

—C V E R —

Q. 16 - Recall charts..

Q. 17. Is all land in any city fully utilized?

Some years ago the City Planning Commission reported that about 20% of St. Louis City land was held idle. This has been reduced in the meanwhile but there is much vacant land remaining. But slum land and other land needs to be greatly improved.

Ask: Do you know what a "taxpayer" property is? Point out tha we often see one story buildings, hamburgher stands, gasoline stations, etc. These are mostly used to collect rent-of-land for taxes while waiting for land values to increase.

The St. Louis Post Dispatch of June 29, 1961, carried a story of 9.75 acres of land near the Chain of Rocks Bridge being ploughed for the last time. This tract had been subject to serious flooding but a wall, part of a $130,000,000 river flood control project, had stopped this. Now the land was valued at $424,710 - or $43,560 an acre. On the assessment rolls it was carried at $2700 an acre - total $27,000.

In 1946 some 21 per cent of Chicago's land was held idle.

CONFERENCE Before Q. 22 have a Conference...

Q. 22. What is the difference between the effects of speculation in commodities and speculation in land.? (This is important..help all see the difference....

Develop the meaning of the word "speculation". Websters Collegiate Dictionary says: speculate; 1. Now Rare. To contemplate; see mentally.

2. To ponder a subject in its different aspects, and relations; mediate; esp., to theorize from conjectures without sufficient evidence.

3. (The Economic Meaning) To enter into a transaction or venture the profits of which are subject to chance; specif., to buy or sell with the expectation of profiting by fluctuations in price."

Do all adults tend to speculate? Do we anticipate price changes - or look forward to a better time to buy? Do we buy something sooner if we think its price is going up; or delay if we think we can buy it for less if we wait? (Are such ventures of our every day life speculation?

If there is a prospect for a wheat shortage in our country what will millers, merchants, bakers, restaurant owners and housewives tend to do? What will happen to price?

Will the point of highest price be reached at the time the shortage is actually felt the most - or sooner, if speculation takes place? (Sooner, giving time to adjust to change). With speculation are the total price changes made more extreme or modified?

What effect will high prices have on the use of the product? Will the high price cause people to use more or less of it? Will it cause the use of more or less substitutes, if such are available? Will some people do without the product? If prices are higher will more or less be grown? More or less imported?

How, then, does speculation in commodities help steady the supply-demand situation?

!!!!((((()))))!!!!

Students must see the difference - clearly - between speculation in land and speculation in commodities and productions of man. For example, speculators for a rise in the price of wheat will buy wheat and store it - withhold it from the market. Competition for wheat will operate under conditions of greater scarcity; millers and bakers who must produce flour and bread today, force prices up. Higher prices bring "corrective" forces into operation. One action will bring more production of wheat because of the incentives of higher price.

--M O R E **

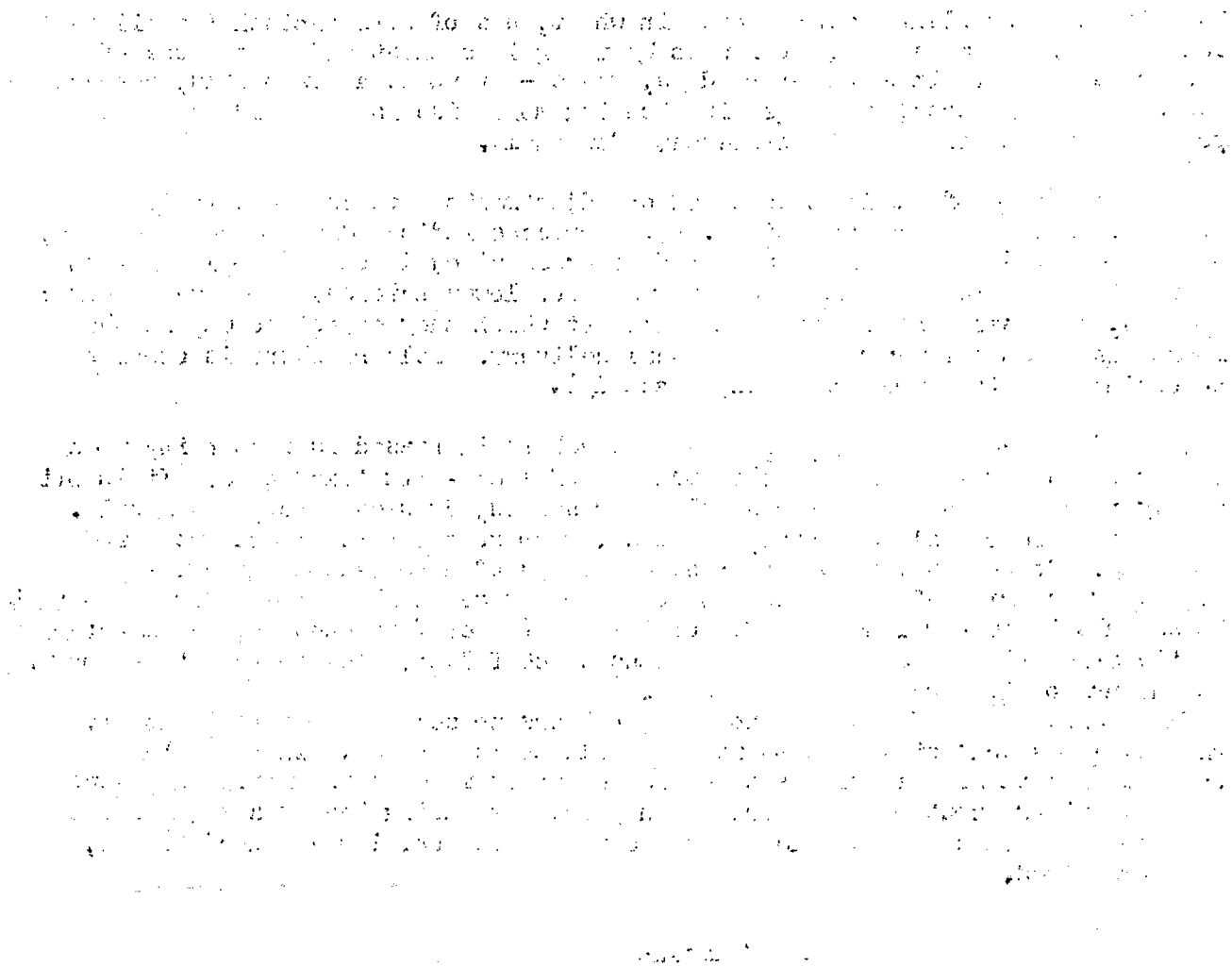
This is done by planting more acres in wheat, use of more capital (fertilizer) and by importing wheat; the other is by using less wheat and by the use of more substitutes. In a matter of days, weeks – at most, a few months, correction takes place. (In cases of large size housing more time is required to set up points of adjustments and to compensate for them).

This principle of MARKET CORRECTION or adjustments takes place in like manner in all man-made productions. (The process indicated above reverses itself where the supply of wheat (or any product or service) is caused – later – to exceed demand; when speculators then work for lower prices). They sell short; that is, they sell wheat they do not own but which they expect to buy in the market later at a lower price for actual delivery. Selling short is opposite to buying long (storing andholding a supply).

Is land increased as a quantity, as wheat is increased as a quantity when the price is high? Emphasize the quantity of land – its fixed area. It is not supply in the sense wheat is a supply – or shirts, dresses, etc., are supply. We do get more bushels of wheat, don't we, when speculators and buyers force price up? Do we get more acres or square miles of land because speculators hold land out of use? Do we import more land as we do wheat when prices are high? Do we substitute for land as we do for wheat? (Note: This question is important to the discussion of business depressions which follow) (We do tend to economize on the use of land with higher prices).

High prices of land might induce some holders to sell but others might buy who believe speculation has not run its full course as yet. In fact the chances seem to be that with speculators keener to make their profits and land users cautious about paying overly high prices or making leases at high rents more and more land may be held in some speculative position – unused at all, or poorly used.

End of Lesson V Notes.



To study the Industrial Depression...to inquire into the effectivness of proposed remedies.

Remind class that material progress consists of growth in population and its progress...

1.2. 3. What is the effect of land speculation on: (a) the margin of production; (b) rent; (c) wages and interest?

(Reproduce a section of the rent demonstration chart on the blackboard. (8, 7,6,5) Demonstrate quickly, as a review, how speculative, checker-board use of land quickly forces the margin to -5- land, reducing wages, increasing rent. Then demonstrate how with orderly use of land, each settler taking an area he can really work, how the margin might be 2-land, with the same number of actual settlers. Production, with efficient use of 8 and 7 land, would equal what is produced on all land used plus that held in speculation. Land held by 1000 people, without speculation, might be used and owned by 10 or 15,000 people - and as owners, not tenants.

Repeat the idea: Wages rise and fall as the margin rises and falls; Rent moves in the oppsite direction to the margin.

Mr. Tideman(Chicago) said: "Why is the answer in the Manual true? 1. Because land speculation presses the Margin of Cultivation so very much farther out. ". Because even rent yielding lands become so far separated. We raise wheat in Montana and in Western Nebraska which must be transported at great cost over long distances. No sense to it."

Q. 4. With increasing land speculation, what is the effect on production?

(Point out that expanding production demands access to more land. Ask: Do speculators in land make it easier or harder to get land for use? Is this land speculation not akin to a blockade? ((The song goes: "Don't fence me in".; should it not read: "Don't fence me out"?

Q. 5: How does a stoppage of production at one point affect other points of production?

Picture concerns like International Shoe Company and Curlee Clothing Company, all of whom sell in all markets of the U.S., and in many foreign countries. Do such concerns keep informed about crop and other economic conditions everywhere? Suppose a drouth or the boll-weavil wipes out the cotton crop in Mississippi. Will these concerns ask their salesmen to sell all they can in Mississippi? Or as little as possible? Will they have their factories produce the same amount of goods anyway? Suppose a frost kills off California citrus fruits?

These are accidental situations, sometimes called "Acts of God". Almost all producers can adjust quickly to bad production news. Farmers can adjust less quickly, but they know how to average out - and do adjust in time.

(Note: To build future discussion, ask: "Suppose, by reason of heavy taxes and excited land speculation, or some governmental repression of production, some kinds of wealth produced are limited. Is not the economic effect on the employment of labor and capital the same as if boll-weavil, drouths and freezes had occured? Are not potential exchanges reduced? (Do not get involved in taxes and land speculation here.)

CONFERENCE BEFORE Q. 6.

Ask: What is the approximate normal body temperature? (About 98 degrees) If we get malaria what happens to body temperature? Ask - is this a normal reaction of the body to malaria infections? (Yes - they naturally follow a cause imposed on the body from the outside (or bad water taken internally? Ask: Are boom and bust periods NORMAL; or do they follow something does to the economy? See next development.....

--Over--

Ask: What is our population today? (About 180,000,000). What is the annual change due to births and deaths? Are these changes very much as a percentage over, say, five year periods? Does our population change rapidly in these "boom and bust" periods? Does it change because of "boom and bust" periods?

How many of our 180,000,000 people want breakfast every morning, lunch and dinner every day? Would you say that the people's need for food day by day, year by year is naturally steady - or does it follow a boom and bust pattern?

All things considered, how should our demand for NEW housing vary from year to year? Is it compulsory that we build like mad for four or five years, and then have practically no building at all for a few years? Or should the new gradually replace the old and add new units as population increases, or buildings need to be replaced?

