

made no attempt to meet the arguments that I set up against this particular idea. And as his error appears to be due to his having confused use value with economic value, I suggest also that he read the very enlightening chapters on value in Henry George's "The Science of Political Economy."

Turning now to the letter written by Henry P. Sage, I find him claiming that the cause of "interest" is the service rendered by the lender to the borrower which enables the latter to "overcome the disutility of time" and is not the increased power that labor receives from capital. But although he has made a valiant effort to keep clear of the Productivity theory, he cannot help falling into it when he tries to measure this disutility or inconvenience. He offers the illustration of a man who, rather than spend a year accumulating capital, prefers to borrow \$500 so he can work his farm immediately. At the end of the year, he is able not only to pay back the principal with "interest" but to have for himself stock and tools and several hundred dollars in cash. Now, Mr. Sage wants us to believe that when this farmer applies capital to land, he can earn more than he could at some other occupation without capital. But this is rather doubtful economics, for such a condition is impossible. If a man could increase his income merely by using capital, a flock of competitors would be attracted to his occupation who would drive his income down to what it was working without capital. And if he borrowed capital in order to obtain an advantage over working without capital and contracted to pay for that advantage, he would soon find himself bankrupt. Practical experience supports this statement, for 90 per cent of those who enter business for themselves eventually fail, largely because of incompetence. Capital can give nothing to labor that labor does not already have in itself. A savage, for instance, would be helpless with a machine in his hands. A man does not use capital to increase his efficiency, but rather he is first efficient and that is why he uses capital. In other words, using capital is the conventional mode of producing wealth, and the man in the illustration is *compelled* by competition to employ capital on this type of farm if he is to remain in the market. This may be difficult to perceive, for we are so accustomed to the schoolboy formula that "capital aids labor to produce wealth." Mr. Sage's belief that labor gains from the use of capital is based on the assumption that, as an alternative to borrowing, one must engage in an inferior occupation in order to accumulate capital, as though capital had the power to determine one's ability or the productiveness of any occupation. Such a notion is socialistic and contrary to fact. This assumption is the pitfall of all productivity theorists. It is labor only that determines the character of industry. Capital merely represents the method of labor or the direction that labor takes in production.

When we come to understand the true nature of capital, we shall see that one borrows instead of accumulating capital oneself, not to gain an advantage over working without capital, but because of the convenience of having it at a particular time. All that can be afforded in return for this convenience is compensation for risk, for one's income as a laborer, other things being equal, is determined entirely by one's own efforts.

Brooklyn, N. Y.

RAYMOND V. McNALLY.

THINKS HENRY GEORGE CLEAR ENOUGH

EDITOR LAND AND FREEDOM:

I note with interest the many viewpoints expressed in your columns recently on the subject of "Interest." It seems that Henry George made his position quite clear in regards the origin and justification of interest through the exchangeability of wealth, the law of supply and demand, the active power of nature to increase and the pooling of all these advantages, together with the fact that wealth is capital only when used or designed to be used in the production of wealth, and that demand or lack of it determines the quantity of capital upon which interest is to be paid. Insurance against risk is not interest, although it may be added to the rate of interest depending

upon the nature of the investment, and only serves to equalize the excess gains and losses.

Philadelphia, Pa.

JULIAN P. HICKOK.

PRaises THE DETROIT STATEMENT OF PRINCIPLES

EDITOR LAND AND FREEDOM:

I have a copy before me of the programme of the recent Henry George Congress at Detroit on the back page of which appears what I think is one of the most effective statements of the principles for which the George movement stands that I have seen. Whoever prepared the statement is to be complimented upon its simplicity, its clarity and appeal.

I have long felt that such shouted statements as "*The land for the people*" and the emphasis that has been so loudly placed upon the subject of "*land*" have been almost invariably misunderstood and have definitely alienated sympathy and support for our cause on the part of many even of the more intelligent and better educated people of the whole world, a sympathy and support which would be enlisted from many were the evils of our present order, so definitely seated, as they are, in confiscation of private property for public use, set out as they have been in the statement on the back of the recent George Congress programme.

There is not the particular sort of glaring claim in the Congress statement which, in the eyes of those who do not know anything of the principles of the George movement, has about the same effect as the waving of a red flag in the face of a bull.

The paragraph dealing with *ground rent* as a social product has no such effect. It rather invites study on the part of intelligent people whose sympathy and support are so much needed. I doubt very much if our movement will ever be understood or even appreciated by the masses who, I think, must be intelligently led rather than permitted to direct.

And so I believe that if George's teachings are to arrest the present trend everywhere towards anarchy, his theories must be presented to the thinking and intelligent people of the world in "fetching" terms,—not in some of the antagonizing and inciting terms so commonly used by the properly zealous adherents of the cause.

I believe that we, of the George movement, are all agreed that it is the universally ruling principle of confiscation, more than all other causes combined, which is rapidly pushing the world into sheer *chaos*.

It is nothing less than appalling that world leaders everywhere offer nothing better than destructive confiscation as the ruling principle of our social and economic order. Their suggested remedies and the remedies urged by contending groups and political parties are, in truth, little less than senseless economic piffle, bound to run their course to their own exhaustion and a world-wide social tragedy.

Sanity in presentation of the George principles must supersede a good deal of the antagonizing and alienating presentation they have heretofore suffered, if the cause is to make real headway.

Lockport, N. Y.

C. A. LINGHAM.

THE CALIFORNIA CAMPAIGN

EDITOR LAND AND FREEDOM:

When last reporting to you I described the new form of the taxation amendment we had prepared for submission to the voters of this State and spoke of its powerful endorsement by the State Federation of Labor. Shortly thereafter the amendment was submitted to the State Attorney-General for the preparation by him of a summary to be placed at the top of the initiative petitions and at the top of all pages carrying signatures. This summary was prepared in a manner satisfactory to us, and we turned our attention to the matter of the circulation of the petitions, requiring about 187,000 signatures. For the procurement of these signatures satisfactory arrangements were made, and up to this time nearly or quite one-half of the necessary names have been secured—the work of but little over two weeks'