

exists and are availing themselves of all the resources of political science in the campaign against economic adversity. What I want to consider is the more immediate, though possibly, infinitely less important question of WHO are actually doing the work set out for them by NRA and who are passing the buck."

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"The word 'slacker'—among others of war origin—is freely used by NRA administrators and it represents the dominant purpose of NRA: to bring about mass action for employment and restored buying power, and that refusal or failure to 'cooperate' cannot be tolerated; and from this idea grows an unlovely brood of others involving espionage, squealing, informing, etc., etc.—all going to emphasize that the crime of crimes is that of the slacker."

#### CUT THIS MIDDLEMAN OUT

"There is a middleman, however, who should be cut out and following him out would automatically go all other superfluous middlemen. That middleman is the one that traffics in the social service of government, buying it at the cost of his taxation and selling it at the price of rent, he gets. He is the rent racketeer. Now, watch this trick close: It is smart; and you've been dumb long enough. Rent of all land in the country is thirteen and one-half billion dollars. That's actually paid to landowners; and the national, state and local taxes are about twelve and one-half billion dollars.

Now instead of paying all the taxes out of the rent and keeping a billion or so Mr. Landlord let's you pay all but a couple of billion of the taxes and he walks off with the rent: and you being the great American sucker—you stand for it—and *it makes you poor!*"

#### YOUR BAD BARGAIN IN GOVERNMENT

"Well, what do you do with the government you bought? Sell it? No, you get noble—you are one hundred per cent red blood American. You wouldn't do so peurile a thing as *sell your government* so you leave that for land racketeers to do, and you buy your own government. After having paid once for it, you buy it from a fellow who never paid a cent for it.

You don't follow me? You want a piece of land to build your home you have to go to a racketeer for it. Of course, you won't find him classified in the telephone book that way. You'll go to a 'Realtor' who very carefully represents 'the owners' of the land that your government made valuable after the Almighty or nation created it for the subsistence of all the people of the earth. And Mr. Realtor dickers with you, citing all the advantages of your government and finally fixing the penalty placed upon you for enjoying those advantages and your pay of say \$1000. Aren't you paying this thousand for your own government?"

## Mule Wisdom

**H**ARRY WEINBERGER said the trained mule which balked at treading on the cotton when driven to plough it under showed more sense of economy—not to mention political economy—than the people who suggested we destroy part of the growing crops to raise the price of cotton, destroy hogs to increase the price of pork or pay farmers to hold land out of use to control production.

Who will tell this rattle-brained world that while there is too much cotton in some Southern States there is too little cotton in Russia and China.

There are too many hogs on the farms but too few hogs of the right kind away from the farms. The Creator did not create too much land. He created plenty, so there would be no excuse for His creatures to be ungenerous to one another.—JOHN J. EGAN in *World-Telegram*.

**W**HEN we look into the sweet face of that confiding little child whose picture the Community Chest hangs up on lamp posts at alms-gathering time, and then think of the 99-year land leases and the mountains of bonds and interest that this unjust generation has condemned that poor child to pay, we are heartily ashamed of our kind.

*The California Progressive.*

## Questions and Answers

**Question:** I am rather anxious to know your opinion as to the soundness of the view that in the United States capital is entitled to six per cent interest on \$150,000,000,000. According to the World Almanac the total wealth is something like \$360,000,000,000, and the land is valued at \$120,000,000,000. The national income, according to the same authority, in 1929 was \$84,000,000,000.

It seems to me that too frequently we overlook the item of speculative rent. Does it seem to you reasonable to assume that each year labor goods valued at \$73,000,000,000 are produced; that interest on capital is \$9,000,000,000; and that speculative rent now paid is \$3,000,000,000?

If governments were to undertake to collect all ground rent, much land, it would appear, would become part of the public domain. This being true, is it not reasonable to assume that true rent is something like five per cent interest on \$120,000,000,000?

Allowing for natural resources, coal, iron, oil, gas, etc., possibly true annual rent should be estimated at \$9,500,000,000. Franchises, I suppose, must be included in land values.—F. P.

**Answer:** Unfortunately, there is no way at present of determining positively whether the figures quoted are correct or not. As conditions are now all these estimates probably are very much in excess of the facts. Two things, however, are important, and we are glad of the opportunity Dr. P. gives us to again bring these to our readers' notice.

Dr. P. asks whether in our opinion capital is entitled to six per cent interest. Capital is entitled to what it can get and to all it can get under the existing conditions. If we choose to maintain conditions that make it possible, under normal operations, for capital to command an interest rate of six per cent while wages and salaries tend ever downward, that is not the fault of capital, but of the system.

Capital (especially that form of capital that is represented by money) will not seek nor accept investment at any rate lower than the market rate for money. As long as there is a source of assured income that money can command, and as long as that income approximates five per cent net, so long will producers have to pay such rate plus insurance.

Land offers such an opportunity for investment and gain. The graph indicating the rise in land values shows an ever-increasing climb, except for the short periods of pause or recession that give the steadily rising line merely the look of a saw-edge instead of the smooth unbroken edge of a sword.

