

THE SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform
Throughout the World.

ECHOES OF THE INTEREST SYMPOSIUM.

(Following are a few contributions to the discussion of the interest question, which was treated more at length by contributors to the May-June REVIEW. Here the discussion will close for the present.—Editor SINGLE TAX REVIEW.)

INTEREST AND THE NATURAL LAW.

BY J. R. HERMAN.

If I were on the Committee I would decide that P. H. Elbaeke was entitled to the prize for his contribution to the Interest Symposium in the last issue of the REVIEW.

May I be permitted to say just a word on the subject?

Knowledge is the recognition of law, all laws are co-relative whether they be those of Mechanics, Psychology, or Economics. Unless we observe all the laws governing a branch of science we neither see a part or the whole of that branch. And though we get a glimpse of a part of a law, until we see it all we are constantly seeking to manufacture laws to harmonize the whole according to our partial knowledge of what we see only in part.

George discovered the most fundamental and primary laws of economics. He also observed the secondary laws relating to these primary laws. But I confess that his arguments in elucidating some of the secondary laws do not appear lucid or complete.

He stated in general terms the function of money, but he never set forth in their fullness the laws governing money. Likewise I believe his conclusions on interest were essentially correct, but his arguments in support of it were confusing. For instance, the increase Nature gives clearly belongs to land. Mark you, to land, not to interest or wages or rent, but to the forces of nature outside of man. No matter what those forces are rent does not appear except in the presence of society.

Classify therefore all forces of nature with land, all forces of society with rent, and all forces of the individual with wages, and you have asserted the primary law of economics. All other phenomena we observe are but secondary movement in co-relation with these primary laws and it is because man

has violated these primary laws, that we mistake effect for cause, and constantly manufacture laws to fit the emergency. In other words, we do not trace effects to causes, and thus we borrow trouble. It is like worrying about the astonishing growth of the individual. If he weighs nine pounds at birth and twenty pounds later, how big may he not become at the age of one hundred? The growth of society is as natural as the growth of the individual; all it needs is to clear away the obstacles which obstruct its growth, and nature will assert itself. Draw on your imagination for some of the changes that will occur when rent is taken by society. The fear of want will be removed, and thus the natural law of progress will not be diverted from its proper channels to hoarding that which can be of no use to any one. Besides, the desire for power will disappear, and thus the unnatural desire to possess more wealth than can be consumed will go with it. What becomes then of your nightmare of interest?

LAND MONOPOLY THE BASIS OF INTEREST.

BY S. TIDEMAN.

In discussing interest as pertaining to present conditions, it becomes necessary to distinguish the commercial interest which capital yields to its owners, as owners, from that additional product of labor due to the use of capital, which George had clearly in mind when defining the economic terms. Wherever the word "interest" is used in this article, it must be understood as referring to the commercial grade, if not otherwise specified.

When we consider that "interest on money" renders to the owner wealth, which he takes no part in producing, and that his power to thus share in the fruits of industry does not decay or wear out, as capital does, but may increase indefinitely, if not infinitely, as time passes, it becomes clear that this is not a case of earning, but of private—which means pirate—taxation. The problem, then, to be solved is, how does this taxing power develop and maintain itself? The answer should go some ways to make the industrial and social phenomena of our time understandable.

The first thing to be noted is that the power proceeds from ownership, apparently the ownership of money. But ownership of money is potential ownership of capital—and of whatever the market affords. The mechanism of ownership must therefore be examined. It consists of three parts, land, capital and money.

Land is by nature limited in quantity and fixed in space. Being the source of, and the operating place for all production of wealth, a universal necessity, its possession carries with it the power to tax those who will or must use it—the cardinal power of sovereignty. As private monopoly, its taxing power capitalizes into a selling price. It is then a commercial asset—which makes the ownership of money potential ownership of land.

Capital is all produced by labor, and its quantity can be increased in-