

tion. For instance, a decrease in supply need not cause an increase in price if there is a corresponding decrease in demand. And an increase in population need not cause an increase in prices if there is at the same time an increase in supply.

The attempt to apply remedial measures to the first and fourth causes enumerated above would doubtless do more harm than good. The correction for the third cause is so obvious as not to require mention. To lessen the cost of production requires the elimination of all avoidable lost motion and friction in the mechanism of exchange, and could probably best be accomplished in the United States by the government ownership of railways and the general voluntary co-operation of producers.

If the process of reasoning here pursued has been correct, the statement that, "The higher the value of land the higher the price of everything brought forth from it," is erroneous.

The statement, "If wages and interest do not get the high prices, rent does," is no doubt true. If the increased prices are caused by land speculation, this increase goes directly to rent considering both as a ratio of the product, and as an amount measured by the standard of value. It is also equally true that, if the high prices are independent of land speculation, they go to wages and interest in the same ratio as to rent, and affect neither rent, wages nor interest considered as a ratio of the product, and appears only after the product has been measured by the standard of value.

If a tenant produces a crop of wheat, the market price will evidently be the same whether the landlord receives one-fourth or one-half of the crop, and any increase of price caused by increased demand will go to the landlord and tenant in the same ratio.

In answer to the question, "If increasing and inflated rent does not increase the cost of living by increasing the price of goods, where is its effect registered in society?" I should say that it depends on what causes the increase of rent. An increase

of rent caused by speculation in land increases prices. A normal increase of rent does not increase prices, but increases the difficulty of the mass of men to make a living by decreasing wages and interest considered as a ratio of the product.

A sufficiently good case can be made out against the individual ownership of natural resources even when it is not attended by land speculation, but when it is accompanied by land speculation, as is universally the case in the progressive newer countries, the case is made all the stronger.—W. A. WARREN, Seattle, Wash.

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### IS RENT A PART OF PRICE

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#### EDITOR SINGLE TAX REVIEW:

This has to be considered as a question of distribution; this presupposes a normal rate of distribution. In other words, out of all production, Rent is entitled to a share, Wages is entitled to a share and Interest is entitled to a share.

Each share under free conditions will be what we call normal; that is, each will get a square rake-off. In order to get this square rake-off, it is absolutely necessary that conditions must be such that a free, fair contract can be made. That's all the Single Tax will bring about. Though some Single Taxers seem to doubt it, as they couple up governmental financial loan schemes in connection with their proposed tax reform laws.

We haven't normal conditions to-day, and therefore, a bigger rake-off goes to rent and taxes, for rent and taxes mean identically the same thing; namely, the price paid for the use of a given location. Now, if there is a production of 100, only 100 can be distributed. What is labor's fair portion? In other words, what fixes wages? I answer, in the words of Turgot, "We must consider two prices of wages, the current price which is settled by the relation of supply to demand, and the fundamental price which in the case of a commodity is what the thing costs a workman. In the case of the workman's wages, the

fundamental price is that which the workman's subsistence costs."

Imagine workmen receiving their normal wages. Now imagine an increase in the price of goods due to an addition of tax or rent (they are both the same). There is immediately set up a current which raises the fundamental price of labor and this raise comes out of rent.

There is action and re-action going on constantly in the economic field. We hear it in the report of investigating committees who point out the increased cost of living relative to stand-still wages. We see it in the multitude of strikes where labor is demanding a fairer rake-off.

We see it in the migration of labor always striving for freer fields to employ itself.

Turgot happily uses the figure of an equilibrium in physics to explain the principle. He says, "A kind of equilibrium is established between the value of all products:—The consumption of the different kinds of commodities; The different kinds of work; The number of men engaged in them, and the amount of their wages.

Wages can be fixed and remain constantly at a given point only by virtue of this equilibrium. If we add to one of the weights (like adding to the price of goods through the addition of rent and taxes), a movement must be set up throughout the whole machine which tends to restore the old equilibrium. The proportion of the current value of wages to their fundamental or subsistence value was established by the laws of this equilibrium. Increase the fundamental wages, and they must be increased because they were at the subsistence point before, the circumstances which have previously fixed the proportion which the current wages bears to the fundamental wages must cause the current wages to rise until the proportion is re-established. The result will not be sudden, but it will be certain in the course of time, as water seeks its level. It is the same with the equilibrium of the values we are considering. So rent is not a part of price.—JOHN SALMON, Baltimore, Md.

## ECONOMIC GAMBLING

### EDITOR SINGLE TAX REVIEW:

God created the land, the water and the air, their *value* manifestly to be used by *all* men of all generations. No other title was granted.

Men collectively *only* can create "economic rent," the "unearned increment," site value, location value, land-value, the rental value of bare land exclusive of improvements. Land values *cannot* be produced by an individual.

True economic rent is the cost of the advantage of increased efficiency due to subdivision of human effort; it is the price of social as against solitary existence. Land values justly belong to the community producing them, by the same right of property that individually-created values belong to the individual producing them.

Without grave injustice to its producing members, a community cannot omit to collect and use its own publicly-produced earnings, or, so much of economic rents as may be required for public expenditures. Omission necessitates needlessly taxing private production.

Purchasing a land title for speculative purposes, or except for use of the location, is acquiring a publicly-produced privilege to individually appropriate the joint product of others without rendering service therefor. It has no other possible value.

Dealing in land in order to individually absorb the unearned increment is immeasurably more detrimental to industry, business, and society in general, than the petty forms of private and public gambling the law has already frowned upon.

A poker player buys chips which represent a privilege to bet he will win wealth. He lives by such winnings, solely upon the earnings of others. A land speculator buying a land title purchases a privilege to privately appropriate public earnings of a community—the product created by pressure of population. Poker chips accurately illustrate the rights and the true relationship of land titles to the people. A title owner may forestall progress by purchasing land in the path that business