

him to pay the rent. Meanwhile the Empire Marketing Board is doing its best for the farmer—across the seas! Those who keep the farmers in leading strings to land monopoly are truly a wonderful people and wisdom shall die with them.

**Our Suffering Industries.**—As monopoly escapes so must industry endure. As W. R. Lester says in his latest illuminating pamphlet:—

“When we remember that rates vary from 10s. in the £ to 20s. in the £, and even more, and that the occupier must pay this burden we begin to grasp at least one reason why houses are scarce, and rents are high, and why our industries suffer. Under the land values system not only would this check to production be avoided, but a powerful stimulus would take its place. Full use of land would be encouraged, speculation penalized, and the supply of land available for use at fair rent would be increased where now we artificially restrict it. For with rates and taxes payable on land according to its market value, independently of the use it is put to, the speculative element is at once squeezed out, and it becomes a losing game to own land unless put to its best use, which means unless thrown open to labour and enterprise. With taxation applied on this principle, *no man or corporate body could afford to hold more land than he can put to its most productive use*”

In contrast with existing methods, land value taxation will not only take for common purposes the revenue that rightfully belongs to the community but will remove the speculative element in land holding. In arguing the financial case for the land value policy let us never forget its virtue as the means to promote an unfettered production and bring about a more equitable distribution of wealth.

### “THIS ALSO INTERESTS YOU!”

Under this heading Mr T. Atholl Robertson, ex-M.P., writes to the *Muswell Hill Record* of 9th December, commenting on the report of a Ratepayers' Association meeting where the same heading was used. He mentions as an example the experience of Sydney, and having quoted the advertisement (referred to in another column of our issue) points out that in Sydney under land value rating:—

“They encourage the expenditure of capital and the employment of labour. They make it pay to use land. They make it a losing game to withhold land from use. They make it pay to pull down shanties and erect beautiful buildings in their place. This is not a theory, but something that is in actual practice within the Empire. I earnestly commend ratepayers to think over this; it is practical politics. How stupid it is to fine a man twice a year by way of a rate demand, according to the use he makes of his site—the better his house the higher the rates, the more up-to-date he dares to make his shop or his factory the bigger the fine, while the owners of the sites pocket the increasing land values created by the presence and enterprise of the community, and contribute nothing to local rates. Why not distribute the burden more equally by rating land values?”

A leading article in the *Manchester Guardian* of 17th December was devoted to a very favourable review of Col. Wedgwood's new pamphlet, *Local Taxation in the British Empire*. “The Councils of Great Britain,” it said, “remain lashed firmly to the method of rating the annual value of land and buildings together. It is a demonstrably bad method.”

## “THE RENT OF ABILITY”

By Louis F. Post

(An extract from “*The Basic Facts of Economics.*”\*)

Before passing to the next subdivision of Distribution, it may not be a diversion to direct attention to the most remarkable distortion of technical Economic terms that has yet harassed Economic thought with confusion. This is the attempt of some Economists to identify Rent with Wages, by ascribing extraordinary compensation for extraordinary human service to “rent of ability.” As a subclassification of Wages there could hardly be any objection to this assignment except its tendency to mix Rent for Land with Wages for Labour in the minds of students. As a fundamental classification, however, its absurdity is manifest. Can anybody “rent” his ability, however great it may be, without putting it at work? Could the ablest physician, for instance, get a fee unless he offered to work with his ability? Could the most brilliant author command royalties unless he wrote books? Of course not. It is only as one works or promises to work that he is compensated for any degree of ability.

Although Landownership may command compensation in Rent for such special opportunities as the Land offers to Labour, regardless of whether it is utilized or not, Man cannot rent his ability without obligating himself to use his ability; and the man who obligates himself, though he may call his compensation “rent” if that pleases either his vanity or his love for confused thinking, gets for his ability no rent whatever. What he gets is wages for making his ability serviceable as a Labour unit. Nor is such compensation any the less Wages or any the more Rent, if it be (as with Lawyers) a retainer for pledging future service which in the end has not been required of him. Compensation for work, or for a contract to work, is Wages whether the contract be in consequence of the worker's ability or regardless of it.

All compensation for service units, from lowest grades of ability to highest, is in Economic terminology and analysis, not Rent for Land but Wages for Labour. The bricklayer, contrasting his Wages with the Wages of an apprentice, might call his larger income “rent of ability,” if that flattered him; but his doing so, though it might enhance Economic confusion, would not alter the Economic relationship of Wages for Labour and Rent for Land.

If Economic thinking is to be done with definite terminology instead of word-juggling, all compensation for human service must be expressed by a technical term different from the technical term for premiums for varying grades of Natural Resources. The accepted technical terms are Wages for Human service and Rent for Natural Resource advantages. Though “rent of ability” be picturesque in dramatics, it is farcial in Economics.

J. S., South Shields, writes: I should like to thank you for the copy of Harry Ll. Davies' *The Labour Question* received some time ago and for the complimentary copy of *The Story of My Dictatorship*, which I have read with a growing interest in the principle of Land Value Taxation. Previous to reading *Land & Liberty* I had not heard of the subject. *The Labour Question* gave me a good grasp, and *The Story of My Dictatorship* enabled me to understand how the principle could work if put into practice.

\* *The Basic Facts of Economics*: A common-sense Primer for Advanced Students. By Louis F. Post, 2s net. Obtainable from our offices.