

their father's business. The first thirteen members of the club—charter members, so to speak—are S. E. Abbott, H. Bogaske, W. H. Bowe, J. E. Dressendorfer, Henry Ettelbrick, C. Raymond Farris, H. George Farris, H. Furlong, S. J. Hanes, George W. Kenney, Joseph B. Perkins, C. H. Spaulding and Henry Walker.

**Peoria, Ill., Henry George Club**—Organized at the same time as the Springfield Club, at the instance of Mr. Watson and Mr. Monroe while on an Illinois tour, the Peoria Henry George Club also commences its activities with thirteen members.

Far from being superstitious of the starting number, members of each club point to the fact that the United States began with but thirteen colonies—and look how large it has grown! The Peoria Club, under the temporary secretaryship of Mr. Albert Henniges, is looking forward to meetings for J. Edward Jones, Mr. Watson and its former Peoria resident, Mr. Clayton J. Ewing, now president of the Chicago Single Tax League. The charter members include thirteen distinguished Peorians: Fred J. Bahni, Mrs. Jessie K. Cumming, J. Claude Ewing, Albert Henniges, J. A. Haynes, Charles J. Kalb, J. Kantir, Fred Monroe, Dr. Wright C. Williams, N. J. Nelson, E. Schentke, Dr. W. Wakefield and William A. Wittick.

**Omaha, Neb., Henry George Club**—The third meeting of the season for the Omaha Club was scheduled for Thursday, March 3, at which D. T. T. Young, president of the Fremont (Neb.) Rotary Club, was to have been the speaker. Dr. Young is a Single Taxer of many year's standing. His talk was on "The Single Tax."

**Lansing, Mich., Henry George Club**—This Henry George Club means business! A group of its members is to interview Governor Brucker Thursday morning, March 10, to present the Single Tax and to urge its consideration as a remedy for the tax problem and for the present economic conditions. A hearing is to be sought before the special session of the Michigan Legislature to be called for March 29 to consider the tax question. Members of other Michigan Henry George Clubs are to be invited to join those of the Lansing organization in giving the case for the Single Tax. Mr. Ray Robson, president of the Lansing Club, has been highly commended for his clear exposition in leading the discussions. Notices of the meetings appear in the daily papers inviting all members, and non-members interested in the subject, to attend the meetings. Mr. Robson has had two letters recently published in the Lansing papers, the *State Journal* and the *Capital News*. A special meeting is to be arranged on the occasion of Mr. Watson's visit in Lansing later in the spring. The discussion meetings are held at the home of Mr. and Mrs. Robson, 608 South Chestnut Street. Mr. Ross W. Ross is secretary.

**Memphis, Tenn., Single Tax Club**—As an added reason for the seventh annual Henry George Congress to come to Memphis next fall, the Single Taxers of that beautiful and interesting Southern city have organized a Single Tax Club. At its last meeting the club unanimously resolved that an official invitation be extended to the Henry George Foundation to hold its next meeting in Memphis. Judge A. B. Pittman, president, writes: "If the convention comes here, we offer a city-wide radio hookup for at least a part of proceedings. The convention department of the Chamber of Commerce will multigraph and distribute such addresses as are submitted in advance of delivery, thereby enabling delegates to have a permanent record of the speeches. A group of local Single Taxers are discussing launching an enclave, and should the convention come South, they hope to have the enclave ready for dedication as a feature of the programme." Mr. A. G. Riley is vice-president and Mr. P. M. Birmingham is secretary. The advisory committee consists of L. D. Bejack, W. D. Gaither, Bolton Smith and Abe D. Waldauer. If the convention is held in Memphis, a Southern speaking tour for Claude L. Watson will be begun at that time.

