

man with a rifle under his arm took a stroll into the wilderness, now known as the Chicago Loop.

This enterprising white man with the rifle saw an Indian sitting on a corner lot and when the Indian came to, his soul was eating jerked beef in the Happy Hunting Ground. That done, the enterprising white man sat down on his lot and when inquisitive folks asked him, "How come your lot?" he pointed out the dead Indian with his gun and proved it.

Well, this enterprising white man kept sitting on the lot. And the more people came and inquired about the price of the lot and the harder the man sat down on the lot, the higher went the price of the lot.

This went on until one day the man laid down on the lot, gave up his ghost and went home to his rewards, whereupon his son sat down on the lot, preliminary to collecting the reward his father had earned by abstaining from doing anything but sitting on the lot.

And there he sat until about eight years ago a man came along who offered the man on the lot goodness knows how many thousands a year on a 99-year lease for getting off the lot. So the man got off the lot and the man who leased the lot built a five-million-dollar skyscraper on the lot.

But when the skyscraper was finished hard times came along. Thereupon, some of the tenants stepped out of upper story windows, others went out by the doors and forgot to come back, while the rest stayed, but didn't pay rent. The upshot was that the man who had leased the lot threw up the lease and the man who had sat so long on the lot took it back with a five-million-dollar skyscraper sticking to it.

Think of it, making five million dollars cold cash on an investment of a pinch of powder, an ounce of lead and a lot of patience! And yet, there are people claiming there is no money in sitdown strikes. (Oscar Ameringer in *The American Guardian*.)

DR. EDWARD MCGLYNN

Old and bitter controversies may possibly be revived by the publication on Sept. 25 of Stephen Bell's "Rebel, Priest and Prophet: A Biography of Dr. Edward McGlynn" (The Devin-Adair Company). Dr. McGlynn was an advocate of the Single Tax theories of Henry George and the founder of the Anti-Poverty Society in New York. His fiery oratory stirred up such a tempest as New York has seldom seen. His Archbishop removed him from the pastorate of St. Stephen's, the largest Catholic church in America. Later, after he had three times refused to go to Rome to answer charges brought against him, he was formally excommunicated. Some years later he was reinstated as a priest without having to retract a single doctrine. Although Dr. McGlynn died thirty-seven years ago, he is still remembered, by some as a pestilent trouble-maker, by others as a saint.

New York Times Book Review, August 22, 1937.

THE RAT HOLE

If every time you opened your pocket book to buy a dollar's worth of anything, 40 cents fell out and went into a Rat Hole, would you have any trouble to account for your poverty? This Rat Hole represents those 53 taxes that are wrapped up in every loaf of bread, 23 in every pair of shoes and only God the Father knows how many in a suit of clothes.

And there are other Rat Holes like the Protective Tariff that do not take the loot into the public treasury to fatten tax-eaters but carries it into private pockets to build up millionaire fortunes. Still another Rat Hole carries loot to the "Landed Gentry" who believe themselves to be the rightful owners of the planet earth "and the fullness thereof" though everybody else knows the Holy Scriptures teaches the contrary. It was to get rid of these rat holes that Henry George wrote "Progress and Poverty."—HORATIO.

EPITOME OF THE BIOLOGIC REFUTATION OF MALTHUS

In any type of organism, the greater the perils of its existence and danger of extinction, the more essentially prolific it becomes. A plant cut down in mid-season springs up again only to bear seeds.

Those animal forms the conditions of whose existence include the greatest hazards bear the most numerous young. Those states and conditions of society in which men are most likely to perish make them most prone to reproduce. It is nature's lesson and nature's law that reproductivity shall diminish as subsistence and security increase. Nature strives ever for the higher organic forms, and as she achieves quality and value and beauty, she casts aside that quantitative prudence by which she leads herself to these.

SPENCER HEATH.

A POTENT ARGUMENT FOR THE SINGLE TAX

The story of the Guggenheims is a potent argument for the Single Tax. They became wealthy because of the silver, lead, copper and other minerals which lay in the ground.

New York Herald Tribune Book Review, August 15.

