

L. C.

PREFACE

The study here offered is intended to appeal to several classes of readers. My hope is that it will be read by, among others, socialists of the Marxian school, single taxers, and economists. For those orthodox or Marxian socialists who are willing to reexamine the theoretical foundations of their doctrines, interest will attach to the classification of incomes and to the attempt to distinguish between incomes which are earned and incomes which are unearned. The Marxian view that all income from *property* is "surplus value" and represents exploitation, is not accepted, but it is made clear that *some* income from property—as, indeed, from labor also—is unearned. To single taxers the discussion, in Chapter VI, of land rent and its taxation will perhaps be of chief interest, but the rest of the book leads up to and supplements the chapter on land rent in a way to make the whole study significant for this class of readers. I venture to hope, also, that professional economists, as such, will find enough of critical and constructive material in the text and footnotes, to make the study of interest to them. Finally, the book is intended to make an appeal to serious readers of no particular school or of any school of thought and of any business or profession, who are concerned with the evils in our present economic system and who look forward to worth-while changes during or after the war. World-wide democracy will be but half achieved if it be achieved in the political realm only, with no accompanying economic changes.

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I am under obligation to the *Quarterly Journal of Economics* for permission to republish, substantially without change, the major part of an article on "The Marginal Productivity versus the Impatience Theory of Interest," first published in August, 1913. To the *American Economic Review* I am indebted for permission to use, also in Chapter IV, most of an article on "The Discount versus the Cost-of-Production Theory of Capital Valuation," originally published in June, 1914. To the *Journal of Political Economy* I am indebted for permission to republish, in Chapter VI, along with later additions, an article on "The Ethics of Land-Value Taxation," which appeared in May, 1917. The Macmillan Company have kindly consented to the use in Chapter I of this book, of about eight pages taken from the first two Chapters of my *Principles of Commerce*, published by them. Professor H. J. Davenport of Cornell University has given the manuscript a conscientious and critical overhauling and although I have not been able to accept all of his suggestions, the book has been improved because of his criticisms. To my wife I owe thanks for a careful and critical reading of the entire manuscript and for reading the proof.

HARRY GUNNISON BROWN
Columbia, Mo.
May, 1918.

SUGGESTIONS TO READERS

To the general reader whose time or patience may not permit his following the more difficult parts of the argument set forth in the succeeding pages but who nevertheless seeks an understanding of the principal practical conclusions reached, it is suggested that Chapters I, II and IV (but not the Introduction) be entirely omitted, along with the critical footnote discussions in the other chapters. But Chapter IV cannot fairly be omitted by the reader who, familiar with the controversial literature on the theory of the interest rate, has tentatively adopted a conclusion in disagreement with that presented herein. Nor, indeed, should the critically-minded reader fail to glance at the footnotes, since these are inserted in many cases for the express purpose of meeting anticipated criticisms.