Peace Dividends

Peacediv 1. Key vocab: phrases, concepts, bon mots.

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Prosperity and Disparity

Disparity of incentives may or may not cause prosperity, but disparity of wealth certainly results from it, as rent-taking overwhelms product-making as source of wealth and income.

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Prosperity and Poverty. Becalmed, torpid, dormant, depressed, economy.

1

"Business," and "investment," are ambiguous. "Income-creating investment," from macro, is a separate idea. "Net investment" refers to creating new assets, but, alas, leaves out replacement. Needed: single word for ICI, Income-creating investment. <u>Meantime use the acronym ICI</u>. ICI is moved by MROR.

Marxists use "bourgeois" roughly for class of people who make ICI, as vs. rentiers. "Capital-movers" captures the essence better. Other words: farmers, firm-captains, firmers, entrepreneurs, avanceurs, advancers, facteurs, storers, profit-makers, capitalists, merchants, marketeers, general partners, riskers, fronters, ...

Rentier is limited, means a person on fixed income, originally interest on govt. debt. These are rent-takers of the 3d Kind.

Distinguish Rent-takers of the 1st and 2nd Kinds: equity and creditors.

1

.... <u>Peace and Poverty</u>, a catchy title. 2

.... world Millis56:166 war

Armed forces are not mechanisms. They are "rather organic growths developing ... out of complex soils of vested interests, political and economic ambitions, unanalyzed fears and untested assumptions about historical causation."

3

....- u.s. Versteeg:28

"as one small candle may light a thousand, so the light here kindled hath shone to many, ..." Wm. Bradford.

3

1500- Eng.

"Wooly maggots ate the heart out of English yeomanry." 15

"Victory and Eviction." "From bondage to vagabondage." "From fenced-in to fenced-out." 28

Corpns. are "communism among the few." Not like "each on his own particular." 28

Spanish Habsburgs wilted whatever they embraced. 33

1600- Eng. Adams 1921:57

Was a world network, even back then. Local struggles were each small "parts of one stupendous drama."

35

1661-1715 Fr. perk:131-5

"No one could hope for favor or promotion unless his face was often seen at Versailles." Disfavor: "I do not see him often at court."

Nobles became absentees, neglected their lands, "odious to the community."

P.142, mispatronized, atrophied culture, which had thrived during "turbulence and license of the Fronde," with "smother-love." Descartes, Pascal, Corneille, Moliere, La Fontaine, Rochefoucauld, all matured before Louis reigned. Louis patronized all the wrong writers.

50

1665- Fr. bm

Colbert takes charge of finances. "Extraordinary fidelity, rather than extraordinary intellect, rendered Colbert useful ..." - Perk:93. [Cf. Cullenberg, Khan, et al.]

P. 101, nothing novel in him except his integrity and efficiency (a Prussian).

52

1680- Fr. perk:152 class war

Mme. de Maintenon, an e.g. "of the great class who derive from the teachings of Christ nothing, save a desire to secure for themselves in the future an indefinite continuance of an agreeable existence." [Contented cows.]

55

....

Parlayers, avanceurs, rotaters, cyclers, ante-ers, riskers, movers, financers, outputters, stakers, carriers, bridgers, plungers, rollers, players, instigators, funders, launchers, impellers, projectors, initiators, propellers,

62

P. 272-, 1704, Blenheim, disaster for France, only real disaster since Pavia, 1525. After that it was all downhill. Louis had no money, no leaders, no diplomacy: he had gelded France.

P.276, "Louis and Mme. de Maintenon were partial to those who understood the art of pleasing better than the art of fighting."

63

1702-? Fr. perk:358 war,$

A "capitation tax" was imposed during war of SS. Ca.1715, was repealed. "The capitation was offensive because it was fair."

64

P.17-18, put her favorites in charge of army and state; warred from caprice and vanity.

P.15, "In the purposeless continental wars of Louis XV, ... little glory and less gain." [Possibly, however, there was also little expense, thus letting lv rise.]

71

1758-89 Fr. perk:20 bm

Govt in hands of persons of "small wit, small ideas, and small devices." [cf. UCR.]

73

Military victory is economic defeat! "Winner's Curse of the Second Kind." "Victor's Curse."

84

1789-1815 Fr. Opp:vii revn

3d est won revn, not just vs. 1st and 2nd, also vs. 4th estate, meaning proles. [Mme. La Farge was a merchant, after all.] [Same as Eng. Revn(s).]

Used thy of previous accum, meaning we started free and equal, then some saved more. This came orig from Stoics and Epicureans, who saw it as an ahistorical assumption. It evolved later into an axiom, self-evident, requiring no proof. "Rationalism is essentially unhistoric, even anti-historic."

86

....

Work-buyer, grubstaker, staker.

Grubstaker vs. Claimstaker.

87

1801- U.S. WMiller:142 psych

Jeffn, reversing Adams, welcomed foreign talent. (Camelot effect, like JFK, who also liberalized immigration.)

92

1815- italy Rbnsn:540 bm

"Italy is only a geographical expression." - Metternich.

96

1825 U.S. Goodrich:39 $

JQ Adams favored fed xptn. "The swelling tide of wealth" from land sales "made to reflow in unfailing streams of improvement from the Atl. to the Pac Ocean." Idea of The Great Revolving Fund. A national system. No taxes needed!

[He didn't actually do it, but the states did.]

["Dreams are made of this." Talk about President Moonbeam! They called Jerry Brown Gov. Moonbeam, but the real Moonbeams are those who think land can only go up, etc. Pres. Bush is Moonbeam, thinks he can cut taxes and fight war!]

101

1839 md Goodrich:78 pax bm

C&O Canal was not "to subserve the purposes of the present day or century, but ... to endure for all time." [THE OZYMANDIAS SYNDROME.]

104

1839- md Goodrich:86 tax

Baltimore taxed itself, clear to 1860, to pay bonds on B&O RR, which finally paid out. An unusual success story. "Municipal Equivalent of War."

105

1870- U.S. Beer:95 classwar

"Perhaps the slaughter of the young (and) educated in the war impaired liberalism ..." Cheap evangelism (Dwight Moody, Frances Willard) made it less safe. The "intellectual stir .. died out in the rank commerce and collapsing dignity of the '70s and '80s."

117

1876 ny Hoyt:127 x

Drop in nyc lv nr Central Park was even greater than fall in Chicago. [NY and Chi, "Synched Cities." True Twins. Ganged Growth. Teamed Titans.]

119

1890 U.S. Millis56:142 war x

Naval race begins. Pres. Benj. Harrison, Republicans in power.

P.144, Mahan's book published, highly influential, even more in eur. than u.s. Mahan "discovered nothing in particular, but he discovered it very well." [Cf. Garrett Hardin, Harberger, et al.]

123

1896 U.S. Beer:54-56 x

Democrats split. Silver Demos went for Bryan (were expected to go for "Silver Dick" Bland). Gold Demos split, went for John M. Palmer. P.175, "the nation invoked capitalism to save it from oratory."

125

1897 U.S. Beer:183 psych

Vogue of Kipling. Satisfied yen for "an entertainment that would reverse the formulas of Louisa May Alcott." Stirred interest in the orient, desire to hold the Philippines.

125

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Rise-takers

127

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Work-buyer, grubstaker, staker.
Grubstaker vs. Claimstaker.

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Employers, wage-payers

....

Outlayers.

....

Bottom line: upriders, rise-takers, forestallers, sooners got most of the gain.

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Rise-takers

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"Floating" capital vs. fixed K.
Rollers. Rotaters. Crankers. Accelerators. Fuelers. Provisioners. They roll the vehicle by rolling the dice.

1792-1820 Eng.
Evolution of martial spirit. Went from militant, to military, to militaristic.

....

Directors (Marxist concept).
Funders (land is not a fund!)
Stockers " " " "" stock!) Stock-movers
Bread-casters
Venturers
Investors
Undertakers
Underwriters
Fund-Activators

....

For once in his life, Beecher had failed to line up with the heavy artillery, and he was unhappy. (So he recanted his support of Andrew Johnson.)

Paxdiv 2:

List major findings at end, or beginning, with evidence.

1

1646-60 Eng. CHW:578 war

Cromwell's New Model Army was a seedbed of radicalism. The levelers came from there. Cromwell fought both Holland and Spain (winning Jamaica) and Ireland.

(Cromwell was the English Napoleon: kill a king; work with, but control levelers. Cf. Am. Revn; Civil War; Spanish War; W.W. I; W.W. II; Korean War; Vietnam war; Russian Revn; German pds. of social democracy; Dutch Republic vs. Spain; etc.)

(Note compatibility of Calvinism and leveling. This helps explain hostility of French kings. However, what explains 100 years of their tolerance? Henri IV did it to secure peace; his successors slowly coopted leaders, then destroyed.)

47

1667 Fr. Perk:60 $

French govt. bribed and subsidized German princes, had more influence in Gy. than The Emperor. [Also bribed Eng, Ireland, Scotland. Cf. Spain, 16th; Eng, 19th; U.S., 20th; and many countries like Japan, sugar nations, oil nations, etc. Bribing foreign politicians has long history and an active present.]

1667 Fr. Perk:60

P. 62. France invades Spanish Low Countries. Easy pickings. Spain weak, badly led, bankrupt, with scattered possessions it could not defend.

War easy on France. Most wars were, until 1789. Season of activity was short, results meagre. Wars dragged on until ended by "exhaustion" [i.e. tax revolts].

52

1600-1800 leapfrog

200 years, Eur. gave priority to controlling Caribbean. Spanish Main, Asiento, piracy, Jenkins' Ear, rum, sugar, triangular trade, Surinam, S. Sea Co., Mississ. Co., etc. etc. After all that, what was there to show for it? This was perceived as the best land. They blighted it, culturally, semi-permanently, by slavery, maladministration, etc. Probably severe land mnpy. NEED INPUT.

70

1743 Fr. NCE:1616 PAX

Death of Fleury. Louis XV governs "directly," but that means dominance of Mme. Pompadour. [Haeterocracy. How about du Barry? Pompadour was not all bad, she patronized Quesnay.]

Interesting how French, with their Salic Law that forbade females from reigning, had more petticoat rulers than most countries.

We now have several periods of Louis XV: Regency of Duc d'Orleans, with and without John Law; du Bois, submission to Rome; Fleury, coldwars; Pompadour-du Barry, apres moi le deluge.

70

1754 U.S. WMiller:92 war

Braddock's defeat. ("Interwar"!) Frequent other fighting, too. [Suggests vigorous efforts at westward expansion, leading to more war, blurring line between peace and war.]

[Using peacediv to expand not only vents, unleashes workers and forwarders, advancers, but provokes more wars. We were on a roll, 1720-63. Walpole may have stifled Eng. at home, but not in Am. colonies, and expansion hastened after 1740. We went from salutary neglect to salutary aid - to malignant repression.]

72

1758-61 Eng. Jameson:72 $

1st Wm. Pitt, Earl of Chatham, "The Great Commoner," conducted war in such a way that his statue in London commends him as minister "who had made trade flourish by means of war." See NCE:516. Pitt rose to power by opposing Walpole.

Cromwell, also associated with commoners, did same thing in wars vs. Dutch et al.

73

1857-73 U.S. Cornick:20 x

Only 15 years between busts. Civil War inflation had saved finances of some municipalities after 57, let them have another go at it.

Thus, wars have more than one effect. My major thesis is, they raise national taxes, hold down lv. They also soak up unemployed, repudiate old debts, etc.

Again, 1913 was time for another crash; 1907 showed the impulse. Eur. war perked up demand for current goods, but also raised i.r., raised taxes, held down demand for land. The preceding coldwar/naval-race kept up taxes.

111

[As to rails, they were surplus in 1942, trains were short and few.]

In general, we enter wars with excess capacity in xptn. War draws on this frozen K, thaws it into expendable goods. Even the aborted R.R. from Mobile north was useful in Civil War.]

113

1866-72 U.S. x x

Gilded Age occurred while "Radicals" were in power. They must have been "radical" towards s.e., rather than at home. Likewise McArthur must have seemed a "radical" to the Japanese, while a reactionary trend developed at home, [with him as a symbol].

In both cases, ff. a few years of reconstruction, right-

wingers at home allied with right-wingers in defeated lands, as winning the class war took priority over winning the regional war. It is international and interregional warfare that abates class warfare.

115

1869 ireland Rbnsn:602

English church disestablished in Ireland, tithes abolished. Before this, Catholics taxed to support Prot. church. [Crimes of Chas. V, Philip II, Catherine de'Medici, Louis XIV, and Duke of Alva were avenged on Irish, as today crimes of Hitler avenged on Palestinians.]

116

Cf. Italy, about this time, explosion of opera. Cf. literary flowering of n.e., time of Longfellow, Emerson, Thoreau, Hawthorne, Lowell, Whittier, Holmes, etc. Social conditions produce a flowering of certain kinds of activity at certain times, highly concentrated in time and space.

117

1873 world Estey:96 x

Eng, U.S., France, Gy and Austria all hit. 1857 hit all but Austria; 1837 only Eng and U.S. (I doubt that.)

118

1895-1914 world Felix:29 x

Eur. K went to same regions that were also taking Eur. immigrants: U.S., Brit. dominions, Argta, Brazil. [Fits the HG model], evidently violates Heckscher-Ohlin [as Felix understands it].

125

1914 u.s.,chi Hoyt:413 x

Peak in area subdivided in 1933 limits of Chicago. This occurs before there is a blip in lv, and is ff. by only a modest, temporary rise.

Chart shows two series on subdivision: the other is for lots subdivided in Chi. metro area. This series peaks 1891, and 1927, extremely high off trend. It also peaks 1914, but in very subdued way.

Thus the 1908-15 development was <u>much</u> healthier than in the other periods. It was infilling, subdividing inside the city. There was no land boom. There was also stability in bank clearings, also shown - notably moreso than in booms before and after.

130

Peacediv 3.

Peace or victory bonuses: sources, uses, riding high, monetizing land, divisiveness.

(Peace "dividend" is ok word because a corp. dividend, although divided, is divided unequally, based on shares.)

1
69 Israel Kautsky:414 pax
Fall of Jerusalem, new era begins for Roman Empire, era of peace. Roman expansion ended.
However this also meant end of plunder, which included slaves, so was this was a peace dividend for landowners? In the short run, yes, because victory lay behind them.

2
378 rome Rbnsn:30 pax, loss
Battle of Adrianople, Goths defeat Romans, slay Emp. Valens. Goths emboldened, but still accept peace terms, serve in Roman army.

3
451 rome Rbnsn:33 pax
Battle of Chalons, Romans and Germans join to beat Huns. Next year Attila dies, Huns recede quietly, permanently. (but cf. Otto, 936, who beat Huns out of Gy.)

3
527-65 rome Rbnsn:37
Justinian reigns. Recaptures N. Africa from Vandals, and Italy from Goths.

3
732 Fr. Rbnsn:80 x
Tours, Martel routs Muslims who retreat to Spain for good. Peacediv?

4
800+/- Eng. Rbnsn:228 pax
Egbert of Wessex, a southern kingdom, unifies England.
Then "Danes" come (generic for all northmen), north of Thames.

4
870+/- Eng. NCE:.. pax
Alfred contains and pacifies Danes. Alfred the Great defeats them, imposes Christianity, confines their settlements to Danelaw n. of Thames. Alfred dies, 901.
However, Danes keep coming, 900-1000.

4

878 Eng. NCE:64 vict
Alfred routs Danes, Edington, they settle for Danelaw.

4
896 Eng. NCE:64 vict
Danes disperse and withdraw.

4
936 gy Rbnsn:118
Otto the Great puts an end "forever" to invasions by Hungarians "who had been ravaging Gy." They settle in Hungary.

4
962 gy, itly Rbnsn:119
Otto protects pope, pope crowns Otto Holy Roman Emp. Gy remains entangled with Italy for 100s of years now, controls papal elections, etc.

4
1066 Eng. Rbnsn:230 vict
Hastings etc.
Pope Alexander II had condemned Harold, blessed Wm.
Harold's army had included many peasants, who went home for harvest. Cf. Opp. on this weakness of peasant armies.

5
1099 Eur Rbnsn:144 vict
Crusaders take Jerusalem, massacre residents. Genoese supplies arrive just in time. Turks busy fighting each other.

1100+/- Eng. NCE: vict
End of Danegeld. This sounds complex. Did Wm. just beat Saxons in 1066, deal with Danes separately?

6
1101- Eur Rbnsn:144 war pax
Hearing of victories, "tens of thousands" of Crusaders move east; but few reached destination. Presumably, then, this tapered off, leaving peacediv, ca. 1104-44.
Expansion is one use for peacediv. Expansion may result from eviction, i.e. push from good lands; or pull from new lands. If push outweighs pull, wages and ROR fall, and v.v.
Here, we have simul frontiering in France, and movement to towns. In sum, probably more pull than push, but more data needed.

7
1122 rome, gy Rbnsn:130
Concordat of Worms compromises issue of lay investiture, generally gets more power for rome.

7

1144 Eur Rbnsn:147 war
Edessa lost; St. Bernard leads 2nd Crusade. King of France, and HRE Conrad join. Crusade fails, a few years later.
Bernard knew most soldiers were "utterly wicked," and their going was a double gain: "Europe rejoices to lose them and Palestine to gain them; ..." Was this a "Mariel boat lift"? Suggests prevalence of vagabonds, from prior peace bonus.7

7
1147 byz Walker:49
French Crusaders found Constple a city of contrasting splendor and squalor, wealth and poverty. Like HG visiting NYC. Unequal sharing.

7
1147-59 byz Walker:48 pax
Emp Manuel of Byz makes 12-year truce with Turks. It wd seem instead of joining Crusaders he was using them to replace his own spending. Also overcharged them for supplies.

7
1148 lev Walker:90 war
Templars had trading privileges in Damascus, held by Turks, were not anxious to help attack it.

7
1194
adventures, including 3d Crusade. Huge ransom paid for him to Leopold V of Austria, 1194. Depended on good admin system produced by his father, Henry II, vs. whom he rebelled (also 9

1204 fr, eng Walker:232 war-end
Philip attacks John again. P.237, Philip finally takes most of Normandy, John withdraws to Eng. (keeping Aquitaine however). Eleanor dies.12

1214 Fr. nce:2128 victory
Bouvines, great French (Philip Augustus) victory over John, Otto IV, and Count of Flanders, establishes France as great power.
Peacediv?12

1215 Eng. pax
Magna Carta. May we not assume this was reaction vs. heavy military spending of Richard I, hence a peace div? John was also weakened by defeat at Bouvines, 1214, q.v. This probably caused him to stop warring, give peacediv.12

1244 levant Rbnsn:149 war-end
Jerusalem lost again, for last time. Crusades taper off.12

1302 Fr. nce:2128 victory
Philip IV (The Fair) tried to take Flanders, lost Battle of Courtrai. [Loss for France was win for Flanders.]14

1309 Fr. nce:2128 psych
Philip the Fair moves pope to Avignon, begins Bab. Captivity of papacy. [Height of Fr. power, in spite of loss in Flanders. Trough of Rome's power. Rise of Flemish parlayers (or rollers).14

1364-80 Fr. Levasseur:19-22 pax?
Restoration of Chas. V. Brought some order and hope to France. Land price rises, wheat falls.16

1429 Fr. NCE war
Jeanne d'Arc lifts siege of Orleans. 1431 she is captured, tried for heresy and burned. However, ff. deliverance of Orleans, ha. rose from 16 to 92 francs - Levasseur:19-22.19

1453- Fr. Levasseur:22 pax x
Lands were reclaimed again, from ravage and neglect of war. Forests had invaded many previously cleared lands. A time of frontiering, all over again. This kept land prices from rising much.20
So 15th cent. was golden age of wages in France as well as England. 16th cent. fr, peasants' lot declined.
Nabholz:IV Ff. war was <u>2nd stage of peasants' emancipation</u>. High demand for labor to rebuild, restore wasted lands. Popn. down, labor scarce. [If Nabholz is right, w.r. rose in France, at least for a while. However, this would not have lasted long before centralized monarchy was in position to repress. On other hand, I have no evidence that it did. Francis I fought many wars, but one of them stands out as repressive, vs. Waldensians, so on balance he may well have repressed labor, simul with Tudors in Eng.]21

[Same time, trade moved northwest from Italy, Antwerp boomed trade, etc. Even with all these new opportunities, English ec. remained ice-bound, inert, listless, torpid, stagnant, immured, locked down, torpid under the tutelage of the Tudors.]21

1485-1558 Eng. Versteeg:15 pax
Henry 7 & 8, Edward 6 and Mary Tudor all preoccupied domestically. [Exception: Gianni Caboto, 1496.] Eliz. begins to

look outward, [but not until ca. 1585.]21

1509- Eng. Rbnsn:309 pax
Henry VIII accedes at 18. Cardinal Wolsey advised, to 1529, discouraged warfare, preached greatness through peace. Balance of power originated with Wolsey.
Catherine of Aragon was Charlie's Aunt - Charles V, that is. Pope Clement VII dared not anger Charles by allowing divorce. Henry rebels, marries Ann B, sires Elizabeth, seizes church revenues, 1534, and properties.
[1485-1529 is a long period of near-peace for Eng. Look for dividend, boom and bust. Look for next war of consequence.
Generally, 16th cent. looks like classic era of Peace and Poverty, Eng. at least.]24

1519 Spain WMiller:21 expansion x
Cortes conquers Mexico. [Huge victory dividends follow.]24

1530-55 gy Rbnsn:304 pax
Chas returned to gy after 10 years in south for Diet of Augsburg, debate over Luther, peaceable. Commands Protestants to accept Catholic position. 1540, brings in Spanish troops, imprisons two Prot. princes, but little fighting was done. France promises to aid Protestants, Chas. compromises to avoid war, see Peace of Augsburg 1555. PEACE AND POVERTY.

26
Eng. Tawney:119 x
Confiscation of monastic lands begins. Abbey lands. Later, lands of gilds and chantries, 1547. Crown had urgent needs, time-preference, sold them. P.120, "for a decade there was a mania of land speculation." Vague on dates and events.
Reformationists were disappointed. They had looked forward to purification of morals. [Like Abolitionists ff. Civil War, U.S.]
Schools were swept away wholesale, to distrib their endowment lands among courtiers, 122-3. Reformers had hoped to "stir into life a mass of sleeping endowments.", p.121. 26

1550- Eng. Adams 1921:43-a Eviction&Expansion x
Enclosures paved way for colonizing. Sheep displaced farmers. Elizabethan era (1558-1603) produced massive vagabondage, "for several generations." Piracy was one outlet.28

1553-8 Eng. CHW:567
Mary I, Queen of Eng. She m. Philip II of Spain. So there was considerable peace, 1550-83. Peace and Poverty. Was also a boom in enclosures -- look for a bust in here. (Try 1586.) See 1558-?, s.Holld.

....
venturers, parlayers, rollers, riskers, circulators, cyclers, turners,

29
1558-88 Eng. NCE:857 pax, poverty
Poor laws, 1563-1601, recognized great poverty.
1558-88, 30 years of peace. Peace with poverty.
Need evidence of high lv. Cf. France, 1576-1650. Cf. 1577, Peace and Prodigality.

30
1558-83 Eng. Kenn:61 pax$
Eliz. builds up surplus. Peace, low taxes. (High lv, unemployment, too.) Confutes NCE:857, find 3d source.

30
1577 Eng. Adams 1921:44 pax x
High consumption spending, in spite of inflation. Peace, Prodigality and Poverty. Cf. 1586 fall - an effect?

32
1589-1610 France Kenn:57;NCE pax
Henri IV, King of France, brings internal peace, also peace with Spain. Sully reformed finances, worked off debts, repudiated some, removed exemptions, taxed officeholders, built public works, left surplus in Treasury. [Sad result, higher rents, 1596-1615-1630, q.v.]

33
1590- Eng. Adams 1921:123 x
Rise in rents and l.v. "enormous," ca. 1585-1635, s.e. Eng (during war, seems odd. But these were winning wars, and Spain went bankrupt twice, 1557 and 1597, q.v.). Depended on demand for cloth, i.e. wool. 1625-30, demand fell, depression in sheeping for several years. (Note, though, that demand for wool would bring more unemployment, and v.v.)
(Peace of 1604, and peace dividend, must have been involved.)
P.124, new merchants became nouveaux riches, consumed conspicuously. Some old gentry spent themselves into bankruptcy, to keep up appearances.

34
1596-1615 Fr. Levasseur:46 pax x
Real rent rises, until 1630. Then Richelieu's war taxes make it fall, 1630-40. P.48, Lorraine esp exhausted, land prices there drop 60% in 50 years. Not clear which 50 years.

34
1600- Ireland Adams 1921:33 x
England was colonizing Ireland, n&s, same time as new world,

and perhaps in greater numbers. It was done with jt.-stock cos. and "were but episodes in the expansion of English commerce."
[Expansion disposes of peacediv in a manner that offers something to all classes.]

35
1603- Eng. CHW:574 pax
James I was peaceful, ended war with Spain. Was not as frugal as Henry VII, however, had expensive court.

1603-25 Eng. WMiller:44 pax x
James I, with Buckingham, spent little on navy. Turkish pirates enslaved Eng sailors in Channel itself; Dutch took over London trade; French returned to sea. Cf. Walpole, 1721-.

1603- ireland Rbnsn:601 plunder,expnsn
James I, after rebellion, takes occasion for Eng govt to confiscate large area of n. Ireland, foster Scotch settlement in Ulster. [So the Irish settlements referred to by JT Adams et al. were probably these, probably private ventures like Plymouth et al.]

1604 EngSpain Adams 1921:42 1604 x
Peace treaty, ff. automatically accession of James to Eng throne. Privateering stopped, had become unprofitable anyway. 1604 was followed by prosperity, until ca. 1636 (p.44). [32 years of prosperity? Doubtful: low rents can't stand prosperity for 32 years. See 1619-24.]
[Expansion would postpone slump, but not stop it: expansion soaks in capital, freezes it.]
Colonizing efforts succeeded when "business was good", (i.e. when K was available, and rent-seeking urge ran high).

1604- Eng. Adams 1921:43 pax x
Peace with Spain closed piracy off, releasing people and capital for colonizing. Peace and Pioneering?
[1601 Poor Law, fencing in, might hamper internal migration, thus drive men to emigration, as happened.]

1604- Eng. Adams 1921:45-46 x
"...great growth of capital seeking investment." Eng foreign trade all held as franchises [they stimulate rent-seeking]by a few cos. owned in London. These were corporations, jt.-stock. Holland had shown the way earlier. Was the way to handle large enterprises, now turned to colonizing new world. Interlocking ownership.

1604- Ireland Adams 1921:59 x
Settlement proceeded rapidly. [Sign of early stages of land boom.] Bacon (Francis?) compared solid results there favorably with visionary projects in n.e.

38
1606 Un.Prov. CHW:550 pax
Truce, Un.Prov. vs. Spain. Truce until 1618, when 30-yrs war broke out.

38
1597-98 Eur. pax,slump
Wide outbreak of peace ff. Spanish bankruptcy and Edict of Nantes. Sad result: depressions, 1619, 1636 or 1640.

1597-98 Eur. pax,slump
Wide outbreak of peace ff. Spanish bankruptcy and Edict of Nantes. Sad result: depressions, 1619, 1636 or 1640.

38
1609 Un.Prov. Perk:63
UP was aided by France when revolting vs. Spain. After a while, France became the enemy. (That leaves a long interval when Un.Prov. was not imperilled, 1609-72.

38
1609-48 Holland CHW:558 pax
1609 was a truce w. Spain. Spain kept southern provinces; Dutch Republic (?) kept lands n. of rivers, the present Netherlands.
This was very shrewd. They left Antwerp in Spanish hands, which throttled it, with some help from Dutch blockade. 1609 stalemate proved permanent. Dutch made only weak efforts to reconquer sn. provinces after 1621. In 1648, permanent boundaries were same as 1609.
Southern capital, manpower and skills flowed to north. [Again, Spanish Habsburgs wilted whatever they embraced.]
Orangists were the war party; mercantile patricians were peace party. Power alternated. Thus, Dutch had "an efficient bourgeois economic policy and provided military protection in time of danger," p.560. (So Tulip Bubble had a secure foundation.)

39
1610 Fr. nce:1697
Marie de' Medici, 2nd wife of Henri IV, becomes regent for her son Louis XIII. Dismisses Sully, spends surplus. 1617, exiled, kept conspiring to return, finally loses to Richelieu.
Marie was pro-Habsburg, thus kept France at peace with Spain, Austria, continuing peace of Henri IV.

39
1624 Holland CHW:585 pax?
French-Dutch Treaty. (Richelieu presumably wanted this to free him to intercede in Germany. 30-years war in Gy., plus weakness of Eng. may have meant reduced war spending for Dutch, leading to Tulip Bubble.)

40
1625 Eng. WMiller:44 pax x
Chas. I continues with Buckingham until ass. 1628. Low taxes, but offensive ones, and losing wars. For revenue sold peerages and monopolies; "forced loans," under penalty of prison w/o trial, quartering troops. All those seem to bespeak absence of a sturdy basis for tax system.

41
1628 Un.Prov. Kenn:48 $ x
Dutch seize Spanish silver fleet, a "stupendous success," causing Spanish war effort to peter out for a while.

42
1667 Fr. Perk:60 $
French govt. bribed and subsidized German princes, had more influence in Gy. than The Emperor. [Also bribed Eng, Ireland, Scotland. Cf. Spain, 16th; Eng, 19th; U.S., 20th; and many countries like Japan, sugar nations, oil nations, etc. Bribing foreign politicians has long history and an active present.]

1667 Fr. Perk:60
P. 62. France invades Spanish Low Countries. Easy pickings. Spain weak, badly led, bankrupt, with scattered possessions it could not defend.
War easy on France. Most wars were, until 1789. Season of activity was short, results meagre. Wars dragged on until ended by "exhaustion" [i.e. tax revolts].

52
1629 Eng. Adams 1921:136 x
Standard of living had "growne to that height of intemperance in all excesse of Riott, as noe mans estate allmost will suffice to keepe saile with his aequalls."-- J. Winthrop. Cf. Bradford, 1632, n.e.

42
1630 Fr. Levasseur:46 x
Peak of rents. Then came Richelieu's war taxes, 1630-40, rents fell.

42
(Basically, Eng. had only minor problems. 30-years war, 1618-48, maintained balance on continent w/o cost to Eng.)
1630-40, 20,000 persons migrate to Mass. (not clear if he means Mass. or N.E.) P.120 contradicts, says there were 16,000 persons in "the Puritan colonies," and 46,000 in West Indies.
There were also thousands in Ireland. (Probably Ulster. Otherwise, Ireland not a likely place to go seeking freedom from Catholic-type organized religion?]43
1630- N.Eng. Adams 1921:122 land

Puritan colonies were the only ones where settler could own land in fee simple, w/o quit-rent or lord, and was given freely to settlers. [Contradicts self, p.417 below, says towns could not grant land in fee simple, literally.

P. 153, colonies granted land to towns, which owned it in their corporate capacity; towns "allotted" it to individuals, in proportion to their ability to use it. [These allotments were not titles, and were not paid for.]

P.417, orig. co. had no power to create other corps, so towns as such had no legal existence, and no power to grant land. Ct. solved problem by confirming titles under her seal, time of Andros. Other colonies, titles remained precarious, legally.

Here is why Ct. was settled so slowly, after 1685? Instead of possessory interests, precarious tenures, Ct. settlers had to buy title in fee simple. Watch dates though, further data needed.

P. 317, Ct. had no charter until ca. 1660. It was exercising powers of govt. w/o warrant, was a theocracy. Finally got charter from Clarendon's admin., reign of Chas. II, including prop. qualn. for vote, ending theocracy. Also absorbed N. Haven then. This charter so good, it served as state constn. to 1818. [A propty. qualification for vote presumes there are records of property, and some kind of title, I surmise.]

P. 418, Ct. did this as "one of last acts" under charter, before submitting to Andros, ca. 1685-88. With Wm & Mary, they quietly resumed charter, which lasted to 1818.

P. 224 says Ct. grew 4x, 1640-60, while Mass. grew less. OK, they were then a theocracy, no land titles. Qn. is, did granting firm titles slow them down later, after 1685?

43

1632 N.Eng. Bradford:361-2 pax x

"The people of the plantation began to grow in their outward estates,..." Immigrants poured into the country, esp Mass Bay, raised demand for corn & cattle, "by which many were much enriched, ...; and yet ... this benefit turned to their hurt, and this accession of strength to their weakness. ... "no man now thought he could live, except he had cattle and a great deal of ground to keep them; all striving to increase their stocks. By which means they were scattered all over the bay, quickly, ..." "And this, I fear, will be the ruin of New England, at least of the churches of God there, ..."

44

1638-60 N.Eng. Adams 1921:209 x

For 22 years Eng unable to control n.e. at all (but protected it). No Indians, no English, no foreign threats: a long peace dividend. [But immigration slows.]

P.226, colonies endeavor to keep from being entangled with England w/o losing value of her protection.

1646-60 Eng. CHW:578 war

Cromwell's New Model Army was a seedbed of radicalism. The

levelers came from there. Cromwell fought both Holland and Spain (winning Jamaica) and Ireland.

(Cromwell was the English Napoleon: kill a king; work with, but control levelers. Cf. Am. Revn; Civil War; Spanish War; W.W. I; W.W. II; Korean War; Vietnam war; Russian Revn; German pds. of social democracy; Dutch Republic vs. Spain; etc.)

(Note compatibility of Calvinism and leveling. This helps explain hostility of French kings. However, what explains 100 years of their tolerance? Henri IV did it to secure peace; his successors slowly coopted leaders, then destroyed.)

47
1600-1800 leapfrog

200 years, Eur. gave priority to controlling Caribbean. Spanish Main, Asiento, piracy, Jenkins' Ear, rum, sugar, triangular trade, Surinam, S. Sea Co., Mississ. Co., etc. etc. After all that, what was there to show for it? This was perceived as the best land. They blighted it, culturally, semi-permanently, by slavery, maladministration, etc. Probably severe land mnpy. NEED INPUT.

70
1743 Fr. NCE:1616 PAX

Death of Fleury. Louis XV governs "directly," but that means dominance of Mme. Pompadour. [Haeterocracy. How about du Barry? Pompadour was not all bad, she patronized Quesnay.]

Interesting how French, with their Salic Law that forbade females from reigning, had more petticoat rulers than most countries.

We now have several periods of Louis XV: Regency of Duc d'Orleans, with and without John Law; du Bois, submission to Rome; Fleury, coldwars; Pompadour-du Barry, <u>apres moi le deluge</u>.

70
1754 U.S. WMiller:92 war

Braddock's defeat. ("Interwar"!) Frequent other fighting, too. [Suggests vigorous efforts at westward expansion, leading to more war, blurring line between peace and war.]

[Using peacediv to expand not only vents, unleashes workers and forwarders, advancers, but provokes more wars. We were on a roll, 1720-63. Walpole may have stifled Eng. at home, but not in Am. colonies, and expansion hastened after 1740. We went from salutary neglect to salutary aid - to malignant repression.]

72
1758-61 Eng. Jameson:72 $

1st Wm. Pitt, Earl of Chatham, "The Great Commoner," conducted war in such a way that his statue in London commends him as minister "who had made trade flourish by means of war." See NCE:516. Pitt rose to power by opposing Walpole.

Cromwell, also associated with commoners, did same thing in wars vs. Dutch et al.

73
1857-73 U.S. Cornick:20 x
Only 15 years between busts. Civil War inflation had saved finances of some municipalities after 57, let them have another go at it.
Thus, wars have more than one effect. My major thesis is, they raise national taxes, hold down lv. They also soak up unemployed, repudiate old debts, etc.
Again, 1913 was time for another crash; 1907 showed the impulse. Eur. war perked up demand for current goods, but also raised i.r., raised taxes, held down demand for land. The preceding coldwar/naval-race kept up taxes.

111
[As to rails, they were surplus in 1942, trains were short and few.]
In general, we enter wars with excess capacity in xptn. War draws on this frozen K, thaws it into expendable goods. Even the aborted R.R. from Mobile north was useful in Civil War.]

113
1866-72 U.S. x x
Gilded Age occurred while "Radicals" were in power. They must have been "radical" towards s.e., rather than at home. Likewise McArthur must have seemed a "radical" to the Japanese, while a reactionary trend developed at home, [with him as a symbol].
In both cases, ff. a few years of reconstruction, right-wingers at home allied with right-wingers in defeated lands, as winning the class war took priority over winning the regional war. It is international and interregional warfare that abates class warfare.

115
1869 ireland Rbnsn:602
English church disestablished in Ireland, tithes abolished. Before this, Catholics taxed to support Prot. church. [Crimes of Chas. V, Philip II, Catherine de'Medici, Louis XIV, and Duke of Alva were avenged on Irish, as today crimes of Hitler avenged on Palestinians.]

116
Cf. Italy, about this time, explosion of opera. Cf. literary flowering of n.e., time of Longfellow, Emerson, Thoreau, Hawthorne, Lowell, Whittier, Holmes, etc. Social conditions produce a flowering of certain kinds of activity at certain times, highly concentrated in time and space.

117
1873 world Estey:96 x
Eng, U.S., France, Gy and Austria all hit. 1857 hit all but

Austria; 1837 only Eng and U.S. (I doubt that.)

118
1895-1914 world Felix:29 x
Eur. K went to same regions that were also taking Eur. immigrants: U.S., Brit. dominions, Argta, Brazil. [Fits the HG model], evidently violates Heckscher-Ohlin [as Felix understands it].

125
1914 u.s.,chi Hoyt:413 x
Peak in area subdivided in 1933 limits of Chicago. This occurs before there is a blip in lv, and is ff. by only a modest, temporary rise.
Chart shows two series on subdivision: the other is for lots subdivided in Chi. metro area. This series peaks 1891, and 1927, extremely high off trend. It also peaks 1914, but in very subdued way.
Thus the 1908-15 development was <u>much</u> healthier than in the other periods. It was infilling, subdividing inside the city. There was no land boom. There was also stability in bank clearings, also shown - notably moreso than in booms before and after.

130

45
1648 France Kenn:58 x
Revolt, tax strike, gov. bankruptcy under Mazarin. See Fronde, NCE:1020.

47
1648 Fr. nce:1730 pax
Westphalia, favorable to France. Austria separated from HRE for 1st time - AAHW:I-255; HRE disintegrated into a confederation of states; Habsburg hegemony stifled; impotence of Gy. assured. France got Metz, Toul, Verdun, much of Alsace, bridgeheads on Rhine.

47
1648-53 Fr. nce:1020
The Fronde, outbreaks by nobles vs. war taxation (even tho they were exempt! - must have felt indirect effects) and centralized power. Conde even allied with Spain, but finally lost at Peace of Pyrenees.
Opp:ix says capsts allied with Crown to put down Frondeurs. They called themselves "society," and "the nation," as vs. feudal interests.
AAWH:I-259 says this was last revolt of upper nobility, joined by Paris parlement, after this they lost political power. (They became caciques, pure rent-takers.) [This set stage for Louis XIV, highly centralized power, from 1661.]

Frondeurs got their peacediv: rent w/o function. Levasseur:46 tells l.v. rose. Victory abroad, unity at home, relief from feudal dues, l.v. should rise a lot.

48
1650-75 Fr. Levasseur:46 paxdiv
Rapid rise French rents, lv, to peak in 1675 (or maybe 1672, when Louis carried war to U.P.) Cf. Westphalia, Fronde, which laid basis for this. "Dividends are divisive."
Contrast Eng. and Fr. Parity rising in Eng., falling in France. Central power growing, both nations.

48
1650-1715 nh Myers:41-42 leapfrog
All NH settled under cloud of the Mason claims, bought up by Saml Allen, who became Gov. 1692. Squatters finally prevailed. [Note how these precarious tenures did not stop, and probably speeded settlement.] Allen tried and failed to bribe Earl of Bellomont, Royal Govt. of n.e., who exposed him, ca. 1700.

48
1651-75 Fr. Levasseur:30 pax x
Prosperity under <u>early</u> Louis XIV, 1661-72, before his wars. (Also before Colbert, massive p.w., naval buildup, patronage of arts, etc.) Prosperity for whom? Rents rise, p.46.

