

Mr. Rusby Has Extended His Subscription Three Years!

Two-Gun Grant Rides Again . . .

When two giants such as Mr. Rusby of Newark and Mr. Goeller of Endwell, N. Y., charge at each other, brandishing the words of George as weapons, only a fool would dare join in the fray. Since "fools rush in where angels fear to tread" and I am no angel . . .

I have long respected Mr. Rusby for his logic; and I have loved Mr. Goeller for his thorough knowledge of George's books. Yet I must take issue with both; for in their arguments they have fallen into the morass against which Henry George warned. It seems to me after checking "the books" that George was in complete agreement with both; and that the difference in opinion lies in both Mr. Rusby and Mr. Goeller using the same words to speak of two different things.

For example, when Mr. Rusby says, "It thus becomes self-evident that economic rent can attach itself to that land only which is being used in the production of wealth—that it is quite unrelated to either land that is idle, or that is being used in consumption," that this fact is indeed self-evident is sound logic. If economic rent is, as George says, that part of the product, etc., it must follow that where there is no product there can be no economic rent. An analogy might be if orange juice is the liquid part of a fresh orange, where there is no orange there can be no orange juice. Mr. Rusby, it should be emphasized, is speaking of economic rent, Ricardian rent.

Mr. Goeller takes issue with Mr. Rusby and insists that there is a rent potential on land that is idle or is used for dwellings. I must agree. George speaks of this rent potential on Page 166 of *Progress and Poverty*, as follows: "Wherever land has an exchange value there is rent in the economic meaning of the term. But in *The Science of Political Economy* George quite emphatically tells us that land does not have an exchange value; but rather a value of obligation, and he further tells us in that same book that political economy is not concerned with any value other than exchange value. That lets land out as having any value whatever in political economy. But in economics, which George tells us is quite a different thing from political economy, land does have an exchange value, and on page 167 of *Progress and Poverty* George tells us, "Rent, in short, is the price of monopoly." It should follow: an end of monopoly would mean an end of rent. Obviously, George does not intend to say that rent is part of the product in one breath and that rent is the price of monopoly in another, and mean by rent the same thing in each instance. George is too good a logician for that.

Moreover, on Page 165 of *Progress and Poverty* he tries to make quite clear that the term rent as commonly used has several meanings. To continue the quotation referring to land having exchange value, "Wherever land having a value is used either by owner or hirer, there is rent actual. Wherever it is not used, but still has a value, there is rent potential. It is this capacity of yielding rent which gives

value to land." Here again it becomes evident that George is not speaking of economic rent, *i. e.*, the excess of its product over that which the same application of labor can secure from the least productive land in use. He is speaking of monopolistic or speculative rent.

To compare the two arguments again, it should be apparent that Mr. Rusby is speaking of the Ricardian economic rent and Mr. Goeller is speaking of George's *speculative or monopolistic* rent, or as the current economics textbooks refer to the latter, *contract rent*. For those interested, George in his *Land Question, Etc.*, under the chapter entitled "The Condition of Labor" discusses these various "rents" at some length. It is this part of George, I believe, upon which Mr. Goeller bases his argument.

While I am in a jousting mood, another article in the same issue of the Henry George News, by Mrs. Hansen, seems equally worthy of attention. Mrs. Hansen seeks to prove by means of statistics that rent does not take the lion's share of production. George doesn't say that rent does. George does say, however, that the idea of wealth—as well as wages, interest, and rent—are abstract terms. And elsewhere in *Progress and Poverty* he warns that abstractions cannot possibly be measured or expressed by means of statistics. If wealth is indeed an abstraction it cannot logically be expressed percentage-wise or in dollars as Mrs. Hansen attempts. Most logic textbooks devote more space than I dare to usurp here to explain why. It is as impossible as it would be for a mother to divide her love, another abstract idea, into 40 per cent for her husband, 30 per cent for her child, and 10 per cent for her vulgar sister-in-law. It just can't be done! Logic and arithmetic forbid it. Algebra, which does not tolerate statistics or percentages, is the tool for expressing abstract ideas.

The terms "Wages," "Interest," and "Rent" are good economic terms; but as used in the headings of Mrs. Hansen's analysis, they do not even remotely resemble Henry George's concept of wages, interest and rent. As for "Total National Income," that term similarly lacks meaning to the political-economist for he, George says, does not concern himself with national income but with *world-wide* income. It seems that Mrs. Hansen insists upon making two almost totally unrelated studies, economics and political economy, sleep in one bed whether there's room for both or not.

But more important, George did not say the rent takes the lion's share of production as Mrs. Hansen seems to believe; but that rent takes an ever-increasing share as production increases and thus causes wages and interest to fall as a proportion. That is quite a different thing! And since the landowner has no moral right to even the smallest part of what he takes no part in producing, there seems little point in compiling statistics to prove him *less* a thief.

And now that Rusby, Goeller, and Hansen—three of my favorite Georgists—have felt the sting of my pea-shooter, let me, the fool "who plunges in where angels fear to tread" await the lightning bolts that needs must fall upon such insolence.

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From Milk River . . .

I am enclosing payment for my subscription to your valued publication. If I was to offer a word of advice it would be to simplify the articles. The public is uninformed as to the cause of inequality in the distribution of wealth.

Henry George stated that in his opinion this is due to the fact that individuals and corporations are allowed to appropriate economic rent without paying to society the full annual value of the special privilege they enjoy. He further explains that the dictates of natural law provide that economic rent must absorb a constantly increasing proportion or percentage of all wealth produced. If this is not true his whole philosophy falls to the ground.

George's suggestion to bring about economic justice via taxing land value has diverted attention from his explanation of the cause of poverty. It has drawn attention toward taxation practices and the effort has degenerated into a land and tax reform movement only.

Here, to my mind, is the whole case in a nutshell: Mother Nature divides all wealth or production into three funds—wages to labor, interest to capital and economic rent to those who have been granted special privileges.

With the progress of society all of these funds tend to increase in amount. Wages and interest tend to decline as a proportion but rent constantly increases not only in amount; it absorbs a constantly increasing proportion of all production. Why waste efforts in an appeal to tax land values? Land value will decline to zero if rent is appropriated by society as it is simply the capitalized value of special privilege.

If this fund is sufficient to defray public expense all taxation could and should be eliminated. Those who held titles to land or any other form of special privilege would be as secure, or more secure, than as at present. These grants would be retained or acquired by those best able to exploit them to the greatest advantage.

I would appreciate comments from students of George.

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Student Comments on Progress and Poverty

In these perilous times in which we live it behooves all men with a little leisure and a little intelligence to try to save civilization. In this age of so much confused thinking, the remedy is so simple as to be almost frightening. The force and rightness of Henry George's logic is overwhelming, and everything in one's self responds to its rightness. The message must be carried to great numbers of people and then the force of its truth must prevail.

After a lifetime of omnivorous reading I have found no books which have made so profound an impression upon me, which have so clarified my thinking, and which have so altered my slant on world affairs in general.

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