

level. And, as clear as George has proved this, Jorgensen and Beck-with do not yet seem to understand this natural law, and at the same time talk about science and cause and effect.

Labor applied to land produces all wealth; wealth is stored up labor; capital is that part of stored up labor or wealth used for further production. Rent plays no part in producing wealth. The reason, under our present system why one receives part of the wealth as rent without labor, does not change the cost of producing it, and has nothing to do with price. But it does cut down the amount left to those who produce it, and to that extent cuts down their wages. When rent is gathered by the state, instead of the title holder, and returned to all the people equally, and doing away with all taxes, it then leaves the full production to the producer.

The collecting of the full rent under natural law plays its part in freeing to all the source of all wealth. Free trade, supply and demand, and competition play their part in a just distribution of wealth. We cannot collect the full rent for the people without equalizing the advantage to the use of land, which is fair and just to all. And, we cannot be fair and just to all without being in accord with the moral law. And, we cannot apply this without being scientific. Therefore, the science of political economy and the moral law are inseparable. When we recognize man's equal right to the use of land, and his right to freedom in the exchange of the products of his labor, we will have less trouble to find the correct answer to this problem. With a just distribution of wealth, consumption will take care of itself.

Henry George says: "Justice seems to be the supreme law of the universe," and, when obeyed, makes it possible for all branches of science to come to the surface so that they can work in harmony with people's knowledge to the good of all, and make for an ever increasing advance in civilization. Justice is the moral law and, when obeyed, will light the way to bringing us safely to a more beautiful life here and hereafter. Those who see effects and not cause will not agree with Henry George. Henry George is not here to defend the truth he tried to make clear. For all that he does not need to be, for, as near as I can see, his work is sound and unanswerable and airtight against the feeble attempts made to disprove it.

As I am a student, I stand to be corrected.

Milk River, Alberta., Canada.

J. B. ELLERT.

RISK NO PART OF INTEREST

EDITOR LAND AND FREEDOM:

As previously stated interest is the increase produced by labor when it uses capital over the same labor not using capital. Both capital and interest are always tangible. The lender's compensation for the temporary loss of use of capital is only a part of interest. The lender cannot equitably claim any part of the net increase of production (interest) which is the result of the labor of the debtor using the borrowed capital.

Compensation for risk is often confused with interest and by some is held to be the sole justification for any return to capital beyond replacement. Risk has nothing whatsoever to do with interest. While the element of risk is present in all loans, compensation for risk is a separate item. Another element is compensation for handling, viz., labor expense. Charges for risk and handling might constitute the entire return for the loan with no element of interest whatever. The proportion of the risk plus the expense to the capital loaned, is the ratio or loan rate. If the demand for capital in relation to the supply warrants a return, interest would also appear in the loan rate.

Both capital and interest being tangible, loan compensation is tangible. Obviously an interest payment in a tangible would be clumsy and primitive. A manufacturer to expand plant equipment by one hundred machines, or a railroad needing one hundred additional locomotives, would experience considerable difficulty if borrowing were attempted in units and more difficulty when repayment had to be made with one hundred plus additional machines or locomotives

as interest or loan compensation. Such transactions, and only in a very small way, could have taken place previous to the invention of a measure of value and later of a medium of exchange. Both are combined in one by the invention of money.

Developing from remote antiquity credit, money, bills of exchange, checks, drafts and banking services are facilities which greatly simplify exchanges but they are not capital.

How then have they become confused with capital? When money is borrowed or a credit established, an obligation is incurred and an expense involved, but cash "in the till" earns nothing, nor does money ever earn anything. Money or credit must be converted into tangibles. It must be invested and if earning power is the objective, it must be invested in capital which in turn must be used by labor. In this way a manufacturer or a railroad may literally borrow tangibles (capital) incurring therefore a money indebtedness.

Capital, and its return, interest, are natural phenomena and as inevitable as production, which the use of capital augments. In a similar way the facilities of exchange are necessities in any civilization whose exchanges have advanced beyond the state of barter. It is essential, however, to bear in mind constantly that facilities are never capital, that capital and interest are always tangible and the risk has nothing whatever to do with interest.

Summit, N. J.

C. H. KENDAL.

LEGAL INTEREST BORN OF RESTRICTIONS

EDITOR LAND AND FREEDOM:

There are two forms of interest. Legal interest is extortion, born of various restrictions. Normal interest, the hire of goods or of money in a free market will be nominal—probably; or at least negligible.

Frank Stephens used to say, "Under free conditions no one will pay any more for money or for anything else, than it is worth to him."

So we don't have to worry whether the lender will receive or give, or how much. Still less need we divide our strength by argufying over such questions.

New York City.

BOLTON HALL.

SOME THOUGHTS ON THE TRAILER HOME AND PORTABLE HOUSE

EDITOR LAND AND FREEDOM:

Economic trends, like the winds, constantly veer. Man, in his desire to accomplish his aims with a minimum of exertion, follows the line of least resistance. The adoption of the trailer-home by over one hundred thousand American families is a weather-vane indicating a growing reversal of man's age-old conception of his relationship to land. In the past, the stable home has made the ownership of the land, to which it was permanently attached, a seeming necessity. The portable house is teaching men that ownership of the site is unnecessary. In fact, they are learning that in most cases it is more economical to acquire the use of land through leasehold than it is through ownership. So great are the economies effected through leasehold tenure that the trailer-homesteader parts with many of the conveniences, which the stable structure affords. This, together with the fact that real estate associations throughout the country are vitally concerned with the rapid increase of trailer-homesteads and are busily engaged in the task of placing laws on our statute books, which will restrict this rising menace to profitable speculation in land, should be noted and seriously considered by those who are interested in the socialization of land values.

Long before the trailer-home became an established institution, the writer foresaw the effects which portable structures would have upon the land tenure problem and sought to arouse Single Taxers to a study of the possibilities for social reform that are to be found in