we should seek to develop genuine excess profits tax in our taxing system."

What are excess profits and who and what should determine them is a problem which we prefer to leave to Prof. Groves.

Through some of these contributions there runs the notion that big business is detrimental. Ray Blougham, Associate Professor of Economics in the University of Cincinnati, says: "Much evidence exists of the danger of the economic power of large corporations."

May we inquire if it is the largeness of these corporations that constitutes their influence for evil, or the possession of monopolistic powers shared by big and little? And just at what point does the small business become possessed of the evils of big business? In other words, how big is big?

That we are involved in strange mathematical contortions that make the less equal to the greater follows from the abandonment of principles.

Ellsworth C. Alvord, lawyer, says: "I also readily admit that given principles agreed upon today might be inapplicable tomorrow." Suppose a chemist or astronomer should reason this way—where would they arrive? Nowhere, the reader will agree. The only science that according to its teachers has no principles is political economy. Yet we pay its professors for expert advice. Is it any wonder we get nowhere. Yet after denying that there is any principle which may not be changed from one year to the next, Mr. Alvord has the temerity to suggest certain principles. But he does show rather successfully the conflicting nature of taxing practices. The article by Mr. Alvord, the longest in the book, is for this reason worth reading.

But why go further? There is little in the book that is contributory to our knowledge. This is because the subject treated is unscientific in itself. You cannot take a subject which has no scientific base and discuss it in terms of science. There is no justification for taxation. It is taking by seizure, and every method of doing this is objectionable. Some methods seem more objectionable than others, some a trifle more brutal, but all are inequitable. For there is a provision in society for all social needs. None of these writers seems to be conscious of the fact. So none of them offers an alternative to taxation. Has any one of them ever read "Progress and Poverty?"

It is, as we have said, an unconscionable mess. Alfred G. Buehler, Professor of Economics in the University of Vermont, has summed it up. He says, "There is no real system of business taxation; there is only a hodge podge of taxes imposed by independent jurisdictions without regard for the practice of other governments." (Divisional jurisdictions.)

A useful bibliography of books on business taxation is an appendix to the work.

JOSEPH DANA MILLER.

PAMPHLETS RECEIVED

WE have received from Arthur Madsen of *Land and Liberty* of London the Report of the United Committee for 1936. This covers the activities of the Henry George Foundation of Great Britain, the International Union for Land Value Taxation and Free Trade and the Henry George School of Great Britain and Ireland. It lists a large number of periodicals in which advertisements of our principles have appeared. These publications comprise a total circulation of over 5,000,000.

ANOTHER welcome booklet published at one shilling is the *Social Science Manual* used by the Henry George School of Great Britain and prepared by F. C. R. Douglass, M.A. It follows the general plan and scope of the *Teachers Manual* of the New York School but contains considerable new matter written with the thoroughness and scholarship that characterize everything that comes from the pen of Mr. Douglass. A short biography of Henry George with mention of the books he wrote comprises part of the British manual as does also a separate chapter on Interest which indicates the divergent views of the followers of Henry George on the Interest question. In this connection Mr. Douglass says: "Whatever views on these points may be they cannot affect the main argument by which Henry George discovers the causes of poverty and plenty." This British Manual fitly supplements the teachers training course followed in the New York School to which acknowledgment is made, though the British Manual is based, as we have indicated, on a wholly independent elucidation of the text book, which of course is "Progress and Poverty."

Correspondence

THE OPPORTUNE TIME

EDITOR LAND AND FREEDOM:

The socio-economic outlook of the whole world has radically changed during the last few years. The people are in a more receptive mood than they used to be. They are developing a keener attitude toward the really important things of life.

I believe that the next year, or the next few years, will witness many important changes,—perhaps, for the better. Even now there is marked evidence that the people are beginning to think constructively and independently. The many significant facts, both in our own country and in Europe, indicate that the people the world over are at least striving for something better. But they must be educated in Henry George's philosophy before they can make any real and permanent progress.

Now is the opportune time for Single Taxers, or Georgeists, to get together and launch a real campaign of education.

