

"private enterprise" found it so unsatisfactory that whole nations have been seen to swallow notions that on close examination appear utterly absurd. Nevertheless, he makes a suggestion of the greatest importance, so important indeed that it could lead to a régime of private enterprise free from those defects which enabled the sophists to bring the phrase into disrepute.

Apply Common Sense

"Whether one likes it or not, it is a fact that the main issues of present-day politics are purely economic and cannot be understood without a grasp of economic theory. Only a man conversant with the main problems of economics is in a position to form an independent opinion on the problems involved. . . . The first duty of a citizen of a democratic community is to educate himself and to acquire the knowledge needed for dealing with civic affairs. . . . What is needed above all is *common sense* and logical clarity. Go right to the bottom of things is the main rule." If sound knowledge of the basic factors of economics were to be generally diffused, however, we believe that Professor Von Mises would be required to explain with greater clarity many of the terms, such as capitalism and free enterprise, which he employs with dubious meaning. Moreover, he, in common with all other prominent economists, would be required to reveal the Great Economic Mystery: why, when land is the first necessity of all production, and land revenue the natural revenue of the community, all reference to this overriding consideration is studiously avoided by prominent economists, Socialist and non-Socialist alike.

It would not be true to say that this book is designed to appeal mainly to the self-interest of the American business man, but a hostile critic might easily be led by some passages to make the charge. The author, like so many of those who are prompted more to criticise the "Left" than to seek the remedy for more fundamental evils, is extremely brief in his references to those methods of tariff and other legalised monopoly by which business men sought to gain legal privilege long before modern bureaucracy reached its present strength. He does "not recommend capitalism for the sake of selfish interests of the entrepreneurs and capitalists, but for the sake of all members of society." But there is nothing in his book to disturb a "capitalist" bent on self-interest by the same methods that have hitherto obtained, and there is little indeed to explain to any member of the "landless proletariat" the cause of the evils which bureaucracy presumes to remedy. One cannot avoid the suspicion that Professor Von Mises does in fact address himself to the self-interest, if not the selfishness, of the business man more than to the general sympathies of mankind.

It is sound and right to show that economic freedom in the long run brings to every producer solid material gain, but there is some danger if we insist too exclusively on self-interest as a motive for social action. At the present time selfishness—unless of that kind so enlightened that it ceases to be selfish—would induce every business man and every operative to make their best terms with the bureaucrat. If we would advocate freedom successfully we must appeal not only to self-interest but also to the social sympathies and higher emotions, to an elevated conception of the dignity and purpose of life. After all, a selfish man will help only those causes which have won or are winning; and this is far from the situation of freedom to-day.

F. D. P.

OBEYING THE LAW OF RENT

THERE IS an intellectual beauty about the Law of Rent that makes it surprising that it is so neglected in political discussions, even amongst those most concerned with the interests of labour. The Law of Rent is well known; its best expression being that of Henry George in *Progress and Poverty*: "The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use." Here the important phrase is "the same application," that is of labour and its tools, seeds, machines, etc., summed up in the word "capital." This application of labour and capital to opportunities that vary in productiveness, leads, on the better opportunities, to an excess yield which it is obvious, by reason of the terms of the proposition, is not due to the amount of labour exerted.

This law is usually illustrated in some such way as the following. On one piece of land on the margin of production, where no rent is or can be charged, a given amount of labour will produce wealth to the amount of say £100: on a superior site, the same effort will produce £150: the difference representing an economic rent of £50 as between the two sites. If this rent is appropriated by the man who happens to be in possession of the favourable site then an injustice is done to the other man who worked as hard, but whose opportunity was unequal.

There is, however, another way of looking at the Law of Rent, which throws the injustice into even more glaring light. If we turn the above illustration round, and consider, not a given amount of *labour* applied to varying sites, but a given amount of *wealth* to be produced from these differing sites, we get some such result as follows. On the superior site wealth to the amount of £150 requires a certain degree of labour, let us say two days. Then it follows that on the inferior site in our illustration, the same amount of wealth, £150, will require three days labour to produce. That is 50 per cent. harder toil for the same reward. If they exchange their products with each other, or take them to the market, which in the long run will be the same thing, one will be giving the results of three days' work and receiving in return the results of only two days'. For two days' imports he will have to give three days' exports. In other words, the less fortunate worker will have to work one day for nothing.

