

THE CALIFORNIA CAMPAIGN

EDITOR LAND AND FREEDOM:

Battle lines are forming rapidly in California for and against the recently-prepared constitutional amendment repealing the sales tax, and gradually all taxation on improvements and tangible personal property, and transferring the burden to land values. Nearly all the signatures necessary to give it place on the ballot this fall have been secured, and the present prospect is that by the time this number of LAND AND FREEDOM reaches its subscribers they will be secured and the needed certificates filed with the Secretary of State.

This undertaking has been one of no small magnitude, the total names being about 186,000, an almost unworkable number. This illustrates an error made in some initiative and referendum provisions, that of failing to place a reasonable limit upon the necessary signatures and proposing a straight flat percentage. Better provisions exist in some other states, as for instance Massachusetts.

The fight will be a most bitter one. Already from one end of the State to the other it is being proclaimed that an attempt is being made to put over the Single Tax in the guise of repealing the sales tax. Those repeating the charge fail to understand that sales tax and taxation in other ways upon industry are part and parcel of the same struggle to oppress the people. It is curious, however, that the cry of "Single Tax" seems in the eyes of our opponents to relieve them from the necessity of all argument. The counter-campaign, therefore, becomes simply an appeal to an outworn prejudice. I cannot believe that it will get very far.

That the amendment means much, we cheerfully admit. In the eyes of some it may seem step-by-step. In fact it has seven-leagued boots to travel with. Our opponents so thoroughly recognize this that they have exaggerated its probable effects. The statistician of the State Chamber of Commerce tells the members that it will take for public purposes from 80 to 90 per cent of rental value. He exaggerates, by using some figures over again and because, being simply a statistician, he knows nothing about the imponderables entering into the calculation. However, beyond doubt, very much the larger share of rental value will be taken, one-half of the new takings being in the first year and the rest in the course of nine years. This process will give industry a tremendous impetus and go far to solve the out-of-work problem now distressing the state.

May your readers understand that the spearhead of the movement for the freedom of humanity, as far as it can be done through freedom of industry and opening up of land, is right here in California. Here we may believe that we are fighting for the benefit of mankind everywhere. The man who fails to perceive this is blind to the obvious and to be pitied. We cannot take the time or strength to open self-blinded eyes.

The time will come when all who help us may feel that they have taken part in a great movement, and if they do not, then the future will bring with it regret over a lost opportunity.

We are fortunate in having good men and true at the head of the California fight. In San Francisco Noah D. Alper, 83 McAllister Street, works day and night for success. In Los Angeles, the campaign is in charge of Harry H. Ferrell, Bradbury Building, a very accomplished worker and devoted to the cause.

Palo Alto, California.

JACKSON H. RALSTON.

INTEREST AGAIN

EDITOR LAND AND FREEDOM:

I notice a discussion in your December number on interest, and among others, friend Beckwith has a long letter. He claims to be a scientist, in fact the only real economic scientist who is 100 per cent Henry George. All others are "spurious imitations."

In a little notice of my book you qualify your praise by the statement that you "do not hold his views on interest." There are two

different things called interest. I and some others discuss one, Beckwith and those who agree with him another.

My contention is that interest is the payment for the use of borrowed wealth and nothing else. George says that this is not all interest, thereby admitting it is interest. Then he tries to make out that some part of the increase due to the use of capital is also interest, but nowhere does he define it or give any clear law for its division, and finally says, "In truth, the primary divisions of wealth is dual not tripartite. Capital is but a form of labor." (Book III, chapter 5, last paragraph.) All your correspondents, Beckwith included, discuss interest—in the commercial sense (the payment for the use of borrowed wealth) and although the latter denies that there is interest, he proceeds to discuss it without explaining what, in his view, it is; so his discussion is neither scientific nor understandable, as he is trying to apply his idea of interest to something, which he says is not interest. The only interest that is meant by economists other than Beckwith (if you can call him one) is that which I have defined, and which will disappear when economic rents are collected in lieu of all taxation and not until then. For as long as wealth can purchase and that will yield a revenue without the labor of the owner, just so long will man refuse to loan wealth without demanding a similar return.

