

ENERGY AND VALUE

The Law of Rent the Touchstone and Basis of Economic Science

By E. WYE

If we personally were inclined to indulge in the formation of a philosophic system to express our economic ideas, something like the following might be the outcome. The universe we should consider under the categories of energy and value. Philosophy being a man-science, not indulged in by the lower orders of nature save in fables, energy and value should be considered solely in their relation and inter-relation to mankind. Thus considered, energy is the cosmic envelope in which man finds himself enmeshed. He is himself of energy compounded, his vital existence being but a state, a combination, an expression, of the universal energy, his body being a complicated minute system of transformations and conservations marvellously set to work.

What next is value? Humanly speaking, it is that by virtue of which the labour, the toil, the irksomeness of living is saved to man for the benefit of his life and the increase of his happiness. Whatever saves laborious toil and adds to the sum total of man's pleasurable existence here on earth may be said to possess value in his eyes. For by the law of life man seeks the satisfaction and the fulfilment of his desires with the least exertion. Energy and value should first be considered in their inter-relations to the planet on which we live or to what in the science of political economy we call Land. Secondly, they should be considered in their relations to man himself. And thirdly, to society. First, as to land, we divide the expression land into two meanings, the first describing land as the sum total of all the energies of nature outside of man himself, and the second describing land as the superficies of the earth's surface, capable of location and measurement. Now energy itself is also capable of two descriptions. We have first energy in action or in the process of doing work. This, within the past century or two, has been discovered, studied, measured and used increasingly by man for the satisfaction of his desires. It is not created by man, but it is produced by him, drawn from the great reservoir of nature, and when so produced in multimodal ways and used it becomes what is known as wealth. The second kind of energy is what in physics is called potential energy or energy of position. It represents work already done and which is available for transformation into active energy.

In our philosophy of political economy we term this energy of position land value, site value, location value. It represents under these terms work performed either cosmically or by man, manifesting itself either through growth of population and production and advance of the arts on the one hand or through the kinetic energy of nature focused on the location in question on the other. We say, and say truly, that increase of population, of production and of the arts increases site value. We say, too, that special location values are the results of purely cosmic energy, as, for example, are the coal deposits, oil wells, quarries, natural harbours, water powers lifted by the sun from the sea and carried by wind and cloud to advantageous heights to descend finally at the will of man to turbines and be converted into kilowatts of electrical energy for the production of wealth and the satisfaction of his desires. All this work previously done by men in the mass or in society on the one hand and by nature on the other, constitutes an enormous saving of labour for man and for society which can be and is measured with great accuracy by the phenomenon which, accompanying human progress like a reflection or a shadow, is known as social land value or economic rent.

Economic rent represents all the gains and advantages that mankind achieves in a state of civilization. It forms a superb foundation for the upbuilding of society in association and equality; it is the basis for the development of mankind's highest functions and aspirations, the spirit of just men made perfect, of peace, goodwill on earth. The communism of economic rent is the one and only communism that society happens to need.

Finally there is to be considered man in his relation to value. His labour will always be necessary to keep him alive and enable him to propagate his kind. In the simplest of economic manifestations he applies his labour at the margin of society, and what he produces from nature constitutes his wages. To his full wages he is in justice entitled, without any deductions therefrom by the exactions of the State in the form of taxes or any deduction therefrom by predatory "land owners" for the mere permission to go to work. What he produces at the margin of society, on the best land free to him, becomes the norm of wages for the whole community—no one will be capable of producing more wages for himself in the long run than he, for the others who occupy locations of superior potential value must submit to forgo from their turnover all the advantages accruing strictly from the location value aforesaid. Herein observe the law of rent, the touchstone and basis of economic science.

A great communal rent fund, collected yearly for the common use of the community, is the heritage that nature and civilization have dowered upon mankind. What madness possesses mankind when it sanctions and legalizes the proprietorship of the eternal cosmos itself as the private property of a few! What blasphemy! What overreaching of pride! But with the coming of the new day, and with the man at the margin a free man, every other man and woman will be made free as well. For with land restored to all who want it for use, subject only to the payment of the economic ground rent into the common rent fund, how can any one be enslaved? The marvel is that the human race continues its blind and ruinous adulation of false teachers and crafty overlords, who still cajole us into accepting the continuation of our bondage.—(From LAND AND FREEDOM, May-June, 1925. 150, Nassau Street, New York City.)

Alderman J. R. Firth's address on Land Value Taxation in Practice in New South Wales and Sydney—now available in pamphlet form from the United Committee at 1d. per copy or 5s. per 100, carriage paid—has been warmly welcomed by our co-workers overseas. Mr. Abel Brink, who describes it as a "brilliant statement" translated it into Danish and had it published not only in DET FRIE BLAD, but also in a number of Danish daily and weekly newspapers. Our Belgian colleagues publish a long extract in the July-August issue of their journal LA TERRE; and the Address is reprinted in full in the MALTA TIMES (supplement to the MALTA JOHN BULL), which repeatedly makes use of matter appearing in LAND & LIBERTY, persuaded thereto by our ever active Malta correspondent, Mr. Ernest G. Georghegan.

By HENRY GEORGE

PROGRESS AND POVERTY: An Inquiry into the Cause of Industrial Depressions and of the Increase of Want with Increase of Wealth—the Remedy.

Kegan Paul Edition, paper covers, 2s., cloth, 3s.

Everyman Edition, cloth, 2s., reinforced cloth, 3s.

Bagot Edition, paper covers, 10d.

PROTECTION OR FREE TRADE: An Examination of the Tariff Question with especial Regard to the Interests of Labour. Paper covers, 1s.

From our Offices.