It would be better, of course, if we could all unite upon some one programme or course of action. But the main thing is action. Whether we teach school, or write letters, or deliver radio addresses, let us do something.

To paraphrase Henry George:

"Let no (Single Taxer) whoever he may be and wherever he may be placed, imagine that he has no influence.

"The (Single Taxer) who thinks (and does something) becomes a light and a power!"

Pittsburgh, Pa. JOHN C. ROSE.

DIFFERS WITH C. H. KENDAL

EDITOR LAND AND FREEDOM:

Mr. C. H. Kendal's letter on interest in your May–June issue appears to me to have been the result of some sort of a telepathic divination on his part, for he has presented an excellent example of just the thing I warned against in my article. Mere assertions and appeals to ethics do not prove interest. This fact must first be realized before we can hope to solve such a problem. Mr. Kendal's position on this question is typical of the confusion that invariably attends discussions on interest, for he has offered two entirely different theories to account for the phenomenon of interest—the Productivity theory and the Use theory.

He gives us an illustration in which five men with capital, group A, can produce 40x per man, and five men without capital, group B, can produce only 10x per man. The excess of 30x he declares is interest, but not the slightest proof is offered to support this assertion. In the absence of such proof, it may be stated with equal assurance that the entire 40x is wages. Failing to perceive the relationship between value and interest, he overlooks the fact that in order to *prove* interest, it must be shown that the 40x less the replacement value of the capital possesses more value than the 10x. We must keep in mind that interest, in the economic sense, is considered to be the increase that accrues, not to any particular capital, but to generic capital. In this matter, we are not concerned with capital as a physical concept but as a value concept. Therefore, we cannot regard interest so much as a quantity of goods as an increase in value. As a matter of fact, in the very next paragraph Mr. Kendal admits that the entire product of 40x less "the mortality of the capital" is wages, indicating either that he does not after all consider 30x as interest or that he indentifies interest with wages. He is correct in drawing a distinction between quantity or natural interest and the rate of interest, but because he has not proved interest, he is unable to show any direct relation between the two in his next illustration.

He assumes now that both groups of labor use capital so that each man receives 40x, and there being no borrowing demand and no lending supply, the rate of interest is zero. But one man becomes ill and cannot use his tool (capital). The supply of capital exceeding the demand, the rate is still zero. Another man, however, breaks his tool. He can either make a new tool or borrow that belonging to the sick man. Now there is a lender and a borrower, and here Mr. Kendal comes up against an obstacle, for he is unable to determine what the borrower will pay the lender. He will not pay 30x, the excess over what he could obtain is he used no tool, nor in fact any part of it, for he is free to make his own tool and obtain the entire 30x for himself. Realizing, therefore, that he cannot show what the borrower will pay by attributing interest to the productivity of capital, Mr. Kendal shifts his allegiance from the Productivity theory to the Use theory. But here he falls up against another obstacle because he is unable to give any economic reason whatsoever why the borrower will pay interest for the *use* of the tool. Consequently, he appeals to the moral element—with which economic science is not concerned—with this statement: " . . . *equity* demands compensation for its use (legally enjoyment in time), plus 'capital write-offs,' viz., mortality items—wear and tear, etc. A free lending would be charity, not equity." Nor does he attempt to justify these moral assertions. On the contrary, it may be asserted with equal assurance that equity demands no such thing, for even though the sick man received no interest on his capital, he would gain by lending. His tool suffers from natural deterioration, and if he did not lend it, he would receive no compensation for this deterioration. Thus, it is to his advantage to lend even though he received no extra payment as interest, for he would be fully compensated by receiving payment for the deterioration plus wear and tear. Can equity demand more than this? Apparently Mr. Kendal assumes that two kinds of uses attach to the loan of capital, but the use of capital is the same thing as its consumption, and the compensation for this use is not interest but either another tool equally as good or a sum equivalent to its replacement value. (See the discussion of the Use theory in my article in the May-June issue.)