What about need for clothing - spring, summer, fall and winter? Are not the basis of our wants for clothing such as to assure fairly steady production?

On the whole, are "Boom and Bust" inevitable to our economy? (Don't discuss the matter. Leave that for the lesson material.)

You might comment along this line: "Of course the reason we have recuring depressions is that we do nothing to prevent the boom that causes them. Most economists and politicians seem to prefer laws which create devices to to counter-balance the effects of entrenched and underlying causes of these situations, just as some doctors might prefer ice-packs to treat a fever and warm blankets and hot-water bottles to treat a chill, but never act to remove the cause of fever and chills.

What happens to people in boom and bust periods? What happens to their savings?

What happens to people who have money or who have purchased incomes which are to be paid back in a certain number of dollars - bonds, mortgages, preferred stocks, bank savings, insurance and the like - when prices go up in a boom period? What happens to investments made in a boom period and a depression occurs and prices fall - investments in land and in common stocks? The conditions change fairly fast, don't they?

Ask: Do all know how to protect themselves financially? Do some few get very rich in a few years? Did Boom and Bust give them their opportunity? Was this wealth produced by the new owners - or merely transferred to them? What would be the difference if, somehow or another, the environment of business was stable, not boom and bust? (Build on this idea: Needs are fairly steady; why must the economy be so unsteady?

Note: Suppose during a period when production increased so that existing wealth was 10% over what it was at the beginning of the period, but prices of all existing wealth were 100% higher - had doubled? What would happen to the money supply with things as they are? What would be the relation of debtors and creditors? How would those who were to be paid back in dollars of fixed amounts compared to those who held land and other real property and the common stocks which represented this type of tangible property? The relation of existing wealth and land, increasing or decreasing trends in production, and prices of things in money is very important.)

(An extra question from old manual) Use before Q. 10

In our modern economy are industrial communities independent or are they all inter-related through trade? (Emphasize the vast specialization that exists. Millions of markets are available; where two people meet a market is possible. A market exists for each item used in production - pins, trucks, factory buildings, ships and planes, raw materials, etc. How are these price-value relationships of all these items and each man's labor effort to be known? Which is more efficient in estimating values and in allocating wages, rent and interest--a free system, or a Government controlled system? Discuss markets, as an instrument of adjustment. (See later notes)

---M O R E --

In an unlimited market system how soon do business men and consumers know that prices are out of line? Who, in a free system, might sense it first? (Any buyer might) How soon would it take those who deal in the market to learn this? How soon would a chief of a government bureau learn it, and act on it? Do private business have to be concerned with costs? Do government bureaus?-- at least to the same extent?

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Q. 10. What is trade?

(Suggest, after discussion, since commodities are made by labor, is it not really an exchange of labor for labor? Of all contributing persons?

Q. 12. Where must all production begin?

(Ask: Must all unemployed go back to the land? Show how the producti on of one tree or ton of iron ore from the land must be worked up by many others before they are finished products and reach the consumer. (Point out man changes position on the land - but does not go back to the land. He is a "land animal" with a soul and capacity to think. (Ask: Suppose for some reason man could not take a tree or iron ore from the land:What would happen to employment? Suppose we made it difficult to do so?)

Q. 14. What three conditions will restore production after a period of depression?

(a)Ask: How do we know when the "speculative" advance in land is lost?

(b) What is the economic results of "increase in population" and "technological advances"? By promoting greater cooperation and efficiency a lower unit cost of wealth and services is achieved.) Also remind students that when the unemployed are seeking work those with jobs are more careful and work harder, thus lowering unit costs of production.

(c) Labor and capital forces just say "We are in a depression" and decide to gettogether and work. (What of Union resistence to lowering wages? Should wages be lowered to help get out of a depression?

(Must leaders of labor or business NATURALLY ACT WITH economic science principles? Or, are they - if they wish - a force apart to do what they like or can?)

Q. 16. Is the problem of depressions different from the general problem of poverty?

(You might point out that one may have a headache say once a week; then, for a period, one a day. "The every day headache is an intensification of a chronic condition of headaches. Poverty may be considered a chronic condition; depression is an intensification of poverty.)

(A supplement has been prepared for Lesson V - to be used, if used, following Q. 16 - and before discussing various remedies and later what George affirms is the true remedy. You may not have time to go into this during the lesson. Some may be used helpfully.)

Further Conference after 16, if it can be used. (Time element).

Refer back to previous conference period on effect of inventions. Ask if ideas which merely save labor or lower costs can solve our problems.

Ask: What is planning?" Is there any difference between the planning of an architect, an engineer, a chemist, good doctors, and people who are untrained in these fields? (Stress how such scientists work within the framework of science and natural laws). Do these trained, scientific people seek to improve our permanent wellbeing by merely becoming skilled in treating symptoms - by use of hyperdermic solutions, salves, better bandaging,etc; or do they seek out the underlying causes - ways to prevent the disease or to remove the cause?

Do planners in the social, economic and political field usually follow this method of planning? Are slums to be 'cured' by 'slum removal" programs of a few blocks at a time? Has there been an end - even a lessening of labor-capital fights as a result of our way of handling the situation? What of boom and bust,

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War and peace? If used, the scientific method will reveal the most basic causes of social problems. Would we not get basic results this way? Let's look at some proposed remedies for our problems and see if they are treatment of symptoms or of the more underlying causes.

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Q. 17. What effect would economy in government, and reduced taxes, have upon the general level of wages?

(To get the same amount of government service with less labor is like an invention that does that in industry; it frees men for other productions. Will this not result in a demand for more land in production? Will it not tend to lower the margin - and the basic wage level?

Q. 19. When a labor union raises wages in a specific industry, what is the effect on the general level of wages?

(Recall that the general level of wages is determined by the opportunity people have to work, for themselves or for others, and so, by the margin of production - the margin of opportunity. If a union, say in the coal or steel industry, succeeds in getting more money for their members, how can this raise the Margin of Production - the general level of wages? Is this a form of the well-known "trickle-down" theory where the argument is offered in defense of "the rich" that their spending, after all, will enrich the poor, giving them more work and more to spend. (The thing to watch is does the schemes prevent some taking out wealth which is not matched by equal values being put in - which is what we are now suffering from? Will this greater spending by coal miners enrich the spending power of the poor or make coal cost more?

Q. 20. Can the general level of wages be increased by a complete combination of all workmen?

Suppose all joined unions. Now what do we do? No power can resist our combined demand? But will these demands be just to all? What yardstick do we have which measures justice in wages? And, just whom do we strike against? And how long can we survive without production?

Such a force may well bring socialism of industry. There will be those who will say: See, there is no other way, etc. The problem of full scale production and just distribution of the product is still unsolved even with 100% unionization. (What if we established a condition of "equal rights to all and special privileges to none" and a truly free market place? Is there likely to be any better solution to distribution of wages, interest and RENT-of-land?

Do union leaders exert their undoubted organized pressures in a manner which indicates that they are aware of and understand the relation of wages to RENT-of-land? Are their efforts so directed to make adjustments in man's relation to the land as to permit wages to rise - or prices to drop in the markets - and for all men to benefit by rent of land - in fact making rent an addition and not a deduction from their earnings? It is possible that strong and sustained union pressure might force title holders to land to accept less than true rent or what they might get otherwise and this sum added as benefits to wages. But in view of the better method of collecting land rent and in real effect, adding it to wages, by free rent-paid-for public services, isn't the UNION METHOD like burning down the house to have roast pig?

Q. 21. Can cooperative enterprises raise the general level of wages?

Many people are enthusiastic about cooperatives as a solution of the wages and other economic problems. Picture for the students a most successful cooperative, say in Missouri. (Note: First, at the beginning, ask students to explain what cooperatives are; some different kinds - buying together - selling together, or doing both together, etc)

Twenty five years have passed since it was started. It is highly successful, and the world knows of it. In the meantime some farmers children have left the

---M O R E ---

farm to become artists, lawyers, business men, teachers, etc. The owners in some cases wish to retire to town life of which they have dreamed. They now want to sell or rent their land. What will be the selling or renting price? Will it be the same as it was 25 years ago before this successful cooperative venture was started? Will the title holder to land allow the benefits of the Cooperative - the patronage refunds (savings) and fine community atmosphere go to the new tenants? Or will the title holder be "businesslike" and take full advantage of those who must now compete in purchase price or rent for the use of land now so well serviced by this Cooperative venture? And will not those who must pay high rents or high land prices lose the cash-value of the cooperative to them as farmers? Does not the value of land (land rent) siphon off the benefits?

Q. 23. What is the effect of the Income Tax?

The paragraph pertaining might be read from Progress & Poverty-p 320. And this question might be brought up? Can the Income tax be passed on to others in any way and so recoveredby the payer?

In theory, the answer is no. It is not recovered in higher prices; it does nd, as an income tax, reduce supply directly, as other direct taxes on production tend to do. Working people who pay it have nothing they can sell to get the higher price to restore an equal amount to them; so they are out.

The income tqx is based on the past years operations. Business is competitive. If some business men tried to increase their price by the amount of the income tax others who paid less tax, or had no income to be taxed, wanting more business, would undersell them. Further new and lower cost processes might lower prices and prevent recovery. The one thing that could increase prices is that if enough people in the industry were discouraged by their reduction in personal income and had less incentive to produce. This would not recover the taxe paid as income taxes; it would put them out of business. Costs would go up - but this is not recovering the tax, since the price increase was due to less production-higher costs.