**Chicago, Ill., Single Tax League**—Fifteen thousand copies of the "Prosperity Programme" of the Chicago Single Tax League have already been sent to names in the telephone directory. Some splendid responses have been received and now 25,000 more copies of the pro-

gramme are ready to go in the mails. The purpose of this Single Tax document, prepared by Mr. Thomas Rhodus, is (1) to educate; (2) to encourage activity; (3) to point out ways in which newly interested persons may help, and (4) to secure the names and addresses of such interested persons. The weekly meetings of the league are continuing regularly, with excellent attendance. Recent speakers have included Max Epstein, noted Chicago civic leader; Gerhardt Meyne, builder and Rev. Alfred Nansen.

## Rent—Cost—Price

THIS article is inspired by the clear and very necessary criticism Mr. Oscar H. Geiger gives to Mr. Emil C. Jorgensen's attitude regarding rent and prices which appeared in *LAND AND FREEDOM* of September-October 1931.

It is certainly disappointing to find Mr. Jorgensen—who has frequently distinguished himself by the boldness and clarity with which he has corrected the so-called political economy of the schools when it was clearly in error—now himself having to be corrected for condemning it when it was right.

But Mr. Jorgensen need not be overmuch chagrined for if he were not above the average, no notice would have been attracted to his utterance of a fallacy that, in the experience of the present writer, has been held and defended by quite notable Single Taxers. The statement that the evils of land monopoly are reflected in the price of goods—that is that the payer of rent can recoup himself by adding the rent he pays his landlord to the goods he produces—even if true, would tend to show that Henry George did not discover a tax that will "stay put," and that case our reform is worthless.

Business men will declare that they add rent to the other expenses when they are fixing their prices. Very likely they do; but if they do, they will have to reduce the price arrived at in this way, or be undersold.

When they perceive this contretemps they subtract sufficient from their total to bring their prices down to the market level. They are probably quite unconscious when doing so, that they are deducting the item rent, which is probably the only item they could reduce and live. The business men do recover rent they pay is true, but they recover it from the advantages that give their site its value—not from price.

When confronted with this view, opponents have been known to advance the supposition that though each rent payer may fail to add his rent to the price of the goods he grows, manufactures or sells, yet, all the rent paid in the community somehow gets into the price of the goods sold in that community. This seems to leave the question where Mr. Jorgensen's supposition that it is because economists have forgotten that there is a zero rent on the margin that leads them to think that rent does not enter price.

If it was always remembered that wealth is the reward for producing, and that the expenditure of labor and capital is the cost of production, thinkers would be saved from



falling into the error of supposing that any part of the reward could add to the cost. All the goods produced, with all the services rendered, in America in any one year cost the people of that country exactly one year's work, or at least those of them who did anything. The manner in which the goods were divided among the producers could have no effect on *cost*.

Price must never be confounded with *cost*. Fundamentally the *cost* of everything is so much labor. This *cost* can never be lessened after the goods are produced. The *cost* of future goods can be lessened by progress. The *cost* of goods is vastly less now than when Henry George penned "Progress and Poverty," and every year sees it lessened.

But price is different and much less important. Price merely distinguishes the different value of various commodities or services, expressed in money. Money is either representative of a certain amount of labor or of certain commodities that have cost a certain amount of labor, or it has no backing at all, and can be increased at the will of the issuing body. If more currency is issued than the volume and velocity of trade can use, prices must rise. Exceedingly little currency can effect a huge amount of trade. If money-wages rise in proportion to the rise in prices, little harm would be done. But that is a big "if."

There is no doubt that much of the high prices that are supposed to be due to high rent are really due to either an overissue of currency or (what is much more probable) to a falling off in the volume of business, while the amount of currency remains as before. Price also distinguishes the value of labor compared with other labor, and land compared with other land.

We will now take one commodity and fix its price, and use it as a standard of or measure of the value of other commodities, and also of service. We need not choose gold for our purpose, but we will.

We will suppose that (at the margin) it takes the labor of one man two weeks to produce an ounce of gold, and that its price is fixed at £5. Now the price of an ounce of gold is £5, while its *cost* is two weeks' work, and everything else that costs two weeks of the same sort of labor will be worth £5, and prices will range above or below that figure as articles *cost* more or less of that class of labor.

