

7.6 mills per kilowatt now being paid by the city to the Southern California Edison.

This installation of its own steam plants would require bonded indebtedness of some \$62,800,000, which, together with all other city power indebtedness, would be retired by 1970 out of the revenue of the city's power system alone.

This would give Los Angeles at the end of the Boulder Dam contract in 1990 a plant clear of all indebtedness, representing an accumulated capital investment of \$903,000,000, in addition to the present \$70,000,000 capital investment, and an accumulated surplus of \$2,215,000,000 available for rate reduction, a clear gain to the city of \$1,577,801,000, which, spread over the fifty-year period, means an average annual saving of more than \$31,556,000 to the city's consumers.

Verily, a kingdom well worth fighting for, buying elections for and, if need be, corrupting the government at Washington.

I trust I have not wearied your readers with too great a volume of figures. If, however I have aroused your interest in the gravity of the struggle for control of great economic welfare of our people I have accomplished my purpose.

GEORGE J. SHAFFER.

What Is the Matter With the World?

IN view of the hard times now upon us, the vast amount of suffering that the people are enduring, the question must come to serious-minded people, What is the matter? What has broken down? Has nature failed us? Have her processes gone askew? Must something be realigned, or an entirely new order established to avoid, in the future, tragic days like these?

Production is a very simple matter, nothing complex or intricate about it, and distribution is just as simple. What are the factors of production? Are they not land, labor and capital, and are not the avenues of distribution rent, wages and interest?

There seems to be plenty of land, for look whichever way you will there is no shrinkage in the size of Mother Earth, and the forces of nature work as they have always worked, with marvelous regularity and surety. When you study the land situation a little, you are amazed at the amount of land provided for the maintenance of land animals, namely men. We could put the whole population of the earth in the State of Texas and there would be not ten to the acre.

In view of the plenitude of land and the scarcity of human beings, it seems as though the cheapest thing on earth should be land, there is so much of it and so few of us. If there were as many idle Packard cars as there are idle lots in New York City, the tramps on the Bowery would be able to drive a limousine to breakfast.

There is plenty of labor, goodness knows, for the streets

are filled with idle men, the roads with tramps, and everywhere the cry of unemployment rises to high heaven.

There certainly is no dearth of capital, the rate of interest is going down, and owners of capital are just as busy looking for employment for their capital as laborers are looking for employment for their hands.

As there is plenty of capital, plenty of labor and apparently plenty of land, and all wealth is produced by these factors, what is the matter? Why has production ceased to the alarming extent that it has of late?

The cause of the trouble is that while there is natural plenty of land, there is an artificial scarcity of land, for wherever you go the selling price is so high that even in Arizona if you want to buy enough land to bury a snail you pay a king's ransom. On this Manhattan Island ours there is land that can be sold for \$40,000,000 an acre and an acre is not a great estate, it is only a little piece of ground about 200x204, and remember there is no production cost in it. Today, however, it has a selling price that is simply staggering, for this selling price of \$40,000,000 means that labor and capital would have to pay, in 5 per cent. money market such as ours is, at least \$2,000,000 a year for the privilege of using this bit of material that nature made and for which nature makes no charge.

Now we are trampling right on the heels of the cause of hard times, the frightfully high price that labor and capital must pay for the use of that material without which there is no production of wealth, for notwithstanding the great increase in the productivity of labor and capital in the day, there is a limit to what labor and capital can pay for the privilege of using a piece of the earth.

Combined with the very high price of land, another evil overwhelms production, and that is the heavy burden of taxes borne by industry in a hundred different ways. All taxes upon industry increase the cost of production and limit the amount of labor and capital that can be used in production.

Taxes that fall upon production increase the cost of living and they have been so burdensome of late that they tremendously limit the purchasing power of the people's dollar.

Between the upper and the nether millstones, the high price of land and the high cost of labor products, production is brought to a standstill, not through any fault of nature but through lack of wisdom on the part of man. This lack of wisdom is shown in our stupid way of handling the taxing power. We could adjust taxation in such a way that it would keep the selling price of land down, keep the gate of opportunity open and lower the cost of everything made by man, thus creating a natural relationship between the value of the opportunity to produce wealth and the value of the things that labor and capital produce.

The only and scientific way of doing this is to collect for public use the values that society creates and leave untaxed, unburdened and unhampered all those values that represent the things that men make.

JAMES R. BROWN