Q. 24. Can a more general distribution of land raise the general level of wages?

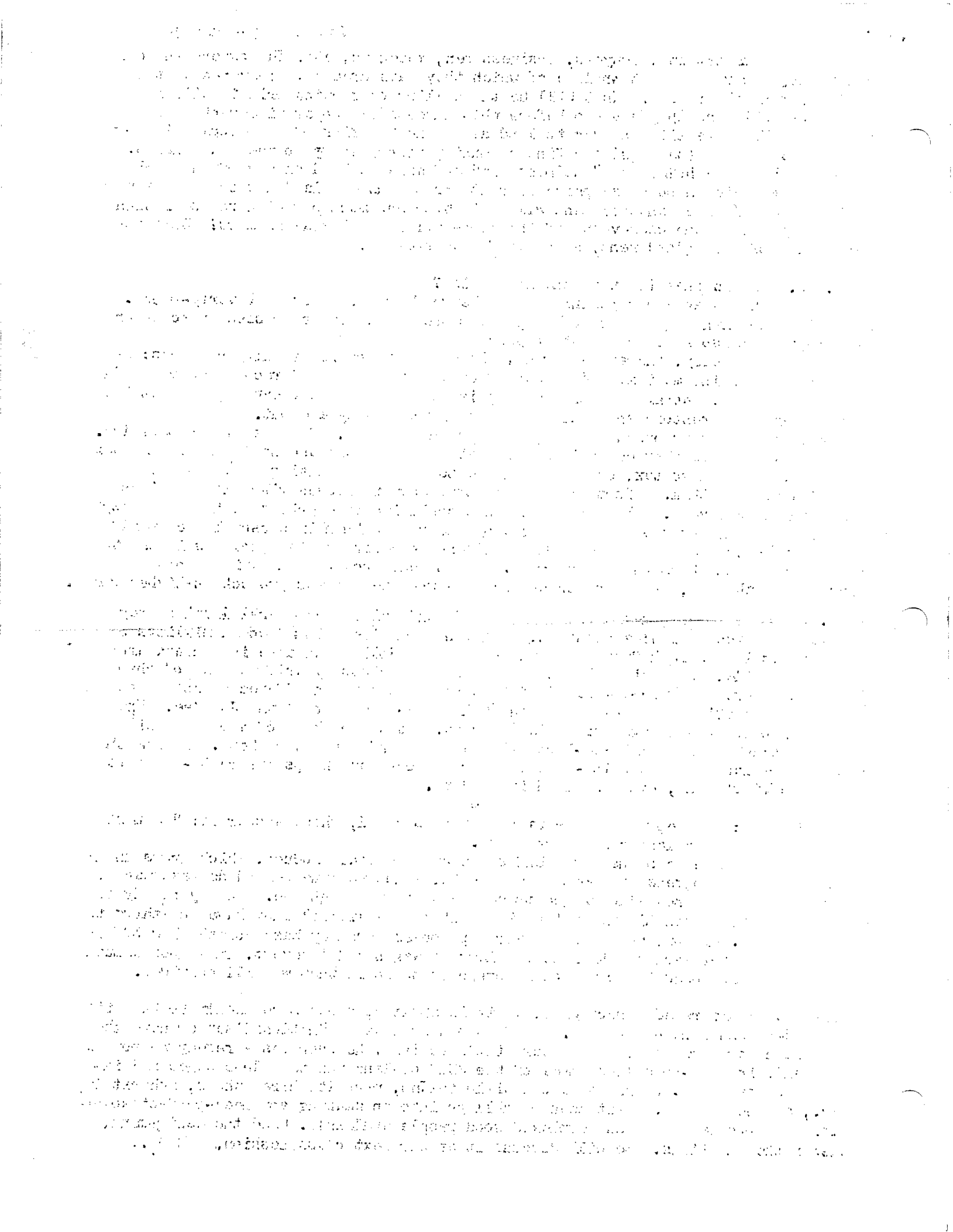
(Is division of land a solution? How can we divide up land worth millions of dollars as in New York City and land worth a few dollars an acre in Montana among all the people? And what of the changes necessary almost yearly because of changes in population? The "re-division" of land was the solution offered by Moses and the method was to divide up the land each 50th year - the Year of the Jubilee. In an agrarian or pastorial age this "plan" worked. But we now know of a Science of Economics; we know of RENT-of-land, its natu e - and the Law of Rent. We know the essence of land ownership is - who-so-ever collects and keeps the rent - or gets the benefit of Rent, owns the land in reality.

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CONFERENCE : To prepare for Question 1 of Lesson VII, whose answer is: "We must make land common property".

We have seen that the RENT share of the total product, which grows under conditions of progress and population growth, tends to squeeze and depress wages; certainly it does not allow wages to become what they might be. So any remedy to why "wages tend to a minimum which gives but a bare living" must have something to do with RENT. In our next lesson George proposes a remedy based on the Law of Rent and on its nature and relation to the Laws of Wages and Interest. It is not so much what George proposes to do as how he proposes to do it that we will consider.

George states a remedy which will, as it is applied, cause more people to have title to land-to own land - not less. He does not propose to "nationalize" or have the Government own the land, nor to take title to land. He proposes a remedy we now have partially in use -to collect more of the RENT of-land and take less Wages and interest by taxation. People will own title to land, work it, hire others, inherit it, etc., as they do now. Next week we will go into an amazing and near-perfect solution of a problem that has perplexed good people endlessly. Read the assignment; answer the questions. We will discuss it at our next class session. END..



TEACHERS TRAINING NOTES..Summer 1961 - Supplemental Material on the Industrial Depression

(Note: For reading by class leaders: for use if there is time following the discussion of Lesson VI. Prepared by Noah D. Alper, as a general outline.)

Cause of Business Depressions

Henry George said that in the search for the answer to the "problem of poverty" we would find the cause of business depressions.

(Let us keep in mind that our strongest position is that land speculation and its restriction of production, and our allowing individuals to collect and retain RENT-of-land, and the imposition of taxes which fall on wages and interest, rob men and women as individuals who live from production. Although the business cycle or depressions might be possible, even if George's main 'remedy' was applied, great gain in normal-type stability can be achieved. If some remedy is imposed which reduces the swings that make up the business cycle - boom and bust - we still would have to impose George's basic idea to increase general production with the same labor -capital effort and to attain economic justice. If we imposed George's remedy and stability resulted - without other "remedies" imposed - that would be good.

One thing is worth considering; that the free, market price economy is one of endless adjustments. In theory, it is economic science automation so far as control is concerned. Conditions that get-out-of-line, supposedly, are automatically corrected. If correction is not made and conditions of inflation (boom) build up to a point that some form of outside control must be imposed by the government treasury agency, the Federal Reserve System, or otherwise - we must assume that something in the economy, which may be subject to basic correction, caused this build-up to the point of thought-to-be danger, or real danger. Prevention is a form of action or cure as surely as is the imposition of a controlling action.

Many volumns have been written on the subject of depressions. Many writers account as the cause, the failure to regulate the amount of currency, or to over-saving. There seems to be little doubt that actions which increase currency (credit) will be stimulating, and those which restrict it, depressing. Sudden changes of the money supply can alter production. And so far as attributes of "boom and bust" are concerned we may so control them as to steady prices and production; we can learn, in a sense, to live with our more basic evils. The fact that actions can be imposed to change the volumn of money in no way proves conditions of more fundamental nature do not exist which seems to impose on the system a need for this to be done. That land speculation may play a part as a causal factor cannot and neednot be discounted. Let us see how this may be the case.

Are Depressions Inevitable In A Free Economy?

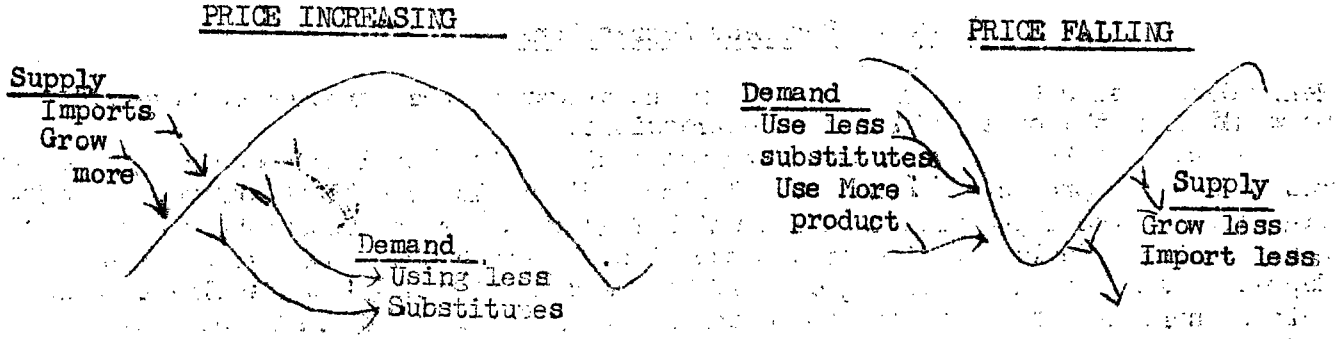
In an AP Dispatch, St. Louis Star-Times, Harold G. Moulton, economist, President of the Brookings Institution, is reported as saying (7/29/49): "He said depressions are inevitable from time to time, and government's can't prevent them, but he thinks government-industry-labor-agriculture co-operation can lessen their severity and shorten them."

The Georgist position is that depressions of the 'business cycle' type (not seasonal oscillations or moderate market variations) are not inevitable. They result purely from mal-adjustments caused by man himself. What man causes man can stop causing.

In a free economy how does price correction - considering facts of supply and demand - occur? On the board draw a line representing the price line of one commodity, say wheat. (It applies to any item produced by labor). As price increases picture the forces which actuate supply and demand; their actions and reactions. As the price of wheat goes up we: 1. grow more wheat and import more wheat. ... This is action on the supply side. On the Demand side,

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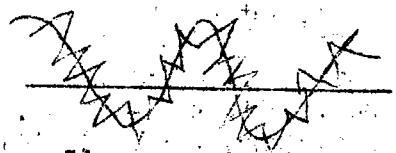
we l. Do with less wheat or without the item priced higher in the market, and we substitute rye, or other items for wheat or other items. The effect is a correction of the out-of-line high price and a turn-down is caused. (See illustrations)



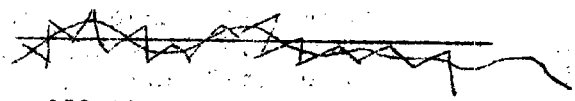
These are the corrective forces of natural-law - of competition (supply and demand) acting through market places. The action of each separate market for each commodity or service (for each price line thread) is to be so corrected as to maintain a stable level. Since the General Price Line (or level) is made up of many individual price lines, some tending up, some down - many remaining firm - this correction of price-line of the individual commodities (or services), as corrected naturally, sets the pattern for the GENERAL PRICE LINE. Why, then, these extream and erractic (boom and bust) price experiences of man?

(Also, note: Invention and increased efficiency should work to reduce prices, to give the General Price Line a downward and steady slant of slight reductions)

AS IT IS -- the Business cycle results



AS IT SHOULD BE--stability by market action correction, with price line tending downward with progress.



Note: Line crossing back and forth, with small oscillations, represents seasonal or moderate variation adjustments. (Try this comparison to explain: Compare the normal 24-hour action of ocean waves to the occasional TIDAL WAVE action due to the action of a fault slipping in the ocean bed. Man's normal actions would result in the daily smooth action of 24-hour changes in tides; man's wrong actions would build up the TIDAL WAVE type booms and the aftermath - depressions.

You might ask: How long could an increasing price curve of any commodity continue its upward trend in a free, competitive market situation? Would it not correct itself, in some cases, in a few weeks, in others a few months (a growing season in cases of farm products); and in some cases, a few years, as in housing, with modern means and good supply lines even this can be adjusted in a year or so. Could we have a boom period if corrective forces are free to work? (What would labor and capital owners do if high prices gave them an incentive? What do they do? Are they not eager-beavers to make money when they have an opportunity?)

Under what conditions are 'corrective' forces prevented from working and making adjustments? Can they work well in monopoly situatio ns? If prices tend to rise under a free system, what of imports - if not blocked by tariffs? If prices rose to a higher level and tariffs was not increased, imports would quickly become an adjustment force.

--M O R E --

How About Land?

If a price boom in land gets under-way how long does it take for it to run its course? Can a land boom be quickly corrected? Will we produce more land when land prices are high? Will weimport land? Point out that land lies under every situation, monopolistic or competitive; that only land speculation can cause a boom so far as basic economic factors are concerned. (A boom is not likely to happen if we have our land-tax economics on straight. Certainly it will be greatly modified under any condition)

LAND IS A MONOPOLY FACTOR. It is an element not increased or decreased in amount or area as price for use of land increases or decreases. In these cases we merely change price tickets on land. We issue more and bigger mortgages; we borrow more money on houses, stocks and bonds, insurance to buy more land or to buy stocks which represent land. This helps increase the circulating medium up to the limit of existing controls. (Capital is speculated in too--goods, machinery, etc., but under all is land, unchangeable as a quantity.)

Confidence Theory: A professor of Corporate Finance at Washington University, used the "confidence theory" to explain booms and depressions. With increasing confidence came the boom; with a loss of confidence, came the depression. But what caused confidence to build up into boom proportions was not developed; and what caused a loss of confidence, which brought on the depression, was not disclosed. Let us consider this.

