Letters

Sydney Mayers, in "The Problem of Profit" (May HGN), refers to Henry George's justification of interest as the legitimate return for the use of capital. As I recall it, Henry George used the word *interest* to denote the return from invested capital.

Today the word interest would be defined as the amount a borrower would pay a lender for the use of capital, which competition holds as ranging around 5 per cent.

Manifestly no one could borrow money at that rate with the limited expectation of earning 5 per cent by using it. Therefore a borrower takes the risk that the borrowed money will earn more than the interest. And that earning over interest and current expense is profit.

If the user of capital did not need to borrow the capital and was seeking interest only, he could lend it safely and relinquish responsibility, but fortunately there is an incentive and stimulus to earn more than interest which results in investment and the borrowing of capital with the hope of future earnings.

This stimulus alone amply justifies interest and profit. The word profit has nothing to do with earnings in the case of land transactions, and would not be used in this connection if speculation were recognized as the advantage accruing from public and governmental incompetence.

JOSEPH S. THOMPSON
San Francisco

The power to tax is of course the power to destroy, and if it is the desire of our statesmen to destroy the will of man to work as a means of bettering his position in life through labor, then that purpose is fast becoming a reality.

A government is at no time a producer, but is at all times a consumer of wealth, and in time of war it is a destroyer of capital. The practice of placing a tax on the value of a product of man's labor consequently merely displaces existing wealth without encouraging increased production.

The constitutional government of the United States was conceived from the injustices of taxation without representation. The Bill of Rights was inserted in the provisions of the Constitution to protect the individual from being imposed on by a majority through misrepresentation. The fact that a majority of voters favor a tax does not guarantee that it is just, nor yet that the majority cannot some day become a minority and fall a victim to its own folly.

LUDVIK L. KROMAREK
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In addition to the tribute paid to the late C. LeBaron Goeller in the June HGN for his many years of devotion to the reforms advocated by Henry George, I wish to express my thanks for the many small leaflets he printed which often serve a uniquely useful purpose. They are available free at the Henry George School and are handy to put in with a letter to clear up confused thinking on economic topics when writing to friends or to further clarify particular answers of correspondent students taking the fundamental courses in need of help in understanding wages, capital, and the difference between speculative, monopoly, and fair or economic, rent, etc. They supplement the school's supplements.

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