

WILL RENT RISE OR FALL AFTER ITS RESTORATION TO THE COMMUNITY ?

(For the Review.)

By MICHAEL FLURSCHEIM.

Most of us, with our great teacher, Henry George, have thought it self evident that after land restoration—the name I prefer for our work, whether directed towards full land nationalization or only rent nationalization and communalization (Single Tax)—rent will rise through the impulse given to production by the great reform. For all that we occasionally meet some theorist who expects the opposite result, who believes that labor will directly gain all the advantages in higher earnings, while rent will fall after the deliverance of land from the fetters of monopoly, after rack rent is gone and only economic rent remains.

I think such reasoners are blinded by the old doctrine that labor is the source of all value, which entirely ignores the work of nature. This doctrine is one of those which we owe to that great bugbear value, the terror of the economist, which is responsible for many a dreary volume and to a certain extent for the title of the dismal science. I never could see the value of the whole business. To my mind the only value in which our science is interested is value in exchange, which must naturally contain value in use, or nobody would give anything in exchange for it, and also the element of scarcity, for nobody will pay for what can be had for nothing. Value in exchange finds its expression in price, and so the price of a thing is its value as far as political economy is concerned with the monster. What in the world do we care whether the trees of the forest only obtain value through the presence and the work of man in theory, when in practice wherever the free supply of such trees does not come up to demand they are not obtainable for the simple labor of cutting and transporting! As long as anybody is ready to pay stumpage for the standing trees, they have a price and consequently a value in the only sense in which we have any use for the word, viz., in the economic meaning. Where a man has the command of grazing land on which one cowboy can look after a thousand heads of cattle, he will not dream of paying that cowboy wages to the full value of the cattle which has grown up on the land, but will not pay him more than other workers who perform work of equal value on some other field of labor command in the market. The rest will not be wages of labor, but something due to the work of nature which produced the grass on the land and made the cattle increase. Leaving out of consideration the first steer and the first cow settled on that land by its owner, so as not to confuse the issue by bringing in the element of capital—and I hope the greatest stickler to definitions will permit that liberty in a herd of a thousand—we may look at the whole of the proceeds obtainable for the herd on the spot, after deduction of wages, as rent pure and simple. It is the price which the monopoliser of this portion of the earth managed to obtain for the work which nature performed on his special piece of land. Now how will rent of this kind be affected by land restoration? Will it belong to the cowboy the worker in the case? Certainly not, for if such wages were obtainable freely, all workers, or most of them anyhow, would become cowboys and there would not be land enough in the world to set them all to work. What will really happen will be a competition for the land on which such wonderful results can be obtained by the exertion of a certain amount of labor and finally the rent of this

land will consist in the whole proceeds of the cattle raised on it, minus the average wages obtainable for labor of this kind in the labor market.

Agreed, says our theoretician, but under free conditions these wages will be much higher than they are now under monopoly and consequently my claim that the rent of this piece of land will be lower is proved. And indeed so it would be, if it were not for another fact left out of account by our friend, who is perhaps too apt to forget that no theory can be perfect until it is based on all the facts in the case. The fact left out of account here is the increased purchasing power of higher wages and the appetite of the wage earners. This appetite combined with the increased purchasing power under free conditions will produce a far greater demand for meat and consequently a higher price of cattle. This higher price will not only amply pay for the higher wages, but will also considerably increase the rental income.

We must be prepared for all kinds of objections, even that which denies an effective rise of earnings where the prices of the things consumed rise in proportion, not seeing that in this case there is no question of a proportionate rise. If a cowboy can attend to 1,000 cattle weighing 500 pounds a piece, five cents' rise of the price would increase the income from the piece of land \$25,000 during the period required for the production of the 500,000 pounds, say, three years = \$8,333 a year, while \$3 dollars additional wages would only cost a thousand dollars a year. These \$3 would double present wages, while the 5 cents would increase the price paid by the workers for their meat in a much smaller proportion. One cent would certainly not be felt at all, and even this small rise would permit a doubling of wages and yet leave a considerable sum for additional rent. What is true of timber and meat is true for all raw materials and the land they are produced from; is also true of any kind of land. Let us take the most intensive use, that for dwellings. True, monopoly restricts the area used under the present state of things, and the larger supply under free conditions is supposed to bring down rents on city land, but such an increase of rent per square foot is more than counter-balanced by the larger area used for dwellings, most of which only brought agricultural rents before. The slums will disappear, the poorest will be able to pay for a cottage surrounded by a garden. The average price per square foot falls to one-half perhaps, but the space covered by the city has grown more than four-fold, so that even here the community obtains more rental. Our friends, as we see, not only forget the greater value of land's productive power under freedom and the resulting prosperity, but also the greater demand for land as dwelling and recreation ground. From the house, yard and garden ground craved by the poorest, to the deer park desired by the wealthiest, the demand must grow with the growth of population and prosperity. Consequently rent as a whole will greatly rise, and will not fall, as many have hastily assumed.

Coronado, Cal.

BISHOP NULTY AND THE LANDLORDS.

Under a solemn and binding pledge, ministers of the gospel undertake to declare to their hearers the whole counsel of God, as revealed in His Divine Word, but they almost all carefully avoid promulgation of the doctrine, so simple and incontrovertible, that "the earth is the Lord's, and the fulness thereof," and that He hath given it "to the children of men," with the Divine injunction that "the profit of the earth is for all." The rent that is paid for the