

Interest
Definitive
Docu. Vs interest

Copy

Towaco, N.J.

Jan. 27 1941

Dear Mr. Chodorov:

See if you can drop other matters for a few minutes and take time to follow me carefully and analytically in the following:

1. You made the remark recently, that if there were no interest, there would be no capital, because nobody would save wealth to be used as capital. The only argument with which you could support such a position, would be that the collection of interest is the SOLE incentive for saving wealth for the above purpose. A moment's thought will reveal to you that ~~in fact~~ this is not only NOT the one incentive, but, in fact, a very secondary one; the chief purpose of saving wealth for use as capital, is to increase wages, - product. This cause would persist, even though no capital were ever loaned out for interest. You MUST see the truth of this. The nearest you could possibly come toward the truth or correctness of your position, above, would be, that if there were no interest, there would be no lending of capital, - and even this position you would find it hard to defend. For the owner might be very glad to loan out the wealth he sometimes uses, when he is not using it, to someone who wants to use it at that time, getting nothing in return but the service which the borrower renders, in taking care of what is borrowed, and agreeing to return it in as good condition as when borrowed. I know of many instances of this, even in present conditions. (Paranthenetically, and as a matter of opinion only, I believe that in free conditions interest rates will decline to almost zero).
2. In a recent letter you referred to the danger of being attacked by the Socialist, on the interest question, - he arguing that capital might be able to exploit labor. Here's an argument with which to quiet any Socialist on that score: So long as there is private appropriation of rent, with consequently low wages, the chief source of capital must be the savings coming through rent, the rent collector thus being able to become in addition, the chief collector of interest (as capitalist). Tell me, if private appropriation of rent were ended, where would capital come from? Obviously, there could be but one source, - the savings of labor, which savings could then be adequate, because of the high wages. Thus, with private appropriation of rent ended, labor would necessarily become its own capitalist, and of course, labor could not "exploit" itself. What is your reaction to this argument, as a weapon with which to settle the Socialist?
3. I enclose copy of definitions as I propose to publish them in the next edition of my booklet. Will you please take time to go over them microscopically, and see whether you can accept them in every possible detail, as without ambiguity or error, and defend every detail, - OR, show how any one of them could be improved. Please do not merely comment, "pretty good", - when I want 100% acceptance, or rebellion, specific rebellion.

That's all for this time.

Sincerely, Rusky.

The same applies to my article on Interest. You agreed to consider it with sufficient care to be able to assure me of its acceptance by you, in toto and in every detail, or to attack specifically any point which you could not accept in full. There is no better work that the School could do, than get this interest question down to solid fact, with no more room for opinion, or differences among Georgists on the subject, than there is as