

Economics and Bankers

IT is a fact that bankers, by the necessity of their occupation, contact more closely and frequently with fiscal and economic conditions than do the University professors charged with the special study of society and its functioning. We expect, therefore, to find the academic vagaries of the official economists corrected or removed when bankers turn to the consideration of taxation and economic laws. In a sense, it is their duty, an obligation to their own self-respect and to the community. Disordered, ineffectual thinking on economics, on the basic conditions of industry and sound banking itself, is no more appropriate or tolerable than would be confused and careless accountancy.

Nevertheless, a residual and quite needless deference towards the official exponents of economics still not infrequently seems to interfere with freedom of thinking and expression when bankers step outside the technique of banking and face the broader issues of the nation's welfare.

Thus we find Geo. E. Roberts, Vice-President of the National City Bank of New York, quoting in the September number of *The Americas*, Prof. Willford L. King, of the University of Wisconsin:

"Professor King says that the quantity of goods turned out absolutely limits the income of labor, and after a careful calculation of the nation's production concludes that if all Rent, Interest and Profits were eliminated and added to wages the latter would not at the outside be increased over 25 per cent. But the elimination of these would leave nothing in industry to finance growth and development."

Now, only by surrendering the use of his own good sense and knowledge of affairs, could a banker consent to con-found in one common relation to wages the factors of Rent, Interest and Profits. Rent, which is the landlord's toll on Industry, would never be associated by a banker with Interest and Profits, which, along with Wages, are the reward of Industry. Nor would he fail to see that, while Interest, Profits and Wages are a stimulus to Industry, Rent is an exaction which impoverishes and discourages Industry.

It is not necessary for us to draw, in the above case, the inevitable consequences of mistaken premises in an argument and of irreconcilable components in an equation. It would lead us too far from our present purpose. Official economics, of the type of that of Prof. King, is a curiously wrought but unsafe reed to lean on. Bankers, who venture into economics, would do much better to observe and act independently, relying upon their own direct acquaintance with industry and commerce and pursuing their investigation from that sure point of vantage.

In contrast with the Report of the National City Bank of New York above referred to, it is a pleasure to read the Review of the Year by Sir Edmund Walker, President of the Canadian Bank of Commerce, to which wide publicity has been given in the American press. It is the report of an institution face to face with the realities of a serious

economic condition in this country and striving to visualize the factors of the problem.

Naturally enough, at first some curious optical aberrations will occur, and in some places the Canadian Bank's Report seems to "see men as trees walking." Instead, however, of indulging in philippics on labor or confining itself to platitudes about the spirit of conciliation, the Bank finds a potent cause for trouble in the extraordinary network of taxation in which both labor and capital are caught.

"If the annual payments," says the Report, "are obtained by reasonably fair taxation, so levied that the taxes do not become a cause of restraining our industries, we shall not fail to win through" "The tax in the end must be borne by our industrial activities, and we are foolish if, in our eagerness to escape our own share, we make such burdens so heavy on others that many of these activities must cease, and commodities that, under fair conditions, might be produced at home are replaced by imports from abroad."

We have great faith that business acumen and judgment, directly and definitely applied to our taxation problems, will make short work of the whole tissue of fiscal absurdities and insanities, even though these continue to be lauded as supreme wisdom by a full chorus of official economists.

The savings bank section of the American Bankers' Association also dares to question the wisdom of the tax system of the country, but seems hardly to know where to begin putting order into the fiscal jungle. As an illustration of its apprehension as to the possible drift, we may quote the following:

"Any person sufficiently informed to advise on tax policies," the Report says, "must appreciate the evident fact that any such extension of public subsidy through exemption can lead to no other end than the Single Tax on real estate, with the possible addition of a tax on income from personal service. The present condition of the security market furnishes ample proof that we are nearer to this result than most people care to recognize."

This is a decidedly interesting affirmation. We are under no such illusions, however. To the average mind, an elaborate fiscal labyrinth is still more seductive than a direct short path. It seems to give more value for the money.

It is a ruinous, unworthy game. Are our bankers content to play it much longer? Some of the losers seem in a mood to kick over the table and destroy the whole edifice.

