

RENT AND WAGES

A Brazilian correspondent asks two questions. How does land rent affect wages? How would the collection by the Government of land values, which are presently privately appropriated, affect wages?

There can be no production without the application of human labour to natural resources. The wealth produced in this way is the only source of wages; that is to say, labour produces its own wages. For so long as the supply of the best quality land is sufficient to meet all demands for it, labour receives the whole of what it produces. But as soon as the demand for land exceeds the supply of the best land available, and labour has to apply itself to inferior land, rent arises. Rent measures, and takes, the difference in value between the better quality land, or lands, and the least valuable land in use. This latter is called by economists "the margin of production." It will be seen that rent equalises wages; the return for a given amount of labour is the same whatever the value of the land to which it is applied. Wages are thus said to be determined at the margin of production. Experience shows this to be true. The wage of a clerk or shop assistant who works on the most valuable land in the centre of the city, for instance, is approximately the same as that for a clerk or shop assistant who works in the suburbs. The extra wealth which the city worker is able to produce upon the more productive city site goes in payment of rent. Thus the essential relationship between rent and wages is seen; they are parts of a whole. The greater the share of all wealth produced that goes in rent, the smaller the share that is left for wages.

The taxation of land values will raise wages in several ways. Most important among these is the destruction of speculation. The increasing demands of an expanding community for a fixed supply of land and the use of modern methods which increase its productive capabilities whether it be city, urban or rural land, causes land values constantly to rise. Seeing this, speculators buy land and hold it for a rise. By so doing they force inferior land into use while valuable land stands idle. The margin is depressed and wages on all land are artificially lowered. But when land holders have to pay a tax related to the true rental value of the bare land, they will be obliged either to put it to its best use themselves or make it available for others to do so. The increased market supply of the more productive land will result in the inferior grades of land being abandoned or held rent free. The margin will rise to its true level and wages will be increased accordingly.

The unique function of the taxation of land values is to afford all men equal opportunities for employment. Not only speculation is destroyed; the cause of unemployment and of that competition among workers for an artificially limited number of jobs which keeps wages down to a bare minimum is removed. No man will accept less from an employer than he can obtain by employing himself. Co-operative ventures will be formed and will flourish. Every kind of restriction, whether it be imposed by manufacturers' trade associations or workers' trade unions will disappear when the first great monopoly is broken open. Plenty will no longer be feared; it will be recognised as an unqualified boon and a blessing. All will work for, and share in, the abundance which free land and modern techniques make possible. No longer will the few live at the expense of the many; enmities between employer and employee, and between the different social classes will disappear. None

will believe that the world owes him a living; a new breed of independent, self-reliant men to whom nothing is impossible will arise, while the tax collector who now restricts production, penalising industry and encouraging idleness will then collect, for the good of all, the land values which the community creates, leaving to the individual the whole of what he produces. In such ways as this will land-value taxation raise wages.

VICTORIA—Three more Victories

News reaches us from Mr. E. J. Craigie that on August 25 three successful polls took place in the Melbourne area. Heidelberg (a remarkable victory) and Ringwood have adopted the rating of land values. In Kew, land value rating has been in operation since 1947. Opponents of that system got up a poll to abandon it. They were defeated. The voting was as follows:—

	For Land Value Rating	Against Land Value Rating
Heidelberg	14,211	7,382
Ringwood	1,905	1,396
Kew	6,027	5,348

The vindication of land value rating in Kew is noteworthy. At the adoption poll in 1947 the voting was: for, 3,202; against, 2,996. The majority in favour was increased from 206 to 679. There are now 14 municipalities in the Greater Melbourne area levying their rates in land values only.

