

fore the chain of bondage that fetters the laborer to the machine. Laborers compete with each other and drive wages down, therefore competition is the cause of poverty.

The worker is dependent upon capital; he does not own it and he is poor. The capitalist controls the tools of production; he therefore employs the worker and he is rich. Therefore, the ownership of capital is the source of industrial exploitation.

Such propositions, the Georgeist argues, are the essence of traditional socialism, and they illustrate the refusal to dip beneath the superficial.

Columbia, Mo.

GEORGE RAYMOND GEIGER.

### PUBLIC OWNERSHIP

EDITOR LAND AND FREEDOM:

Will you kindly permit a few remarks upon the much mooted problem of public ownership of public utilities? The orthodox position of Single Taxers has, I believe, always been that while the force of competition automatically provides minimum prices to the consumer in ordinary business transactions, this protection is absent with natural monopolies, and that therefore public ownership and operation of public utilities is the only alternative. But the enormous growth of governmental activities in the direction of State Socialism during the past few years combined as this has been with unprecedented use of the spoils system has given us a far greater evil to contend with than could possibly result from private ownership and operation of these utilities. In such an emergency it becomes the part of wisdom to favor the lesser of the two evils and to reduce that evil to the minimum.

There is no doubt whatsoever as to the greater efficiency and economy of administration of private operation as compared to public operation of public utilities or any other business enterprises. The waste and the inefficiency in the public service and particularly in the newer branches filled with political appointees and all too often regardless of fitness or qualification is everywhere recognized, but fair minded criticism will give credit to intelligent effort of conscientious men in both private and public service. Volumes of testimony are available to support both sides of the dispute.

In view of recent events in our nation's history above referred to, I am constrained to state that were I to publish a second edition of my book, "Prosperity," I would omit entirely chapter VI, Public Utilities.

Wichita, Kas.

HENRY WARE ALLEN.

### THE CALIFORNIA CAMPAIGN

EDITOR LAND AND FREEDOM:

For this number California has little to report. We are, as it were, between hay and grass. The legislature is in session and until its adjournment we cannot announce the details of the constitutional amendment covering taxation which will be submitted at the next general election. In substance it will run along the lines of the amendment taken from the ballot last summer by the State Supreme Court. And in saying this much we have to thank the State Senate. While the lower house voted about five to one to remove sales taxation from food stuffs sold in restaurants, the position of the Senate has been hostile to such action. Thus we are given the same wide appeal we would have been able to make at the last election.

This leads me to remark that in any except the Initiative and Referendum States (and for various reasons not all of these) the Single Taxer who desires his ideas adopted in any substantial degree must wait probably scores of years. Legislatures are not democratic. In practically every state they are representative not of the people, but of the real estate interests which in truth control our politics. This is ordinarily true in larger degree of State Senates than of the lower house, but their veto is very effective. We can to a certain extent educate numbers in cities, but the areas in the country dis-

tricts are another thing. And this remark as above illustrated holds good of California as of any other state. Here our only chance of progress rests in the fact that we have the initiative.

In LAND AND FREEDOM some four years ago I pointed out that the three states offering the best opportunities for progress in the United States were Massachusetts, Michigan and California, and in about the order named. Today, of course, the best is California, and this because we have taken the lead—not because we were theoretically the best, by that meaning the easiest. Now we want again to point out, as we have in the past, that progress in California means progress all along the line and the moving of a new spirit upon the face of the waters. We expect to succeed but we want the help of every dollar and every influence our friends all over the United States can bring to our aid.

Our friends throughout the Union have not yet thoroughly waked up to the situation, although I am hopeful that light is coming. In the east they do not yet realize that they are bound hand and foot through not having the initiative and that in California they can do more for the cause than they can hope to accomplish at home. We on the battle line are looking for better things from them in the future.

Our Henry George Schools of Social Science are growing, but of course more slowly than our impatience would dictate. Good as they are, we may remember that people are being born and coming of age more rapidly than education can inform them. We need to make the wide appeal to the masses offered by elections. These are addressed to the imagination and emotions as well as to the intellect.