JAMES P. KOHLER IN BEATRICE NEWS

When Columbus arrived on the American shores he stuck the flag of Spain in the soil and claimed it all for Ferdinand and Isabella; when Cabot sailed along the New England coast he stuck the English flag in the soil and claimed it all for England; when Cartier sailed up the St. Lawrence he held the French flag aloft and claimed it all for France. After these three nations had driven the Indians back over the mountains they started in to fight for the ownership of this newly discovered land and England won out. James I of England deeded the great state of Pennsylvania to William Penn and his heirs forever (a fee simple or absolute in law). He gave to his brother, the Duke of York, the entire state of New York, to him and his heirs forever. All that came after, by birth here or by immigration from elsewhere, had to pay some tribute to the Penns and their heirs and to the Duke of York and his heirs, and the descendants of the latter are paying to the descendants of the former, or their assigns, tribute called rent for living on the earth, for the use of the land which God Almighty intended for all his children, and which Moses in his time decreed should not be sold, but should be held for fifty years' use only. "The land shall not be sold forever." The land in these United States is of inestimable value. From it can be collected enough taxes to pay all the expenses of government.

From an interview with JAMES P. KOHLER in *Beatrice* (Neb.) *News*.

Correspondence

RENT AND PRICE

EDITOR LAND AND FREEDOM:

I see that Mr. Beckwith still holds that rent is part of price and goes still further by saying it is not connected with land; also, he states that rent is a cost item.

He states in "No Taxes," May 24, 1937, "The idea that we can escape the cost of a service by having the public install sewers, build highways and bridges, develop ports, etc., and then pay for all this in rent instead of paying for this directly, is fantastic."

But here he is dealing with effects, not causes. Public improvements and private improvements are the result of labor, and the return of labor is wages. We may find the same public improvements in a small city or in one part of a large city as in another, but the land value will be many times greater in one place than another, both having the same public improvements and services. Why is this?

Henry George gave us the cause in the beautiful Story of Savannah. Two men working together can build two houses in less time and with

smaller expenditure of labor than they can build the two by each building one separately.

As population increases it brings many advantages, saving in transportation by having markets all around or close at hand, amusements at less cost, larger turnover of goods, etc., with less labor and time, best of skilled workers, and the many other advantages which make for a greater division of labor and saving in the cost of production. It is this saving, when not absorbed by taxation, that makes the cost of goods, building industries and private and public improvements cheaper; and, on account of this saving in time and labor, people try to get where this advantage takes place. And it is this advantage that gives rise to land values or rent and not the improvements. It is the saving that increased population creates, and not what it does, that brings about an increase in land values.

When the government collects this value, which we refer to as rent, then those, who have the advantage by holding the more valuable sites, lose that advantage by reason of the Government collecting a higher rent. And when the government returns the rent to all the people in public improvements and services, they have lost nothing; for the public improvements and services cut down the cost of production to the amount of rent gathered; provided, of course, that the expenditure be made to the best advantage. To do otherwise would violate natural law.

When, by the increase of population, a greater number of people come into association with one another, it makes for this great saving. And, out of this saving, it is possible for society to make great public improvements and produce a greater amount of wealth with less time and effort. Public improvements result from this saving—the saving is the cause of public improvements, not the effect. This saving makes it possible to gather from the earth material to work up into a greater amount of wealth with less time and effort. The greater the saving, the higher land values, and the cheaper the improvements.

The nearer we come to the law of justice by recognizing every individual's equal right to the use of land, then the nearer we come to freedom to produce, which, with freedom to exchange, is all that the natural law calls for. Then, with this saving, an ever higher standard of living will follow under the full Single Tax. When the rent is gathered in accord with the natural law by the State, and given back to the people in public improvements, services, etc., it becomes a method whereby we equalize the advantage to the use of land, and has nothing to do with price or costs. The only price we pay for wealth is the effort we make, mental or physical, to extract it from its source, and to shape and fashion it to satisfy human desires. To talk about money price, consumption, etc., is to get away from fundamentals, which confuse thought by leading the mind away from the base upon which price and wealth are grounded.

To be in accord with natural law by freeing all land brings a greater production of wealth, which, in turn, makes it possible to bring in other branches of science, which make an ever greater advance in the arts and sciences in the production of wealth. This results in a saving additional to that brought about from increase of population and, thereby cuts down still further the cost of production. And, with just distribution, makes a greater effective demand for the source of wealth or land, which results in higher rents.

And, as we draw a greater amount of wealth and a higher standard of living from land by less effort, then, to that extent, land becomes more valuable to us. And, as I have stated before, when this increased value is picked up one place and distributed to other places in public improvements and services, thereby making the advantage to the use of all land equal, it does not change price or cost. To say that rent is for any other purpose is to forget about land, and that is taking our feet off the ground.

