

It is true that A might have had a bad season and could not have done so well; but the above shows that B rendered a service to A and that I claim is the true cause of interest.

In reflecting upon the interesting letter of C. H. Kendal (Interest and the Rate of Interest) in the same issue, I can agree with him only in part. He says, "There is but one interest, and that is the increase which labor produces when it uses capital, over the same labor not using capital." This I believe to be untrue. It gives the idea that all of said increase is interest, which manifestly is not so. Of what aid would it be to the borrower if all the gain be obtained from the use of borrowed capital be paid to the lender in the form of interest? The advantage to the borrower would be nil. On the contrary I contend that all the gain obtained by the borrower, from the use of capital, is his own; being the result of his labor, although that labor be amplified by the use of borrowed capital. The sum he pays as interest may or may not come out of his gains from the use of said capital. His plans may go awry, but he will still be obligated for interest due.

No! Interest is payment for service rendered to the borrower by the lender—that service enabling the borrower to overcome the disutility of time.

As to the rate of interest, I agree with him that this depends upon supply and demand. Moreover the element of risk enters into the equation. A lender who would not be willing to accept 5 per cent might be persuaded to take 6 per cent, even though the risk be greater. The rate of interest however is not the matter of chief importance; the primary cause of interest is the main thing, and that is the service rendered the borrower by the lender—at least that is my contention. New Haven, Conn.

HENRY P. SAGE.

#### MR. KENDAL FURTHER ELUCIDATES

EDITOR LAND AND FREEDOM:

My letter on Interest in your May-June issue caused some comments, and a supplementary letter may be in order.

In economics, capital is always something tangible. Money, stocks, bonds, notes are neither wealth nor capital. They are tokens, receipts, credits, evidences of wealth or of ownership. The term Labor in its economic sense includes all human effort (brain and brawn) used in production and its return to labor is wages.

Capital is the *assistant* factor only and when used by Labor the product is thereby increased and the gross result is wages. That increase of wages obtained from the use of Capital is interest. Capital of itself is dead, useless until it is utilized by Labor. It then partakes of the properties of the lever and with a given effort raises the productivity of labor.

When capital is borrowed, the lender transfers the "tool" temporarily. For this temporary loss of use and or enjoyment he receives interest. However he can collect only that part of interest for which he has relinquished the above equivalent, but he cannot collect in equity any part of the net increase of production which is the result of the labor of the borrower when using the borrowed capital. This net increase which labor may obtain furnishes the incentive for the borrowing of capital, viz., causes demand and increased or decreased demand causes interest rates to rise or fall according to the quantity supply. A low interest rate is not necessarily a desirable thing. The objective is that labor shall produce exchangeable things for consumption and the supply of wealth, diverted to use as capital, should never exceed the efficiency point. A normal quantity of capital used all the time at an adequate rate is preferable to an excessive quantity at a lower rate and idle part time. Over the years there is an increasing demand for both consumers goods and capital goods but the law governing their *varying* proportions is not a part of the present subject.

Summit, N. J.

C. H. KENDAL.

#### IN RETROSPECT

EDITOR LAND AND FREEDOM:

In placing my order for the "Life of Father McGlynn," may I be permitted a few words in retrospect?

When George and McGlynn were working in the Anti-poverty Society the spirit of the crusade was felt outside New York, perhaps in many lands, and grandchildren of those inspired are now taking their places in the ranks of the workers.

In a Delaware farm home William and Mary Brothers eagerly awaited every issue of the *Standard*. Each issue was read aloud to the assembled family. My father and mother, the two brothers Al and Joe, have all been laid to rest, but the seed that was sown was not all wasted.

Father had been a cabinet maker and in his best workmanship he made a box in which he carried George's works and such tracts as "The Case Plainly Stated," "What It Is and Why We Urge It," etc. The box when opened displayed George's picture surrounded by his works. Each Saturday afternoon father went to Dover where he set up his box and talked Single Tax, selling or loaning books and giving tracts. Not until near the end of the second year did he ever meet a soul who knew anything about the movement, except those he had interested. Then a man from Rochester gave him encouragement. Not that he needed it. But it does help as I so often realize when the LAND AND FREEDOM comes. So often people write as though the progress has been slow. Has it really? What is half a century in the history of mankind? And what have I seen in my own life time?

Not one but many of the people then interested have grandchildren teaching in the Henry George Schools. Names change and one does not recognize, for instance, that Henry George Gieser, teacher of a class in Cincinnati, is a grandson of that William and Mary Brothers who so earnestly worked so long with George, and great-grandson of Thomas Brothers who published a newspaper in Philadelphia within a stone's throw of George's birth place and at the time of his birth.

When I pick up one of grandfather's books, "The Rights and Wrongs of the Poor," or his "Radical Reformer," it seems inevitable that we should be Single Taxers. Such is the human mind. Acting and reacting one upon another, truth prevailing, error eliminated. Lintlaw, Sask., Canada.

ALBERTA GIESER.

#### NEWS NOTES AND PERSONALS

A DINNER was tendered to the teachers and trustees of the Henry George School on June 17. About forty were present. There was a general discussion of the policies of the School in which all present took part, among them being Frank Chodorov, Director of the School, Gaston Haxo, Mr. Christensen, Mr. Seif, Mr. Dingman, Otto Dorn and others. It was an interesting and profitable occasion.

THE Single Tax Association of Canada has addressed letters to the Mayor, Board of Control and City Council of Toronto showing how the present system of financing is enriching a few citizens at the expense of the majority. The Association points to the example of the London County Council which last winter petitioned the British Parliament for legislation to enable them to adopt land value taxation. We are pleased with this evidence of activity on the part of our Canadian co-workers. A bequest recently received has been followed by the establishment of a Henry George Foundation to receive similar bequests. The securing of a central home is contemplated and an appropriation of \$1,500 has been made to advance the work of the Henry George School in Toronto and elsewhere in Canada.

WILLIAM D. RAWLINS, executive secretary of the Realty Advisory