THE DANISH JUSTICE PARTY

This year's Summer Conference of the Danish Justice Party *Retsforbundet*, which was held during the days July 29 to August 1, is reported as the largest and most successful of the kind the party has yet organised. It was located at the Agricultural Folk High School in Borris, Jutland, and was attended by 162 delegates. Among the visitors were Johann Hansson and Albin Johansson (the latter the president of the Co-operative Union) from Sweden; Ole Wang and editors Hentzel and Swartling from Norway; and Carl Lüthjes and Herbert Lau from West Germany, representing the German "Free Social Union." A very full programme was squeezed into those three days. The subjects treated included "Money Policy and Inflation," by Karl M. Andersen, M.P.; "One World," by Helge Drewsen (principal of the school); to what extent this Justice Party could co-operate with other parties, by H. P. Hansen; "The French Physiocrats as forerunners," by Arge Krapper; "What I saw in the U.S.S.R.," by Greta Ewert, who has told her story in twelve most illuminating articles in *Vejen Frem* which should surely come out in pamphlet form; "A Merchant's View of Politics," by I. P. Jensen (Chairman of the Central Organisation of Merchants' Associations); "Impressions of the Council of Europe's Meetings in Strasbourg," by Paul Skadegaard; "The Justice Party's Work in the Municipal Field," by Councillor H. P. Jespersen; "Remove the Tariffs between the Northern States," a stirring Free Trade address by Albin Johansson. Concluding addresses were by Members of Parliament Hans Hansen and Olaf Pedersen on the present political situation and on the land values question becoming an actuality in the immediate future. The liveliest discussion took place on the policy of the German "Free Social Union," which Carl Lüthjes explained to show it was an involved scheme of things, treating different categories of land differently for land-value assessment, and embodying land purchase by the State. The "Free Money" proposals of Silvio Gesell (the "dated" paper notes that holders will be keen to circulate or risk being stung) were also advocated and brought a fire of criticism. *Vejen Frem* is printing a number of the addresses. The reporter says there was but one complaint to register—there were so many meetings there was little time for the discussions of subjects and still less for the personal contacts and conversations that count so much at gatherings of this kind—a matter for remedy on next occasion. Nevertheless the opportunity was not wholly

absent, for the Conference was all out one afternoon on a delightful excursion, their host at Dejbjerg, landowner P. Møllers, seating 150 of them at the "coffee table." We like the injunction to those with cameras who took many snapshots, that prints should be sent to the organisers for them to publish or preserve in a memorial album. It is a hint to remember for all our own next occasions.

TRANSSVAAL

Mr. F. A. W. Lucas, K.C., the leading campaigner for land value taxation in the Transvaal, has reached the age of 70 and now retires from the judicial bench to which he was appointed some three years ago. He contemplates visiting England next year. As Leader of the Labour Party in the Transvaal Provincial Council he pressed for and achieved the passage of the Transvaal Rating Ordinance, 1916. His public work as Chairman of various Government Commissions, such as on Native Land Tenure and relevant subjects, has been of exceptional importance. For many years, till he became a Justice, he was joint editor with Mather Smith of the *Free People*. Let us hope, now he is back in private life, that that journal will be revived. He has written much in contribution to the country's press and periodicals and is author of the illuminating book *South Africa as it should be*, an incomparable statement of the case for Land Value Taxation. Copies can be ordered (at 1s. 6d. post free—special terms to our readers) for despatch from South Africa.

In letters recently published in four South African newspapers, Mr. Mather Smith, of Johannesburg, maintains his industrious advocacy of the land value policy. In the *Sunday Times*, April 29, he shows how subsidies to farmers and the devaluation of currency force up land prices. He asks, "Why should not rural landowners pay something towards the salvation of our soil from erosion? Such a payment would reduce the prices asked for rural land—thus reducing the cost of producing food and resulting in cheaper food—and it would help to raise the £100 million which the Director of Soil Conservation thinks will be required to save the soil." In *Forward*, May 18, he recalls that the Transvaal Site Value Rating Ordinance was introduced when Mr. Justice Lucas was the Leader of the Labour Party with a majority of only one. What has happened that Labour Party candidates have lately declared that if elected to the Council they would vote for a reduction in the rates? Mr. Smith points out that the city must raise its revenue somehow; if not on site values then by rates on buildings, higher bus fares, higher rates for water and electricity, etc., all of which would increase the cost of living.

Referring to the advice given by the Minister of Land, Mr. Strydom, to young farmers not to buy farms at present prices, Mr. Mather Smith, in the *Farmers' Weekly*, asks: "What are young farmers' sons to do? Crowd into our towns where living conditions are unsuited to them so that many turn into hooligans and criminals?" Later he remarks: "Writer after writer, in your paper, including myself, has advised farmers and would-be farmers to make some study of the works of Henry George, as so many of the farmers of Denmark have done with good results."

