Letters

I am the happy owner of a portrait of "The First New Yorker," a fine old painting from 1688 portraying the unhappy King James II of Great Britain and Ireland. In 1664, when he was still the Duke of York and Albany, the English took over New Netherlands and New Amsterdam from the Dutch. His brother, King Charles II, gave the district to James, and both the state and city of New York received his name: York. The state capital, Albany, was also named after him.

This painting is in the middle of the Atlantic now, on its way to the World's Fair. It was painted by Sir Godfrey Kneller, Rembrandt's pupil, who was painter to the Court of five English regents. It will be exhibited in the Danish pavilion in 1964-5. Go and pay homage to him, for even if he was not a great king, New York is a great thing.

He will be reproduced in colored postcards, and the American public relations director who visited Copenhagen a month ago was quite enthusiastic over the idea of exhibiting him in New York during the 300th anniversary of the city. I hope King James will feel at home over there. He will take my best wishes, greetings and compliments with him to all of you who attend the International Henry George Conference.

VIGGO STARCKE
Lyngby, Denmark

Mr. Hair, in his letter appearing in the March HGN expressed his belief that my views on value, prices and wages are at odds with those of Henry George, and "would like to see the confusion cleared up by someone who is an authority."

If Mr. Hair will accept Henry George himself as an authority, I refer him to George's work *The Science of Political Economy,* Book II, Chapter XI, page 232. Here he will find George saying that the higgling of the market must be the real measure of the toil and trouble of exertion. In other words it is what you get in the market for the stuff you produce that constitutes the value of your labor, assuming, of course, that you are producing for sale in the market. This is a far cry from saying that wages are an element in prices. And it must apply where money is used as a medium of exchange, as well as where trade is on a barter basis. Of course "what you get for the stuff you produce" is usually subject to a rent deduction, but this has nothing directly to do with the selling price per unit of product.

Mr. Hair's view that goods do (or should) exchange on a basis of equal amounts of incorporated labor is strictly Marxist. It is also to be seen, with a little thought, that the view is incorrect. Of what concern is it to a producer-trader how hard or how long the party with whom he trades, works? How can he even know? But each party will seek to get the most of the other's goods for the least of his own. Each has the alternatives of trading with a third party or not trading at all.

RICHARD T. HALL
Boston

By way of commenting on several letters in the December HGN, the owner of a shoe shop on a corner of the main street pays, say 25 times as much rent as the owner of a similar shop in the suburbs. But if I buy a pair of shoes there will be little difference in price, though they are sometimes more expensive in the latter shop. Clearly rent is *not* passed on (added) in the price of the shoes!

May I ask why the rent on the main street corner is 25 times that of the suburban street? Is the answer perhaps that the turnover is 25 times higher? Well then, rent *is* paid for by the customer of the shoes, but it just equalizes the prices of the product. In other words, allowing for equal exertion, equal profits and equal prices, rent *is* the difference. That is Ricardo for the shoe shop.

A tax on land cannot be passed on? If you double the tax on the main street corner shop and "pass it on" by raising the prices of the shoes, you will sell no shoes — the customer will buy them in the suburban shop. That is Henry George for the shoe shop.

J. J. POT
Slikkerveer, Netherlands

The Nature of Rent

LOCATION AND LAND USE: TOWARD A GENERAL THEORY OF RENT, by William Alonso. Harvard University Press, 1964. 204 pages $5.50

"This work," states the author in his preface, "developed out of a sense that there might be value in generalizing and articulating with care the classic theory of rent and location that has been in the air for a century and a half." There is indeed value in such an aim, and the author is furthermore concerned with extending the concept of rent so as to include urban cases as well as agriculture.

The book surveys all too briefly the history of rent theory, beginning with Ricardo and the classical economists. Professor Alonso seems not to have heard of Henry George, and he skips from Mill to Marshall. This is all the more peculiar in view of his stated aim, as George went to great lengths extending the Ricardian law of rent to industrial and urban land. Twentieth century writers on rent theory cited include Hurd, Haig, Ratcliff and Wendt.

The author develops his theme by presenting various equations which show relationships between supply and demand of land, distance from the center of the city, bid prices, etc., and states his case in three different ways: in mathematical formulae, in diagrams and in statements — thus making his arguments more accessible. He does not move to deeper implications of rent theory, however, as the classical economists did.

He does recognize the unique nature of land value, but unfortunately makes up his mind that he is not going into the nature of this value. The result seems to be that he moves on the same surface level with endless varieties of equations showing all degrees of bid price curves, etc. In fact he feels impelled to justify his work as "more than a lengthy formal exercise," and says that it may throw light on marketing, taxation and the income elasticity of the demand for land.

While his book may make a contribution in these areas, — much more is needed before a "general theory of land rent" can be achieved. A good many more factors (including "expectations") should be more thoroughly explored. The nature of rent certainly should not be ignored. More attention should be paid to the taxation of rent (though Alonso's brief statements are correct, as far as they go); and to complete the theory, some real-life situations, some flesh and blood should be added to the dry bones of abstract formulations.

R.C.