49
1659 fr, sp nce:1730 pax
Treaty of Pyrenees favorable to France. AAWH:I-259 says it is a watershed, marked ascendancy of Fr over Sp, beginning of The Age of France.

49
1660-85 Eng. CHW:581 pax?
Chas. II had standing army, which Chas. I had not. Dispensed with Pmt, 1681-85. Got small subsidies from Louis XIV. (The subsidies may have been small, but staying out of war was a big financial plus.) <u>Peace with Poverty</u>? Cf. 1662 Poor Law.

1660-80 Fr. Kenn:89 pax
Louis throve, and (then, after 1672) expanded w/o much opposition. After that, eur ganged up on him. Austria had defeated Turks, was freed to oppose France.

1660- Mass Adams 1921:317 x
Mass expanded, broke laws and titles, esp. to north. Inhabitants were better off than under absentee props., whose main interest would be in land titles and taxes. (And, in case of John Mason, Popery.)

50
1664 N.Y. Adams 1921:312 ?

Eng. easily take New Netherlands. [Dutch paid price for non-settlement patroon policy.] Clarendon was minister of Chas. II, to 1667. Duke of York was to become James II.

This should have opened NY for expansion. Did it? No: patroons continued to blight Hudson, smothered it under blanket of patroon holdings. Iroquois held western NY. (Eng. retained patroons, took a few grants for themselves. A nice system for big-shots.) (Need for compromise with Dutch suggested by Dutch retaking NY at one point. Only in humiliating Treaty of Breda, 1667, ending war did Eng. get NY back, losing Surinam. Eng. still lacked tax system, couldn't prevail in wars.)

Leapfrog: Clarendon also settled Carolinas. Thus, instead of NY, settlement moved south, and to Penna. Eng gained little, and Dutch lost little, from exchange of NY, because they retained patroon system. NY was sterilized. James II was spoiled, set up for future disaster.

1664-67 Eng. NCE:814 war

2nd Dutch War. 1667 Eng suffered plague, great fire, and disaffection in Scotland, wanted peace. Treaty, Breda. Eng gave back Surinam.

51
1664-72 Fr. perk:111-12 pax x

Colbert lightened taxes. Not just to 1672, but until his death in 1683. War with Holland, 1672-78, was "not a severe strain."

Industrial condition of France did not improve. Peace and Poverty. P.119, re Colbert, "An amiable busybody often does more harm than a selfish tyrant."

51
1667 eng. NCE:569 war

Clarendon dismissed by Chas. II, blamed for financial breakdown in the Dutch War. (That may mean he couldn't overcome tax resistance. Even though Breda was "humiliating," it was not expensive, result was peacediv.)

52
1670 Fr. Perk:97 $

Colbert found tax farmers taking over half what they collected. He cut this way down. P.99, he was a meliorist, did not change the system, just made it work better.

P. 96, he also repudiated part of debt, much of which had been sold below face anyway.

P.99, he reduced the taille, "... the direct tax imposed upon the property of the mass of the community, ..." To this he "gave constant attention".

P.100, he made French credit good, as good as "Holland."

53
1674 Eng. Adams 1921:375 pax

Peace with Dutch. [Treaty of Westminster.] New leisure to tighten up colonial admin. (Also to raise lv in Eng.) (This must have been a separate peace, France fought until 1678.)

53
1675-76 N.Eng. Craven:118- war

King Philip's War, very costly, most settlements ravaged. Reward was to gain more land.

Ct. Indians did not join others, still cowed by Pequod massacre. This is period when Ct. should have grown fast, while remote settlements pulled in. Yet N.H. is what settled in fast then. INPUT NEEDED: what happened in Ct.?

54
1682 pa WMiller:65 pax x

Wm. Penn arrives in his new colony, settles thousands from Eng and Gy. Sometime after Wm. and Mary, Penn went to debtor's prison in Eng. (Biographies of famous investors should show a lot of this, turn up many crashes otherwise obscured.)

[Migrn shows free K is available.]

55
1682- U.S. CHW:670 land

Wm. Penn established Phila. Offered land to all comers "on attractive terms," needing income. [This suggests he could turn cash into income, i.e. MROR was high.]

[Cf. N.E., time of The Great Migration, land allotments freely given, basis of need and use.]

55
1682- U.S. Craven:323 pax$

There were champions of a land bank, to supply money. These grew popular "postwar," i.e. after 1715. [Seems sync with J. Law.] See Nettels, Money Supply; Craven is nebulous.

55
1683 penn Craven:194 x

Penn promotes settlement in Pa.; many migrate. (P. 55, Carolina settlement, meantime, occurred w/o any promotion from England, by inflow from Barbados et al.)

P.192, migration was huge, the only move comparable to n.e., 1630-40. P.193, Quakers moved not so much to escape persecution as to find ec. opps. that were perhaps closed off by disdain.

[Va. and N.E. were containing settlement. Also, Quakers and German pacifists probably needed a place sheltered from frontiers. Thus they served an infilling role - wonder why they didn't try Ct.? Perhaps persecution of Quakers there stopped them.]

56
1688+ Eng. WMiller:61n

Ulster economy competed with English, was crushed, inciting

emigration [of Scotch-Irish] to America.
[First they expand, then they crush. Ambivalent policy? More likely, this results from expulsion of Stuarts, dominance of Pmt., sentiment toward containment, monopoly.]

57
1688- ireland Rbnsn:601 plunder,exp.
Wm. of Orange confiscates more Irish land. [Indicates new wave ov expansion.]
Thus there were at least four major stages of seizing Irish lands: 1154-89, Henry II; 1603-, James I, Ulster settlements; 1650-, Cromwell; and 1688-, Wm. and Mary.58

1697 EngFr Kenn:103 pax
Treaty of Ryswick. Tory squires complaining about taxes, Wm. listened; Dutch burghers also complaining. Famine in France.

61
1700- Fr. Levasseur:30 pax x
18th cent., generally time of clearing, rising popn, high (rising?) land price. (Starting when? There was boom/bust, peaking 1720.)
[This occurred during century of wars. However, Fr. did not plunge into the wars wholeheartedly. That's why Fr. lost so often. What they gained was lower taxes, higher rents for the privileged owners. This finally led to revn.]

61
1700- scot perk:433 $
To Scotch, proposed basing currency on security of land, which was more stable, and more appreciating, than gold. (This is what he later did in France, for a while: land of La.)

62
1713 Eur perk:285-6 pax
Utrecht, Eng got inter alia the asiento for 30 years, monop. of slave trade to W. Indies. (Source of the capital of Liverpool, for later use; earlier use may have been buying shares in S.Sea Bubble.)

64
1713-35 EngFr Kenn:107 pax&torpor
Detente, domestic recovery in France. In Eng. Robert Walpole, isolationist and peaceful (1720-41). The N. Chamberlain of his day. "Every Man has his Price." Whig landowners in saddle, Tories discredited by assocn. with Pretender and French and Monarchism. Kings George I and II spent most time in Hanover, hardly spoke English. France recovered power, intimidated Dutch, bullied much of Europe, Walpole let it happen.

65
1715 Fr. perk:348 Pax,Repudiation

Philip, Duc d'Orleans, named Regent, dismisses Le Tellier, the Jesuit bigot who had misdirected XIV as his confessor. New confessor is the Abbe Fleury.

Dubois became chief minister. Dubois wanted to be a cardinal, hence was controlled by Pope, p.351.

Inherited prodigious debt from XIV, p.354. Quickly lowered it by prosecuting rich debt profiteers, and letting those with influence buy their way out. "Partial bankruptcy," p.357.

Result, "bankruptcy dividend." Or "Repudiation Dividend."

65
1717 France NCE:1793 x

John Law acquires monopoly of La. commerce. 1719, Law's co. absorbed several other orgs. "for the development of" Indies, China, Africa: most French colonial trade. Got right of farming the taxes. Assumed the state debt; amalgamated with royal bank. Large influx French settlers in La. [There was a military motive to settle, also, to thwart Spanish advances. Funny they didn't put more people in Quebec, too, but there were a lot.][This implies real K moved there, too. This would drain disposable K from France.]

Oct. 1720, Miss. Bubble bursts.

66
1719 Fr. perk:475 x

Reckless consumer spending by newly rich from rising shares. P.478, "Sudden wealth ... brought corresponding extravagance." Diamonds, 80 horses, 90 servants, gold and silver plate, constant guests, etc.

67
1720 Fr. perk:495 x soc

"Never had murders and robberies been more frequent." Thus, this kind of "prosperity" is divisive.

DATA NEED: crime rates over time.

67
1720- Eng. Reid:302 pax$

Walpole tried to replace land taxes by raising customs etc.

Land tax had been made redeemable by point pmt?

67
1720-21 Fr. perk:486 x

Most of those who realized on securities bought land in France, land price boomed.

67
1721 Fr. perk:514-5 repudn div.

Ff. collapse of Law, capl. levy on many of the winners - mainly those upstarts who started poor.

Another partial bankruptcy. Govt. bonds put in iron chest and burned.

1721-42 Eng.,U.S. WMiller:68 pax
Walpole not only neglected Europe, also the colonies. The era of "salutary neglect." [Cf. Moynihan, "benign neglect."]
[Huge bonus for colonies: no war, no tax, no controls.]
Meantime, Whigs and Pmt consolidated power in Britain. Tories liked Pretender, were badly discredited (p.95, n.)
[Whigs had been the war party under Queen Anne, so when Walpole turned Whigs to peace, there was no war party.]

1721-42 Eng. CHW:583 pax
Walpole, "Leading" (Prime) Minister. Peace, quiet and making money. Peace and Poverty, or anyway rising concentration.

1721- Eng. Terre&Liberte pax$
Walpole wanted to reestablish salt tax, totally remove land tax. Sir Wm. Wyndham, d.1740, opposed. See Cobbett, Parliamentary History, for Wyndham.

1721- U.S. WMiller:84 pax x
Walpole blessed Am land speculation, to encourage Ams to occupy land, keep out French. (What a shock, then, in 1763 to have a reverse policy.)
So, some of peacediv. spent on territ. exp., U.S.

68
1726-43 Fr. nce:963 pax
Card. Fleury rules France. Restored order, built roads, fostered merchant marine, etc. Effect on lv?

1730- France Kenn:108 x
France under Fleury expanded its power; Eng & Un.Prov. held back, undesirous of war.

68
1730+/- U.S. WMiller:73 x
Colonies offered free surveying to those who would settle the west, afford further security to eastern settlements. Security not just vs. Indians, but French and Spanish.

1730s va WMiller:73 pax x
Living on rise of l.v., expansive plantation life, carelessly going into debt. Riding for a fall - when was the fall?

1730- va WMiller:73 x
Settlers moved "down" the Shenandoah Valley. (I assume that means southwards.)

1732 ff s.c. WMiller:76 x
Ga. founded, buffered s.c. from Spanish, they prospered on rice.

1734-56 va, md WMiller:73 x

Rising tobacco prices, premium on land, golden age of tobacco gentry. There was a lot of land mining, moving on. Virgin land yielded money up front from the timber, used for many things including potash!

69

1740 mass Versteeg:270 $

A land bank was organized - no name given. Issued notes with land as security. [This indicates a boom? Possibly, but may also have been a local reaction to tighter money from England.] Versteeg hints the bank was public or semi-public. It was closed down by extending the sway of the English "Bubble Act" of 1720 - apparently that Act outlawed using land as security for money. Gov. Shirley of Mass. let the bank liquidate gradually. Bank supporters soon made a comeback, first in Salem. (Connection between witch-hunters and land-bankers?)

P. 256. 1741 is when England extended Bubble Act to stop land banking in colonies.

70

1750 pa WMiller:83 x

Eng legn somehow stimulates Am iron mfr, esp. in Pa, NY, Va. Am. was supposed only to produce pig iron, but evaded, and had large, efficient iron fabricating works, esp. by Quakers in Pa.

72

1750- Fr. Levasseur:103

End of price control of wheat, end of export ban. (Suggests growing power of rural landowners to impose hunger.)

1750-60 ga. WMiller:76 x

Rice, a bonanza crop, expands from s.c. to Ga. Trees not cleared from many lands, pine tapped for turpentine etc. Immigrants from north forced to western cowpens lands, a wild cowboy life.

72

1761 Eng. Kenn:113 war x

Pitt falls, partly in protest over huge rise in nat. debt. Eng fncd ally Prussia in 7-years war, ran up huge debt. However its trade rose at same time, boom years.

[Parallel to fall of Marlboro, 1710. On good side, this says English knew how to quit when they were ahead. On bad side, ... Remarkable, time of Eng's greatest triumph, landowners pull back. Partly, this just shows that war is a matter of endurance, and Eng endured better than France. Also, however, perhaps landowners feared results of their own success, draining labor force to new world. Proclamation Line and Quebec Act followed shortly after.)

(Thus, war years may well also be boom years, with taxes a stimulus. Postwar years may also boom, paying off debt, holding

down l.v. "Boom" here means in trade and production, not l.v.)
P.115, George III raised taxes to service nat. debt, met opposition.
Bellum and Boom. Combat and Commonality. "There is comradeship, cooperation and commonality in combat."

73
1762 Eng. WMiller:92 pax
George III, King only from 1760, tires of Pitt, removes him, makes peace. (Looks a bit as though King sought a peace dividend. Cf. 1761, Kenn:113.

74
1763 Eng. WMiller:99 war debt
7-years' War had doubled eng's debt. Also raised yearly cost of administering and policing vast new empire. English landowners were paying tax of 20% on their income (meaning land income, by implication). Decided it was time colonists paid cost of their own protection. Chose nasty kinds of taxes: duties, stamp taxes, enforcement vs. smuggling. Trouble followed.

74
1763 U.S. O'Callaghan 109 x x
Land grants to vets of French and Indian war. Also, colonies gave free land to get Indian fighters settled in buffers. Custom goes back to Greece, Rome.
[Proc Line and Quebec Act would only have affected n.w., not Ky and pts. south, nor Pa, w. Mass, Vt. etc. There was rice boom, Ga., 1750-60.]
(Hence postwar booms of territorial expansion. Not only is there territory, it is divided for vets. However, this may not happen: e.g. after Pequod War, there was no burst of settlement. Did they not give a tract to my kinsman, John Mason?)

74
1763 Fr. Levasseur:49 pax x
Rent and lv rise fast. Also p.51: prices rose, wages not. (This does not fit with high taxes of Choiseul. Maybe it was high loans, not taxes? See Labrousse:64, there was general inflation. Everything rose more than wages.)
P.103, refers to general inflation due to gold influx. True? More likely due to printing money.
Syndrome: <u>apres-moi-le-deluge</u>.

75
1763-70 Fr. Labrousse:64 pax x
Exceptional advance of prices, ff. long slow rise. (Suggests paper M. France was bankrupt.)

75
1767 Md.Pa. WMiller:65 x
Mason-Dixon Line drawn to settle boundary disputes.

(Surveying previously vague boundaries is a sign of rising l.v. Seek a time-series on surveying activity.)

1769-70 Eng. CHW:823 x

Wedgwood, potter; Watt, steam engine (replacing water power as sole source, and determinant of location); Arkwright, spinning frame; Hargreaves, jenny. Outpouring of tech. advance. (Preceded by xptn revn, 1745-now; followed by slump, see Kenn:116.)

77
1775-95 U.S. Jameson:32-35

P. 41-42. Much land given by states to vets. (O'Callaghan wrote only of fed lands, I believe.) Result, 1785-, "an era of unexampled speculation in American wild lands." Vets sold their claims; states also sold directly. Dates a little vague, but "soon after the Revolution, ..." is the time. 1789 is mentioned, p.42. Examples of prices quadrupling in 5 years nr. Lancaster; Canandaigua, even moreso.

Less accessible lands remained cheap enough so there was much real settlement.

P.44, Va. paid soldiers with lands in Ky, causing rapid settlement. 1785 pop = 30,000; 1790 = 74,000.

79
1776-99 Fr. Levasseur:T. IV x x

Revenu from terres labourable, plowland, and prices, 1290-1799. Data by 25-yr pds. All time low, 1451-75. Sharp rise at end. So French class divisions were suddenly much less tolerable, society divided into have and have-nots.

Revolution did not come in depression, but near crest of boom in lv - complicated by temporary grain shortage, (which would, however, help boom farm lv.)

P/E ratios also rose at end of 18th, to 30. Earlier cents., were a too-steady 10, probly assumed.

Nominal prices and rents also rose sharply. As text says, inflation was as great in 18th as in 16th cents. (I believe we see influence of banking here, not specie. Inflation was localized in France, a bankrupt govt.) [In U.S., e.g., Eng. Currency Act of 1764 stifled colonial banks from inflating. Creditors in command, not equity holders.]

There are different patterns for other kinds of land, so only broadest outlines are generalizable. But all the types show highest peaks plus sharp rise, 1751-99.

79
1779 U.S. Garrett, 1987a:386 expnsn x

Gen. Louis Sullivan with army of 4,500 men invades western N.Y., scatters Iroquois, takes land. (This opens Mohawk for settlers. 4,500 is more soldiers than Washington had! They had their eye on the main chance!)

Result: peacediv of expansion, land plunder.

81
1780 u.s. pa Jameson:64 $ $
1st bank in u.s., Bank of N. Am., Phila. By 1789 there were still only 2 more, one in NY, one in Boston. Thus, here was a boom w/o indigenous banks.
[What does J. mean by banks? There were earlier land banks, stifled by Bubble Act and 1764 Act. Cf. Bray Hammond.

81
1783 U.S. WMiller:103 paxdiv
1783, Peace of Paris, Contl Cong agreed to return Tory lands, and honor Eng. creditors. But it was empty gesture, states controlled, and refused. [Another paxdiv in form of land, only this land was intermingled, allowed infilling.]

81
1783 Eng. Mantoux:100 pax x
Ff. peace, eng commercial shipping rose much faster than ever before. (This marked the end of the mercantile system: Eng was freed, too!) 1781-1801, tonnage tripled. (This must have required large K invested in ships.)
You could say, Eng made peace so she could get on with main chance of exploiting industrial revolution. To exploit trade, had to reestablish control of seas, forget fruitless land wars on Am continent.
Shipping is also a frontier.

81
1783-1840 U.S. Myers:49-50 Dissipn of K
Great fortunes of 18th cent. mostly gone by 1840, sold to others. [What did sellers do with money? Consumed it, apparently, for their descendants are not rich. Thus buyers save to buy land, and sellers consume it, so capital is not formed.] P.53, "... the landed men spent much of their time carousing, hunting, gambling, and dispersing their money, ..."
P.60, taxes perhaps another factor. Joseph Peabody of Salem made fortune in privateering first, then commerce. He paid "an aggregate of about $200,000 in State, county and city taxes in Salem, ..."

82
1783- U.S. O'Callaghan:111 x x
U.S. did not actually award bounty lands for a long time, although Congress had promised them. Titles had to be settled. (However, p.109 hints they may have distributed some British Crown lands. Also, there were lands taken from Loyalists. Interesting thought: settling vets on Tory lands would have promoted more infilling, avoided boom/bust.)
Indirectly, Congress gave some bounties via. The Ohio Co., to whom it sold land on condition said co. wd. give 1/7 the land for military bounties.
1796-1830, land given in a tract in Ohio, and there only.

1830, broadened out to include rest of Ohio, Indiana, Illinois.
P.112, not much land involved, and it went to a few people.
[Ham imposed excises to avoid selling land; not selling is even worse than overpricing.]

82
1783- va Goodrich:99 x
Va. counties had responsibility for road building, colonial and later times, encouraged turnpikes.

83
1784 U.S. Jameson:78 pax,psych
Postwar psych of speculation, restlessness of young, disrespect for authority, crime, frivolity, extravagance. P.93-94, church at low ebb postwar. See 1796.
Churches that did grow were anti-Calvinist, e.g. Methodists and Baptists, opposed to special privileges, p.100.

83
1785 U.S. NCE:2807 x
1st American turnpike, in Va., a state enterprise. 1st pvt turnpike was in Pa., Lancaster, 1792. Drovers also used them.

83
1785-86 U.S. Hacker:178 pax ?
"Commercial letdown." Alleged depression sounds more like a readjustment. I.r. high bcs demand for K was strong. Building turnpikes, bridges, river improvements, canals (?) P.181, admits commercial letdown of 1785-86, but there was "a new worldwide commerce which the Revolution had legalized." Voyages had to be longer, and "cooperatively financed."
(I.e., U.S. xptn invt now was on the high seas, like England's. Was also inland.]
[Combo of inv. outlet, + source of available K from repaying public debts by taxing land, = high real inc., prosperity under Articles of Confedn. It took The Constn. and Hamilton to transmute this into slumps, 1792 and 1798. The so-called "Critical Period" was a vigorous, energetic, prosperous pd. of healthy thriving.]

84
1787 Fr. Labrousse:64- pax x
Another setback starts. Cf. 1770-75. It almost seems Labrousse is describing two cycles. Peak around 1770, rescued from depression by American war, from 1777. Then another postwar boom from 1783, peaking in 1787.
What's lacking is probable fall of rents due to high taxes, 1777-83. Perhaps that's because they didn't tax, just borrowed into later repudiation and bankruptcy. Also, France won the war for once, causing more optimism.

84

1787 U.S. Bogart:225 x

Prosperity revives. Domestic mfg revives (deflation would do that.) Yankee sailors open China, East Indies, and Baltic trades to replace lost West Indies and Medit. trade. This prosperity "floated" the Constn.

[The Constn. did not return the favor. It led right into 2 slumps.]

85

1794 u.s. Garrett, 1987 x

Federal army defeats Indians in Ohio, forces cession of their lands. Gnrl. Wayne, Battle of Fallen Timbers.

89

1796 U.S. Jameson:78 pax, psych

J. includes this with great war-endings. What war ended 1795? 1st Coalition vs. France broke up; French terror ended. Those hardly seem great, in U.S. His reference is evidently to France.

Postwar psych recurs: profiteer, nouveau riche, the Incroyables (underdressed females), like flappers of 1920s, miniskirts of 1960s. [However, in U.S., short skirts were the fashion during, not after w.w. II. In 1949, hemlines dropped.

Miniskirts accompanied, slightly preceded Viet Nam war as I recall.]

89

1796 u.s.,ohio Goodrich:24,169 x

Fed lands given to Eb. Zane for marking out Zane's Trace across s.e. Ohio.

89

1796- u.s.,ohio O'Callaghan:111 x x

Finally start distributing fed lands to vets

90

1803 U.S. SOURCE? x

La. Purchase. This was a peacediv w/o war.

Treaty stipulated residents would become citizens, and all their property recognized, including slaves.

(How about propty of non-residents? See ColesJr.:210)

[La., plus cotton boom, demand from eur, all would have mitigated fall of 1798. However, most ec. effects of La. would be deferred, it is so far west.]

92

1803- s.e. WMiller:158 war x

Cotton planting booms, as Eng blockades continent, stifling older exports, and raises its own demand for cotton.

92

1803- U.S. ColesJr.:210 x x

U.S. hastened survey and settlement to get men to frontiers. Tolerated sloppy surveys, to speed it up. It was feared La. would be turned back to Spain. [That would also be a reason for selling on credit at this time.]

P.212, French lineal lots validated, grants adjusted accordingly. Backlots pretty much reserved for riparians, for their future delectation.

P.218, much more land granted by earlier govts. than expected. Shady titles and claims hung around for years. Speculators bought them up. (Cf. Vt., Wentworth grants etc.)

92
1817 pa Goodrich:62

Pittsburgh Pike finished. This and Cumberland Rd were the 2 principal routes for shpg mfrs west. Pa. was a stockholder in 56 turnpike corps, led NY in roads.

2nd turnpike boom! See 1806-, pa.

93
1811-17 U.S. WMiller:159 $

Interbank era, state and pvt banknotes overissued. Used to buy land. 1817, 2nd B.U.S., but did not tighten up until 1818, when "land boom was already showing signs of petering out." (What signs? What evidence? Cole:233 says peak of sales in 1818.)

At first, loans by BUS were as lavish as local banks, and in sounder money.

1819 collapse was worldwide.

95
1815 U.S. WMiller:158 pax x

Import balance postwar, [i.e., a K import boom]. Brits dump to recover markets, abort n.e. mfg. An early Rustbelt effect, severe. West Indies closed, n.e. hurts, emigration flows.

Elsewhere, Era of Good Feelings, Pres. Monroe.

95
1815 Eur Millis56:65 classwar

Postwar, old ways reasserted themselves, armies quickly grew soft and corrupt. Eng. aristos reasserted their rights to buy commissions. [Went from militant, to military, to militaristic.]

96
1815 Eng. Millis56:91 pax

1st American peace societies founded in NY, NE and Ohio. 1818, coalesced as Am. Peace Society. Ff. movement already moving in Europe.

96
1815- Eng. Curtler 1920:ch.13

High corn price. During (hence enclosures) and after Nap wars, eng changes from exporter to importer of corn. This high price encouraged enclosures. Poor spent more of their income on

corn, had less for meat, so pasture converted to corn.

[Does that make sense? If they ate less meat, less feed was needed, and meat-eaters need more acres of grain/capita than bread-eaters. Curtler may have it backwards. We NEED INPUT re feed grains in Eng.]

96
1816 U.S. Goodrich:37 paxdiv x

War had shown need for xptn. Calhoun wd "bind the Republic together with a perfect system of roads and canals." Times favorable, "at peace with all the world, abounding in pecuniary means. ... sectional feelings immerged ..." (Cf. Gallatin, J.Q. Adams, Clay, et al.)

Fed revs. must have picked up a lot since 1812.

Calhoun linked this with 2nd BUS, wd use fed income from bank for this. Also the "Bonus" expected from its charter.

Actually, Congress voted to distrib Bonus to states "in propn to their population," but Pres. Madison vetoes Bonus Bill, 1817. (Thus Madison would tax states by popn., but not spend that way. Instead, he spent on coldwar - WMiller:152.)

(How was Jackson's bonus finally distrib? By repn. in electoral college. See WMiller.)

97
1816 U.S. CHW:791 war$ $

2nd B.U.S. established. One reason was to help u.s. treasury, "which was financially embarrassed on account of the war." - Bogart:364. I.e., Madison preferred debt-financing: he would.

[So in this boom, banks expanded on u.s. debt, not just land collateral. 1836, by contrast, was no u.s. debt, m was all based on land specn. Here is a prime reason 1837 fall was so steep, and others less steep. Likewise 1929. The Perils of Peace.]

98
1817 ny Goodrich:53 pax$ x

NY moves to borrow on credit of state, for canal. Later, borrowed on credit of canal tolls for less worthy ventures.

P.58, also, up to 1827 there was a statewide prop. tax.

1842 it was reimposed, in financial urgency.

(Evidently Erie Canal Constrn. continued right thru crash of 1819. There was power in pledging state revs?) Fall was more in s.w., 1819. [NY had been a sleeper, like Rip van Winkle himself, due to patroon system.]

[Lacking Fed. aid, states taxed selves. Madison was refusing to distribute, spending on coldwar instead.]

98
1817 U.S. Millis56:76 pax x

Rush-Bagot Agreement demilitarized Canadian border. 1818, 49th parallel border carried to Rockies. 1818, Ashburton Treaty. Barbary pirates subdued. Fla. acquired, La. defined, stabilized

U.S. position. (Result? Crash of 1819!)

98
1818 U.S. Cole 1927:236,233 x x x
Sharp peak, sales of public land, 1818. Internal improvements boom, stimulated by problems of movement during war of 1812. Cumberland Rd., open to Wheeling, 1818. Steamboat invented, opened up Gt. Lakes and Mississ. system. (Also elsewhere.)

98
1818 U.S. WMiller:165 x
Nat. Road fed by 1,000s of miles of pvt turnpikes, mostly from north. Many were marginal, high tolls screened most traffic out, they folded soon.

98
1820- U.S. Bogart:372 $
State banks came on, new variety. Chartered by States, avoiding Constl. prohibition on states issuing bills of credit. 1837, USSC validates them.

100
1823- S.Am. mg pax x
Monroe doctrine umbrella, and eng navy, held down taxes, allowed long stagnation, overpriced land. Peace and Poverty.

100
1825 ohio Goodrich:135-35 x
Ohio used its credit for canals, also authorized annual canal tax to service loans. Started (and finished) 2 canals. After 1836 came to grief by regional equity. But finished its overambitious program, only state to do so. And its canals carried heavy traffic, Ohio traffic.
[Thus, Ohio joined N.Y. in making system work. Slavery was racing west in vast arc; free states were infilling.]
DATA NEED: Pop growth, Ohio.

1827 ny Goodrich:53 pax$
NY stops statewide prop. tax, which had been used to support Canal. (Thus entering the Moonbeam phase, unleashing land boom.)

101
1830 nj Goodrich:124 $
Delaware and Raritan Canal, a natural, like NJ Turnpike today, linking Phila and NY. Chartered by state, paid tonnage taxes. (Thus, States can collect $ from eminent domain.) P. 126, D&R Canal provided much of NJ state rev for next 40 years.
[A money-tree dividend, like finding oil. Allows long dividend.]
DATA NEEDED: how did N.J. grow, 1830-70, thus relieved from taxes? How did lv compare with NY, Pa? Takers probably got most.

D&R Canal was "exploitative," i.e. it paid. Others were "developmental," i.e. they didn't now, but might someday. Winners also called "dowagers," because they spurned public assistance (like rich widows).

[These public assets are bonanzas, money-trees, "anti-taxes," etc. Results should be divisive. Thus N.Y. slept and roiled, 1617-1817. N.J. slept, 1830-?

102
1830 U.S. WMiller:113 pax x
Brits reopen West Indian trade to Americans.

102
1831 wis WMiller:174 war
Black Hawk War takes 100m acs from n.w. tribes. [Odd that in 1840 election they went way back to 1811, Tippecanoe, to find an aging hero.]

102
1832 U.S. Millis56:85 war
Black Hawk War restores use of cavalry, or dragoons. (Also K-intensive.) Mainly militia, e.g. A. Lindoln. P.87, U.S. had minimal arms expenses at this time, defended long perimeter, vast areas, with few soldiers. They called it war, but it used few resources and was like peace, economically. (Result? Crash of 1836!)

103
1835 U.S. WMiller:180 $
Nat. debt paid off, surpluses mount swiftly, from land sales. Jackson, feuding with BUS, deposits surpluses in pet banks, which expand fast, lending to buy U.S. land, creating more surplus, etc.!

103
1836 pa, u.s. Goodrich:67 $
BUS moves to Pa. Lost Fed charter. To get Pa. charter, paid state a bonus of $2m; also agreed to make loans of 6-7m$ for p.w.

104
1836 s.c. Goodrich:104 $
S.C. joins bank charter with r.r., to raise money. (People paid for bank charters directly, and bank could buy r.r. bonds.) Cf. Ill. State Bank, in Hoyt. Thus, land booms dM.
Other cases: NJ, Morris Canal, p.124; R.I. and Ct., p.126;

104
1836 ts WMiller:174 war
Ts. wins independence.

104
1846 Eng. Ashley:ch.6

Repeal of Corn Laws. [after 31 years from 1815.] Enclosures had varied with price of wheat. Enclosures ended ca. 1850, says Ashley. This must have been one effect of free trade.

106
1846 eng,u.s. CHW:823 x
Eng repeals corn laws. (Booms demand for <u>northern</u> u.s. exports - they already were taking cotton. [Fed R.R. boom.] No doubt this linked eng more with northern and western states, helped in Civil War.)

106
1848 ill Goodrich:142 x
Ill and Mich Canal actually finished, 1848. Land sales paid off bonds, traffic heavy, succeeded.

106
1842-3 Ore. NCE paxdiv
"Great Migration" begins, along Oregon Trail.

107
1846 Ore. NCE: Pax
Boundary settled between B.C. and U.S., at 49th Parallel.

107
1850 Ill. Goodrich:172 xsprawl
ICRR was routed through thinly settled parts of Ill., so land along route would not already be taken up. But all the soil was good, and their colonization work made up for it.

108
1850- U.S. Gates 1954:175-79 sprawl
1. Most r.r. land grants were zones w/in which rails might select lands, still held by govt. But in most cases specs. had anticipated the r.r., so there was little for the r.r., and also for the govt. to sell at higher price. There wasn't much govt land left, and what there was sold for low prices.
Bottom line: upriders, rise-takers, forestallers, sooners got most of the gain.

108
1850- U.S. O'Callaghan 114 x xsprawl
Major use of military bounties was in "the speculative whirl of the 1850s." Congress made land warrants assignable. They circulated, even as media. (Land had to be reserved to meet claims, which might come years later from financial speculators anywhere.)

108
1850- U.S. Gates 1942:361-62 xsprawl
Local r.r.s were often subsidized by localities, pushed by land specs, to valorize their lands. "Pinery r.r.s of n-n Wis

promised few or no profits from operations, ...", were to valorize pine holdings of specs. [Rent-seeking and land-linking outlays.]

108
1850- U.S. Destler 155 xsprawl
R.r.s receiving land grants delayed patenting the lands for years, to avoid taxes.

108
1850- U.S. Shannon 157-58 sprawl
Settlement was excluded from govt. sections inside r.r. grant boundaries, and even farther. R.r. grant went 40 miles on both sides. Another 20 miles beyond, land not for sale, reserved by govt., until 1887. Thus the strip locked up was 120 mi. wide. So pioneer had to buy from r.r., or else locate 60 mi. from rail line!
(Presumed reason for this reservation: a lot of land granted to early r.r.s was already taken up, so they were given a belt within which to select "lieu lands." I presume this also applied to the odd squares inside their grant zones.)

109
$
Mobile agreed to help pay for r.r. City property holders agreed to a 5-year tax for the purpose. R.r. reached Ky ca. 1860, aborted. [Fairhope sited near city with background taxing land.]
109
1854 U.S. WMiller:195 x
Douglas pushes thru squatter sovereignty, repealing Mo. compromise. Rush to Ks., bleeding Ks. begins.
[Racing, and rent-seeking.]

109
1854 U.S. Millis56:97 x
Crimean War removed any likelihood of European interference in U.S. affairs, gave security. Japan opened, 1854. Whale fishery thrives. China and Calif. trade open. Clipper ships; steam navigation. All signals go. (Result: crash of 1857!)

109
1862- U.S. Gates, 1936 x scatter
P.317 Homestead Act did not make major change in policy of sales for revenue (and use of sales to accommodate crooked specs.) [Tariff caused change, however: no longer a desire for land revs.]
Homesteading took place on poor land, far from r.r. lines.
P.319, in anticipation of rails, land was withdrawn from entry, so perhaps twice as much land as r.r.s got was withheld from settlers. Also, settler cd. only homestead 80 acres w/in limit of r.r. zone, so many went farther away to get more land.
P.323, 125m.a. went to r.r.s, 140m.a. to states, 100m.a.

sold as Indian Lands, lots more there than was ever homesteaded.
P.325, there were also land warrants.

113
1865-68 s.e. WMiller:230 pax,plunder ?
Fed. agents invaded s.e., supposedly to confiscate Confed Govt prop, but actually took pvt propty, roused by commissions of 25%. More than that, a license to steal outright.
Also, special taxes, e.g. "revenue tax on cotton." De Facto, north made s.e. pay reparations. An extra peace dividend for north.

114
1865-1925 U.S. WMiller:291-5 pax x
Series of overlapping advances in urban transit. Horse cars; steam r.r.s like early Chicago El; electric trolleys and subways, from 1888 (beginning in Richmond, Va.); autos; (add elevators, utilities).

1865-75 U.S. Bogart:664 paxdiv $
Real tariff raised while nominal tariff remained fixed, as internal excises fell.

114
1865- U.S. Millis56:118 pax x
Huge peace dividend. Navy abandoned, even sold off.

114
1866 U.S. WMiller:241 pax,plndr x
Rpting revolver and breech-loading rifle give u.s. first advantage over Indians of high plains. Before then their cavalry and bow work was unbeatable.
[Another peacediv. Higher skill in war lets you take more land from LDCs. E.g. Cromwell in Ireland; Russia expanding eastward after 1709, 1815.]

114
1868-73 NYC Cornick:13 x
Great number of new streets opened, widened, improved: Tweed Ring. Cites Durand, 1898, p.142ff. [Mike Gaffney's good times!]

115
1868- U.S. Hoyt:88 postwar x
Widespread corruption; gilded age; Boss Tweed, Credit Mobilier, Jay Gould, Boss Murphy in Wash, carpetbaggers (Jim Fiske, Jim Brady, Daniel Drew, Russel Sage, et al.)
Cf. Roaring Twenties, Gay Nineties, Hateful Eighties, etc.
P.117, 1873 crash unearthed vast prior corruption, city had acceded to demand of every land spec who asked for improvements. [Cf. Riverside, now.]

116

1870-1914 gy Kenn:189- x
Gy top dog. Look for rise of lv, boom & bust. Try L.C. Gray, ESS, e.g.
[Gy. had only 3 years on top of the world before the crash of 1873. Did losers fare any better?]

1870- U.S. WMiller:270 x
Explosion of patents. [Result: Crash of 1873. Progress and Poverty personified! Cf. Eng, 1769.]
Data needed: TIME SERIES, PATENTS ISSUED, ETC.

117
1871 U.S. Gates, 1936:320 x
No more r.r. grants made after this date, owing to anti-rr sentiment sweeping the west. [Presumably he means Federal and perhaps state. Localities still lured roads, and taxed themselves for it. Perhaps result was a saner r.r. boom? Not so sane in case of NY and Oswego Midland, below.]

117
1873 ny Goodrich:242 scatter x bm
NY and Oswego Midland R.R. went "zigzagging across the state in search of the munic. bonds which were its principal source of K." Busted flat in 1873. So it wasn't just far western roads, it was marginal lines everywhere that busted.

118
1874 U.S. WMiller:253 x
3 inventors patent barbed wire fencing. Mass prdn followed (but not immediately, I surmise.)
1880s, "The Barbed-wire Boom."
Needed: DATA ON PRODN AND SALES OF FENCE WIRE.

119
1880 Eur Kenn:227 expansion x
Scramble for colonies. Eng "exchanged the informal empire over most of the underdeveloped world for the formal empire of a quarter of it." - Hobsbawm. I.e. mercantilism and nat. vertical integration was returning, realigning trade etc. [Other nations imitate U.S.]
[Vienna alone of great powers was out of this race, having no seaports. When we see great panics originating in Vienna, consider this factor.]

120
1885-91 argta Felix:14 x
R.R. boom, mileage rose from 2800 to 7270, fanning out from B.A. and Rosario. Landowners pushed for extensions, govt. guaranteed return to builders. But frt tonnage rose only 28% [i.e. the land was slow to develop]. p.15, lv soared, mortgages mounted, govt land banks helped. "cedulas" the mortgage instruments, "financed a phenomenal rise of rural and urban r.e.

values, ..."

P.18, 1891, Arg. peso fallen by 78%. (1982-84, same deprn, also in Chile, Uruguay, Brazil, etc.) Arg. lv plummeted, land banks failed. Half-finished r.r.s, constrn stopped. Immigration stopped and reversed.

121

1886-89 argta Felix:9 x

Major inflow, portfolio K (rent-takers of 2nd kind). Much funneled thru govts which reloaned to pvt parties. [These are rent-takers of the 3d Kind!] Guaranteed r.r. concessionaires 6-7% on constrn costs.

Some lending was good, reloaned for working K. However, land purchase also financed; also consumption by landowners.

Major purpose made sense, to use Arg farm land, an immobile, superior resource. Eng. market was open. Indian wars opened up Pampas to s.w. Old Rosas dictatorship, isolationist, replaced; mass immigration. 1970, contrast, foolish attempt to industrialize.

1887 U.S. WMiller:244 x

Dawes Act broke up Tribal unity: gave each Indian 160 acres. (This also indicates <u>end of Indian resistance</u> - hence failure to find a "frontier" line in 1890.)

[Land dividends result: Black Hills, Okla., Oregon and Wn., etc.]

122

1887 cal cwa New frontier

Wright Act. [Irrigation frontier opens, just as old "frontier closes." [This plus Indian lands makes two new frontiers.]

