

level. And, as clear as George has proved this, Jorgensen and Beck-with do not yet seem to understand this natural law, and at the same time talk about science and cause and effect.

Labor applied to land produces all wealth; wealth is stored up labor; capital is that part of stored up labor or wealth used for further production. Rent plays no part in producing wealth. The reason, under our present system why one receives part of the wealth as rent without labor, does not change the cost of producing it, and has nothing to do with price. But it does cut down the amount left to those who produce it, and to that extent cuts down their wages. When rent is gathered by the state, instead of the title holder, and returned to all the people equally, and doing away with all taxes, it then leaves the full production to the producer.

The collecting of the full rent under natural law plays its part in freeing to all the source of all wealth. Free trade, supply and demand, and competition play their part in a just distribution of wealth. We cannot collect the full rent for the people without equalizing the advantage to the use of land, which is fair and just to all. And, we cannot be fair and just to all without being in accord with the moral law. And, we cannot apply this without being scientific. Therefore, the science of political economy and the moral law are inseparable. When we recognize man's equal right to the use of land, and his right to freedom in the exchange of the products of his labor, we will have less trouble to find the correct answer to this problem. With a just distribution of wealth, consumption will take care of itself.

Henry George says: "Justice seems to be the supreme law of the universe," and, when obeyed, makes it possible for all branches of science to come to the surface so that they can work in harmony with people's knowledge to the good of all, and make for an ever increasing advance in civilization. Justice is the moral law and, when obeyed, will light the way to bringing us safely to a more beautiful life here and hereafter. Those who see effects and not cause will not agree with Henry George. Henry George is not here to defend the truth he tried to make clear. For all that he does not need to be, for, as near as I can see, his work is sound and unanswerable and airtight against the feeble attempts made to disprove it.

As I am a student, I stand to be corrected.

Milk River, Alberta., Canada.

J. B. ELLERT.

### RISK NO PART OF INTEREST

EDITOR LAND AND FREEDOM:

As previously stated interest is the increase produced by labor when it uses capital over the same labor not using capital. Both capital and interest are always tangible. The lender's compensation for the temporary loss of use of capital is only a part of interest. The lender cannot equitably claim any part of the net increase of production (interest) which is the result of the labor of the debtor using the borrowed capital.

Compensation for risk is often confused with interest and by some is held to be the sole justification for any return to capital beyond replacement. Risk has nothing whatsoever to do with interest. While the element of risk is present in all loans, compensation for risk is a separate item. Another element is compensation for handling, viz., labor expense. Charges for risk and handling might constitute the entire return for the loan with no element of interest whatever. The proportion of the risk plus the expense to the capital loaned, is the ratio or loan rate. If the demand for capital in relation to the supply warrants a return, interest would also appear in the loan rate.

Both capital and interest being tangible, loan compensation is tangible. Obviously an interest payment in a tangible would be clumsy and primitive. A manufacturer to expand plant equipment by one hundred machines, or a railroad needing one hundred additional locomotives, would experience considerable difficulty if borrowing were attempted in units and more difficulty when repayment had to be made with one hundred plus additional machines or locomotives

as interest or loan compensation. Such transactions, and only in a very small way, could have taken place previous to the invention of a measure of value and later of a medium of exchange. Both are combined in one by the invention of money.

Developing from remote antiquity credit, money, bills of exchange, checks, drafts and banking services are facilities which greatly simplify exchanges but they are not capital.

How then have they become confused with capital? When money is borrowed or a credit established, an obligation is incurred and an expense involved, but cash "in the till" earns nothing, nor does money ever earn anything. Money or credit must be converted into tangibles. It must be invested and if earning power is the objective, it must be invested in capital which in turn must be used by labor. In this way a manufacturer or a railroad may literally borrow tangibles (capital) incurring therefore a money indebtedness.

Capital, and its return, interest, are natural phenomena and as inevitable as production, which the use of capital augments. In a similar way the facilities of exchange are necessities in any civilization whose exchanges have advanced beyond the state of barter. It is essential, however, to bear in mind constantly that facilities are never capital, that capital and interest are always tangible and the risk has nothing whatever to do with interest.

