

IU NEWSLETTER

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AN I-YOU CHAT

Off the coast of Iceland an upheaval takes place in the ocean. Great masses of matter are spewed up from an underwater eruption. The mass starts forming an island, but the ocean batters it furiously. Large chunks slide back into the sea and eventually the ocean swallows up the whole mass.

Another upheaval takes place and another island attempts to form. There is another battle with the sea. Some pieces fall away, but the island is assisted by additional masses that get thrown up. Enough earth-matter is there to solidify before the ocean can dissolve it. The island has succeeded in staying in existence, and it even becomes enlarged. The ocean then begins to cooperate with it and its currents bring life to it. Shell-fish find a haven on its shores. This attracts birds who carry seeds with them and deposit them on the island with their droppings. The wind carries more seeds and plant life begins. The island has advanced to being an ecological entity and has earned a place in the world.

Yet another upheaval nearby churns up more matter, but it turns out to be another defeat by the ocean. No matter; there is still one island to show for all the struggles.

A comparison may be made with our efforts to establish a Henry George movement. The underwater eruption may be compared to the impetus to get the Georgist philosophy to emerge into the world. The earth-masses are the converts we make and the island in formation is our movement. The ocean is the influence of the world. Without sufficient matter and cohesiveness, the chunks slide into the sea; that is, the converts become absorbed by the world and its many concerns, and so the movement crumbles. With enough mass and strength, the movement is able to hold together, and the world begins to work with it instead of against it. Life is attracted to it and a diverse system can be built up.

Many efforts have gone into the Georgist movement. From its earliest days, an untold amount of thought, energy and money have been expended on disseminating the ideas and getting them adopted. Yet here we are still battling the ocean.

There is scarcely an idea or proposal that can be thought up that has not been tried at some time in the history of our movement. Nearly all the ideas have merit. But we need more "mass" and "cohesiveness." We somehow have to struggle to build up, to increase our converts and keep them attracted to the continuing effort.

Let us cultivate our island!

Robert Clancy

Editor

The IU NEWSLETTER is distributed to members of the International Union for Land Value Taxation and Free Trade. (Minimum annual dues, £1 or \$2.40 or equivalent.) For articles and letters to the Newsletter, write to: IU NEWSLETTER, P.O. Box 52, Jackson Heights, N.Y. 11372, U.S.A. For membership and other matters relating to the Union, write to: IULVTFT, 177 Vauxhall Bridge Rd., London, S.W.1, England.

NEWS OF IU MEMBERS

H. C. MAGUIRE (New York, N.Y., U.S.A.) died in February of this year. He collaborated thirty years ago with Walter Fairchild and Charles J. Smith in producing a "Legislative Framework for the Philosophy of Henry George."

TRAVELLING IU MEMBERS include the following: Mrs. Ilse Stillwell (Tehran, Iran) who took a trip to the Far East including Thailand, Bali and other countries; Louis I. Weitzman (Tyngham, Mass., U.S.A.) who has made an extensive world tour taking in many countries of Africa and Asia and visiting Georgists en route; Knud Tholstrup (Copenhagen, Denmark) and S.W. Alexander (London, England), both of whom visited Australia and were welcomed by Sydney Georgists.

SIEBE SEVENSTER (Bennekom, Netherlands) had a 25-minute radio broadcast about his book, Creatieve Gerechtigheid door Grondrecht (Creative Justice through Land Reform), reviewed in IUN No. 10. The broadcast was a discussion between the author and two labor-union leaders.

S. H. HANSON has formed an Association for Economic Justice in Lake Wales, Fla., U.S.A. to promote "sound and just principles of political economy," particularly Single Tax. He writes, "We already have over 65 members and hope to get many more."

IRENE HICKMAN continues her campaign to promote LVT in California by introducing a constitutional amendment. Support from interested persons is invited. Write to: White Hat Committee for Tax Reform, 710 Alhambra Blvd., Sacramento, Calif., U.S.A.

HELENE MULLINS, whose book of poetry, The Mirrored Walls, was quoted from in IUN No. 11, is making this book available to IU members for \$4.75 (regular price \$5.95). Her poetry has been praised by such writers as Louis Untermeyer, A.M. Sullivan and others. Write to the author at 16 W. 16th St., New York, N.Y. 10011, U.S.A.