If it *costs* two weeks to deliver a certain quantity of timber into the market, the price of that amount of timber will be £5. If half that labor will produce a ton of bricks, the bricks will be worth half an ounce of gold, or £2 10s, and the *price* of timber compared with bricks will be two to one.

But if away from the margin the same timber and bricks cost only half the labor they would at the margin, there will be no alteration in the *price*, but half of the timber and half of the bricks will go to the owners of timber-land and brick-land as rent; or all the timber and all the bricks, those belonging to the laborer as well as those claimed by land owners, will be sold in the same market for the same

price; the laborers will not be able to get a higher price for their share because they pay rent.

If gold can be got for half the labor that it costs at the margin, it will not purchase any more goods on that account, but all the gold over what labor and capital can produce at the margin will go as rent to the owners of gold-land. Prices will not be affected. If gold (being the standard of value) should become very scarce and hard to get, prices would fall, but the income of the whole community would be the same as before, in all goods except gold, and the *cost* of the income would be very little more than when gold was cheap, i. e., when it cost two weeks' work per ounce.

It is possible for the *cost* of everything to become greater without affecting *prices* if the cost of everything becomes equally greater. In that case the community would be poorer to the extent of the greater *cost*. If the cost of everything, owing to progress, was to fall in an equal degree, price would not be affected, but to the extent that progress lowered cost would the wealth or (voluntary) leisure of the community be increased. The opposite happens when cost is increased, as it sometimes is by adverse natural conditions, but much more frequently and permanently by tariffs. Strictly speaking, tariffs do not add to the cost of the articles on which they are imposed. A pair of boots costs no more labor because a tariff increases the price. If they cost a day's labor before the tariff raised the price, they can be had for that amount of labor after, although it may cost as much labor to earn the tax as to earn the boots; but in the one case the worker is working for boots for himself, and in the other he is working for the government, or perhaps for a "protected" boot manufacturer, or in the end for the owners of land from which boot materials are drawn, in which case it increases rent, hinders trade, and lessens the amount of currency that can find employers.

When we are presented with tables that show that prices are higher at one period than at another, we should inquire what relation the prices bear to money-wages at each period; how much the prices are inflated by tariffs, and, most of all, what proportion of the goods do those who produce them have to give to land owners as rent.

Now, although rent does not add to *price*, land monopoly can, and does, add greatly to *cost*. The unrestricted ownership of land enables the owner, if he so chooses, to refrain from selling or letting it at any price. If the price offering does not suit him he can go on "strike," a strike which is sure to be successful, and which costs him nothing, while the land is either becoming more productive or the competition of would-be land users compels them to come to his terms.

Land held out of use is, for practical purposes, non-existent, and labor and capital can only select from what is left, which is often inferior to what is locked up. Thus, the active factor in production is not working where the natural advantages are greatest, but where the *cost* of pro-



duction is higher and the *reward* is correspondingly lower.

If all rent were collected by the state, and wisely used for the common good, it would be unprofitable to hold land out of use, and the whole area of the most productive land would become available to labor and capital. From this cause alone there would be an enormous increase of wealth, without anybody working any harder or longer or more skillfully than at present.

I present an example from the *Standard* of June 15, 1925, by the present writer, showing rent does not affect price:

Suppose the quantity of wheat produced to be 100 bushels and the market price to be £25, made up as follows when rent is low:

	Value	Cost of Production
Rent 30 bushels.....	£ 7—10—0	7½ days
Interest 20 bushels.....	5— 0—0	5 days
Wages 50 bushels.....	12—10—0	12½ days
100 bushels.....	£25—0—0	25 days

Or as follows when rent is high:

	Value	Cost of Production
Rent 45 bushels.....	£11— 5—0	11¼ days
Interest 15 bushels.....	3—15—0	3¾ days
Wages 40 bushels.....	10— 0—0	10 days
100 bushels.....	£25—0—0	25 days

Here we have the same quantity of wheat in the market as before; nothing has happened to lessen supply or increase demand. Consequently price is not affected. When rent was low, the high wages did not increase the price; when wages are low, the high rent cannot inflate it.