Summit, N. J.

C. H. KENDAL.

### LEGAL INTEREST BORN OF RESTRICTIONS

EDITOR LAND AND FREEDOM:

There are two forms of interest. Legal interest is extortion, born of various restrictions. Normal interest, the hire of goods or of money in a free market will be nominal—probably; or at least negligible.

Frank Stephens used to say, "Under free conditions no one will pay any more for money or for anything else, than it is worth to him."

So we don't have to worry whether the lender will receive or give, or how much. Still less need we divide our strength by argufying over such questions.

New York City.

BOLTON HALL.

### SOME THOUGHTS ON THE TRAILER HOME AND PORTABLE HOUSE

EDITOR LAND AND FREEDOM:

Economic trends, like the winds, constantly veer. Man, in his desire to accomplish his aims with a minimum of exertion, follows the line of least resistance. The adoption of the trailer-home by over one hundred thousand American families is a weather-vane indicating a growing reversal of man's age-old conception of his relationship to land. In the past, the stable home has made the ownership of the land, to which it was permanently attached, a seeming necessity. The portable house is teaching men that ownership of the site is unnecessary. In fact, they are learning that in most cases it is more economical to acquire the use of land through leasehold than it is through ownership. So great are the economies effected through leasehold tenure that the trailer-homesteader parts with many of the conveniences, which the stable structure affords. This, together with the fact that real estate associations throughout the country are vitally concerned with the rapid increase of trailer-homesteads and are busily engaged in the task of placing laws on our statute books, which will restrict this rising menace to profitable speculation in land, should be noted and seriously considered by those who are interested in the socialization of land values.

Long before the trailer-home became an established institution, the writer foresaw the effects which portable structures would have upon the land tenure problem and sought to arouse Single Taxers to a study of the possibilities for social reform that are to be found in



the development of a demountable structure, which may be utilized for residence and commercial purposes upon leased land. The response was nil, but this entering wedge to the solution of the land question should no longer be ignored.

Within a radius of twenty miles of every city lies sufficient unused and partially used land to provide a homestead and a place for work for each of our homeless and jobless families. This land lies within as well as without the city limits and comprises sites suitable to every type of enterprise. The present owners hold these sites in anticipation of future profitable sale. The hope of future profits through rentals is not the incentive that promotes this speculation. Consider, for example, the city of Chicago. It is estimated that the sites plotted out and held by speculators, within commuting distance of this city, would furnish homes and business sites for a population of 75,000,000. Are the present owners of these sites so dull that they do not realize that not within the lives of any of their grandchildren will Chicago attain a population amounting to one-quarter of this number? To whom do these owners hope to sell their holdings? Why, to other speculators who can carry the torch of land speculation down through the ages. What will happen if sales decline and finally cease? Will men continue to pay taxes on land that can bring them a revenue only through rentals from a generation yet unborn? It is not reasonable to think that they would continue to hold land from which they entertained no hope of returns.

Rather, it is logical to expect that they would seek renters for their holdings immediately. This they undoubtedly would be forced to do. They would quickly discover, however, that there are not enough renters to go around, and that as a consequence many must be left holding title to land for which neither they nor any other of this generation have any use. The end—result would be the return of a considerable portion of our country to government possession. Our present so-called marginal lands would be the first to return to the public domain, and land that today draws moderate rentals would become marginal. Gradually this new marginal and would be abandoned and the margin of cultivation raised to a higher level, with the result that wages, which are dictated by the margin of cultivation, would increase steadily.

Coupled with this disruption of land speculation would arise a taxation problem for our generation to solve. Those possessed of demountable structures would argue that such structures be classed as personal property, which is exempt from taxation in some sections of the country. As the use of demountable structures increased, the number of those who differentiate between land and improvements would be augmented. Millions who today can not be brought to realize the necessity of land value taxation, would clamor for it, in defence of their own interests. The taxation problem would be thrown into the public forum, opening up a discussion which would afford the followers of Henry George with the greatest opportunity they have ever enjoyed for the propagation of their doctrine.

