

relation to interest. It is earned at the same rate whether made by the user or borrowed from another.

What combatants on the interest question lack is uniformity of definition. "Make for thyself a definition," says Marcus Aurelius. Having made your definition stick to it, says Henry George.⁵ We would then omit confusing capital with wealth and money with either. There is no such thing as "money interest" or "imperishable" money.

Money is neither land nor wealth, nor is it labor or capital. It earns nothing. Wealth in consumption or set aside (saved) for further consumption earns no interest. Idle capital earns no interest. Only capital that is actually consumed by labor in producing more goods for consumption earns interest and then in direct proportion to the labor spent in consuming it.

Many exactions loosely termed "interest" which are the fruit of monopoly, will indeed disappear with the abolition of monopoly. Usury or distress interest, so called, will tend to disappear, not because capital loaned is not entitled to interest, but because distress will disappear.

Mortgage interest on homes will tend to disappear, because a house used for a home is a labor product in consumption. It is used up in consumption and not in production of other goods as is a factory. It is only a larger overcoat that lasts thirty years instead of three years. Families will customarily own their homes without mortgage.

Interest on public debt will tend to disappear, because public debt will disappear. Public expenditures are mainly for immediate consumption to be paid for out of annual collections. "Debt service," now an ever increasing item, will disappear from the city budget.

With no field for investment except in products of labor, which are quickly perishable if not used, we will produce only to consume. We will "save" only so much as we find that it pays to do so in order to produce goods more easily for consumption to satisfy our desires—which we will always seek to do with the least possible effort.

N. Y. City.

WALTER FAIRCHILD.

LESSONS FROM HISTORY

EDITOR LAND AND FREEDOM:

It is encouraging to note that many of our scholastic economists are coming out solidly against the sales tax. Without a doubt, this tax is one of the most pernicious forms of taxation, for the whole burden of the sales tax is shifted to the ultimate consumers, the majority of whom constitute the poor working classes.

But most significant of all is the history of the sales tax, which was always seized upon by decadent nations as a last resort, as the following examples will show.

Gibbon (in "The Decline and Fall of the Roman Empire," Milman edition, Vol. 1, Chap. 6, page 159) relates that

"In the reign of Augustus and his successors, duties were imposed on every kind of merchandise, which through a thousand channels flowed to the great center of opulence and luxury; and in whatever manner the law was expressed, it was the Roman purchaser and not the provincial merchant who paid the tax. . . .

"The excise introduced by Augustus after the civil wars was extremely moderate, but it was general. It seldom exceeded one per cent; but it comprehended whatever was sold in the markets or at public auction from the most considerable purchases of lands and houses, to those minute objects which can only derive a value from their infinite multitude and daily consumption. Such a tax, as it affects the body of the people, has ever been the occasion of clamor and discontent."

Or, take the case of Spain, which suffered such a commercial shock from the "alcabalas" or excise taxes that it has not yet recovered

from them. According to the Encyclopedia Britannica (Eleventh Edition, Vol. XXI, page 549).

"The great source of the treasury was the 'alcabalas' or excises—taxes of from 5 to 10 per cent on an article every time it was sold—on the axe when it was sold to the butcher, on the hide when sold to the tanner, on the dressed hide sold to the shoemaker and on his shoes. All this did not bear its full fruit till later times, but by the seventeenth century it had made Spain one of the two most beggarly nations in Europe—the other being Portugal." See also Adam Smith, in his "Wealth of Nations," page 718.

To use another example, take the famous Corn Laws of the reign of Edward III, enacted in the year 1360. These duties or taxes inflated the price of bread so high that they were very burdensome to the people, especially the poor. A crude poet, known as the "Corn-Law Rhymer," described the incidence of this bread tax as follows:

"England! What for mine and me,
What hath bread tax done for thee?
Cursed thy harvest, cursed thy land,
Hunger-stung thy skill'd right hand."

So unpopular did these Corn Laws become that Sir Robert Peel was forced, in 1846, to repeal them.

Pittsburgh, Pa.

JOHN C. ROSE.

A FEDERAL LAND VALUE TAX PERMISSABLE

EDITOR LAND AND FREEDOM:

In reply to yours, "A Bill is Pending in Congress" and to the query of Robert S. Doubleday, Tacoma, Wash., I submit the following:

The late Jonas Miles of Brookline, Mass., lawyer, music publisher and confirmed and able Georgist, argued that George's proposal could be put into effect practically at any time in Massachusetts or by the Federal Government, by means of an excise tax upon the privilege of privately appropriating ground rent. Of course, if such tax amounted to the whole ground rent and all other taxes were abolished, Henry George's proposal would be practically in full effect. Miles said, and I never heard any one dispute it, that under numerous decisions of the Massachusetts Supreme Court as well as by the Federal Supreme Court, the State and Federal Governments were empowered under their respective Constitutions to levy an excise tax on a privilege; also, argued Miles, unless said courts were prepared to deny the authority of Blackstone, Coke and Littleton, as well as reverse themselves, they would have to declare that the private appropriation of ground rent was a privilege.

I understand that Jackson H. Ralston holds the same opinion.

I am not a lawyer, but the argument sounds reasonable to me.
Chestnut Hill, Mass.

EDMUND J. BURKE.

WHAT MR. LOOMIS BELIEVES

EDITOR LAND AND FREEDOM:

In your Jan.-Feb. number appeared a letter from me in which I suggested the possibility, and in my opinion the probability, of lands having a selling value under the Single Tax. I quoted "Progress and Poverty" to show that Henry George recognized that this was at least a possibility. In your following issue Mr. Luxton took the position that any payment that might be made for land would not be a real selling value computed by capitalizing the economic rent. Mr. Luxton assumes that the Single Tax is to take 100 per cent of the economic rent. My contention is that the Single Tax as presented by Henry George does not necessarily involve taking the full 100 per cent.

To the quotation in my previous letter let me add the following ("Progress and Poverty," Book VIII, Chapter II, near the middle): "By leaving to landowners a percentage of rent which would probably be much less than the cost and loss involved in attempting to rent lands through State agency, we may, without jar or shock, assert the common right to land by taking rent for public uses."

Perhaps an illustration will make my meaning clear. I shall take

1. "Progress and Poverty," p. 203.
2. Ibid., p. 198.
3. Ibid., p. 198.
4. "Progress and Poverty," p. 199.
5. Ibid., p. 31.