Having made a recent trip east, meeting sympathizers in Boston, New York, Washington, Detroit, Baltimore and Chicago, I have to thank them for fine courtesies.

Palo Alto, California.

JACKSON H. RALSTON.

### INTEREST AND RATE OF INTEREST

EDITOR LAND AND FREEDOM:

There is but one interest and that is the increase which labor produces when it uses capital over the same labor not using capital. We confuse interest with interest rate, with rent, with risk elements in loans, etc. To more clearly understand interest we must keep to our formula, viz., that wealth is produced by the application of labor to land or by labor assisted by capital.

For brevity I use two illustrations. One: Consider ten men of equal productivity applying labor to land of the same desirability and fertility, and the product (x) is wealth. Of these ten men five (group A) use tools (capital) and for my purpose each uses the same kind of tool or tool equipment. The other five (group B) have the tool equipment but do not use it.

At the end of any working time, an eight-hour day or a forty-hour week, the product of group B (without tools) is 10 x per man, that of group A, 40 x per man. The difference 30 x is the extra productivity obtained by labor using the tool, capital. This is *interest*, qualify it if necessary, call it economic interest, commercial interest, gross or net interest, or miscall it money interest, it is a quantity or volume of production as above and nothing else.

The wages of group A are the entire product 10 x per man. The wages of group B are 10 x plus 30 x per man less the mortality of the capital, viz., the tool.

For illustration two: Consider the same conditions as in one except all now use their tool equipment. The product is now 40 x per man for both groups. Each user gets 30 x (interest) by having used tools (capital) as each owns the tools he uses, there is no borrowing demand and no lending supply. Therefore the rate of interest is and must be zero. One man becomes ill and can't use his tools, the supply of capital now exceeds the demand which is zero, and the rate of interest is still zero. But another worker breaks his tool. He must now replace or borrow or return to the 10 x product if he works, or lose time and wages. The unused tool of the sick man, a labor product,



is available and assuming a lender and borrower, equity demands compensation for its use (legally enjoyment in time), plus "capital writ-offs," viz., mortality items—wear and tear, etc. A free lending would be charity, not equity. This will be especially evident if it is considered as a principle and not one illustrative incident. Now assume another set of tools is broken, the ratio of demand increases to 2 to supply 1—or assume the reverse, two more workers are incapacitated and we get an increase or decrease in the interest ratio or rate of interest on capital. It is therefore evident that interest is a quantitative thing and any rate of interest is absolutely dependent on supply and demand of capital. Under equitable conditions interest is inevitable and while under such conditions equity would demand a rate of interest on borrowings, the supply of capital would be such that, in all probability, the rate would approximate zero.

Summit, N. J. C. H. KENDAL.

### TAKES ISSUE MILDLY WITH TOM ASHTON

EDITOR LAND AND FREEDOM:

In providing its readers with sound intellectual fare, LAND AND FREEDOM does not neglect the lighter side—as witness the articles entitled "Causerie," abounding in humor equal to that in New York's best humorous weekly. Their serious content also is of excellent quality, as a rule, but there was something in the January-February installment which seemed to be not quite up to standard. One may hold no brief for the Supreme Court, the other courts, and the legal profession, and still find it not easy to see why these groups should be blamed so much as they are in the above article for the miseries of the "down-trodden" toilers, which condition your contributor correctly associates with our system of "private wealth for public use and public wealth for private use."

Of course, if the people had ever desired to have that basic economic evil abolished, and been opposed by the courts and the law profession, then the latter groups would justly stand condemned. But when, in the history of this or any other country, have the masses had the slightest desire for real emancipation, or knowledge of its possibility, or willingness to accept enlightenment concerning it? And if the judges and lawyers were to become thoroughly convinced of the justice and expediency of our Single Tax programme, and ardently desirous of its fulfillment, from whom would they encounter the most stubborn opposition? From the landowners, bankers, industrialists? Or from the masses?

If it is true, as the article states, that the legal profession has the power to correct conditions in the economic field, when, may one ask, has the right been conferred upon it to establish this enormous change? What mandate, indeed what permission, have the lawyers or anyone else received from the people to establish a reign of justice, or anything even looking in that direction?