122

1890 Fr. Levasseur:T. IV

P/E of 61.5 for <u>terres labourables</u>, much higher than 18th cent. Cf. Hoyt:348-9, unaffordability index of land, 1830-90, extreme rise.

<u>A century of peace led to this</u>. "Peace and Exorbitance." "Peace and P/e." No wonder the world was ready for a new arms race.

123

1890- Eng. Kenn:196 Infilling

Imperialists and social Darwinists like Halford Mackinder and Leo Amery argued for <u>internal</u> devmt., bcs. external expansion was exhausted. (Thus the internal frontier concept was not limited to Georgist reformers! Cf. Kipling, <u>Recessional</u>. This the AGE OF INFILLING. Cf. Hoyt.)

[The infilling did not occur in Argta, however - see Felix. Worldwide, Eng. still exporting K.]

123
1896-1920 u.s.,chi. Hoyt:397 pax tax
Fig. 96. Chicago "city taxes" (probably meaning property taxes) rise from 60 to about 400 (1=$200,000). Cf. chart of l.v., they about double, same period, and avoid wild swings. Conclusion: shift to higher local prop taxes, higher civic services etc., was "fiscal equivalent of war," held down l.v., stabilized.
A unique period of Peace and Unity.
Fig. 96 also shows special assmts. These are much more cyclical than taxes. They exceed taxes, 1883-93, and 1869-72, but dwindle slightly after '93 relative to taxes.
Remember, urbanization raised need for public services by large factor, especially with techn. changes.

125
1908-11 u.s.,chi Hoyt:411 pax $
Building boom w/o lv boom - unusual. I attribute this to the prop tax boom, Progressive movement. Only other time this occurred was 1883-4, at lower level, ff. a minor downswing in lv. Also in 1865-66, ff. long drop of lv., preceding skyrocket rise.

129
1917- U.S. Bowden:679 $
U.S. raised taxes sharply to finance w.w. I. Other nations made heavier use of credit. Cf. Kenn:281, who includes Eng. with u.s.
[Thus, U.S. postwar taxes could fall sharply, while Fr. and Eng. had debts to pay, muchly to us, adding to our peacediv. Thus, U.S. boom of 20s much more extreme than theirs.]

132
1918 U.S. WMiller:345 pax, plunder
Parallel of Wilson and Lincoln, each promising charity to defeated side, unable to deliver. P.346, Wilson acquiesced to Reparations, to get L of N.

132
1919 Eur Rbnsn:698 plunder
Gy objects to reparations. a, No fixed ceiling set; b, immediate pmts demanded "exceeded all the wealth that Gy. possessed." Cf. Keynes.

133
1920-29 U.S. Kenn:282 pax x
U.s. lends short to Eur, large amounts, in spite of unrepaid war debts. P.285, dismantles war machine.
Thus, we frittered away our K, our stake: negative plunder.

134
1920-30 U.S. Felix:26 x
U.S. the major intl. lender. France, 2nd largest prewar

lender, bowed out now. Gy., 3d largest prewar lender, [If so, counters idea of Gy. soaking up world K., short of K, etc. See above, Kenn:210-11 re bamboo ec.] now the major borrower. $14b intl long-term lending in 1920s, 2/3 from U.S.

134
1920- U.S. Will:12/20/90 psych
W.W. I taught the vets extravagance, fatalism, and fear of boredom. Producing goods lost stature next to marketing, advertising and salesmanship. Flaming Youth came knocking. Scott Fitzgerald, age 23, published, 1920, This Side of Paradise, announcing a new sense of normalcy. The Jazz Age. He died at 43 of alcoholism.

1920 ff U.S. WMiller:364 plunder
Allies confiscated Gm. chemical patents, "assigned" them to U.S. firms. (Is this also something Wilson traded for?) High tariff on chemical imports, u.s. firms prosper.

134
1920s U.S. Cornick:23 xsprawl
"Improvement bonds" were for r.e. promotions, saddled everyone with the debt. Cites Hillhouse, p.67. [x-subsidy back in style, unlike 1900-20 in Chicago. Opens AGE OF URBAN X-SUBSIDY AND SPRAWL.]

134
1921-22 world Millis56:221 paxdiv
Washington Conference aborts new naval race. Chas. E. Hughes, Secy of State under Harding.

1921-22 world Kenn:277 paxdiv x
Washington Naval Conference, agreement to restrict size of navies.
1925, Locarno Peace Pact, p.278. 1928 Kellogg-Briand Peace Pact, war outlawed.

135
1923 gy, Fr. Kenn:277 plunder x
France invades Ruhr to enforce reparations. (This was also time of hyperinflation, so stimulus of taxation not present. Inflation is taxation, however.)

135
1924-9 u.s.,chi Hoyt:445 x$
Banks and r.e. loans.

135
1925-29 U.S. Felix:34 x
Destination of u.s. loans shifts from w. Eur to e. Eur, Gy and Lat. Am; quality falls. Finders fees, bribes, deception were routine. "New Era" Euphoria. 72nd Cong investigation cited, n.56.

Bonds were retailed widely, banks held few - bank failures had other causes.

135
1929- U.S. Bogart:826 x$

Foreign securities sold in u.s. by big city banks, worst fraud and abuse. (Remember Kruger and Toll?!) Report of Senate Committee on Banking and Currency, 1934. Scores exactly the same abuses as in 1980s - exactly!

136
1946- U.S. x x

U.S. no longer has land for vets, but does have cheap credit, V.A., FHA, vets prefs, etc., which had same effect of giving vets a leg up in landownership, democratizing, widening ownership.

138
1980- U.S. opp:102 x

Re psych of ruling class, there is a "tendency to squander, easily understood in those 'ignorant of the taste af toil,' ... "

"Riding high" and overconsuming.

139
1259 Fr. nce:1615 pax

Treaty of Paris btw. Louis IX and Henry III. Louis also made peace with King James I of Aragon. In both cases he compromised, relinquishing some claims to confirm others, drawing firm boundaries. A respected arbitrator, he also settled succession disputes in Flanders, Hainaut (sic), and Navarre.

Before 1259 he warred: suppressing revolts, repulsing weak invasion by Henry III, leading 7th Crusade, 1248-54 (he had to be ransomed).

"Under Louis IX France enjoyed unprecedented prosperity and peace." He was an excellent administrator, pious and ascetic. Here is a peacediv for us, indeed, extending also to Eng and Spain.

He also encouraged The Inquisition -- class war? -- and was canonized, 1297. (d. 1270).

141

(Thus, as HG said, peak of 1837 was more spectacular because there was more slack for it; 1893 was milder because labor was already hard pressed. Maybe that also helps account for lack of boom in 1910 etc.)

Peacediv 4. War and coldwar (war prep.) thriving, sharing and leveling under challenge.

.... Eur Perkins:2 war goof
"The greatest subdivision of Europe coincided with the worst condition of the poor, ..." Opposite is true, I think, when tyrants have to compete for loyalties. See 1,000, Nabholz:IV.

2

1000- Fr. Nabholz:IV War parity
Owners of lay estates would lose them as they developed military ambitions. They gave knights fees to get retainers.
(Generally, land is redistrib. to get allies in war, politics.)

5

1081-1118 levant Rbnsn:139 war
Alexius, eastern Emp., attacks Turks, calls for aid from Pope Urban II. [War tends toward unity among allies, as well as parity among classes. Common enemies make a common cause.]

5

1095 Eur Rbnsn:139-42 war
Pope Urban II at Clermont calls for Crusades. Says France's land is too poor to support all its people, promises land flowing with milk and honey. "Wrest the land from the wicked race and subject it to yourselves." Appeals to "robbers to become soldiers of Christ."
The journey took place of penance for sin. Assured of immediate entrance to Heaven.
Civil relief: Urban freed those who went from paying interest on their debts (and principal?). Also let them mortgage "their" land, against wishes of their feudal lords [this would have effect of transferring equity to some who were in effect tenants].
Crusaders' families and property taken under protection of church.
[Thus Crusades were redistributive, equalizing, democratizing.]
Each Crusader went on his own account, served whom he pleased. [It was like a mass migration, very loosely organized, something like wanderings of footloose German tribes.]

5

1100- Eur Rbnsn:180 x
Gothic Arch invented, cathedrals built. [During Crusades; Civil Wars in Eng; frontiering in France; Louis VI, VII; - these cathedrals manifest power of papacy, longing for peace and parity. There is parity in faith as well as in war.]

6

1100- Eur WMiller:5 war thriving
Crusades. Offensive, expansive war, different from defensive survival wars like UP vs. Spain, France. Prosperity for Venice et al.

1100-1200 Eur Walker:ix war thriving

Creative time: Crusades, Cathedrals, Universities, Scholastics, sonorous hymns, troubadours, legend of Arthur, [Aquinas, Abelard, chivalry, ... ? Culture, creative ferment, outpouring, burgeoning.]

1100-1300 Fr. BowdenKU:ca.156 x

Frontiering, improving waste land by hotes.

1100-1300 Fr. Rbnsn:198

Outpouring of french lit, most important nat. language, influenced lit in other lands.

1100-1250 levant Rbnsn:150 war x

Venice, Genoa, Marseille et al. took their pay not just in cash, but they got land inside captured cities, for trading posts.

Meantime, towns also growing up elsewhere in Eur. [Including Baltic and North Seas, independent from Crusades and Medit. trade, so role of Crusades may be exaggerated. What common factors were at work? Some control over piracy must have been a factor, as by Lombard League and Hanseatic League. Increasing authority of and devotion to a common religion maybe a factor?]

6

1147 Fr. Walker:32 war&parity

Louis VII, The Young, decides on Crusade, influenced by St. Bernard. Magnates authorized he levy a tax on all his vassals, eccl and lay, plus they wd also provide for selves.

P.33, king and nobles sold some propty to raise money; also sold off mnpies. By implication, ecclstcs did not kick in.

7

1150- italy Rbnsn:132

Towns revive and flourish, Lombardy (n. of Po) esp.: Milan, Verona, Cremona, ... Join in Lombard League to oppose German emp., who charged taxes. (I.e., Gm emp did not live solely from estate revenues. Cf. Charlemagne, supra, who did. Cf. U.P. fighting Habsburgs.

8

1152 fr,eng Walker:115 war

Eleanor divorces Louis VII, marries Henry d'Anjou, future Henry II. Thus switches 1/4 of France to Eng.

Intermittent, sporadic wars between Louis VII and Henry II go on a long time, continuing earlier such wars between their dads, Louis VI, The Fat, and Henry I.

8

1188 Eur Walker:204-6 war

Loss of Jerusalem. Richard and Philip decide to go on Crusade. Henry still King, but Richard had his own lands and revs now. Richard and Philip diverted, fighting each other. Henry joins crusade, makes Eleanor regent while gone. Barons agree to support, send money. (Note tradition of baronial consent,

preceding 1215.) Henry refuses to acknowledge Richard as his heir; Richard defies, kneels to Philip. Barons and John, Henry's favorite, choose to support Richard; Henry dies, saying "Shame, shame on a beaten king."

9

1193-5 Eng. Walker:221

Eleanor has to raise 100,000 marks for Richard's ransom. There was an ordinary am't owed by tenants-in-chief for ransom of an overlord, but it was not enough. So "the council" levied "a combination income and personal property tax calling for 1/4 of all rents and movables, not excepting church plate." There was admin machinery. In each "shire" the lay and eccl lords came together, and reps of every town and village, "The justices made their circuits, and the property of each was assessed - by juries of neighbors if necessary."

10

1285-1314 Fr. nce:2128 war$

Reign of Philip IV (The Fair). Taxed the clergy, thus making "permanent" a temporary tax the pope had allowed to finance Crusades. (When was this "permanent" tax abated?) Appropriated wealth of Knights Templars to finance wars, [forcing Clement to bring them to trial, to legitimize confiscation - robnn:278]. Also levied on rich Jews and Lombard bankers, and debased coinage.

Tried to take Flanders, lost Battle of Courtrai, 1302.

1309, moved pope to Avignon.

Taxed export of raw wool, to help French indy. - Perk:101.13

1296 fr eng Rbnsn:276

Pope Boniface VIII objects to Philip Fair and Edw. I taxing lands of clergy. Edw demanded 20% of personal prop; Philip, 1-2%.

Philip won, by prohibiting export of gold and silver, thus stopping Rome's tribute. 13

1326-1475 Fr. Levasseur:19-22 war parity

Land price in France falls by 80%. [It must have been quite high at start of war, then, showing effect of peacediv of Phil. IV, The Fair, and class war of Philip VI (The Unfair?), who weakened France.] 14

1327 Eng. Rbnsn:244 war parity

Pmt deposes Edw. II, inefficient king, for Edw. III, his son. Edw. III carried on expensive war with Fr, needed money, called Pmt. yearly. In return, took their advice, passed laws only with their "advice and consent."

Recall, yeomen-bowmen played key role. See Franklin, Eng. wool exports declined at this time, suggesting yeomen displaced

sheep?
Combat compels consensus; preparation presupposes parity. 15

1337-1453 eng,fr Franklin war x
100 years' war. Eng wool exports fall, to revive in 16th.
(Remarkably, 15th cent. was time of highest wages in English history, see T. Rogers. Curtler, citing Rogers. Following a plague, and during long wars. Relief from woolly maggots must have helped.)
1326-1475, land price in France falls by 80%. Levasseur:19-22.
15th cent., time of highest share to French labor. Levasseur:34. 16th there was growth of sheeping. 15

1340-1400 Eng. Rbnsn:197 war, culture
Chaucer. War and plague didn't stop him. 15

1346 eng,itly Chron:393
Edw. III repudiates debt, ruins some Florentine banks. [His finances were shaky.] 15

1400- Eng. war x
Century of war, civil wars, but also of peasant prosperity, "merrie England." (High wages may have led to landlords' revenge, turning land to sheep.)

1400- Eur WMiller:12
Makes facile error that 15th cent. was "overwhelming depression."

1400- Fr. Levasseur:34 war
15th cent., time of higher share to French labor. 18

1400- italy Rbnsn:218 war,culture
Florence, flowering of its art. 1492, Lorenzo dies, preeminence passes to Rome. 1500-, art of Renaissance at peak: da Vinci, Michaelangelo, Raphael at Rome; Titian at Venice. Same time, Durer and Holbein in Gy. were perhaps equally good. 18

1450-1525 gy Schoenhof
Great prosperity. German towns rivaled n-n Italy. Ended by religious wars. (So golden age encompassed gy, fr, eng, all three!) 20

1453 Fr. notes? pax
End of 2nd 100-years' war.
War had brought an end to <u>defrichement</u>, clearing land. (Cf.

U.S., WW I, wartime boom in demand for grains, farmland cleared, pasture turned to plowland in Buffalo Commons, etc.

[In France, war was on their turf, they drew back into cities for defense. Also, l.v. and rents fell very low. 20

1559 Holland CHW:554- war parity

Center of Govt of Chas. V empire transferred from Holland to Spain. (But Chas. abdicated, 1556, divided holdings between Philip II and Ferdinand. This must be Philip moving.) Nobility loses key position it held before, becomes seedbed for revolt.

[Cf. CHW:556, where workers and burghers went Calvinist, 1558-?. Now, rent-takers join them, all three groups together. Formula for Dutch unity vs. Habsburgs. No doubt encouraged parity.]

31

1583-1603 Eng. Kenn:62 war$

Eliz wars, left high debts to James I. [Eliz. must have been a big spender in her later years; she was thrifty, earlier.

Cf. 1601 Poor Law, fencing-in type, suggesting rising w.r.

Cf. CHW:572, Eliz. sold royal lands to pay for war.]

33

1588-1603 eng CHW:572 war

Royal lands sold to help pay for war v. Spain. After 1603, opposition to James I developed among "the gentry, that range of middling landowners who had been the major beneficiaries of the sale of monastic lands by a needy Crown."

[Suggests fire-sale prices.]

Thus, <u>among landowners</u>, war redistribution was leveling and stimulating.

33

1621 Un.Prov. WMiller:39 victory x

Dutch resume war with Spain, win huge gains, take over the Caribbean or Spanish Main, occupy Lesser Antilles, grow sugar and tobacco. [Now Dutch come on as <u>aggressors</u>, not just struggling for independence like some remote mountain province. No wonder Spain fought so long to control them.]

Some wars are outright profitable. That was original intent of all wars. Thus, cost may not be high; peacediv. comes in form of plunder, new opps., expansion.

40

1624-42 Fr. nce:2322 war

Richelieu in power. War, heavy taxes, debts left behind. Superseded Marie de Medici, who was pro-Habsburg, with traditional French policy vs. Spain and Austria.

41

1630-40 Fr. Levasseur:46 war

Richelieu's war taxes make rent fall, 1630-40. P.48, Lorraine esp exhausted, land prices there drop 60% in 50 years. Not clear which 50 years.

1648 U.P. CHW:590 pax

Peace of Westph, Dutch independence recognized. (Here, they became leading commercial power of world, while simul. fighting for political independence vs. Spain! War and Wealth?)

1649 Eng. Chron:616 war parity

Winstanley and Diggers urge land reform, take direct action, occupy empty land.

1649- Eng. CHW:578 $

John Pym led Parliament, ff. execution of Chas. I. "...the invention of the excise and a prototype of the later land tax for the first time broke through the inflexibility of medieval taxation."

1650-60 Eng. Kenn:63 war$

Cromwell spent 4x as much on forces as Chas. I had. Merchants got fed up, wanted peace with Spain. War and Wages.

1688- Eng. CHW:581 war

Bringing in Wm. to rule Eng. meant lining Eng up vs. Louis XIV, bcs. Wm. was leader of coalition v. Louis.

(So warhawks got James' land, (Ashley:ch.6), then had to pay taxes. Formula for boom: War and Welfare.)

[1688 was a compromise. Formula: Pmt controlled King, thus became willing to pay taxes, support wars.]

1689 Eng. Fusfeld interview, 1960

Land tax of this year was primarily on urban land: farm landowners dominated. [So the winning formula was to tax city land. H.G., 200 years later, was reviving Wm. and Mary!

Why raise taxes now? To fight Louis!]

1689 N.Eng. Adams 1921:436-7 war

War with France and Eng. [King Wm's War.] Indians rise. Eng. power withdrawn. Empty treasury. Maine overrun. Massacres at Schenectady, Salmon Falls. [NH seems to have survived ok, unless Salmon Falls is there. Thickly settled mountain region would not be attractive to attack, but note how NH popn raced ahead of Ct., and Hudson Valley. NEED INPUT.]

P.442, insolvent, Mass. pays debts with tax warrants, 1st step toward paper money and inflation. [Also, toward higher future taxes - war burdens are deferrable.] Taxes rose very high; depression of business [what business?] and sentiment was extreme. [What sentiment? Probably speculative l.v.] (But not too extreme to win war, burn witches next year.)

[Fr. pressure would be on N.E. and Albany area, rather than Pa. and s. Protected Pa., good place for Quakers. Effect on growth?]

59

1689-97 EngFrUP Kenn:103, 74 war
"9-years war", Eng & Un.Prov. vs. Louis XIV. Returned to pre-war status quo, but it was a setback for Louis.
[New Eng. tax formula shows early results.]

59

1690 mass Versteeg:270 $
Paper money first issued, secured only by tax power, not land. This suggests and confirms absence of land boom.

1690 mass Craven:324 $
1st colonial paper money, to support Phips' sally vs. Quebec. A kind of tax warrant.

1690 U.S. Craven:237 war
Sack of Schenectady by French, Indians. Colonists, led by Leisler of NY, w/o prompting from Eng., project capture of Quebec, Montreal. Invasion soon drags to a halt: less than a war. Leisler was opponent of Fletcher, who gave out a few vast grants. Thus, again, expansionism seems to go with civic virtue, democratic ideals.

60

1695 Fr. Toubeaux, 63:6 war
King imposes new tax, capitation, to fight League of Augsburg. People divided into 22 classes, according to presumed income, assessed accordingly. Combat and Communism; War and Equity. But clergy and nobility soon got exempted.
War, wages and welfare.

60

1696 Eng. Bowden:249 $
Introduced house tax, extra for all windows above 7. This feature evidently lasted until 1778! [A luxury tax: war and parity.]

61

1740 Fr. Levasseur:49 coldwar x
Rent and lv trough. Cites d'Avenel and Zolla, who agree.
[Indicates that Fleury's policies required heavy taxes; then they settled back to enjoy the fruits thereof, apres moi le deluge.

70

1745 Eng. Mantoux:116 war
Culloden. Pretender had penetrated to heart of Eng before being stopped. Bad condition of internal roads hampered troop movement. "Road-making was at once begun all over the country, ... period of feverish activity." 1745-65, turnpike roads had spread over entire kingdom. [This building boom seems to coincide with major war, 1756-63. Like the indl. revn. which it aided, it thrived on war.]
(Thus, Eng. boom, raising lv, coincided with French boom,

both occurring during war. French boom, however, was one of rising rents; Eng. boom was one of p.w.)

71

1747 U.S. WMiller:90 exp x

Ohio Co. of Va. formed. Eng encouraged colonial land specs to preempt Ohio Valley, to thwart French. [An Indian-fighting or buffer zone requirement for tenure resembles a work requirement. Difference is, Indian-fighting is more labor-intensive.]

Thus, King George's War did not stop rent-seeking parlaying, but fostered it.

71

1756- N.Eng. WMiller:97-8 war x

N.e. prospered in war, selling to both sides.

72

1757 Eng. WMiller:92 war

Wm. Pitt, the Great Commoner, becomes PM. Heavily subsidizes Fred. the Great, reversing original French-Austrian dominance, Fred. comes back to reverse earlier defeats. 1759, Wolfe takes Quebec.

72

France thirsted for revanche, kept up taxes to build up forces, under Choiseul.

1775-, naval budget rose steadily. French navy, combined with Dutch and Spanish, outnumbered Eng, hence won the Am. Revolution.

75

1775-81 U.S. Jameson:57 war

War stimulated, forced production of arms in u.s. P.58, also paper for newspapers; Americans "addicted to" newspapers (more objectively, they read a lot).

P.65, privateering a booming business throughout war, did more damage than public navy; employed more men than army.

78

1776-83 U.S. Jameson:24 war parity

Slavery declined during war. During and resulting from war, states with few slaves outlawed slavery. "Leaven of the Revolution" worked vs. slavery.

80

1783 U.S. Millis56:38 war$,parity

Washn wrote Hamn, "... every Citizen ... owes not only a proportion of his property, but even of his personal services to the defense of it, ..." - GW, 1783.

"Here was a claim on both the property and the persons of all ..." - Millis.

82

1789-1815 Fr. Sargent:5 x x

Conscription, shortage of hands, wages rose. (Labor-

intensive wars make wages rise. Our cold war was K-intensive?) "War and Wages."

85

1790-1810 Eng. Mantoux:141-2 war x
Enclosures boom again, a higher boom.
(England was mostly at war: fought, taxed and prospered! Cf. U.P. in past. "The Pitt Formula.")
(Enclosures not same as overall boom, depended on specific price of corn, not same as overall lv. See Curtler:ch.13.)

86

1793 Fr. Millis56:47 war
300,000 men under arms, Carnot's levee en masse. War was never the same again.

1793-95 Eng. Kenn:121 war
1st Coalition vs. France. English war spirit rises to old level - I interpret that to mean, English had not been enthusiastic about fighting in America. It could also mean that property was alarmed about French doctrines.
1st Coalition fails miserably.
[Meantime, U.S. stagnating in peace.]
[This short spurt of war may be what interrupted slump of 1792, deferred it to 1798. However, it is not clear that war spending ended or even slowed down in 1795. Certainly not in France, which invaded Italy then.]

1793-1815 Eng. BowdenKU:152 war x
Rate of enclosures peaks. Right during long wars. [And beginning just after panic year.] [Specific price of corn probably a cause, altho Corn Laws of 1815 would hold that up.
War-induced rise of w.r. maybe a cause.]
[Speenhamland Law would have helped, 1795-.]
[Wartime peril to shipping not a likely cause, because Eng. dominated oceans.]

1793- Eng. Kenn:121 war
Eng leads coalition vs. Revolutionary France.

1793- Fr. Kenn:121 war
French introduce levee en masse; seize and mobilize resources. Total war concepts introduced. 650,000 men under arms, a new high. (Not bad for a bankrupt! Mobilization is the key.)
Spread revolutionary ideas with and before them - that would lower l.v. After occupying lands, plundered them (also p.133) - ditto. 22 years of low lv should result.

89

1798- Eng. Kenn:80 war,parity
Raised land tax and, in 1799, introduced income tax, to meet the national emergency. Thus Eng raised more in taxes than France, with twice the popn.
P.100, Eng subsidized all Napoleon's enemies, heavily.

[Thus, Eng boomed while u.s., under Hamilton, underwent fall, stagnation.]

1799-1815 Eng. Kenn:130 war$ x

Yield from new income and property taxes rose from L1.67 to L14.6 millions. These plus more from indirect taxes; also huge loans.

Simul, ctn industry developed from very little, to eng's largest export. (So U.S. ctn territory must have expanded fast, and the 1819 crash must have related to that.) Internal improvements kept going. Thus Eng. did what U.S. did in w.w.II, France did in w.w. I, U.P. did during 80-year revolution, etc.

1800 fr italy Rbnsn:502 x

Nap beats Austria at Marengo, takes Lombardy, forces it to pay heavy monthly tax of 2m francs. Victory dividend, or plunder.

[Nap's plundering was mostly not profit, but subsistence for troops. He kept them highly mobile by living off the country. Still, this kind of campaign has the economic quality of a self-liquidating loan, vs. a frozen investment.]

91

1800- Eng. Curtler 1920:ch.17 war parity

Land taxes rose in French war. But cf. 1795, Speenhamland, small farmers paid more than their share.

91

1803- U.S. Goodrich:174-5 x

Fed govt built many roads and improved waterways for military reasons, which then served commerce. Hence Army Eng. Corps. (e.g. they improved Chicago harbor, 1830s, Hoyt.)

92

1807 U.S. Goodrich:36 war

Embargo Act. Now until 1815, war expenses ran "high." Gallatin himself opposed p.w. spending in "present state of the nation's finance."

(Irony: Madison President during time of high Federal spending. However, he didn't spend enough to win war. U.S. was stronger than during revolution; France was stronger; but U.S. did worse. Opposition of N.England a factor.

Jackson fooled foot-dragging Madison by winning big at N. Orleans, confirming U.S. possession and control of La.

However, Jackson as President was vs. Fed spending on p.w. Jackson <u>did</u> distrib. surplus, [partly because there <u>was</u> a surplus to distrib.]

Madison, on the other hand, had no surplus for fighting war. <u>Land sales were slow, ca. 1807</u>, ff. bust of 1798. [<u>Cash sales were even slower</u>.] Add that to Embargo Act, 1807, and Wash. lacked revenues.

94

1807 prussia Rbnsn:522 war parity

Stein, Hardenberg, reforms. Abolish serfdom; abolish restrictions on landownership, anyone can buy from anyone. P.534,

removed feudal restrictions on buying and selling land.

94

1808 U.S. Goodrich:28 x

Gallatin's Report on Roads and Canals. High i.r. and sparse popn. require fed aid for xptn. Wholistic; nationalistic, to strengthen the nation, "perpetuate that Union which secures external independence, ..." I.e., there was a military motive for xptn. Cf. 1816, Calhoun. Cf. Fed support for C&O Canal; cf. Henry Clay; J.Q. Adams.

Yet, all those failed: distribution prevailed, anti-Federalism.

95

1808 U.S. Millis56:106 war parity

Fed govt mfd arms, and distrib. them to the states in propn to numbers of enrolled militia. Continued this to 1860.

War as social dividend.

95

1830-1933 u.s.,chi Hoyt:410-11 war x

In Civil War and W.W. I wholesale prices soared while lv fell some. I.e. in war, current goods are at a high premium over distant future ones (even tho it is land the wars are fought over!)

The very process of war devalues the land being contested! Thus, wars self-terminate, peace always returns.

Same happened in W.W. II. Time preference.

102

1844 U.S. Millis56:89 x

Revival of martial spirit; Polk elected on 54.40 or fight. Eng. had discouraged Ts. joining u.s., so growling at Eng. made sense, even tho Polk never prepared to fight in n.w.

106

1846- U.S. Millis56:93 war

Mex war fought with volunteers; 100,000 were enough. They came gladly. P.103, peak of Civil War strength, 261,000 Southern soldiers, 622,000 Union. P.121, in spite of draft, most Civil War soldiers who bore the brunt were volunteers. Bought substitutes were the worst; conscripts in between.

106

1848 U.S. Jameson:75 coldwar x

No revn, but <u>heightened nationalism</u>, just as in Europe. War with Mexico, threat of war with Britain, fervor of annexationism, proclaiming manifest destiny, height of spread-eagle oratory: "The Roaring Forties."

106

1860-70 gy Kenn:186 war x

Gy mobilized itself remarkably; also invested heavily in economic growth -- r.r. lines built for both. Again high taxes

compatible with ec. growth.
Gy also soaked up much world K. No wonder world ran short, 1873.
Note how a nation accepting high taxes becomes credit-worthy, K flows there.

111

1860-65 U.S. WMiller:263 war x
Army demand rouses mass production. Labor-saving farm machinery; clothing, shoes. P. 269, sewing machine invented 1846, waited for war to be adapted to factory use. Telegraph.
[Forced conversion of K is inherently stimulating: technological backlog gets embodied. In war it happens twice, in conversion, and reconversion. There may be less K, but it is used better. There is also more current saving.]

112

1861-65 U.S. Bogart:488 war$
Heavy internal rev taxes, used first time since 1817. Heavy tariffs, too, in part to countervail effect of internal excises. [Excises other than retail are in part taxes on exports, like severance taxes on coal.]

1861-65 U.S. Kenn:179n war
U.S. lost more men in Civil War than in w.w.I, w.w.II, and Korean War combined: 620,000 (1/3 in battle, 2/3 by disease).
South taxed land and slaves, p.181. [DETAIL LACKING. Confed States may have done this taxing. Confeds exempted owners of >20 slaves from mil. duty, according to TV epic on Civil War [1990], damaged morale of troops. Doubtful that a govt. so minded would have used progressive taxes. Cf. Judah Benjamin.]
(Also printed money and bonds, another sign of unwillingness to tax.)

113

1863 U.S. Bogart:372 war$
Nat. Banking System founded. Ends State Banks. (Timing suggests confederate states were fond of state banks and inflation. Confeds repped Rent-takers of the 1st Kind; Union, of the 2nd Kind. In this wartime alliance, bankers joined with n.w. expansionists, abolitionists.)

113

1870-90 Eur WMiller:321 war
Eur military spending rockets, Gy in lead with 10-fold rise.

1870-1914 Fr. Kenn:221 x
France a major source of K. Paid off German indemnity easily. (Paying an indemnity under orderly conditions means the stimulus of taxation - not like being plundered.) Loans all over the world, esp to Russia, also Balkans, Turkey, Italy, China. Russian loans were military, conditioned on Russian r.r.s being aimed at moving troops west.
(Taxes, Indemnity, K formation, all at same time - plus

preparations for la revanche.)

116

1871 u.s.,chi Hoyt:101- fire x

Chicago fire, destroyed 1/3 buildings, left 1/3 popn homeless. Landowners downtown "hardly waited for the bricks to cool" before rebuilding. Lavish import of eastern K. 1st tendency of values in burnt area to fall, and unburnt to rise, was reversed less than a year after the fire. Cf. London fire, 1666.

[Conflagratory equivalent of war.]

117

1890 U.S. WMiller:328 war prep

Naval Act, accepts idea of a "navy second to none."

[How reconcile with high tariff? 1, Panama Canal linking our two coasts; reaction to r.r.s. 2, Manifest Destiny: Hawaii, Ak., Philippines, Cuba, Puerto Rico, Central America, etc. 3, Monroe Doctrine. 4. Absentee ownership by U.S. influentials in unstable nations. Cf. Millis56:142.]

123

1890-1914 Eng. Kenn:227 pax x

P.230, eng, 1890-1914, spent less share of GNP on forces than any other great power. Yet, p.228, was falling behind industrially. I.e. other countries in eur were spending larger shares on armaments, but also forging ahead economically. [BELLIGERENCE AND PROSPERITY.]

(U.S. spent even less, crashed in 1893. But U.S. recovered quickly this time, with big naval program.)

123

Cleveland, 1894, keeps building ships to avoid more unemployment. An early Keynesian Hawk! Kipling's books popular. Venezuelan incident, T.R. held Canada hostage: we would take it if Brits attacked us by sea. [Canada has been useful as a permanent hostage from Britain.]

125

1898 U.S. WMiller:326 war x

U.S. annexes Hawaii, where Dole had overthrown Queen Lil in 1893, helped by u.s. Marines. It may be incidental this all happened in a depression. However, 1890-98 saw huge U.S. naval buildup, we became 3d after Eng and France. What had changed? P.330, aggressive imperialism of Gy, Eng and France, with France essaying Panama Canal, 1880s. 1895, boundary dispute between Venezuela and Brit. Guiana threatened war. War Hawk spirit was strong, e.g. Roosevelt and Lodge.

[Like Louis XIV, we saw a decayed Spain, an easy mark, waiting to be pushed aside and plundered.]

126

1899 china WMiller:337 $

Chinese customhouses had been mortgaged to europe, taken over, in a stampede, with preference to exporters of creditor

nation. To stop this, U.S. pushes open door policy, fails.
Boxer Rebellion follows, fails. Eur demands indemnity. U.S. returns most of its share, creates good will.

126

1900 U.S. Millis56:150 psych
Election, big issue was imperialism. Imperialism won. McKinley had won in 1896 as a pacific person; even in 1900, not very hawkish. But T.R. the superhawk soon replaced him, joined naval race, from 1901. Japan having beat Russia was a main target. Mahon said never divide the fleet, so they needed Panama. They needed army to occupy and administer new possessions: Puerto Rico, Cuba, Philippines. [Besides, voters had suffered 27 years of Peace and Poverty, 1873-1900.]

126

1904 U.S. WMiller:336 $
U.S. would not let others intercede to <u>enforce debts</u> in western hemisphere, but would do so for them. Thus, it took over customs houses, and administered taxes. Did this several times in banana republics. (Possibly discriminating for U.S. exporters?)
[Creditors are rent-takers. Intl. creditors via borrower govt. are rent-takers of the 3d Kind. This is a 4th Kind: intl. creditors protected by another power. They correspond to caciques.]

127

1904 world Millis56:163 x
"Jackie" Fisher, 1st Lord of Royal Navy, develops dreadnought class of battleship, makes all the world's fighting ships obsolete, including most of Britain's own, because ships travel and fight in squadrons, and dreadnoughts were faster, 21 knots, and also carried 12" guns, 50% bigger than before. Triggers great naval race.
Thus, Spanish war did not lead to peace dividend, but a naval race. U.S. overtook France.
[Here is big reason why there was no bust in 1913. There had been no peacediv., hence no boom from which to bust. High taxes aborted l.v. boom.]

128

1904-13 Eng. Felix:5 x
Britain's greatest decade of exporting K. [A nation of savers, but no longer investors. Keynes' plaint was relevant for England.]
[Fn. invt. necessitates navy.]

1904-5 Russia Kenn:209 war$
Russo-Japanese war. Japan borrowed from U.S. and Britain, approached bankruptcy.

128

1905 pacific Millis56:167 war
Naval Battle of Tsushima, Japan destroys Russian fleet. [So

we need Pacific fleet to guard Philippines, which had seemed so easy to pluck from Spain!] Battle fought with pre-dreadnought ships, all obsolete!

128

1907 U.S. Millis56:171 coldwar

Real trouble in Calif with Japan, over alien land buying. Fed flames of naval race, even if main interests lay elsewhere (e.g. the Caribbean). From 1909, Japanese naval planners keyed on U.S. as future enemy.

128

1910 U.S. Millis56:179 war

A big navy takes $, small personnel. A mass army requires p.r. to recruit personnel. Leonard Wood grasped this, led p.r. for "preparedness," never saying for what.

In both U.S. and Britain, was prep. and common welfare went together. Also in Gy.

1913 gy Kenn:210-11 x

Universal education was one of gy's social investments. P.210, illiteracy wiped out, unlike other eur. nations. [MPG at Heidelberg.]

P.210, higher farmland yields than any other great power.

P.211, "its much-publicized lack of capital did not seem to be slowing it down."

[Thus, a nation needn't have a bamboo economy to thrive on short capital, just a lean ec. like Imperial Gy.]

a) Gy probably borrowed, sucked in world K; b) Gy probably turned K over fast, just as their short-term service turned over soldier training fast, raising inv/K ratio.

130

1913 Eur Millis56:183 coldwar

Mass conscription laws, France and Gy.

130

1914-18 eng, rus Kenn:264 war$

Eng under Lloyd George raised income taxes on wealthy classes during war.

Russia refused. It abolished trade in spirits, thus losing 1/3 its revenues. It had also been getting 1/3 revenues from taxing railways! Lost that, <u>turned to paper money finance</u>.

P.270. Gy, too, refused! [<u>Fatal</u>!] Turned to paper money instead. Dealt heavy blow to popular morale. Also neglected farming, produced food crisis.

1914-18 Fr. Kenn:265 war x

France lost much of its industrial lands to Gy during war, but made it up by developing armaments industry in other parts of the country. France was the arsenal of democracy in w.w.I, more than eng or u.s.! (This must have introduced great new competition after the war! French were resourceful, improvised.)

1914-17 U.S. Felix:34 $ x
War turns U.S. to net creditor [thus raising i.r., holding down lv, reducing absentee ownership].

1916 Eng. Rbnsn:680,n.1 war
Eng introduces draft, ages 18-41, later -50. [France, Prussia, much earlier. Volunteerism is Anglo-Saxon, cf. Am frontier and early local cooperation. Also, Eng. had no need of mass army after 1815.]

131

1916-20 U.S. Hoyt:410 war,par. x
Money wages of unskilled labor soar, while Chi. lv falls slightly. The index is "Per cap lv in current $". I.e. monetary values are divided by popn, but not by a price index. (I suppose he can get away with this because, by his chart, wholesale prices in 1933 are same as in 1835.) Wholesale prices soar with wage rates, 1916-20, i.e. w.r. remain same in current goods, rise in l.v. 1923-29, lv make it up.
However, w.w.I looks like a golden age for u.s. labor, relative to 1890, and 1930-. Like post-w.w. II, a time when labor could buy land. 1860-69, same relationship.
Nowadays something like this is called the "affordability index," only Hoyt's implied index is better [and inversely related].
To generalize: <u>The affordability index rises during war, falls during postwar land booms</u>. In depressions it is not clear, but probably stays low.

131

1917 U.S. Millis56:211- war parity
U.S. goes to mass conscription. Bounties and substitutions forbidden. Newton Baker had replaced Garrison as Secy of War. Nat. Guard for 1st time moved completely under Federal control (had been state-controlled).

131

1917- U.S. Bowden:679 $
U.S. raised taxes sharply to finance w.w. I. Other nations made heavier use of credit. Cf. Kenn:281, who includes Eng. with u.s.
[Thus, U.S. postwar taxes could fall sharply, while Fr. and Eng. had debts to pay, muchly to us, adding to our peacediv. Thus, U.S. boom of 20s much more extreme than theirs.]

131

1940 Eng. Kenn:341 x x
Eng outbuilds Gy , aircraft and tanks. (That didn't take long! All they needed was taxes, a good scare. Cf. France, 1793.)
"War and Unity; Peace and Disunity."

138

1941-45 U.S. WMiller:395 war x
Industry had excess capacity, war soaked it up. Industry

feared more excess, so Feds built plants using Defense Plants Corpn. Also pipelines like Big Inch.

138

1948- Israel war x
Here is another garrison state combining high taxes with ec. growth.

1949 U.S. Millis56:291 coldwar
Soviets explode 1st atomic bomb.

1950 U.S. Millis56:289 war
U.S. peace dividend aborted by Korea. Up to then, despite cold war, had been demobn, cutbacks, caps on spending. P.295, 1950-51, Cong. quadruples mily. appropns to $60b.

139

1717 fr, sp perk:533 rule
"A prime minister who wished to become a cardinal shaped the policy of the country to gratify that ambition." Re Alberoni, and Dubois, 1717-21. From Pope's view, "it was a mine which could be worked indefinitely."