FREEFOLK is the name of a new Georgist periodical (duplicated) that is "designed to fill a need which is beginning to be felt in British Columbia. It will be a focal point for collecting and spreading information of interest to those who are studying economics as a science." Subscription \$1 a year. Write to the editor, E.A. Bryan, 25805 Fraser Highway, R.R. 3, Aldergrove, B.C., Canada.

JAMES W. RAMSAY, Director of the School of Economic Science in Calgary, Alberta, Canada, is host to this year's Henry George Conference. Among guest speakers will be Hon. Fred Colborne, Minister of Municipal Affairs and No. 2 man in Alberta. For information write to Mr. Ramsay at 706 15th Ave. S.W., Calgary 3, Alta., Canada.

J. R. BALIGOD, Director of the Henry George School of the Philippines, writes: "We are trying to work for the consolidation of all reformist groups and elements in our country and are discussing all avenues wherein we could all cooperate and bring about peaceful social reforms. We are introducing them to the Georgist philosophy and we are happy to report that it is receiving great enthusiasm from all fronts."

WILLIAM B. TRUEHART (Riverside, Calif., U.S.A.) is making progress toward a doctorate degree in economics and is passing his courses with high grades. A recent term paper was on "The Economics of Property Taxation with Emphasis upon Urban Problems," for which he received a grade of A-plus.

EQUAL RIGHTS may not always mean "equal time," but as a return courtesy the IU NEWS-LETTER got a nice plug in the second issue of Equal Rights, organ of the Henry George Foundation, 336 Fourth Ave., Pittsburgh, Pa. 15222, U.S.A. (A little reminder: One doesn't quite subscribe to the IUN, one joins the IU and receives the Newsletter.)

NEW LITERATURE

SEVENTH CITY OF CIBOLA - by Red Landho. (Printed, hard covers, 101 pages.) This is the latest in a series of books which have sought to bring out the Georgist philosophy in fictional form. A descendant of Coronado discovers one of the fabled cities of Cibola sought by that explorer and learns that single tax is practiced there. The book is mostly a series of conversations, but the points are brought out. The author has generously offered to send a free copy on request to readers of the IU Newsletter. Write to Red Landho, 1057 7th Ave. N., St. Petersburg, Fla. 33705, U.S.A.

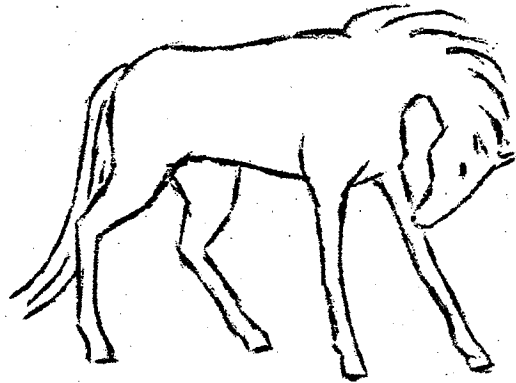
MONEY CAN BE UNDERSTOOD - By William J. Harrington. (Duplicated and bound, 105 pp.) This book is the result of 30 years of study by Dr. Harrington who has a different definition of money than most writers on the subject. He holds that it is an abstract moral principle, not a material substance. For information about obtaining a copy, write to Dr. W.J. Harrington, 102 E. College Ave., Appleton, Wisc. 54911, U.S.A.

ABOLITION OF POVERTY - by Joseph S. Thompson. The President Emeritus of the International Union explains in this attractively bound pamphlet Georgist principles in an ingenious way. He begins by considering how every individual can become a member-owner of the great "corporation," his country. For copies, write to Mr. Thompson, 2411 Broadway, San Francisco, Calif. 94115, U.S.A.

LOCAL GOVERNMENT FINANCE - by the Economic Study Association. This 87-page booklet by a London group brings out some basic principles in the matter of local finance, with special reference to the United Kingdom, but with general applicability. Many topics are covered including land value taxation, and many references given. It was reviewed in the January-February Land and Liberty. Price, 15 shillings or \$1.80. Economic Study Association, 7-8 Norfolk St., London, W.C.2, England.

