

Capital—No Interest

by JOSEPHINE HANSEN

CAPITAL, the handmaid of labor, the ladder to abundance, the concrete evidence of man's intelligence and inventiveness, is it saint or sinner? Being inanimate it is neither. But its owner, the capitalist, is subject to judgment and ethics.

Marx viewed the capitalist as the exploiter of labor and condemned the capitalist system. His views still find firm agreement among many twentieth century liberals and socialists. In contrast, Henry George was a sturdy defender and admirer of capital. Georgists hold fast to his judgment and are ardent and vociferous defenders of the capitalist system. Their reward—*no interest*.

After a hundred years of Marx's *Das Kapital* and ninety years of George's *Progress and Poverty*, let's look at the record. Have capitalists supported or joined our movement toward a free economy? "Free enterprise" is their shibboleth. We reply, "Come join us. Our reform offers you true freedom of competition, no taxation on the results of your efforts, no barriers, no privileged monopolies to fence out labor and capital — real democracy under a government imbued with the least desire for power, seeking only to protect all equally and to administer justice — true free enterprise." Their response — *no interest*.

Why? Fundamentally they're seeking to satisfy their desires with the least effort. Such knowledgeable, ambitious capitalists, viewing the great advantage accruing to landowners privileged to collect and retain in great part the rents of valuable resources and sites, have found an answer: lobbying and acquiring privileges for themselves by turning to government — the source of economic privilege. By its laws it grants

and guards these perquisites. Consider a few from an ever lengthening list:

Incorporate and enjoy limited liability. Secure patents, researched and developed by employees, who sign away their interests to employer corporations, which collect royalties of sometimes fantastic sums or shelve new ideas until the market is ripe and previous ventures are fully exploited. Get tariff protection on manufactures. Such trade barriers eliminate competition from world markets. Lobby for quotas to limit imports, raise prices — consumers are a captive market. Get subsidies (cry need to employ American labor, i. e., shipbuilding) or farming (\$4.5 billions allotted to 1969's federal budget for this item) going in vast sums to giant farms and bypassing the tenant farmer. Tax loopholes are a great bonanza: Depreciation gives a phoenixlike renewal of capital versus the \$600 exemption allotted to laborers for all upkeep and aging. Expense accounts — enjoy tax deductible jet-set living; hunting lodges, yachts, hotel apartments, lush watering hole conference sites, business(?) trips abroad. Stock options to management — capital gains at 25 percent with no investment until profits are assured. Franchises for public utilities, airlines, radio, TV channels — built in, non-competitive profits, regardless of extravagant costs. Let's not forget the Federal Reserve — a whole super monopoly with power to reel in and reel out the credit line and raise or lower the unemployment figure. Why go on? The list grows as lobbyists exert their persuasive powers on our lawmakers. Lately come the mergers — snowballs that pick up strays and house them under an expanding roof of non-competition and tax advantage. The

end of the road is economic power with concentration of resources and wealth so great that democracy must be destroyed, as Henry George—quite aware of these privileges—warned in many sections of his works.

Free enterprise? Competition? Careful watching of budgets, inventories, markets? Worry twenty-four hours a day? Ethics of fair play? That's for the little guy. Big business has made its accommodation to the system and says, *no thanks — no interest.*

How make the public recognize the fundamental reform needed, when the superstructure of other privileges is what is most easily seen and constantly publicized in legislative hearings and

through the news media? Shouldn't we attack these privileges as vehemently as we do that of ownership of the rent fund? If we address ourselves with little intensity to what twentieth century reformers see so clearly, may they not think we don't see the whole picture?

If we stress that any economic privilege granted to one or some must reduce all other's rights, we may appeal to everyman. Big capital will have none of our reform. The consumer, everyman, is the fertile ground we could till. Can't we excite his interest to secure economic justice? If his answer is *no interest — there will be no remedy.*



A National Scandal

"The case for country-wide tax system reform should need no champions," writes the editor of the Willimantic (Connecticut) Daily Chronicle, E. Malcolm Stannard. "As it stands, the [tax] system, in its inequities, privileges and intricacies, has become disreputable to the ideals, to the traditions, and to the welfare of the nation.

"It is a sound development that citizens everywhere are becoming aroused, and have been shaken out of their indifference by revelations of tax law gamesmanship that has become a pervading abuse . . . The abusive impositions of the tax system exert increasing and unconscionable control over the affairs of individuals, corporations and institutions."

He quoted a recent Time magazine article which states that "because of its sheer intricacy the tax code is one law that many Americans cannot even obey unaided," and which referred to many

ways in which the free play of economic initiative is compromised and channeled by the corrupt tax system that promotes senseless inconsistency and helps to perpetuate social ills. "As presently applied," the Time article claims, "property taxes promote urban decay and penalize improvements while simultaneously encouraging land speculation and the wasteful disorder known as urban sprawl."

"The continuance of the tax system that so sorely burdens the people is indefensible," says the Willimantic editor. "Certainly they should revolt. In the past nine years the average family tax bill has risen from \$2,264 to \$3,927, and along with the higher figure the idea of unfair imposition and abuse of the tax power also has risen.

"The current tax morass has become a national scandal and a national danger."