

To the Editor:

I was delighted to see that Seymour Rauch, in the January issue, hit upon the influence of credit in full production, though I disagree with him on several points in his equation.

Seventy-five years ago George knew very definitely what effect our unsound credit system would have on our production. The Federal (a misnomer) Reserve Banking System now controls a monopoly second only to private ownership of land. Any monopoly, whether of land or credit, has to be paid for in rent or interest. Both, therefore, work like thieves in the night, preying upon our production and lowering our standard of living.

Big business today can get credit from the banks at a very low rate of interest, and little business (if not blacklisted) may pay from two per cent to five or six. Any business considered as a bad risk may have to borrow from a private source.

Since it is almost impossible to arrive at a sound credit interest rate, let's stop befuddling the students by trying to sway them into believing that a solution is possible. We have, in the George philosophy, a sound foundation built upon rock, and we must stop trying to build an impossible super-structure upon quicksand. If we are to hold the ground we have gained, we must continue to work for land value taxation and an honest credit system in line with our Constitution created by Congressional action; if this is not done we may just as well reconcile ourselves to being exploited as in the past.

In *Progress and Poverty* (p. 263) George spoke about our irresponsible credit system and its manipulation in his day, when it was needed to carry on. This was only an ant hill in his time, compared to the mountainous heights it has grown to today. There are other causes for our economic chaos, which he mentioned on the same page, and as credit today is such an important factor it must be reckoned with, and must be free, the same as land, so that it can be had at reasonable rates, in order that it can no longer strangle our productive forces.

Irresponsible credit expansion is inflationary, and will only stimulate production, until the people lose confidence, and can no longer exist. Then the F.R.S. will raise the re-discount interest rates—then contract its credit—then the interest rates will become so high that industry can no longer pay the toll and stay alive.

The land and our credit factors are paramount in today's productive mode, and must no longer be ignored, because they are so interrelated. One furnishes nature's abundance—the other the propelling force which starts the wheels moving. Land and labor can never cope with our society's requirements today. Credit is absolutely necessary in order to procure the tools, advance wages, etc., in many of the industries, in order to keep up with man's desires. It therefore becomes a part of capital and it is not necessary to inject another factor, so let us keep it where it belongs, and not confuse the issue. Otherwise we will become as confused as some of the professors are about profits.

—WILLIAM J. DUNSING
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