THE APPLICATION OF LAND VALUE TAXATION by COLT (Committee On Land Taxation)

This is a working draft of a manual (duplicated and bound) to be issued shortly. It is an effort to provide as complete information and guidance as possible to interested persons on the practical aspects of getting land value taxation adopted. It includes a survey of places which have a measure of LVT; the principles of assessing land values; chief methods of applying the tax; subsidiary methods; natural resources, franchises, model laws, and other topics. For information on obtaining a copy, write to COLT, c/o IU Newsletter, P.O. Box 52, Jackson Heights, N.Y. 11372, U.S.A.



REFORMING THE MICHIGAN PROPERTY TAX - by Daniel R. Fusfeld, Professor of Economics, and Joseph G. Kowalski, Research Assistant. (Duplicated report.) The authors do not believe in straight LVT but they do believe a reform of the property tax is needed so as to bring more revenue from land which is undertaxed today. Michigan conditions apply to most other states and to some other countries. This report was sent by the Committee for Better Cities, P.O. Box 292, Detroit, Mich., U.S.A.

Here are my suggestions for increasing the effectiveness of our propaganda:

1. The IU NEWSLETTER to be published monthly.
2. Propaganda to be the major topic at the next IU Conference.
3. Let Georgists tell the IU NEWSLETTER about their successes and failures. We come from all kinds of environments and consequently we meet all kinds of people. Is it best to go in through the "back door" or the "front door"? Do we preach mild alterations or full-scale change?
4. We should consider entering politics - not necessarily in the orthodox way.
5. We should seek the advice of a professional publicity agent.
6. We should not be afraid to use modern gimmicks and catch-phrases.
7. We should take advantage of the current restlessness everywhere. (Note: As I suspected, counter-revolutions are quickly gaining support with demands for stronger censorship, tougher laws, nationalism, etc., and Georgism may lose a good opportunity if it fails to get through to the students, liberals, etc.)
8. We should try to get a small, newly-emergent country to adopt full-scale Georgism. (This would enable us to concentrate our efforts.)
9. All suggestions aired in the IU NEWSLETTER should be well noted.

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"SILENCE AND MISREPRESENTATION"

By OLE WANG (Osterås, Norway)

The "I-You Chat" and many of the contributions in IUM No. 11 set me thinking.

Recently I read a most interesting essay on Henry George by Albert Jay Nock (1939). The essay is in sympathy with George, but Nock wonders how it is that "one of the first half-dozen of the world's creative geniuses in social philosophy... is today pre-eminently the Forgotten Man of Anglo-American civilization." Nock does not believe the reason can be that "George antagonized vested interests which were extremely powerful and influential... could any vested interest be that powerful?"

Personally, I believe that the whole scale of ridicule, soft-peddling, conspiracy of silence and even misrepresentation has been used against Henry George's teachings, which are the real menace against the monopolies. Coercive socialism is "of human origin and will collapse." Not so with Henry George's teaching: "If it is from God, you will never be able to put it down, and you risk finding yourselves at war with God." Meanwhile, our consolation must be that "truth is mighty and will prevail."

The two articles from the Antipodes are very much to the point: Mr. E.P. Middleton's demonstration that we are off the track and Mr. H.T.A. McGahan's that we should find some way of convincing "the ordinary man and his wife."

By the way, Australia and New Zealand, under the threat of the "awful avalanche" are no doubt interested in the world-wide application of Georgist principles to international affairs. I have caused the IULVTFT to be proposed for the Nobel Peace Prize. During the last four years it has been a candidate without apparently rousing any interest in the Nobel Committee which is really a gemination of the Parliament (Storting) with its parties, all socialistic, irrespective of denominations.

DIFFICULTIES IN SOLVING THE LAND QUESTION

By PAVLOS GIANNELIAS (Lyon, France)

One of the greatest difficulties is that most economic, political, technical and judicial discussions fail to distinguish land from capital produced by labor. Almost nowhere do there exist complete and easily accessible statistics on the amount of land value apart from the total value of improved properties.

The value of land, whose supply is fixed, varies considerably according to its location. But the supply of capital is unlimited and the price of a given commodity does not vary much from place to place. The cost of constructing the same type of house is about the same, whether in the center of town, in the suburbs, or in rural areas. But very few countries separate these very different values but rather combine them in one value for the whole property.

