

As to Interest

THE following correspondence has come to the editor's desk and is given publicity in the hope that it may help to "clarify the air" and assist in some agreement (even if only to disagree—though that would be unfortunate) between the contestants.

From Frank Stephens: It is convincing proof of the confusion of Single Tax belief on the subject of interest that a man so able and as well trained as Oscar Geiger could write as unconvincing a dissertation as that in the current issue of your journal. It shows only a superficial knowledge of the subject or of its literature apart from its unfortunate treatment in "Progress and Poverty." He has failed altogether to answer the first objection to interest by layman and economist alike as summarized in the quotation from Ernest Howard Crosby: "If I have ten thousand dollars from my earnings, by all means let me spend it; but to tell me that I and my heirs are thereby entitled to six hundred dollars a year for a million years, and then for another million years hereafter, is pure moonshine on its face." Understand, Mr. Editor, I am not asserting that interest is unjust. I am only asserting very positively that neither Henry George, Oscar Geiger nor any other Single Taxer has proved that it isn't.

From John B. Sharpe: I have just read your article on interest in reply to E. Wye. I wish to express my appreciation of it. It is admirable in every way. I know nothing on the subject more logical, coherent and convincing. I hope the two articles may be reprinted in permanent form for distribution. I think you have performed a real service in a direction where there was need of a clear analytical pronouncement.

From Dr. S. Solis Cohen: I was glad to read the debate between Wye and Oscar Geiger in LAND AND FREEDOM, not only for its intrinsic worth but also because it seems to show that the new generation is also concerned with fundamental principles. The discussion is not one for a soap-box or a cart-tail, but it is appropriate for an organ of thought. The Henry George School is to be congratulated on having a clear-thinking and lucid-talking a teacher as Mr. Geiger. His exposition of the validity of interest (as capital's wages) is conclusive. As he says, the rate is another question. Henry George's discussion of interest embodies many errors—but they seem to be the only vulnerable point in his economics—and it does not alter the fundamental facts that product is (and ought to be) distributed among labor, capital and land—that is to say, in the shape of wages, interest and rent; and each distribution ought to be (but now is not) in proportion to the share of each in the effort of production modified by any relevant factors. I add the qualification to permit risk (i. e., insurance) and replacement to be considered. Whatever may be doubtful concerning the rightness of interest or its rightful measure will be cleared up if and when land rent (and rent of privilege in general, which we include in the term) is collected for communal use and taxes are abolished. Interest will dwindle, and if it has no fundamental justification will disappear. But I incline to the belief that it will persist as the hire of capital, just as wages is the hire of labor, and rent the hire of land.

As Mr. Stephens repeats a quotation from Ernest Crosby quoted by E. Wye, we have asked Mr. Geiger to answer this quotation in detail.

By Mr. Geiger: Let me quote again: "If I save ten thousand dollars from my earnings, by all means let me spend it; but to tell me that I and my heirs are thereby entitled to six hundred dollars a year for a million years, and then for another million years thereafter, is pure moonshine on its face." *It is*, but who or what sets the price of 6 per cent on the use of money, if not the factors of monopoly on the one hand and the resultant need for the money on the other? Once the monopoly of land is abolished, no one will need money bad enough to pay 6 per

cent for it for a million years. If land monopoly is abolished, the possessor of money will be compelled to invest it in industry, in production, and the element of tribute or usury will disappear.

If the ten thousand dollars under a condition of freedom makes it possible for me to secure such capital as will assist me in producing wealth, I will be able to repay the money to the lender, perhaps, before I have any heirs.

When, as will be the case under a condition of freedom, the elements of usury, tribute, and to a very great extent risk and insurance, will have disappeared, interest will remain what it really is—the payment for capital (wealth used to produce, not exact, more wealth), and both the rate paid and the time for repayment will be governed by the life and usefulness of the capital itself. All wealth tends to disintegrate; its life and usefulness are comparatively short, and no user of capital will pay or contract to pay more or any longer for its use than these facts warrant.

Darrow Nails a Fake Yarn

IN the *New York Sun* of July 16 appears a story of a meeting held many years ago in the Central Music Hall of Chicago at which Henry George spoke. The writer says: "When George finished speaking an unknown young man arose in the body of the audience, quickly won the complete attention of the crowd, held that attention to the end, and in a remarkable impromptu address demolished George's tenets and conclusions. It was Clarence Darrow, just getting a start as a lawyer in the big city."

This was so much in conflict with the position of Mr. Darrow that we wrote him, enclosing the article. We received the following reply:

"My Dear Mr. Miller:

"Of course the story is twisted. I spoke *with* Henry George. Was always *for him*. I have written it in the 'Story of My Life,' recently published by Scribners. Kind regards.
CLARENCE DARROW."

AS we look out of our study window, on the coast of Maine, we see a citizen of the community out on the flats digging clams for his evening meal. What would happen to this same citizen if he should attempt to dig dandelion greens or pick apples in his neighbor's pasture for this same evening meal? Why does the ocean belong to everybody—and the land only to those who can seize and hold it?—*Unity*.

HIS thorough insight into actual facts and forces, with recognition of their bearing upon what makes human life worth living, constitutes Henry George one of the world's great social philosophers. It would require less than the fingers of the two hands to enumerate those who from the time of Plato rank with him.—JOHN DEWEY.

I BELIEVE I am not guilty of any profanation of the sacred Scriptures when I say, there was a man sent from God, and his name was Henry George.—REV. DR. MCGLYNN.