After a year or two, or more of depression, or time necessary for the depression wringer to work (mortgages to be foreclosed,debts adjusted or liqudated) and the cost of production has gone lower - relatively, than current market prices at which goods and services would move,there are 'profits' - an excess of income over costs. This is NEWS in a depression period. If this continues the news spreads. Profit is the essence of confidence - especially well based forecasts of future profits. Soon the land speculators, too, are at work. People refuse to sell land when they feel there are prospects for future increases. At every point where business or economic activity might grow and expand, the land is fenced -in (ringed) with land speculators. The next depression is in the making.

In time the upward spiral reaches new boom-level heights. Some men of vision and experience, and understanding say this can't go on forever; can't last much longer. Chain store and individual business men refuse to make long term leases with title holders of land (and improvements) for locations. Factories stop expanding. Older farmers with long memories, say current land prices won't last; and crop prices won't support land at these high prices, and they and others begin to sell. In time business men cancel orders and put on sales, cutting prices - they seek to get out from under all possible commitments. Bankers press for paymentsof notes or for more security. Brokers demand more margin on loans. Selling starts and fear-selling develops. Speculators, sensing a killing, force more selling by selling short. This is the depression era of the Business cycle. (Costs now tend to exceed market prices. Losses are experienced instead of profits)

But mortgages and debts incurred when commodities sold at high prices, are not so easily liquidated as are high priced goods, stocks, etc. Bankruptcies occur - some to force a breaking of leases on land and buildings. The wringing-out process is now at work again. Banking and monitary systems are ruptured; the eternal squabble between debtors, as a mass and creditors, as a class, break out in a new rash of political propaganda and politics. Debtors want cheap money; creditors dear money; the one wants high prices, the other low prices. This is it. It is now a political issue. - O V E R *

What is the answer? Is it not to be found in the field of "prevention"? To stop the boom is to stop the depression. (Remember boom and bust are extreme swings; and that reduction of the wide swings is important even if not 'perfectly' accomplished; and that people generally get a fair break in natural adjusting controls where they may not in the case of artificial controls where a few may have inside information.) To prevent booms prevent land speculation -- prevent the 'ground swells' as they may be called; eliminate tariff privileges and make the patent laws so that, while inventive rewards are assured monopoly is modified. Further benefits would come from: a. untaxing production, and b. policing all monopoly situations more efficiently. Thenve could see where we are in the matter. Then, as it may seem necessary, final adjustments might be made via money supply control. (If money and credit control - practically the same thing, are imposed arbitrarily and harshly, boom and bust symptoms can be produced - it seems certain. But why would they be so handled, and by whom?)

Booms and Depressions are periods in which, over the years, wealth and power to colect wealth others produce (or produced) concentrate in the hands of fewer people. Poverty or nearness to poverty becomes the unhappy lot of millions of people. This condition explains the mass appeal - or rather the recent growth - of "share the wealth" plans and the siren call of the Welfare State. This situation explains why we have Townsend Plans, New Deals, Fair Deals, Social Credit, etc., thrown at us. It explains why we face action of determined groups called Socialists and Communists.

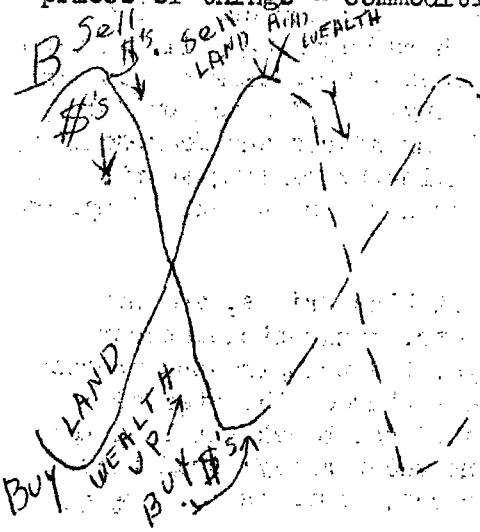
The Boom and Bus Get-Rich-Quick Art

In a free enterprise, price controlling, free, endless market economy, the individual has a choice between two general classes of investments or property. Which class is preferred is based on knowledge or lack of knowledge, fear or sense of venture, preference for the slow or the quick way of acquiring wealth or claims.

1. An individual can hold dollars or "paper" claims on dollars. In this type the person has direct control of dollars, or he holds investment paper which promises him dollars in the future. Insurance, pensions, social security, government and corporate bonds, notes and mortgages, preferred stocks, deposits in saving and commercial accounts in banks are of this type.

2. An individual can invest in land; or in tangible products of labor. He can hold wealth in the form of income improvements, stocks of goods, mining and oil equipment, etc; and he usually hold these things in the form of paper representations of ownership, particularly common stocks.

From the end of one depression period to the apex of the boom period that follows prices of things - commodities and land - go up. On the blackboard draw a price line "A" shown at the left.) This means dollars will buy less goods (or services) as prices advance. dollar value is going down; and those who hold investments in 'dollar paper' are losing-can claim less wealth,etc. Having financial power or ability to borrow this power from others, and a sense of telling when prices have approached their maximum(See X), sell, and sell SHORT -land, buildings, stocks, of goods - and common stocks; BUY paper which represents claims on dollars which are now selling at discount rates-and buy more on credit -margin. For as prices go down dollar value or claims on dollars go up.The opportunity is there-up or down; and one can legally and morally -by current ethics- get wealth others produced.



---M O R E ---

Basic Government-Federal Reserve Methods of Controlling Money and Credit Volumn

We should be familiar with methods by which Government and its Instruments, and the Federal Reserve System can control the level of money(and credit) so as to limit the boom or modify the depression - or, if skilfully handled, maintain price level stability. Dr. Harry Gunnison Brown, in talks to us in June of 1955, gave these methods.

1) The Federal Reserve banks may be ordered to buy on the open market when there is a deflationary situation. Buy buying Government bonds they give the bamks or others money - increasing money in circulation. When there is an inflationary situation they will sell bonds, thus drying up the money supply. As Dr. Brown put it: "Individuals who buy these government bonds, commercial drafts, etc., give up money or checking accounts and thus have less to spend for commodities and services. Furthermore, the checks with which they purchase the bonds and drafts, are subtracted from the reserves of their banks and their banks cannot, therefore, lend so much".

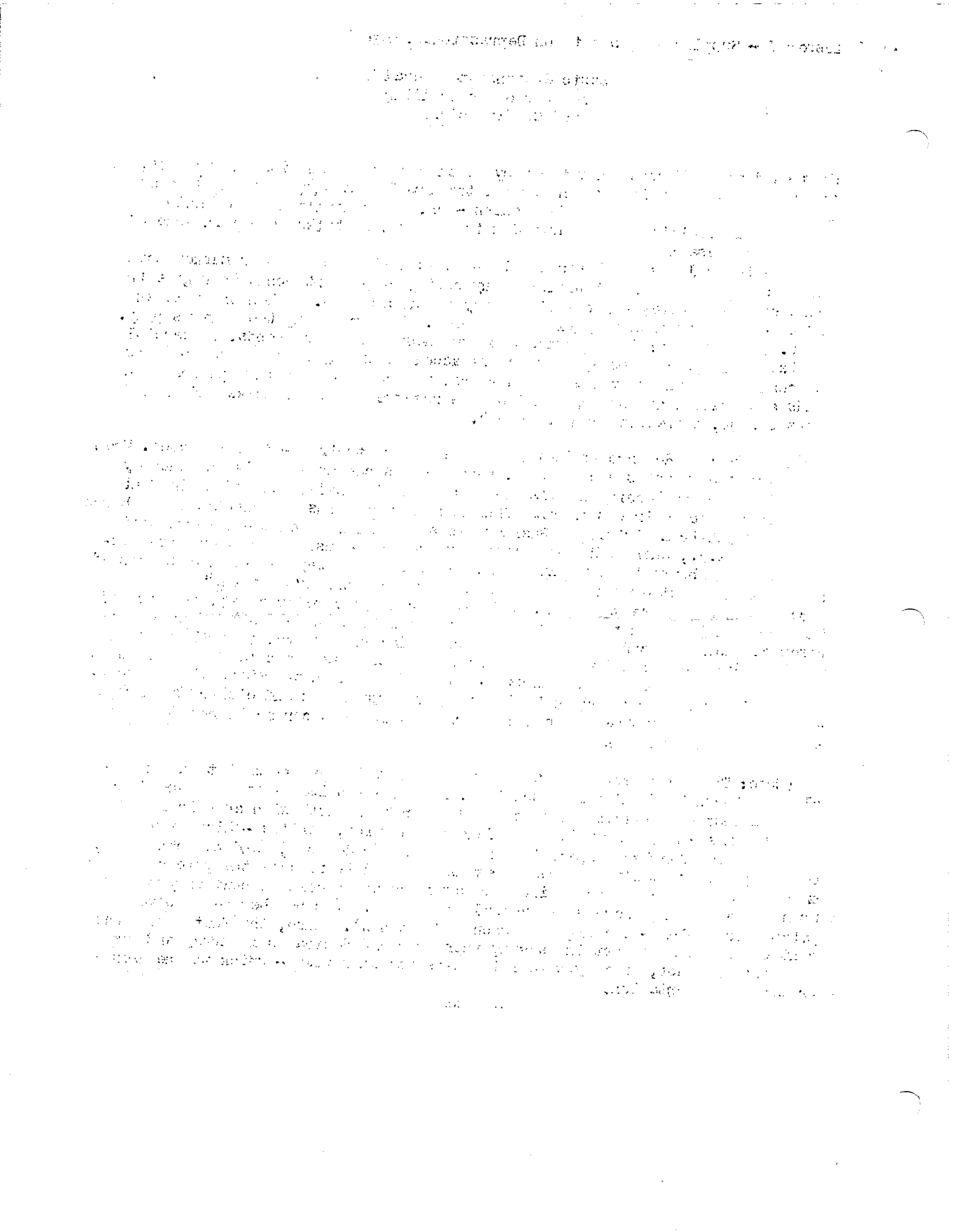
2) The Federal Reserve banks may lower or raise their re-discount rates. When these rediscount rates are lowered, member banks can more easily and cheaply get help from the Federal Reserve banks and can themselves afford to lend at lower rates to their customers. Thus business concerns are encouraged to borrow and expand their activities. Business is stimulated. When the reverse action is taken - i.e., when rediscount rates are raised - business concerns are discouraged from borrowing and expanding. In fact, they may be not only prevented from expanding but even feel obliged to decrease their production."

3) The Federal Reserve Board may lower or raise the reserve requirements of themember banks. When the member banks are permitted to keep a smaller per cent reserve, then they can lend more for each dollar of reserve, to businesses and individuals requesting loans. But if the situation is opposite and the reserve requirements are raised, then less is available to loan to potential borrowers. Many business concerns and individuals may request loans and either be charged a high rate or be refused, because now the amount that can be loaned for each dollar of reserve is less."

(Note: The above matter on the business cycle is far too much to undertake in class and would take far too much time. But it seems important that the forces of adjustments - natural controls - and their "conflict" with artificial obstructions - high price land and land speculation, tariffs -which prevent adjustment by foreign competition and supplies or demands, and patents which, by becoming more valuable in times of expansion tend to inflate the prices of stocks or business concerns, and so increase currency and credit without any/ or much corresponding increase in actual production. (Do not become involved in patent discussion - the right of wrong of patents). Also, the fact that money control does play a part in causing increases and decreases in money and credit.

If in doubt, or if you fear it takes too much time - stick to the text or manual presentation.

