

fore the chain of bondage that fetters the laborer to the machine. Laborers compete with each other and drive wages down, therefore competition is the cause of poverty.

The worker is dependent upon capital; he does not own it and he is poor. The capitalist controls the tools of production; he therefore employs the worker and he is rich. Therefore, the ownership of capital is the source of industrial exploitation.

Such propositions, the Georgeist argues, are the essence of traditional socialism, and they illustrate the refusal to dip beneath the superficial.

Columbia, Mo.

GEORGE RAYMOND GEIGER.

PUBLIC OWNERSHIP

EDITOR LAND AND FREEDOM:

Will you kindly permit a few remarks upon the much mooted problem of public ownership of public utilities? The orthodox position of Single Taxers has, I believe, always been that while the force of competition automatically provides minimum prices to the consumer in ordinary business transactions, this protection is absent with natural monopolies, and that therefore public ownership and operation of public utilities is the only alternative. But the enormous growth of governmental activities in the direction of State Socialism during the past few years combined as this has been with unprecedented use of the spoils system has given us a far greater evil to contend with than could possibly result from private ownership and operation of these utilities. In such an emergency it becomes the part of wisdom to favor the lesser of the two evils and to reduce that evil to the minimum.

There is no doubt whatsoever as to the greater efficiency and economy of administration of private operation as compared to public operation of public utilities or any other business enterprises. The waste and the inefficiency in the public service and particularly in the newer branches filled with political appointees and all too often regardless of fitness or qualification is everywhere recognized, but fair minded criticism will give credit to intelligent effort of conscientious men in both private and public service. Volumes of testimony are available to support both sides of the dispute.

In view of recent events in our nation's history above referred to, I am constrained to state that were I to publish a second edition of my book, "Prosperity," I would omit entirely chapter VI, Public Utilities.

Wichita, Kas.

HENRY WARE ALLEN.

THE CALIFORNIA CAMPAIGN

EDITOR LAND AND FREEDOM:

For this number California has little to report. We are, as it were, between hay and grass. The legislature is in session and until its adjournment we cannot announce the details of the constitutional amendment covering taxation which will be submitted at the next general election. In substance it will run along the lines of the amendment taken from the ballot last summer by the State Supreme Court. And in saying this much we have to thank the State Senate. While the lower house voted about five to one to remove sales taxation from food stuffs sold in restaurants, the position of the Senate has been hostile to such action. Thus we are given the same wide appeal we would have been able to make at the last election.

This leads me to remark that in any except the Initiative and Referendum States (and for various reasons not all of these) the Single Taxer who desires his ideas adopted in any substantial degree must wait probably scores of years. Legislatures are not democratic. In practically every state they are representative not of the people, but of the real estate interests which in truth control our politics. This is ordinarily true in larger degree of State Senates than of the lower house, but their veto is very effective. We can to a certain extent educate numbers in cities, but the areas in the country dis-

tricts are another thing. And this remark as above illustrated holds good of California as of any other state. Here our only chance of progress rests in the fact that we have the initiative.

In LAND AND FREEDOM some four years ago I pointed out that the three states offering the best opportunities for progress in the United States were Massachusetts, Michigan and California, and in about the order named. Today, of course, the best is California, and this because we have taken the lead—not because we were theoretically the best, by that meaning the easiest. Now we want again to point out, as we have in the past, that progress in California means progress all along the line and the moving of a new spirit upon the face of the waters. We expect to succeed but we want the help of every dollar and every influence our friends all over the United States can bring to our aid.

Our friends throughout the Union have not yet thoroughly waked up to the situation, although I am hopeful that light is coming. In the east they do not yet realize that they are bound hand and foot through not having the initiative and that in California they can do more for the cause than they can hope to accomplish at home. We on the battle line are looking for better things from them in the future.

Our Henry George Schools of Social Science are growing, but of course more slowly than our impatience would dictate. Good as they are, we may remember that people are being born and coming of age more rapidly than education can inform them. We need to make the wide appeal to the masses offered by elections. These are addressed to the imagination and emotions as well as to the intellect.

Having made a recent trip east, meeting sympathizers in Boston, New York, Washington, Detroit, Baltimore and Chicago, I have to thank them for fine courtesies.

Palo Alto, California.

JACKSON H. RALSTON.

INTEREST AND RATE OF INTEREST

EDITOR LAND AND FREEDOM:

There is but one interest and that is the increase which labor produces when it uses capital over the same labor not using capital. We confuse interest with interest rate, with rent, with risk elements in loans, etc. To more clearly understand interest we must keep to our formula, viz., that wealth is produced by the application of labor to land or by labor assisted by capital.

For brevity I use two illustrations. One: Consider ten men of equal productivity applying labor to land of the same desirability and fertility, and the product (x) is wealth. Of these ten men five (group A) use tools (capital) and for my purpose each uses the same kind of tool or tool equipment. The other five (group B) have the tool equipment but do not use it.

At the end of any working time, an eight-hour day or a forty-hour week, the product of group B (without tools) is 10 x per man, that of group A, 40 x per man. The difference 30 x is the extra productivity obtained by labor using the tool, capital. This is *interest*, qualify it if necessary, call it economic interest, commercial interest, gross or net interest, or miscall it money interest, it is a quantity or volume of production as above and nothing else.

The wages of group A are the entire product 10 x per man. The wages of group B are 10 x plus 30 x per man less the mortality of the capital, viz., the tool.

For illustration two: Consider the same conditions as in one except all now use their tool equipment. The product is now 40 x per man for both groups. Each user gets 30 x (interest) by having used tools (capital) as each owns the tools he uses, there is no borrowing demand and no lending supply. Therefore the rate of interest is and must be zero. One man becomes ill and can't use his tools, the supply of capital now exceeds the demand which is zero, and the rate of interest is still zero. But another worker breaks his tool. He must now replace or borrow or return to the 10 x product if he works, or lose time and wages. The unused tool of the sick man, a labor product,