Because of this lack, it is not possible to have a system of taxation based on site value. In Europe, Denmark is the only country that has initiated a reform of taxation in the direction of applying the social and economic remedy given by Henry George in Progress and Poverty: "Abolish all taxation save that upon land values." For 45 years in Denmark, all land parcels have been taxed according to market price registered in the land maps by valuation every few years. With very few exceptions the values of houses and other improvements are exempt from taxation. Up to 1960 indispensable food items were also exempt from taxation.

Under the Danish tax reform, agricultural production doubled, and housing construction went up seven times annually over the amount before 1920. Up to 1960 land speculation and inflation were unknown in Denmark.

The percentage of small farm holdings suffering a harvest loss in Denmark was much smaller than that of Switzerland, where taxation does not make the distinction between land and capital.

It should also be mentioned that in Denmark it was the small farmers who insisted on the reform of land value taxation, through the famed Kjoerge resolution of November 8, 1902. However, it took more than 20 years to obtain the first application of the Henry Georgian taxation.

Denmark also has an increment tax that is used only when there is a speculative selling. However, as in many other countries, there has been a boom in land values in spite of this tax. The only true tax reform is full land value taxation on all parcels of land, without exception, with a simultaneous abolition of other taxes.

Many illustrious thinkers have seen the same truth that Henry George did, but other circumstances have clouded the issue - such as nationalism, religion, race, etc. But the land question is paramount, and justice in solving it must take precedence over all else!

Eighty years ago Henry George warned in his Open Letter to Pope Leo XIII, concerning his encyclical, Rerum Novarum, on the failure of charity unsupported by justice: "If men lack bread, it is that, impiously violating the benevolent intentions of their Creator, men have made land private property and thus given into the exclusive ownership of the few the provision that a bountiful Father has made for all... Charity is indeed a noble and beautiful work. But pseudo-charity that discards and denies justice works evil... All that charity can do, where injustice exists, is here and there to somewhat mollify the effects of injustice... If it were possible for the giving of alms to abolish poverty, there would be no more poverty in Christendom."

The famed Russian writer Leo Tolstoy was an enthusiastic follower of Henry George. When he received Progress and Poverty he read it uninterrupted from beginning to end and said it was the happiest day of his life. He said: "Henry George has explained his idea so clearly and so unquestionably that it is quite impossible not to understand him. Therefore, there exist only two ways of opposing it: to distort it or to silence it."

Distortion and silence are reminders of the episode in Richard Wagner's opera, Das Rheingold, where the dwarf Alberich forces his brother Mime to make the "Tarnhelm" (magic helmet) for him. Alberich says boastfully:

"Den hehlenden Helm
ersann ich mir selbst
der sorglichste Schmied,
Mime musst' ihm mir schmieden:
schnell mich zu wandeln,
nach meinem Wunsch
die Gestalt mir zu tauschen
taugt der Helm.
Niemand sieht
wenn er mich sucht;
doch überall bin ich
geborgen dem Blick."

"A concealing helmet
I've devised for myself.
The most careful of smiths,
Mime, had to forge it for me.
To transform me swiftly
at my will,
and change my shape:
the helmet serves me.
No one can see me
when he seeks me;
yet I am everywhere
concealed from sight."

Mime symbolizes the laborer who creates capital and should receive his just wage, but he cannot find the robber who by silence and distortion causes him misery, whilst he is not able to enjoy the capital he himself made.

A fervent disciple of Henry George was the Chinese statesman Sun Yat-sen who overthrew the Manchu dynasty. He said, "My future will be devoted to the Chinese people and the teaching of Henry George will be the basis of our reforms." He married his secretary who is still today a Georgist - in contrast with her two sisters, one of whom is married to Chiang Kai-shek in Formosa; and the other is the wife of the financial backer of Mao Tse-tung.

With all the difficulties in the way of realizing Henry George's ideal, we are reminded of what Goethe had Faust say about secret wisdom:

"Wer darf das Kind beim rechten Namen
nennen?
Die wenigen, die was davon erkannt,
Die töricht genug ihr volles Herz nicht
wahrten,
Dem Böbel ihr Gefühl, ihr Schauen offen-
barten,
Hat man von je gekreuzigt und verbrannt."