From colonial or post-revolutionary days until now; or from Civil War days, or any period from which graphs are constructed, until now, the line that indicates changes in land values is, in the main, an ever-rising one. Investors in land who have money to lay aside and who have sufficient interests and sources of income to enable them to carry such investments during "off years," find land the safest, the surest and the easiest way to "make" money. Five per cent per annum has been found to be the minimum that, under such circumstances and over long periods, land will pay to investors.

Not all who invest in land, of course, have the resources



that enable them to "carry" such investments over the "hurdles," and such very often lose money and sometimes lose possession of the land. These, however, are not, in the last analysis, the *lenders* of money or capital, and more often than not are among the largest *borrowers*.

Thus it is the private ownership of land and the ability to take and keep the bulk of the rent of land, and the virtually guaranteed income that land offers the large investor, the great money-lender, that establishes a rate of interest that industry must match if it means to borrow.

Inasmuch, however, as industry is fraught with risk under our modern conditions, industry must bear an additional charge to pay for insurance, and this is covered, excepting in times of depression or in cases of hazardous venture, by an additional one-half of one per cent to one per cent. In times of depression or in cases of greater hazard, bonuses that exceed the legal rate of interest are everywhere the rule.

If we could imagine the demand for and the supply of capital under the Single Tax remaining as it is now—(such a condition under the Single Tax would, of course, be impossible, but just for the purpose of an illustration let us assume such an hypothesis)—with land as an avenue of investment eliminated and the element of risk minimized, as both will be under the Single Tax, those two factors would account for a reduction in the rate of interest of not less than five and one-half per cent, leaving true interest to command a rate of not more than one-half of one per cent.

Under the Single Tax interest will rise from this "true interest" rate but it will be *interest on capital*, not rent, nor insurance for extreme risk, nor usury, which latter probably is the correct characterization of bonuses and fees beyond the legal rate. Interest will rise from the one-half of one per cent at which our supposititious case fixed it to perhaps four times that rate, or about two per cent. But wages, too, will then have risen to about four or five times what they were under our hitherto most prosperous conditions.

Once land is eliminated as a source of private investment and profit, the rate of interest will be what a free money market, with all monopoly removed, will make it. Land having been eliminated as an avenue of investment, money will be compelled to seek investment in industry. There will then be relatively as great competition among investors seeking investments as there will be among producers for capital.

The second important thought brought up by Dr. P. is, What is the true rent of land in the United States? Dr. P.'s estimate of \$9,500,000,000, including lands containing coal, iron, oil, gas, etc., and also including franchises, we feel certain is much too low. Whatever the rent of land is today, however, (we are speaking here of actual, not speculative, rent) it will rise, under the Single Tax, to as much more than it is today as the amount of taxes that

are now being collected on all things other than land values shall have been abolished. Under these conditions we believe the annual rent of land will be not less than the sum the government (federal, state and local) spends each year, now about \$13,000,000,000.

When Dr. P. says we too frequently overlook the item of speculative rent, and then asks whether it seems reasonable to assume that speculative rent now paid is \$3,000,000,000, we admit our shortcomings. We can philosophize about speculative rent; we cannot even guess at its proportions. There are no authentic records. Here is an opportunity for a statistician. Nine billion dollars in interest on capital seems a conservative estimate for normal times. But we must always bear in mind that this huge amount is due to the interest rate, and that the interest rate is due entirely to the private monopoly of land rent, and the net return that this offers to large investors.

The collection of the rent of land by government in lieu of all taxes will put an end to all the burdens that Dr. P. calls to our attention, and many others that he knows about, but does not here mention.

## More News of Pittsburgh Victory

The following comparative figures supplied us by Mr. P. R. Williams may be interesting to cite in connection with the Pittsburgh political situation and McNair's victory:

McNair received a vote for Mayor, Nov. 7 of	102,432
Mayor John S. Herron a vote of	- - 75,507

A Democratic majority of	- - - 26,925
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The usual Democratic enrollment in the City of Pittsburgh under the personal registration law has been about 5,000 voters.

The Democratic candidate for Mayor in 1925, Prof. Carman C. Johnson, received only about 5,000 votes in his contest against Charles H. Kline, Republican, though this low figure was due to the presence of an Independent Republican candidate in the November election, who received about 15,000 votes.

In 1921, McNair made a very creditable run for Mayor against William A. Magee, Republican, receiving about 35,000 votes from his three nominations, Democratic, Lincoln and Prohibition parties.

In 1929, the last previous election, Thomas A. Dunn, President of the Pittsburgh Chamber of Commerce, as Democratic nominee for Mayor, received about 40,000 votes in a straight contest.

In 1932, the Democratic enrollment increased from about 5,000 to 20,000 for the Roosevelt presidential election, Roosevelt receiving 86,000 votes in Pittsburgh and carrying the city (in 1932) by 26,000 majority, the first