It is obvious to those who remember the basic economic law that men seek to gratify their desires by working as little as possible, that no man would work on land yielding only £100 worth of wealth if he were free and had free access to better land yielding £150 worth. That is, no man would work for three days for the same result as he could get by working two days, if he could help it. If, however, the rights of private property are extended so as to include land as a commodity on the same footing as articles made by man, then it will be possible for some men to appropriate the better sites of land and the economic rent which their superiority gives.

We have not considered so far the consequence that taxation for public purposes will have to be levied on products of industry because the economic rent fund is thus appropriated by individuals. We wish to focus special attention on this deduction from the Law of Rent, that men who are denied their rights in the land are subjected, not merely to an abstract injustice or some subjective affront to their feelings, but are made to exert hard physical toil beyond the limits of what they would choose under fair conditions.

Yet this is the state of the world to-day, revealing the causes of the world-wide unrest. Forced labour, unrequited toil, men forced to work on disadvantageous sites, when better opportunities are visible to their eyes, these are the

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great social evils arising out of a neglect of the Law of Rent and its implications. If men were free they would exert their labour where the reward would be greatest, that is on the best land thrown open to them by the prevention of monopoly and the private appropriation of the economic rent of land. It is the present toleration of this private appropriation that gives the encouragement to speculation in land and its being withheld from use, thus compelling the resort to land that requires increased effort to secure a

given return. A true understanding of the Law of Rent would show how by bringing higher capacities of land into freer use—and this can be done by taxing all land on its value—human energy can be economised and wasted effort avoided. As the saving of energy and the avoidance of waste should be one of the first aims of every Government the Law of Rent stands as the sign-post to the most pressing legislative need of our country and our time.

D. J. J. O.

NEWS FROM OVERSEAS

(Press Service of the International Union for Land Value Taxation and Free Trade, 4 Great Smith Street, London, S.W.1)

JOHANNESBURG: INCREASED LAND VALUE RATE. The city has raised its assessment rate from 7d. to 8d. in the £ of capital land value, this municipal tax exempting all buildings and improvements. The increase (*Rand Daily Mail*, February 11) has been approved by the Administrator, General J. J. Pienaar. The chairman of the City's Finance Committee, Mr. D. H. Epstein, has published the reasons for the increase (*R.D.M.*, February 12), saying that the Labour Party believes that the average citizen, the "little man," is better served by an increase in the rates than by an increase in service charges. "It would not be right to make the very poor pay for the increased city expenditure through increased charges for water, lights and transport to a greater degree than those better off. By increasing the (land value) rate the burden is spread more evenly. The central property owners will pay nearly two-thirds of the increase. Suburban property owners will pay an extra few shillings a month, depending on the value of their stands . . . in the majority of cases they will pay less than if an increase in service charges had been accepted."

The fault in Johannesburg finances has all along been that, although the assessment rate is levied wholly on land values, a large part of the revenue has been derived from that indirect and unjust taxation disguised as "profit on municipal services." The foregoing statement on the part of the Labour Party is therefore to be welcomed, appreciating the truth that the proper revenue of the community resides in the land value which the community creates. In this regard we notice the protest of the Johannesburg "Property Owners Protection Association," i.e., the owners of the highly valuable land in the central section who complain against having to pay the major part of the new "burden," as if they had made the land valuable or as if they were entitled to continue the appropriation of its value. Here is a clear clash between the private and the public interest and the Labour Party rightly stands for the latter. The "Property Owners" show their real colours as mere monopolisers of land value in their demand to put some taxes back on to buildings and improvements and in their apprehensions of the still higher contribution they will be required to make when, with land value rating still fully in effect, the pending periodic revaluation of Johannesburg takes place.