"Who dares to call the child by its right
name?
The few who have some part of it descried,
Yet fools enough to guard not their full
hearts, revealing
To ruffraff both their insight and their
feeling,
Men of old burned at the stake and cru-
cified."

Yet Henry George was confident that truth would ultimately prevail. And Goethe must have thought so too, for he finally lets Faust say:

"Soch ein Gewimmel möchte ich sehn,
Auf freiem Grund mit freiem Volke stehn!
Zum Augenblicke dürft ich sagen:
"Verweile doch, du bist so schön!"

"Aye, such a throng I fain would see,
Stand on free soil among a people free!
Then might I say, that moment seeing:
"Ah, linger on, thou art so fair!"

(From an address at St. Gallen, Switzerland, September 4, 1968. Mr. Giannelias has also translated from German into French an article on land speculation from the German newsweekly Der Spiegel, which appeared in La Journée du Bâtiment, April 2, 1970.)

OBJECTIONS TO THE OBJECTS

By J. J. POT (Slikkerveer, Netherlands)

On the back cover of our IUN NEWSLETTER one can read the "Objects of the Union." In this declaration I do not agree with the words "taxes and rates upon the value of land... to secure the economic rent..." My objections follow:

"Taxes and rates": No! We abolish all taxes and what we promote is not a tax at all. "Upon the value of land": No! For as soon as the rent is taxed away there is no value left. "The economic rent": No! Irrespective of whether the land rents or not, one should pay its due.

Therefore, the objects of the Union should be revised as follows: Keep the first sentence; then add: "Specifically, towards the realisation of these objects, the Union favors the raising of public revenues by securing a duty upon the privilege granted to occupy a site (irrespective of production or improvements), and the abolition of taxes..." (conclude as at present).

* * *

TWO QUESTIONS

By SANFORD FARKAS (Oakland, Calif., U.S.A.)

1. What is responsible for the period of "prosperity and stable employment" since World War II? In the U.S.A. the Keynesian economists claim the credit - they engineered a "mild" inflation (about 3% or so a year). The Federal Reserve Board with its "tight money" policy is also cited as the control preventing the economy from becoming "overheated." I personally do not believe government can do anything to make "good times" except in the negative sense of not interfering with the natural laws of economics. However, I maintain that the enormous increase in material progress since the war has allowed wages and interest to share in the "prosperity" of the times. This progress has prevented the speculative rent line from overtaking the normal rent line. Progress has been tremendous - it is claimed that the world has progressed more in the past twenty years than in the whole of previous history!

2. Why have interest rates advanced to such a high level in the U.S.A.? Certainly, wages have not advanced in proportion. We know that interest rates go up in "good times" due to the demand for capital. But it seems to me that at the present time there is another important consideration. Since "man seeks to satisfy his desires with the least exertion", a lender will capitalize the future. Lenders have concluded that the government will continue to inflate the currency - thus before lenders will invest they will insist on receiving higher rates, as their loans will be paid off in the future with lower value money. Should the government balance the budget, thus stopping inflation, interest rates would drop, I believe.

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COMMENTS ON IUN NO. 11

By ARCH McCOLL (Ontario, Canada)

Stephen Martin is right in his article, "Single Tax - No Compromise." You cannot have a little single tax; you must have complete, free, voluntary payment of economic rent for any location desired for use - and like the auction or stock exchange, use falls to the highest bidder. The term "land value taxation" is confusing and contradictory.

Both J.J. Pot and David B. Ascher are wrong and do not seem to understand how governments have debased the currency. Bruno Eichert is well-meaning but does not understand the economic impact of Henry George's books. "Official Interest in LVT" is just the same old business of substituting one tax for another.

E.P. Middleton gives the best answer - the failure of half-baked economics. Both he and H.T.A. McGahan support my contention that partial application is a failure.

BASIC PRINCIPLES FIRST

By JOHN T. TEPLEY (Director, Henry George School of New Jersey, U.S.A.)

E.P. Middleton in "The Real Enemy" (IUN No. 11) submits that we are placing the cart before the horse, and that we (meaning presumably those who advocate Henry George's solution to poverty) ought to first attack economic problems other than raising government revenue. As I understand Mr. Middleton, he does not feel as did Henry George that to correct the land tenure system would render the solution of other problems easier, but rather the solution of other problems, such as the monetary system, would enable the adoption of George's proposal with less opposition.

