(now gone from us) Byron Holt, (also passed on) Pavlos Gianellia and a number of others.

A hitherto unpublished address by Henry George is the concluding paper. This interesting and valuable work of 250 pages can be had of the Treasurer of the International Union, Mr. Ashley Mitchell, 94 Petty France, London, S. W. I., England, for two shillings and six pence. It is exceedingly interesting and informing and is the most important contribution made to the history of the movement since the Single Tax Year Book was published from this office in 1917. Of course much that is contained in these "Conference Papers" is supplementary thereto, since they cover later years.

PAMPHLETS RECEIVED

We have received from the United Committee, 94 Petty France, London, S. W. I., England, a number of recently issued pamphlets as follows:

Unemployment and the Land, by W. R. Lester.

The Only Way Out of Unemployment, by Henry George Chancellor.

Russian Lessons, by A. W. Madsen.

Land Value Taxation and Free Trade, by Harry Crossley.

Cities Held to Ransom, by M.

Justice the Object, Taxation the Means, by Henry George.

The Beneficience of Natural Law in the Economic World, by Charles H. Smithson. (Recalling Oscar H. Geiger's remarkable address under the same title.)

These should be in the hands of all our friends. They are written with the thoroughness and clarity that characterize the work of our English friends. Every one of these pamphlets is worth while.

In addition to these there has arrived a new edition of "The Story of My Dictatorship," attractively garbed in stiff red paper cover and comprising 90 pages. It can be had for a shilling.

Correspondence

AS TO INTEREST

EDITOR LAND AND FREEDOM:

Your review (Sept.-Oct. issue) of Green's book, "The Profits of the Earth," properly condemns his appeal to the teachings of Henry George in support of "the thesis that interest will not persist in a society where the full economic rent is appropriated by government." Even if he intended to refer only to George's fundamental teachings he was bound to make clear that George specifically endorsed it.

But are you dealing with the thesis itself as Single Tax progress practically demands in view of present resistance? We know that George did not go into the great reducing effect of Single Tax on present interest; by the eliminating from its support of diverted rent which is one-half,—and the *certain* part—of all present interest payments. That he simply contended that increased production due to capital would amply support interest notwithstanding such lost support; and that this morally belonged to capital.

But business men, and even consumers generally, know from common experience that the selling prices of all products—including cows and calves as well as planes and planks—are determined solely by the variable supply offered; so that both reproduction and tool values attaching to them are actually distributed generally, just as Single Tax would distribute generally the values attaching to land. Shall Single Taxers deny that calves and planks and cows and tools must and do sell on the common cost basis? And shall we stand regardless of this on the moral theory that capital (the product of expended labor) *gives out "stored labor" interminably*;—thus allying ourselves with the present Frankenstein monster which makes $20,000 of capital the equivalent of a never-dying live worker? Or shall we stand simply on the sound ground that capital will get only what its possible scarcity may command, plus any shared profits (excess wages, etc.) of special enterprise?

Of course this interest matter is "immaterial," as George says, to the essential merits of his Single Tax remedy. But *the actual identifying* of Single Tax with continuance of the present certain-interest burden, *is killing its natural broad appeal*. And it is suicidal to retain such a position unless the vague contention that it "can be defended as a form of deferred wages" is backed by convincing proof that deferred wages are equitably entitled to or can get more *than the expended labor they represent*. Antagonizing the masses foolishly is a crime against our cause, swinging them from individual freedom to Socialism. Will not LAND AND FREEDOM help Single Tax progress by standing simply on the law of supply and demand for capital?

Is the fact recognized that Single Taxers who teach that interest is natural and will persist, logically endorse the Socialistic contention that Single Tax alone is futile—"not enough?" For what sort of an ideal would Single Tax satisfy if millions of workers (say one for each $20,000 of capital) must interminably support thousands of mere owners of capital, who are just as useless as mere owners of land? Would Single Tax be enough?

Yet that is what capitalists and workers are told will be the Single Tax outcome. If false,—what fools we be? And we have only to open our eyes to obvious facts in the everyday competitive selling and buying of *all* labor products on the cost-of-production basis; and our minds to untrammeled common sense reasoning, in order to *know*. If mistaken as to this "immaterial" matter which never-the-less controls attitude towards the great land value cause, is allowed to kill its progress, we are responsible for the killing.