Those who believe that our people would not adopt the demountable structure, have but to consider the rush of American families to the trailer-home to see how great is the desire of our people to escape the toll of landlordism. Give these families a modern home containing all conveniences to which they are accustomed, under circumstances that will permit them to escape the toils of the land speculator, and they will abandon not only the stable structure but the trailer as well.

Edwin J. Jones of Westfield, N. J., told in the last issue of LAND AND FREEDOM of a plan for leasing to prospective home-builders a small tract of land belonging to that city. The demountable structure, without any legislation, will make a similar leasehold plan possible for every community. Why not encourage the development of the demountable structure?

Erie, Michigan.

ROBERT L. MCCAIG.

#### AGREES WITH MR. CARROLL

EDITOR LAND AND FREEDOM:

Mr. Joseph R. Carroll in his letter in the May-June issue of LAND AND FREEDOM hits the nail square on the head.

Ever since I saw the cat more than fifty years ago, I have been advocating Single Tax in season and out, and it has been my experience that those who would benefit the most by abolishing land monopoly, are the hardest to convince. These same people defeated Tom L. Johnson in Cleveland and caused his premature death, after he had spent millions of dollars trying to bring about conditions to make their lives happier.

In my opinion "Progress and Poverty" is the greatest book ever written, for it proves that we can escape at least 90 per cent of our present troubles if we follow Henry George.

It was my pleasure to hear him denounce land monopoly in Ash-tabula, Ohio, and to this day I still seem to hear his resonant voice.

Some day if we heed his advice, before our civilization goes on the rocks, the world will dedicate a memorial to Henry George, more impressive than any other ever erected to the memory of any human being.

Painesville, Ohio.

H. BIEDER.

#### "PROGRESS AND POVERTY" NOW AMONG THE BEST SELLERS

EDITOR LAND AND FREEDOM:

Your advertisement of the new book on the last page of LAND AND FREEDOM is so well worded that I think leaflets of it should be printed and distributed among the faithful to enclose in their letters, and private post-cards of the same might do much to increase its circulation.

*"Three times summoned to Rome, he flatly refused to go, and after six momentous years of waiting Rome came to him."*

When in the history of the Catholic church, did such a thing ever happen before? That statement ought to make churchmen of every creed tumble over each other to get a copy—and learn the reason why!

Hope the book will have a rush that will revive our "almost blunted purpose" and put "Progress and Poverty" among the best sellers again.

Houston, Texas.

P. W. SCHWANDER.

#### A CRUSADE FOR SOCIAL JUSTICE

EDITOR LAND AND FREEDOM:

I would like to express my appreciation of LAND AND FREEDOM which covers a vast field in economics in a masterly manner.

At present things look very hopeful for our cause, as there is in New Zealand a "Crusade for Social Justice" preaching that there is no necessity for poverty—just what we have been saying for sixty years. This crusade seems to be getting a good following including all the churches, not omitting the Roman Catholic. They admit that they cannot point the way by which Social Justice may be brought about, but are calling on the "experts" to do the job.

We are doing our best to show them the way.

Auckland, N. Z.

C. H. NIGHTINGALE.

#### PRAISE FOR GEORGE RUSBY'S PAMPHLET

EDITOR LAND AND FREEDOM:

Congratulations on the last issue of LAND AND FREEDOM with its fund of vitally interesting material.

Your Comment and Reflection maintains its high standard—a difficult feat. I should like to add my praise to that of Mr. Burger with respect to Rusby's "Smaller Profits, etc."

Ambrose Bierce defined the word pleonasm as "An army of words escorting a corporal of thought" and antithetically, I should classify Rusby's booklet as the multum in parvo of our economic literature.

Best wishes for your continued success.

Philadelphia, Pa.

C. M. HOOSE.