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.

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

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 Brittanica (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 amouted 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 an actual case, the purchase of my home. I shall then make some suppositions. To prevent anyone from building too close to the south of my house, I bought an extra lot. I paid exactly $1,000 for it. At that time the taxes on the lot were about $20 a year. On a five per cent basis the full economic rent of that lot was $70 a year, of which $50 went to the landowner and $20 to the community. Let us now suppose that other things remain the same, but that the tax on the land is changed, let us say by changing the rates on improvements, etc. The following table gives the value of the lot on a five per cent basis for different rates of taxation.

Tax	Amount of Rent to Landowner	Value of Land
$70.00	$70.00	$1,400
20.00	50.00	1,000
40.00	30.00	600
50.00	20.00	400
60.00	10.00	200
65.00	5.00	100
67.50	2.50	50
70.00	0	0

Even under the full Single Tax I personally believe the selling value of land will always be somewhat greater than a year's tax. In that case, if the tax is unpaid, forfeiture to the State pays the tax.

I come squarely to the position that the Single Tax does not of necessity involve taking 100 per cent of economic rent in taxation. I have now given a second quotation from "Progress and Poverty" to show that Henry George recognized that this was at least a possibility. It is certainly quite likely to be the result, if progress toward the Single Tax is, as I hope, by way of evolution.

Chicago, Ill. HIRAM B. LOOMIS.

MR. LUXTON REPLIES TO MR. NIGHTINGALE

EDITOR LAND AND FREEDOM:

Mr. C. H. Nightingale of New Zealand seems to be in doubt as to the meaning of the term interest. This confusion in his mind is revealed by the fact that he agrees most decidedly with my defense of interest as a return for wealth placed at the disposal of the borrower, and then suspects that I do not know that a lender may receive a return without receiving any interest. His demonstration suggests that we think in terms of wealth instead of money. All true economists, and that includes Single Taxers who have the necessary qualifications, think of money as a tool of industry, therefore they do not think of interest as money except in its reference to the amount of wealth it represents.

The demonstration of the twenty suits is no demonstration at all, and therefore worthless. Have we Single Taxers so little imagination that we must pattern our illustrations after the puerile arithmetical problems offered to little people not so long ago? At least the old time problems had one object, to teach rapid calculation work with numbers, and as such they succeeded. They could lay no claim to teaching anything else. Would a man make twenty suits for himself except to wear or to sell? And if he needed but one suit a year, to make nineteen extra would be idiotic unless he were a manufacturer of men's clothing. In that case would he be asinine enough to permit another to borrow nineteen suits with no other payment but a new suit for every year for nineteen years? The idea is preposterous and proves nothing.

But Mr. Nightingale has put his finger upon a sore spot when he questions the right of any man, his heirs, and assigns, to "sit down" and draw interest on his capital, ad infinitum. Let us look this question squarely in the face, because it is what lurks beneath the cranium of every Socialist when he demands that capital be taken over by the State for the workers and when he says that exploitation will still be possible when the State collects the economic rent of land. Let us approach this question by first defining interest.

According to nearly all economists interest is the share of the product that goes to capital for its aid to labor in the production of wealth. Any equitable distribution computation of the share of the product directly due to capital is impossible to make in general, though it might be possible in a few isolated cases. Henry George recognized this when he said that it would be foolish to say that the weapon-maker of the tribe should receive as his share all of the buffaloes killed by the use of his bows and arrows in excess of what the hunters could kill with stones or knives. He then showed that a man would expect the same net return for the use of his wealth that he would receive through the natural increase of the same amount of wealth in the form of herds or flocks, or bees, or of aging wine. This is a just way of computing interest at the present time, and it is simple enough to easily understand.

We must not overlook certain facts, however, the more so because the method of arriving at true interest in accordance with George's method is merely expedient. A man in a primitive state becomes expert in catching fish with his hands. The fish are his wages. If he catches six fish a day his wages are six fish. If he uses a canoe and a net and catches sixty fish, are fifty-four fish the interest that should go to the canoe and the net, or to the owner of these forms of capital? By no means! With bare hands the fisherman's wages are six fish because that is all his labor can net him. But his skill is limited to hands and feet in that case. With the use of a canoe and net he is forced to acquire a new technique, a new skill, a new means of utilizing his agility of muscle and quickness of eye to greater advantage. This new technique manifests itself in a greater catch of fish. His exertions are perhaps no greater, perhaps less, yet his production is greater many fold than in the cruder use of muscle and eye. This new technique is developed as an educational attribute of labor, and because of it labor is now more productive. If a co-efficient could be easily found for the aid rendered by the canoe and net we could compute his exact wages. Certain it is that the canoe or the net without the application of his skill and labor could produce nothing, as it is also certain that without canoe or net he could produce but six fish for a day's labor.

This is true of any tool or machine, or of any aid rendered by capital in any form. Without it labor must exert itself in crude and wasteful methods, and without labor capital can produce nothing, not even if it consists of those forms of wealth susceptible of a natural increase. Herds must be watched and guarded against beasts of prey and disease, bees must be cared for, wine must first be pressed out and then bottled, and finally labor must be exerted before the natural increase can be called wealth. It is also true that capital enables labor to exert itself in more productive ways. When the capital belongs to the laborer the laborer gets the entire return in a primitive state where no rent exists. If it is the property of another it represents labor spent or wealth given in exchange. If a man can borrow it without making a return for its use he will not bother to make a tool or weapon or other form of capital for himself. By taking advantage of the exertion of the labor of another he is able to produce in excess of the product of his labor unassisted by capital, but since part of this excess is due to the application of his skill in more productive measure the question of what share the capital had in his product would be hard to determine, certainly impossible for a primitive man. But the important thing is that he would be benefiting to that extent so that he would be getting nothing. The owner of the capital would be getting nothing for something, and here would be an inequitable distribution of wealth. He would soon stop lending his capital and this would lead to under-production because primitive, crude, and wasteful methods would have to be resorted to. To assure a supply of capital to enable labor to exert itself most productively a return must be made to encourage the owner of capital to keep lending it. In a primitive state this capital should be tools or weapons or canoes. The return would be based upon supply and demand, since no rent entered into the problem. If the boat maker demanded too great a