.... Tertius Ch.
A day of rest means time for people to organize, threaten the state - unless the state organized them first. Or the church. Thus, the state has a strong interest in churches that create illusion of goodworks, while actually doing nothing except charity.

2

.... Pirenne
Mantoux says Pirenne says capitalism moves forward (or wherever) in discontinuous bounds, each new stage wrought by a new class of people. Quantum leaps. (Maybe so, but discontinuous change also results from boom/bust cycles, wars, bursts of inventions, etc.)
Schumpeter with his gales of creative destruction o'looked Pirenne's important angle on it. These new "classes" of people are often religious dissenters and minorities, whose distinctiveness or persecution bonds them together, and may also scatter them, so they form networks for commerce. E.g. Quakers, 17th-18th cents. Jews. Chinese in S. Seas. Etc.

2

0000- rome Kautsky:411 x
Urban lv very high, "early Christian era." Houses in Rome went 7 stories high. "Real estate profiteering" common. Crassus of the triumvirate "had gained his wealth by such speculations."
Thus, land tenure is ancient, and speculation is also, so we should expect to find "modern" principles at work in ancient times. They do not wait on the commercial or industrial revolutions.

3

[Thus, one thread in dynastic nation and empire-building was that a, women inherit property and power, and, b, they need to merge with a male warrior.] P.6, Eleanor's dad patronized poets and singers, theme of courtly love and manners (hence chivalry, women's rights.) P.55, girls were dynastic pawns.

7

The greater the wealth, the less equal the shares. 7

1154-89 ireland Rbnsn:601 plunder
Reign of Henry II, english first plunder Irish land, take revenues. Constant rebellions result.

Territ. expansion is one use of (and therefore one sign of) a peacediv. Expansion leads to more war, a + feedback loop, until one is strung out and must back off. It displays a reserve of unexhausted vigor, national unity and parity, ambition - the reverse of the class war, quiescence and containment of Walpole, Chamberlain, George III et al.

9

1174-83 Eng. Walker:190

Eleanor imprisoned, Salisbury Castle, for plotting vs. Henry. Henry tries to divorce her, marry daughter of Louis, cement French alliance. A Cardinal rep'g Pope says no. [Couple this with dynastic marriages, gives popes great power. Note, Pope missed a chance to aid peace btw fr and eng. Perhaps he wanted to keep them divided.]

9

1200- Fr. Levasseur:19-22 x

13th cent., reclamation and frontiering outspeeds rising popn. (In spite of Philip II and Louis IX? Pieces missing. However, like Henry II of Eng. expanding into Ireland, this fits pattern of vigor unexhausted by victory, parlaying peacediv in expansion.) Grain price falls, real wage rises. Continues to 1350.

11

1200- gy Nabholz:V

13th, Hohenstaufens weaken, central power fails, gy breaks into pieces. They fight each other. Leaders had to give their own land away to get aid. (Thus, war is redistributive.)

(Thus, gm labor fairly well off until victorious lords returned from battle of Pavia, 1525, to unite under Emperor Charles V and put down Peasant Revolt.)

(Gm. business and finance doing well, too. One suspects Chas. and Ferdinand, et al. Habsburgs, ruined them, too, as they did everything they touched, well before the 17th Cent. wars. They milked the bankers for all they were worth, then repudiated.)

11

Maritime life substitutes K for land. 14

1337 fr,eng nce:2128 war$,parity

1337, beginning of 100-years' war. Edw. III invades. 1346, Philip VI loses Crecy. To raise revenue, Philip the Unfair sold privileges, taxed salt, debased coinage: lacked tax system. Note he <u>sold</u> privileges, rather than revoke them. Lost war by fostering disparities, while Edw. III ruled with advice and consent of Pmt., and also fostered bowmen.

This must have been a bad time for France. 15

1348 Eur WMiller: 4 ? goof
Makes facile error that black death caused universal poverty; overlooks distrib. effects. 16

1377 eng fr Rbnsn:251 defeat, victory
Death of Edw III. French had won back all their lands. [John II was inept French King, 1350-64, captured at Poitiers, 1356, spent most of reign as Eng. prisoner. Chas V, The Wise, son and regent, succeeded him, 1364-80. Chas. was good administrator, raised taxes, nearly drove English from France, with his great General Bertrand du Guesclin.]
[4 years later, 1381, Peasants' Revolt in Eng. Rule: losers face revolts at home.] 17

[Antwerp was the Free Trade City beginning halfway through The Merry Century, 15th. Coexisted a long time with Staplers, monopolists, who stayed in Calais until 1558. 16th Cent. was that of nationalism, land-grabbing, repression: Chas. V, Francis I, Henry VIII, Philip II, Northumberland, Bloody Mary, Eliz. I, etc.]

[16th, Antwerp sacked by Spain, blockaded and betrayed by UP. Yet 16th was called the Antwerp century; it was clearly running out toward end of 16th.]

[15th was Flemish Century; 16th, Antwerp; 17th, Dutch; 18th-19th, English; 20th, American.]

[Note that high point of Eng. w.r. occurred not just during war, after plague, but also when trade was monopolized by Staplers and wool guilds. Adversity impacted rents, not w.r.] 19

1450? Eur opp:234
King limits rents of "knights" to fixed am'ts (so he can take the surplus). [This must be how tenants got fixed rents in m, gained from infln. Kings might then foster infln., to increase the surplus they can tax!] Cf. 1550-, Adams 1921:43-b, 16th cent. Eng, many gentry received fixed rents, got hurt. 20
A decaying buffer provides peace dividend: shelters w/o threatening. 20

Rule: a peacediv received in form of usable, settleable land makes for parity. 20

However, like all repressive instns., it paves way for forcing down wages. Cf. U.S., W.W. I et seq.)
21

1550- Eng. Adams 1921:44
Owing to primogeniture, younger sons of landowners were displaced too. But they often had some capital, went into ventures. Thus, some rent was forced into K formation.

1550- N.Eng. Adams 1921:48 x

Land could not be granted to individuals by the chartered cos., but only by the king, by application on behalf of individs. by local councils. (However this was often pro forma.)

[Thus, Plymouth proceeded illegally to have them farm "each on his own pertickuler"? Not really, because they didn't grant title to land, just possessory interests. Precarious tenures did not stifle enterprise, just as in N.H. after 1650.]

Connecticut was the one state where titles were legally granted, all copasetic. This may account for its slow development! Adams 1921:418. Confirm dates.

28

1556-98 Spain CHW:548 War$;psych

Philip II used Spain, taxed it and used its manpower.

P.549, Spaniards accepted "as a divine mission the task of preserving political order and religious orthodoxy in Europe." I.e. they were like Americans today.

[Why, then, did they war on France? One could argue that French were too tolerant, esp. after 1589. Spanish were much less cosmopolitan, sophisticated. They are not the only nation that thought it had a "civilizing mission." Indeed, that is the rule among No. 1 powers. However, a major factor is ambitions not of Spaniards but of Habsburgs.]

30

1600- world Adams 1921:41 x

Basis of title to newly acquired lands gradually shifted from Papal sanction to discovery. Rent-seeking. Based on Roman Law, finder can appropriate what belongs to no one. Heathen was no one, nullus.

[As it turned out, settlement was the final sanction in most cases. Possession won out over distant sanction - provided possession came early enough. This must greatly have stimulated migration, premature development.

As to last, note that land settlement can waste capital, just as xptn lines etc. can, if the settlement is premature. Rent-seeking causes that. As noted elsewhere, rent-seeking outlays need never by recovered, look to remote futures.]

36

1620- N.Eng. Adams 1921:152 x

Levying taxes was a mere development of the right to assess shareholders. Cf. MWCs of s.c. (But they taxed others anyway.)

40

1645 Eng. chron:614 war

Cromwell wins Naseby, ending war. Chas had had loyalty of rural eng; Pmt had urban plus the navy, [i.e. maritime eng., now a major interest group, likely to be Calvinist parlayers, revolvers, outputters, funders, financers, turners, wheelers, casters, repeaters, interested in MROR.]

46

1678 Fr Perk:85-6 pax

France gets lands, e.g. Franche Comte, from Spain. This is Louis XIV's high water mark.

[Fr expansion had no help for Fr. w.r. because they took lands already settled. Aimless powerseeking, unlike Cromwell's directed warfare influenced by merchants allied with workers. Thus, any Fr peacediv would mean lower taxes, higher rents.]

55

P.173, noble Huguenots had deserted faith, lured by promotions and pensions. Turenne, like Condes, Colignis. Bribes were not offered to the humble and industrious. [Cf. U of Calif.]

56

1690 pa WMiller:82 psych

Anglicanism making inroads on Quakers, just as it was doing same on Congos in Mass. Anglicans less intrusive, no demands for stewardship declarations, etc.

This, the "Restoration Syndrome," easing standards, tolerating sloth and luxury, paves way for boom and bust. "Postwar Syndrome" is more general; also, "Post-Puritan Syndrome." Cf. Samuel Butler, Hudibras.

[Anglicanism plays role similar to that of Darwinism, later: elitism without accountability.]

[When was the bust, or fall? 1695, 1698, and above all, 1720.]

59

1690- Eur Kenn:76 $

To pay for wars, nations developed national banks, and systems. All wars were financed by borrowing, to avoid domestic unrest. (Also to avoid progressivity, as I recall from w.w.I debates, HGB.) Also to throw into battle the decisive margin.

Amsterdam, London, Vienna, best credit ratings.

NEEDED: data on Austria, a key player.

60

1694 Eng. CHW:568 $

Bank of Eng founded. Note how great financial "advances" are followed by crashes. 1st Bank of U.S., 1791; 2nd BUS, 1816; Nat. Banking System, 186?; Fed Res System, 1913; etc.

1837 followed weakening 2nd BUS. However, BUS had been strong during much of period of buildup, failed to stop it.

60

1700- sp, fr perk:252 x

Spain by 18th cent. only wanted to keep its empire, source of wealth: Mexico, Peru, Naples, Sicily. Sought French alliance, protection of Louis XIV. Named a Bourbon as new King of Spain, Duke of Anjou. Louis' vanity led him to allow it, knowing it meant war.

[Thenceforward, Sp. Bourbons became simply caciques, stagnated but stayed rich by letting others bear cost of war.]

63

1718 La. WMiller:37 pax x

French found N. Orleans, to anchor La Salle's claim to entire Miss. Valley, and forestall Spain.

[Controlling river-mouths does not, by itself, hold valleys. Sweden got mouths of Weser, Elbe and (Vistula?) in 1648; France had Quebec and Montreal; Dutch had Manhattan; etc. You had to settle the valley upstream.]

66

1720 Eng. Versteeg:270 $

Bubble Act, apparently outlawed land-banking. P. 256, it definitely "prohibited land banks." [Mints is silent; Hammond is supercilious.]

Hammond stresses anti-corporate nature of Act, and of Eng. devmt. ff. Eng. was very anti-corpn., or at least <u>general</u> incorp. There were a very few particular corps.

Hammond overlooks fact that this was period when Eng. raced ahead of world in business innovation. War and small business were associated with rapid advance.

67

1750- prus opp:269 x

Officials put state above class interests, except as they are drawn from wealthy class. Therefore, the best officials come from poorest states. "Prussia, ... was formerly indebted to its poverty for that incomparable body of officials who handled it through all its troubles. (They were) dissociated completely from all interests in money making, directly or indirectly."

72

[In endless struggle of rent-takers of the 1st and 2nd kinds, all deflationary factors help the 2nd kind, and v.v. Creditors might therefore engineer a contraction by encouraging shortage of liquid capital, as by freezing up K in p.w.]

76

1780- eng. CHW:829 x

Canal and turnpike boom. Cf. Culloden. (Did this boom really begin in middle of war? Maybe it was more during interval of peace, 1781-92. It's possible, Eng not fully committed to this war.)

More likely: Eng. built infrastructure during and around wars, and spawned industrial revn., 1739-1815.

(When did prior boom end?)

(How reconcile with slow enclosures, 1780-90? Enclosures depend on specific price of corn.)

81

1800-1900 U.S. Goodrich:257 x

Resorting to public credit to build p.w., xptn, "lasted longer in the less developed or the less wealthy areas."

1800-90 U.S. Goodrich:278 x
Main purpose of p.w. was to raise value of land.

91

1803-1890 U.S. Goodrich:276 pax$ $
Few states levied state taxes for p.w. (These were revenue bonds then, mainly.) There were many large "exceptions": NY, Pa, Ill, Baltimore, Ohio (he left out Mobile here). That is quite a few large exceptions, and he may have left some out, e.g. special assmts in NY, as reported in Commons.
Overall, tho, the impression is strong that heavy use of prop. tax lay in the future, during Progressive Era. [Ham and Madison had done their work well.]

93

1806 U.S. WMiller:145 pax x
Surplus in Tsy - Jeff like Walpole, tax-wise. [Millis counters.] But Jeffn wanted to spend surplus on pw, dev west - like JQAdams, HClay later. [He didn't do what he wanted to, tho, except Nat. Road. Why not? Nat. defense was demanding. Also, maybe there really wasn't much surplus, owing to slow land sales ff. 1798. Besides, sales were on credit, yielded little current cash.]
Considering subeconomic nature of many pw, such devmt is "fiscal equivalent of war", ["onerous" taxes] esply for taxed regions.
Thus, ironically, it promotes production and some devmt. in very regions subject to onerous taxn.
N.E. opposed westward orientation, stuck with Federalists and Atlantic orientation, lost power for decades.

93

Why were Madison and Jefferson allies? Both were anti-Federalist. Madison helped write Constn. in order to weaken it, remember. Rather than Hamilton's ally, he probably was holding him in check. They clearly agreed, though, vs. Fed. and state taxes on land, favored tariff/excise combo.)

94

1815 prussia Morier pax
Prussians become extreme disciples of free trade in land, create the most impersonalized, commercialized land system in Europe. No entail or primogeniture even. [From this came Junkers? They were there before. Point is, free trade in land did not weaken Junker class. As George said, it merely helps market fulfill its centralizing tendency.]

96

1815-1914 world Kenn:152-3 pax
Remarkable century of near peace -- and 5 major crashes. P.152, eng army stagnates. P.153, armed services consume only ca. 2-3% of GNP, eng. Russia, France, Prussia, Austria had much larger forces. [And they o'took eng, whose indl revn occurred

during wars, 1769-1815!]

97

1819 U.S. WMiller:151 x x

U.S. "buys" Fla., ff. virtual conquest by A. Jackson, operating quasi-independently.

Note, this expansion, like La., and Guadelupe-H., was pushed by slaveowners. They need to valorize slaves.

Polk's 54 40 or fight slogan was probably designed to rouse northerners' militancy, to support slave expansion de facto.

99

1832 Eng. Jameson:11 classwar

Parliamentary Reform Act broadened suffrage. New Parliaments passed new laws congenial to middle classes. [Thus, landowners coopt. capitalists. Ambivalence of Capital makes its owners vacillate in their class loyalties.]

103

1842 pa Goodrich:67 pax x

Pa. insolvent. Depth of depression.

Pa. even more reluctant than NY to pledge taxes. They expected to abolish taxes! P.80, so did Md. (N.J. may have been the model, with its D&R Canal. So might J.Q. Adams.)

1842 ny Goodrich:53 $

NY revives state prop. tax, in financial urgency. (May well have aided revival.)

[The NY-Chicago Axis. They grew up together, a matched pair, both taxing land.]

105

1848 U.S. mg paxdiv

Peacediv at Guadelupe-H. took form of vast land acquisition. War was not costly, so dividend of new territory was what counted.

Same was true in 1803, 1819, various Indian wars, and acqn. of N.W. too. The last occurred in steps, politically, but in step with settlement of Texas.

Knocking out Mexico no doubt strengthened our hand greatly in dealing with Eng. w.r.t. Ore. Terr., 1846.

107

class war

War psych in s.e. Slavery barred from Calif., slavers slavered for Cuba. President Pierce assuaged s.e. with navy ships, later used vs. them.

[Slavery is inherently expansionist, needs land to valorize slaves. Ff. 1865, we stopped acquiring new land.

1852- ala. Goodrich:158 109

1860-1913 Russia Kenn:233- x

Rapid growth, rails and indy. <u>Sucked in world K</u>; much

absentee ownership and control.

P.236, local govts had no fiscal autonomy; local infrastructure lacking.

P.241, highly regressive tax system, sales taxes on food, vodka. Neglect of basic education.

Subtheme, or one finding: regressive taxes do not stimulate K fmtn and production. Russian growth was unbalanced, and low p/c, and she lost power, and incurred high debts.

112

Land acquisition requires no K recovery. This also applies to acquisition via rent-seeking. Thus rent-seeking investment ties up K forever.

121

1900- U.S. Hoyt: x x

Bankruptcy is more than a zero-sum thing. It is a symptom of o'priced land. People are buying, and not making it. Next step is, they stop buying, stop leasing too.

Likewise, internal pvt. debt is more than zero-sum. Most debt comes from hocking r.e. R.e. gets hocked only when it is worth borrowing on. (Then, lenders become rent-takers of the 2nd kind.)

DATA NEEDED: Check history of internal debt. Guess: it does not rise much in progressive era, in spite of high building. Reason: high prop taxes kept lv from soaring. Cf. H. Hoyt series on lv and bldg. Progressive Era is only time building soared and lv didn't.

But also check data on muni and state debt. Hi taxes would foster their borrowing, as in the 1920s and 1830s. Did they restrain themselves in Progressive Era?

Also consider possibility that the restraint of Prog Era was on x-subsidy, as evidenced by Hoyt's data on land dev inside and outside city.

127

1904 U.S. WMiller:336 $

U.S. would not let others intercede to enforce debts in western hemisphere, but would do so for them. Thus, it took over customs houses, and administered taxes. Did this several times in banana republics. (Possibly discriminating for U.S. exporters?)

[Creditors are rent-takers. Intl. creditors via borrower govt. are rent-takers of the 3d Kind. This is a 4th Kind: intl. creditors protected by another power. They correspond to caciques.]

127

1918- U.S. Kenn:280 pax x

Excess capacity, u.s. shipyards, steel, farming. (Effect somewhat like free land, causing postwar boom.)

(There was also excess capacity in 1930s. What was the difference? Cartelization may have created it.)

133

1926-29 U.S. WMiller:377 classwar x

Ff. war vs. Gy., U.S. employers won their class war vs. labor. After 1926, relaxed to enjoy it, watch stock prices soar. A peace dividend results from winning both kinds of wars.

But high rents also lower MROR, hit movers ["Calvinists"] too. (Hence sometime alliances of Calvinists with labor.]

136

Here is another division. 1, Property divided into Calvinists, or ICInvestors (income-creating investors) depending on MROR, v. rent-takers. "Business-people" may be the best term, making it clear from the start that the term excludes rent-takers. 2, rent-takers divided into equity v. creditor interests. 3, Those who lend to I-C Investors are a 3d Class. "Factors" is a name, but confusable with factors of production. "Busy-money" lenders is good. "Business lenders" maybe good.

136

1927 U.S. Estey:49 x

Bus cycle thinking was so crude that Carl Snyder, leading writer in field, said there were no real cycles in the modern sense until ca. 1869. 1819 and 1837 and 1857 were just "episodes." Cites Snyder, Chap. 1.

136

1945- axis Kenn:426 lag x

High postwar cap fmtn in Japan, Gy. Why? War devastation created sense of insecurity; also, habituation to low consumption. Reality of low taxes, security under U.S. umbrella, took long time to sink in. In gy's case was also Marshall Plan aid, etc. Gy, highest gross investment levels in eur. Wirtschaftswunder.

An ec powerhouse that loses a war remains an ec. powerhouse. Cf. France, 1871-, 1815, 1763, 1713, ...

138

b, main motive for servicing debt is to maintain future credit; when it dries up anyway, why bother? What common threads are there in major class revns? Russian came after disastrous defeat; Eng. after long peace; Fr. after short peace; Chinese after victory over Japanese; Vietnamese as expulsion of colonial rulers.

Vacillating rulers in each case. Inflation. Heavy use of consumer taxes, other excise taxes. Debt-finance, bankruptcy of state. Combo of excise taxes and debt and inflation clearly indicates absence of land taxes, and income taxes. Spread of egalitarian ideas. Foolish arrogance of rulers, rent-takers. Extreme class divisions.

Note, thesis of bust: land spec. does not just block off production, it diverts K to land-linking, land-enhancing, land-saving, land-capturing (rent-seeking) invs. Diverts K to margins, intensive (land-subbing) and extensive.)

"Land-enhancing" means changing land to higher use. "Land-saving" means intensifying any given use.

Peacediv 6. Class war: repression, reaction vs. wartime leveling. Factor distribution. Containment policy. Revolutions, "red terrors."

800-950 gy opp:206 class war
Free peasants of gy overthrown, for the 2nd of 3 times. 4

1208 Fr. Rbnsn:160 cl. war
Internal Crusade vs. Waldensians and Albigensians around tolerant Toulouse. Massacre. Innocent III. Destroyed prosperity of most advanced part of France, commercially and culturally. Troubadors centered here (i.e. hippies of their day).
Inquisition begun. [Repression and Reaction. Fits pattern of reaction vs. wartime leveling.]
War brings parity; postwar repression anticipates peacediv.12

1348-49 Eng. nce:2811 x
Black Death kills 1/3 popn. Labor in demand. [Yet they kept on fighting war - 2nd Poitiers, 1358.]

1349 Eng. ? x
Great plague. Wages rise. In wartime, too.
Does this confirm diminishing returns? Not likely, there must have been heavy losses of synergy. Rather, rents fell.

1349 Eng. Rbnsn:251 plague&parity
Black Death, half popn of Eng dies. "... certain lands were no longer of any value to their lords because the tenants were all dead." 16

1351-75 Fr. Levasseur:19-22 war,parity
Wheat price rises but land price falls, due to war and Jacquerie. (This would be a good time for operator to buy - labor-price of land was low.)
Cf. 1376-1400, trend of ratio reverses. [This is period of French success, expel English, restore Chas. V, 1364-80.]

1358 Fr. Gras war
Jacquerie, peasant revolt, ff. nobles loss at 2nd Poitiers16

1381 Eng. chron:405 revn
Wat Tyler leads peasants' revolt to London. They are rebelling vs. Poll Tax, raised in 1380 (nce, p.2811). Richard II parleys with Tyler, but Tyler is killed. Does revolt fail? Poll tax didn't last long; neither did Richard II. Lollards thrived.
[They were also objecting to wage ceilings, from 1351.] 17

1382 Fr. chron:405 revn
Anti-tax riots in Paris, vs. "fierce" taxes of Chas. VI. Maillotins and Tuchins were tax-protesters, the tuchins were like a mafia.

1395 Eng. NCE:1604 psych x
Peak of Lollardry, under Wyclif, with intellectual cell at Oxford. Reproached wealth of church. Conclusions, its creed, presented to Pmt.

1399 Eng. nce:1604 psych x
Repression and Reaction. Henry IV becomes king. 1401, Pmt passes law, de haeretico comburendum. 8

1400- gy opp:206
Free peasants had no chance in eastern marches, formerly Slavic. Central power too weak to help them.
Puzzle. Central power was known often to support peasants vs. local lords; yet existence of central power hurt peasants by reducing competition among lords.
Also, times change. Ca. 1500, central power suppressed peasant revolts. Monarchs differed, too. James I opposed enclosures; Chas. V oppressed peasants; etc.

1400- gy opp:286
Eastern frontier closed, not by Slavic resistance, but "the newly arisen great properties, ... the robber wars in the countries formerly Slavic, shut the settlers ... out ..."
"... beneficent devmt was stopped by the erection of new primitive feudal states on the easterly border ..." 18

1414-17 rome Rbnsn:281 psych
Council of Constance ends Gt Schism. Incidentally burns John Hus, 1415. 19

1435-85 Eng. Rbnsn:255 war.civil
Civil wars, evidently beginning before loss of france, 1453. Much of nobility destroyed. This not only divided, but weakened them by reducing their numbers. Good for labor.
Nobles no longer have vassals, but hire soldiers for money, as they now hire workers.

1439 Fr. Rbnsn:257 war $
Estates General approves plan of king (it was Chas. VII, indolent fellow, who probably seemed harmless and needful) to grant him permanent tax, the taille. Idea was to stop troops from looting by paying them. King no longer depended on grants. Louis XI, crafty shrewd and treacherous, made wider use of it, 1461-83.19

1450 Eng. Bissett:10 class war?
Rebellion vs. enclosures, like 1381. No details. NCE calls it Jack Cade's Rebellion, plays down social angles, except a minor irritant was govt. effort (probably in vain) to enforce wage caps. King Henry VI, Lancastrian, was weak, went insane, gave up in France, led into Wars of Roses, 1455-85.

[Cade made same error as Wat Tyler, and Ket: parleyed, accepted assurances of pardon, was assassinated. Seems to be a pattern!]

1455-85 Eng. NCE civil war

Wars of the Roses. England divided, impotent abroad, while Louis XI built up power in France. France interceded often in these wars, as base for attacks. Actually, from 1429-1588, England cut little figure in European affairs.

Yet, 15th Cent. was age of high wages in eng.!

1478 Spain WMiller:29 cl. war

Isabella's Confessor, Torquemada, begins Inquisition. (It lasted a long time, but its ups and downs would be significant. It may have been more a war measure than an instrument of ec. oppression, originally. 21

1486 Eur CHRON:435 psych

Rome publishes encyclopedia of witchcraft, supports growing practise of burning witches. (Paving way for forcing down wages.) 21

1494 Eur WMiller:19 pax?

Pope divides new world between Spain, Portugal. (This may have forced other seafarers to go Protestant, to defy this authority. Religion in service of Monopoly, under pretext of [or in tandem with] serving Peace. Composure and Combination. Peace and Monopoly. Peace and Repression.) 22

1500- Eur,U.S. opp:244-52

In "natural" ec, before money, local lords get wealth by political power, seek to max no. of workers. After money, and their subjection to king, they seek to max net rent, evict persons. [This is basic cacique behavior!] Not clear which comes first, but there is + feedback. [Cf. change in s.e. U.S. landlords, 1st fighting emigration of blacks in peonage, then encouraging it.]

Kings, no longer fearing nobles, ally with them. [Enclosures seem to fit this pattern.]

Money ec. lets King centralize admin, use officialdom instead of march-wardens (marquises), who had independent rents, and retainers with personal fealty.

Crown and nobles divide peasants in half. Crown lets nobles take common lands; nobles let king tax [e.g. the <u>taille</u>, all but peasants were exempt] and draft peasants. [Cf. Versteeg:37; Nabholz:V; Adams 1921:43.]

Cities also lose independence (e.g. Hanse declines; Flanders becomes French; etc.)

But now there is another force, the money people, or

capitalists. Cf. Colignis, Conde, Turenne, Huguenots, Calvin, 1678-88 fr. They demand equal rights, and ally with lower plebs. "But as soon as victory has been achieved, the class based on movable wealth, ... turns its arms on the lower classes, makes peace with its former opponents, and invokes ... the theory of legitimacy, ..." p.256. [E.g. Federalists, 1792-1801; Republicans, 1870-; Republicans, 1918-. Capitalists are the swing vote or turncoat class, that goes from leveling to repression as they smell success.] 22

1500- Eng. Ashley:98 pax x
Justices of the Peace, uniquely English institution. A function was to regulate wages, hold them down. (Ashley denies this, doth protest too much.) Reaction and Repression. 22

1500- Eur nd x
16th century ends Drang nach Osten, as slavs strengthen, stop the advance. This closes the frontier. This helps account for falling wage rates, western eur, 16th cent. East closing, west not yet open. Cf. Opp:286, re 1400-. 23

1500- gy Nabholz:V
State grew stronger, lords weaker. State wanted taxes from peasants. So they imposed rent controls on lords.
Cf. England. Nationalism in both countries served function of lowering real wages, by keeping local lords from their wars. One Catholic, one Protestant, that didn't matter so much. 23

1516 Eng. Bissett:10 class war
Th. More publishes Utopia, scoring sheeping.

1519-56 Un.Prov. Rbnsn:324 psych
50,000 executed in Neths, is lowest estimate, during Chas.' reign, for Protestantism. Philip II was worse, and besides, considered a foreigner, unlike Chas. 24

1520-21 gy Rbnsn:294 psych
Diet of Worms, called by Chas. V, tries and condemns Luther. Chas. V upheld authoritarian church to uphold himself [same as 'no bishop, no king'].
Chas returned to Spain, where he had moved his hq. Mainly preoccupied with Medit. affairs, fighting France. 24

1522 Austria WMiller:31 psych
Chas. V exports Spanish Inquisition from Spain to all his other dominions. Later, Rome supplements with its own

inquisition, for other lands. Cf. 1486.

1524-25 gy Gras war, psych

Peasant revolt. Luther disowned. Munzer wanted communist theocracy. 100,000 rebels slain, nobles united under Emperor Charles V (so that's what he was for).

Note religious element and land communism in most peasant revolts. This is why state had to capture and subvert church, and control of church was and is so important. Charles' fanaticism thus explicable; also, other rulers' support of Luther. Luther and Torquemada joined against Anabaptism.) 25

1525, gy fr victory, class war

Pavia, Charles defeated and captured Francis I. Ff. this success, nobles returned to gy to crush peasants, Munzer, Anabaptism. 25

....

In contemp. U.S., Prot. churches controlled by local gentry. Cath. Church controlled by its own establishment, mindful, however, of revenue needs. 25

Schools do not recover until late 19th cent. Schooling wiped out.

Prior to this 1536-9 confiscation, landlords sought to tie men to land; after this, they sought to evict.

[Cf. s.e. U.S., from peonage to evictions. Eviction and exclusion reveal higher lv, desire to extinguish ancient easements and other land rights of locals, as well as willingness to forfeit ancient liens on labor, because labor now cheap on open market.] 26

1536 Eng. Bissett:11 class war

Revolt of Richard Aske and Wm. Stapelton takes York, Pomfret and Hull. 60,000 or more rabble, protesting enclosures. Henry VIII parleys, promises, betrays and executes leaders. (Just like 1381?)

easements and other land rights of locals, as well as willingness to forfeit ancient liens on labor, because labor now cheap on open market.]

Gap

26

1541- Eur Tawney:93 psych

Calvin set profits and interest "on the same level of respectability as the earnings of the laborer and the rents of the landlord." Calvin wrote: "What reason is there why the income from business should not be larger than that from land-owning?"

["Business" we may equate roughly with MROR on new invt. Calvinist income-creating investors had a common interest with workers in holding down rents and lv. This kind of community is necessarily transitory, as Calvinists prosper and buy land.]

27

1544 dk Chron:500 psych

Major witch-burning, Denmark.

27

1545 Fr. Chron:500 psych, war

Francis I authorizes extermination of Waldensians, to seize their land. Cf. Philip II (Augustus), Albigensian Crusade ca. 1200. Cf. Louis IX, who conquered s. France. Cf. Louis XIV, extermination of Savoyards. All these folk had communal ideals, I believe; may have influenced Huguenots a little in their alliance with labor.

1545 Fr. Rbnsn:328 psych

Francis I orders massacre of 3,000 Waldensians, slopes of Alps, defenseless peasants.

27

1550 Eng. NCE pax,classwar

Dudley (Northumberland) wins control over minor King Ed. VI(1547-53), jails and executes Seymour (Somerset) who defended peasants (Kett rebellion) vs. enclosures. Dudley then makes ignominious peace with France. Also see Bissett:12.

27

1554 eng,sp NCE pax,classwar

Mary I (Bloody Mary) marries the future Phillip II, ends war with Spain, burns protestants, e.g. Latimer and Ridley, 1555. Another post-war witch-hunt, Reaction and Repression. Eng again officially catholic, except no return of church lands. Draws eng into Spain's war vs. France, loses Calais (1558).

29

1555 Eng. Tawney:123ff pax class war

Latimer burns. Latimer favored Protestantism and opposed enclosures; Mary I v.v. Peace, Repression, Reaction, Poverty.

29

1560-74 Fr. nce:480 class war

Catherine de' Medici, Regent for son Chas. IX. 1562, Wars of Religion break out. 1570, truce with victorious Huguenots, Peace

of St. Germain. Not much peace, though: 1572, St. Bartholomew's Day Massacre, designed in part to assassinate Coligny, winning Huguenot general. Catherine died, 1589, but was out of power after 1574.]

Period of religious repression and low wages.

31

1562-70 Fr. Rbnsn:331 civ war

Furious religious war, renewed "all the horrors of the English invasion ..." [Bloody Catherine!]

1566 s. Holld CHW:556 revn ?

Wild revolt in cities, vs. Church, "symbol of law, order and the establishment." (and witch-burning.) [Very likely prosperity followed.]

31

1567-73 Un.Prov. Rbnsn:325 class war

Duke of Alva's reign of terror in Neths. (He later went to Portugal.]

31

1572 France CHW:541 class war

St. Bartholomew's Day Massacre. (Calvinists were a real threat! They believed they, not nobles, were the elite. They believed profits were as good as rent. However some nobles were Huguenots originally, until bribed off by Louis XIV, so it was more complicated. Dutch Calvinists had confiscated church lands, that may have been the threat.)

32

1572 Holland CHW:557 war

Wm. of Orange invades from exile. Establishes foothold in Holland, coastal province. Unlike south, where nobles and guilds were strong, Holland dominated by merchants. These were willing to go with Calvinism for political gain, not conviction. They got war revenues by confiscating church lands.

Militant Calvinism somehow associated with working class in protest. [It figures, both suffered from high rents and lv.]

32

1576-1650 Fr. Levasseur:T.XII x

Trough in real wage rates. [Shows class war succeeded!] Cf. 1451-75, peak.

This trough occurs at same time as new peak and plateau in lv, T.IV. Clear inverse or supplementary relationship. After this, relationship is fairly stable until 1751-90, when lv take off and get 'way ahead. (Era includes peace of Henri IV, 1589-1610.)

[Cf. this era of max labor-price of land with 1890, another peak of same. Peak ca. 1600 was ff. by Calvinist, Puritan revolts; peak ca. 1890 ff. by Progressive movement (much shorter).]

32

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32

1589 gy Chron:554 class war

Height of witch-burning, Rhineland.

33

1598 Fr. perk:165 class war

Edict of Nantes, Henri IV. P. 166, no other country of Europe was so tolerant of those who denied the state religion.

34

1600- N.Eng. Adams 1921:9 x

Compact settlement of n.e. meant village lands of n.e. became "exceedingly high-priced as compared with the plantation lands of the southern colonies." N.E. farmland worth ca. 14x as much/acre as in Va.

[Thus overpricing land could have choked off immigration after 1640. Cf. Adams:339,341. The n.e. system lent itself to negative containment, which could have been very effective. N.e. never really did have a boom after The Gt. Migration!]

N.E. expansion was by movement of whole towns and churches. [Cf. Dutch and Portuguese dairy colonies today.]

36

1601 Eng. CHW:569 classwar x

Poor Law, "most important piece of social legislation before the 19th cent.", to keep country quiet and men in their places -- literally. Cf. early 16th, effort was to evict - see 1536-Tawney:119. Peace and Poverty? Eliz. had been warlike by this time, but was near death, and James was to be peaceful.

Maybe this was an effort at wage control, revealing high open market wages. Result of long Elizabethan wars.

Cf. 1662 Poor Law, exclusionary again, like 1536.

Thus we have at least four signposts on wage control and poor laws: Time of Wyclif et al., Black Death, effort at wage ceilings - 1351 Statute of Labourers; 1536, efforts to enclose land, exclude people; 1601, effort to keep people home, suggests wage ceiling; 1662, effort to exclude people.

1795, Speenhamland, makes a 5th: sort of effort at wage ceiling.

37

1605 gy Chron:566 class war

At abbey of Fulda, Abbott Balthasar von Dernbach burns 205 witches. London, 1st performance of MacBeth; Gunpowder Plot revealed through torture.

1628-30 gy Chron:596 class war

Teutonic Order burns 124 witches, Mergentheim.
900 burned in Wurzburg.

1630 ne WMiller:23 x

Makes facile error of attributing Great Migration solely to fleeing tyranny of Chas. I. [Charles' "tyranny" was not aimed solely or mainly at the poor. It may, however, have been aimed at capital, active players like Hampden.]

1633 gy Chron:600 class war

Bishop von Dornheim executes 600 witches over past 10 years, Bamberg.
Galileo faces inquisition.

1662 Eng. Mantoux:444 classwar

Poor Law, localities allowed to prohibit immigration, to keep out public charges. [Fencing-out, sign of low wages, vagabondage.] [However, they also had to return to native parishes - chron:634. So, what was the net gain? They were kept out of wealthier parishes. Probably also they had trouble proving nativity, thus were driven from place to place, their bargaining power lowered.]

Note change of emphasis from Elizabethan effort to nail people in place. Here we have something more like exclusionary zoning. Suggests that in interim, liability of local rates for poor relief was established, probably thanks to Puritans.

When open market wages are high, localities favor immigration; also favor slavery, serfdom, ancient lordly rights; and v.v. So exclusionary policies signal, bespeak low wages, and heavy national taxes on persons.

Note positive feedback: exclusion also causes lower wages.

Cf. 1601 Poor Law, inclusionary.

1675-76 va. Versteeg:134 classwar x

Bacon's Rebellion. Bacon wanted and led more aggressive Indian fighting and western expansion. Tobacco prices were falling. Northern Neck, next logical frontier, was granted to and locked up by new royal favorites. This forced expansion farther westward, onto lands crowded by Indians. Royal Gov. Berkeley was more for containment.

Ff. this, local land magnates gradually took control, superseded royal power, imposed their own containment.

[Containment is landowner-rulers checking imperialism to

keep w.r. and taxes down.]

54

1676- va Craven:154-e.p. x

Depressed tobacco price, over some years. Coupled with stiffer collection of quitrents. Led to strife.

[This could be what drove Gov. Berkely's cont. pol. See notes from course in Ag. Econ. Remember, they were limiting tobacco acreage around this time.]

54

1678-88 Fr. Perk:172 pax class war

P.172, 1678-88 was time of peace. Peace and Persecution. This sounds like a time of rising lv: taxes low, state powerful, etc. A good time to put down lower classes, raise lv.

P.173, noble Huguenots had deserted faith, lured by promotions and pensions. Turenne, like Condes, Colignis. Bribes were not offered to the humble and industrious. [Cf. U of Calif.]

55

1685 Fr. perk:164 pax,class war

Louis XIV revokes Edict of Nantes. Begins long persecution of Huguenots, inspired by Maintenon, a harsh rigorous Catholic Puritan and zealot. P. 167, Richelieu had defeated and disarmed them, but tolerated them; Louis and Maintenon had an Inquisition, in effect.

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56

1686 N.Eng. Adams:411

Edmund Andros apptd. royal gov. by King James II. P.419, reasserted King's claim to land, pro forma, asked for nominal quitrent. Thought it would be willingly paid, to validate titles. Wrong! P.420, Were few cases of attacking titles individually, but all were threatened.

1686 N.Eng. Adams 1921:373 x

"The Mercts are for land taxes, but Mr. Dudley, Stoughton and others who have gott very larg tracts of land are for laying all upon the trading party," etc. -- Randolph Papers, vol. vi, p.211. Cf. McAnear article re Robt. Livingston.

56

1687 mass Craven:219 class war

Gov. Andros levied a tax. Essex Cty, n. of Boston, resisted most strongly, force required and supplied by Andros. Protesters cited their rights as Englishmen, not as colonials. Also p.251.

Thus, background of witch burning was reversion to prop. vote in a region with strong H. Jarvis types.

See G.L. Kittredge, Witchcraft.

57

1688- Eng. Ashley:ch.6 $

Crown lands pass to private hands. (Confiscated James II?) (This could be why a land tax was acceptable then: recent memory of, and need for, public equity.)

57

1688- Eng. Bowden:245 $ x

Increase of nat. spending, even in peacetime, to aid colonial/naval expansion. Debt rose steadily, and interest charges. In peace, debt was reduced little, i.e. became permanent.

P.246, Taxes on property rose. In 1687, only 11% nat. revs came from direct taxes, called "Hearth Money." Excises raised the rest, appear to be on luxuries. (Also on woolen cloth - maybe that's what killed the industry, not kindness but taxation!)

