

and they haven't got it because at the present time land is in the market competing with products.

No wonder you can't convert such men when you go to them and tell them that what they need is access to land. I should like your views in these two propositions.

JOSEPH F. COWERN.

INDIANAPOLIS, Ind.

FROM HENRY RAWIE.

Editor *Single Tax Review*.

In criticising a pamphlet the *Single Tax REVIEW* brings up a problem of very great importance to Single Taxers and to all other reformers.

In explaining that where a man buys a lot with his savings and the seller of the lot spends the money to employ labor, the introduction of a lot does not introduce a question of any importance, and the result is the same as though no lot were bought, and the purchaser had himself spent the money to employ labor.

The only reason why the *Single Tax REVIEW* says the introduction of a lot makes no difference is because there appears to be no difference in expending money for labor at first hand or in allowing another man to spend the same money after selling a lot for it,

Suppose a man, instead of earning the sum of money he spends—calling such sum five hundred dollars—he is able to successfully counterfeit five hundred dollars and employ labor with this counterfeit money.

Labor so employed would lose nothing, as they could again spend the money.

The problem is: who loses when a system of successful counterfeiting is put into operation?

I claim that every dollar involved in the real estate market has the same identical effect as injecting as much counterfeit money in the circulation as is required to sustain the price of land.

Furthermore, this volume of counterfeit is a volume of credit money having the value of land as a security by which it maintains its value and exchanges for labor.

Further, that it is this spurious circula-

tion that prevents an equal circulation of genuine credit money with which the labor market would be sustained and all labor products be paid for.

HENRY RAWIE.

CHICAGO, Ill.

REPLY BY A. C. PLEYDELL.

In the matter of rent and prices, it is clear that the idea which the editor of the *REVIEW* had in mind, and which he expressed with sufficient definiteness for practical purposes, was that the cost of goods is not increased by the rent of land. Mr. Kohler in his pamphlet endorsed a popular fallacy by saying that when rent for land on the avenues increased the storekeepers would charge more for their goods, and thus shift the rent to the consumer. This is refuted by everyday observation; everyone who stops to think about it, can see that high rents on the main business streets are due to the chances of doing a big business, and that this in turn depends upon selling at least as cheaply as the "neighborhood" stores on low-priced land. In economic theory, the high rent is due to the superior facilities for exchange that enable a great number of units to be sold with the same effort that is required to dispose of fewer units on low-rent land.

That commodities are not as cheap as they might be, is due to the withholding of land for use, as explained by the *REVIEW*, but this raises the entire price-level—on low rent as well as on high rent land. (This may have been what Mr. Kohler intended to say, but he did not say it.) While this increases the total rent charge, the higher rents are an effect and not a cause.

The statement in Mr. Cowern's letter, that rent could not come out of price unless it had first entered into it, is as difficult to answer briefly as the small boy's query. "Where does the light go when you turn the gas out?" Really it belongs in the domain of metaphysics rather than economics. But there is so much confusion over the matter of "rent and price" that a statement of the nature of rent may help to clarify the discussion; though for practical purposes it is enough to know that

"the rent pays itself," falling neither on consumer or producer, as such.

Strictly speaking, rent does not come out of price, but out of gross earnings. Price is the money value of units of production. Rent is determined by the variation in the number of such units that can be produced or exchanged with the same amount of labor, upon different plots of land equal in area.

Given a location on which 10 bushels of wheat can be grown with the same labor that will grow only 5 on land that can be had for nothing, the rent of the first land is the excess 5 bushels, and not a bushel from each of the ten. If estimated in money, with wheat at \$1 a bushel, the rent is the \$5 received for the 5 extra bushels, and not 50 cents a bushel from each of the ten bushels.

In other words, rent is the excess of productive power, or the saving in cost (or effort) of production, and as price is fixed by the cost of a unit at the most difficult point of production in use, rent neither determines a selling price, nor enters into it, as the Single Tax REVIEW contends. Nor, to be very exact, does it come out of any one price, but out of the aggregated prices that result in gross earnings. And strange as it may seem, it is taken out of them without having first been separately added into them.

There is no fallacy in the statement made by the editor of the REVIEW that "money spent in the purchase of land does not involve subtraction from capital used productively." That is, it does not necessarily involve such subtraction. It may be in one case that the buyer, had he kept the money, would have exchanged it for wealth to be used in further production, and the seller may use it for consumption; but there is nothing inherent in the process of buying and selling land to prevent just the reverse happening.