We in the Henry George School are in a position to bring to the attention of those who take our courses the tremendous importance of inflation and the monetary system - "socialism by default," etc. - and we should do it. However, there are other organizations which are doing these things very well, such as the Foundation for Economic Education (mentioned by Bruno Eichert in "How Do We Get Through To Them?"). I do not think the Henry George School can spend too much time and effort but had best "proclaim from the housetops" - in the words of H.T.A. McGahan - public revenue and its collection. But while Mr. McGahan feels "we should concentrate on the taxation system and its reform," I am inclined to feel we must present the basic economic principles first - then point out how taxation or raising public revenue can assist in the solution of other economic problems.

Long have I felt that, should taxation such as we propose be implemented without reducing the swollen government bureaucracy with its unlimited power to inflate the purchasing media, not only would that make our efforts futile but it would actually be harmful to the economy.

I agree with Ben Smith that the IU NEWSLETTER is highly worthwhile.

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THE JERUSALEM POST of April 9 carried this Reuter's dispatch: "Rome priests want excommunication for building speculators." A group of 128 Roman Catholic priests and religious teachers have published an open letter to church authorities here asking that building speculators be excommunicated as 'public sinners.' The letter, written at the end of last month by 11 professors and other priests from the Pontifical Salesian Academy in Rome, said half the unrented flats in Rome would be sufficient to house all the city's homeless and slum dwellers. This situation was 'an insult to the poor,' it added. Rome has 30,000 flats still unrented, but workers, many of whom had helped to build the flats, could not afford the rents. The priests asked the civil authorities to requisition the empty flats for the homeless, and the religious authorities to remember that public sinners should include 'those who are guilty of building speculation and who get rich on the sweat and blood of the poor.'"

The good fathers should be advised that it is not the individuals who are at fault, it is the system. They would not become "sinners" if there were land value taxation to compel them - without coercion - to sell or let their flats in order to pay the land tax. A good slogan might be, "No excommunication without land value taxation!"

(Reported by D.B. ASCHER, Haifa, Israel)

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I AGREE with the "I-You Chat" in IUN No. 11 about spreading the word. If one is not looking for the answer, one does not see it even if he stumbles over it. Of course, today's conditions are making more people look for the answers - so we have got to hustle.

- FRANCES SORIERO (New York, N.Y., U.S.A.)

Five years after the formation of the Centre for Economic Inquiry at Nairobi's New Era College, the task of teaching Georgist thought in economics goes on unabated. The year 1969 saw advances in the work of promoting Georgist ideas through classroom instruction and a vigorous publication program.

The New Era magazine for young Kenyans made further advances to publicize the Georgist philosophy. During 1969, Mr. V.H. Blundell, Director of the Henry George School, London, wrote a series of articles on International Trade for the magazine. This was designed to interest young Kenyans in secondary schools, which New Era is now seeking to serve. In 1970, a series of articles by Robert Clancy on "The ABC of Government" is appearing.

With a circulation of about 5,000, each copy of the magazine is read by six to eight school children and at least one adult, as it is subscribed to in bulk by the Kenya authorities for distribution to African schools and it is passed from class to class. In 1969, New Era received special messages by two cabinet ministers of Kenya who warmly praised the efforts of the publication.

The teaching of the Basic Economics course, based on Georgist thought, took on an added dimension at New Era College. This course, which had previously been taught to about 250 secondary students at the College, was combined with the most popular business course, on salesmanship. Social Diplomas have been printed for this combined course and almost 100 students are expected to complete it for the 1969-1970 period. The students' papers will be checked in London and the diplomas countersigned by the London Henry George School.

New Era and New Era College enter the 1970's with a renewed faith in the future and a determination to carry on the task that has been undertaken.

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FROM IRAN: Eskandar Parvaneh writes in the Tehran Journal of April 13, 1970: "When His Imperial Majesty the Shahansha began distributing Crown lands as a first step toward far-reaching land reforms which were to follow in a few years (landowners were horrified)... Events following the White Revolution proved how wrong they had been. Not only did the farmers not 'die of hunger,' not only was there no 'chaos,' but on the contrary, once they became the owners of the land they tilled, the overwhelming majority of the farmers increased the yield. As Land Reforms and Rural Cooperatives Minister Abdol Azim Valian said in an interview with this reporter, the average incomes of farmers in some areas increased by as much as 150 per cent in six years since the Revolution, and nowhere has it increased less than by 50 per cent."