*** ***



Objects: —What actually is the Remedy?
Man's right to life.
Man's right to access to land and opportunity.
Property: What is the basis of property?
What can and what cannot be private property?
(What of Property that cannot be private property?
(To whom does such as this belong?
How can it be used privately and perpetually in justice?

(Much of what we refer to as "Conference Techniques" was previously covered under the term "discussion". But unless we are well disciplined in the spirit of "Discussion" or "Conference" much will be mere lecturing. (And, because of the time element, like it or not, we may have to do just that - put it over in lecture-type statements.) The term "Conference" seems more in line with the best discussion. If we keep CONFERENCE in mind - consulting - we may better "draw out" the knowledge from the individual to which the new ideas or principles, or perspective, may be associated. In this way we may secure firmer understanding and quicker acceptance of our principles.

!!!!!!!!!

Conference before Q. 1. Purpose? To bring out ideas of "justice" from the group. Basically, economic justice, the foundation of "social" justice. This is a 'guided' conference. Keep it limited and pointed to the 'end' objective.

Questions to bringout pertinent concepts for discussion of the JUSTICE of the Remedy.

Can there be justice in a country where the equal and natural opportunity to produce is interferred with? ..Where one cannot keep what he or she produces?

Is this a correct statement: "To the producer belongs the product?"

Is anything ever settled that is not settled right?

Do get rid of a wrong by merely changing its form?

Does justice demand of us that we try to correct wrongs in our economic and social environment?

(How long must a wrong custom exist in a country to earn a status never to be altered?

*** *** *** ! ! ! !!

Conference: Before Q. 2.

What is a title to land? What does it give its owner? Does anything in the 'title" indicate what the holders obligation to others or to society must be, or is? Does it say whether the title holder must pay anythingfor title possessi on? Does it say anything about taxes? How are the "taxes" the property owner, if any, should pay? (Politics: in our representative legislatures)

Q. 2: What is "common property in land"? (See supplement)

Also: Someone has said the real problem of "property" is to determine what is "Mine"—what is "thine" and what is ours. Ask students if they believe this to be a fair type of statement. (Discuss, briefly)

Conferemce before Q. 7. Do all individuals over 21 in our country know what property is? Do they have the same understanding of it? Is it important that they should? !!!How much of our "economic problems" arise from the question of 'property'? Cite courts—selling and buying contracts— question of true discriptions of property - international relations on property—etc. If people have different ideas of property..public and private..what can happen? - O V E R -

Do some people believe: What is mine is mine; and what is yours i. mine, too? State clearly and slowly: "Here is a house of bricks, stone, lumber, efc. and—Here is today's wages - in money or a paychheck. Pause..and repeat the statement. (Let it soak an instant or two). Many want to "Protect private property in houses from taxes?" Is there any more justice in this than in peeking to protect private property in Wages from taxes? (Do not most people pay for their houses out of "private property" in wages?) Don't linger on this too long/should questioning discussion, or any discussion, developes. Time factor)

(Add: Does idea of private property depend on value or principle?)

Which is older, Common property or private property in land?

Was there "private" ownership among primative people? What of Eskimo's? What of Indians in America when Columbus came? Did each Indian own land against all other Indians? (Tribes sometimes fought to control particular areas, I understand. NDA)

MOSES : What of Moses? Did he have economic problems? Was his a land or a capital problem? What were land conditions in Egypt before Exodus? What's the basic condition today? (Some land redistribution under Nassar - agrarian type , but basically much concentration of land as to value-urban and resource) What did Moses seek to prevent in the Promised Land? (The putting of field and field together under one ownership as in Egypt to make big estates in land). His 'solution' was in the idea of land redistribution - agrarian-type, not scientific, land reform. Each 50 years, the yesr of the Jubilee, the land was redivided to care for changed population, etc. All had equal rights to the earth. This was a device for achieving this. The tithe -the10% of the crops - want to the governing tribe - the Levites. This paid for all community expenses, including the Church as well. In a real sense this 10% was a land value tax - a tithe-tax.

The EnglishCommons:

(This can hardly be developed as a Conference-so just develop it, lecture wise).

During the Feudal period the King had prior right to all land and he represented all his people; so in a practical sense the land belonged to all. This is the basis of modern law which says land does belong to the people. Title rights or ownership was as follows, roughly; one third held by the Church, one third by Nobility and the remainder in "common" - The Common Land - by the people. The big estates performed service for the King; they recruited and trained fighting men, made war equipment in the manor shops, built roads and maintained them and provided education, etc. The Church gave spiritual service, educated, looked after the sick, etc., and thus served the King. The Commons were shared by the people. Each family had "rows" of land which could be used for pasture, growing, a cottage, etc. Those, on the Common land also had to serve the King.

Thus we see Nobility, Church and Commoner, received benefits in land and they had recognized obligations which they kept, and in this way paid rent for land title holding privileges.

Then King Henry VIII had a quarrel with the Pope who would not permit his divorcing his wives and he confiscated the Church lands. These were added to the holdings of the nobility. Then two events occured: 1. the industrial revolution was about to start; and 2. powder was being used in firearms, and the professional or standing army came into existence.

The use of steam power greatly increased production of cloth from wool or other fiber materials. Sheep raising becams highly profitable. It tood only a few men to 'shepherd' sheep, but much land for grazing. The aristocratic land holders being the law makers, judges and law administrators, too, begain to enclose the "Common" land; they added this land to their already great estates. From 1795 to 1832 over 5,000,000 acres of common land was enclosed. People dispossed from the Common lands and much of the former Church lands, went to town and city to get jobs. There their competition depressed wages. Unemployment and slums developed.

—M O R E —

Firearms required steam power and city production. Use of firearms changed war tactics, requiring specialists and long training in military matters. The city and town became the recruiting centers. A professional soldier class came into being.

With all these changes came a profitable opportunity for the titled land holders. They were freed of the expense of providing for Army and Navy. But these had to be paid for. How? well industry -- textiles and ship-building, etc., was going good. Why not tax products? All who lived, not from a grant of land but from their labor, from wages, could be made to keep up the military, roads, education, etc., and other public costs. So the greatest TAX SHIFT up to that time was engineered. The noble earthlords kept the privilege of holding land but rejected and avoided their former obligations to their King. Note: The process goes on to this day; and the United States has had, in the past fifty or more years, a great shift of taxes fromtitle holders of land to all who live from Wages and Capital. Congested population and slums arose in modern cities just as they didn old, aristocratic Europe and England. Like causes produce like results.

After Q. 9. Read quotations at bottom pf Page 52. Also—

Soverign: "The people, in their right of sovereignty, are deemed to possess the original and ultimate property in, and to all lands within the jurisdiction of the State." New York State Constitution - Art. 1, Sec. 10.

Francis Neilson, in his "In Quest of Justice" reminds us that: "All ancient communities were economic, not political. . By this I mean the land from which they drew their sustenance was held communally; private ownership of land was unknown. But as Sir Henry Maine and Mountstuart Elphinstone, who had studied the Indian system on the spot, point out to us; the land user held his separate piece of land for the production of what he required. The products were not distributed communally, and there were no features of Socialism in the system. This must be fixed in mind because. . for long, long centuries, both in the ancient empires and in countries of Christendom, this system was carried on."

Emile de Laveleye in his work on "Primative Property" says: "In all primative societies the soil was the joint property of the tribes and was subject to periodical distribution among all the families so that all might live by their labor as nature ordained. The comfort of each was thus proportioned to his energy and intelligence. No one, at any rate, was destitute of the means of subsistence, and inequality increasing from generation to generation was provided against."

Conference before Q. 11.

Does any generation of the past have more rights than the present? Can acts of the past bind the living people of today if change is desired now? Could we achieve 'justice' in the right of all to access to land - all land - and to life by the Moses plan - land redivision? Where would you want your land, a front inch at No. 1 Wall street, or a thousand acres of New Mexico waste land?

In 1066 Norman's conquered England - re-issued all land titles...(Conquest)

Illustrative story: An Irishman was walking down a farm lane. He came upon a young farmer who wasresting his horses at the end of the row. "Nice farm you have here", he said. How did you get it? " "From father," the farmer said. "And," said the Irishman, "how did he get it?" "From grandfather", was the answer. And, persisted the Irishman, "How did grandpa get it?" "He fought the Indians for it," said the farmer. "Then," said the Irishman, "Be taking off your coat." I'm going to fight you for it." (And, if fighting is the right way to establish title, why not?)

After it was decided to divide the land held by Indians in Oklahoma, a date was set. Twin Indian boys were born, one a few minutes before midnight of the last day, the other a few minutes after midnight. One the Indians called "Johny-on-the-spot"; the other, "Johnny-too-late". This is a sample of white-man's justice.

--O v e r -

The story was told by Adlai Stevenson, after his resutn from a trip around the world that a Bishop had told him that a native Christian had remarked in Africa: "When the white men came, we had the land and they had the Bible; now we have the Bible and they have the land".

In New Zealand a Maori Chieftan told the white men: "We can sell our rights to the land but not our unborn childrens rights". Also, "When white missionaries came they told us of God and pointed to the sky. When we look up they stole the land from under our feet". Note: The idea, but not precise quotations)

Q. 13. After it is answered thisillustration might be used. Suppose a father had five sons and wished to treat them allequally. His property consisted of a farm, a city house, a summer cottage, an apartment building, an office building and varied stocks and bonds. How could he divide up this property equally among his sons. Practically impossible. How is the situation solved? An estate is set up in trust. All income, from the son's rent of the farm, anothers rent of the city home, and all investments placed in a trust account. After allexpenses and taxes, five checks of equal amount are made out and given to each son. In a sense this is the way RENT-of-land is shared - by collecting all land rent and using the fund for the common good. For whoscever collects and uses the rent owns the land - practically. Does this not suggest the method of establishing and maintaining the inheritance of all people, the baby just born, the elder about to die, to the land?

Conference between Q. 18 & 19.

Before discussing question of compensation, take up past customs as illustrated.

Suppose a man is an importer of laces, fine handkerchiefs, etc. His business nets him $50,000 a year. A political party, favoring tariffs, comes to power and an impossible tariff wall is raised against the man's imports, wrecking his business. Does he receive compensation? The man thinks it ove. "I know this business and the market. I'll import some skilled workers and manufacture these items." He does, and soon he is netting himself $50,000 a year. The high tariff party is defeated and the protective walls are lowered. Soon goods flow in from old sources and his business is wrecked again. Does he receive compensation?

Families had fortunes in property in distilleries and breweries. The people vote prohibition. This does what to this property value? Do the owners, who built the property and earned good will and incomes for their products, receive compensation? They did not. Later, repeal takes place. Speculators who bought up this property at a low price, reap a fortune and soft drink producers are ruined in some cases. Did the latter receive compensation?

If you have time picture shifting of a highway or a bus route; how such as this may hurt property values. Do those hurt get compensation? A new school is built some distance from the old school location. Values are lowered in the former area? Any compensation?

Slaves are freed by popular vote. Any compensation? (Note; In England, this did happen, and compensation was paid. In Parliament this was contested bitterly. One member said: "If compensation must be given in Heaven's name givt it to the slaves).

A, taking a load of bricks to town, meets B, taking a load of hay. A needs hay and B needs bricks. They trade, and step into a nearby tavern to quaff a beer and to celebrate their good fortune, and deal. At that time a wood burning locamotive came by omitting a shower of live sparks- setting fire to the hay. Whose hay burned?

