

## On Interest

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I note that economic interest is discussed in Georgist literature, and from time to time in the Georgist Journal. In this dialogue, it is important to stress that the origin of interest must be separated from the manifestation of interest. The reproductive mode of production, it seemed to Henry George, was the origin of interest; that is, the economic and indeed biological fact made interest possible. We can discuss the truth of this, but citing such efforts as trade or bank interest (though Georgian interest is on capital, as he defined it) in theory, we confuse manifestations (and some not true Georgian interest) with origin, the Georgian cause of interest. The intertwining of origin and manifestation in theoretical thought on interest (especially when not Georgian interest) is inexcusable. A brief analysis of this question is given here.

On Origin: The reproductive mode encompasses the entire plant and animal kingdom and its natural growth. This vast domain of natural increase can be set against other manifestations of interest, and is seen as the natural alternative to other rates. Any other claim as the standard or origin of interest must pale into insignificance. Whatever weight it may be given, the reproductive mode preceded other claims as to the origin of interest: the reproductive mode preceded trade, for instance - we gain by trade, but this is a local phenomenon. General trade is always in balance, as in bilateral trade; the physical products or services are always in balance, whatever imbalances exist in mediums of exchange, if nothing else, in the purchasing power of the medium that is traded for concrete goods or services.

We opt for an origin of interest which finds its center in the entire flora and fauna of the planet. This would be just the beginning of our analysis. I don't pretend to settle it here.

On Manifestation: We cannot discuss the manifestation of interest until we define interest. This for Georgists is the return to capital, as defined by George. Other interest must relate to this, but we must never dilute the analysis by other uses of the term "capital" - usually a species of funds (liquid capital, fixed capital, etc.). Further, following George, we should not confuse profits with interest - and, I add, nor gains in trade.

It should be clear that the reproductive mode yields an increase, or gives "a return over and above that which is to be attributed to labor" (Progress and Poverty, p. 181) - or to the productivity of capital. This return "springs from the generative force of nature." To attribute the origin of interest to a lesser force is clearly erroneous and therefore unacceptable. Until a stronger force than the reproductive mode can be shown to be the origin of economic interest, we must demur on all other offers.

In this short note, we cannot exhaust even the panoramic view of this question. I would not pretend to have indicated all paths to its solution. George, in his modesty, stated the same.