CAPTAIN F. SAW

With regret we report the death of Capt. F. Saw, member of the United Committee and of the Welsh League for the Taxation of Land Values. He died on August 1, at his home, 19 Heathwood Road, Cardiff. He was in his 86th year. His was a sea-faring career which he took upon leaving school, obtaining his first mate's certificate in the days of the old wind-jammers, and later obtaining his captaincy, he served with various steamship companies. Retiring from the sea in 1918, he finally settled in Cardiff. There he identified himself with the Labour movement and was a member of the Trades and Labour Council, but his political campaigning was consistently for Land Value Taxation and Free Trade. In the many meetings he addressed in the South Wales area, in the press publicity he conducted in his Chairmanship of the Executive Committee, he rendered the Welsh League a long and most able service. Among those attending the funeral were Messrs. Eustace Davies and Edward Buck, representing the Welsh League, and Alderman James Griffiths, former Lord Mayor of Cardiff. To Mrs. Saw and her daughter, Miss Saw, we convey our sincere sympathy in their bereavement.

HENRY GEORGE SCHOOL

The Autumn Session of classes at Westminster will begin on Tuesday and Thursday, September 25 and 27. Three courses have been arranged as follows: Basic Course; International Trade; The Science of Political Economy. Two well-attended lecture-discussions completed the Summer Term. These were "Capital and Interest" (Mr. V. H. Blundell) and "The Town and Country Planning Act" (Mr. Arthur Batty). For these lectures students from the three Basic Courses joined forces.

Attendance has been well maintained throughout the Term and appreciation of the School's service has been shown by donations and by voluntary clerical and other assistance. Battling with much skill and patience against current misconceptions and prejudices, the tutors feel well rewarded by the ultimate acceptance of George's basic principles by a high proportion of their students.

The Adult School, Croydon, has been booked for a class on the Basic Course, which will be conducted by Mr. C. Nelms, assisted by Mr. and Mrs. O'Leary. Opening date is Wednesday, September 26. Students of the School have given much assistance in the preparation for the autumn classes by way of leaflet distribution, poster display and personal recommendation.

Portsmouth. A class for the Basic Course begins on Tuesday, September 25, at 7.30 p.m., at Foresters Hall, 226 Fratton Road. It will be conducted by Messrs. H. R. Lee and H. Stoakes.

MANCHESTER GEORGEISTS

The purpose and work of the United Nations Economic and Social Council will be the subject of the September meeting of the Manchester Georgeists. The speaker will be Miss Marion Longworth, who has just returned from Geneva. The meeting will be held Wednesday, September 12, at 7.45 p.m., at 55 Daisy Bank Road, Victoria.

Wednesday, October 10, at 7.45 p.m., Mr. H. Kevin-Armitage will speak on "Proportional Representation." The meeting will be held at 92 Dudley Road, Whalley Range, Withington. Members and their friends are invited to both meetings.

OUR READERS WRITE

TO TIME AND TIDE

"Mr. John Connell, in his review of C. V. Wedgwood's book in your issue of June 23, is appreciative of everything concerning Josiah Wedgwood except his 'preposterous opinions,' meaning no doubt his advocacy of the philosophy of Henry George.

"Wedgwood believed that what a man produced by his labour should be his own property, but that natural resources, produced by no man's activity, should belong to all of us. He therefore strongly preferred taxes on land values rather than on earnings, savings, houses and goods, and he believed that a substantial change in this direction would have far-reaching beneficial results.

"Such views may be unusual, but why preposterous? Would Mr. Connell kindly tell us?

"As Dorothy Thompson says, in the realm of ideas Georgeists are among the foremost anti-Communists.

"Tolstoi said: 'People do not argue against the teachings of Henry George, they simply do not know them. To understand them is to accept them. George's principles and his practical proposals are both thoroughly Christian.'"—A. H. PEAKE.

TO NALGO NEWS

With taxation continually rising various methods of avoiding it come into action. If we look at any form of taxation we can see that it has two effects: (1) it slows down production, and (2) it gives rise to deceit and cheating to avoid it. One is forced to the conclusion that taxation is a very bad thing indeed on these grounds alone. Suggest to the ordinary man the abolition of taxes and he will smile and say taxation is a necessary evil because a Government must have revenue—and this is of course true. The next line of thought might well be: is there any form of taxation which does *not* fall upon production or make criminals of people who try to get round the tax? This is where the essential difference between labour and natural elements lies. A tax on land values cannot interfere with production because land is not produced, and if the tax falls upon the land, whether used