In a statement issued this month, January, 1920, the American Exchange National Bank makes the following affirmation: "The only cure for high prices is increased production." Nowhere, however, do we find any explanation of how production can be increased. We take it for granted that, in its further study of the causes obstructing production, the American Exchange National Bank will discover that practically the whole weight of the fiscal burdens of the country is so adjusted as to discriminate against the productive use of our natural resources and in favor of their withdrawal from production. The inci-

dence of taxation can scarcely be ignored these days by any serious financial institution, and therefore we look forward with interest to the next report by the same important bank.

More Real Estate Verse Libre

VERSE libre is becoming greatly popular with the men who have lots for sale and use the advertising columns of the papers to announce the fact to prospective purchasers. The difference between the verse of these real estate men and that indulged in by the group of poets who are commanding public attention is the great lucidity of the former. They exhibit an exaltation and a spontaneity that the author of the Spoon River Anthology may sometimes lack. They possess a like faculty of particularization. The following dwells with a loving touch on "sewers, sidewalks, trees," and it tells how the builders will clamor for these sites in the Spring.

You can then "reap a big profit"—that is you can "hold up" the builders as Dick Turpin held up travellers on the highway, but not like that perfect gentleman and brave man. You can do the same thing; but under the law and more like a sneak thief than a gentleman of the road. You don't need a pistol but only "a little money." What if the builders "clamor"—(note the term). Dick's victims also clamored. But they were as helpless as the builders. 25,000 more homes are needed in the city of Cleveland. Buy sites; hold them against the demands of these people who need homes, of the builders who would build them and the men who would work for them.

In what follows is written all the social tragedy of our time; the misery, the heartaches, the poverty of a great city. Does the advice of the advertiser seem cold and callous? It is merely stupid and ignorant. Willing as he is to speculate in the bitter necessity of a people who to the extent that they are deprived of the use of land are the bond slaves of a few more fortunate than they, he probably does not suspect all that is involved in the economic lesson it contains.

But here is the choice morsel from the *Cleveland Press* of Jan. 14, bearing the authorship of S. H. Kleinman of the Kleinman Realty Company, located in the National City Building of Cleveland, where twenty-four thousand families want homes:

"Idle funds like idle people
Get nowhere.
Waiting for something
To turn up
Is poor business.
Your opportunity
Presents itself NOW
By taking advantage of
The need for 25,000 more homes
In Cleveland.
Where are they going to build them?
They must have land.

Right in the city
Only 4 miles from Square
We offer
At very low prices
Homesites
Ready for immediate building.
On easy terms
\$900 will buy
A valuable piece
For one or two-families.
Surrounded by
A district built up.
Price includes city water,
Sewers, sidewalks,
Trees, etc.
When Spring breaks
Builders will clamor
For these sites.
Those who own them
Will reap a big
Profit—quickly.
Only a little
Money is required.
Act at once."

The Freeman

FOLLOWING on the death of the *Public* it is a welcome bit of news that Mr. Francis Neilson and Mr. Albert J. Nock are to be the editors of a weekly paper to be launched by Mr. B. W. Huebsch of this city, March 15th.

The names of the editors of the new periodical give reason for confidence in the belief that the *Freeman* will be in reality a "Journal of democracy." In these days of sloppy socialistic journalism there is a real need of a weekly paper that shall voice the doctrine of true individualism. The names of Francis Neilson and Albert J. Nock are a sufficient guaranty that public questions will be discussed in the light of that philosophy. Both are Single Taxers. Mr. Nock is a versatile magazine writer, with an adaptable pen. Mr. Neilson is too well known to need an introduction to REVIEW readers, or to Single Taxers anywhere in the world. Orator, playwright, author, member of Parliament, his achievements have been notable. His latest work, "The Old Freedom," has been reviewed in these columns.

The *Freeman* will do what many of us looked to the *Public* to do. As stated in an announcement just received, "It will carefully follow developments in the industrial and commercial life of the United States, and will invariably discuss them from the viewpoint of fundamental economics."

Edited in this spirit, the success of the *Freeman* is assured.

AMONGST the many quack remedies for poverty, the most venerable and the most delusive is thrift.—J. M. DAVIDSON.

It is a question of what a man ought to have for his work, not what his necessities will compel him to take for it.

FRANCIS MINTON, M.A.