Why No Ceiling on Land Values?

By WILLIAM LEON

The recent report of the Alexander Hamilton Institute sheds some light upon the matter of war time wages and inflation. Now that labor is to be frozen, thereby eliminating the choices that make pay increases possible, we learn that wage increases are only partly responsible for the advance in commodity prices. The Institute reports that since war began wages have increased by 20% while raw material prices have risen 43%. Although the wage addition might be said to account for higher raw material costs the disparity between gains remains. Ground rent rears its ugly head.

Somehow the price fixers cannot seem to understand that land is a factor in production. In order to protect the working man from the horrors of inflation his wages are to be placed under a ceiling. Then of what he can have, some is to be taken at the source by the income tax collector. Since the remainder is a potential inflation threat, another portion is earmarked for war bonds. With the individual's budget carefully planned, a given standard of living is supposed to result. But one important ceiling is neglected by the architects. That on land values is specifically left out.

While attempts are made to hold wages and prices at fixed levels, costs are mounting at the source of wealth. Retailers, working under ceiling prices, are oblivious of the fact that goods sold today were manufactured when the rent line and raw material prices were lower. Little do they reckon that theirs will be the fate of the Puerto Rican merchants who found wholesale prices over-reaching the legal ceilings.

Some advance in popular economic thought is indicated by the fact that an attempt at rent ceilings has been made in such cities as Hartford and Seattle. In time, perhaps, the idea may permeate that rent is a factor in the value of consumer commodities.