

The cause of interest is land monopoly, and with its destruction interest will disappear.

It is because of the fact that interest is abnormal that the laws governing it do not appear to co-relate with the laws of wages and rent, and in as much as it is a product of the same cause which raises rent above the normal limit, it follows that interest must be wholly drawn from wages, practically reducing wages by whatever is paid in interest in addition to the reduction in wages which is caused by the rise in rent just mentioned. Nevertheless, should interest be abolished without the destruction of land monopoly it is doubtful if wages would be any higher, for land rents would probably rise and swallow up the gain, so, though interest really is taken from wages, yet it is a portion that would otherwise be absorbed from wages by rent. To sum up, the laws of distribution of wealth are simply the laws of wages and rent.

Thus when rent rises wages fall, and when rent falls wages rise.

TORONTO, Canada.

THE JUSTICE OF INTEREST.

BY ROBERT CUMMING.

Henry George was right in saying that interest is just, and that wages and interest rise and fall together with the margin of cultivation. As rent rises, wages and interest fall.

But after all is said that can be said against the equity of interest, who among all the dissenters from Henry George's view of the subject, will make the motion that the "Parliament of Man" issue a decree against interest, as something wrong that must no longer be exacted or paid? Who shall say that a man with capital at work aiding not only himself, but perhaps hundreds of others in mill, mine, work-shop, store or on the farm—who shall say that he shall not be allowed anything for the use of his capital? Who would have the impudence to demand or expect the use of another's capital without return? The idea is as unjust as it is absurd and foolish.

What is interest? Interest is the return for the use of capital. Capital is that part of wealth that is used to aid in the production of more wealth. Land, labor and capital are the three factors in production. That portion of wealth that goes for the use of land is called rent, that paid for labor is wages, and that received for the use of capital is interest. Profits and interest are one and the same—the returns for the use of capital. Can the natural order exist and the factors of production be other than they are? Could equity be achieved or maintained in the distribution of wealth in any other way than by rent rendered to the state, wages to labor, and interest to capital?

Men who cry out against interest and who defend their position by asserting that labor produces all wealth, and that capital is therefore not entitled to any share in production are either superficial in their conception of interest, or they are Socialists. It is superficial to think of interest merely as a return paid for the use of money. Money is not capital. It is for the thing we want to use—the horse, the cow, the machine, the building—it is for such as these that we pay hire in the form of interest on money. No one would think of borrowing money were it not that he wants the use of something else that money, like a claim check, will secure for him.

What would you think of a railroad grade contractor, in need of both labor and capital, who should say to applicants with teams: "I will pay you for your labor just what I can get men without teams to work for, but I shall expect the free use of your teams? You would say "He must be crazy."

What would you think of a farmer who, having grain to thresh, should say

to the man with a threshing machine: "I will pay you for your labor just what I can get threshers without threshing machines to work for, but I shall expect the free use of your threshing machine? You would say of that farmer—"He must be a fool!" Then what must we think of the "reformer" who says interest is unjust and should be abolished? Does he understand the meaning of the terms, "interest" and "capital?" Horses are capital, a threshing machine is capital—that part of wealth used to aid in producing more wealth—and hire for their use is interest.

It would be difficult to conceive of any student of political economy being more blindly illogical than one who should seek to illustrate his point against interest by an instance of "investing" money in land and then calling the ever-increasing income from land "interest." "Interest" derived from land is rent. "Rent" for the use of buildings and improvements is interest.

To a friend of mine who expressed a friendly doubt concerning the claim made in "Progress and Poverty" that interest is just, Henry George without attempting to discuss the question simply said: "The great fact is we must all pay interest." I have since thought how full of meaning were his words, for interest is one of the three parts into which all production is divided. If short of the millennium we stop paying interest, it will be when Socialism confiscates every store, workshop and factory and all the tools of production in the land, and then it will be about time for civilization itself to stop.

Interest is as justly and righteously due to capital as wages are to labor for the aid given by each in producing wealth.

PEORIA, Ill.

THE INTEREST QUESTION.

BY MICHAEL FLÜRSCHHEIM.

I should like to add a few words to the symposium of your Spring number, in which my writings have been repeatedly referred to. First, I want to say something about the origin of the theory that Interest is the child of private land ownership. As far as I can trace it back Calvin was the first to give expression to the idea 400 years ago, but it is usually best known as the "Fructification Theory," ascribed, it seems, to the French economist Turgot, who lived in the eighteenth century. That Mr. Berens, Mr. Faidy and I came upon the same idea independently and without knowing anything of our predecessors is probable, certain, anyhow, as far as I am concerned; for in this a man can only speak for himself. These coincidences are, anyhow, too frequent to cause any astonishment, and it certainly would have been more delicate in Mr. Berens if he had omitted the allusion to the copies of the "Commonwealth" which were sent to me before I embodied the idea in "Rent, Interest and Wages," an allusion also contained in a so-called review of my latest book "Clue to the Economic Labyrinth" in "Land Values." Though I first brought out the theory in "Der einzige Rettungsweg," written in 1883 and published in 1884, and though the best proof that Mr. Berens was not unacquainted with my earlier writings is supplied by his translating the little parable "Hans and his cakes" in the "Commonwealth," I have never held or expressed the opinion that Mr. Berens might have taken his ideas on this subject from my writings.

I have always regretted our great leader's peculiar ideas on this subject. I had taken an early opportunity of asking him to reconsider them, and thus to strengthen his means of attack against the common enemy. It must have been in 1886 or 1887, a period at which I had not as yet had the honor of becoming personally acquainted with him, for I find among my corres-