AUSTRALIA. *Progress* of Melbourne for December, 1945, reports activity in many areas, the making ready of petitions demanding polls of ratepayers for the levy of rates on land values in Footscray, Preston, Northcote and Moorabin and steps in the same direction in Box Hill and Nunawading besides in other places. The Shire of Philip Island has indicated that it supports site-value rating and intends to adopt it next year. Ballarat is inquiring into the desirability of making the change to that system.

In Western Australia the Road Board of Manjamp has decided to adopt site-value rating, and the Board of Mosman Park which has that system in force but had intended to revert from it was defeated through a largely signed petition of ratepayers to the Minister.

In Tasmania a Bill to make ratepayers' polls mandatory and not merely advisory, as they have been in that State, has passed the Lower House of Assembly and now goes to the Legislative Council where it is not anticipated that serious opposition will be met.

There is a general report on the position of Greater Brisbane, Queensland, where the area under the direct control of the City Council covers 375 square miles, of which 63,239 acres are in urban use and about 188,000 acres are in use for rural purposes.

The rates are levied on the value of the land alone, exempting all buildings and improvements and the assessment is the capital value of the land. The rates are: for general purposes, 13d. in the £; for water, 5d.; for sewerage, 3d. For rural land the corresponding rates are 6½d., 3d. and 2d. One of the major factors in the diffusion of prosperity in this city has been the extreme cheapness of land. This is instanced in the records of changes in property ownership, relating mainly to existing houses and not merely cheap vacant lots. In the year ending June 30, 1942, the properties sold numbered 4,829. Their improved value (land and buildings) was returned at £2,133,243, while the assessed value of the land alone was £169,764, the latter working out at an average of £35 per lot as compared with an average of £407 for improvements alone. The picture of these cheap sites and these untaxed improvements illustrates the working of the land-value-rating system now universal in Queensland.

DENMARK. Welcome for our Library, helping to make good the disaster of May 10, 1941, are a whole series of the informative Land Value Maps of Copenhagen and other Danish towns issued by the Central Valuation Department; also the handsomely produced large-type editions of Henry George's works—*Progress and Poverty*, *Social Problems*, *The Condition of Labour and Protection or Free Trade*. The parcel includes in book form with portrait the *Law of Human Progress*, being the latter part of "Progress and Poverty," the lecture *Moses* in large format, Jakob E. Lange's *Political Economy* and his *Life of Henry George*, Axel Fraenckel's *Economic Liberation*, and a large selection of the elegant booklets published by the Ecotechnical High School. It is especially interesting to find among the last-named, under the title *The Prophet of San Francisco*, the script of the Radio Play which was broadcast from the Copenhagen station on September 2, 1939, in celebration of the Henry George centenary. Finally, a booklet of twenty-four pages being the selected list of literature on "Henry George and Georgeism," prepared by the Central Library for the Maribo County. This contains no fewer than 163 titles.

BULGARIA. The good news comes from Sofia that Mr. B. Guduleff and his family have come safely through the war. Home, however, was destroyed in Allied air attacks. In his letter to the International Union for Land Value Taxation and Free Trade, with which he has been long associated, Mr. Guduleff writes: "Many of our friends here are eager to resume the propaganda of Henry George's ideas. Already in Plovdiv we have restarted the Henry George Association, of which Dr. Karaivanoff is secretary, and we are contemplating new editions of *Social Problems* and *Protection or Free Trade*. We expect before long to be engaged in extended work. We wish to resume contact with friends in France, Denmark, U.S.A. and other countries and to be acquainted with the latest developments and legal enactments." Among other active workers in the movement are Mr. Edreff, agricultural specialist in Kazanlik and Mr. Kovatcheff, advocate, translator of *Progress and Poverty*, *Social Problems* and *The Land Question* and author of the booklet *The Fight Against Poverty*.

With all else that is said or rumoured about the political scene in Bulgaria, it is reassuring and gratifying to learn that the teachers of Henry George's social philosophy are thus freely spreading the light.

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