De Tocqueville confirms. Eng. nobles continued to pay taxes, 17-18th cents, while French nobles got exempt. (No wonder eng. prevailed in most wars, even with smaller popn.)

p.248, by 1815 36% of taxes were "direct": mainly "houses and establishments," and income tax. Income tax exempted those under 60L.

P.249, Something like gnrl prop tax began under Wm and Mary, "not unlike the general prop taxes that were introduced in the American colonies in the 18th cent." Psnl prop escaped, gpt "became a fixed tax on land." 1696 introduced house tax, 2s per house, with additional tax on all windows above 7. 1747, raised rate, and made more progressive. 1778, assmt was related to rental value of house.

58

Notice, the winners took the land. The later English purported to scruple over takings of Tory land in U.S., repudiating debts etc., but when they had power over Irish they just took.

The Irish were the Indians of Britain.

58

1689,ca. N.Eng. Adams:445

King Wm. finally enforces new franchise principle, prop. test instead of religious test.

59

1690 N.Eng. Adams 1921:451 class war

Witchcraft frenzy. [During King. Wm's War.]

May have been reaction to King Wm's insistence on changing basis of franchise? Or to <u>results</u> of changing franchise - this occurred in 1692 I believe, just <u>after</u> franchise was changed. And/or to inroads of Anglicanism. Most likely, to taxation.

59

1691-98 ny Craven:280 x

Gov. Fletcher of NY gives away huge tracts to members of his Council, confirms patroon pattern in Hudson Valley. 1698, Bellomont replaces Fletcher, who had been charged in Eng. with corruption. [This scandal is worse than Salem, which gets all the press.]

60

1692-94 mass Versteeg:144 class war

Salem witch trials. Caused by unease from change of power structure, from new colonial charter of 1691. Franchise based on property, from 1691. Note the sequence: property gets the vote; witch trials follow. Church not to blame, but property vote!

60

1700 ny Myers:55

Royal Govr, Earl of Bellomont, ascribes superior trade of Boston over NY to fact that Gov. Fletcher had sold best lands corruptly.

61

1700- Eng. Kenn:79 $

"...the British land tax - the chief direct tax for so much of the 18th cent. - allowed for no privileged exceptions ..."

61

1700- Fr. perk:5 class war

Privileges had been regarded as laws of nature, 15th cent; 18th cent., contrary to laws of nature. More correct: 18th, idea of natural law replaced church law.

[New ideology of class was needed: found in Malthus, then Darwin.]

62

1730-60 U.S. CHW:678 psych

Gt. Awakening. One effect was disestablishment in most colonies. (Ct. Valley was still a remote frontier! How slowly they settled this, the best farmland!) NEED INPUT!

Was this some kind of protest vs. land monop?

69

1739 va WMiller:74 classwar?

Great Awakening, revivals on frontiers. George Whitefield, Va., 1739. Theodore Frelinghuysen, N.Jersey. Jonathan Edwards, N.E. Born Again doctrines. Promoted non-intellectual sects: Baptists, Methodists, back country.

How remarkable that Ct. Valley would still be back country, at a time when Ohio was being scouted, Shenandoah V. being settled, N.H. full of people, etc. [Tobacco came into Ct. V. ca. 1730, see NCE on Ct. Does tobacco breed bible belts?]

[Relation to land monop? Element of protest vs. established church, that is clear. Est. church monopolized intellectual centers, so anti-intellectualism would accompany rebelliousness.

Question is, was J. Edwards a tool of establishment, opiating the masses, like Billy Graham? Or a rebel?]

69

1763 U.S. WMiller:98 x

Pontiac, an Ottawa chief, having lost French allies, organized Indians for one last blow at settlers, massacred some. Eng soldiers quelled Pontiac, but no colony voted aid. [We were caciques!]

George III got mad, drew Proclamation Line to avoid further trouble. Net result: by removing French menace, lands were closed off instead of opened up! Many Americans ignored Proclamation. Pmt answered with Quebec Act, 1774, annexed entire West n. of Ohio R. to Quebec. Also granted religious liberty to French-Quebecois, and restored their Roman legal and political institutions.

[Class war superseded intl and religious war, so quickly!]

74

1778-83, French outlays exceeded those of three earlier wars together, p.121! No wonder we won the Revolution! But how, then, did Fr. lv rise so? 1, Partly owing to debt finance of said outlays; 2, partly because war was nowhere near France, which carried war to the enemy; 3, France won the war; 4, France, having lost colonies, had little emigration.

Better answer needed. NEED INPUT.

5. Revn. occurred after 8 years of peace, 1781-89. Reread Levasseur. Chances are, rise of rents was steepest then.

What common threads are there in major class revns? Russian came after disastrous defeat; Eng. after long peace; Fr. after short peace; Chinese after victory over Japanese; Vietnamese as expulsion of colonial rulers.

Vacillating rulers in each case. Inflation. Heavy use of consumer taxes, other excise taxes. Debt-finance, bankruptcy of state. Combo of excise taxes and debt and inflation clearly indicates absence of land taxes, and income taxes. Spread of egalitarian ideas. Foolish arrogance of rulers, rent-takers. Extreme class divisions.

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Vacillating rulers in each case. Inflation. Heavy use of consumer taxes, other excise taxes. Debt-finance, bankruptcy of state. Combo of excise taxes and debt and inflation clearly indicates absence of land taxes, and income taxes. Spread of egalitarian ideas. Foolish arrogance of rulers, rent-takers. Extreme class divisions.

76

1764 U.S. WMiller:100 pax$

Currency Act, demonetized Va. legal tender notes, to protect Eng. creditors. Cf. Bubble Act. Cf. Hacker:166. Cf. Decl of Indep., which is silent on this.

[Theme: constant struggle between equity owners of land titles, and mortgagee-owners, bankers, etc. Hamilton, having won Revn., sided with bankers, just as English had before revn.

A War party would naturally include indebted landowners seeking inflation, although this enthusiasm would be abated by prospect of taxes.]

[Am. Revn., unlike pure class revns., seems to have been aggravated by deflation, not inflation.]

77

1770-75 Fr. Labrousse:64 pax x

Price rise peaks. General depression. Stagflation? [Cf. 1770-eng.] Wine price falls to 1/2 by 1781; grain falls too, but less. (Grain fall may have staved off rebelliousness, on balance, it is bread. Cf. 1787.)

Expansion and dev of new lands ceases, in France. Fr had lost colonies. The absence of emigration/colonization, plus stop of internal colonization, indicates a fall, shortage of liquid K. Deficit finance would be soaking it up.]

Rents had lagged rising gross income. [i.e. before 1770.] 9-year leases common. Now, new leases being signed at much higher rents. Lessees proceeded to get squeezed. Rents keep rising, to 1790. (That's quite a lag! I suspect there was a drop after 1770.) See 1787.

(Many of these rents were on shares, metayage. With metayage, longer leases would make sense, obsolescence of terms is slower than with cash rents.)

1770-90 Fr. See:18,25 rev x x

Ec & Soc Conds. Rents and lv rise disproportionately. Thus confirms Levasseur. So does Labrousse.

1774 U.S. WMiller:103 war

1st Contl Cong. Conservatives abhorred extralegal activity, stayed away; so radicals gained control. (Like early TRED!) Cf. Civil War, Radicals gained control; W.W. I, Wilson controlled; W.W. II, Roosevelt controlled; Korean War, Truman controlled; Vietnam, Kennedy-Johnson controlled; under Bush we probably will

not go to full war, he is too keen on holding down taxes.

78

1776 Fr. Chron:728 $

Turgot dismissed for proposing to sub extended land tax on 1st, 2nd estates for corvee. (Just before big war spending, too!)

79

1764 U.S.

In U.S., Eng. Currency Act of 1764 stifled colonial banks from inflating. Creditors in command, not equity holders.

79

1776-90 Fr. Levasseur:T.XII rev x

Trough in real wage rates, measured in wheat, rye, beef and pork. Really low, about 1/3 or 1/4 the level of peak in 1451-75. (Measured in affordability index of land, even lower! So here is the explosive combination, a prosperity in land values coupled with poverty in real wages.)

["Affordability Index" used by Cal Ass of Realtors is the % of households that could afford to buy the median price house. They assume 20% down, and 30% of income used on monthly payments, 30 year mortgage. In November, 1990, index is that 32% of households could afford to buy house at median price of $130k. That means debt of 104k, pmt of ca. 11k/yr., indicating income of 37k.]

Caste Prosperity. Parasite Prosperity. "Prospering parasites, unmotivated producers." Drone dividends.

T.IV shows fairly stable relationship of nominal lv and real wage rates, 1650-1750. After that, lv take off and real wages drop a bit.

1776-83 U.S. Jameson:77

Stay laws, during and after revn, helped debtors. [Rent-takers of the 2nd kind were set back.] This did not last; debtors' prisons came back. [Probly the end of debt prisons came slowly, and in waves.]

[Am. Revn. was a debtor revn vs. Eng. creditors.]

80

1776ff U.S. Millis56:29 war

British army good at taking and holding key positions. To get mass of people, however, counted on courting loyalists to offset local tyranny of patriots. Thus it became a popular, mass-participation war, unlike past wars and a model for future wars, w/o anyone's intending it so. Patriots infiltrated and controlled militias, closed off countryside to Brits. P.31, Battle of Bennington, won by Vt. militia, closed off countryside to Brits, sealed fate.

P.34, Am. revn. democratized war, and therefore politics, and v.v. Citizens had to replace kings' armies.

80

1783ff. .... Millis56:43 war$

Navy is semi-permanent. Takes time to provide ships, and once built they last. K-intensive.

Navy generally cannot intervene in domestic politics, put down insurrections etc. [So? They sure can intervene in foreign politics, esp. with Marines.]

82

1785- U.S. WMiller:119 pax x

Foreign troops went home, Am farmers who grew grain lost market. State creditors pressed for payment; states raised taxes on land. Alleged 1/3 of farmers' income was going for taxes.

[Postwar debt repayment, zero-sum, but would promote K fmtn.]

1786, Mass raises taxes on land. Shay rebels. Gov. Bowdoin puts down, but is soon voted out for John Hancock.

84

1789 Fr. Bowden:238ff $

Fall of ancien regime due mainly to growth of tax exemptions, resulting bankruptcy of state. Called States General. It solved problem by confiscating church lands, [a way of collecting back taxes], issuing assignats, later mandats. See 1791.

85

1789 Fr. Kenn:84 $

Crown need for money (in peacetime, after winning war and repudiating debt!) is what triggered revolution. Calonne proposed raising more taxes - routine in successful nations - had to call States General.

Takers were getting all the surplus.

85

1789 Fr. Bowden:220 x x

There had been a "cyclical rise in prices with no corresponding rise in wages." Sounds like a peace dividend lodging in higher rents. ".. landlords ... benefited by the rise in prices."

Rents and land values rose toward 1789: Levasseur,30; Labrousse,64.

Peace-divisiveness.

85

1789 Fr. perk:358 rev,$

Capitation tax had devolved, 1715-89. Had originally been mildly progressive; by 1789 was highly regressive, on income.

[Cf. evolution of Florentine castato.]

85

1789-1815 Fr. Opp:vii revn

3d est won revn, not just vs. 1st and 2nd, also vs. 4th estate, meaning proles. [Mme. La Farge was a merchant, after all.] [Same as Eng. Revn(s).]

Used thy of previous accum, meaning we started free and equal, then some saved more. This came orig from Stoics and Epicureans, who saw it as an ahistorical assumption. It evolved later into an axiom, self-evident, requiring no proof. "Rationalism is essentially unhistoric, even anti-historic."

86

1789- Fr. Levasseur:30 war x

Revolution slowed rise of lv. [Sounds like understatement, but underscores non-communistic nature of Revn. 3d Est. also owned land.

86

1790 U.S. WMiller:131 pax, debts

Southern states paid off their war debts by selling state lands. <u>It was northern states that wanted Fed to assume state debts</u>. [A fair exchange for ceding claims to western lands?]

Hamilton got this through by giving Capitol to south.

Ham never intended to pay off debt, but to fund it permanently, create vested interest [like French <u>rentiers</u>] to support Fed govt. Revs from tariffs and internal excises, e.g. whisky tax.

[In these respects Ham, too, was a francophile. Evidently contemporary fall of French govt. did not change his admiration for this device. Remarkable instance of blindness to current evidence in dogged allegiance to ideas implanted earlier.]

[Thus Ham engineered massive shift from state land taxes to Fed excises. No wonder we suffered two ec. falls [1792, 1798] under Ham, and then lost War of 1812!]

86

1794 U.S. Chron classwar

Washington crushes Whisky Rebellion, western Pa. [Repression and Depression. Federalists raised not just tariffs, but internal excises.

Combo of excises with tariffs displays clearly that tariff was not for protection, but revenue, to keep down land taxes.]

89

1795 Eng. Curtler 1920:ch.17

Speenhamland Act. Welfare to help hired farm labor, thus aiding big farmers vs. small. The small did their own work, paid taxes. Cf. Calif today.

89

1798 U.S. WMiller:140 class war

Alien and Sedition Acts. Adams scares out many aliens, and jails many Republican journalists.

What brings on witch-burning? Fear of leveling clearly major

factor here (Republicans liked French and revolution). Also defensiveness of incumbents - Fedsts had presided now over two falls, one tax rebellion, Jay fiasco in France, etc.

Likewise in 1919, 1953-, 1525-, ... class warfare vs. levelers. Lynch Law era of s.e., class and race warfare.

Class warfare also waged by levelers. French Terror, 1793-, also a kind of witch-burning, altho more direct and impetuous. Salem trials? Were they to protect The Elect from loss of control, threatened by King Wm.? Actually they occurred after The Elect lost control to property.

90

1800 Fr. Bowden:244 $war

Reform of land tax assessments assured revenue to Treasury, which until now had been in chaos and was empty. Also founded Bank of France, evidently to borrow on land tax receipts. [A sounder basis than John Law's bank.]

91

1800- Eng. JEH'51Winter:14

2 kinds of heavy charges on land, for consumption. a) Conspicuous cons. Much land thus lost. b) Owner obliged to send money to younger relatives.

Many saved from selling by rising rents. (Maybe they foresaw this, were living on the rise.)

91

1804 U.S. WMiller:143 x

Reduces min land purchase to 160 ac. Min "cash payment" (total or down?) to $80. (P.160 refers, in 1820, to earlier credit provisions, and a Relief Act, so this apparently means down payment.) On these terms, lands move. 3% of land sales go for schools (1/36); another 3% of cash from sales go for roads.

So there was Fed rev sharing then. "Am System": tariff for east, aid for west.

93

1815 Eng. Bowden:248

p.248, by 1815 36% of taxes were "direct": mainly "houses and establishments," and income tax. Income tax exempted those under 60L.

95

1815-48 austria Rbnsn:532 class war

Austria under Metternich dominates Europe. Quadruple Alliance, with Russia, Prussia, England, "preserve order" (and property).

[Even France helped, putting down radical Spanish uprising, 1822. Spain's "jailbirds" took power in 1820. They were liberals from the 1812 movement who got out and took over. French Minister Chateaubriand raised army of 100,000 to restore monarchy.]

96

1819 Eng. Post:320 class war

"Six Acts," repressive. Delirium lasted until 1828, death of Lord Liverpool. See writings of Sydney Smith. Included stamp duties to repress the democratic press.

98

1819 U.S. WMiller:159 x

Crash triggered many states ending debt imprisonment; passed liberal bankruptcy laws. [Rent-takers of The First Kind prevail over Rent-takers of The Second Kind.]

99

1822 Fr., Sp. Chron:

French put down Spanish rebellion.

99

1820- Eur Kenn:164 war

Eng and Russia support Greek revn vs. Turkey. Metternich, who opposed all revolutions reflexively, argued otherwise, in vain.

[Nationalism overcame classwar. Also, useful at home to export types like Byron. Cf. U.S. exporting development economists, 1945-70.]

100

1820ff. U.S. WMiller:182 class war x

Revivals and evangelical sects spread thru West, from ca. 1820. These allied with reformers, supported Democrats. P.186, ca. 1835, "greatest of" Revivals, n. and n.w., under Charles Grandison Finney. Severe reformers, against: drink, debt, debauchery, bad jails, bad schools, monopolies, The Bank, suppression of women, and <u>especially</u> Slavery.

Note utopian, egalitarian role of religion, whenever it escapes control of established hierarchies.

Split Methodists, Baptists, into n. and s., 1844.

100

1829 U.S. Myers:68

75,000 persons were annually imprisoned for debt in u.s. Most owed less than $20. Merchants and bankers, however, could escape jail de facto. (So it seems other sources saying bankruptcy ended ca. 1801 were premature, or class-biased.)

P.73, n.13, movement to abolish debt prison took over 25 years. By 1836 many state legislatures had repealed or modified prison acts.

NY law capped i.r. at 7% for loans over $25; 25% for smaller loans. P.70, 72, same time, importers granted credit on tariff duties, could wait 18 mos. to pay!

1829 eng ireld Rbnsn:602

Catholics admitted to Pmt; Irish members enter.

101

1830 U.S. Jameson:75 revn,class war

Animating spirit of this Eurn. revn was social discontent; 1848 was nationalism. In U.S., no revn in either year. But there was deep social ferment in U.S.: transcendentalism, Mormonism, socialism, abolitionism, medical panacaeas, workingmen's parties, free love, rioting .. J. is vague.

1830 Eur Kenn:164 revn distr

It was easier to suppress social revolutions than nationalistic ones, bcs. middle class frightened by former.

(Holy Alliance had that as main function, like Chas. V, and like U.S. in cold-war era. Used churches.)

102

1830 Fr. Levasseur:30 pax x

Slow rise of French lv begins. Revn had slowed the rise. Then, after 1850, was as fast as after 1750. [Riding high on rent

Apparently 1830 and 1848 had little effect.]

102

1840- U.S. Millis56:89 classwar x

Militia system about dead; replaced by Nat. Guard, "organized, brilliantly uniformed, usually well-equipped and socially elite volunteer units ..." [I.e. they were ready for class war.]

105

1844 Eng. CHW:829 pax $

Gen. incorp. becomes easy for 1st time, to "organize" (ossify?) British industry. (I.e., indl. revn. occurred w/o general incorp.) The corporation as such was much older, used for colonization and foreign trade. 1855, ltd. liability allowed for 1st time. (Cf. G&S, Utopia Ltd., dramatizing how novel in eng was idea of ltd. liability.) Bk. of Eng., also, was a privately owned, jt.-stock bank, p.830. Cf. Hammond.

106

1847 ireland Rbnsn:602 plunder

Est. 1/3 of entire rental of Ireland was paid to absentee landlords. Context indicates "absentee" means resident in England.

106

1848 austria Rbnsn:564 revn

Metternich flees. Helpless Austrian Emp lets Hungary and Bohemia draw up constns, incorp-g desired reform of "equality of all classes re taxation." [I.e. they wanted what England already had, long since.]

P.565 ff., revs were put down, main result was Prussia seized chance to gain on Austria, summons conf. at Frankfurt to

draw new constn for Gy. Radicals make fantastic plans to assassinate opposing ministers, isolate themselves, lose out.

107

1848 Eur Kenn:160-1 revn

Revolutions in central eur. P.170, Russia and Britain were the only powers left standing upright - Palmerston. Class war was also international: Russia quelled the Hungarian revolt [cf. 1956], and offered to quell that in France.

Russia, the right-wing policeman of Europe! Like u.s. today!

107

1850 U.S. Millis56:98 class war

They start naming ships after Indians: Powhatan, Susquehanna, Wabash, Iroquois, Pawnee, Wampanoag, ... [1st use of Indians to support prior appropriation of land?]

108

1850-56 U.S. NCE: classwar

Rapid growth of Know-nothing movement to suppress mainly Irish immigrants, ff. Mexican War. [Movement split and died on the slavery issue, but not before it helped generate rent-rise and ff. slump.]

108

1859 world WMiller:259 class war

Darwin publishes, "takes world by storm." Calvinism redux, <u>but w/o onus of stewardship</u>. H. Spencer, allow the elite free play. [Just in time to cheerlead The Gilded Age, as Darrow-Mencken cheerled Roaring 20s, and Garrett Hardin et al led hateful 80s, and Episcopalism led Restoration.]

111

1860- U.S. WMiller:278 war x

Unions grew stronger in war, also in postwar boom. Dropped after crash of 1873.

DATA NEEDED: UNION MEMBERSHIP.

112

1860-70 U.S. Gates 1936:334 x x

Congress extended credit to r.r.s holding land, even tho it denied it to settlers after 1820. "<u>Peace and Partiality</u>."

112

1866 U.S. WMiller:221 war x

G.A.R. becomes force in politics. <u>Soldier vote went to Radical Republicans</u>, control of Congress, enough to override Johnson vetoes. (So here was a leveling army!) 1st Reconstruction Act throws out govts of all Confed states but Tennessee, orgd s.e. into 5 Military Districts, each under a General, apptd by Congress, power to declare Martial Law. Cowed Supreme Court into accepting this. Required Confeds to ratify 14th Amendment as

condition of readmission. Most complied in time to vote, election of 1868. Army remained in some until 1876, to support Reconstruction; cynically, to keep blacks voting, to vote Republican. Union League Clubs, originating in 1862, remained postwar to win elections.

115

1868 U.S. WMiller:222 x
Radicals run Grant vs. Horatio Seymour of NY, barely win, with help of negro votes.

1868 n.y. NCE:619 Class war
Anthony Comstock, war vet, authors NY law "forbidding immoral works." 1873, gets Fed. postal regn. vs. distributing them. see 1905.

115

1868-74 s.e. WMiller:223-4 ?
S.e. states levy highest taxes in country (on what?). "... overwhelmingly fell on the old planter caste." (Land taxes?) High state debts. Some money went for real social reforms, also welfare and war relief. (Not, evidently, for schools: p.234.)
READ Foner.

115

1870 s.e. WMiller:224-5 ?
Cong. passes Ku Klux Klan Act, giving Fed courts original jurisdiction re violence vs. freedmen. Peak of Radical power.

116

1871 nh Goodrich:249 psych x bm
Portland and Ogdensburg R.R. went via Crawford Notch, to link Portland and L. Ontario. Said Portland Press of the Notch, "the Great Architect of the Universe" left it open "for a worthy purpose."
God is on our side. We have Manifest Destiny. Cf. Calvin, Spencer.

117

1871 Fr. Kenn:164 revn
Paris commune

1872 s.e. WMiller:225 ?
Amnesty Act, restores white southerners to political rights; Freedmen's Bureau expires. (Thus freeing Grant from Radicals, turning him over to capitalist Republicans. Restoring white power would let s.e. lv rise, in time for bust next year. On losing side, early revolt ff. by severe reaction.)

117

1872 ff s.e. WMiller:232 classwar ?
Black Codes reenacted. States used convict labor for

revenues. Hired them out very cheap. Rounded up vagrants to add to supply of convicts. Held down all wages thus. Reaction and Repression.

118

1875-83 s.e. WMiller:237 classwar x
Series of USSC cases removes defenses vs. lynching. Repression Rampant.

119

1875-1917 U.S. WMiller:307-8 class war
Social Gospel movement, and "muscular Christianity," had influence parallel to muckrakers etc. Washington Gladden; Walter Rauschenbusch. "Among their converts" were Tom Johnson, Samuel Jones and his successor in Toledo Brand Whitlock. (Newton Baker not mentioned.) Routed corrupt politicians in Mark Hanna's own state. Gen. Fedn. of Women's Clubs spearheaded fight vs. child labor, and for better working conditions.

119

1877 U.S. Millis56:128 classwar revn
Wave of r.r. strikes, arson, riot, murder. Militia revived, but inadequate. 1879, 19 states establish the Nat. Guard Assn. to suppress domestic turbulence, maintain social order, suppress strikes, etc. Manned by "wealthy young men of military tastes ... and supported by a rich and appreciative community." Class war!

120

1877 U.S. WMiller:278 classwar bm
Repressive measures, use of fed troops vs. r.r. strike. Union membership drops to 50,000, 1878. Peace and Poverty. Prosperity and Disparity. After Reconstruction in south, repression in north.

120

1880 wis WMiller:255 x
73% of Wis pop is of foreign parentage; somewhat less in neighbor states. 1880-90, record 5.2m immigrants arrive u.s. R.r.s brought them (just as land specs bought slaves after 1803. Specs will do anything to valorize their land).
P.305, immigration peaks 1882 at 640,000. Fell steadily to low of 229,000, 1898. Revived then, but drawing on new sources, central and s.e. Europe. Also negroes from south.
DATA NEEDED: IMMIGRATION. Index of relative prosperity.

120

1880s s.e. WMiller:234 x
Crop prices begin fall. Hard on indebted farmers, including small ones.
[Another period of banker dominance, like Hamiltonian one. There are two groups of rent-takers, equity and lender. They are always at odds - their differences are perhaps the major split in

solid ranks of property.]
[Another split in ranks is old settler vs. innovator. Also, user of commons vs. encloser. Cain and Abel, etc.]

121

1880- U.S. Post:58
Immigration, abandonment of open-gate policy, beginning of screening.

121

1886 U.S. WMiller:279 classwar x
Haymarket riot, ff. by repression, hastens end of Knights of Labor, which got scapegoated. Note this occurred during recovery.

122

1888 Eng. Ashley:ch.6 classwar
Rural governance, County Councils finally replace JPs. This reduced desirability of rural landownership, which previously had given much political power, including graft in nat. govt., to place younger sons etc.

122

1890-1920 u.s.,chi Hoyt:348-9 x x
LABOR-PRICE OF LAND, or "Unaffordability" index of land, "in days of unskilled labor." Falls in two phases, by 60%. 2nd phase is 1915-20. In spite of steadily rising popn.
1830-90, however, phenomenal rise, from almost zero to a high index.
(Thus, as HG said, peak of 1837 was more spectacular because there was more slack for it; 1893 was milder because labor was already hard pressed. Maybe that also helps account for lack of boom in 1910 etc.)
"Unaffordability" is hard, because negative; also, is not the reciprocal of today's common "affordability index," that could be confusing. Use simpler name: "The labor-price of land."
Cf. France 1890, Levasseur.
Note presumed impact of growing use of property tax, 1890-1920. Depression and war had some effect, but 1896-1916 or so was from some other cause.

124

1894 U.S. Millis56:148 classwar x
Pullman strike, Cleveland calls troops.

124

1894 U.S. Post:58 classwar
1st attempt to exclude or expel alien anarchists, by Sen. David Hill, NY. Blocked by Cong. John De Witt Warner, NY, who insisted it contain definition of anarchist, which boosters refused to provide. Proudhon was the original "anarchist," [which could therefore include land taxers].

1894 U.S. WMiller:280 x

Pullman strike. Workers lose, begins reaction vs. labor.

125

1900- U.S. WMiller:306-7 class war

Boom of muckraking magazines, outstripping old sedate journals of opinion like Harpers, Scribners and Century, which plateaued at 150,000 subs. McClure's, 1906, had 750,000 subs. Congress and state legislatures kicked in with investigative commissions. 1898 Industrial Commission, 19 vols., especially good. La Follette in Wis., was Gov. 1901-06.

127

1901- U.S. Millis56:161 Classwar x

Nat. Guard, wholly volunteer, became our organized militia and the first-line military reserve. Feds could call it up only to keep internal order or repel invasion; overseas, could only ask it to volunteer.

1903 U.S. Post:61

Immigration Law calls "anarchists" deportable, term undefined. Reacting to McKinley's assassin, who called himself an anarchist, altho a U.S. citizen. Leon Czolgosz was born in Detroit, ca. 1873. (1892, A. Berkman tried to kill H. Frick, too.) Court interpretations limited application to violent anarchists.

127

1905 nyc Chron of Am class war

Anthony Comstock shuts down Shaw's play, Mrs. Warren's Profession. Shaw was using prostitution to dramatize social ills. Cf. 1868. [Comstick had a long run!]

128

1909 Eng. Rbnsn:599-603 cl.war $

Asquith became Prime Minister, 1908. 1909 Lloyd George's budget proposes: income tax should be higher on incomes above $(sic)25,000; "<u>that it should be lighter on earned than on unearned incomes; that those holding land in the neighborhood of cities with a view to a rise in value and those who happened to have mineral deposits under their property should share their profit with the government;</u> ... that the tax on large inheritances, already heavy, should be increased." - JH Robinson's paraphrase, p.599; emphasis mine.

Also would tax autos and gasoline.

L. George said, in his "famous budget speech" of April 1909 "I am told that no chancellor of the exchequer has ever been called on to impose such heavy taxes in a time of peace. This is a war budget. It is for raising money to wage implacable warfare against poverty and squalidness." - L. George. [It was also a <u>naval race</u> budget.]

N.1, p.600. "... Lloyd George and his supporters, before imposing taxes, not only asked how much a man had but how he got

his income. Those who worked their lands or conducted mines or factories were to be treated with more consideration than those who owed their incomes to the efforts of others. In this way they introduced a new principle of taxation, ..."

129

1913 U.S. WMiller:310 cl.war x

17th Amendment ratified. Direct election of Senators. It had passed Congress in May 1912, under Taft.

130

1917 U.S. Post:63 class war

Immigration Law excludes from entry, and makes deportable, all anarchists, including peaceful ones. (Could modern Libertarians be deported? Bill Buckley?)

[Wartime security laws create apparatus usable for postwar classwar, repression.]

131

1917-18 U.S. WMiller:351 war,class war

Unions grew during war; Gompers sat on war councils. Many strikes postwar, answered by red scare. 1920 Wall St. bombing; 1920, Sacco and Vanzetti arrested. 1919, Boston Police strike; U.S.S. and coal strikes.

132

1918 U.S. Post:63- class war

Immigration Law amended, so membership in I.W.W. was deportable offense. Secy of Labor Wilson found it too vague, but Justice could arrest and hold, thus terrorize, and did.

132

1918, 28 Eng. Kenn:315 cl.war x

Two franchise extensions in England. Labour party rose; pressure to raise social spending. Baldwin & Chamberlain respond by lowering military spending. 317, aim was "keeping taxes to a minimum." Also, avoided supporting communist Russians. Censured Churchill.

132

1919 U.S. Post:1 class war

249 aliens deported to Russia by administrative process (p.34 et passim), for having anarchistic opinions. Emma Goldman and Alexdr Berkman included. P.22, a bomb scare in May 1919 the alleged cause. P.30, design was to "terrify Russian residents of the wage-working class ..." Official orders were "to end all symptoms of anarchy in the U.S."

P.45, actual bombers never found, although feds hired and paid huge force of detectives, mostly experts in industrial espionage (also p.104 et passim). They weren't looking for bombers, but radicals. A.G. Report, 1920, describes index with 200,000 cards on radical orgns. and agitators. P.48, A.G.

Mitchell Palmer was running for President. P.49, Wm. J. Flynn was the dick in charge. P.55, it was the Gen. Intelligence Divn, specializing in anarchism and labor unrest, e.g. coal and steel strikes of 1919.

P.83, liberal use of agents provocateurs.

P.158, "The whole red Crusade stood revealed as a stupendous and cruel fake." This from his official duty of reviewing the papers.

133

1919-21 U.S. NCE postwar

Palmer Raids. Cf. 1690, witch trials; Jos. McCarthy, ff. w.w. II. Palmer Raids ff. by plunge in money wage rate.

133

1920 U.S. WMiller:310 class war

18th Amendment goes into effect. This rather goes with witch-hunting and drug-busting, deportations delirium, etc.

1920 U.S. WMiller:353 class war

Palmer raids, beginning Jan. 1. 6,000 arrested. Vigilantism spread. Wilson stood by.

133

1920 hungary Rbnsn:703 pax

Adm. Horthy takes power as "regent," frustrates all efforts at reform. Preceded by a transient republic under Count Karolyi, [The Tolstoy of Hungary], himself a great landowner who wanted estates divided among peasants. Karolyi overthrown by commie revn [just as Kerensky was]. Horthy led counterrevn.

1923, Hungary gets loan from "the League." Financial affairs of Hungary then administered by Jeremiah Smith, Jr., of Boston. [Remarkable, when U.S. was not member of League! This is isolation?]

134

1920s e.eur Felix:43 x

L. of Nations sponsored loans to e.eur emerging nations, to establish their credit. This also meant apptg supervisors over their fiscal and fncl. programs, the revs. pledged as collateral. 1933, all in default.

134

1920-22 U.S. Estey:60 classwar x

Plunge in money wage rate;employment picks up from 1-21. Gains of war were pretty well set back in this era.

134

1920- U.S. Beer:xiv class war

Intellectual reaction to Progressivism. Mencken: W.J. Bryan a blithering fool. (Cf. Buckley, George Will, Safire, etc.)

1921 U.S. Brownlow:... class war

Will Hays takes over Motion Picture Producers and Distributors of America. "... by anesthetizing anything political, Hays ensured that American film stories would suffer from arrested development." - Brownlow. "... a rich tradition of socially conscious silent cinema was deliberately cut short, and then casually allowed to slip out of public memory." - Powers.

135

1924 U.S. WMiller:353 class war

Immigration quotas, low, to preserve ethnic shares. [Compromise: for labor, limit compn; for rent-takers, exclude radicals.]

135

1925 Eng. Felix:32 x

Eng returns to gold, at pre-war rate, overvalued, hurt exports, forced up i.r. [I.e. rent-takers of 2nd kind were in control.] Drew short funds from Eur, exposed Eng to liq crisis which struck 1931, forced off gold and free trade.

1925 U.S. Myers:210 data wars

In this one year, individual income tax returns were made public, in order of size. [Influence of La Follette?]

135

1926-29 U.S. WMiller:377 classwar x

Ff. war vs. Gy., U.S. employers won their class war vs. labor. After 1926, relaxed to enjoy it, watch stock prices soar. A peace dividend results from winning both kinds of wars.

But high rents also lower MROR, hit movers ["Calvinists"] too. (Hence sometime alliances of Calvinists with labor.]

136

1933 U.S. Bogart:829

Internal u.s. debts, $120b; Nat. Inc.=49b. 6% int. on debt = 15% of nat. inc. Cites Evans, 1933.

(This claim on rent stays fixed in $. DATA NEED: sum of debts today, internal and external, public and private. Will give some idea of true rent.)

137

1941 U.S. Millis56:250 implsm

Mission of U.S. armed forces included "backing up friendly Latin American govt" vs. Nazis. [Thus, before fighting commie invasions we fought German invasions. In both cases we relieved caciques of world pressure, insulated them.]

138

1947- U.S. WMiller:424 class war

Mania for "loyalty" begins. Related to retaining nuclear monopoly. 1954, McCarthy finally censured by Senate.

138

1952 U.S. WMiller:429 cl.war x
Union membership peaks and/or levels off at 17 million.

139

1980 U.S. Phillips x
The hateful 80s, a capitalist blowout. Phillips summarizes alternation through history, predicts populist backlash. Only remember, it takes a depression? Or does it: not in France, 1789, 1848, just a sharp rise of rents.

139

1990 U.S. Langer, 1990:107 x
"In a period of declining national authority ... a movement is stirring (neo-Naziism) that explains it all, and people are starting to listen."

139

1990- U.S. O'Neill 1990 psych
"The most virulent non-ism grows out of, or even coincides with, eras of easy money and indulgence." - Stuart Ewen, prof. of communications, Hunter College. Blue Laws followed the lucrative industrializing of n.e.; era of robber barons rife with "moral policing of alcohol and sexual matters." Cf. Witch-hunting, postwar. Comstockery.

139

1536 Eng. Bissett:11 class war
Revolt of Richard Aske and Wm. Stapelton takes York, Pomfret and Hull. 60,000 or more rabble, protesting enclosures. Henry VIII parleys, promises, betrays and executes leaders. (Just like 1381?)

1450 Eng. Bissett:10 class war?
Rebellion vs. enclosures, like 1381. No details. NCE calls it Jack Cade's Rebellion, plays down social angles, except a minor irritant was govt. effort (probably in vain) to enforce wage caps. King Henry VI, Lancastrian, was weak, went insane, gave up in France, led into Wars of Roses, 1455-85.
[Cade made same error as Wat Tyler, and Ket: parleyed, accepted assurances of pardon, was assassinated. Seems to be a pattern!]

1455-85 Eng. NCE civil war
Wars of the Roses. England divided, impotent abroad, while Louis XI built up power in France. France interceded often in these wars, as base for attacks. Actually, from 1429-1588, England cut little figure in European affairs.
Yet, 15th Cent. was age of high wages in eng.!

1516 Eng. Bissett:10 class war

Peacediv 7. + Feedback loops.

1600- Eng. Adams 1921:299

Mercantilism, certain towns were designated the "staple," or sole market for certain "enumerated" goods. [Thus The Staple town collects extra rent. Rent-seeking would result - with the "result" preceding the cause! "Coming events cast their shadows before them."]

With nationalism, all England became The "Staple" for certain goods. P.300, it worked both ways, colonies were protected in their monopoly of tobacco. Growers in England had their fields trampled down annually by royal troops of horse. Imperial vertical integration was the idea.

35

1699 U.S. Myers:57-58

Eng. restricted mfg in colonies. Result, money withdrawn from active business "... and invested in land and mortgages."

Note positive feedback of prosperity, investing in capital: it creates motive to sell land, gain $ to invest in K; and land sales raise invt. outlets for still more K.

Note cause of hostility of landowners to avanceurs.

61

1720 Fr. perk:482 x

Law, having turned Catholic, made comptroller general.

Raised dividends to correspond with high price of shares. However, with dM, i.r. had fallen to 1.5%, lowest anywhere.

67

[Hence, double relation of stock and land mkts.
a, stocks boom when underlying assets boom;
b, Gains from one mkt feed into the other.]

67

[Here rise-taker was U.S. Govt., used $ to pay debt, thus created pvt. K.

+ feedback = DANGER! Collect list of + feedback loops.

103

1836- ala. Goodrich:170 war$

Ala and Miss got additional funds from sale of Chickasaw lands. Thus, Indian wars paid for themselves. Plunder took form of land sales. Just like in Europe. A form of super peace dividend. More + feedback, DANGER!

104

1870 U.S. WMiller:272 x

With new tariffs, Am. steel rails challenged English.

(Monopoly in U.S. was always tariff-protected in large part, peaking with Smoot-Hawley. Hence our need for anti-trust, ICC, etc., after Civil War. Lag between need and reform engendered radicalism.)

[Evils of land concn. magnified by monopolies. Hence, long slumps. The cure for slumps (tariffs) made them worse by supporting monopolies.]

116

1880- Eur Kennedy 89 x

Jostling for colonies in Africa, Asia & the Pacific, "partly for gain, partly out of a fear of being eclipsed." Same as "competitive emulation" in western canal boom. Fear of being eclipsed, retaining market share, etc., mean profitless expansion is accepted, w/o K recovery.

120

Motor-driven navy required coaling stations, hence colonies. Colonies required navy: positive feedback loop.

123

[+ feedback: high rents lower MROR, raise lv, lower MROR more. In summary, summarize + feedback loops that make big swings.]

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136

Peacediv 8. Slumps, including tariffs, exchange controls.

1492- spain Perk:102 $
Spain was especially severe in protectionism vs. foreign mfrs. (Note lack of good results!) 21

1509- Eng. ?
Look for slump, was peace and surplus from 1485. [Try 1528. More generally, was 100 years of low w.r.] 23

1528- Eng. Ashley:114 x x
Foreign cloth trade suffered periodic depressions, one in 1528. Also 1586, 1622, 1629.
Tudors required Merch Advs to continue buying cloth, to sustain employment. [Thus, sheep were not entirely anti-labor. Wool indy used many hands.] 25

1558-? s.Holld CHW:556 classwar x
"socially disturbed <u>southern</u> ec. region, where a <u>temporary economic crisis</u> attracted discontented burghers as well as workers to the Calvinists.

30

1590s Eng. CHW:573 x
"The depression of the 1590s (what was depressed?) and the steady rise in prices (of what?) severely hurt men <u>whose standard of living had been rising</u>. Not all of them were willing to keep down expenditure ..." Sounds like a land rise. "Capitalistic methods" had been spreading in ag.
[Thus, victory of 1588 led to boom of l.v., ff. by slump sometime in 1590s - when? - presumably late, it would take a while, and Eliz was holding down l.v. by selling her lands.]