-MORE-

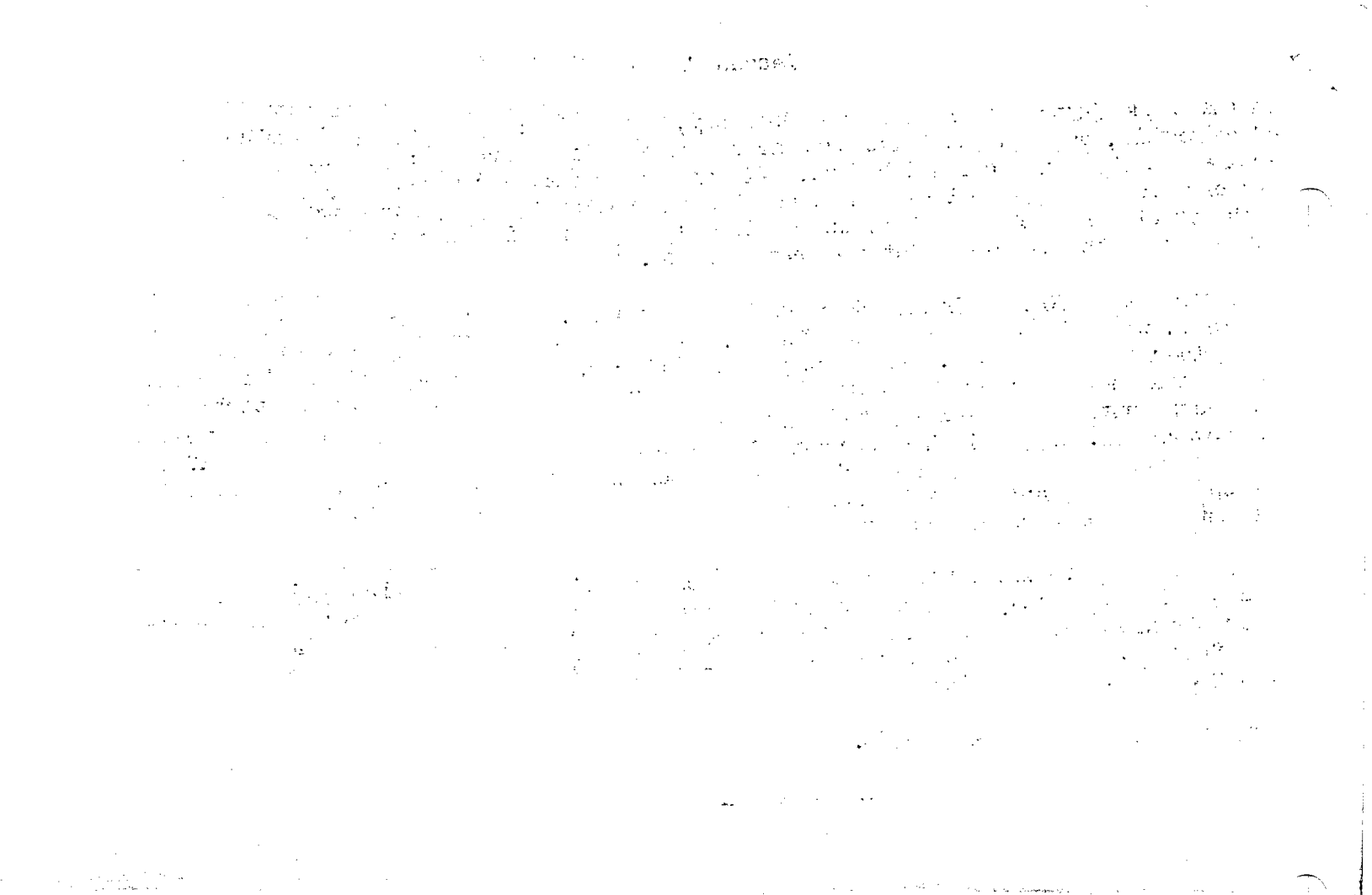
In the trade just mentioned he who owned hay, owned it with all its past history of ownership, and its qualities or characteristics, as a product; the same applied to the man who owned bricks. In the trade they exchanged hay, and its history and qualities - including that of being subject to fire, for bricks, with its history (of ownership) and qualities, that of being fire resistent. The point is the old one - let the buyer beware.

A man has $5000 in a bank. He seeks an investment. He is offered a drygoods business, which leases a building, for $5,000 and a vacant lot for the same sum. He decides to buy the lot. The next year a public policy of taxing land value is adopted and his takes go up 20% the first year, to be increased some 20% each two years, until approximately the full rental value of the land is transferred to the government. What is his situation? Can he complain and demand compensation? Did his title to land guarantee him against increase of taxes on the land value attaching to the land? He did not take the stock of goods and its history, and the untaxing of such; he took the land.

What is custom? Let buyerws beware! Custom is against compensation because of acts of government, most generally. This is true when all property of a class is affected. (Is this different where one holder, or only a few holders are affected, and others of the same class are not? Yes! in such cases the custom decrees compensation.)

Carry on with Question 19 and 20.

—The End —



Conference before Q. 1.

It is important to note how different one group of people is from another in respect to the needs of society. Build on this: If all grocers were taken away would we miss them? If all farmers were taken away would we miss them? Doctors? Etc.

Suppose all holders of title to income land - emphasize, merely as title holders - arranged for the payment of their rents at a bank and took off on a 10-year tour of the outer universe, would we miss them? What do they, as mere title holders, produce that we would miss - as in the case of grocers, farmers, bakers, etc?

Inject: What is the difference in the origin of land, and of wealth - automobiles, buildings, factory machinery, farm equipment, ets. (It's Labor)

If all who farmed land today could not work - or would not work - unless they owned the land they used, would we have: 1. more farmers? less farmers? the same number of farmers? What percentage of our farmers are tenants? Around 35%. How many farmers have mortgages on their land - are not full owners? (Many arenot, of course)

Suppose no one would build buildings unless they held title to land? Would we have all the buildings we now have?

Do we have cases where the land is in one ownership and the building in another? (Railway ExchangeBuilding, Grand-Leader, Scruggs, Maryland Hotel, the International Building, and others)

Also cite Radio City, one of the world's finest improvements; also the City of Baltimore where few hold personal title to land.

Conference after Q. 17

Do business men go into business to pay taxes or to make a profit? Can they make a profit before they pay taxes? Where do they get the tax money they pay. (Remind students of shifting of taxes levied on industry and business)

Suppose we tax gqsoline 50¢ a gallon more. What would happen to gas sales? to the Auto industry? to the garage industry? to the tire and rubber industry?

Say: In Europe years ago it was thought that windows and chimney's were a luxury. A tax was placed on windows and chimney's. What happened? (People built without them in some cases and removed them in others).

Suppose we tax tobacco products 100% more right down the line. Develop the effect of this on tobacco growing, processing tobacco, making of cartons and packages, printing, shipping, storage, advertising, etc.

Without regard to minor technicalities, from the viewpoint of the citizen as a voter, what general principles - with regard to taxing products of labor and capital owners could we work out? Could we say and be guided on the principle that taxes levied on man-made products, decrease sales, reduce supply and raise costs to consumers? Do they cause unemployment, and lower wages? If a citizen thinks of this how will it affect his political thinking and his voting? Will he tend to support candidates and measures which cause these results, or opposite results? How does this knowledge help us know what to do to maximize our food, clothing and shelter provisions, and the luxuries and cultural ones too? Is this a principle to "guide on"? Can we workoout a tax structure to get results that will help all get a living and a better living if they will work for it?

----OVER ----

Conference after Q. 20.

Try this: Suppose we had two test tubes containing a liquid. The liquid looked the same, weighed the same, smelt the same, etc. The problem was to be sure they were the same. After some testing another liquid was added to each. The liquid in one test tube chilled; in the other it became hot. Would you decide they were the same?

Would you say anything that tested the same in five ways, and not the same in two, would be considered the same thing because of their "alike" qualities? Scientists would not, of course.

Would you say things bearing these symbols were the same? XYZ a?

XYZ ab?

Well, if you had two classes of things to tax and you taxed one according to its value and the price went up after the tax was applied, whilethe price of the other went down, would you treat these things as the same thing just because they had some like qualities?

Let us discuss the question of how a tax on land values affect the price of land. This is most important - a key fact. Experience and authorities say that t tax on land value tends to lower the price of land; whereas a tax on things produced by man levied according to value or quantity, tends to raise prices. Why is this so? First - let me read what some authorities say.

Prof. E. R.A. Seligman says in his book, "Incidence of Taxation" : "If land is taxed according to its pure rent virtually all writers since David Ricardo agree that the tax will fall wholly on the landowner, and that it cannot be shifted to any other class, whether tenant farmer or consumer."

Prof. Harry G. Brown, Department of Economics, University of Missouri, in his book, "The Economic Basis of Tax Reform", said: "One thing at least can be asserted with positiveness, viz., that a tax on the rental value of all land, however used, can neither be shifted from one land owner to others, nor from landowners as a class to any other class."

But we should not have to depend on authorities. The facts should be such that all can learn and understand. This is vital citizen information. If citizens are to do their job, they must know their job; and taxation IS the people's business. Let's see what we think of as "common sense" can tell us.

Suppose it became public policy to collect for public use the publicly earned income the people create by building all kinds of public improvements and providing police, fire, sanitary, and like services. These could be made by the government, or they could result from private enterprise. (For example private enterprise could provide telephone, electric, transportation, private schools and churches, hospitals and the like.) Would not such services make the community a better place in which to live? And won't those who hold title to land space in the benefited area, whether vacant or improved, be able to ask more for these lots serviced by government and all the people together?

(Note: Discuss vacant lots first - as noted below)

Now suppose the amount of RENT-of-land (money) taken by land value taxation was increased, say it was doubled. Would title holders to vacant lots : 1. increase their price? 2. Be encouraged to buy more land? 3. Or would they offer land for sale? (Note: We must say - if other conditions remain the same, since if population and progress increased as fast, or faster, as the increased tax was applied, there would be no change, or actually the price of land might go up anyway) However, if it were the policy to tax all

