

Capitalism Defended

by HAROLD INGLIS

THE modern defender of capitalism (if we understand this not only as the practical application of capital assets for the production of more wealth, but rather as the loaning out of capital funds at interest) tries to hold the line against attacks from one of three positions.

One is that of actually fusing the two concepts, land and capital, into one factor of production. The defense for the private appropriation of rent, and retaining rent as a prop for the interest rates, can only successfully be made by letting land be equated with capital, so that any return from land becomes nominally interest on the investment instead of rent of land.

If this position falls a heavy inroad is made on interest, because interest, as mentioned, finds its strongest support in the private appropriation of land rent. With the elimination of this investment opportunity in land, interest on capital would tend to a low level, such "low level" comprising, perhaps, only some necessary bookkeeping costs and insurance.

The other position lies in the monetary field itself. It is the confusing of the concept "money" with the other of "commodity," derived from and made plausible by the practical or expedient use of precious metals for monetary purposes. The defense here lies in the fact that gold cannot be subjected to a factor of depreciation or limitation,

such as would follow from accepting Keynes' or Gesell's notions of carrying costs of money (namely, that since commodities have carrying costs, so should money, if hoarded). This is sometimes erroneously called negative interest.

The third position is the semantic trick of substituting the term capital in the meaning of capital asset, for the other of capital funds.

All human industry uses capital assets, even in communist countries, whether they be hammers and sickles or turret lathes and factory buildings. But the reward for lending capital funds is peculiarly western.

Those who point to the usury rates obtained for money loans in undeveloped countries as contradicting this statement, should realize that such loans are made mainly as financial helps in cases of distress, but not for capital investment purposes. Such rates would include a high insurance rate to counter the risks involved.

Erick S. Hansch has made the attempt in his booklet "An Intuitively Perceived Theory of Money and Interest," to expose these positions. Persons who follow the writings of Henry Hazlitt, Professor Murray N. Rothbard, Oscar B. Johannsen and other conservative defenders of "capitalism" will find this 24-page booklet strongly provocative. It bears the imprimatur of Taxpayers' Publications, Inc., whose address is P.O. Box 03066, Portland, Oregon.



County Auditor Ralph J. Perk of Cleveland has asked the Ohio Board of Tax Appeals to approve a 1970 county-wide reappraisal of real estate values by a single firm, to be started this spring. In 1964 Cuyahoga County property was reappraised by two firms. Mr. Perk thinks it can now be done by computers for less than \$3 million, a saving to the public of several hundred thousand, even though labor costs will be higher and there will be more properties to assess.