

## Remodelling Our Definitions

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Taking W. H. Pitt's advice (GJ 67) to heard, I apply it to his citation of Adam Smith's "Possession of a thing enables one to impose toil on others." I doubt if Smith used such a vague and superficial term as "thing," and if meant only "any labour product" his statement is incorrect. When I own a bicycle (or any other object for that matter), I can only prevent everybody else from using it without my permission, but I certainly cannot impose on anybody the toil of making or buying another bicycle. Nobody is obliged to use a bicycle in order to survive, and if one chooses to make or buy one he is completely free to do so.

If on the other hand Smith wrongly means by "a thing" also land, his statement is certainly correct; the possession or ownership of land imposes on every non-owner toil in the form of being obliged to pay (i.e., to give up a considerable part of the products of his own labour) to a landowner merely in order to use some location to live. No labour can be applied without using land. (By the way: Labour is really the only essential factor, and since it cannot be applied without using land, the mention of land is superfluous, in my opinion.)

Our Georgist movement rightly strives for the complete abolition of the institution of landownership excluding even the State as the sole landowner. That the government should collect (and not "tax") the monetary equivalent of all land values is correct, but that does not imply its ownership of land. We must not speak of the State as "renting out" land to persons.

I disagree with Siebe Sevenster when he advises the Soviet Union to make a law for the renting out of land. Renting out can only be done by an owner. I admit, however, that such a law may be effective when another law is made by which all profits from all locations should be collected by the government in

order to redistribute these profits to all people - preferably by abolishing all or most taxes.

Speaking of "avoidance of toil," as Mr. Pitt does: indeed the choice of the best location for a specific activity of production is the only opportunity of avoiding extra toil. Whoever uses the specifically best location has the advantage over his competitors in the form of lower costs. His location profit evidently stems from the fact that he sells his cheaper product at the general market price, the level of which is determined by the marginal producer of the same product, who simply has to cover his higher cost of production on his poorer location in order to stay in business.

Most people think that working harder is the source of profit. They forget that working harder implies investing more labour and capital, but this explains nothing about profit. Working harder might even be losing more when the producer has to pay his landowner more, and that shows that working harder as such cannot be the source of profit. In short, the term "profit" - now a blank spot in economic theory - should be defined more scientifically as well.

I hope these remarks stress the necessity of remodelling our definitions even more than Mr. Pitt tried to explain.