34

1619-24 Eng. CHW:666 pax x
Depression, they allege. No details. See also p.660.
Cf. 1622, Ashley, depression "in foreign cloth trade." How general?

39

1620- N.Eng. Adams 1921:153 x
The n.e. colonies for the most part neither sold nor rented their land, but granted it freely in fee to settlers, in proportion to their present ability to use it. (Then they taxed it - see Bradford.)
Result: The Great Migration, ff. by bust. Too much rent-seeking, probably.

40

1622 Eng. Ashley:114 x
Depression in foreign cloth trade.

40

1629 Eng. Ashley:114 x
Depression in foreign cloth trade.

42

1629-31 Eng. CHW:666 x
Depression, they allege. No details.

42

1634-37 Holland World Bk. Encyc. xx xx
Tulip Bubble, Holland. See also Chron.604-5. 1634, Dutch open market in tulip futures, where you can speculate on bulbs not yet reared.
[This was 2nd crash after peace began with James I, 1601. See 1619-24.
But, was tulip bubble a land bubble? Could be more like the Gold Corner of 1869, or Silver Boom of 1980s, Hunt Bros.]

44

1636 Eng. Adams:44 x
End of prosperity. [Sync w tulip crash, and end of Gt. Migration to n.e.]

44

1640 N.Eng. Adams 1921:221-22 x
Crash came. Land values had "advanced steadily." Now, deflation. Tight credit, which had come from Eng. [However, growth of Va. continued, Craven:16. This suggests causes peculiar to N.E., e.g. overpricing land, perhaps ff. crushing of Pequods?] Immigration slowed earlier, now stopped.
P.225, "business panic throughout the colonies." Increased isolation from England -- i.e., England cut the cord. Movement toward a confederacy of colonies. P. 231, 1643, formed a weak Confederacy.

45

1640- U.S. CHW:667 goof
Attribute fall of immigration to "outbreak of civil war in Eng." (Probably a common error. But Eng. war didn't start until 1642 -- p.567 -- lasted 4 years, to 1646. Was a 2nd war in 1648. Emigration fell off earlier, from Adams.)

1640- U.S. Versteeg:46 x
Like some others, JT Adams and Miller, Versteeg attributes stoppage of migration to Puritan power in Eng. Yet elsewhere he stresses, as do others, that ec. motives were generally stronger than religious ones, so I disagree.

1642 Eng. CHW:567 war
Revolution vs. Chas. I. One suspects it ff. rise of lv and a crash, like Fr, 1789; u.s., 1932. After all, migration stopped, 1640. Facile explaining says Revolution stopped migration, but timing says crash stopped migration, then came Revolution.

46

1667 Fr. Perk:63 $
Colbert, high tariff, enforced. Alienated UP.

52

1670 Eng. ?
Look for crash around now, from peace div and excess consumption of Restoration. However, what with plague and London fire and wars, maybe there was no great dividend. Try 1695, 1698.
There was bulge of migration to Pa. and Carolinas, 1682-. Territorial expansion is another use for Peacediv., one with its own dynamic that may defer crash, but not abort it.

53

1678 fr, up Perk:85-6 pax
Peace of Nijmegen. French tariff lowered to levels of 1664. [Tariffs rise after slumps, go down in peace treaties.] 55
1695- Fr. perk:234 x
P.234, 1695-, commerce reduced, duties yield less than before. Crops poor. (Sounds like a depression. However you wouldn't expect a crash in such a directed nation, but rather a slow sickening. Cf. 1698.)

60

1698 scotl perk:.. x
Scotch investors suffer great losses in Darien colony. Suggests, but does not prove, fall from boom.

1698 Fr. perk:202,n.1 x
"extreme depression." Departure of Huguenots not the main cause. [Was this a fall from a peak, or postwar exhaustion?]

61

1720 Fr. NCE:793 x
Crash of Miss. Bubble; in Eng, S.Sea Bubble.

67

1735 U.S. ?
Look for peak and fall, after long prosperity. War of Austrian Succession, King George's War, 1739-, may have aborted?

69

1741 U.S. Versteeg:256. $
1741 is when England extended Bubble Act to stop land banking in colonies. [Wild guess: reminiscent of Jackson's Specie Circular. Did this also reveal or trigger a bust?]

71

1763 U.S. Bogart:192 pax x
Depression after 1763. P.193, "deflation and business depression." This increased resistance to taxation. (What business? Distinguish trade, foreign trade, etc., from territorial expansion, construction etc. Cf. O'Callaghan.)
This had to do also with wartime boom, colonists had sold supplies to both sides; postwar, demand dropped.

[A postwar adjustment is not a depression.]

75

1763- Eng. Kenn:116 x

Postwar slump. Exports declined, 1770-. (Kennedy measures production by exports too much, but that is the available index here.) (1789-90, trough of enclosures.)

Not until 1793-95, 1st Coalition vs. France, did Eng. war spirit rise to old level (I infer, from limited info, Eng. did not get into American war with same enthusiasm as vs. France.)

75

1765 Eng. ?

Look for peak/fall. Procl Line and Quebec Act, 1763, signal retrenchment. See 1770, Kenn:116.

1766 va WMiller:75 x

References to wreckage from a crash, date vague.

77

1770- Eng. Kenn:116 x

Exports slump. This is Kennedy's measure of overall prosperity.

77

1785 U.S. WMiller:118 pax ?

Cong. controlled only one area, the old n.w. States ceded this on ratifying Articles. (They weren't entirely charitable gifts, but to get area defended.) Ord. of 1785 to speed sales, raise money.

Sales lagged, at min price of $1/acre. Cong. lowered price a lot, got sales and settlement, leading to Ord. of 1787 to survey and govern region.

[Cf. Ham, who slowed sales to valorize eastern lands. Containment policy, comes and goes. Depression is repression: doesn't just happen, is engineered semi-consciously. Thus you would expect slumps under Federalists, which there were.]

84

1787 crisis was against a background of high unemployment. And grain price rose sharply, people were hungry. Farm lessees probably were doing well, but city consumers poorly. Seigneurs also doing well, they collected rent in grain. (Metayage.)

P.72, is refuting Jaures and Mathiez who say Revolution arose from too much prosperity.

Govt was not collecting taxes; was repudiating debt. (So heavy debt was no current burden on taxpayers - a kind of peace dividend, fortified by debt repudiation.)

Repudiating debt is zero-sum, but hurts K formation.

84

1790-1860 U.S. Bogart:241 pax x

P.241, chart of imports and exports, shows cycle of import

balances in boom, ceasing and occasionally being reversed in depressions, 1790-1860. 1798 was a strong setback, thru fall of imports. So was 1792.

87

1792 U.S. nce:804 x

Panic of 1792. Wm. Duer was on scale of Robert Morris, former patriot who turned too much to land specn. Assoc. with Manasseh Cutler. Caught short in this panic, went to debtor's prison, died there.

1792 U.S. WMiller:133 ?

Wm. Duer, plunger in govt debt, bosom friend of Hamilton, goes to debtor's prison. Falling prices of Am farm exports. "Business catastrophe." No details.

[If prices of exports fell, and we also ran export balance, that shows heavy fall of imports, i.e. of K.]

87

1789 U.S. WMiller:128

Madison has tariff bill ready before Wash's inaugn. Was also a patronage bill, customs need many officials.

[This is one tariff hike that preceded a slump.

1793 Eng. Estey:47 x

"Great industrial crisis ff by a general business depression."

87

1793 Eng. Mantoux:126 x x

"... canal fever ... speculation ... disaster. Following a "concerted movement" of canal building for 30 years. Eng. was very canal-able, but internal xptn had been neglected bcs coasting was so convenient. France was 150 years ahead, Holland (Venice of nw eur) moreso.

P.254, panic, general financial crisis, not limited to one industry. For years before, county banks had expanded, issued excessive notes, now these are depreciating. ".. estates were changing hands, ..." New industries, new canals. Is vague, dithering. Recommends Bouniatian, q.v., chap. V, pp. 151-72.

Mantoux recognizes this panic coincides with war with France, but says it began a year earlier, and war didn't cause it.

1793 U.S. WMiller:137 pax

Wash issues Neutrality Proclamation, re eur war vs. France. This repudiated 1778 agreement to go to aid of France. [No wonder French attacked our shipping! They were betrayed.] Federalist merchants were thriving on being neutral carriers, in spite of some Brit interference, wanted to avoid war.

[Thus eur. war mitigated panic of 1792, may have held off part of fall until 1798.]

Westerners wanted war, drive Brits from nw. Jay sent to eng, 1794, to forestall Republican francophiles, get n.w. concessions;

he returns with unsatisfactory tokens. Worse, he incites French to attack Am shipping.

1793 U.S. CHW:823 x

Whitney, ctn gin. (Boom in ctn results. This, too, would mitigate 1792 slump? Doubtful, it takes a while to put new device into use.)

88

1794-97 U.S. Bogart:241 x

Large import balance, showing cap. import, ends in 1798.

89

1797 Eng. Kenn:123 war$ x

Bk of Eng suspends pmts; but system holds firm.

Robert Morris goes bankrupt, partly in result. He had cornered tobacco market, had empire of land and slaves. Goes to debtor's prison, even G. Washington couldn't get him out until Congress abolished debt imprisonment, ca. 1801. Chron. of Am. Also nce:1836.

Mantoux, p.255, reports a crisis in Eng., citing Bouniatian pp. 173-99.

1797 eng, u.s. Chron of Am:226 x

Bank of England fails, crushing the Atlantic trade, and credit. Robert Morris fails, is jailed. 1800, Cong. passes Bankruptcy Act, frees him.

90

1798 U.S. Bogart:241 x

K import halts.

[Cf. 1797, was also an eng fall then, possibly aborted by wartime land tax.]

90

1815- Eng. Fusfeld pax x?

Long depression, labor suffered badly. In spite of higher industrial opportunities. Age of Dickens.

Parallel to 16th cent., Peace and Poverty. "Men of Rome, you are called masters of the world; ....."

Where was the leveling of wartime, this time? Maybe aborted during war itself, because enemy were levelers. Fighting commie-pinkos kills two birds with one stone, for repressive forces.

[Hold it: eng used leveling taxes.]

96

1815-60 U.S. Cole:233 x

Receipts from sales of public land. Sales come in waves of high amplitude. Peaks in 1818 [cash or credit? - check Cole], 1836, 1854-55. P.240, concludes they were leading indicators. P.246, sales were "dominated throughout the period 1816-60 by the element of speculation."

P.247, receipts "during the speculative movements -- 1816-20, 1830-39, 1853-56 -- exceeded by 190% those accumulated during

the other years of this period." Cf. Lewis Maverick et al. on amplitude of swings in subdividing.

97

1815-19 U.S. Bogart:240 pax x

U.S. imported K fast after peace came. P.241, chart of imports and exports, shows cycle of import balances in boom, ceasing and occasionally being reversed in depressions, 1790-1860.

97

1819 U.S. NCE:2058 x

Panic, after credit for western expansion was "overextended." Western banks loaned wildly to land speculators on easy terms - Bogart:365. BUS may have been too sudden in presenting notes for payment. BUS becomes unpopular.

99

1819 U.S. Bogart:377 pax x

"Commercial" depressions of 1763, 1784, and 1807 were caused by disruptions of foreign trade, from wars etc. 1819, 1837 and 1857 happened during peace, "profound peace."

Distinguish readjustments and pinpricks from real breakdowns of system, with K shortages.

99

1820 U.S. WMiller:166-7 x

1819 crash blamed on Europe. Spurred support for Clay's American System, tariffs and pw. (Note, however, how it failed to bring desired stability. That was partly because there was no tariff on K imports! And you can't import K anyway w/o an import balance.)

99

1824 U.S. Goodrich:125 $

Was a "Bank Mania" this year, states cd sell bank charters for big bucks. Some did, to finance canals, couldn't have sold them for much the ff. year.

[A purely paper affair, no serious slump.]

100

1830 eng. CHW:829 x

First commercial r.r., Liverpool-Manchester. 1830-70, "lurched through a succession of speculative booms," completed rail network (i.e. dull times were settling in, leading to radicalism). Note how Eng. was a generation ahead of u.s. in 1st canals, then rails.

102

1835- pa Goodrich:65 x

x-subsidy drains K of Pa. (Note, thesis of bust: land spec. does not just block off production, it diverts K to land-linking, land-subbing, land-capturing (rent-seeking) invs. Diverts K to margins, intensive (land-subbing) and extensive.)

1836 U.S. WMiller:180 $

July 1836, Congress authorizes Pres. to distribute surplus to states, "proportionately to their electoral vote." Jackson began the distribn. Jan. 1837.

Note well, there was no "distribn." proper until 1/37. There was, rather, a creation and distribn. of bank reserves, from 1835. See WMiller:180.

1836 u.s.,eng Bogart:369 x

Important business houses in eng fail, reducing eng demand for ctn, and causing calling of loans.

1837 nyc Cornick:6-7 x

NYC, rage for land spec., 1835; busted, 1837.

City spent nearly as much on street improvements as on all other functions of govt combined.

P.9, a small inland town like Auburn NY shared the boom, borrowing from NYC.

1854- Eur Kenn:176 war

Crimean War. Sudden large increase in military spending by Eng esp, and France, competing with investments in r.r.s. (This could have triggered off u.s. bust.)

1856 U.S. Millis56:81 x

Money runs out for completing first steam/steel warship, Stevens Battery, Hoboken. It was never finished.

1857 U.S. Bogart:377 x

Crash! One cause, "overinvt. of fixed K in r.r.s. Also, "dev. of our mineral resources in Pa. and elsewhere."

High demand for U.S. exports had been caused by Irish famine, Sepoy Rebellion, Crimean War.

Coincided with Republican shift to high tariff, 1857. Which came first? Cf. Smoot-Hawley Tariff, 1930. Dallas Tariff, 1816 (Bogart:392). 1828, Tariff of Abominations, Bogart:395, max tariff rates before Civil War. 1832, lowered rates; 1842, raised back up, ff. depression. 1846, Demos back in power, low tariff. 1857, tariff dropped, because was building up surplus in Tsy! Bogart:398. 1861-65, sharp rise of tariffs. [1861, Morrill Tariff.]

Hacker:329. 1857 was an international bust, too. (So soon after Crimean War.)

1857 U.S. Hacker:238 x

This was the end of u.s. shipping, which had stayed alive up to now, with the clipper ship era. England came back with

steamships.

(Also, our high wages and land frontier drew us away from shipping. Also, high tariff came 1857, but moreso 1861. Bogart:377 says tariff dropped, 1857. Bogart more reliable than Hacker. Hacker may have been trying to pin depression on risen tariff, like Friedman trying to blame it on FRB errors. Actually, crashes seem to cause tariffs, not v.v. Free trade sometimes precedes big crashes.)

110

1857 pa Goodrich:71 x

Allegheny County (Pittsburgh) bonds repudiated, had been used for r.r.s.

111

1858 U.S. Millis56:81 x

Brunel's Great Eastern launched, largest steamboat of its time. Ironclads much more durable than wooden ships. (A more capital-intensive navy.) P.101, French used ironclads in Crimean war, 1854. [Giantism and eternalism precede slump; indivisibility and indestructability. Perpetualism.]

111

1861 U.S. Bogart:662 $

Morrill Act, a high tariff. Stimulated by need of revenue, ff. crash of 1857. Was passed just before war began, although southern members of Congress were absent.

Marked a major shift in financing U.S. Govt. Stopped depending on sales of public land [an anti-tax], shifted to tariff (and internal excises). [Fails to mention income tax, and last use of Fed land tax.]

112

1864-70 Eur Millis56:123 war

Prussia defeats Denmark, 1864; Austria, 1866; France, 1870. Suddenly dominates Europe. (Peace! Then crash, 1873.)

114

1873 world Bogart:679 x

Panic was international. Heavy borrowing for fixed K, "placed in advance of immediate needs and did not yield adequate returns ..."

World mkt flooded with wheat from u.s., Russia and S. America. (You were wondering if Russian expansion shared world cycles. In this case, very much yes!)

Frauds: credit mobilier, Erie, whisky frauds, Tweed ring. Low business morality, waste and extravagance. "Inflated currency." (Greenbacks?)

Hacker:404. European finance collapsed, 1873. Jay Cooke led our collapse bcs he was most closely linked with European K.

118

1873 U.S. Hoyt:119 x

Jay Cooke fails. In quick succession came stock crash, bank

suspensions.
1873-77, 21 banks failed in Chicago, p.123. But note, r.e. crash came first.

118

1873 u.s.,aust NCE:2058 x
Panic in Vienna, also u.s. crash.

119

1873 Eng. Felix:12 x
Gt. Depression, i.r. drops to 2-3% on Consols. Arg. was paying 6-8%, induced K export. 1876 defaults, but paid up by 1880, boom started.

119

1875 U.S. Bogart:665 $
Tariff raised, needing revenues, as in 1861. (I surmise demand for protection also an element.) Thus, pattern seems to be to raise tariff after crash begins. (McKinley Tariff, 1890, belies the rule; but Dingley Tariff, 1896, reconfirms it in spades!)
(Simple protection may not be main reason for timing of tariff. Conserving liquid K may be more important, and surely was in Austria, e.g., 1929-. Remember Exchange Control in Central Europe, etc.)

119

1891 argta Felix:18
Arg. peso fallen by 78%. (1982-84, same deprn, also in Chile, Uruguay, Brazil, etc.) Arg. lv plummeted, land banks failed. Half-finished r.r.s, constrn stopped. Immigration stopped and reversed.

1886 U.S. Gates 1936:338-9 x
Wm. Sparks, Land Commissioner under Cleveland, suspended all non-homestead entries, because of evidence of fraud. Order was rescinded, but scared speculators, caused cash sales to shoot up to peak in 1888.

121

1890 U.S. Bogart:665-6 $
McKinley Tariff, highest ever. But Dingley Tariff, 1896, highest in our history, fits the pattern of raising tariff after fall of n.i.

123

1890-99 Eng. Felix:21 x
Depression hit borrowering regions hard, lendering regions lightly. Britain just invested more at home. P.26, yet in 1930s when U.S. was chief lender, depression hit at home, too.

123

1890-99 world Felix:3 x
Baring Crisis set off by Argentine defaults, was resolved

w/o lasting damage to intl. fnce. system. By 1903, pvt lending revived. 1930s defaults destroyed pvt lending permanently. [He backtracks later, pvt. lending did revive after a long time.]
P.20, rush to liquidity spread to hit U.S.

1892 fr,u.s. Kenn:221 x
Meline Tariff. This must have hurt u.s. farmers, contributed to crash of 1893. [But we sure asked for.]
(Here is a pre-crash rise in tariff, a little unusual. It signaled a major, permanent shift in strategic policy. Also, French slump may have started earlier, see Felix:19, re 1889.)

1893 U.S. Bogart:690 classwar x
"one of the most severe the country had ever experienced." Fall in demand for wheat from Europe, silver from India. R.r. strike in Chicago; Coxey's army -- widespread unemployment.
Free-silverites controlled Senate until 1900. However, gold discovered in Ak, lowered price.

124

1896 U.S. Bogart:665 $
Dingley Tariff, highest in U.S. history.

125

1897-1921 U.S. Hoyt:414 x
Stock prices boom and bust, lv steady and low. Stock peaks in 1902, 1906, 1909-12, ff. by falls. However, none of these much perturb gnp, employment, etc.

126

1898-1907 U.S. Bogart:693 x
Prices rose, harvests good. Mergers, trusts etc. made stock prices rise. Profits huge. 1903, "rich man's panic." 1907, greater panic.

126

1909 U.S. WMiller:315
Payne-Aldrich tariff, highest ever. Rouses revolt of Beveridge, La Follette, Bristow, Dolliver, Cummins. Republican insurgency and division. [A tariff during prosperity breaks the pattern. It also broke Taft and his party, perhaps showing why it usually doesn't happen.]
In the deal, Taft's congressional contingent passed 16th Amendment, ratified 1913. (So this originated with Republicans!)

129

1918-40 U.S. Kenn:327 pax x x
U.S. very strong during 20s, fell to weakness in 30s. Depression hit harder here, lasted longer (and we were a creditor nation!) P.329, 1937 depression was mostly a U.S. depression.
U.S. share of world mfg output was 43.3%, 1929; down to 28.7%, 1938! P.331, 2/3 our steel plants were idle. Peace and Poverty!

1929 U.S. Bogart:825 x$

Worst bank failures, small banks in farm states, "assets were frozen in farm mortgages and similar uncollectible loans. ... The confusion of commercial banking and investment banking, quite different in principle, was largely responsible ..., just as it had been in the 1830s."

1930 U.S. Felix:27 x

2nd half, U.S. stops lending, abruptly. Defaults began 1931. [2 reasons. a, was some Ponzi finance; b, main motive for servicing debt is to maintain future credit; when it dries up anyway, why bother? c, U.S. tariff.]

There had been waves of defaults from Lat.Am. also 1870s and 1890s. However, they had been made up soon, arrears paid, only minor write-offs. 1930s was more severe. Also, now a major Eur. indl. power, Gy., joined the defaulters.

[Germans work hard; French save.]

Result, 1945-, pvt lenders would not buy Lat. Am. bonds. U.S. govt. stepped in the breach.

b, main motive for servicing debt is to maintain future credit; when it dries up anyway, why bother?

1930s U.S. WMiller:355 x

Net immigration is under 7,000/year for 10 years.

[This demonstrates clearly, U.S. depression was more severe.]

1931 Eng. Estey:99 $

Eng leaves gold standard. Main reason was shortage of liquid K. Austrian Credit-Anstalt had collapsed, everyone turned to Eng for loans.

(Cf. 1873, it was Vienna that collapsed first. Why Vienna? Something to do with no colonies, no seaports, no maritime, limited access to world trade, overdependence on local economy.)

Shortage of liquid K will cause deflation, bcs it drains banks of reserves, nations of gold, etc.

1931 Eng. Felix:32,62 x

Eng leaves gold and free trade.

1931- NY Cornick:12 x

Cleaning up foreclosures etc. was harder now than 100 years earlier, because in the boom of the 1920s small munics. had good credit and borrowed, or loaned their credit, for local improvement districts. In foreclosure, localities got involved, slowed things down.

1934-38 N.Am Felix:41 x

Wheat exports drop to 1/3 of 1929; yet exports from s.

hemisphere held up. [Sterling bloc effect, I presume.] Eng. demand sustained, but contl w. Eur dropped - ag protectionism plus scramble for liquidity.

138

1984 boliv Felix:67 x
Bolivia, which led parade of defaults before, defaults again. (Send for Griffin. He'll bill it to U.S. taxpayers!)

139

1492- spain Perk:102 $
Spain was especially severe in protectionism vs. foreign mfrs. (Note lack of good results!) 21

1509- Eng. ?
Look for slump, was peace and surplus from 1485. [Try 1528. More generally, was 100 years of low w.r.] 23

1528- Eng. Ashley:114 x x
Foreign cloth trade suffered periodic depressions, one in 1528. Also 1586, 1622, 1629.
Tudors required Merch Advs to continue buying cloth, to sustain employment. [Thus, sheep were not entirely anti-labor. Wool indy used many hands.] 25

1558-? s.Holld CHW:556 classwar x
"socially disturbed <u>southern</u> ec. region, where a <u>temporary economic crisis</u> attracted discontented burghers as well as workers to the Calvinists.

30

1590s Eng. CHW:573 x
"The depression of the 1590s (what was depressed?) and the steady rise in prices (of what?) severely hurt men <u>whose standard of living had been rising</u>. Not all of them were willing to keep down expenditure ..." Sounds like a land rise. "Capitalistic methods" had been spreading in ag.
[Thus, victory of 1588 led to boom of l.v., ff. by slump sometime in 1590s - when? - presumably late, it would take a while, and Eliz was holding down l.v. by selling her lands.]

34

1619-24 Eng. CHW:666 pax x
Depression, they allege. No details. See also p.660.
Cf. 1622, Ashley, depression "in foreign cloth trade." How general?

39

1620- N.Eng. Adams 1921:153 x
The n.e. colonies for the most part neither sold nor rented their land, but granted it freely in fee to settlers, in proportion to their present ability to use it. (Then they taxed

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When they stop lending to us, we must stop buying. This occurs via deflation. Rent-takers of 1st kind rally vs. deflation, prefer tariffs.)

1825 U.S. Chase-Dunn:182

New England finally throws support to protectionism, as its mfg. gained primacy over carrying trade. Webster leads for tariff. Cf. Forsythe, 1977.

Am farmers sided with south when world wheat demand high; curled up with American System when export demand low. This is Chase-Dunn thesis; I wonder.

Peacediv 9. Export: save for Logos, taut., fallacies, &c. docs.

.... Acts viii, 20. logos
Peter to Simon: "Thy silver perish with thee, because thou has thought to obtain the gift of God with money." (simony)

2

410 rome Rbnsn:31 war
Alaric, a Goth serving in Roman forces, turns coat and plunders Rome, altho not damaging it seriously. Augustine, City of God, seeks to divert blame from Christians.

3

1190,ca. Eur Rbnsn:206 logos x
Teachers of Paris form a union, called universitas, name for corporation in middle ages. King and Pope favor university; faculty regarded like clergy, get many of same privileges.

10

1200- Eur Rbnsn:208 psych logos
Cult of Aristotle begins. Scholars accepted him, along with Bible, church fathers, canon law and Roman Law as last word on any subject. [Authoritarian acceptance of one dogma makes vulnerable to transfer attitude to another dogma, provided they do not overlap and conflict much.] Albertus Magnus, d. 1280, and Aquinas, d. 1274, commented extensively on Aristotle, "The Philosopher," fascinated by his logic, astonished at his learning.
"Scholasticism." Neglect of Greek and Roman lit. Arid. Training in making fine distinctions, carried too far. Cf. French Jesuits, 17th-18th Cents. "Decadent, arid, involuted Scholasticism," chasing itself in every-narrowing circles, sums it up. Call it "The continental disease," for Eng. seems more free of it.

11

1290 Eng. Rbnsn:210 psych
Death of Roger Bacon. "I should burn all the books of Aristotle, for the study of them can only lead to loss of time, produce error and increase ignorance." 13

1350+/- Eur Rbnsn:209 psych
Petrarch collected all writings of Romans, hitherto neglected. 16

1430 Eur Rbnsn:209 psych
Greek books once more known in west. Cultural exhange with Constantinople. Those who would broaden from Aristotle to all lit called Humanists. Humanism vs. Scholasticism. 19

1456 gy Rbnsn:217 psych

Mainz Bible printed, first printing. German towns, art of printing spread rapidly. 1466, first Italian printing, use of Italic type.

21

1535+/- Eur Rbnsn:308 psych

Calvin's Institute(s?) of the Christian Religion, more widely discussed than any other Prot. treatise. Orderly exposition of principles; "formed a convenient manual for study and discussion." Logical mind, clear and admirable style.

26

1538 rome Rbnsn:319 psych

Loyola in Rome, founds Jesuits, organizes on military lines.

26

1541 Geneva NCE

Calvin, originally French, returns to Geneva after exile to institute theocracy.

27

1715- Fr. perk:10-12 psych, logos

"Bigotry went hand in hand with immorality. ... the contest over Jansenism was waged w/o intermission. The articles of belief so fiercely discussed were metaphysical subtleties ... which now seemed w/o meaning to intelligent men. ... the intolerance of the Jesuits and the higher clergy had become unbearable. The Jansenists were loved for the enemies they had made."

"An instn which had absorbed a large proportion of the wealth of the community and refused to share in the public burdens, ... which declared eternal salvation to depend upon the acceptance of incomprehensible subtleties ... could not continue to control mens' minds ..."

66

1761- Fr. perk:306-7 $

Louis tried to abolish local "States," the provincial governing bodies. Succeeded only in part. The provinces that kept their local states remained more prosperous. Burdens may be the same, but "the collection was in their own hands, ..." "In the provinces where the taille was collected by means of the local States, it was imposed upon the land. It was assessed and collected with ease and with certainty. There were few unjust exemptions; the rate was free from violent fluctuation; farmers and peasants bought land or adjusted their rents with reference to an impost which was certain and uniform. The contemporary writers all admit the advantages of a system which the general government failed to introduce in the rest of France."

Colbert wanted to extend system, failed.

Berri, a province with a good system, by A. Young.

74

1764 Fr. Rbnsn:321

France expels Jesuits, following Portugal, leading Pope, who

abolished order in 1773. (restored it, 1814).

1764 Fr. perk:12 psych
Suppression of Society of Jesus. Cf. 1769-74 - setback for Pope.

77

1769-74 rome nce:2061 psych
Pope Clement XIV. Weakness of papacy vis-a-vis rulers of Catholic nations became a spectacle when he was forced to suppress Jesuits, the only group in the church consistently loyal to the pope.

77

1790-1810 Eur Jameson:75 psych
The Romantic Movement. [A reaction vs., or amendment to, Age of Reason. Rousseau. Beethoven et seq., i.e. the great pd. of music up to Verdi and Puccini, Wagner. Wordsworth, Byron, Keats, Shelley, Longfellow, Emerson, Thoreau, ...] Romantic nationalism. The Hero.
In U.S., a land little cultured, it cropped out in emotional revivals in forest communities of the west.

86

1800- Eur.
Romantic movement had little effect on "classical" p.e., that I can see. Malthus and Ricardo and Mill et al. were less romantic, more classicly rationalistic, than Smith. Smith was perhaps more romantic than Quesnay.

94

.... Acts viii, 20. logos
Peter to Simon: "Thy silver perish with three, because thou has thought to obtain the gift of God with money." (simony)

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PAXDIV, undated

WORKNOTE "X", 12/92

5	20	30	45	50	60	70
date	place	source	Pax	war	$,prosp, expnsn, psych	boom, bust exprt

....

Kuttner:37

"Remoteness between ownership and operation is an evil .... let finance be primarily national." JM Keynes, 1933.

....

bm

Prosperity and Disparity

Disparity of incentives may or may not cause prosperity, but disparity of wealth certainly results from it, as rent-taking overwhelms product-making as source of wealth and income.

....

Pirenne

Mantoux says Pirenne says capitalism moves forward (or wherever) in discontinuous bounds, each new stage wrought by a new class of people. Quantum leaps. (Maybe so, but discontinuous change also results from boom/bust cycles, wars, bursts of inventions, etc.)

Schumpeter with his gales of creative destruction o'looked Pirenne's important angle on it. These new "classes" of people are often religious dissenters and minorities, whose distinctiveness or persecution bonds them together, and may also scatter them, so they form networks for commerce. E.g. Quakers, 17th-18th cents. Jews. Chinese in S. Seas. Etc.

....

venturers, parlayers, rollers, riskers, circulators, cyclers, turners,

....

List major findings at end, or beginning, with evidence.

....

Parlayers, avanceurs, rotaters, cyclers, ante-ers, riskers, movers, financers, outputters, stakers, carriers, bridgers, plungers, rollers, players, instigators, funders, launchers, impellers, projectors, initiators, propellers, wealth-movers, engines of wealth,

....

perk:467

goof

"Eras of panic and revulsion have taught modern operators some degree of moderation, even in the season of most buoyant speculation." - Perkins, 1892.

....

goof

"Business," and "investment," are ambiguous. "Income-creating investment," from macro, is a separate idea. "Net investment" refers to creating new assets, but, alas, leaves out replacement. Needed: single word for ICI, Income-creating investment. Meantime use the acronym ICI. ICI is moved by MROR.

Marxists use "bourgeois" roughly for class of people who make ICI, as vs. rentiers. "Capital-movers" captures the essence better. Other words: farmers, firm-captains, firmers, entrepreneurs, avanceurs, advancers, facteurs, storers, profit-makers, capitalists, merchants, marketeers, general partners, riskers, fronters, ...

Rentier is limited, means a person on fixed income, originally interest on govt. debt. These are rent-takers of the 3d Kind.

Distinguish Rent-takers of the 1st and 2nd Kinds: equity and creditors.

....

In contemp. U.S., Prot. churches controlled by local gentry. Cath. Church controlled by its own establishment, mindful, however, of revenue needs.

....

Prosperity and Poverty. Becalmed, torpid, dormant, depressed, economy.

....

Glubb:2

Dates of rise and fall of 11 empires, each lasting ca. 250 years, or ten generations. Somewhat forced: e.g., Rome is cut into two parts, Republic and Empire; surviving eastern empire is treated separately; etc.

P.3, Babylonian Empire of Nebuchadnezzar was overthrown by Cyrus after just 74 years. Thus, some were cut short.

....

Glubb:15-16

"... when decline sets in, ... memory of ancient wars ... is suddenly revived, and local ... movements appear demanding secession ... Some day this phenomenon will doubtless appear in the now apparently monolithic and authoritarian Soviet empire."

....

Glubb:10

Age of affluence, resulting from empire and wide trade area, "Money replaces honour and adventure as the objective of the best young men." ... "Affluence silences the voice of duty." ... "No longer do schools aim at producing brave patriots ready to serve their country." ... "Students no longer attend college to acquire learning and virtue, but to ... grow rich." Change is "from service to selfishness."

....

Glubb:13

"... every period of decline is characterised by this expansion of intellectual activity." ... "Men are interminably different, and intellectual arguments rarely lead to agreement." ... "Amid a Babel of talk, the ship drifts on to the rocks."

... "the most dangerous byproduct ... is ... the idea that the human brain can solve the problems of the world." ... "Any small human activity ... requires ... a measure of self-sacrifice and service on the part of the members." ... "... mental cleverness, without unselfishness ... can only lead to collapse." "... the cultivation of the human intellect ... weaken(s) unselfishness and human dedication to service." ..."self-dedication of the hero is more essential than the sarcasms of the clever."

.... Glubb:17

"An increase in the influence of women in public life has often been associated with national decline."

.... Glubb:Intro logos

"... narrowness is due to our examination system, which necessitates the careful definition of a syllabus which all children must observe."

.... .. opp:105

The want of master groups for land has no limits. On other hand, p. 31, food crops do not store well, there is no point in acquiring much more than current needs. Peasants just take what they need. But master groups expand until they meet other master groups, fight.

Opp. is trying to formulate what Veblen, too, tried to say in Absentee Ownership.

P.287, "... well-being is the control over articles of consumption, while wealth is the dominion over mankind."

P.136, robber becomes merchant bcs. he cannot use all he robs. He then has to protect other merchants, to trade. Kings call into being new fairs, new cities.

P.140, sea nomads are better robbers because ships loaded with loot are still fast.

.... Acts viii, 20. logos

Peter to Simon: "Thy silver perish with thee, because thou has thought to obtain the gift of God with money." (simony)

.... Eur Perkins:2 war goof

"The greatest subdivision of Europe coincided with the worst condition of the poor, ..." Opposite is true, I think, when tyrants have to compete for loyalties. See 1,000, Nabholz:IV.

.... <u>Peace and Poverty</u>, a catchy title.

.... world Millis56:166 war

Armed forces are not mechanisms. They are "rather organic growths developing ... out of complex soils of vested interests, political and economic ambitions, unanalyzed fears and untested assumptions about historical causation."

....

Bottom line: upriders, rise-takers, forestallers, sooners got most of the gain.

....
Outlayers, Advancers. Activators. Work-buyer, grubstaker, staker. Employers, wage-payers. "Floating" capital vs. fixed K. Rollers. Rotaters. Crankers. Accelerators. Fuelers. Provisioners. They roll the vehicle by rolling the dice.

.... rothb:17
Cites W.C. Mitchell that bus. cycles require modern credit, producing for market, etc. Looks like a fallacy. P.19, NBER begins its ref. dates for Am. bus. cycles with 1834-38.

....
Grubstaker vs. Claimstaker.

.... Euro-ec BThomas
Brinley Thomas says some national K-waves are inversely related, e.g. UK v. US. Suter disagrees, finds a world pattern in sync.
Suter and Suter/Pfister are clearly the ones to read. They also have data on cycles of international debt crises.
Goldstein, too. They seem to have converted Chase-Dunn, who originally bought Brinley Thomas.

.... Euro-ec Suter/Pfister:table 1
7 peaks of cap. exports, 1800-1980. These are early 1820s, late 1830s (sounds very wrong!), ca. 1870, 1880s, ca. 1910, 1920s, 1970s.

.... Euro-ec McKeown, 1983
Tariffs rise during downswings.

.... U.S. Bryce:I,496,n.1 epigr.
"It is a case of bad law tempered by violation."

.... world Chase-Dunn:50-
Goldstein (1988) cited. World wars are wars among core states, contending for world dominance. Their severity follows a 50+/- year cycle. Three most serious, measured in battle-deaths/year, were 30 years war, Nap wars, and W.W.I&II.

.... delong:7, n.16
Short policy works are best place to grasp "the core vision underlying a theory ..." Hayek's cycle thy. "is almost impossible to grasp from his theoretical works like Prices and Production." It is clear in Road to Serfdom.

.... Gaf CW
What common threads are there in major class revns? Russian came after disastrous defeat; Eng. after long peace; Fr. after short peace; Chinese after victory over Japanese; Vietnamese as expulsion of colonial rulers.
Vacillating rulers in each case. Inflation. Heavy use of consumer taxes, other excise taxes. Debt-finance, bankruptcy of

state. Combo of excise taxes and debt and inflation clearly indicates absence of land taxes, and income taxes. Spread of egalitarian ideas. Foolish arrogance of rulers, rent-takers. Extreme class divisions.

....

(Paxdiv can take form of land acquisition. In U.S. history, often did. As a result, higher rents result in massive expansion onto new lands: land-linking and land-enhancing look better than land-saving.)

....

Considering subeconomic nature of many pw, such devmt is "fiscal equivalent of war", ["onerous" taxes] esply for taxed regions.

Thus, ironically, it promotes production and some devmt. in very regions subject to onerous taxn.

....

Military victory is economic defeat! "Winner's Curse of the Second Kind." "Victor's Curse."

....

Bellum and Boom. Combat and Commonality. "There is comradeship, cooperation and commonality in combat."

....

3rd Est. used thy of previous accum, meaning we started free and equal, then some saved more. This came orig from Stoics and Epicureans, who saw it as an ahistorical assumption. It evolved later into an axiom, self-evident, requiring no proof. "Rationalism is essentially unhistoric, even anti-historic."

.... Gaf clswr

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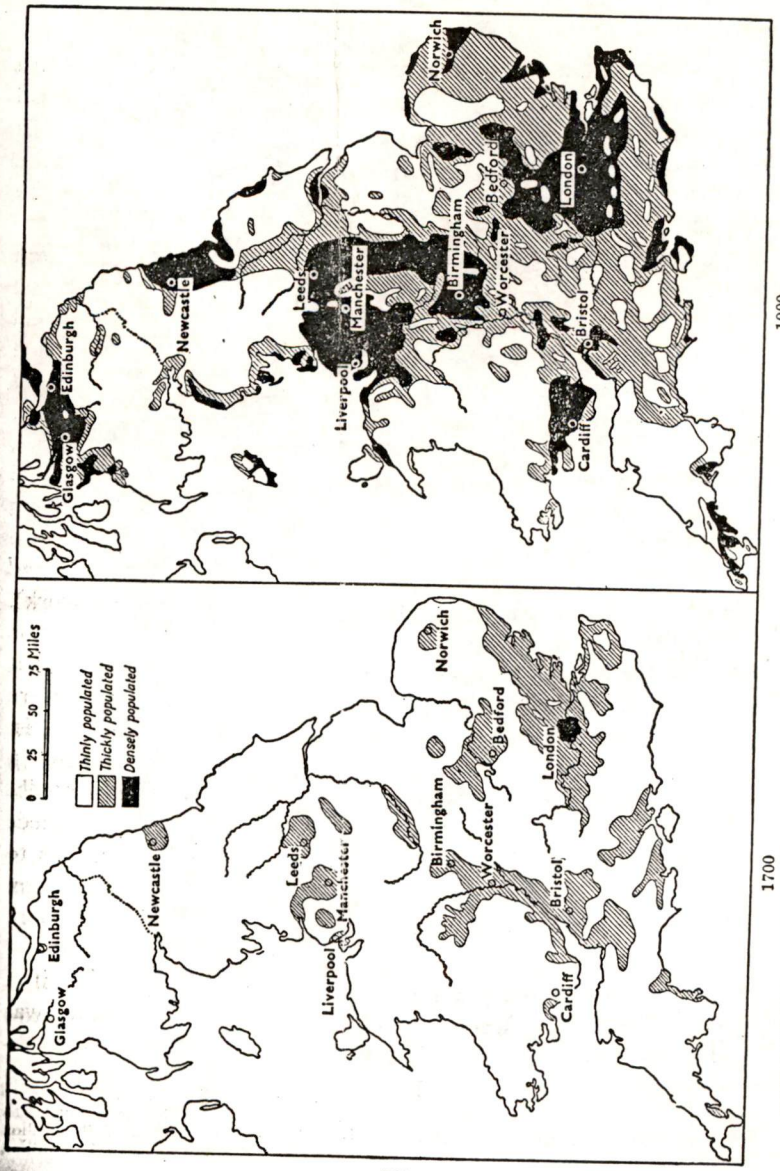
in many parts of England of the yeoman class and of the small farmers. In many districts they found increased difficulty in obtaining a livelihood owing to the enclosure of the common lands on which they used to feed their stock, and, moreover, they were often tempted by good offers to sell their land. Many of them sank into the position of labourers, and their condition during the earlier part of the nineteenth century was deplorable. Many of them drifted into the towns, which were now springing up, owing to the revolution in industry.

