

## The Labor Theory of Value By FRED FOLDVARY

Is the "labor theory of value" false? Georgists have generally regarded this theory as central to Georgist economics. In his paper, "Beyond the Single Tax," presented at the San Diego Conference, Spencer Heath MacCallum argued that Georgists would abandon the labor theory of value. The case against this theory was backed by the inclusion of an article by Austrian-school economist F. A. Harper on "An Introduction to Value Theory."

One confusing aspect of such a discussion is that there is not one, but several labor theories of value. The Marxist theory is the one most thought of, and this has been proven false. Harper's article knocks down a variant of the labor theory of value that asserts that there is some "just price" for any item and tries to find it using such a labor theory.

But the Georgist labor theory of value does not attempt to fix a "just price." It instead tries to determine the reasons for whatever values or prices the free market sets. Two causes can be identified: labor and scarcity.

Actually, the categories are more accurately described as renewable costs and monopolistic costs. Renewable items are those which one can always produce more of. The most important is labor - workers are always reproducing themselves, but some labor is monopolistic. Most, but not all, capital is renewable. The most important monopolistic cost is the locational value of land, but other types are possible, such as the extremely high salary of a movie star because there is only one of him and one wants him and only him for a role.

It may be better to call this the "labor/scarcity theory of value", since the two work together to determine market values, and this would eliminate some of the mistaken arguments against the theory. To those doubting the theory, answer this question: How much gold would be produced at \$10 per ounce? None, because few if any would work for such a low price.

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