

Letter From Australia

by WILLIAM H. PITT

BECAUSE of a now rectified mailing error, I have this week had the pleasure of reading all copies of HGN back to last July—a marvelous and encouraging story of accomplishment and promise, but showing a couple of weaknesses where strengthening would help.

First, there are attempts (unsuccessful) to so define "wealth" as to exclude those fruits of labor that come in the form of services [Oct. '69, p. 11 and Mar. '70, p. 5]. It seems to me inevitable that any such definition must be a failure for, when people speak of the wealthiness of a person, they have in mind the command that he has over what together are spoken of as goods and services.

Since the object of all economic exertion is the satisfying of some desire, it is clear that both goods and services are produced for this same essential reason. The difference is that, while with services the satisfaction given by the labor is enjoyed immediately, the satisfaction given by goods results from the outcome of the labor being stored in material form so that the satisfaction it will give may be enjoyed later.

Wide enough to embrace both, I therefore suggest the definition: **WEALTH**, all goods and services that are exchangeable in the market.

I make special hoo-hah about this because the question very closely concerns the origins not only of wealthiness but also of both value and price, and errors at an early stage can make for awful difficulties later.

We value a thing, in subjective fashion, because the satisfaction for each of us will, like our thumbprint, differ a little from that of anyone else. We then give objective expression and measurement to our evaluation by establishing its exchange value, or price,

in the market. This process is followed irrespective of whether the item for exchange is what is called a service or if, being of material substance, it comes under the heading of goods.

For example, first consider yourself at a clearing sale where a nice old kitchen chair is about to come under the auctioneer's hammer. You will hear him say, "What am I offered for this sound old piece. It has years of service in it for the lucky buyer."

Perhaps as a heavy-weight for whom the chair's construction looks a bit light, you will keep your peace. But if you have tried the chair beforehand for its comfort and know that for you (subjectively) the statement is true, you will then bid for the satisfaction that enjoyment of the chair seems to offer.

Next, consider yourself as needing tonsorial attention. You desire (!) to look elegant or to feel neat and tidy. So, you do the job yourself with the aid of two mirrors and patience, or, through the operation of the market, you exchange a product of your own exertion for the satisfaction gained from the hairdresser's exertion.

With the haircut the satisfaction is transient and another few weeks will find you again feeling scruffy. With the chair, the satisfaction is similarly transient, but the period over which it will spread is likely to be years.

It therefore seems to me that the definition which I use—you will probably find that George himself gives it somewhere—ties in with the simplest forms of language and fits exactly into position with subsequent definitions for wages, capital, rent etc.

My other major point concerns land value taxation. Here I see need for simplicity and clarity so as to bring conflicting views into agreement, for

there are those who, even though they subscribe to journals that advocate LVT, bluntly aver that all taxation is bad.

Unfortunately, there seems no word as short as "tax" to cover what people mean when they speak of government revenues. Economy of effort is therefore bound to ensure that the word stays with us, probably forever. Hence it behooves us not to be narrow in our usage of it and I think we can see to this by clarifying the term "land value."

For this, it is easiest if we go direct to George's "the value of land is its rent" and then turn our social science course into everyday language by saying that this is what the occupier is constrained to pay because of his desire—and the desire of those who will compete with him—for the additional wealth that the economy of effort inherent in the convenient location of his land will proffer to its titleholder.

Together, these wordings lay out exactly what LVT is about. Moreover, they do it in everyday language that

leaves no room for argument among ourselves or for quibbles by opponents. This is the advantage over wordings that refer to land price, that hideous perverter of public morality and of reformist thought. Land price is a secondary evil that is mounted upon the appropriation of land rent to private advantage instead of the public enrichment. The less we say about it the better, for it has no place in the Georgist scheme of things.

It seems to me that we will immensely simplify our LVT proposals if we will construe the term land value as referring only to the rental value. And for safety's sake, we should always seek to express our ideas in everyday language rather than in terms which, because they themselves require elaboration, tend to confuse rather than clarify. Thus I am brought to suggest that the Georgist proposal can with complete accuracy be: that the rental value of land should be appropriated to public revenue in lieu of arbitrary taxation.

Notes From Readers

As if destined to allay fears of famine owing to population growth, a report comes from the U.N. Food and Agriculture organization via London, stating that the Malthusian catastrophe will be avoided for the present. Introduction of new strains of crops, aided by fertilizers, irrigation and pesticides will, in some cases result in a surplus, mainly of cereal food.

Msgr. L. G. Ligutti, a Georgist friend, has been active and prominent in the FAO since the beginning. He was largely responsible for introducing American "miracle grains" in under-developed countries.

The Cape Cod Standard-Times writer, John Kerr, (May 18th) recalls that early settlers regarded the salt marshes as a good source of hay for their livestock. The areas were divided evenly among the settlers who shared in the good and poor yield portions. Outright ownership was rare but the "haying rights" had a legal connotation in the event of claimed ownership.

Now the salt marshes are valuable property. Though the