Why Mr. Beckwith continues to defend Mr. Jorgensen in his contention that rent enters into price, is more than I can understand. I am not a philosopher, much less an authority, but when anyone tries to correct George, I want him to prove his problem in a

scientific manner by separating cause and effect. Anyone taking Henry George to be infallible is not a Henry George man, for George's work calls for everyone to use his own reason and not to rely on authority. Jorgensen, in his book, "Did Henry George Confuse the Single Tax," page 79, states: "George switches from the rent question to the land question." When we forget about or lose sight of land, we are lost, for land is the foundation of all structures—social as well as material.

On page 81 of his book, Jorgensen states: "Moreover, most vacant land above the margin can also be had today by whoever will pay the title holder a rental which is no higher probably than what he would have to pay the government under the full Single Tax." But, right here, he fails to state that the government returns this rent to the people; not so with the title holder. He still further fails to state that, under the full Single Tax, taxes are removed on the cost of improvements and living, which is not the case when the title holder gets it.

Now, anyone with a little reason can see what happens to speculation of land values and rent under our present system with people making an effective demand for land. Rent or land values go up from rumors of a demand for land before the demand for land actually takes place. Our stock and bond markets will prove this. On page 77, Jorgensen further states: "The theory that low wages are responsible for lack of purchasing power is absurd because it is confusing cause and effect." And, in his Instructor's Manual, page 14, he teaches that it is lack of consumption that is the cause of unemployment. And, in his book, page 93, he goes on to say: "The lack of purchasing power is not the result of low wages and unemployment," and continues: "On the contrary, low wages and unemployment are the result of the lack of purchasing power." But Jorgensen fails to state what purchasing power is, and where it comes from. Does he hold it comes from greater consumption? If so, how can people purchase with what they consume?

George states purchasing power comes from production which is the result of labor, or the returns of labor, which are wages. High wages mean greater production, low wages mean less production, less production means less demand for labor, or lower wages. The people, directly or indirectly, exchange or purchase with what they produce and the return of production is wages—the greater the production, the higher the wages. Money is only the medium of exchange.

With all this Jorgensen is badly confused and builds all his reasoning on effects instead of cause—for cause comes first. There never was an effect without a preceding cause. Now, then, if consumption is the cause, as Jorgensen states, then consumption precedes production. Which is to say, that we consume wealth before we produce it. For, it must ever be borne in mind that a mere desire to consume does not constitute consumption. But, if production comes first, as Henry George states is the case, then we must produce before we consume. The greater the production, the greater the demand for labor, and the greater the demand for labor, the higher the wages. When George says that where land is locked up against labor and capital through private property in land, which causes speculation, it then causes unemployment and low wages. He goes on, "It might be on the other side of the world, but the effect will be felt in our industries here by a lack of orders for goods."

Henry George is correct in tracing the cause of unemployment to lack of production caused by denying labor access to land. If the Central States were wild and open for settlement and free today, people would flock there by the millions, and unemployment would soon be a thing of the past, as it was when land was free. But the Single Tax would make all land free, and our lands now held out of use would be open to labor and capital. And, with the price of goods coming down by removing taxes on them directly or indirectly, production in all lines would tend to increase. Then, who would work for less than he could get by making himself useful on free land? The productive power of marginal lands establishes the minimum wage

level. And, as clear as George has proved this, Jorgensen and Beck-with do not yet seem to understand this natural law, and at the same time talk about science and cause and effect.

Labor applied to land produces all wealth; wealth is stored up labor; capital is that part of stored up labor or wealth used for further production. Rent plays no part in producing wealth. The reason, under our present system why one receives part of the wealth as rent without labor, does not change the cost of producing it, and has nothing to do with price. But it does cut down the amount left to those who produce it, and to that extent cuts down their wages. When rent is gathered by the state, instead of the title holder, and returned to all the people equally, and doing away with all taxes, it then leaves the full production to the producer.

The collecting of the full rent under natural law plays its part in freeing to all the source of all wealth. Free trade, supply and demand, and competition play their part in a just distribution of wealth. We cannot collect the full rent for the people without equalizing the advantage to the use of land, which is fair and just to all. And, we cannot be fair and just to all without being in accord with the moral law. And, we cannot apply this without being scientific. Therefore, the science of political economy and the moral law are inseparable. When we recognize man's equal right to the use of land, and his right to freedom in the exchange of the products of his labor, we will have less trouble to find the correct answer to this problem. With a just distribution of wealth, consumption will take care of itself.

