The pall of it, the gall of it,
(Even to you and I)
Denied their right, denied their bit
Of land, and life, by legal writ,
To save themselves from poverty's pit.
(Even as you and I)

And so their brains and hands are hired,
(Even as you and I)
E'en those whose spirits are broken and tired,
By him whose lands were claimed and acquired;
It matters not what our Maker desired.
(Even for you and I)

—BY THOMAS N. ASHTON.

## FREDERICK C. HOWE NOT AN ECONOMIST

**By THE EDITOR**

Hon. Frederick C. Howe is a writer who in his chosen field has done excellent work. His "The City, the Hope of Democracy" and his work on War are books of which any writer might be proud. So, too, of the first paper in the *Public* on "The New Imperialism," the same might be said, for in this he pictures the political consequences of "dollar diplomacy." But his second paper in the *Public* of March 2 is so extraordinary as to give us pause. Some of the statements are so contradictory that we wonder they escaped him. We are placing them, not as they occur, but as they are mutually destructive:

"The surplus wealth which has accumulated as the result of the European war."

"No greater absurdity was ever uttered than that surplus wealth existed in the United States."

"Interest rates in this country are falling."—(Owing to the policy of the magnates of high finance in encouraging exposts of capital).

"Not only is high finance interested in maintaining interest rates in the United States, it fears to invest the accumulated surplus in new industries because such investments would compete with industries which Wall street already owns."

"Scarcely a dollar of new money has been invested in railroads in two years' time."

"The money of the American people, deposited all over the country in thousands of banks, is being lured to Wall street and by Wall street is being invested abroad, while railroads, industry and agriculture are suffering for want of development and expansion."

"And the money monopoly also controls the railroads, mines and great industries of the country."

Mr. Howe states that the exports to foreign countries may easily stifle the industrial and agricultural development of the United States. Let us inquire what country it was that before the war owned the greatest amount of investments abroad? Was it not England? And was not England the richest country in the world? She was growing rich on her investments. The "balance of trade" was always against her, and how often have we instanced her excess of imports over exports in refutation of the protectionist notion that such excess tends to impoverishment. Many admirable articles along this line appeared in the *Public* from the pen of Louis F. Post. Now along comes Mr. Howe to prove this theory all wrong.

Our friend is in great trepidation lest investments abroad deprive us of capital needed for development at home. But only when the rates of return for investments abroad are higher than at home is capital so diverted. This means that it is more profitable for the investor to seek foreign investments. If it comes back in interest at the rate of 20 per cent., which Mr. Howe says these investments frequently return, though we doubt the frequency, it is all paid in five years and subsequent payments are all profit, and would figure in the "unfavorable balance."

But supposing the rate of return from foreign investments is high and tempts the withdrawal of capital from this country. The rates of interest would then rise here, capital would remain and foreign investments would be halted. And it is true that 20 per cent. on investments abroad, rarely enticing as this appears, may not be so inviting an investment as 5 per cent at home.

It is an old theory that foreign investments impoverish a country. It is interwoven with the "mercantile theory" exploded by Adam Smith. It exercised a deadening influence upon Spain and reduced her from the position of commercial mistress of the seas to a mere industrial vassal. It lies at the bottom of much of modern protectionist teaching. It has perhaps been unconsciously summed up by Mr. Howe in his extraordinary words: "The surplus wealth which belongs to all the people and should be used for the benefit of all the people."

What in the name of all that is good is "surplus wealth" anyhow, of which Mr. Howe declares that there is none and which he again says is being sent abroad to our impoverishment, and which he also says belongs to all the people? And how comes it that it belongs to all the people? And how and on what basis of reasoning is it to be used for all the people?

Mr. Howe is unconsciously dropping into the language of the Single Taxer when the latter is speaking of land value. But wealth and land value are not the same thing. Wealth belongs to the people who possess it. Land value translated into public wealth should be used for the people in public benefits through the medium of taxation. Is this what Mr. Howe has dimly in mind, or is his "surplus wealth" a cousin-german to Marx' "surplus value?"

We have been tempted to give this much space to Mr. Howe's article not solely because of our admiration for the excellent work he has done in other lines and our regret that he should stumble so in unfamiliar paths, but because this article goes forward with the weight of the *Public's* name, a paper which though not a Single Tax organ speaks with the authority of a paper one of whose tenets is the Single Tax, a paper brilliantly edited by Louis F. Post and conducted with great ability by his successors. Because Mr. Howe is a Single Taxer his words will be quoted as coming from one of light and leading in the movement. He was a member of the late Fels Commission, and though the members of that body were not selected for their economic knowledge, it was for a number of years the representative body, delegated by the consent of a majority of Single Taxers to speak for their principles.

But if Mr. Howe is right the implication in this article is a broad one. The solution of the great social problem cannot then be that of the Single Tax for the opening up of natural opportunities, in accordance with the teachings of Henry George, thus giving labor and capital all each can ask, and providing abundantly for all needed industrial and agricultural development. The solution cannot then be in the philosophy of freedom with which Henry George has familiarized us. Instead it must consist of a settled policy of discouraging—how Mr. Howe does not tell us—all investments abroad. It seems to lead us again into the night of economic darkness, while assuring us that "surplus wealth" (whatever that is) belongs to all the people and should be used (how Mr. Howe does not tell us) for all the people.

For if Mr. Howe is right instead of the Single Tax we should have:

A tax on exports of capital.

A law compelling exporters of goods to give bonds that the money obtained should be forwarded at once to this country.

A law forbidding the export of anything, lest these goods be exchanged for foreign property.

Laws to prevent a man's money being sent to Wall street, and other laws to prevent Wall street sending it to China and other foreign parts.

Laws forbidding our people to engage in foreign profitable enterprises, which are essentially poverty breeding, enabling some people—all persons having money to invest—to wax fat on the skeletons of starved Americans.

Laws to offset the newly discovered iniquity of trust magnates, who will no longer engage in enterprises to supply our people with luxuries or necessities or public services for fear of competing with themselves.

And finally, Mr. Howe should realize the necessity of formulating a new law of wages to take the place of the one we must now abandon, and running as follows:

Wages and interest depend upon the exports of capital, falling as they rise and rising as they diminish.