Industrial development

For the world was changed by the vast series of developments which now transformed Britain from an agricultural into an industrial country (*Note 121*). Each part of the new methods fitted into new discoveries in other branches. Thus men learnt to improve the production and use of coal, and of iron and steel, at the time when a whole series of inventors were producing various kinds of machinery, and others were developing the means of transport. Each of these advances would have been useless without the others. In combination they fitted together and entirely transformed men's lives, for they not only changed conditions of work, but they cheapened production and so made goods more plentiful. At the same time, population was increasing very rapidly, and great towns were springing up. The new population could not have lived, and the new towns could never have been created, unless roads and railways had made it possible to bring food and raw materials to them. Town life became the feature of British development. The new conditions led on the one hand to all sorts of problems in connection with housing and health. Public health had to be studied, and not only conditions in factories and workshops, but conditions in the crowded streets and houses.

In another direction, the growth of factories led the men and women who worked in them to learn to combine, and so we have the growth of Trade Unionism, leading on to Socialism and the Labour Party.



DENSITY AND DISTRIBUTION OF POPULATION BEFORE AND AFTER THE INDUSTRIAL REVOLUTION

dustrial life, and in every direction we see men inventing new machines. If we stop to think, we can see that there is an interesting problem here. Machinery means factories, and that means that men must congregate to work in towns. Village industry and home industry must disappear. But if factories spring up, and mankind swarms together in towns and cities, then food must be brought, and also the raw materials for industry, and the resulting manufactures must be transported from the factories to the shops and to distant places, and even overseas. Thus, roads, railways, and shipping must be developed too. What is fascinating in this " revolution " is the fact that all the necessary changes appeared at the same time, and each one fitted in with the other.

First we must retrace our steps, for, though it is in some ways convenient to take 1815 as a dividing line, changes had begun in the latter half of the eighteenth century which came to fruition in the nineteenth.

Agriculture

Perhaps the first of our industries to be affected by the scientific spirit was our oldest — that of *Agriculture* (*Note 120*). Up till the eighteenth century *arable* land had, in most districts, been treated as in the Middle Ages; it was sown with corn for two years and then left fallow for a year to recuperate its fertility. The discovery was made, however,

Rotation of Crops

that by the cultivation of roots, the recuperative advantages of a bare fallow might be secured without the loss of a year's crop. Moreover, the roots both gave the opportunity for clearing the soil and provided food for the cattle and sheep during the winter.[1] Consequently there was more manure, and the fertility of the land was correspondingly

" Turnip" Townshend

increased. Tradition says that " *Turnip* " *Townshend*, George I's minister, was the first to realize the importance of this discovery, and to develop on his Norfolk estates a four-year rotation of crops (e.g. wheat, some form of roots,

[1] Formerly the bulk of the stock, except that required for breeding purposes, was killed about Martinmas.

barley, a mixture of clover and some form of grasses), never taking two successive corn crops off the same land; and this principle of rotation — sometimes three-year or five-year instead of four-year — was generally adopted in the latter part of the eighteenth century in England.[1]

The breeding of stock

Moreover, the scientific breeding of live stock, especially by *Robert Bakewell*,[2] the developer of the famous Leicester breed of sheep, produced such changes that by 1800 the average weight of sheep was nearly three times, and of cattle more than twice, what it was at the beginning of the eighteenth century. New forms of manure for the land, new artificial foods for stock, were also discovered. The institution, at the end of the century, of the *Smithfield Club* for the encouragement of stock breeding, and of a new Government department, the Board of Agriculture, are significant of the great interest taken in agriculture, an interest shared by George III himself, who started the model farm at Windsor and wrote articles in agricultural newspapers.

These were not the only great changes that took place in agricultural conditions in this period. Waste lands were

Enclosures of common land

reclaimed and made productive by enterprising landowners. Large farms were substituted for small farms in many districts. Above all, an enormous amount of common land and open fields — no less than seven million acres in George III's reign alone — was enclosed by individuals, chiefly, of course, the neighbouring landowners, through Acts of Parliament. At the same time more capital was expended on the land, more improvements were introduced, and the enclosed land was made far more productive — it has been estimated that its produce multiplied at least fivefold. But these changes led to the decay, and even to the disappearance,

[1] There is a story that an archdeacon took a rector to task for growing turnips in a churchyard. " This must not occur again," he said. " Oh no, sir, next year it will be barley!" was the reply of the unrepentant rector.

[2] He was born in 1725 and died in 1794. People used to come from all over the world to see his bull " Twopenny " and his ram " Two-pounder "; and in his kitchen he would entertain " Russian princes, French and German royal dukes, British peers and sightseers of every description ".

The New Groundwork of British History (1948)
by Warner, Marten & Muir, London: Blackie

Self-governing and National movements in Europe

There were two movements of supreme importance in the nineteenth century. *First*, there was a movement for *Self-government*. The rulers of many of the States of Europe after 1815 were reactionary and despotic, and distrusted all Liberal aspirations, which they labelled as dangerous and anarchical. In many parts of Europe liberty, in the English sense, was unknown: there was no liberty of speech or of writing; public meetings were forbidden and arbitrary arrests frequent. Only one other European country besides Great Britain had a Parliament — and that was France. The growing desire felt by the people for greater individual freedom and for a greater control of the government led at times, and especially during the years 1830–32 and 1848–52, to agitations and revolutions, which were sometimes suppressed and sometimes successful. Closely allied with the movement for self-government there was, *secondly*, a movement for the realization of the idea of *Nationality*. People of the same race or speaking the same language, possessing common traditions or a common history, showed a passion to be united and to be freed from the control of alien rulers, a passion which led to the independence of Belgium in 1830, to the War of Italian Liberation in 1859, and to the final union of Germany under the leadership of Prussia in 1871.

Then, the British Empire developed, its territory was extended, and its whole policy altered. The idea of self-governing colonies was worked out.

There remained the problem of Ireland. This became so acute that her relations with Great Britain were one of the major problems which statesmen had to attempt to settle, and the effect on Britain was as important as it was on Ireland.

Trouble ahead

When peace came to Europe in 1815, all countries were so exhausted that for a while stagnation reigned. The absolute rulers were everywhere restored, and foreign policy at first had little interest for Great Britain.

It was at home that great changes took place, and here

we have to trace most important developments. Vast changes in industry; terrible distress amongst the working-classes; a total failure on the part of the Government to see or to sympathize with the state of the nation, led to upheaval. The next seven or so years show how the grievances of the "common people" became unbearable, and how they revolted against them. A harsh government tried repression and thereby drove the country to the brink of revolution.

The troubles and struggles of these years can be traced to two main causes — to the distress due to the aftermath of war, and to the further fact that Britain was now embarking on what is called the "industrial revolution".

2. THE INDUSTRIAL REVOLUTION

The closing years of George III and the age of machinery

George III was, in 1811, recognized as unfit to rule, and the Regency was declared. The state of the country was terrifying; the "common people" were suffering and showing their discontent, yet neither Crown nor Parliament took any steps to help the nation.

Distress due to the war

In the first place the country was bound to be faced with a difficult situation created by the coming of the peace. War is destructive, and it takes time and money to repair the damage it leaves behind. Trade had shrunk away during the long war and every nation was impoverished, therefore every nation had less money to spend. Unemployment was bound to exist on a large scale, and this was made worse by the fact that all government orders stopped, and in addition thousands of soldiers and sailors were added to those wanting work.

The Industrial Revolution

This inevitable trouble was greatly increased by the fact that the beginning of the peace coincided with the development of what we call the *Industrial Revolution*, which in turn at first created more unemployment.

Machinery was now to become the great feature of in-

CENTRE FOR INCENTIVE TAXATION

CIT

Dear Mase, June 18, 1990

The Napoleonic wars case may count as another illustration of the Peace Dividend thesis. The book from which the story outlined in the photocopies is taken, is an out-of-date history text; but it conveniently summarises the facts for you on the basis of an interpretation of history that would still be accepted. For citations on post-war land boom-bust in the ~~mid-1870s~~ 1795 - 1819, please refer to my *The Power in the Land,* pp.51/2 and 73.

The current issue, which could provide your book with major topical interest, concerns the way in which the post-Cold War dividend is spent.

* People assume that it'll be used for all kinds of goodies, designed to improve the quality of life.

* If your catalogue of examples is anything to go by, we can expect a major land boom in the mid-'90s - with all the dislocational effects that this implies for the economy, towards the end of the decade.

If the current situation is to be compared with historical examples, it has to take into account the differences. But the differences are superficial. Eg.,

(i) "This time, there has not actually been a war" - but there has: a cold war, with an unparalleled waste of investment in hardware, which now has to be broken up on the basis of the peace treaties (cf the massive cost of destroying the tanks of the eastern bloc);

(ii) "This time, there has not been massive destruction of social infrastructure". Answer: the east European and Soviet economies were, in a strong sense, laid waste by the ideology that necessitated a military posture - and those economies do have to be rebuilt: they might just as well have been flattened by atomic bombs! The land speculators will move in, if they get the chance, in the way that they're doing (and disruptin') the Iranian economy!

So, Mase, if you are willing to use the theory that underpins your analysis, in this book, to make a prediction, we stand a good chance of getting the book attention in the popular newspapers. I.e.,

"Top economist warns that land speculators will snatch Peace Dividend and undermine US economy" - unless, of course, an effectively high land value tax is simultaneously put in place!

I request that this "angle" to the book is not published by you in another place, because it does offer a real prospect of forcing your book into the Noyesian "public dialogue"!

Yours sincerely,

Fred

7 KINGS ROAD, TEDDINGTON, MIDDX TW11 0QB TEL: 01-943 1379

Talk about wild alarmism!

Commentary

PACIFIC PERSPECTIVE

Japan's Big Bubble Is Sure to Burst

■ When its sky-high land prices tumble, the shock waves will be felt by institutions worldwide—the U.S. Treasury foremost among them.

By RICHARD L. MEIER, WALLACE F. SMITH, AUSTIN C. HOGGATT and FRANCES M. ROSENBLUTH

Over the course of history, all land price bubbles have collapsed. In the past three decades, Japan has created the largest one by far. What happens when it bursts? The world is now so tightly connected that a serious impact will be felt in the capital markets everywhere. Most economic activity would be promptly inhibited.

The total valuation of all the land in Japan is estimated at $20 trillion or more, an amount that could buy all the land in North America more than twice over. The Japan Land Agency reported a rise of 13% in the July '89-June '90 period alone. The price of land in Japan is three to 30 times the global norm.

The high prices were created by low taxes, speculation by corporations with high cash flows, a societywide preference for landholding and home ownership and regulations that prevent downside shifts. These underlying conditions have not yet substantially changed, despite grave concerns expressed by authorities in Japan.

Administrators and academics in Japan have now begun to consider the stability problem seriously, but no solutions emerge. All recognize that any precipitous action would damage the economy. Restrictions have been placed on borrowing that uses land as collateral, and more realistic taxes are being discussed. But such actions would only prevent further escalation of prices. Reductions in land price of 10% to 15% per year are being considered, but there is no precedent for maintaining control over such an extended period. Even a year's shrinkage at this rate would hurt badly.

Although the action to be taken is painful, it should result in some long-term benefit. Highly leveraged landholders could be asked for more collateral, leading to distress sales. The government might then set a price floor by creating a land bank, which is badly needed for urban redevelopment. It could halt the slide in price by offering to purchase land, for, say, half the appraised value before a set date, and then again pay half of the new appraised value in the same manner. This could be repeated until a new plateau is found. This policy would cause inflation, but it would simultaneously reduce rents to levels comparable with the rest of the world and reduce the likelihood of hyperinflation. Extensive public landholding would later allow the construction of urban environments better suited to a highly educated populace.

Various triggers could set off a collapse in land price. A Tokyo Stock Exchange drop perhaps double or triple the size of the one experienced in August, a very sharp adjustment in the price of petroleum or a severe earthquake would be sufficient. Quite likely the trigger will be some event not yet imagined. For example, a bubble in Hong Kong deflated overnight after the tragedy in Tian An Men Square, resulting in the annihilation of many billions of dollars of auction value.

Once a steep slide has begun, the effects build up quickly when so much wealth is at risk. More collateral is demanded on loans. Some land is put out for immediate sale. Quoted prices may be stable, but real transaction prices that take into account side payments would slide. Rumors magnify; concerns spread rapidly. Mortgage holding institutions scramble for liquidity. Suddenly the dimension reaches a scale that causes paralysis. Deal-making halts first in Tokyo, then New York, London and elsewhere because the ubiquitous Japanese financing is questioned. The exchange rate skids despite supports.

This scenario can be expanded. Internal portfolios held by Japanese banks and insurance companies are speedily revalued at 50% or less by the outside world. The securities backing industrial pensions are suddenly worth only a small fraction of what had been obligated. Desperate actions are downplayed and partially censored in the press to prevent hysteria.

In America, the cash to pay for Middle East oil is suddenly missing when Japanese purchase of U.S. bonds first halts, and then selling begins. The pressure on medium-term interest rates causes them to jump sky-high. American financial analysts have sometimes worried about such a stoppage, but no one has made sufficient preparations. All kinds of improvised crisis action will be attempted. If a depression results, it will be like no other the world has experienced.

The Japanese government is considering preventive action, but the policy shift required by the scale of the problem is so drastic and unprecedented that it appears politically unfeasible. The expected asset value loss is about 50 times the S&L debacle in the United States, and it would have to be accommodated in a much shorter time span. No one in Japan seems to have thought through the global consequences. Normal international contingency plans would be swamped by the scale of such a debacle.

Other scenarios are possible but in our opinion less likely. It should be noted that Japanese manufacturing for export seems to be in good shape. It has modernized without building up debt, and a large share of the profits have been invested overseas where asset shrinkage should be much less. In a financial storm it could serve as an employment stabilizer.

Institutions worldwide should reduce their own vulnerability accordingly. Doing nothing is like not wearing a seat belt when the warning sign goes on for unprecedented turbulence ahead.

Richard L. Meier is a professor of city and regional planning, Wallace F. Smith a professor of business administration, Austin C. Hoggatt a professor of business administration, all UC Berkeley. Frances M. Rosenbluth is an assistant professor of international relations and Pacific studies, UC San Diego. They came together at the Institute of Urban and Regional Development, UC Berkeley.

Surrogate Expected Mother Role

■ Custody battle: Woman seeks parental rights of boy born last week. She signed contract to give baby to Orange County couple who provided the genetic material.

From a Times Staff Writer

ORANGE—Surrogate mother Anna L. Johnson said Tuesday that she never expected she would have to forgo a mothering role in the life of the child she agreed to bear for an infertile Orange County couple, even though she signed a contract that prohibited her from trying to have a "parent-child relationship" with the baby.

In a news conference in her lawyer's office, Johnson told reporters that Mark and Crispina Calvert, who donated the sperm and egg that were united in a laboratory and implanted in Johnson's uterus in January, promised her verbally that regardless of what the surrogate contract said, she would be able to see the boy.

"I had thought in the beginning that I'd be able to see him," said Johnson, who delivered a 6-pound, 10-ounce boy last Wednesday.

The baby is living with the Calverts at least until a court hearing Thursday. Johnson visits daily, but she fears she might lose that right. The courts must decide which of the participants in the case have the right to claim parentage and custody of the child.

Johnson, 29, who agreed to bear the Calverts' child for $10,000, contends that even though the child is not genetically related to her, she has parental rights because she carried and gave birth to the baby. The Calverts argue that they are the legal parents because they provided the genetic material that formed the embryo.

Johnson said that when she signed the contract, she did not anticipate backing out and trying to wage a custody battle, but added: "You don't think that far down the line."

MARK BOSTER / Los Angeles Times

Tearful Anna J. Johnson tells of determination to fight for custody of the baby she carried as a surrogate mother.

Munitions Train From Weapons Station Derails

By ERIC BAILEY and MATT LAIT
TIMES STAFF WRITERS

WESTMINSTER — A nine-car freight train carrying military artillery shells from the Seal Beach Naval Weapons Station derailed here Tuesday evening, prompting authorities to close roads and call in military explosives experts.

But officials stressed [illegible]

A pair of locomotives leading the train and two boxcars—including one loaded with crates of 2-foot-long, 38-caliber military projectiles—jumped the tracks just south of Westminster Boulevard at about 6:45 p.m., causing a diesel fuel spill from one of the engines.

Fire crews managed within hours to mop up the spill from the second of the two Southern Pacific [illegible] to a 90-degree angle by the force of the accident. About 300 feet of track was damaged.

The only injury reported involved an unidentified naval weapons worker who tripped while examining the ammunition, fell down an embankment and suffered a sprained ankle. The worker was taken to Westminster Hospital.

BRANI

Continued from B1

need an agent or a gh

"He's doing it to he's a very good w done scripts before. ten passages and po writer I would say of compare him to? I descriptive, floral said. "Very, very poe

"He is writing ar lishers are making rights," Frixou said she is "not at liber [dollar] amounts to until it is decided. worldwide have ca offers."

Brando did not h proposal the con Instead, he telephon ety columnist Army the news that his me sale and then sat spread through carp ing suites and ec haunts. Within hou houses were seeking tatives like ants draw

Brando has promis crumbs: "I have no in told Archerd. "Ther thing I won't go int doesn't kill you make ger. Even though it' bruises."

While representati publishing houses inv bidding asked not to Warner Books' Ellen her firm's $2-millio rebuffed as too low.

Bill Signed to L.A. River Pa

Gov. George Deukme day signed a bill tha describe as a first turning the 58-mile-l geles River flood co into a park and recrea

The measure by Se (D-Los Angeles) gi Coastal Conservancy to prepare a master plan for the concret nel, which begins in nando Valley and fl Pedro Bay at Long Be

Alan Gordon, a To other state agencies upon to provide help the river's bird hab drology. Also, the stu mine whether operati along the channel w patible with turni channel into a park.

Japan's Land Price System

■ My name was attached to the Sept. 26 Op-Ed article "Japan's Big Bubble Is Sure to Burst." Because it does not accurately represent my view on the subject, I would like to clarify my position.

First, I don't agree that a land price crash in Japan is an economic inevitability. The Japanese system has numerous ways to deal with tough economic problems.

Second, my primary interest is in the political consequences of the land price hike and why the increasing wealth disparity in Japan due to skyrocketing land prices has not become a great political liability for the Liberal Democratic Party (LDP). The reason no political party has yet been (or will soon be) able to capitalize on the expensive-land problem is that the LDP manages to reduce the salience of issues at election time.

For the LDP to maintain a majority in the lower house, LDP candidates have to compete against each other in most electoral districts. As a result, the LDP cannot run a national campaign on the basis of a party platform. Each LDP member must instead develop a personal following on the basis of services—budgetary searches, sake bottles at local festivals, etc.

In addition, the opposition parties are not well positioned to take advantage of the LDP's exposure on the land issue. The Socialists are trying to make inroads into the agricultural vote, which weakens their resolve to push for radical solutions that hurt land-rich farmers. The Democratic Socialists rely substantially on the small business vote, a group that also owns land and hence benefits from high land prices. The Communist Party is regarded as too far on the fringe on most issues for most voters, even if a growing number of voters appreciates the party's support for the asset-less groups in society. Similarly, the Komeito, which ostensibly represents non-unionized urban voters, is too closely associated with the zealous Soka Gakkai sect of Nichiren Buddhism to appeal to a much wider electorate.

Only now as demographics increasingly favor difficult-to-organize urban voters, as big business supporters are increasingly dissatisfied with the expense of the system and as U.S. anger about Japanese protectionism is on the rise is the LDP seriously contemplating ditching this pork-for-votes electoral system. But even if the LDP adopts a new electoral system that features a more economical inter-party competition on the basis of party platforms, it will take some time for the opposition parties to recalibrate their strategies.

In short, the LDP still lacks sharp electoral competition from other parties, partly due to its savvy adaptation to the electoral system and partly because of the organizational lassitude of the opposition. So I expect the LDP to muddle through with this problem, as it has in the past.

FRANCES ROSENBLUTH
Assistant Professor
Graduate School of International
Relations and Pacific Studies
UC San Diego

6 Oct. 90

policing in this city," Binkley said.

Detectives complained in recent interviews of being so overworked that rape cases can sit as long as six months on a desk without attention. Although the detective team has a first-rate reputation with the district attorney's office, prosecutors say some cases are lost in trial, dismissed or plea bargained away because the investigators are too stretched to do a thorough job.

Some critics have complained that Binkley's tough management style has driven morale to the ground, further crippling a department already struggling with a bare-bones budget and a staff to match.

Binkley said he was hired three years ago to bring the department into the era of modern policing. When he arrived, he said, he found detectives' cars that wouldn't start

zation that has been neg... long as this police department has, the officers will get angry. And they are angry at their chief," he said. "But they'll get over it.

"What I really demand is that they work hard and treat the citizens well. If they don't like that, they should go someplace else."

Meanwhile, city officials reacted to the figures with some astonishment.

"I was surprised and disappointed. We should have done better," said Mayor Ernie Kell. "But we are getting the situation under control."

"These are just devastating comparisons," said City Councilman Les Robbins, who also is a sergeant with the Los Angeles County Sheriff's Department. "This is an indictment of the entire organiza-

ABORTION

Continued from B3

Throughout the weeklong trial, Deputy Dist. Atty. DeAnn M. Delgado tried to steer the debate away from abortion, saying the case was a simple question of whether Irving blocked the clinic door.

But Lane argued that it was absurd for the priest to stand trial without being allowed to explain that he believed he was preventing a murder when he and 100 others gathered outside Clinica Eva in El Monte on Dec. 19, 1989.

the Pope Paul VI Institute in Omaha, who testified that he believes life begins at conception and showed an ultrasound videotape of a fetus in the womb.

At first, the seven-woman, five-man jury agreed that Irving, 37, was guilty of trespassing and obstructing a public thoroughfare. But when it came time to decide whether the priest acted out of necessity, the jurors were divided.

Fearing that Irving would be convicted, one juror said she could not allow that to happen to a priest and changed her vote to not guilty, Delgado and several jurors said.

4
VELOUR
OUR EXCL

7

Mason Gaffney
P.O. Box 7998
Riverside CA 92513-7998

12 Aug 90

Fred Jones
63 Black Oak Road
Cyn Coed
Cardiff CF2 6QU

Dear Professor Jones:

In belated response to yours of 9 April to Fred Harrison, here goes. By the way, as a linguist you'll be amused that in this area "Cyn" is short for Canyon, found in street names; and "Coed" is short for a girl attending a coeducational college.

Hoyt's handling of the details of his data is a despair. Hoyt disconcertingly presents his key data on charts, without supporting tables of numbers, and often without much in the way of sources. No one's perfect; these are tolerable flaws in an otherwise outstanding study. However, to answer your question, look at Fig. 76, p.348, for a chart of value of mfrs. in current $. Deciphering the scale and straining your eyes you find these rough values:

1850	<$5m
1860	$14m
1870	$80m

These track closely the numbers in Table XCI, indicating clearly that Table XCI is mislabelled, it should read "Current $," not, as it does, "(gold)".

You were sharp to pick this up. Hoyt has wholesale prices on some of his tables, and they shot up, 1860-70, as you would expect.

You are on the right track when you suggest land taxes will damp swings in land prices. That presupposes assessors adjust values quickly as markets change. For supporting evidence, note the period 1896-1922, when there was no land value cycle in spite of rising popn. and trade. What there was instead was a massive shift toward higher property taxes, the result of Georgist political agitation (and supportive agitation from other sources, for Georgism floated on a tide of support for higher local taxes for community services). After 1916 there were also higher federal taxes of a new kind, the income tax, which rifled in on property income much more accurately than excises ever had.

Sincerely,

cc: Fred Harrison

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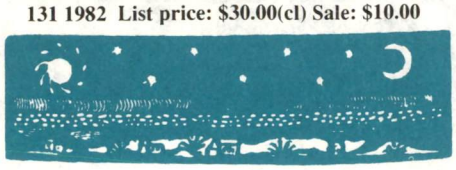

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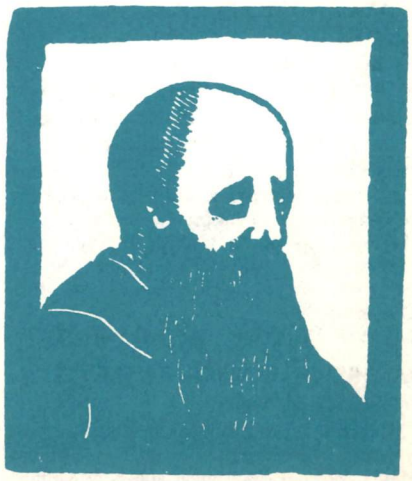

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Briefing/Melvyn Westlake reports on fears of a crippling credit crunch

Banker warns of debt disaster

The Guardian 22 Oct. '90

THE RECENT wave of debt-related business failures on both sides of the Atlantic is beginning to look like a dress rehearsal for a more spectacular drama yet to come.

Debtors everywhere — companies, countries and individuals — will have been chilled by last week's warning of a looming international "credit crunch", from Alexandre Lamfalussy, the general manager of the most conservative of institutions, the Bank for International Settlements, the central bankers' bank in Basle.

If his fears become reality, credit will be scarce and expensive, and many borrowers will no longer have access to credit at virtually any price. The cost of carrying existing debt will rise sharply for those who borrowed at a floating rate of interest. A similar situation a decade ago triggered the Third World debt crisis that erupted in 1982 and continues to blight the economic outlook of many developing countries.

The difference is that the credit crunch of the early 1980s was policy-induced. It was caused by the decision of the chairman of the US Federal Reserve, Paul Volcker, in October 1979, to tighten monetary policy severely in his war against inflation. As a consequence, the prime lending rate of US banks rose to more than 21 per cent by the end of 1980.

Today, it stands at around 10 per cent.

Mr Lamfalussy and many other economists are worried that the world may be facing a conjunction of circumstances — declining savings, a rising demand for investment capital and a retrenchment by badly-weakened US and Japanese banks — that will produce another credit crunch.

That this could occur as industry slips into recession, with inflation still rising, creates a fearsome combination only partly dependent on what happens to the oil price.

Worries about the adequacy of world savings have been increasing for some time. Savings have declined as a percentage of national income in the industrialised world since the mid-1970s, associated with rising government deficits (partly reversed, in recent years, outside the US) and financial deregulation, which brought a big rise in borrowing by private households.

The US budget deficit will rise sharply this year, regardless of any agreement between Congress and the Bush Administration on cuts, because of the slowing economy and the savings and loans bail-out. In the developing world, too, savings have fallen, largely because incomes have been depressed.

On the other hand, reconstruction in eastern Europe and the Soviet Union is expected to raise the demand for capital: surplus savings in what was West Germany will be diverted to the east.

The enormous fall in the Tokyo stock market is increasing the difficulties of Japanese banks in meeting new international capital standards. Japanese banks, whose share of total international bank claims has leapt from 21 per cent to 38 per cent since 1983, are now cutting back on their lending. US banks are also showing less willingness to lend.

Normally, a business recession would be expected to reduce the demand for credit and permit interest rates to fall. There are already signs in Britain that industry is scaling back its capital investment plans. However, recession may not greatly affect long-term interest rates if they are chiefly influenced by expectation of a capital shortage in the 1990s. Government attempts to lower interest rates would probably fail to have an effect on longer term rates.

'Hardly worse news for debtors than a recession with continuing high rates of interest'

There could hardly be worse news for debtors than a recession with continuing high rates of interest. It is bound to lead to more corporate bankruptcies.

For developing country debtors, it would be catastrophic. It is not simply that their exports would fall and consequently the foreign exchange required to pay interest on their $1.3 trillion debt. Unlike the prices of manufactured goods, those for commodities usually fall in a recession. Commodities are still the main export of most developing countries. Non-fuel commodities fell, on average, by more than one-fifth between 1980 and 1982.

Real interest rates for commodity-exporting debtor countries — measured in relation to the prices of the items they sell — are, therefore, much higher than for other debtors. In the case of other debtors, the interest burden is eroded by inflation.

The real cost of borrowing for many Third World debtors averaged more than 20 per cent a year during the first half of the 1980s. Even the oil price would fall in a recession, so oil-exporting developing countries would be in the same boat.

The simmering Third World debt problem would become a crisis again. Little wonder that Mr Lamfalussy is concerned about an international credit crunch and the robustness of the global financial system in the face of a recession.

It is patently c emerge from

Innovation

Clive Woodcock

HASSAN Tabatbai has spent ten years inventing a leak-proof valve which, it is claimed, could revolutionise pipelaying around the world and prevent disasters such as that on the Piper Alpha platform.

But, like many similar inventors, he has come up against a perennial dilemma. "I do not want to sell my designs, I would like to own the design and license the design to a British manufacturer," he says.

"I have received offers to sell the design but I am not prepared to do this. If I do not shortly find a British company to work with, I will have to collaborate with a Japanese firm who have offered to do business on my terms."

London-based Mr Tabatbai has, of course, encountered the "not invented here" syndrome and the portents for change are not encouraging.

"Technology in our business today is so sophisticated it is unrealistic to expect that small companies or individual innovators will have much to offer" is the characteristic response of one large British company.

The company was responding to questions from management consultants, Bain & Co, on attitudes to the source of innovations.

"This may be true in some industries but it is certainly not applicable to most of British industry," says Crawford Gillies, a Bain consultant who has carried out a study of innovation in Britain today.

While there is no research which enables measurements to be made of how much innovation is or could be produced by small companies, a United States study suggests that small firms are about 50 per cent more innovative than large firms.

If these results are extrapolated to the United Kingdom, it would indicate about half of innovation in manufacturing industry could be found in small firms.

Application of US ratios to the UK is clearly open to argument but, even if it is exaggerated, it does suggest there could be a large potential reservoir of innovation within UK small enterprises. Unfortunately, attitudes to sourcing innovation from small companies leaves this reservoir relatively untapped.

"The evidence shows that we are falling behind in innovation. Companies need to recognise that they can only do a small part of the worldwide research in their particular fields, and by supplementing internal development with more external sourcing of innovation, British companies can improve their performance," says Mr Gillies.

> 'I have received offers to sell but I am not prepared to do this. If I do not find a British company to work with, I will have to collaborate with a Japanese firm who have offered to do business on my terms'

For individual inventors like Mr Tabatbai trying to break through, there may be help at hand. A project called Innovation LINC is being launched with the backing of BP, to provide specialised assistance to the innovator or inventor to develop their ideas.

A total of 14 "gatekeeper" enterprise agencies around the country will be provided with funds to enable them to employ an innovations adviser. Venture capitalists interested in funding ideas will be linked with their authors by the enterprise agencies through the present Local Investment Networking Company, run by a group of agencies, led by the London Enterprise Agency, which has

General

THIS IS YOUR CHANCE TO MEET 16,000 DECISION MAKERS

The Guardian

Japan withdraws London funds

D.Tel
16-10-90

By Anne Segall

JAPANESE banks and institutions are believed to be withdrawing funds from London and repatriating them to Tokyo where they are needed to rebuild domestic balance sheets. City analysts were unsettled yesterday by a sharp fall in sterling which was entirely blamed on heavy selling in the Far East overnight.

The Bank of England was reported to have intervened but failed to bring about a recovery in the pound which lost almost two cents to $1·9550 and ended nearly two pfennigs down at Dm2·9751.

Although Japanese institutions have been withdrawing funds from America for some time, London appeared to be immune because of the high yield available on sterling.

However, an overnight cut in Australian interest rates is believed to have had a profound psychological impact, coming so soon after last week's 1 p.c. cut to 14 p.c. in British base rates. Currency experts believe this may have convinced the Japanese that the best is now over for high yielding currencies.

Bank of England figures reveal that, in the three months to mid-August, Japanese banks reduced their lending to British companies and individuals by £520m.

The Japanese have also tightened their terms, demanding much higher margins for funds. This means that, although interest rates in Britain have been reduced, borrowers may not benefit in full.

New figures yesterday reveal that the sharp dip in high street spending in August was followed by a partial recovery in September, with retailers reporting a rise of 0·5 p.c. in the volume of goods sold between the two months.

The Central Statistical Office estimates that the decline in August sales was less steep than thought, at 1·6 p.c.

him to be his assistant.

During the 1942-3 season, Bernstein appeared as conductor and pianist in New York and was invited by Artur Rodzinski, conductor of the New York Philharmonic, to become his assistant in 1943. His chance came on Nov 13 1943, when Bruno Walter became ill on the morning of an afternoon broadcast concert and Rodzinski was not available.

Bernstein stepped in and conducted, among other pieces, Strauss's Don Quixote, unaltered and without the chance of a rehearsal. He made a success of it and, as he wrote, it changed his life. Within a short time Rodzinski could be overheard complaining: "What can I do? Bernstein takes over the whole place."

Guest engagements in Boston and Pittsburgh followed and from 1945 to 1948 he was conductor of the New York City Center Orchestra. In 1946 he conducted at the Prague Festival and made his London debut with the London Philharmonic Orchestra at the Stoll Theatre, in a programme which included the first Wagner to be performed in London after the war.

In the summer of the same year he conducted the first American performance of Britten's Peter Grimes at Tanglewood; and two years

face.

He was not invited to conduct opera at the Metropolitan

> 'I am involved in a new experiment with life!'

until 1964, but his long relationship with the Israel Philharmonic had begun in 1947. In July 1967 he conducted it in Jerusalem at the end of the Six Days War.

He had also begun what has been called his "love affair" with the Vienna Philharmonic — which will be remembered not least for the series of splendid recordings.

In September 1951 Bernstein married the beautiful Chilean actress Felicia Montealegre. Their après-concert suppers in their Park Avenue apartment during his New York Philharmonic years were a gathering-point for intellectuals and fashionable society. On one occasion the couple invited the leaders of the Black Panther Party — it was this soirée which was devastatingly lampooned by Tom Wolfe in his celebrated article Radical Chic — That Party at Lenny's.

When Bernstein resigned from the New York Philharmonic in 1969 he was created "laureate conductor for life"

tural center, or because they had already been educated there. Many were brought to Vienna in childhood by their parents, who wanted their children to have the best. Sigmund Freud was one of these, as was Theodor Herzl, the founder of Zionism. Others came to Vienna as adults, such as the musicians Gustav Mahler and Johannes Brahms, the painter Oskar Kokoschka, the early modern architect Josef Hoffmann, and the educator Franz Cizek, who was the first to discover and nurture the art of children.

A culture has power to draw talented people to its center, and one example of Vienna's attraction in our own century is that of the Nobel Prize winner for literature Elias Canetti. In one volume of his autobiography, entitled *Die Fackel im Ohr (The Torch in My Ear)*, he tells how he came to Vienna from the Balkans and was influenced by the cultural climate he found there. He pays particular note to the critic and political writer Karl Kraus, whose ideas, as expressed in his magazine, *Die Fackel* ("The Torch"), were crucial to Canetti's own development.

But what gave this Viennese culture its true uniqueness was the luck of history, by which the culture's greatest flowering came about simultaneously with the disintegration of the empire which had made Vienna important in the first place, and of which it was still the capital, the seat of government—and, most important of all, its emperor's residence. Franz Joseph, as emperor, was not only the ultimate symbol of the empire, but also the person who actually held it all together. Things had never been better, but at the same time they had never been worse: this strange simultaneity, in my opinion, explains why psychoanalysis, based on the understanding of ambivalence, hysteria, and neurosis, originated in Vienna and probably could have originated nowhere else. And psychoanalysis was but one of the major intellectual developments of a time when a pervasive awareness of political decline led Vienna's cultural elites to abandon politics as a subject to take seriously, to withdraw their attention from the wider world and turn inward instead.

The decline was noticeable to all concerned after the events of 1859 (only three years after Freud's birth), when the empire suffered the first of a series of blows to its eminence (and image) as a world power. In that year, it lost its most prosperous and advanced provinces: most of northern Italy, including Lombardy and the all-important Milan, Tuscany with Florence, Parma, Modena. Only Venice and the Veneto still remained Austrian, and this only for a few more years. Seven years later, in 1866, as a result of war with the upstart Prussia, there was a devastating defeat in the battle of Königgrätz; the last Italian territories were lost, and Prussia became the dominant power over the other German states. This deprived Austria of the hegemony it had held over Germany for some six hundred years. Four years later, when Prussia defeated France in 1870, Germany became united under the leadership of Prussia. With this, Berlin began to replace Vienna as the center of the German-speaking world, and it could boast a young emperor more impressive and dynamic than the fading Franz Joseph.

One way to cope with these losses which presaged the doom of the empire was to use denial as a kind of defense. Thus the Viennese intelligentsia might say, "While the situation is desperate, it is not serious." In this mind-set, which was very common for many years in Vienna, external reality is discounted and all mental energy is turned inward: only the inner life of the individual is allowed to matter. At the same time when the new, unified Germany (with its capital, Berlin) was turning its enormous energies toward empire-building, Vienna's cultural elites became centered upon discovering and conquering the inner world of man. This withdrawal was made easier and more certain by new disappointments which rose up on the heels of the old.

There were official efforts to counteract this feeling of decline, but nothing worked quite the way it was expected to. For instance, to counteract the military defeat of 1866, the government went to great lengths to reassert Vienna's cultural and economic importance. A world's fair was planned for 1873, with the aim of bringing Vienna once more to the admiring attention of the world. The expectations of prosperity that the fair would bring to Vienna led to a building boom; and many grandiose structures, both public and private, rose up on both sides of the newly created Ringstrasse. This avenue circled the inner city and was intended to outshine the world-famous Haussmann boulevards of Paris, because the buildings on the Ringstrasse would be even more splendid than those gracing the Paris avenues.

Historically, Vienna had been a city of the baroque; it was the grand baroque churches and palaces that had given the city its character. Now the modern buildings of the Ringstrasse gave Vienna a double and somewhat contradictory character: that of both an old imperial capital

BRUNO BETTELHEIM

Recollections and Reflections

London:
THAMES AND HUDSON (1990)

and a center of modern culture. It was as if the city could not decide which way to turn: toward the glorious (though receding) past, or toward a new and modern future.

Great expectations for the World's Fair also led to wild speculation on the stock market. Nine days after the fair opened, the stock market crashed. On Vienna's "black Friday," 125 banks went bankrupt, and many other enterprises failed, in a widening shock that brought about a deep depression. The financial crisis in Vienna spread all over Europe and even affected the United States.

