

## 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 Grete 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