Under Single Tax:

Rent, 30 bushels to state; interest, 10 bushels to capitalist; wages, 60 bushels to laborer, with no deduction for taxes; and also, owing to labor having access to better land than was formerly held out of use, the production would be more than 100 bushels of wheat for 25 days' work—another addition to wages.

Toowong, Queensland.

EDWIN I. S. HARDING.

## Economic Rent for Revenue

—(By Bertrand Russell)

Private property in land has no justification except historically through power of the sword. . . . The land became the property of those who had conquered it, and the serfs were allowed to give rent instead of service. . . . It is a singular example of human inertia that men should have continued until now to endure the tyranny and extortion which a small minority are able to inflict by their possession of the land. No good to the community, of any sort or kind, results from the private ownership of land. If men were reasonable they would decree that it should cease tomorrow.

The mere abolition of rent would not remove injustice, since it would confer a capricious advantage upon the occupiers of the best sites and the most fertile land. It is necessary that there should be rent, but it should be paid to the State or to some body which performs public services; or, if the total rental were more than is required for such purposes, it might be paid into a common fund and divided equally among the population. Such a method would be just, and would not only help to relieve poverty but would prevent wasteful employment of land and the tyranny of local magnates. Much that appears as the power of capital is really the power of the land owners—for example, the power of railway companies and mine owners. The evil and injustice of the present system are glaring, but men's patience of preventable evils to which they are accustomed is so great that it is impossible to guess when they will put an end to this strange absurdity.

## On to a Glorious Triumph!

EVERY disciple of Henry George may well congratulate himself as he observes the many flourishing activities now in evidence. There is abundant testimony in this issue of LAND AND FREEDOM of inspiring vitality.

The Henry George School of Social Science, under the direction of Oscar H. Geiger, seems to us a movement destined to develop into a great institution. It marks a new step in an untried field, and will provide an educational center out of which will grow young and active leaders to assist us in the great battle for industrial freedom that is surely coming. It approaches its work in a spirit of full co-operation, and the generous and whole-hearted responses that have come to it since its inception are extremely gratifying.

In the meantime the Robert Schalkenbach Foundation continues to enlist the interest of scholars and thinkers by the widespread distribution of books and pamphlets and is more than ever the inspiring cause of editorial comments in newspapers and magazines. Our readers are referred to the report, on another page, of the Foundation's activities by its efficient secretary, Miss Antoinette Kaufmann. A reflex of these activities is also to be found in the editorials from many newspapers that are printed in this issue. To these are to be added "Letters to the Editor" from various pens, of which those printed on other pages are but a fragmentary exhibit.

And in the enumeration of the various kinds of work being carried on, particular mention should be made of Charles H. Ingersoll's notable tour across the continent, the large attendance at his meetings and the gratifying receptivity of the newspapers, with their full reports, in places where he has lectured; of the work of John Lawrence Monroe, of the Henry George Lecture Association, which is rapidly making Chicago the banner city of the movement in the United States; of that of the Ingram Institute at San Diego, Calif., under the direction of F. F. Ingram, attracting as it has the support of scholarly adherents of the work of the Henry George Foundation, with its busy headquarters in Pittsburgh; of the work of Emil Jorgensen, of the Merchants and Manufacturers' Federal Tax League, and of the Henry George League of New Jersey, with Alfred N. Chandler as its moving spirit.

If we have omitted citing any worthwhile activity, such omission is unintentional. Taken together, the activities enumerated form overwhelming evidences of a growing strength that will not permit a much longer delay of political repercussions in the Legislatures of the States.

Increasing thousands now know the cause of industrial depression; they know the remedy. They are thinking, they are asking questions. More and more, clearly and truly, they are being informed by our loyal workers.

The schoolmaster is abroad in the land, and the spirit of Henry George is marching on!