

tendency to diminish the quantity, it can have none to raise the price of that produce. It does not obstruct the industry of the people". 1.

(b) Samuelson says: "A tax on fixed land leaves rentals paid by users unchanged but reduces rent retained by land-owners. What can the land-owners do but accept less return?" 2.

(c) Henry George says: "The tax on land values (i.e. rent) is the only tax of any importance that falls on the owners of land, and there is no way in which they can shift the burden upon anyone else. Hence a large and powerful class are directly interested in keeping it down and substituting taxes on other things. 3.

This, of course, must not be taken as implying that parting with the rent imposes a burden on the land-holder. The rent is to him an unearned income, and not his income at all. He is merely passing it over to its rightful owner.

In view of the importance of this subject the reader is referred to Appendix 5 (Par. 252).

Notes to Chapter 13:

1. Adam Smith "Wealth of Nations", E. Cannan's Edn. 780.
2. Samuelson, Hancock and Wallace "Economics, Australian Edition" at 595.
3. P & P 427-428.

## CHAPTER 14

### SITES AND RENT

97. The main factor in the superiority of sites and locations is population, i.e. more people. Rent does not arise until there is a margin, i.e. until the growing population has extended beyond the first quality of land and settled on land further from the centre of population. The more the population increases the further out the margin will go, and the greater and greater will the superiority of the more central sites become.

Every extension depends on the density and productive skills of the growing population.

98. For agricultural production, fertility and access to water are essential; for mining, coal or minerals essential; for overseas trade, a site near the ocean is essential. The site determines the kind of production and also

the extent and the kind of improvements on the site. Every producer chooses the best site available, which means that he takes the rent into account.

Rent equalises the opportunities for production, and a would-be producer in a competitive market offers to the site-owner a rental which in effect brings down the producer's wages to the level of the margin. The wages thus remain approximately the same throughout the community. The surplus production, i.e. the rent, rises from nil at the margin to the maximum at the centre of population.

99. When the rent is taken by government for the public revenue, unused land within the margin will be brought into some kind of use, either for production or for private enjoyment, because nobody will pay rent for unused land. This will cause the margin to come back further towards the centre, and will substantially raise wages for that reason alone. The total production will also increase and the rent will again rise, by reason of which all producers will produce more with less exertion.

## CHAPTER 15

### TRADE - IMPORTS AND EXPORTS

100. The wide-spread confusions and contradictions on this subject arise from a failure to understand what trade is. The best book for remedying this is "Protection or Free Trade?" by Henry George.
101. Trade, or exchange, is a labour process, using capital. It is part of production. The trader is a labourer and a producer. He is engaged in the labour-processes by which the products are brought from the earth and placed in the hands of the consumer, as already explained. At every step the labour and the exchange are inseparable. Each exertion of labour involves exchange, and vice versa. The ultimate aim of every labourer and exchanger is consumption, enjoyment and leisure, not labour or employment. At the last stage of production the production is finished, i.e. when the customer (consumer) receives the finished article or service from the retailer. The economy ensures that he receives it at the lowest price, i.e. with the least exertion or cost. The most economical processes are constantly replacing the costlier processes.

Without trade, which is identical with the market, only the most primitive products and only the most elementary services would be