

My dear Howard,

I am sorry that I did not make myself clear on defining wages, claims-checks and money. Our misunderstanding is the misunderstanding of the whole world. If, the people of the world had, wealth, wages and money clearly fixed in their mind there would be little more of a basic nature to discuss.

Wages is what the worker produces, or secures by his exertion, (not money). If he hunts deer and he brings home a big buck that's his wages, or return for exertion. What he produces is his wages. (On general principles). Now, since we have division of labor, where one worker does not finish an article by himself, but passes through several workers hands for completion, then naturally each worker shares in the product to the extent and quality of the exertion contributed. How is this division to be determined? There are three factors in the production of wealth and services, land, labor and capital. Land without people has no value, but as population gathers in a community, value begins and the greater the population the greater the value of the land. (No landlord can create value in land by himself). Therefore the residents who created the value are entitled to the value they create, and by collecting this land value, or rent into the public "treasury" about 5% more, or less of the assessed value (excluding all improvements) for public use, the people who created the land value, or rent, will receive the value they created by sharing the public services.

Capital should receive the interest it will bring in a free open competitive market. Not an interest fixed by bankers behind closed doors.

labor - the balance belongs to labor as wages. Since land has received its rent, ~~capital~~, capital its interest and labor its wages, all wealth has been distributed to the factors which has produced the wealth and services, there is no balance left over. A just distribution. Any financial system can be abused, but, if honestly administered I believe, our money system would work as good as any other method that could be devised.

Now, for money, or claim-checks, both serve the same purpose. Not wealth, but a claim for wealth. Perhaps we should define the word wealth. Wealth is "all material things produced by human labor for the satisfaction of human desires, having exchange value". Money is not wages, but represents wages. As we know, money was devised for two purposes, first a medium of exchange, second a measure of value. Originally goods were exchanged one for the other, which was very inconvenient some times. Money is provided as a claim-check, like a promissory note. That is you produce wealth, but instead of you getting what you produce, you get money (supposed to equal the wealth that you produced) permitting you to pick up the kind and quantity (within certain limits) of wealth that you desire. Well, what is wrong with this? Just this, it is an economic axiom that man seeks to gratify his desires with the least exertion. Hence man has resorted to all kinds of crime, even murder to get money without work (so they think). Employers have short changed the employees to swell his own purse. Our better citizens elected to our law-making bodies permit the federal reserve bank to create money at random, with no regard for the measure of wealth produced, paying only for the cost of printing. When as a matter of fact money should be printed, or minted to provide for the amount of wealth and services rendered, no more. And paid to the three factors responsible for the production and in the proportion justified.

To create money for the cost of printing only, is fraud equal to counterfeiting, even though it be legalized, it is deceit, cheating. Because they have not produced its equivalent in wealth. If money was provided only as a measure of wealth (value) and a medium of exchange (the purpose for which, I believe money was created originally) there would be no shortage of money, nor would there be any shortage of wealth, because each factor would receive the equivalent of what it produced. There would be no glutted markets and no depressions. There would be an incentive to provide as fully as possible to gratify the desires of each one as needed.

Returning to "Social Credit" there is no question (in my mind) that when \$2,400 of goods were produced there was already on the market \$2,400 in money circulating and to put into circulation another \$1,000 in claim-checks would not be just to the workers and would only aggravate the condition by providing more money than wealth.

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