

By LIONEL BOORMAN (Eastwood, N.S.W., Australia)

Fred Foldvary's theory of the state is interesting. In Australian law, all land is vested in the Crown, and the highest estate one can hold is the fee simple. The original basis on which the Crown granted the fee simple was the payment of rent - not economic rent but an annual payment per acre. But as time went on the payment was abolished through political pressure.

I cannot agree that all taxes ultimately come from rent. All taxes come from production but all production is not rent. Mr. Foldvary is confusing rent paid by the producer to a landlord with economic rent received by the producer as part of the natural distribution of wealth. "Rent" paid by a tenant to a landlord is not rent in the economic sense. In relation to the site, it is tribute. In relation to the improvements, it is a price paid for the use of improvements.

As nothing can alter the natural distribution of wealth into rent, wages and interest, taxes on labor and capital do not "raise their prices at the expense of rent" but rob the producer of his wages and interest.

As for raising the question as to what is the "best form of rent," there is only one form of rent as quoted by Henry George in Progress and Poverty, Book III, Ch. II: "The rent of land is determined by the excess of its produce over that which the same application can secure from the poorest land in use."

The fallacy of Fred Foldvary's statement is that money paid by a tenant to a landlord, whether he be an individual or a State is a price paid for the use of land and/or improvements, and not rent in the economic sense. Rent in the economic sense is received by the producer and never paid to any one. Furthermore, the natural law of distribution of wealth existed and operated long before there was a State.

No doubt in many countries, and in Australia before 1788, before land was appropriated or misappropriated, some natives fed better than others because some lands were superior to others. In other words, those on superior land received rent in addition to receiving wages for their hunting efforts.

By FRED FOLDVARY (Berkeley, Calif.)

This is in reply to Wm. Costerus ("The State and Rent," GJ No. 54) who in replying to my article "A Theory of the State" placed orthodox jurists on the side of anarchist libertarians who do not recognize the legitimacy of state ownership of land.

Lysander Spooner, in An Essay on the Trial by Jury (1852), wrote that "The lands of the country were considered the property of the state (in feudal times)." Freemen