A big step forward - but did the increased production occur because the farmers now owned the land they tilled, or because they could now keep more of their production, much of which they previously had to turn over to their landlord? Should they now be put in a position where they in turn can similarly exploit lesser people - as not only the big landowners but also their superintendents did in the old regime - or should all privileges be abolished by the taking of the rent of land by society?

* * *

From PROGRESS (Melbourne, Australia), Jan. 1970: "We must make a full advance, no compromise, with Progress and Poverty as our banner. Our way was made hard as social reformers, because of the low esteem in which social scientists of all kinds are held today. But we have a philosophy, a purpose and a reward. Are we competent advocates? It is not what we believe ourselves that matters, it is what others can learn from us. So we go out to the people, not criticising other forms of thinking, but presenting our case. LET GEORGE DO IT!"

RENT AND PRICE - A REBUTTAL

By GASTON HAXO (St. Petersburg, Fla., U.S.A.)

In IUN No. 9, Messrs. Richard T. Hall and S. Tucker take me to task for claiming that rent is part of price.

Mr. Hall denies that rent and wages are factors in the market price of a product, "since market price is determined solely by the law of supply and demand." That is true at a particular time and place, but Mr. Hall forgets that there is something which affects supply and demand and that is the cost of production (rent and wages). A market price higher or lower than a normal production cost will cause supply and demand to fluctuate accordingly and tend to bring about an equation of cost and price. Therefore it is clear that in the long run, it is rent and wages which are the basic determining factors of prices. If we operated on a barter system, the laws of economics being what they are, the results would be the same as they are under a money system. Wages and rent would be paid in labor products whose exchange ratio would depend, basically, on their cost of production (wages and rent).

Mr. Tucker argues that total price for all the goods brought to market obviously include the surplus known as rent, but that rent is not part of the price charged per unit, the proof of this being that "goods of the same quality, etc., tend to sell at a uniform price irrespective of the rent element; rent does not enter into the individual price of any commodity." To prove his point, Mr. Tucker offers this illustration: "A" produces 100 bushels of wheat from "100" land, and "B" can produce only 50 on his inferior land. "A" gets a market price of \$100 and "B" \$50. "Rent is part of total price, not part of the price charged per bushel."

My answer is that, on the contrary, if goods of equal quality, etc., produced on various grades of land, tend to sell at a uniform price, it is because rent is included, otherwise goods produced on the most productive land, at the lowest cost, would sell at a lower price than similar goods produced at a higher cost on inferior locations. In other words, rent tends to equalize the cost of production, thus: lowest labor cost (1) plus highest rent (2) equals 3. Higher labor cost (2) plus lower rent (1) equals 3. Highest labor cost (3) plus no rent equals 3.

In Mr. Tucker's illustration, B's cost per bushel is \$1 (all labor); A's cost per bushel is \$1 (50¢ labor and 50¢ rent). How could A sell 100 bushels for \$100 without charging any rent? It could be done on the first 50 bushels by charging \$1 per bushel for labor instead of 50¢ and nothing for rent (a questionable procedure) but in that case the other 50 bushels would have to be sold at \$1 per bushel for rent instead of 50¢ and nothing for labor (even more questionable, for a labor product which has no labor cost is an economic hallucination). Far from proving that rent is not in the price, Mr. Tucker's illustration seems to prove the opposite. The truth is that whenever rent represents a lower cost of production, it has to be part of the price, unit price as well as total price, otherwise rent could never be collected.

Thus we see that rent is a most valuable economic fact and that, if publicly collected, it would not only provide the public revenue, but would also give producers an equal opportunity and would, by equalizing production costs, insure fair competition. At present it is possible for a landowning producer to beat competition by giving away some of his unearned increment in lower prices, something which his rent-paying competitors cannot do.

In my article on "Rent and Price" (IUN No. 8) I wrote: "The profit motive prevents the landowner from selling below the market price, thus forcing him to collect the rent." The article by Frank Dupuis in IUN No. 10 causes me to reflect that the profit motive is not a sure preventive but land value taxation would be.