

tial advantages in site. And those satisfactions may be either producer or consumer oriented.

I submit this definition in an attempt to meet the plea by Mr. Edwards that our economic definitions should be, if possible, as semantically neat and tidy—and therefore useful—as those used in physical science. Our satisfaction will be completed when we are able to get our proposals written in effective legislation fashion into the Statute books. The advent of the new Government with members sympathetic to the Georgist viewpoint is both exciting and challenging. Let us do our utmost to help them get it straight.

Canterbury, Vic.

KTNXETTH N. GINGO.

ORIGIN AND CAUSE OF LAND VALUE

In reply to my desire, Lionel Boorman says "Henry George is not referring to mere hopes or desires or needs but to desires backed by demand—by the ability of the desirer to compete with others with hard cash".

These two alleged causes of land-value (psychological and economic) are so wide apart as to be opposites, and each is unsatisfactory. Desire backed by economic demand negatives intensity of desire. The value and price of every labour-product sold on the market is determined by supply and demand (though increased by the intrusion of taxes and governmentally-created "privilege-rights" which are also sold on the market). But our task is to determine what gives value and price to super-marginal land, which is not a labour-product. To attribute the origin of land value to the economic "desire backed by demand" is to abandon the theory that it is psychological and arises from the intensity of desire for special land, and it also blurs the distinction between land and labour-products by asserting that the value of both land and labour-products is economic.

To attribute land-value to either psychological or economic causes instead of politically-created privilege seems to me strongly non-Georgist. On this point some stalwart and devoted and distinguished Georgists appear to have unwittingly succumbed to a subtle but harmful non-Georgism. There are reasons for this, but the present point is to dispose of the "intensity of desire" theory of the origin of land-value, so that we may return to the probing of the real cause.

Returning, then, to Dr. Pearce's passages quoted by me in support of my contention that land-value is a "capitalisation" of unearned incomes or advantages conferred by unjust laws on land-owners, the basic question re-arises from my letter and from Lionel Boorman's reply: Does economic or equitable rent attach to home-sites and vacant land as it attaches to land which is used for production? The discussion group has always considered it self-evident that no rent can attach to home-sites and vacant land because no production takes place on home-sites. I have come to the opposite conclusion, for the following reason which I must state too briefly, hoping that the points will be amplified and adequately dealt with in subsequent discussions.

All social progress increases rent. The process basically takes place on production-sites, but observation

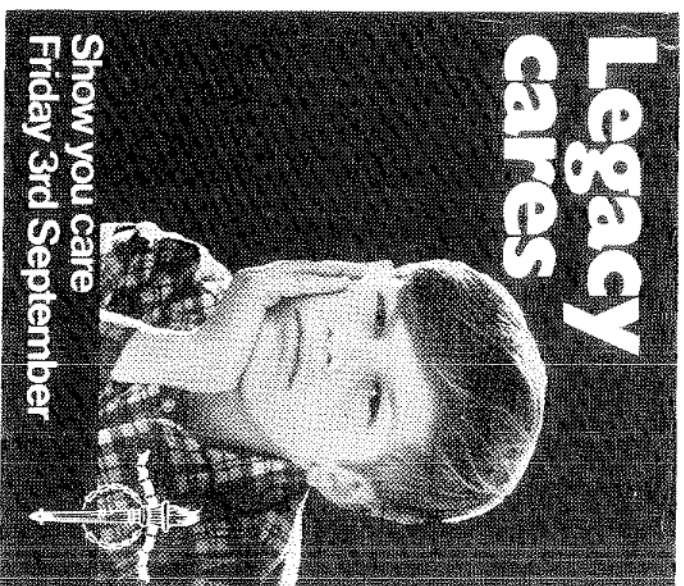
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shows that it is inevitably followed by a similar process on the adjacent home sites and vacant land, varying according to their proximity to the sites in production. The process in vacant land and home-sites is seen to be *causally* related to (i.e. an inevitable consequence of) the increase of rent in the production sites. There is no instance where the one does not follow the other. One striking example is the historic development of the railways of New South Wales, their stimulation of production and rent, and the immediate rise of substantial rent in the adjacent residential areas.

If the rent were publicly appropriated the same process would continue on all sites and be socially healthy. As it is now misappropriated as unearned individual incomes the most conspicuous feature of the situation is the "capitalisation" of the unearned rent on all sites, into the fantastic selling-prices of productive land, vacant land and home-sites.

The public appropriation of the market rent (called economic, equitable or by any other name) will destroy the selling value of all land, restore all land to the people as their heritage and raise wages to their natural level.

W. A. DOWLE



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Friday 3rd September

For bringing this message to you, Legacy thanks
the Management of this publication

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