I notice Mr. Beckwith says that defining terms first is a mistake. Certainly no one would accuse him of doing this in regard to interest. Toronto, Canada.

ALAN C. THOMPSON.

FUNDAMENTALS OF INTEREST

EDITOR LAND AND FREEDOM:

Should not the followers of Henry George be sufficiently grounded in the fundamentals of economics to tide them over any problems with which they meet? It appears to me that the careful student would be impressed with the thoroughness with which our author delved into the natural laws that underlie all social and economic problems. It is not that we should accept all of his conclusions, unless to our own understanding those conclusions are the logical results of the premises he lays down. To my mind and the best of my information, no one has yet arisen to show any error in the premises. Being grounded upon them the student should develop his own conclusions. If he is logical in his reasoning, his conclusions must be correct.

In the discussion of the justification of interest, always there arises in my mind certain queries. For instance: There is not an intelligent person, whether conservative, liberal, communist, socialist, or what not, who will deny that, from the standpoint of justice, whatever any one produces through his own effort is sacredly his private possession. With it he may do what he will, so long as in so doing he does not injure another person. Yet, when it comes to the matter of interest, we find among all these groups—except only among the consistent followers of Henry George—some who question the justice of interest. Now what is interest?

In plain English, interest consists of a certain payment to some person by another for the use of something—whether that be a commodity, a tool or a sum of money. Now, if legally we abolish interest, or in any manner regulate the amount of it as payment for the use of capital, do we not by that act confiscate or deprive its owner of what is sacredly his own? Can any one propose a just manner by which society may compel any one to grant the loan of anything which he may have to any one else without recompense?

Then, too, by the simple natural law, operating all about us all the time, we observe that the wages of labor—despite even the efforts of unions—will rise as interest rises and fall as interest falls. Stating the same thing conversely, interest will rise as wages rise and fall as wages fall. Why should this be considered a natural law? The answer is simple. First, all will agree that prices of anything are determined by the natural law of supply and demand. Second,

it is seen in the fact that labor cannot profitably be employed without the use of capital, nor can capital be employed except by the employment of labor.

I am not overlooking the fact that, given access to natural resources, labor can employ itself without the service of another's capital. Though this be true, the laborer would even then be obliged to produce some form of capital by which to produce wealth. That is, he must first make some kind of tool with which to work. That would be his capital. The effort he expended in making the tool would be the "interest" which he is paying for the use of that capital. For the tool itself is not wealth which he may consume by eating or wearing it. It is capital only to be used in the production of wealth.

Now, if one uses the capital belonging to another, it matters not what form of capital it may be, he is doing so in the hope of gaining some advantage. That advantage may consist of almost anything. In any event, he enjoys the privilege of escaping the toil of or in saving the time in waiting until his own labor may produce that capital. He is gaining some immediate relief or profit. (Whether he gains or loses in his effort, or whether the lender risks his capital, is entirely another question, having nothing to do with the fundamental economics of the transaction.) However it may be considered, the arrangement on both sides was intended for gain. Justice, then, demands that if one producer gains by the use of the "stored-up labor"—capital—of another, he should share with that other some portion of that gain. That is what is meant by the term "interest." Therefore, interest is nothing more nor less than wages for labor previously employed. Whether the lender should also share a loss, if such there be, is a matter to be specified in the contract voluntarily agreed to by the lender. This is sometimes done.

I am not forgetting the fact that those who have any form of capital to lend, often corrupt legislatures to make laws in their favor, as at times unions, securing undue advantage, seek to enforce a higher wage than a given business may afford. Both of them are seeking personal privileges which, in the end, must meet with defeat, because the natural laws of economics are as absolute as any others. Soon or late man will discover that it is as impossible to vacate or set aside a natural economic law as it must ever be to nullify the law of gravity. Los Angeles, California. LAURIE J. QUINBY.

RENT IN PRICE

EDITOR LAND AND FREEDOM:

In these discussions about rent-in-price one may learn a great deal about the dynamics of the natural order and of our unnatural order as well, but it seems to me that both sides of the controversy are right and both are wrong. This is because they do not take into consideration the components of ground rent. Simply stated the solution seems to be this:

In monopoly rent there is price; in speculative rent there is price; in pure economic rent there is not price.

