

understanding of the propositions advanced. Undue haste in arriving at conclusions has never contributed anything to science. Certain self-contradictions and statements ascribed to me do not appear in my article. A patient re-perusal might serve in the interest of truth. Brooklyn, N. Y.

RAYMOND V. McNALLY.

SYLLOGISM ON INTEREST

EDITOR LAND AND FREEDOM:

Interest is the return for the use of capital.¹

Capital is a product of labor.²

Use of capital is a mode of labor.³

Interest is a form of wages.⁴

Labor applied to the production of capital gets the same proportionate return as does labor applied to the use of capital in the production of consumptive wealth.⁵

The confusion which often arises in discussions among Single Taxers on the question whether or not the rate of interest will rise or fall, or the amount of interest will increase or decrease, under the free economic condition advocated by Henry George, arises out of the failure to hold fast to the precision of definition of the economic terms used, which are prescribed in "Progress and Poverty" as necessary in a scientific argument.⁶

Economic interest, precisely defined, excludes interest on the public debt⁷, because the public debt is neither wealth nor capital. It excludes the major part of interest on real estate mortgages⁸ because they are mainly secured by land value, which is not wealth or capital. It excludes so-called interest on loans from pawn brokers and loan sharks, which are exactions upon personal distress. It excludes the major part of so-called interest on public utility bonds⁹ which mainly represent capitalization of franchises and other forms of land value.

It is indeed true that the great burden of the payment of so-called interest to "coupon clippers" will be lessened, but not because the interest rate will be reduced, but because the people generally will tend to free themselves from the burden of debt, both public and private, under a free economic condition.

There will be also, under the plan of Henry George, a tendency for productive labor to own its own tools of production and the borrowing of capital will decrease.

Interest, however, is not a return for borrowed capital, but is the return for the use of capital. Interest is earned just as surely whether capital is borrowed or is owned by the laborer, just as it is true that rent accrues whether land is leased from another or is owned by the user.¹⁰

Interest is a part of wages and is governed by the same law as wages. When wages rise, interest rises, when wages fall, interest falls.¹¹

The relation between interest and wages, and the proportion in which the produce would be divided between labor and capital, is governed by natural law under free competition, which is that man seeks to satisfy his desires with the least possible effort.¹² This means that each man will get the most he can for his labor. Neither labor nor capital can take any advantage of the other, because between them there sets up what the engineers call a "dynamic equilibrium."¹³ Under free competition the contest between labor and capital will settle itself.

The solution of the land question, which will come when rent is taken for common use will have the same beneficial effect upon interest as it does upon wages; that is to say, both will rise in rate and increase in amount.

New York City.

WALTER FAIRCHILD.

Citations from "Progress and Poverty":

¹ page 162

² page 163

³ page 198

⁴ pages 199 and 203

⁵ pages 198 and 199

⁶ page 31

⁷ page 190

⁸ page 40

⁹ page 191

¹⁰ page 223

¹¹ page 199

¹² page 12

¹³ page 199

NEWS NOTES AND PERSONALS

A LIFE of Francis W. Maguire under the title, *Ecce Homo* ("Behold the Man"), written by John C. Rose of Pittsburgh, Pa., is ready for delivery at \$2.00 a volume. Those who have seen the work in manuscript speak highly of it; one Henry George man pronouncing it "a beautiful character study." Mr. Rose may be addressed at 491 Norton Street, Pittsburgh, or 725 Bakewell Building, same city. A review of the book will appear in LAND AND FREEDOM.

THE death of Ernest B. Gaston, editor of the *Fairhope Courier*, occurred December 21. Mr. Gaston was born in 1861 and was married to Clara Leah Mershon in 1887. They were a united and happy couple up to the time of her death, which occurred three years ago. Five children survive him. As the moving spirit of Fairhope, the Single Tax colony on the shores of Mobile Bay, he was known wherever the cause is known. In the *Fairhope Courier* he sent forth a paper interesting and well edited. He was a familiar figure at many of the Henry George Congresses. On another page will be found an article from the pen of Editor Gaston, written in the beautiful spirit that was part of the man. At the funeral service there were a number of visitors from various sections of Mobile and Baldwin County, and there were many beautiful floral tributes. Rev. H. D. Williams of Des Moines, who conducted the services, had lived for a number of years with Mr. Gaston in that city.

GEORGE HUGHES of Topeka, Kansas, son of Thomas Hughes, author of that juvenile classic, "Tom Brown's School Days", writes an enthusiastic letter regarding Stephen's Bell's "Life of Father McGlynn." He says it has taught him a new tolerance for the Catholic faith. He wishes that the book was in the hand of every Georgeist, and expresses his gratitude to Mr. Bell for his fine achievement.

ARTHUR MADSEN of London, editor of *Land and Liberty*, writes: "Congratulations to you and 'our reporter' on the fine story of the Detroit Congress. It was a masterly piece of work. 'Our reporter' drew the right pen picture with the 'values' as the artists call them, very properly balanced. Please give John Lawrence my affectionate greeting and I am his comrade in all ways just as we found each other (and without false modesty, I think he will say that too), right good comrades, when we were together in the historic year (for me) of 1935. I know he is a most busy man; yet I am to blame that we do not contact each other more often in the mails."

CHARLES B. ROGERS of Fort Atkinson, Wisconsin, writes:

"I have said to you many times before, and I wish to reiterate it, that your editorials in LAND AND FREEDOM are like a breath of fresh air in a foul, unventilated room, clearing away the mists and fogs which obstruct the view and removing the smells which offend the nostrils. There would seem to be not the slightest conception in the minds of our statesmen that there is such a thing as economic law, the violation of which will bring disaster just as the violation of physical law will bring disaster to our bodies."

Terre et Liberte of Paris, France, edited by Sam Meyer, prints extracts from Charles H. Ingersoll and Jackson Ralston culled from LAND AND FREEDOM.

THE *Square Deal* of Toronto, for November, has been received and we are glad to welcome its re-birth. It contains a report of the Henry George Congress at Detroit, by Alan C. Thompson, and a valuable article from Miss Margaret E. Bateman on "Denmark, the World's Social Laboratory." This was an address given in Toronto on March 26, 1937. Other interesting features are included.

The Other Half is a magazinelet, published by Frank L. Brooks, at Topeka, Kansas. The articles are couched in the vernacular and we found it entertaining reading.