It may be admitted in connection with this argument that money is merely the token of purchasing power, without in the least affecting the point at issue. What difference does it make, whether the buyer hands over a claim or certificate to ownership of labor products, in exchange for the land, or hands over the goods them-

selves? The buyer of land has given labor products in exchange for a privilege, and there has been neither production nor destruction of real wealth. If the buyer A had first bought a suit of clothes for \$25 and then handed it to B. for a lot, the result as regards the clothing market is the same as though B. got the \$25 in cash and then bought a suit for himself. And the result on the commodity market in general is in no wise different, if A, having intended to buy a suit, gives instead the \$25 to B, for a lot, and B, thereupon buys hats and shoes with it.

The idea that people "put money into land," had its origin in the confusion of thought that failed to distinguish between land and the things produced from it. Land is not consumable, and labor products are consumable. When one is exchanged for the other, there is only an exchange of ownership; the transaction neither increases nor diminishes the amount of either in the world.

Mr. Cowern's picture of the factories unable to dispose of their products and yet not affected by ground-rent because the ground on which they stand is paid for, only confuses the issue. If the owners of such factories are willing to forego the advantages of location for which they have paid, they can without question dispose of their product by underselling the people who have to pay rent. But this would be no different from a charitable institution which can find a market by underselling because a large part of its support comes from donations. In discussing economics the voluntary foregoing of rent cannot be considered except under the head of charity. Of course, the factory owners are counting the cost of their land as an item on which to earn interest. Therefore the question whether or not a factory site is paid for is immaterial.

The broader question remains, why products cannot be sold. There are at a given time just so many labor products in the world. There is in existence at the same time a purchasing power equal to those products (expressed with us in terms of money, or money-tokens). Part of this purchasing power is possessed by those who helped to produce; another part is

possessed by those who did nothing but permit production. Under proper economic adjustment production and consumption would balance. To-day those who would consume cannot obtain the goods, and those who can claim the goods have more than they can consume. Then there is "business stagnation."

Mr. Rawie merely introduces a new element of confusion in seeking to compare land value and counterfeit money. His letter is utterly bewildering to the outsider; and it gives no new argument to those who believe in taking land rent for public purposes. To discuss whether or not the analogy is correct would consume space to no useful purpose.

And while it is worth while to give some consideration to economic matter such as the relation of rent and prices, and effects of selling land, these are but secondary questions.

After all, the vital question is: Who gets the rent of land, and who ought to get it?

A. C. PLEYDELL.

NEW YORK CITY.

THE TEACHING OF BUDDHA AND THE SINGLE TAX.

J. Pool, of Sydney, Australia, is the author of an interesting essay which is an attempt to show that the Nivarna of Buddha, contrary to most authorities, is the annihilation of friction, which includes pain, sorrow, and evil, and is not the annihilation of existence. The first step toward the attainment of this condition is the Single Tax system, according to the philosophy of this writer. Ideal harmony of individual development can be attained only by bringing the social life in accord with the beauty and harmony of economic laws, which Henry George has made plain.

If his conception of the teachings of Buddha be not at fault they may well be likened to some of the tenets of Christian Science. We express no opinion as to the matter other than to say that it seems very unlikely that the religion of Buddha, or in fact any religion, can have had as its foundation a mere negation, and that Mr.

Pool's interpretation of Nivarna is more in harmony with many of the recorded utterances of Buddha that have descended to us. It may thus be that Christian Science, in that part of it at least, that denies the existence of sorrow, pain and evil may trace its origin to a religion even earlier than Christianity.

The author of this essay, perhaps in recognition of this fact, has addressed the following letter to Mrs. Goldzier, author of the *At-One-Ment*, which, as many of our readers know, is an endeavor to bring into co-relation the teachings of the Single Tax with those of Christian Science:

"If Science be the demonstration of the Creator's laws then there should be some bond of harmony between science and religion. It is claimed that this bond of harmony is to be found in the science of political economy which Henry George has given to the world. I predict that the church which first puts Henry George's philosophy on the forefront of its banners will become the leading church of the world."

PROPOSED HISTORY OF THE LAND VALUES REFORM MOVEMENT

The need of a history of the land values reform movement in the different countries has long been felt, not only by the scientific students of the movement, but also by the workers actually engaged in it. The undersigned, who just now is engaged on a two years' trip round the world, in search of material, has got sufficient support and encouragement to make an effort to satisfy this requirement. I have already been promised help from prominent Single Taxers in different countries, but I feel the necessity of having, if possible, every earnest land values reformer to assist in the work by supplying material and giving advice. You are kindly invited, therefore, to give particulars in reply to the following questions, and to make them as full as possible. Please send your answers in care of the editor of this journal.

Give particulars about:—

1. Any land values reform society which