In other words, monopoly and speculation raise price. The purely economic order does not raise price but leaves it flat on the basis of competition, the natural equalizer of price.

Waterbury, Conn.

ROYAL E. S. HAYES, M. D.

PRAISE FOR VICTOR RULE

EDITOR LAND AND FREEDOM:

In the days of pristine youth when I suffered from the universal fever for reform, I was a Single Taxer. A man named Monroe found financial support from me for the spreading of "the gospel."

With years and maturity came serious doubts. It was not so much the gospel itself as it was the way it was put out to the public. I became wearied with the repetition of statements whose only claim to truth was the man who uttered them; I grew to suffer under Single Taxers' intolerance and pedantry; I became bored by the monasticism of ideas which describes so many who were supposed to be the guardians of the "truth once for ever delivered unto the saints."

Naturally, I wandered away into other fields of thought. But through the intervening years some Single Taxers have never let up on me. I have been bombarded with letters and magazines—I have read more "printed proofs of this truth" than most. They did not "prove" to me. I resented their patronizing tone and their mental slapping of those who could not understand.

Just the other day a man gave me a book on war. I began to read it with avidity because I hate war. Do you know, I was half way through that book before I began to see the outlines of "the cat"? But it was so eloquently written, so fascinating in its logic, so tolerant and electric in its spirit, that I simply had to finish it.

How I wish every Single Taxer would read that book. It is a masterpiece of propaganda, because you read and do not know you are being educated.

Here is a hope for your movement and a wish for 1938; may you all read this timely treatise and see that it gets into your public libraries and into your high school and college libraries. You can do no better Single Tax work, because it fascinates the mind of the reader and leaves him in the lap of Henry George, where beneath the smile of justice there begins the reign of peace.

The name of the book is "Chain and War-God," by Victor Alexander Rule. It revived my faith, it will stimulate yours and it will make converts, if it is used.

Chicago, Ill. C. S. ADELMAN, Editor *Real Estate Advertiser*.

SOME TRUTH IN THIS

EDITOR LAND AND FREEDOM:

You may or may not recall my visit to your office last year, when I put up the argument that so long as the vocabulary used by Single Taxers conveyed to the farmer mind the exact opposite of the real intention, political progress was bound to be very slow. Since then I have pondered the problem further, and am now wondering whether *accessible population value* would convey the idea of what we propose to tax.

When one really understands what Single Tax would do for agriculture, it seems too bad for the movement to be held up by what appears to me as a simple misunderstanding.

North Stonington, Conn.

CHRISTOPHER M. GALLUP.

FROM AN INNOCENT BYSTANDER

EDITOR LAND AND FREEDOM:

The business recession now on, which as yet has us more scared than hurt, is just another of those flarebacks from our raids on capital and wealth in general, with the New Deal new-fangled levy on corporations as a starter, or, would you say, pump-primer.

We just don't like big aggregations of wealth, corporate or otherwise. There must be something crooked about them to need watching, and they have plutocratic ways of bossing us and our Congressmen around. So we offer every chance for them to grow and wax fat by opening up all our resources on the most inviting terms. "Here you are, gentlemen, the people's preserves, no charge for admission." Then we lie in wait to highjack them with all sorts of tax weapons, leaving enough of their plunder, and all ways open, for a periodic re-staging of the performance. The rest of us, innocent bystanders, get stray shots, bruises, side swipes, and other kinds of enjoyment out of the annual melees, enough to make it all the harder for us to gain an honest livelihood.

In ordinary life we are disposed to lump in highjackers with bootleggers, gangsters and other depredators, with Uncle Sam as High-jacker in Chief.

Washington, D. C.

W. N. CAMPBELL.

ASKS BECKWITH TO BE MORE CAREFUL

EDITOR LAND AND FREEDOM:

I regret exceedingly that our friend, L. D. Beckwith, did not read my article ("What is Interest?") with the care necessary for a proper