Henry George says: "Justice seems to be the supreme law of the universe," and, when obeyed, makes it possible for all branches of science to come to the surface so that they can work in harmony with people's knowledge to the good of all, and make for an ever increasing advance in civilization. Justice is the moral law and, when obeyed, will light the way to bringing us safely to a more beautiful life here and hereafter. Those who see effects and not cause will not agree with Henry George. Henry George is not here to defend the truth he tried to make clear. For all that he does not need to be, for, as near as I can see, his work is sound and unanswerable and airtight against the feeble attempts made to disprove it.

As I am a student, I stand to be corrected.

Milk River, Alberta., Canada.

J. B. ELLERT.

RISK NO PART OF INTEREST

EDITOR LAND AND FREEDOM:

As previously stated interest is the increase produced by labor when it uses capital over the same labor not using capital. Both capital and interest are always tangible. The lender's compensation for the temporary loss of use of capital is only a part of interest. The lender cannot equitably claim any part of the net increase of production (interest) which is the result of the labor of the debtor using the borrowed capital.

Compensation for risk is often confused with interest and by some is held to be the sole justification for any return to capital beyond replacement. Risk has nothing whatsoever to do with interest. While the element of risk is present in all loans, compensation for risk is a separate item. Another element is compensation for handling, viz., labor expense. Charges for risk and handling might constitute the entire return for the loan with no element of interest whatever. The proportion of the risk plus the expense to the capital loaned, is the ratio or loan rate. If the demand for capital in relation to the supply warrants a return, interest would also appear in the loan rate.

Both capital and interest being tangible, loan compensation is tangible. Obviously an interest payment in a tangible would be clumsy and primitive. A manufacturer to expand plant equipment by one hundred machines, or a railroad needing one hundred additional locomotives, would experience considerable difficulty if borrowing were attempted in units and more difficulty when repayment had to be made with one hundred plus additional machines or locomotives

as interest or loan compensation. Such transactions, and only in a very small way, could have taken place previous to the invention of a measure of value and later of a medium of exchange. Both are combined in one by the invention of money.

Developing from remote antiquity credit, money, bills of exchange, checks, drafts and banking services are facilities which greatly simplify exchanges but they are not capital.

How then have they become confused with capital? When money is borrowed or a credit established, an obligation is incurred and an expense involved, but cash "in the till" earns nothing, nor does money ever earn anything. Money or credit must be converted into tangibles. It must be invested and if earning power is the objective, it must be invested in capital which in turn must be used by labor. In this way a manufacturer or a railroad may literally borrow tangibles (capital) incurring therefore a money indebtedness.

Capital, and its return, interest, are natural phenomena and as inevitable as production, which the use of capital augments. In a similar way the facilities of exchange are necessities in any civilization whose exchanges have advanced beyond the state of barter. It is essential, however, to bear in mind constantly that facilities are never capital, that capital and interest are always tangible and the risk has nothing whatever to do with interest.

Summit, N. J.

C. H. KENDAL.

LEGAL INTEREST BORN OF RESTRICTIONS

EDITOR LAND AND FREEDOM:

There are two forms of interest. Legal interest is extortion, born of various restrictions. Normal interest, the hire of goods or of money in a free market will be nominal—probably; or at least negligible.

Frank Stephens used to say, "Under free conditions no one will pay any more for money or for anything else, than it is worth to him."

So we don't have to worry whether the lender will receive or give, or how much. Still less need we divide our strength by argufying over such questions.

New York City.

BOLTON HALL.

SOME THOUGHTS ON THE TRAILER HOME AND PORTABLE HOUSE

EDITOR LAND AND FREEDOM:

Economic trends, like the winds, constantly veer. Man, in his desire to accomplish his aims with a minimum of exertion, follows the line of least resistance. The adoption of the trailer-home by over one hundred thousand American families is a weather-vane indicating a growing reversal of man's age-old conception of his relationship to land. In the past, the stable home has made the ownership of the land, to which it was permanently attached, a seeming necessity. The portable house is teaching men that ownership of the site is unnecessary. In fact, they are learning that in most cases it is more economical to acquire the use of land through leasehold than it is through ownership. So great are the economies effected through leasehold tenure that the trailer-homesteader parts with many of the conveniences, which the stable structure affords. This, together with the fact that real estate associations throughout the country are vitally concerned with the rapid increase of trailer-homesteads and are busily engaged in the task of placing laws on our statute books, which will restrict this rising menace to profitable speculation in land, should be noted and seriously considered by those who are interested in the socialization of land values.

Long before the trailer-home became an established institution, the writer foresaw the effects which portable structures would have upon the land tenure problem and sought to arouse Single Taxers to a study of the possibilities for social reform that are to be found in