One wonders, sometimes, whether the attitude of people so enlightened that they read such a publication as yours, should be one of sympathy toward the mass man, or one of resentment. Were we in the majority, how long would we tolerate the injustice, disorder and misery he not only chooses to maintain for himself, but also to impose upon those who would prefer justice and order?

Norfolk, Connecticut. JOSEPH R. CARROLL.

### AN INTERESTING SUGGESTION

EDITOR LAND AND FREEDOM:

Once upon a time, when municipalities of sub-calibre size were unacquainted with the present New Deal system of spending billions to coddle the farmer and stowing away hundreds of millions of gold in a cache down in Kentucky; the town of Westfield, Union County, N. J., acquired 79 acres of farm land on the outskirts for use as a sewage disposal plant. The town grew and is now a thriving suburban place of residence for New York City business men, their families

and others. Like all other towns of its kind adjacent to the metropolis, the taxpayers are laboring under the usual handicap of heavy taxes on improvements and lighter imports on owners of vacant land. In time the town outgrew the limited facilities of the disposal plant and Westfield, at considerable expense, joined up with other towns in the vicinity, and their combined resources built a large sewer for drainage into the Rahway river. Now the town possesses 79 acres of idle land on which enterprising realty operators have cast covetous eyes, from time to time. At one time they sought to buy the property from the town but happily the Woman's Club of Westfield and others, including a few Single Taxers, entered a vigorous protest. The women folk argued that the land should be reserved as a bird sanctuary or as a children's playground, while the Single Taxers put forth a plan for use of half the land for the building of homes, since it was a well known fact, as frequently pointed out in *The Leader*, the town's leading weekly, that many young couples, on getting married, were unable to secure housing accommodations within their means, and had been forced to move to towns where living costs and property were not so high as in Westfield. The Single Tax proposal, as set forth by one of the local Georgeists in an open letter printed in *The Leader*:

"... would establish the policy of leasing the land in perpetuity, with the right of transfer by the lessees, instead of outright sale, the leasehold providing that the rent be paid annually as taxes. The annual rental would be arrived at according to the advantages of location of each particular plot for residential purposes. The lessee would be required to assume the cost of the home he intended to build. The leasing plan would aid the home builder in making his venture in that he would not be compelled to make a heavy down payment for the plot, as is the case now when land is bought outright. The tenant would, of course, have to pay additional taxes on his improvements, a form of our taxation policy which is both unjust and archaic and contrary to all modern views with respect to just taxation but which, under present laws, cannot be avoided.

"Yet it would be possible for the town to obtain enactment of special legislation empowering the authorities here to exempt these improvements for a term of years as was done in the County of Queens, in the city of Greater New York, following the Great War, when there was such a scarcity of housing facilities. That wise measure covered a period of ten years, during which a building boom took place in Queens that was unmatched in any other part of New York City.

"The abandoned site is well located, not over a mile and a half from the town center, and half of it could be used to every advantage as a park, or bird sanctuary, since the building up of the other half would give the town a steadily growing income, which could be devoted to improvement of the park, and as the section grew the rentals for the land would rise as additional building went on. Indeed, there are now far-sighted private realty interests who already have obtained adjoining property and which is to be improved by the erection of homes of modern construction."

In closing his letter the writer of the Single Tax suggestion stated that in the making of leases it would have to be provided that only bona fide homeseekers could obtain leases. This safeguard being necessary to prevent abuses by wholesale leasing by speculators. There the matter rests at present but it still remains a fact that here is an opportunity, enjoyed by few towns of Westfield's size to test a proposal which all Single Taxers are confident would work to the advantage of the town and finally result in the town fathers, not only in Westfield, but everywhere, awaking to the folly of our present unjust tax system.

Westfield, N. J. EDWIN J. JONES.

### NEWS NOTES AND PERSONALS

WE have received a pleasant letter from Walter A. Lantz, of Luck, Wisconsin, a friend of Henry George and John Z. White. In 1931 Mr. Lantz published serially in a number of Wisconsin weeklies in his part of the state a work on our philosophy entitled "The Sins of the Fathers." He was an active member of the Chicago Single Tax Club while a resident of that city and has been for many years active in promoting