

CORRESPONDENCE

LAND VALUES AND LIVING COST.

EDITOR SINGLE TAX REVIEW.

It was Henry George, I think, who said he was first led to doubt the wisdom of tariff "protection" by listening to a speaker who essayed to illustrate his proposition. In this case the character of a fallacious assumption was disclosed by an attempt to support it. Doubtful proposals may best be advocated by those who refrain from attempts at clear exposition.

It is also true that sound suggestions may be weakened by false reasoning, and a man may so talk or write, even for Single Tax, as to confuse a student listener or reader, or furnish ground for the assumption that, since he is confused in his argument, there may not be much virtue in his cause. Recently a really prominent New Jersey advocate of progress in the Single Tax direction, before a picked audience of legislators at Trenton, illustrated this point. After reciting the history of land values in the city of Newark, and giving the figures as to their present status, he went on to suggest that these same values constituted an enormous drain upon the people of the municipality, giving his audience the impression that he expected that the discontinuance of local and county taxes upon real estate improvements and personal property, and the concentration of such taxes upon location values, would tremendously reduce the rental value of Newark land. If there is any foundation for such a claim it is a very slim foundation, and the truth is probably that the speaker has not seriously studied the question he was trying to throw light upon.

Similarly doubtful arguments may be found in Henry H. Hardinge's really interesting essay, in the last issue of the REVIEW, on the high cost of living. He derides the claim that the increasing volume of gold is accompanied by a diminishing of its value and a raising of the price of commodities, or the price of "everything else." He triumphantly asks "Is it not a fact that when a man mines or finds an ounce

of gold he can today as well as twenty years ago get twenty dollars for it in the market in money or anything else." Undoubtedly it is, but in what way does that disprove the claim he attacks. This would be so whether gold appreciates or depreciates. An ounce of gold being substantially equal to twenty dollars, for the reason that in an ounce there is enough gold, we will say to furnish or make up twenty dollars, an ounce of gold will always command twenty dollars in money or "anything else," but the quantity of any commodity other than gold which an ounce of gold will buy depends upon something besides the number of dollars in an ounce of gold. Whether or not it is true that an increase in the supply of gold necessarily means that gold depreciates in exchange value, this much is certain: If gold does depreciate the "prices" of other things will be raised, and the depreciation of gold exchange value, if it existed, would be a sure enough factor in a new high cost of living.

Again Mr. Hardinge writes:

"Until the people of America are sufficiently wise, patriotic, unselfish and just, to take issue with the private monopoly of Columbus' great discovery—the Western hemisphere—the cost of living will increase every year, because land is a fixed quantity, while population is not. As population increases so will the tribute exacted increase, and it will be levied in a thousand ways, always finally to appear on the market in the price of things, because the higher the value of land the higher the price of everything brought forth from it. This is true because the rent of all land can be collected only when the goods are sold which are made or traded upon it."

These three sentences are astonishing, to come from a well known Single Taxer, and to appear in an article apparently carefully prepared especially for the REVIEW. Where was the editor's blue pencil, or why was not the article accompanied by a disclaimer by the editor? How can it be true that the cost of living depends upon the number of living people? Why should rent be considered a tribute at all when contemplated as a share of produce to which individual laborers are not en-

titled? What proof is there that rent always appears in market price?

Such statements as those quoted must confuse students and damage our cause by furnishing evidence that Single Tax advocates are not necessarily posted on political economy, or even well acquainted with the cause and the effect of economic rent—that foundation problem of the whole Single Tax propaganda.

It is my idea that there is too much of a tendency to connect land values with the alleged high cost of living. Land values are—taken by and large—natural values in the sense of being values which spring from natural causes. They are not arbitrary values, fixed by land owners alone. Monopoly of trade or processes of exchange or transportation can add to normal values the value of obligation, and the price or cost of products may easily be affected by such monopolistic action, but the same is not true of land values. These are beyond the reach of monopoly. The rent of land is determined by the excess of its potential product over that possible at the best location to be had for nothing or a nominal price. Rent depends thus on marginal possibilities. If the margin is depressed, rent appears where it would not normally appear, and rent is affected all along the line, from locations of little value to those of great value, to the extent of the shifting of the margin, and to no further extent. If city and farm land values are nowadays high, they are so because of and to the extent of whatever depression in the margin is taking place, rent being determined just as much by natural law now as if no speculative or other withholding of land from use was occurring. Labor has to resort to locations unnecessarily poor in possibility, wages are decreased, and total product is lowered, but that is not to say that land values now affect the cost of living in any other aspect.

Land values, enormous in extent, would exist under Single Tax unlimited. Would they then affect the price of products and appear in market values? If not then, why now.—GEORGE WHITE, Hackensack, N. J.

We think Mr. White is partially in error. He is in error in ignoring the effect of land speculation upon the cost of living, though perhaps Mr. Hardinge has not stated the proposition with entire accuracy. We do not doubt—and we do not think Single Taxers anywhere doubt—that artificially inflated land values are reflected in the cost of commodities. The effect of such inflation is to diminish the productive use of land, and by limiting production create scarcity and scarcity prices. This is not to say that economic rent enters into price—as Mr. Hardinge is made to say—or that land values per se are a drain upon the community—as the gentleman who appeared before the New Jersey legislature is stated to have said. But speculatively inflated land values are, and it seems clear to us that the cost of living must be enhanced, and that this must affect not merely wages but prices as well. The Single Tax by raising the margin of cultivation will raise wages, and by releasing land now held on speculation for the work of production will increase enormously the store of commodities, and thus tend to reduce the cost of living. In this it seems to us the weight of evidence is more with Mr. Hardinge than with Mr. White. We leave to the former the consideration of other points raised by our correspondent.—Editor SINGLE TAX REVIEW.

TAXATION OF COAL FIELDS.

EDITOR SINGLE TAX REVIEW.

The taxing of coal, ore and oil lands is only correctly assessed when ready for use. When ready for use. When dug. The "bank-leave" in prospect is what the coal land speculator is after. If government takes the bank-leave that eliminates the coal land speculator forever. Just so is it when government takes the rent of farm land or town lots year by year, no one would think of speculating on land surface.

When farm land or town lots are put to use they are not moved or consumed or changed by fire. But coal, ore, and oil land is moved and burnt to be of any use.