

## Econo-quiz

By HENRY T. L. TIDEMAN

*Question.* Do rising speculative land prices have anything to do with increasing the prices of commodities?

*Answer.* I believe that no direct cause-and-effect relation can be established. Progress in the arts of production, by making certain lands more valuable, will, if proper taxation of land values be not used as a check, cause the prices of them to rise. But if the price rise of lands is general, so as to exceed the real value, then the excess rise in those prices will be the result of the concentration of land monopoly, growing inflation of the money system, or a combination of these forces.

When concentration of land monopoly with its attendant land speculation results in reduced production of wealth, if the volume of trading medium remains fairly stable, rising commodity prices will tend to rise, neither price will be caused by the other. But note that the resulting price rise will be a reduction of real wages.

The basic cause of the wage reduction follows from the reduction of the margin of cultivation effected by land monopoly. The lower margin of cultivation yields less wealth to the same exertion of labor than that which the former better margin did. The margin of cultivation is the point of highest cost; for the cost of wealth is labor. Thus we observe the interaction of trade in the products of labor. It is such that the reduction of wages by commodity price increases follows from the law of wages — that law being "wages depend upon the margin of cultivation, rising as it rises and falling as it falls."

When inflation occurs land prices and commodity prices will rise together and money wages will tend to follow. The effect upon the real distribution of wealth incident to the labor and trade of the people will be small. But they will be strange. Inflation gets debtors out of debt and robs their creditors. It redistributes wealth and the holding of land very effectively but not according to the laws of production or the rules of justice.

Such a rise of land and commodity prices is not a rise in real prices. It should not be confused with the real rise in rent and wages, which should be the concomitant of progress, nor with the spurious values arising from land monopoly and speculation. For the real price of any commodity is the amount and quality of labor its possession will command.

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