

Progress and Freedom

by NEIL S. BOOTH

APROMINENT executive recently addressed the Men's Club at a Chicago church on the subject, "America's Finest Exports." He had toured Europe and the Middle East where he observed that American aid from private resources was more appreciated than that from the Federal government. This point was well received because it was clear that private aid reached the people directly.

He told how in the primitive Middle East the main pack animal is still the human being and how women still carry water in bottles on their heads as they did in Bible times. Coca Cola and other American soft drinks, he said, had invaded every country he visited, except Portugal, though many of these were wine-drinking countries. American soft drinks are popular where contaminated water is prevalent, because people know the water used has been purified.

"I wonder why in these countries of the Middle East and also Asia, with civilizations thousands of years older than our own, there is so little of the progress that is commonplace with us," the speaker mused. Was it their religion or their lack of education?

A simple answer, though a little too smug, would be to suggest that we have capital while backward countries do not. America afforded fabulous amounts of free land that could be converted into capital by the earlier settlers, to build industries and railroads. Many people lived on less than they earned and their frugality and

enterprise engendered the conveniences of today. By contrast the old world was thickly populated long before the industrial revolution, and the people could not save. Income from land was spent by the princes in rich living—it was not converted into capital.

The Indianapolis Star editorialized a few months ago on the situation in Iran. The landless are taxed to the hilt. Their national budget was short \$80,000 for 1957. When our government helped make up the deficit to the Iranian rulers, the landowners were subsidized so they could continue to deny the means of subsistence to the landless peasants.

Notable American missionaries have attempted to introduce written languages into many of these countries to overcome the traditional ignorance and poor hygiene. But unless some economic means is also provided to raise the living standard better education will eventually lead to greater dissatisfaction and Communist infiltration.

The greatest progress has been made in countries having a favorable temperature difference between summer and winter. In areas where it is very hot or cold, or where it rains too much or too little, backward conditions are most prevalent—this is true in the United States as well, though irrigation and other means have been found to afford relief.

Wherever land and political power are held by the same few potentates, the conditions continue to be dark. Climatic disadvantages, difficult as

they are, can be made to yield, and outworn religious practices for the most part can be overcome. But the question of backwardness cannot be met on a political or material basis alone. We are a fortunate people because in the Constitution of the United States the wisdom of centuries was drawn upon. The result was that liberty was guaranteed in the three major fields of politics, religion and economic life—and without this trinity our progress would not have been possible.

In each division of government, liberty was to have been preserved by dividing the power into three units, each to be a check on the others, so that despotism could not occur through the unreasoning appetites of a pure democracy or the power of a few who might gain control of the military and police.

Even so, the principles of delegation and the counter-check on political power are being violated today because people are permitting, in fact asking for, federal and state services that should be rendered by the local community, and most often by the people themselves through private means.

THE second of the important liberties is religious liberty. This was guaranteed to the American people by the Constitution and there have been few restrictions. Religious power has been and still is being combined with political power, in many parts of the world, to hold people in orderly subjection, bonded to an economic status little above the level of a slave.

As America is considered to be a Christian country, there is a traditional belief in the fatherhood of God. Unfortunately religion in the United States is losing its influence because it has become worldly and is being used to gain political and economic ends which are at variance with the

lessons of history. The increase of organized charity tends to increase the need for charity and to remove from the individual his obligation to look after his own. The care for unwed mothers has increased illegitimate births. State support for broken homes increases separation and divorce. Freedom from taxation of church property bribes churchmen to a blind support of economic and political mistakes. If religion is to reach full flower in the souls of men, it must stand aloof from political and economic power where its effectiveness in criticism and influence will not be compromised by the contamination of the selfish who seek power over their neighbors.

SINCE the day of the French Physiocrats and Adam Smith, many approaches to the economic problem have been made. None have been more dangerous than that of Karl Marx. There is just enough truth in him to lead the unwary astray, despite the fact that Soviet dictatorship is as despotic as any the world has ever known.

We lost the major significance of our Federal Constitution when we forgot that the separation of powers was its most important principle. Checks to power are needed equally in the three fields of politics, religion and economics. State interference is seen in the taxing methods used to collect the money needed to run the state. These funds always come from the laborers who produce the wealth. There is no other source. How these taxes are laid spells the difference between a society based on liberty and one tending toward dictatorial rule.

The basic elements in the production of wealth are land, labor and capital. In backward countries, as has been pointed out, there is land and labor and very little capital. The three basic returns from the production of

wealth are rent for the use of land, interest for the use of capital, and wages to the laborers. In a forward-looking society some of the wealth produced will be put back into production in the form of new capital which increases the production of wealth and the net return to labor. Until recently there have been very few instances of this being done in any of the under privileged countries.

Where rental value of land is not used for public purposes, the natural cycles of high and low demand are differentiated as periods of "boom and bust." These have been interrupted in the United States by inflation which will apparently end only through the collapse of the Soviet Union, the collapse of the free nations, or the annihilation of man.

The Sputniks have influenced Congress to raise the limit of the national debt, so we continue to play into the hands of the sabre-rattling Communists who are waiting for us to destroy ourselves. Much of our 275 billion national debt represents an attempt to transfer back into our capital account the savings which, through the years have been diverted into the purchase of land. The artificial control of interest rates by Federal law is one proof of this trend.

For example two REA (Rural Electrification Authority) lends money at two percent interest which it borrowed from the Federal treasury at three percent interest—the taxpayers paying the difference. It is also true that under the income tax law, the capital gains regulations have encouraged financial manipulators to raid American business.

The law of supply and demand acts just as inexorably in the matter of capital as it does in land, goods, services and labor. If the supply is ample the interest is low, if the supply is short the interest is high. If the supply of capital is kept short long enough, the capitalist will dictate to any economy, he will run the government.

The only sure cure of the problem is to stop the diversion of savings into the purchase of land, and the use of the rental value of land as taxes. The methods for doing so are well established and understood by the informed. Salvation is an individual matter, however, and freedom of politics, religion and economics must be preserved first of all on the individual level. This calls for an immediate infusion of courage, intelligence and power. *Apathy is the greatest foe.*

THE COLD WAR

by GEORGE T. TIDEMAN

It is commonly understood that economic chaos sets the stage for Communist supremacy, but what is not commonly understood is that economic chaos results from land monopoly. Every advance in production is soon absorbed by advancing rent, and this rent escalator is our "Trojan horse." Unless we put a stop to this age-old scourge we shall remain vulnerable by attrition to the vigilant Communists at home and abroad who take advantage of every occasion when the economy is strained by rising rent pressures.

We can see two human forces in their favor, namely: the resistance of the landed interest to land value taxation, and the inertia of the majority of people who submit to evils because that is easier than trying to correct them.

Wherever the Communist "wolves of chaos" take over they immediately set about liquidating the landlords. If governments would take a lesson from Henry George, the champion of a free economy, instead of Karl Marx, the architect of a controlled economy, there would be no need to upset the entire social, economic and political structure. The public appropriation of economic rent would be the simplest device for ridding ourselves of the debilitating Trojan horse.