Letters

Perhaps the best friends of the George movement are those most critical of it. Your HGN is intended to stimulate reflection and consideration of the correctness of the views presented. The work of Allan Kashkin (essay contest winner, Jan. HGN p. 3) reviewed because of its excellence, has the emotional element of youth repeating faithfully the established logic of his elders. This is all very well until we suspect that some of the established principles may be on an unsound base, when it becomes tragic. The time to make the adjustment is in youth.

While I have pointed out, without too enthusiastic acceptance, that neither money nor "the market" are economic factors, I would like to attempt some syllogistic logic to demonstrate an error in a commonly accepted principle that Mr. Kashkin repeats dogmatically.

The fundamentals of economics are commonly stated to be land, labor and capital. Capital is defined as that part of wealth *used* in the production of more wealth. I emphasize "used" because it is a semantic trap. A worldwide economics group bases its whole philosophy on "utility" value, a variant of "use." This has led the new "conservative" group into a welter of errors that they strive to perpetuate.

In the definition, capital is said to be wealth. As wealth it possesses all the characteristics of all wealth, one of which is that it is "consumed as it is produced," the pyramids and art works to the contrary notwithstanding. Thus in all senses of the term "used," capital is consumed, whether because of its "utility" value or as "capital investment."

We must therefore consider that it is "consumed" in production of more wealth. Here is where we meet the semantic problem. The terms "use" and "produce" are mutually antagonistic. How can consumption result in production? When something is used or consumed it is destroyed. Thus must we expect production from destruction?

The solution to the enigma is simple. As with the identification of the status of money and "the market" it depends on a correct definition of economics and an understanding of its limits. According to Henry George, and presumably others, economics is the production and distribution of wealth. This being so, capital is wealth that has already been distributed, with its "consumption" in production based on "contracts," which are in the moral field of philosophy. The element of production is not in capital but in newly generated labor which consumes the capital.

The above analysis developed out of a letter from an economist in which he seemed to question "capital" as an economic factor. Others may think so. This view permits proper word use of capital in relation to money and economics. We do not invest money or capital.

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Through the years the very fact that two well-informed Georgists like Mr. and Mrs. Frank Stirlith lived in Wilmington, Delaware, must have had some influence. At any rate the city will be looking into new ways of raising money, and a boost in real estate taxes seems to have priority over a proposed income tax.

A mayor's committee on revenue, composed of distinguished citizens, at its first meeting appointed as chairman, Edwin P. Neilan, president of the Bank of Delaware. Mr. Neilan, who favors putting a greater burden on land than on improvements, has so far not been able to convince the local board of realtors to back such a revision of the law.