---M O R E ---

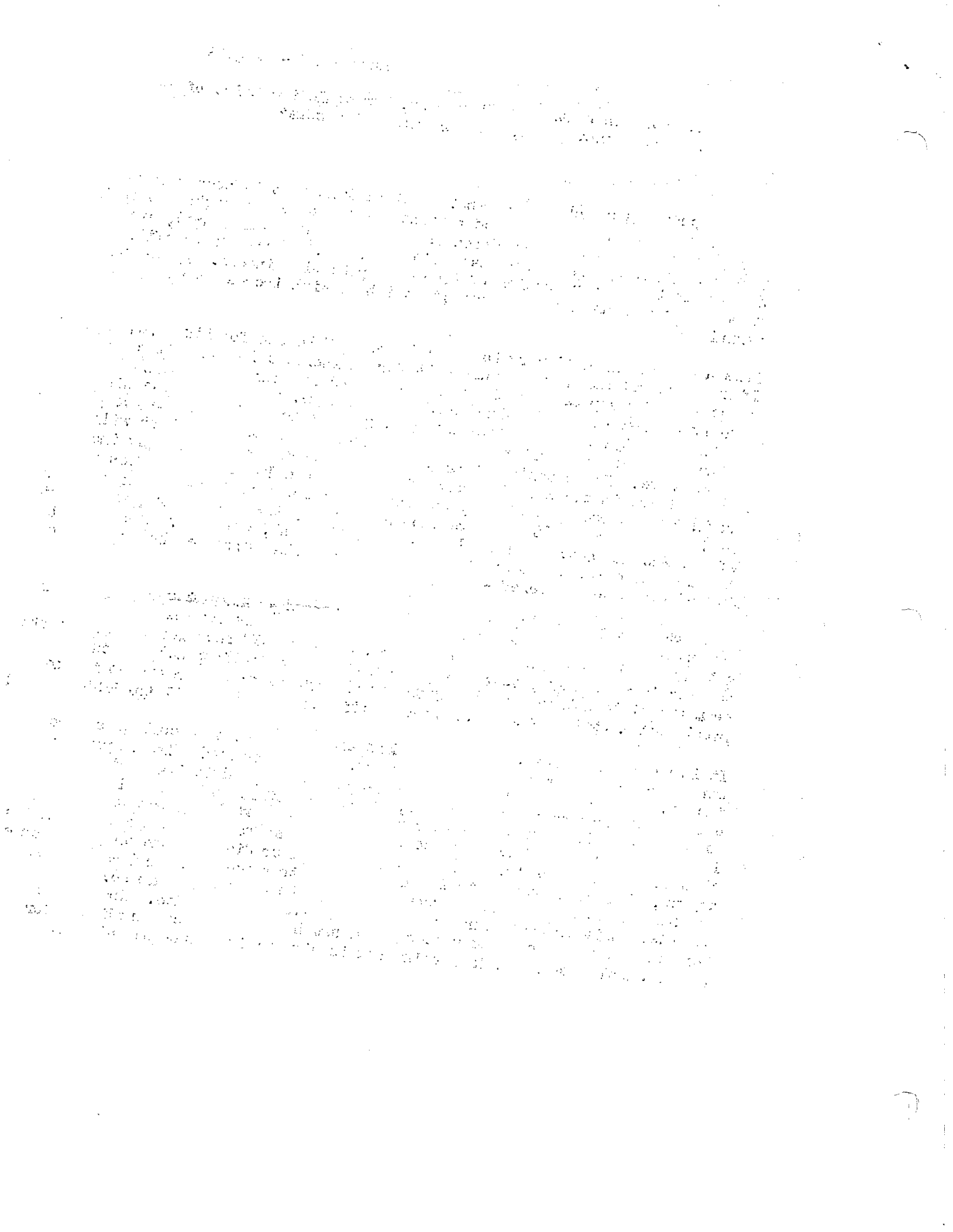
future increases in rental value of land, how would the price of land be affected? Would they go up, down or remain the same?

We have just discussed vacant land? What of land that is poorly improved, such as slum land? What of land that has great value and higher potential value, on which there are sandwich shops, golf games (minature), etc? Discuss. These would be seriously affected, too. Since the benefits would not result in a net reduction of income or potential income. (By benefits we mean tax reduction on improvements which go with increased land value taxation).

Does a land title holder try to get all the RENT he can for his land, Mrs. X? If he could get more, would he wait for an increase in taxes to cause them to do so? Now suppose the tax on RENT-of-land is increased, tho nothing else is changed the land value remaining the same. Can he increase his charge for the use of land and in this way recover the taxes paid? If he was getting all he could before, what is there in an increase of the tax which will help him get more? If he can't get more than he received before the tax increase what is there in the mere increase of the tax to help him do so? Does the tax increase cause more people, or people with more purchasing power to pass the lots? If he can't get more then he must pay the tax out of what he got before, must he not? This will leave less net rent, won't it? Then, isn't the land value tax a direct tax on the title holder and one that cannot be shifted - and so recovered - in higher rents?

Suppose a land title holder could get more RENT_of-land from users, or in the use of the land. What does this prove? It proves that he was not getting all he could in the first place, or that RENT has **increased since the** tax was levied. **Also, that the government was not getting all it could from the title holder either. This can be corrected; it can end up in the people, thru their agent Government, getting**Approximately all the RENT-of-land

It is well known that some land holders are in position to collect so much more rent in the future, or that they now collect so much RENT as personal income, that the benefits they would get if we stopped taxing products and exchanges, and their other incomes, would not offset their net loss of land rent. They may oppose land value taxation and favor more direct and indirect taxes that fall on wages and interest sources. But the fact remains that if a land value tax could be shifted, and so did not make any difference anyway, they would not go to so much trouble to oppose it. And would those who now advocate this change have any reason to continue to do so? Obviously neither those for or against it would be concerned. And if the increased taxation of land values would not have the effects predicted for it why should they? A land value tax is direct; it cannot be shifted.



Object: To show effect of the Remedy ; To show howmost individuals would benefit - possibly, all in the long run ; To show how society, including all individuals, would gain as a whole.

Lesson IX is the last basic economic science lesson of the series. Now we must answer all questions; admit we do not know the answer to some, because of not having the data - or facts. We must encourage all to further study.

W should, again, icture "economic science" as a conditioning science. It shows just how we must arrange things to get the most production for our efforts and to achieve just distribution. In a very real sense it is like sanitation in the community is to individual health; it is more like a preventative fact than a cure-fact. It tells us how we must arrange things to make it easier, not harder, for people to get a living. So far as it is concerned, it let's a man be a beggard worker or thief; a willing worker or a bum. We can assume it creates an atmosphere where men will tend to industry because of the greater incentive of rewards. Economic science can do nothing to or for individuals; its merely puts it up to them.

CONFERENCE before Lesson I. (To create an atmosphere of "vision" - "Where there is no vision the people perish"-seems proven by experience. Why will so many, knowing what we do in some instances is wrong, oppose change? Economic wrongs lead to economic crises - to war, to loss of freedom, when they grow more intense under pressures of populati on increase and progress. Whereas, if adjustments were made in time - even if slowly - this would not happen.

Ask: Is a good deal always one that makes a cash profit? Do you know how one might lose some of his income, or even part of his property value, yet consider it a good deal?

Suppose a man or firm stood to lose $1 million dollars. A finance expert or lawyer called and said for 10% of what he could save, he could reduce the loss to $500,000. Is this a good deal? (Who would say no?)

What good deals did the land owner class get in Russia, in China, or in other places in the Far East where 'landlordism' erupted into Communist revolution? Looking backward, would the approximate 2 million Russians who owned all the land needed by 160 million people to live on, object to a change which let them keep their land and which only asked them to pay for its market use value, consider such a deal a good one?(*) (Tolstoy begged them to make such a deal)

Today, with world trends as they are, many holders of substantial amounts of RENT-of-land income, or speculative positions in land, have lost much income in generally high and extensive taxes, especially by the income tax. Do they not stand to lose more? Like the Russian and Chinese land owners might they not lose everything, even property and life itself? Acting in time, they can save much and maybe all of their investment and much income. Then, under the public use of the publicly earned RENT_of-land for public use, and untaxed production, it would take less dollar income to buy higher living standards. Ultimately just about all title holders to land, taking the full possibility into consideration, would have more, and security too; would gain greatly.

(*) Some 1 million Russian land holders died in Siberia one winter)

Is the nations tax system the special business of any one firm, corporation, political party, labor union - or of the people as a whole? Should a tax system be designed so as to give special privilege advantages to any one group? How do working men - management-labor - get their money? Can they get income if they do not produce goods and services others want? What goods and services do title holders of land exchange when others buy land from them? Since a titlte holder of land - as such (emphasize) produces neither goods or services as a title holder, just how does he get his present income?

--OVER--continued...)

If each title holder to land paid fully and fairly in proportion to the value created in his land by society for this value could he "make money" out of it? What must they do, as a class who hold income land, to make money? Only by use of power politics and supporting propaganda to secure non-property taxes which fall mainly on Wages and Interest of people, and not on RENT-of-land, can they make net income. So far as human activity (labor) is concerned isn't tax-control of the people's public revenue system the only business of people as mere title holders of land? (And - don't they or their agents have know-how)

Ask: How many 'sources' (do not say taxes) of income for government can we name in, say, two minutes? (Write on board or make notes) They will say taxes - gas, sales, income, excise, tobacco, etc; If necessary to spped up mention a few yourself.

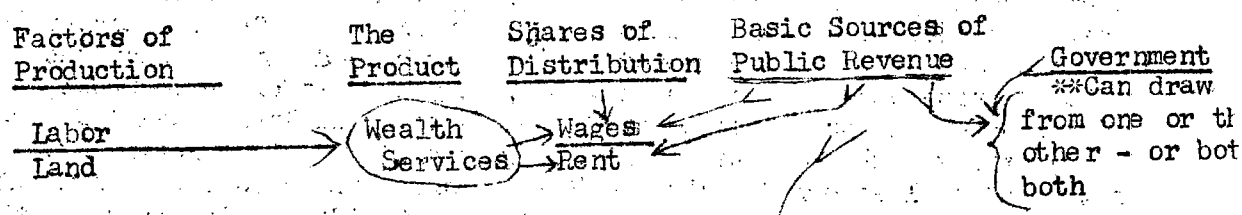
Then say: I'm going to ask a rather silly question of you now but as you will see it has a purpose. What is the difference between a pump and a source?

Ask: "Are these taxes we have named sources, or ways of drawing from a source? Are they like pumps or sources? --?

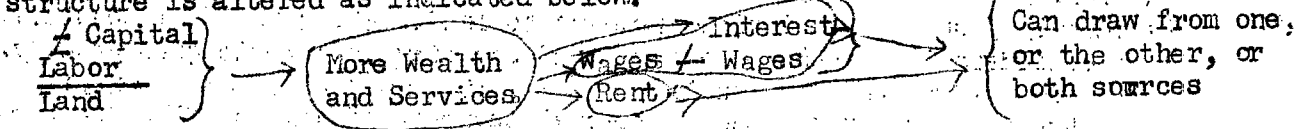
(Note: Here is a great opportunity most of us miss. Use the basic structure we have used through the course to show clearly that there are only two basic sources of public revenue, and why. Show it makes no difference how many taxes there are, who votes them on us - they draw from one, or the other, or both of these two economic science sources only: (Use following illustration)

In connection with the illustration, say: There are but two basic sources of public revenue because there are but two primary factors of production. When Capital, a secondary or derived factor, is used, its return is interest; better, Interest-wages, since Capital is a result of and is used by labor. Since direct wages and indirect wages (Interest-wages) are both returns to labor effort, we can say that for "tax-purposes" that the division of the product is: 1. RENT_of-land, and 2. the Wage-rewards of human effort.)

We have used the following 'economic science' structure before. Land and Labor are the Primary Factors of Production. And if land and labor were all there was to it, here's the way the structure would look:



We know that some individuals produce, save and put their savings to work -they invest, and we have Capital. Considering Labor, as using Capital, the above structure is altered as indicated below:



(Note: Please remember - these Conference ideas are merely indicated. We must work out the Conference Technique in using them-but use lecture method and ask for questions if this is difficult or takes too much time)

— Moore —

All realize that without "land", nothing can be produced. Does "land" work with Labor? Does land, in some way, make it easier for Labor to produce--does it say: "O.K.,-step aside! I'll make a hole in the land to produce oil; I'll open up a furrow in which to plant seed - and close it as the seed is planted; I'll excavate for a house or building - say when? Actually, Land pushes against man, in a sense; demands that effort (labor) be given to prepare it for use. In this sense is not LAND-opposite-to Labor?

Is there a natural (positive, helpful) affinity between Labor and Capital (tools)? Does the use of "Capital" make it easier or harder to produce? Which must Labor and Capital (Owners) work against - must get to, regardless of obstacles - to produce wealth and services?

