

To the Editor:

My good friend Seymour Rauch, in his articles on credit, rent and interest, has committed what I consider to be a number of errors, such as the following:

1. Rent is not a measure of decreasing productivity or inferior land use, as Mr. Rauch maintains, since rent can increase not only because the margin decreases but also because the productivity of certain valuable sites (i. e., urban land) increases.

2. Mr. Rauch's theories refer to a free-but-private-rent economy which never existed, and certainly doesn't today. He says that wages equal interest; this is the natural tendency in a free economy, but what happens today when you have labor unions, cartels, oligopolies, patents, etc.? And he has neglected the part played by monopolies in reducing rent—if income goes to the monopolist, then it doesn't go to the rent-owner.

3. Mr. Rauch uses "production" and "productivity" interchangeably! One means output, the other output-per-man-hour.

4. Production, credit balance, interest and rent can only be vaguely approximated by statistics. How valid could his Q index be?

5. Mr. Rauch has stated but not even attempted to prove his gradients for interest and rent productivity.

6. Since when are rent and population growth to be considered handicaps? And even gradual inflation, evil as it may be, is not a *short-run* handicap.

But aside from these and other objections, I agree with Mr. Rauch 100 per cent.

—STEVEN CORD
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