As mentioned, Vienna's cultural elites rejected the importance of the events occurring around them and turned their attention inward, to the previously hidden and unrecognized aspects of man. However, this was a solution to the haunting contradictions of Viennese life for only a few. The vast majority of Vienna's population had to find another way to escape the unease they felt in a time when the secure, traditional world they and their ancestors had known was falling apart. The answer was lighthearted entertainment. True, the World's Fair of 1873 had failed, but with the premiere of *Die Fledermaus* in 1874, Vienna began once more to rule the world—the world of the operetta. Once the center of the old high culture—grand opera and serious theater, the greatest in the German language—Vienna now rose to preeminence in light opera and most of all in dance music. The Viennese waltz in a few short years had conquered the globe; besides the waltzes, there were the many operettas of Strauss, Lehár, Suppé, and others. As we look back, it seems as if the Viennese of that time never stopped dancing: masked balls, the antics of the carnival (the *Fasching,* in which nearly all of Vienna participated), and splendid dancing halls in all parts of the city. Some of these occasions, such as the great balls at court, were only for the upper classes; but many more were for the lower classes, as well as many in which the classes mixed freely. In addition, Vienna was a great city for pageants, with many floats for everybody to admire when celebrating court events, royal marriages, or anniversaries of the emperor. These were occasions upon which artists could display their talent and imagination as they entertained the populace. Through these continual celebrations, the decline of the empire was denied any seriousness.

In the realm of politics and world events, catastrophes periodically shook the empire to its roots and hastened its disintegration. But this was not all: equally disastrous were the catastrophes which took place

in the heart of the city's personal world—within the imperial family at the court which was the city's true center, its *raison d'être.*

Emperor Franz Joseph's marriage to Elizabeth, a very young and very beautiful Bavarian princess, was one of great love and devotion on his part, and this love continued all through his life. However, despite the emperor's efforts to please Elizabeth and make her happy, she soon distanced herself from him and from the court, a process which became ever more extreme until she spent hardly any time with him, or in Vienna.

We can now see Elizabeth as hysterical, narcissistic, and anorexic. At the time, however, she was acclaimed, with much justification, as the most beautiful woman in Europe. To retain her distinctive beauty, the attribute responsible for her rise to empress, she starved herself on various extreme diets, such as having nothing except six glasses of milk in a day, for days on end. On frequent walking tours, she marched at such a brisk pace that her companions fell behind her in exhaustion, as she continued on for seven, eight, even ten hours.

Like some hysterics, such as the one Schnitzler later described in his novel *Miss Else,* the empress—who always traveled with enough trunks to fill many railway cars, so that she had always at her disposal a vast array of the costliest and most beautiful clothes—at last took to going out for her walks wearing only a dress, a single garment to cover her naked body. She wore no underclothes and, to the horror of her companions, no stockings. Nevertheless, she often wore as many as three pairs of gloves to protect her beautiful hands.

Possibly one of the clearest symptoms of her neurosis was her endless and aimless traveling all over Europe. In the words of the French writer Maurice Barrès: "Her voyages did not resemble the peaceful and deliberate regularity of migrating birds; they were rather the planless darting to and fro of an unanchored spirit which beats its wings, allowing itself neither rest nor design."

In 1871, when the emperor wrote to Elizabeth, who, as nearly always, was not in Vienna, asking what gift she would like best to receive on her name day, she wrote back, probably in a spirit of self-mockery, "What I would really like best would be a completely equipped insane asylum."

Madness held a particular fascination for Elizabeth, possibly because it was not uncommon in her family, the Wittelsbach rulers of Ba-

Learning from the past!

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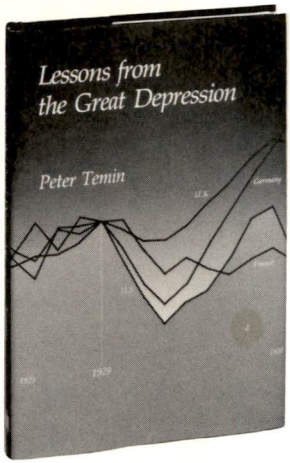

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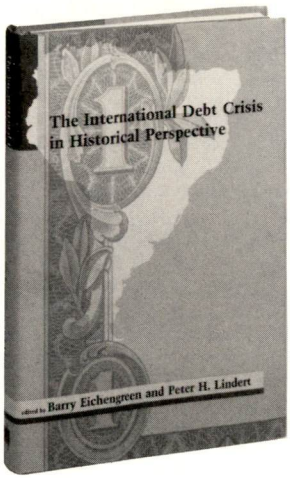

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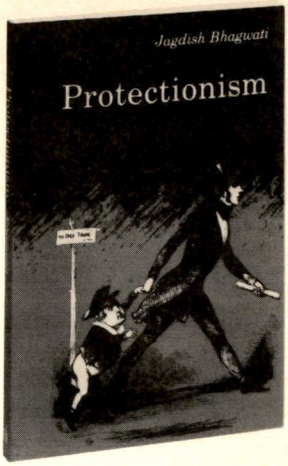

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THE GUARDIAN
Thursday October 25 1990

The Gulf crisis has had a serious knock-on effect on Japanese financial ma

Harried Tokyo takes stock of the economic miracle

Inside Japan

BY the time it has ended, 1990 will be a year the financial services industry in Tokyo will be only too glad to forget.

The list of its afflictions make gloomy reading. A far from gentle stock market decline was turned into a rout by the Gulf crisis. Share prices fell to little more than half the levels at which they started the year. Profits in the securities industry have slumped.

Interest rates, which had been begun rising in 1989 for the first time in 9 years, carried on up. Not only did that contribute to the stock market slump but it could drastically accelerate a (so far) modest fall in inflated land values.

That, in turn, would hit the banking industry which is desperately struggling to build up capital ratios to meet the international standards on capital adequacy. Already there are clear signs that the banks are pulling in their horns, leaving borrowers, used to easy money, facing tougher terms — or no terms at all.

But the squeeze on asset values has been only part of the story. Scandal stalks the streets of Tokyo. Earlier this month, the former chairman of NTT, the giant telecommunications group, was given a suspended jail sentence for his part in the Recruit affair.

The chairman of Sumitomo — Japan's third largest bank — has recently submitted his resignation after two bank officials were accused of making illegal loans to a stock market speculator.

The Japanese media, which likes a juicy scandal, is already speculating that other banks may be caught up in the affair.

If the individual dramas turn into a crisis, the fall-out would be felt well beyond the Tokyo financial community. With corporate Japan bound together by keiretsu, a complex network of long-standing relationships and equally long-term cross shareholdings, few would remain entirely immune.

Yet the mood is not one of uniform pessimism. "Foreigners outside Japan tend to be pessimistic, foreigners inside Japan less pessimistic and the Japanese tend to be optimistic (about the situation)," said one banking source last week.

So far, the real economy remains very strong, powering ahead under the twin thrust of capital investment and consumer spending, though there are concerns about the future. Japan's oil dependency makes developments in the Middle East crucial. The strength of its trading links with the US means that significant chunks of Japanese industry are vulnerable to a US recession.

And the combination of high interest rates, the curbs on bank lending and the stock market slump is likely to cool domestic demand next year.

But, for the moment, as Aaron Martin Cohen, chief financial economist at Daiwa Securities, notes: "The problem is not the real economy, it is the paper economy."

Dr Kenji Mizutani, managing director and chief economist at Tokai Bank, draws a similar distinction. He expects the Japanese economy to show real growth of 3.5 per cent in 1991 and to continue to grow at between 3 and 4 per cent after that.

But he is less optimistic about share prices. The Japanese market is on a price earnings ratio of more than 30 and even if yields rise to 3 per cent, Dr Mizutani believes "That will not be enough for stock holders, so I think they will not be so patient and that means stock prices still look high."

For much of the 1980s Japanese investors (corporate, institutional and private) have had access to large amounts of cheap cash as the proceeds from its huge trade supluses have been recycled at low interest rates.

But with around 70 per cent of the shares on the Tokyo stock market held by long-term institutional shareholders and development land scarce, the result has been too much money chasing too few assets, sending prices soaring.

"The government gave everyone a long ride on the merry-go-round. They gave everyone a lot of brass rings. Now they have no more brass rings to give, so people are getting thrown off," Mr Cohen says.

The Japanese Ministry of Finance has already signalled its concern, putting together a package of (slightly cosmetic) supports measures as the stock market touched bottom. And it hinted that it would like the Bank of Japan to ease interest rates. Now the banking sector is beginning to look in the same direction for relief on capital adequacy standards.

But if the jury is still out on whether 1990 was just a bad year or a disaster, the events to date have served to throw into sharp relief a series of fundamental changes about the way the cost of money in Japan will be determined — changes that will affect both the real and paper economies.

Since the Japanese set themselves to rebuilding their economy after the second world war, corporate Japan has had unrivalled access to cheap funds.

Japan saved assiduously, those savings were invested in industry and the bulk of the proceeds tended to stay there. Japanese dividend payments, never the most generous became increasingly meagre as the stock market soared, with yields falling to 1 per cent.

The slump in share values has heightened the pressure for higher dividends. Many analysts say investors are increasingly looking for their returns in the form of higher payouts, rather than accepting capital gains which can be wiped out if the market suffers a setback.

"After the war people were told to devote themselves to rebuilding Japan," a Tokyo fund manager said. "They were the architects and the workhorses of the economic miracle. They were called on to devote themselves to rebuild Japan — which they did — and were told not to ask too much in return.

"Now we have a new generation which is asking for and expecting a much greater share of the spoils."

Institutional investors are also taking a tougher and more discriminating line, instead of simply buying Japan plc. They are having to. In the year to the end of March, the premium income for the members of the Life Insurance Association of Japan rose by an average of just under 7 per cent — the first single figure increase since the end of the war.

That, in turn, may reflect a significant change in a post-war savings pattern that has put Japan among the world's thriftiest people and helped build up a pool of personal financial assets totalling more than Yen 900 trillion (£3.6 trillion).

Kunji Okue, an economist with County NatWest in Tokyo, notes a different attitude towards savings among younger Japanese. "Younger people spent a lot more. For example, people under 25 are very, very aggresive consumers. Ten years ago people tried to save quite a lot for the future. These days young

rkets. In the second of a four-part series, **Mark Milner** reports from Tokyo

Tokyo down: a far from gentle stock market decline has been turned into a rout by the crisis in the Gulf

people don't think the same way."

The growing experience of Japanese investors in overseas markets where shorter-term performance measures are much more influential, coupled with increasing competition from foreign fund managers in Japan will add to the trend.

Liberalisation of the interest rate structure on savings deposits has led to increasing competition for funds. Until recently the rates which could be paid on bank deposits were fixed. Now only deposits below Yen 3 million (around £12,000) are subject to restriction.

The decline in Japan's trading surplus will also mean that there will be less money available than in the past — particularly if the yen remains strong. On the one hand, it reduces the amount of yen denominated assets that the same dollar surplus will buy, whilst on the other hand, it encourages Japanese companies to invest more of the available resources overseas.

Government funding may also have an effect. Under the Structural Impediment Initiatives agreement with the US, the Japanese government has pledged to spend Yen 4.3 trillion (around £17.5 billion) over the next 10 years on infrastructure projects).

The Prime Minister, Toshiki Kaifu, said two weeks ago in his opening address to a new session of the Diet (parliament) that the Government wanted to reduce its dependence on debt finance. But if it does have to make substantial recourse to the bond markets, that could affect the general level of interest rates.

The increased competition for cash within the Japanese economy does not, however, mean that it is suddenly going to run out of funds, espcially as many companies — particularly larger ones — have substantial resources. Smaller ones, however, are less well placed overall. Mr Okue calculates that smaller companies account for almost 40 per cent of capital spending.

But they are going to have to work harder on both shareholders and banks to justify their continued access to a share of the funds available. Managements that do not perform are likely to face pressure from shareholders.

That pressure, however, is more likely to show itself in the discreet removal of managers rather than into a welter of hostile bids which are often hailed elesewhere as the market's response to corporate underperformance.

Takeover specialists from the US and the UK are unlikely to find that Japan will suddenly become a happy hunting ground. The corporate web of cross shareholdings, built up over years, is unlikely to unravel overnight.

Foreign analysts do not rule out the possibility of a hostile takeover bid in Japan, though the betting is the first will come from outside. But as one put it last week. "Whether these movements lead to the development of US and UK mergers and acquisitions activity is highly debatable."

Or, as a senior securities trader put it: "I would not say it was impossible but a takeover environment of the kind seen in the UK and the US is at the bottom of a very, very long road."

Tomorrow: The Bank of Japan's assets squeeze

FINANCE

Costly lessons from history

Jason Pontin reviews a story of greed and ignorance that still rings true today

DURING THE period 1822-25 more than £20m in Latin American government bonds were floated in the London capital market, together with the shares of companies capitalised at over £36m. By 1826 £19m was in default: the bonds were renogotiated. The companies either never existed, or, if they did, swiftly achieved non-existence. The shareholders recovered little on liquidation.

Dawson has found a gift of a story. On the one hand he can dissect the cupidity and criminality of borrowers and brokers, and the rapaciousness, ignorance and gullibility of investors. On the other hand (and this is his great theme), he can tantalisingly delineate the similarities between the three Latin American debt crises of the nineteenth century and the confusion that followed Mexico's announcement in August 1982 that it could no longer finance its debt.

They are linked by similar political climates, by similar periods of boom and capital surplus, by identical collapses in repayment, and by the similar methods with which debtors, bankers and investors attempted to contain the potential volatility of the crisis.

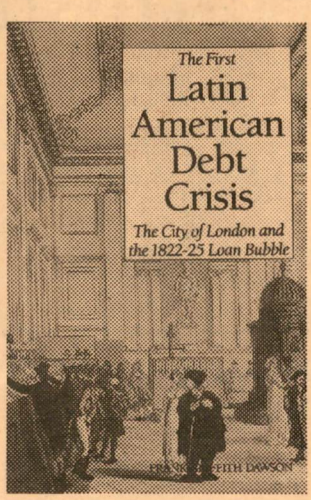
So it has happened before. The era 1822-1825 was a time of general liquidity: the ending of the Napoleonic wars, a series of memorable harvests, the Treasury's decision to lower the rate of interest on government stock and the consequent dissatisfaction with these consuls – all these created a pool of public savings just when popular enthusiasm for the newly liberated countries of Latin America was most pronounced.

In the 1970s, the world's bankers were trying to find borrowers for the deposits that oil producers, suddenly rich, could not find ways of spending. Political analysts saw great opportunities in the region. In both cases, Latin American governments were only too delighted to oblige, receiving development loans that bought pretty Paris townhouses and pretty Latin armies.

THE FIRST LATIN AMERICAN DEBT CRISIS
by Frank Griffith Dawson
Yale University Press £19.99 281 pages

In the nineteenth century the British government did not restrict the freedom of residents to invest in foreign bonds, nor in the 1970s did it place restrictions on the Eurocurrency markets: nor in the 1920s, when Latin American borrowing moved to New York, did the US attempt to curb bond sales.

In the 1820s the boom ended when the bond interest and amortisation payments withheld in advance were exhausted. The borrowers were too impoverished to remit either goods or specie and obtained no further credits for 50 years. In the early 1980s the lending frenzy halted when borrowing became so great that



debt service could only be maintained by further borrowing.

Many of the remedies used by modern bankers to ameliorate the debt crisis were invoked by their predecessors 150 years ago. Borrowing new money in order to service earlier credits and thereby prevent them going into default was first attempted when Rothschild sponsored an £800,000 Brazilian issue to finance interest payments on previous loans.

Interest rate reductions were first suggested by Columbian bondholders in 1828. Interest capitalisation was seen in the Mexican negotiations of 1831, when over £1m in interest arrears was converted into new bonds; it was common nineteenth century practice. Debt for equity worked in 1872; the Honduras Interoceanic Railway Company was capitalised by converting three defaulted railway bond issues into shares. Even the forgiving of outstanding debt had its nineteenth century life.

If Dawson is amused by the way history "repeats itself in financial matters because of a kind of sophisticated stupidity", he can hardly contain his glee when describing the greedy abandon of borrowers and brokers, the idiocy of investors.

Highly instructive (and also very entertaining, one might add) is the story of Sir Gregor MacGregor, self-styled Gregor I, Cazique of Poyais. Sir Gregor had commanded the 57th Regiment of Foot in the Peninsular and departed for Venezuela in 1811 accompanied by his personal piper. There the Liberator, Simon Bolivar, made him a general. MacGregor having lost an army in the jungles of Panama, Bolivar forbade him ever to set foot on the mainland again, but his boundless energy found an outlet in the founding of the fantastical nation of "Poyais".

In 1822, from the Poyaisian legation on Downgate Hill, London, the Cazique announced the issue of £200,000 in 6 per cent bonds to finance his imaginary country. At the launch in the Royal Exchange, there was a near riot of demand.

The book's avowed purpose is to advise financiers of the 19th century antecedents to the present debt crisis, and warn them of making the same mistakes. The clear suggestion, however, is that it is in the nature of banks to create uncertain debt. They are so hungry for high yield securities, so hungry to lend, because loans are a bank's only assets.

Publishers bite the fi

Nicholas Faith outlines the terms behind an imp

RELATIONSHIPS between publishers and authors will never be the same again. Last month Penguin, Britain's biggest publishing group, signed the Minimum Terms Agreement with the Society of Authors and the Writers Guild, the bodies which represent most of Britain's professional authors.

Penguin's signature removes any lingering excuse which might have been used by publishers claiming that the MTA imposed unnecessary and uncommercial terms on them, excuses already rendered lame in recent months by the adhesion to the MTA of other major hard-headed groups such as Hodder and Stoughton.

The rights to which authors are entitled under the MTA seem elementary enough. Financially, their royalties, initially 10 per cent, increase to 12½ per cent after the sale of 2,500 copies of a book: authors receive the bulk of the receipts from all the various rights, which are assuming an increasing importance in the world of publishing, from television and translation to the use of a book for a strip cartoon.

For the first time authors will be guaranteed that their book will be published within a year of the receipt of the manuscript, that they will be told the number of copies being printed, and that they will be consulted over the design and the cover.

All, apparently, pretty moderate stuff – there is, for example, no reference to the size of the advance made to the author. And yet virtually every publisher has found problems with the Agreement, often numerous, usually different.

They have wanted certain categories (ranging from children's books to crime novels) excluded; they hated the idea that authors wanted control over their works, through getting back the rights if they go out of print, through licensing them for a limited period, or by a review of the terms on which the book was initially sold (without an MTA the publishers keep control until the author has been dead for

50 years, a condition which has represented a solid fortune to publishers such as Macmillan, heirs to the rights of authors like Kipling and Hardy).

But behind the individual

Tales of tarnished Tinse

Alan Friedman reviews the rise and fall of MGM

REALITY, AS every Hollywood producer knows, can be far more surrealistic than a Tinsel Town script. But then Hollywood films are not *supposed* to be surrealistic. They are supposed to make money, or, in the local *argot*, to gross at the box office.

The tortuous past 21 years at the once proud Metro-Goldwyn-Mayer have certainly been a surrealistic experience. Kirk Kerkorian, the reclusive Armenian-American casino mogul with a Las Vegas gambler's sense of the world, has managed to buy, sell, buy back, break up, reassemble and sell again the studio that was once run by Louis B. Mayer. Kerkorian, as the denizens of the film industry say, has "trashed old Leo the Lion".

Fade Out, written by a former senior MGM executive who now edits *Variety*, is the story of Kerkorian's cannibalistic brand of capitalism, of his junk bonds and asset plays, and of some perfectly loathsome studio heads and the games they played

FADE OUT: THE CALAMITOUS FINAL DAYS OF MGM
by Peter Bart
William Morrow (NY) $19.95, 304 pages

about the foul-mouthed sexists who dine at Spago's and take portable telephones with their drinks at the Polo Lounge of the Beverly Hills Hotel.

Indeed Mr Bart's saga begins at the Polo Lounge, where the gruff Frank Yablans, one of Kirk's many studio heads, is offering him a job at MGM. "Kirk has given me an open checkbook. I can make any deal, go after any project!" burps the less-than-cosmopolitan Mr Yablans, adding that: "If we succeed, it's back to the halcyon days." And what happens it we don't, queries the author. "Kirk locks up the studio and throws away the key," says Yablans. Quite.

Kirk has definitely seen

Those were the days: Judy Ga
The Wizard Of Oz, **a smash-hit f**

ary, a former investment

Housing: HUD commission slams speculation

HOUSING in the USA continues to reflect the state of the economy. New homes sales dropped 6.6% in December, dragging 1991's total to the lowest level in nine years.

In an effort to stave-off disaster, families are refinancing their homes, attracted by interest rates which are now at an 18-year low. The rate on a 30-year, fixed-mortgage has dropped from 14.7% (1984) to 8.3% last month.

◆ *In January, over 70% of mortgage applications were refinancing deals.*

Last year, 1.5 million households saved $3 billion by refinancing their mortgages, and another 3 million are expected to do so this year, which will provide households with an additional $6 billion in spending power.

The scramble to lower monthly outgoings from the budget has rammed home the painful message that family wealth has declined drastically. As many as half of the applicants are confronted with the news that the value of their homes has dropped by as much as 25% to 30%.

The fall in residential land values has caused havoc. For example, small construction firms are unable to borrow money from banks to finance new output. The credit crunch is estimated to have prevented the start of about 150,000 residential units last year.

◆ *According to the Commerce Department, 1991 was the worst year for housing starts since World War II.*

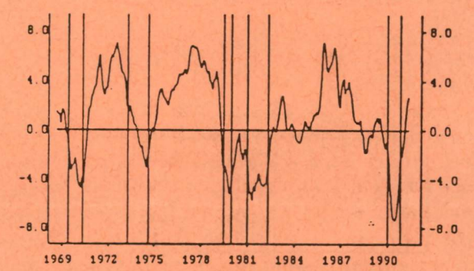
The construction industry is being decimated, with smaller builders being wiped out to the advantage of the bigger firms, which are increasing their market share.

The macro-economic implications of the housing tragedy are not yet reflected in policies in Washington, DC, even though the evidence - that downturns in the housing market point to (indeed, cause) recession - is unambiguous.

The graph (inset) tracks the weighted average of median prices of new and existing homes which have been sold, deflated by the consumer price index. Similar graphs could be constructed for other aspects of the housing market, but they are all no more than proxies for the real story: it is the downturn in the value of land beneath the buildings that registers the dynamic impact on tthe rest of the economy. The sequence is now a classic one: a downturn in land values precedes a downturn in the housing sector, which in turn precedes recession.

It is the failure to maintain a stable relationship between incomes and house prices that generates the instability. That havoc is caused by speculation in the land market, a damaging activity which governments have consistently failed to address.

Real House Price Appreciation



Weighted average of median prices of new and existing homes sold deflated by consumer price index.
Three month moving average of year-over-year percent change.

One result: according to the Census Bureau, last year 91% of America's renters could not afford to buy a median-priced house.

The facts are not in dispute, and have been documented in voluminous reports over the past 20 years. The latest is last year's report commissioned by Jack Kemp, Secretary of the US Department of Housing and Urban Development. This affirms the role of the property tax as contributing to both the cause of - and solution to - the problem of unaffordable land. The report acknowledges that a single tax on the value of both land and buildings rewards the holding of land in an undeveloped state.

The property tax (called rates in Britain - until Margaret Thatcher abolished them!), "encourages land price inflation, by encouraging land holding and speculation. It also penalizes investment that would improve and maintain existing housing, by imposing relatively high property tax rates on land improvements."*

The Commission was attracted by the two-rate tax, which placed the burden on land values and reduced the tax rate on buildings. Pittsburgh is among the 15 Pennyslvania towns that employ a two-rate tax. Would this fiscal policy reduce land prices and make houses affordable to all levels of incomes?

Studies have proved that the switch to a two-rate tax encourages faster construction of homes, relative to trends in neighbouring communities. Good. But in economy-wide terms, the municipal-level strategy is hopeless. Here, again, the evidence is unambiguous. As the HUD Commission noted, the two-rate tax operates "in other parts of the world" - for example, throughout New Zealand and Denmark. Better still, most municipalities in Australia and South Africa even benefit from a land-value only tax. Alas, none of these countries has been exempt from land speculation. All of them have been driven into recessions when the price of land was raised to commercially unaffordable levels. The land-tax rates were too low to abolish the propensity to speculate in the prospect of huge capital gains.

Ultimately, there is one way only for the market economy to be released from the constraints of land speculation: when central governments use land-value taxation as a macro-economic tool to achieve full employment. That entails the imposition of a very heavy tax rate on land rents, with offsetting cuts in taxes on other forms of income.

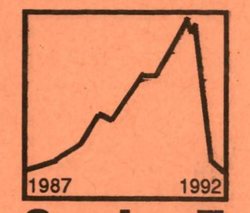
* Advisory Commission on Regulatory Barriers to Affordable Housing, *Not in My Back Yard* (1991), Report to President Bush and Secretary Kemp, Washington DC, pp..8-10.

Published by the Centre for Incentive Taxation,
177 Vauxhall Bridge Rd, London, SW1V 1EU. Tel : 081 943 1379

CENTRE FOR INCENTIVE TAXATION

ECONOMIC INTELLIGENCE

EI/31 MARCH 1992



BUSH: A PYRRHIC VICTORY

GEORGE BUSH will be re-elected as President of the USA, an outcome with considerable economic implications for the world economy. More importantly, however, EI is now prepared to alert readers to a momentous shift in geo-politics, the outcome of which will be a change of epochal proportions. Here, we look at the propects for the November elections; on page 2, we turn to the economic implications; and on page 3, we explain why the U.S. is on the precipice of a fundamental change that far exceeds the traditional switch of political allegiance.

First, readers are reminded that EI based its successful prediction of the 1992 economic trauma on trends in the land market. We examined the empirical evidence for the hypothesis (which originated in the USA) that land-values operate in 18-year cycles. The hypothesis, it turned out, was powerful in explaining trends (particularly the all-important turning points) in other sectors of the market economy. And on the basis of historical evidence, 1992 was "bound" to be the trough of the latest cycle. Since we published the prediction four years ago, there was no 20/20 hindsight vision here!

Now consider the political cycles. American historians have for a long time drawn attention to 36-year cycles in the fortunes of Republicans and Democrats; the latest scholar to explore these cycles is Arthur M. Schlesinger.* The data is assembled in the table, which reveals a crucial relationship. We find that an earthshaking shift in American politics always followed - by three years - every second major economic recession. The only exception was the five-year gap between the first recession and Andrew Jackson's moral victory over the landowning Whig aristocracy in 1824 (Jackson was founder of the modern Democrat Party).

Each of the succeeding political earthquakes took place three years after the preceding recession, and represent rollcalls in the American history book: 1860 (election of Abe Lincoln, the first Republican president, ushering in a period of close party competition), 1896 (Democrats retreated to the South, Republicans gained the national majority), 1932 (Roosevelt terminated Republic dominance and launched the New Deal). What does all this tell us about the fortunes of George Bush and his challengers?

If the cyclical rhythms had continued, the first postwar change would have been in 1968. But as with the economic cycle (the Nazi threat boosted spending on munitions, which prevented the serious recession that was due in the late 1930s), the Second World War was a sufficiently powerful event to disrupt the political cycle. No-one claims that these trends are mechanistic. Judgment has to be exercised in dating the origins of the postwar economic and political cycles.

EI accepts the consensus view of historians that 1955 saw the normalisation of the economy. Two 18-year land-value cycles brings us to the recession of 1991. Add three years to that, and we are tantalised by the prospect of political upheaval in the following presidential election - 1995.

Now cross-check this with the political cycle. When did it start? Add 36 years to Roosevelt's victory in 1932, and we leap to 1968 - the year Nixon snatched victory from the Democrats (JFK having been assassinated in 1963). Convenient, because Nixon was the first of the rightwing Republicans. That date suggests the continued dominance of the Republicans into the milleniuum. Such a conclusion, however, is inconsistent with the economic cycle. Can we make the two cycles concurrent without bending the facts of history?

Schlesinger offers us the solution. He stresses the importance of the generational cycle on political motivation. He examines the postwar baby boom, and concludes that 1957 divided the Roosevelt/Truman generations from the Kennedy/Johnson generation. "The baby-boomers thus consist of two

U. S. ECONOMIC & POLITICAL CYCLES

Land value peak	Building cycle peak	Economic recession	Political upheaval
-	-	-	1788
1818	-	1819	1824
1836	1836	1837	- 1840
1854	1856	1857	1860
1872	1871	1873	-
1890	1892	1893	1896
-	1916	1918	-
1925	1927	1929	1932
POSTWAR CYCLE BEGINS IN 1955			
1972	1973	1974	-
1989	1990	1991/2	1996*

***Economic Intelligence* prediction**

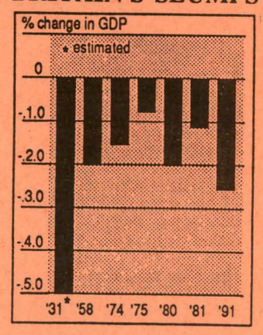
* *The Cycles of American History*, Boston: Houghton Mifflin, 1986. The economic data in the table is drawn from Fred Harrison, *The Power in the Land* (1983), London: Shepheard-Walwyn, p.65; available in the USA from Robert Schalkenbach Foundation, New York.

distinct generations, with 1957 as (roughly) the dividing line; the older generation attuned to democratic purpose, the younger to private interest)." If 1957 did see the onset of a new political cycle, an additional 36 years takes us to 1993.

Now, that suggests that Bush ought to scrape through. But what about the mood of the voters? Historically, it has taken three years for the impact of the second major land-induced recession to sink deep enough into the collective consciousness to activate sufficient grassroots dissatisfaction of the kind that generates a change in political destiny. What does that mean for this year's presidential election? With people still shell-shocked by the current economic collapse, it will take them the best part of the next administration to recover and whip the politicians into doing their bidding; in other words, it will take another defeat at the hands of Bush to force the Democrats to formulate the policies that will give the next political cycle its distinctive character.

So EI concludes that Bush will make it back to the White House. Bad news for the millions who are today without work, but at least this enables the smart people to prepare a medium term plan to maximise the returns on their investments: they can now make best-guess assumptions about the economic strategy of a re-elected President Bush.

BRITAIN'S SLUMPS



OFFICIAL figures released by the Central Statistical Office have now confirmed EI's forecast - originally published four years ago - that Britain would be in a depression in 1992. City of London financial analysts are now admitting publicly that it is now misleading to call the downturn a recession. Britain last year suffered the biggest single year slump in output since the Great Depression of the 1930s.

BANKRUPT BY ANY OTHER NAME

IT WAS the rhetoric of a war leader, but the president's ammunition, delivered in his State of the Union speech, was a damp squib. With the US economy careering into the worst slump since the Great Depression, George Bush could do no more than deliver what *Business Week* characterised as a "grab bag" of policies.

If ever there was an occasion for setting a new course, this was it. Instead, President Bush's main vote-catcher was to allow the average family to retain an extra $350 in their pay cheques - five bucks a week, the price of a couple of hamburgers.

But even that sop is actually an illusion, for as *The Wall Street Journal* noted: "The total tax bite will ultimately be the same; that amount will be made up at tax time next year, when refunds will be smaller or taxes due will increase."

With a federal budget deficit aiming for $352 billion, and climbing, the real message from Washington is the bankruptcy in ideas. Quite simply, no-one knows what to do about the malaise that is afflicting the American economy. Which is why the president's prescriptions - wrapped in the language of Desert Storm - are ones of retreat.

Literally. For his plan to revive the economy is a series of measures that reverse the Tax Reform Act (1986). That act helped to reduce taxes and increase the budget deficit, but in doing so created some problems for the citizens. Take the need to help citizens to provide themselves with decent shelter. The 1986 Act succeeded in raising, rather than lowering, the marginal, after-tax cost of home-ownership for a family of three earning $40,000 by over 8%. As for the rented sector, the changes were such that any investor public spirited enough to provide accommodation for others to occupy had to raise rents by between 15-20% to maintain the same rate of return on their investment.

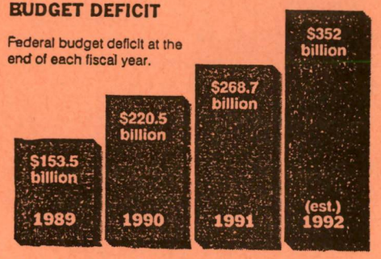
Something needed to be changed, and the president - a high-seas angler - thought it appropriate, in these times of high unemployment, to propose the repeal of the luxury tax on expensive boats.

"Gimmicks" was how the President's Housing Secretary, Jack Kemp, characterised the package - until, after phone calls from the White House, he dutifully backed down.

Most of the focus was on the president's heartfelt desire to cut the capital gains tax, from 28% to 15.4% for assets held for three years or more. The idea is to encourage investment, but (a) would it? and (b) who gains? The best deals in town today are in land. Valuable sites are being sold for knock-down prices, and they can be withheld from use (which would do nothing to create new jobs) and at low cost (which provides no incentive to invest in wealth-creating activities on it). So the plan to cut the capital gains tax provides the most incentives to the least enterprising - hardly an imaginative strategy for lifting a wounded economy out of the sickbed. And the Treasury effectively admits this, for it predicts that - instead of encouraging new investment - the cut in capital gains tax would encourage people to sell assets, to take advantage of the lower rate. A second effect: by 1997, the Treasury would be losing $200m revenue, thereby increasing the budget deficit.

As for who gains - the congressional Joint Committee on Taxation calculates

BUDGET DEFICIT



Source: Congressional Budget Office

that nearly 70% of the benefit would go to those who make over $100,000 a year. If you earn over $200,000 a year, you save an average of $18,000 as a result of lower capital-gains rates; while those earning under $50,000 would save $300.

It appears safe to assume that anyone looking for leadership in the economy will wait in vein. As The Wall Street Journal editorialised on February 6: "So it goes in Washington, where tax policy has no tangible relation to what actually goes on in the real economy."

Sit tight for a drawn-out fight for survival.

NOTHING NEW FROM NEW HAMPSHIRE .....TILL 1996

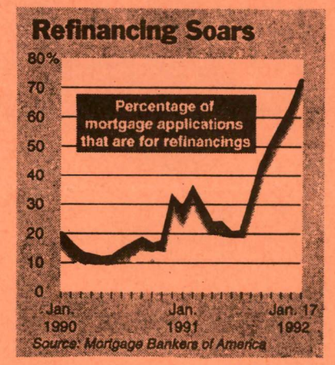
THE OUTCOME of the New Hampshire primary reinforces the view that nothing dramatic will happen to disturb the American political terrain this time round. Both the candidates and their policies are lacklustre: nothing sufficiently powerful to terminate the dying era - yet. America is in the philosophic doldrums - the calm before the storm.

But the next political upheaval will be qualitatively different from the previous ones. Indeed, EI predicts a paradigm shift in the texture of US (and, come to that, global) politics. But first, what is there about the current situation that encourages us to believe that, at the level of the street, people are beginning to feel that past trends cannot be allowed to continue?

First, President Bush said in his State of the Union speech: "I know we're in hard times. But I know something else: this will not stand." Well, people do not believe him. They read his lips - about taxation - and saw a forked tongue. But opposition candidates are equally unimaginative. And so, given the absence of real choice, enough people will abide by the rule that you stick with the devil you know.

Not for long. Ordinary families are now taking stock of life in the New World, and they do not like what they see. Take the influence of that basic of commitments, the household mortgage. Millions of families are refinancing their mortgages (see page 4): the result is an uncharacteristic extension of indebtedness, which is forcing voters to soberly assess their prospects by peering deep into the future. For good financial reasons - they are committing themselves to repaying mortgages over a 30-year time span - they now have to take stock of the character of their country, to relate the political and economic conditions to their personal prospects.

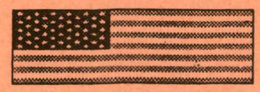
AS INTEREST RATES FALL... FAMILIES RESCHEDULE DEBTS



Source: Mortgage Bankers of America

And they are disturbed, a fact which is finding expression in the ominous statements of commentators. Typical is the depressing assessment by Anthony Lewis in *The New York Times* (February 14): "America is more like the *ancien regime* in France than ever before." A *Time* magazine essay called the social process of disintegration "The Fraying of America" (February 3). Lewis identifies a socially inequitable tax system as being at the heart of the problem. The latest studies reveal that, as the poor get poorer and the rich get richer, the middle class is being squeezed to extinction. Lewis does not offer a radical solution, but he is on the right track.

Why do we expect this dissatisfaction to express itself in something more dramatic, in 1996? Traditionally, control of the American political system has alternated between the pursuit of private interest (Republicans) and dedication to public service (Democrats). But that choice is no longer available. Schlesinger summarises the threat to the power structure in terms of "double failure and double obsolescence". Today, people can draw on memories to conclude that the liberal interventionist state failed, and so did the neo-conservatism of Nixon/Reagan/Bush.



"When the counterrevolution only deepens national troubles, people will see a `double failure' of both welfare-state and free-market alternatives," writes Schlesinger. "The cyclical alternation will lose its legitimacy."

EI agrees.

"The accumulation of discontent will subvert the traditional political order and rush American politics into new and dangerous times." Those words, published in 1986, are prescient: the dangerous times have arrived. Literally. When women and children die in the streets from the stray bullets of gangsters and socially alienated delinquents - as is happening almost every day in New York - we can expect an explosive reaction.

The double failure has arrived, but the 1992 presidential candidates have not risen to the occasion. There is no hint of an understanding of how to change the course of society; yet people will not tolerate the anarchy that now defines American culture.

The warnings have been around for some while, in critiques like Christopher Lasch's *The Culture of Narcissism* (New York: Norton, 1991). People's confidence in America is badly shaken; they have seen the Cold War enemy collapse in disarray, on the grounds of economic failure, but they have not been allowed to bask in self-satisfaction. For, with the mounting levels of unemployment, people whose homes are being repossessed, and who are being made redundant a score of years before retirement realise that there is little to commend "capitalist" economics. A CNN/USA Today survey in January disclosed that 55% of Americans believe the economy needs a "complete overhaul" - hardly evidence of a complacent attitude to the system that is supposed to provide one's daily bread-and-butter.

The emerging awareness of a deep-rooted crisis is undermining the national identity. This has now found one expression in animosity for a new enemy: Japan. Fuelled by tactless statements by Tokyo politicians, who are characterising American workers as lazy, the calls for protectionism are pushing Washington into flirting with nationalistic insularity - the harbinger of fatal mistakes that will crush international trade and lock the world trading system into a downward economic spiral that could collapse into a geo-political crisis.

A few writers (such as Robert Reich, in *The Work of Nations* [New York: Vintage Books, 1992]) are trying to define a new identity for Americans, but the outcome will reflect latent conditions. Current trends will define the nature of economic activity for at least the next 30 years. Correctly anticipating those trends will generate fortunes, whereas making decisions today based on past behaviour will probably break a few fortunes. EI will monitor the trends and anticipate the policies that will establish the framework for the jobs market and the investment opportunities for capital in the 21st century.

The "Peace Dividend" in action!

Fred H.

BERLIN

WEST BERLINERS have never shared the British obsession with property ownership. The Cold War made it inadvisable to have a financial stake in a territory whose future was unpredictable. This has now changed, with the prospect of Berlin as a future capital of a united Germany: since November prices have shot up by between 10 and 25 per cent. "Everybody now wants to buy property here," says a West Berlin estate agent. "The trouble is there are not enough sellers. People know they are sitting on a gold- mine." In East Berlin, the story is the same. Private property represents only a fraction of a housing market still primarily in the hands of the state, and heavily subsidised. A two-bedroomed flat can be rented for as little as 80 marks (£8.50 sterling) a month. West Germans or foreigners looking to make a quick killing are not allowed to buy here; nevertheless, speculation is rife, though most East Germans are holding on to their homes.

In West Berlin £200,000 (DM 560,000) could buy a spacious three-bedroomed house in good but not prime locations such as Buckow, Tegel. In the plush suburb of Grunewald or a fashionable, central district (above) a house would be out of reach, though a flat might be within range. Some of the sharpest price-rises are in what used to be the undesirable areas along the Wall, such as Kreuzberg, which will be close to the heart of a reunited Berlin. Studio flats here are still being offered for as little as DM 100,000.

Ask the average East Berliner what they could buy for £200,000 and you will be met with incredulity. "For that you could buy a whole street or a factory," would be the response. For DM 200,000 (£23,000) you could buy a spacious three-bedroomed house in a desirable district such as Köpenick or Hönow, or a smaller residence in the heart of the city itself.

Adrian Bridge

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With such global endorsement, the world begins to seem like one big estate agent's window.

Caroline McGhie

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