**When ships are at sea - is labor (man) aboard? When factories are producing, are men at work in them? When trains, trucks and other transports are operating are men working? Can there be a demand for Capital, basically, that is not also a demand for Labor, and vice versa? If government groups, or conniving individuals, do not interfere, is it not true that rewards to Labor tend to go up as those to Capital go up, and that if the rewards of one goes down, the other will also go down in due time? And, does it not seem from this relationship that any legislation truly good for Labor must also be good for Capital owners? Arenot their basic economic interests truly mutual?

Does 'bargaining' indicate a basic conflict of interest? (Pause). Or is bargaining merely a natural device to determine what, under the existing circumstances, the rate of wages, interest, and RENT-of-land, too, really are?

Can Labor Work or Capital be employed as tools for production -(housing and storage, as well as machines) - without access to land for locations, or to secure matter in the form of iron, wood, basic chemicals,etc? Isn't Land an absolutely key-facttor in economic production so far as either are concerned?

Would you say, as a matter of principle, Mr. Y. that the harder we make it for Labor and Capital Owners to have access to land on which to produce the better it is for Labor and Capital Owners? (Note-the reverse angle used here)

Or, would you say the easier we make it for Labor and Capital Owners to get access to land, the worse it is for Labor and Capital Owners? Is either of these statements right? (Get correct statements in mind.)

Would you say, if we had a choice, that our tax-structure - tax laws - should be so designed as to make it more difficult for people to get food, clothing and shelter - or easier? Do you believe, Mrs. W., that if the people understood the difference and could vote a tax structure to make it easier or to make it harder for them to get a living that they would vote for one that makes it harder? Which do you think we have now? One that makes it harder, or easier?"

!!! !!! !!!

Demonstration of Two High Price Trends and Two Low Price Trends--and their effects.

If we untax land, the price goes up. (Make arrow pointing up - see (1) of illustration. But if we don't tax land value we must tax product and service values - and the price of products and services also go up.(Arrow 2)

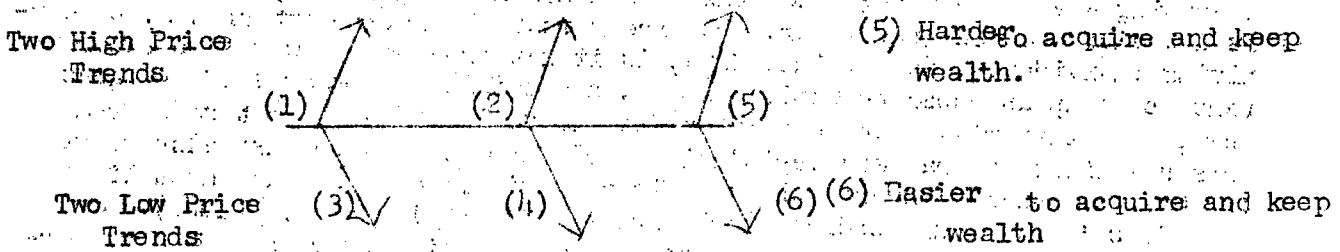
(Important note: Say direct taxes you pay out of cash in the pocket or by check, such as sales, gas, retail exmises, income, earnings and like taxes, have the same effect on consumers as taxes loaded into prices and which inflate them; in either case you buy less. The arrow indicates this too.

-- Continued O V E R --

Following these principles - the effect of these tax-impositions - we cause two high price trends - high prices for land and high prices for products (wealth) and services. If we reverse this - place more taxes on the value of land (collect more of the rent for public use), and untax products and services (and remove direct taxes on our incomes, purchases, etc), we make two low price trends - low prices for land and low prices for products and services. See arrows 3 and 4.

Which combinati on - the two high price trends, or the two low price trends, will make it easier for industry to expand naturally, and which willhelp people get food, clothing, shelter and the extras with less labor effort?

And, which will stimulate savings and the production of Capital? (Arrows 5 and 6 ?



(Note: It is going to take practice toput these demonstrations on - and to do it as quickly as possible. (Not because they are hard - they are new) If they are worth while they should be done well. Perhaps one answer is to simulate classroom situations; toimm gine you are in a class room and doing them. Another way is for us to get together and practice.

Ask: Which of the TWO PRICE TRENDS - the LOW or the HIGH - would make for bad housing with real ripe slum situations? More labor-capital-management fights? Demands for more government? etc.

Which would eliminate land speculators? Which would make it easier for industry to expand? Which would cause the 'input' of labor value to be matched by equal-value of goods and services taken out of the system? Which would discourage Welfareism or Paternalism, or Socialism?

(Note: Suppose this question is asked; "Don't we get some RENT of-land by use of an Income Tax? (How would you answer this?)

We might try: "Since title holders of land who pay the income tax must pay it from their RENT-of-land income, the answer is yes. But suppose we only collected RENT by income taxes? Would this discourage speculation? Would it lower or raise the price of land? Would it discourage taxing Wages and Interest-wages by government? Would it give Labor and Capital Owners more incentive, or less? -- Of course, Income taxes that hit all incomes could not help the people as can collecting RENT of-land by a direct tax, and untaxing production)

(Now--after this review-like Conference, start the questions part of the lesson.

Conference before Q. 12.

Would you say most title holders of land have INCOME LAND, or merely a bit of home-site land? Would you say most title holders who have income land, such as lots under homes for rent, hotels, flats and apartments, for rent, have most of their investment in the land part, or in the improvement and furnishings part? Remind students of taxes being removed on improvements, and the like; that tho they, too, (those with well improved property), will have to give up more of the RENT-of-land they will gain by giving up less of their Wages and Interest rewards. Only basic land speculators or holders of vast incomes of land may suffer. In the long run they will gain..maybe even save their lives.. --MO R E--

What would you say of farmers? Do most farmers own their own land? Yes, possibly 60 or 65 per cent do now, since Government has been used to help many buy land and to make down payments with the balance to be paid over many years at low interest rates. (A man is an owner if he has made a down payment on a contract to buy, even if the mortgage covers 99 per cent of the total cost. About 35 per cent of the farmers are tenants and, as such, get no RENT*of-land income; they get only Wages and Interest-wages on their Capital.

Would you say that the bulk of land values in cities are in the residential areas or in downtown, commercial and industrial areas? (See information to be found in other sources - perhaps a later supplement will be made on this). Would you say most land values in rural areas are in small, family-size farms, or are in oil, mineral, timber and other natural resource areas? Where are the greatest concentration of land values - the greatest percentage? Do the great majority of the population own the land in these areas? What of the landless of our population - perhaps of our over 160,000,000 people?

Say: If goats were to be used as a basis of taxation we would have to go where goats are to be found to collect the taxes. If land values are to be made the main source of public revenue we must locate the areas of land value - the highest and the lowest. Since a very few people - a small percentage of the nations people own the bulk of the land values they would serve as the land value tax collectors by using the land themselves or leasing out their titles to land to others. The great majority of people who own most of the land area, own a very small part of the total value of land. Since the tax on land values cannot be shifted to others in higher prices or higher rents it leaves the people free of the tax burden as individuals. (But note next paragraph).

Do people who own no land pay this RENT*of-land, too? (Yes). Wherever money is spent, the price paid covers cost of production - Wages and Interest-wages - on all marginal land production; but, at the same time, includes the RENT-of-land at all land areas that have RENT of-land. The title holder at any one point is merely a final collector - or assembler - of the RENT*of-land which comes from all the people through their spending or living.

*How many direct and hidden taxes does a home owner pay in a year? What part of the total taxes — all direct taxes such as sales, gas, excise, tobacco, and the hidden taxes - shifting taxes - mostly on buildings and machinery, on raw materials and finished goods (inventories) - are paid by people as home owners and consumers? Possibly as much as 25 to 30 per cent; at least it is high. (Compare a possible 20% taxes in each $1000 spent for goods and services with a home owners total tax bill which, in most cases, is less than $100, or only slightly more. The problem is the lump-sum paying vs. paying fragments; like monthly interest payments compared to total interest paid - if at one time - on buying thru time payment methods) What part of the total payment of farmers as individuals and consumers is made up or would be made up of land value or rental payments?

**How many direct and hidden taxes does a farmer pay in a year? How much of the taxes levied on improvements used in business in cities and towns, and which shift in higher prices to the final buyer (consumer), does the farmer pay? If all farmers had the facts about how the land value taxes he might have to pay if he paid full rental value of his land to society thru the agency government, compared to all the rest of the taxes he must pay out of his wages and Interest-wages incomes, which would he prefer to protect from taxes? His RENT*of-land income now not taxed - or the results of his labor - his Wages and Interest-wages income? What of working people? What of tenants? What of the landless people?

— OVER —

Conference before Q. 20.

What would happen, Mr. Smith, to an individual who overspent his natural Wages or Interest-wages income? What would happen to a business Mr. Jones, that always spent more than it took in? What happens to Government - to the people - when it gives away its natural income? Or spends more than it takes in?

(Mention inflation - the biggest tax of all)

Well, isn't RENT-of-land the natural earnings of the community? Government is the biggest of all business and has the greatest assets which are possible sources of public income. It has streets, sewers, schools, police and fire departments, parks, playgrounds, health and sanitary services, wharfs, docks, roads, and a great deal more. All this has an 'income' value, but it is a value that attaches to, or reflects in, the natural factor land. If our government did not permit title holders of land to manipulate this so they get it and keep it, it would not have to harrass the citizens with all the taxes they pay - those they know they pay and those they don't know- or don't act like they know - that they pay. (And there is the expense of collecting such taxes, too).

(Note; It is well to emphasize, at all times, that we, the people, are the real government - government is our agency; if we do not, as citizens, know how to direct it don't be surprised if some who do know how - MISDIRECT IT).

Will RENT*of-land produce enough income for Government? RENT-of-;amd might not yield enough to support Government as conditions are today, conditions reflecting chronic illness. But limited to its natural functions such as protection of life and of property - and possibly sanitation, streets and roads and the like - it would.

Suppose RENT-of-land did not yield enough? What choice have we? We can only make up the difference out of private incomes of Wages and Interest-wages. However, is it good policy to collect Wages and Interest-wages by making industry and business tax collectors? Is it right and economical to put 52 or moretaxes in a loaf of bread, or over 100 in the price of a pair of shoes, and get income by a multiplicity of other taxes? Or, should it do as corporations or other business must do - assess the stockholders to make up losses? Why not send Mr. & Mrs. and Miss Citizen a bill for their share of the shortage direct? Why not tax their income of Wages and Interest-wages direct, and confiscate some of their Capital, too, if need be? But why act like dishonest people about it - why hide these facts? Why not be real American? Which is most likely to curb reckless spending? Which to encourage a finer and more responsible citizenship?

Another thing: Government could enlarge its system of fee-payments, paying for garbage hauling, and other services rendered directly to the citizen.

But would not cost of government - for the same services - decrease as we get rid of land speculators and stimulate industry? Would not government save too in buying its material goods untaxed? And would it not get access to the land it needs at no real cost of land? Would not more people take care of themselves and make less demands on government? If people ordered their government to live within its natural space-charge income, RENT-of-land revenue, would there ever need be an unbalanced budget? Would there be costly inflation - costly to those especially who do not know how to get rich by its evil effects? And in War - why not take all we need - curb wages and prices with no debt to anyone- a pay as we fight war. (Just give insurance on property destroyed by war - no fault of theirs - as we give life insurance to those who may die in battle, for their dependents and heirs.

Note: Last of notes. Lesson X is on its own..and justly so. (Take time at first of session for a final clearance of questions.)Find a few portions to read. It's a great lesson..Lesson X. Enjoy it.... Follow the Manual...