If there is such a thing as interest, then when the supply of capital is just sufficient to satisfy the demand, a payment of interest should pass from the borrower to the lender. But in the illustration given here, it is not proved that any such payment is due. Therefore, it is meaningless to say that the supply and demand of capital determines the rate of interest. If there is a shortage of capital—that is, the demand exceeds the supply—the borrower may have to pay a premium in order to obtain capital, but this is not interest. However, the tendency is for the supply of capital to increase in proportion to the demand, and so this premium would be paid only in exceptional cases. Now, the question might be properly asked: Why does one borrow capital? Surely, it is not in order to obtain the power which resides in it to increase one's efficiency, because one is free to accumulate or to produce capital himself. Therefore, one borrows for the sake of convenience, but any payment for this is not interest. The lender, however, requires compensation for the risk involved in the employment of his capital and demands a payment in proportion to the risk. But this is merely an equalization of profits and losses —an element of business cost and not an economic concept—and disappears when production in the aggregate is considered. It may be called commercial interest but is not economic interest, because the latter is regarded as an addition to the sum total of wealth.

Mr. Kendal's concluding statement is very curious, inasmuch as the latter part of it seems to contradict the first part; and because it suggests a serious lack of harmony between the moral law and economic laws, it leads one to suspect that he has not been discussing interest at all, but something else. I quote; "Under equitable conditions interest is inevitable and while under such conditions equity would demand a rate of interest on borrowings, the supply of capital would be such that, in all probability, the rate would approximate zero."

Although he has claimed that interest is natural and just, in effect he is saying here that under equitable conditions, the capitalist would receive little or no interest for the loan of his capital. This implies then that today the income of the capitalist as such is the product of inequitable conditions, and that loan interest, rather than being in any way connected with quantity interest, is due to an unnatural restriction of the supply of capital—a monopoly payment forced from labor, in other words—and that, therefore, it is both unnatural and unjust—an admission that should gladden the heart of any socialist. But if there is such a thing as interest, and if it is just, then under equitable conditions, the rate should be higher than it is now, for while the supply of capital would be greater, the demand for it would also be greater.

All of this is evidence of the difficulties one gets into when he tries to locate something that does not exist. The very nature of capital precludes the attributing of the phenomenon that is called interest to any absolute cause.

Brooklyn, N. Y. RAYMOND V. MCNALLY.

THOMAS N. ASHTON REPLIES TO JOSEPH R. CARROLL

EDITOR LAND AND FREEDOM:

Your correspondent, Joseph R. Carroll, is very generous in his approbation of my humble efforts in attempting to be of service along the pathway of our pilgrimage. His approval is more than my due, and his disapproval is very kindly restrained.

Prior to entering law school I entertained the commonly-held opinion in regard to the supposedly mental-superiority of the law profession. I regarded our judicial branch of government as the one last bulwark against all encroachments upon life, liberty and opportunity. It was my opinion that justice always could be obtained in our courts of law. After employing good, bad and indifferent attorneys I began to wonder what "law" is all about. Fortunately—or unfortunately, as the case may be—while in law school I saw law books, law professors, courts, judges and decisions through the eyes of a civil engineer and student of "Progress and Poverty."

With this background it was impossible for me to aeeept a multitude of judical opinions merely because austere, honest judges had handed down the decisions.

Four full years at law school—added to six years of intermittent research into the history and records of law—added to four years as a member of the House under lawyer-leadership in the Massachusetts legislature—has left me with a fairly comprehensive collection of facts concerning the power, the authority and the influence of the law-trained mind over the poverty-stricken masses. In truth, my accumulations of divergent data include enough material for an oversized volume which, if published for and perused by the public, would cause the extinction of the profession of law, and this result would come about without the slightest reference to the mooted and booted subject of the alleged dishonesty of lawyers. They are as honest as anyone could be under the circumstances. I have been concerned only with the competency, power and authority of the profession.

Our nation is governed by legislative act effected through the executive and judicial branches of government. I have yet to learn of a legislature, national or state, which is not controlled by the legal