

causes a cutback in investments. To use the economists' jargon, a rise in liquidity preferences does not cause unemployment; unemployment causes a rise in liquidity preferences. With the rise of unemployment of labor there is a corresponding rise in the unemployment of capital (liquidity preferences).

Since labor employs capital, when labor is more fully employed so is capital. Employed labor is the cause of capital. Capital is not the cause of employment of labor.

The cause of the reduction in investment opportunities is the real question to be answered. This George did by showing the cause to be primarily related to land prices. The quantity of money and velocity of money are only reactions, not causes. Money merely responds to economic forces. It does not control them. Higher wages and greater employment of labor will cause an increase in the amount of capital used. It is not the other way round. Now the actual cause of higher wages and greater employment of labor is not even touched on by the monetary men. Knowledge of the quantity and velocity of money can tell us little about this cause. Whether or not we view ours as a money economy, the basic factors remain unchanged. Wealth is the lifeblood of the economy; land and labor its factors. The conditions under which these two unite will determine all the rest: the rate of wages and interest; employment of labor and capital; price levels; and economic growth accompanied or unaccompanied by poverty.

Monetary policy is a put-on, and many people have been taken in by it.



Nathan J. Maltz is chairman of the Housing Committee of the New York Chapter of the American Institute of Architects. This committee has criticized a proposed 1969 plan for New York City because of its failure to establish a general strategy for future growth. Maintaining that the housing problem is far more serious than indicated, and that incentives to interest private enterprise must be provided, the committee begins by proposing land value taxation. This would do what complex tax abatement schemes fail to do, since by simply upgrading the existing assessment mechanism every parcel of land could be assessed by local government according to its location value and relative to its planned use. It would pressure owners to put land to higher and better use by making it unprofitable for them to use it for other purposes, and would reduce costs of land assemblage for large projects by automatically eliminating land speculation. It would also encourage good maintenance of existing housing by lowering the tax rate on well maintained buildings instead of raising it each time an improvement is made.

Other suggestions have to do with public and private funding, construction costs and zoning policies. A plea is made for establishment of a regional metropolitan government to enable non-city residents to pay their fair share and to establish more equitable housing practices in suburban communities.