

To the Editor:

In the February Henry George News Dr. Ludwig von Mises advanced the following argument against the collection of economic rent by the government:

"If the government confiscates the whole rent of land, it does not make any difference for the individual farmer whether the soil he tills is more or less fertile. The same input of capital and labor yields to him on any piece of land the same output. The whole advantage derived from the higher fertility of a piece of land as against another piece goes to the government."

As is well known, the rent of a particular piece of land represents a differential between what a certain input of capital and labor will produce on it as compared with what the same input of capital and labor will produce on the margin of cultivation.

But this input is usually assumed to be a so-called average amount of capital and labor. Actually, of course, there is no average. Resort is taken to this term merely as a convenient device to illustrate the Ricardian Law of Rent, and Henry George's Law of Wages. In practice the rent of land is determined in the market.

Individuals vary as to capabilities. The tendency will be for those with the greatest capabilities to gravitate to the best lands, as they will be the individuals who can offer the highest rent, thus they will become the successful bidders. Yet this rent will result in greater wages to them than if they stayed on poorer lands.

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