Reading, Pa. WALTER G. STEWART.

SOME PRACTICAL ASPECTS OF INTEREST

EDITOR LAND AND FREEDOM:

In view of the difference of opinion regarding the subject of interest among the followers of Henry George, and the contention of some (a minority) that he was wrong, it seems important that this matter should be gone into deeply, his position thoroughly examined, and if possible definite conclusions arrived at.

In this brief comment I cannot do more than outline a practical phase which may help to clear the situation.

George's position is stated in "Progress and Poverty," pages 173 to 203, inclusive, and should be carefully reread and particular attention paid to the chapter on "Spurious Capital." I emphasize this chapter because as soon as one eliminates all spurious capital much that confuses thought on interest is also eliminated and leaves only the products of labor as capital. In this way if a full and clear title is given to labor, to the product which labor produces, we might give thought to the idea that the producer should, in equity, be compensated if he foreswears enjoyment and grants temporary title, viz., *lends to another*. It is beside the point to contend that if every one received the full product of his labor there would be little borrowing and much to lend. The much to lend, and the lack of borrowers might reduce loans to zero and consequently no interest and no interest rate whatsoever. In all probability under just and equitable conditions this would prove to be the case, but the point to consider is, if borrowing takes place under any conditions, is interest as a principle just?

In "Progress and Poverty," page 187, in the last paragraph regarding interest, George concludes: "It is therefore just." If interest is just it ought to prove out now in practice without waiting for the millennium or any other future development. But it is most essential that we find out what George meant by interest which he upholds and not confuse it in any way with the return from capitalized privilege, or that basic privilege, land monopoly and its concomitant, over-capitalization. Nor should our thought be confounded with sentiment, viz., whether it is permissible for one man to do no labor and another labor to pay him interest. It should be considered as a principle, whether in all ways it is just and equitable or the opposite.

Let us take the self-evident truth that all wealth is the product of labor applied to land and hold in abeyance "assisted by capital." Let us consider the return wages and rent and prove out if possible that interest is the just return of capital. Disregarding economic theory entirely, what is meant by interest in the ordinary processes of production and distribution? It is a payment additional to the amount of a loan. Note that it is interest we are considering, not the rate by which the amount is determined. A bird's-eye view of production and distribution, viz., business processes, may be obtained by examination of the main elements of a typical balance sheet. A balance sheet gives the condition of a corporation or other form of business at a given time and is the result of income account and supporting data over a previous period. On the debit side note fixed and current assets, on the credit side liabilities and balancing items. In the net current positions we have movables, such as cash, goods, etc. These are labor products (cash is equivalent) and constitute legitimate capital. In the fixed asset position we have a different picture, land and buildings and other immovables. The last two are labor products and therefore legitimate capital. Land is another thing entirely; labor did not create it nor has any one ever had the right to exclusive ownership. Land is the source of wealth and while it may be capitalized it is not capital. To the extent that economic rent is not taken in taxation it may be and is capitalized and it is this value that appears in the balance sheet. Conversely if all economic rent were taken in lieu of taxation, or, which amounts to the same thing, if all land (capitalized) value were taxed to the amount of the economic rent, that capitalized value would be approximately zero in the balance sheet. This is the "spurious capital" referred to and would any follower of Henry George consider interest on such as other than spurious?

On the other hand, consider labor products as appearing in the balance sheet. In the case of buildings would any one question this interest return? If so, would they question as expense payment on the use of the buildings if ownership were retained by the builders and used by the operators whose balance sheet we are considering? Or take the machinery produced by manufacturers of machinery who retain ownership, would any one question an expense account as in the use of the buildings? The net return on either is interest. It is compensation for loss of what is termed in law "enjoyment," viz., *use by the makers*. It is payment for use (in time) of labor products, legitimate capital, and it is therefore natural and just and if not paid must be charged to charity instead of equity.

C. H. Kendal.

NOTE BY THE EDITOR

We want to add a few words to what Mr. Kendall has written. With much that is confused as interest-payments swept away, or clearly identified as rent, and with increase of lenders and decrease of borrowers—a condition resulting from more equitable distribution—it seems clear that the rate of interest—payments for the loans of capital—will decline.

But does this mean that interest itself will decline (interest being the result of added efficiency due to capital), or, as George contended, rise as wages rise? There is no real contradiction here, since, under more equitable distribution there will be a great increase in the number of owners of capital, with results that are easily predictable.

So whether George is right or his critics are right makes little difference. If interest goes to the owners of capital and everybody has capital, it would seem that the matter is bound to work out satisfactorily under *the natural laws of equity*.

If to go into business, or to make additions to existing businesses, men borrow capital, and by reasons of such loans prosper, equity demands a return to the lender. If the right to such a return is denied the transaction, as Mr. Kendal happily suggests, is one of charity.

What seems to worry many of those who question the justice of interest is its supposed perpetuity. Thus our friend Mr. Stewart in a communication received subsequent to the letter which appears in these columns, writes: "I have just sold two Lehigh Valley R. R. bonds granting that for all time the owner will receive four and a half per cent interest." That this is pure interest we have to deny.

These two Lehigh Valley R. R. bonds are bearer receipts for capital lent by Mr. Stewart to the railroad. The Lehigh Valley R. R. uses that capital in transportation services (production). There is no perpetuity in the contract that can be carried out unless the railroad is allowed its land value capitalization in perpetuity, in which case it takes more than its present bond interest out of the public.

Conversely, should the land value be taken in taxation it destroys the capitalization set-ups by the railroad. Improvement values go back to the land within thirty years, and, like any other contract, this one depends upon the ability to perform.

Perpetuity on any loan simply does not exist. The explanation why it does not is the changing character of investment, the dissolutions that follow new set-ups in industry, the mutations of ownership, and the fact that capital wastes faster than the rate of interest.

Our aim is, and Henry George's remedy will secure it, work for all, production for all, capital for all. If interest then rises it will go to the owners of capital who will then be (with poverty abolished) all the people. If it declines it makes no difference either, for it will have been absorbed as wages.—Editor Land and Freedom.

CUT TAXES AND REDUCE CARRYING CHARGES

Editor Land and Freedom:

Kindly allow me space in Land and Freedom to comment on Milo Perkins' article: "Grab the Torch—Men of Means—Grab the Torch," in *The Nation* for November 28. It is truly a call for action that Chambers of Commerce should heed; a distinct contribution toward the solution of our maladjustments. But his suggestions concerning a higher wage might, I believe, be somewhat modified by a more careful study of the limitations of price "fixing," of any kind. Wages, and the price of all commodities will seek and find their proper level, if and when statutory and other obstacles are removed. Taxation is the chief obstacle.

Recall the sensation created by Henry Ford when he first raised wages to a minimum of $5.00 per day. It attracted the attention of many economists and sociologists. The great scientist, Dr. David Starr Jordan, made a special trip to Detroit to study the innovation and evaluate its potentialities. Mr. Ford accorded the Doctor every assistance needed to make a survey, and when it was completed he was horrified to learn that his gesture had actually lowered his employees' wages 43 cents per day. He asked Dr. Jordan why that was so and was told that the dealers in living necessities, and landlords in Detroit had raised prices and rent to absorb the rise in wages; that the law of "supply and demand" governed, and might not be ignored with impunity. High wages will buy no more goods and services at high prices than low wages will buy at low prices. The Doctor advised Mr. Ford that if he wanted to help his wage earners, he and they must get control of supplies and housing and reduce prices therefore. That is what they did, but it should have been done first. By neglecting to set the stage in the right way before the act, he hurt his own employees, and *all* consumer-workers in Detroit. He had not thought the proposition clear through before acting.

Raising wages arbitrarily, or "pegging" prices for anything does not work. It is reversing the natural order and will always do harm, as it has in the past, whenever tried. First, attack cost and squeeze out every cent of overhead that is possible. Some cost items should be eliminated entirely. Taxes are one. All adjustments made, in cost of production and distribution, are reflected in prices and wages. Take all taxes out of prices; and wages *must* rise. Herein is the law.

If carrying charges were cut fifty per cent, the present wage could buy twice as many miles of transportation; and the price of all consumers' goods would drop twenty-five to fifty per cent. Ask dealers in lumber and coal, flour and other heavy freight. The buying power