ing all of the costs even all the way back to the land. How then does Rent increase price?

Again, here is a storekeeper,—his lease runs out and is renewed on a lower basis. Does he immediately reduce prices? Not at all. The prices are governed by the demand and supply for his goods. He has simply found that he was paying rent for an economy in his costs that he didn't get and made his landlord see it. On the other hand, if the demand slackens and he is "loaded up," he will be compelled to reduce his prices while his rent remains the same, while if the demand quickens, he will advance his prices if it appears the supply is inadequate. All this regardless of fluctuation in his Rent.

To make this economy phase clearer, consider a genuine efficiency engineer's services to a factory. He shows the manufacturer how to cut his costs in various ways. His check will be paid out of gross sales, but the economies he has effected will appear in lower list prices or larger discounts.

Society has paved a street. Society paid for the pavement with tax money. The paving of the street increased Rent. Must this increased Rent be added to the price of goods? If so, why when society has already paid for it and will maintain it through its taxes? Must it be paid twice? Once by society and again by the consumer?

Wages seek a level governed by what labor can secure where no Rent is paid; the same is true of interest on Capital, but Rent nowhere finds a level. It is a differential that arises from zero to an almost fabulous peak. To assert that this differential factor Rent must be added to the factors Wages and Interest as a part of the cost of production which must be added to the price exacted from the consumer is to put a mathematical burden on the price-fixer that few could assume.

Actually, if the hair must be split, there are three distinct factors embraced in payments for the use of land. First, there is the enhanced price due to the landowners demanding not what the land is worth today, but what it will be worth at a future time—this is sometimes called Speculative Rent. Then, there is the enhanced price caused by the fact that lands held out of use, force the remainder in use to a higher price—this may be called Monopoly Rent. Speculative Rent will be largely governed by estimates of Interest involved while Monopoly Rents will distribute themselves over lands in use. Both of these "Rents" will be added to price because society has not paid for their creation. Neither Speculative nor Monopoly Rents are actucally true Economic Rents, and are only socalled because they are attached to land and are included in payments for its use. Possibly this may account for some of the confusion into which we are inevitably plunged when this subject on Rent and Price is discussed.

If the fact that Rent is an economy in the production and physical distribution of commodities paid for by taxes and cooperative forces of society, is kept in mind, it is seen that Rent actually accompanies a *reduction* in prices and as competition compels the elimination of all but unavoidable costs, Rent can not be successfully added to Price.

However, even with Speculative and Monopoly Rents added to taxes and appearing as factors in prices leading toward bankruptcy, it is quite evident that true Rent usually overcomes the upward tendencies in the prices of commodities which have actually fallen —measured in the amount of labor that must be exchanged for them. Otherwise the mass of people could not possibly possess themselves of what they visibly have while working shorter hours.

A consideration of the chain store almost completely disproves the theory advanced. Prices are uniform in all stores of a single chain regardless of the fact that the Rents paid vary by wide margins.

Another point. Where are low prices of goods generally found— where Rents are high or where they are low? If there is any great difference it indicates that where Rents are high there will be found, in a great city at least, lower prices.

A final thought. Labor itself is in many respects bought and sold as a commodity. It has a price. That price, like commodity prices, is determined by competition and supply and demand. Labor, also pays Rent for his upkeep. Does the Rent the laborer pays increase the price that labor will receive for what he has to sell? Or—is not labor compelled to accept what competitors are willing to take regardless of what Rent they pay? It might be well for the author to explore this phase. An attack on the functions of Rent is far-reaching.

It would have seemed that an attack of so fundamental a nature as the author has made, a complete scientific analysis of Rent would have been the starting point. But both Rent and Price are scattered in a hit or miss fashion that has made this review one of the most difficult to approach constructively that this writer has ever contemplated.

The author announces the production of two more books. "The Murder of Economic Science" and the "Mistakes of Henry George." These books will no doubt be well written and breathe a noble spirit of idealism. It is hoped that he will establish his premises on much less controvertible ground and use a more scientific method and terminology, otherwise they, too, will cause "vigorous dispute." The titles of both books are, incidentally, ominous.

All that has been said has not in the least altered the high respect this reviewer has had for Mr. Jorgensen's enthusiasm and splendid efforts to spread the light as he sees it. It is hoped that the undoubted propaganda value of the later chapters will not be offset by the challenge to economic science in the first three.

Whether that will be so or not, the book is exceedingly well worth reading and study. One part will give the reader a splendid chance to find out whether he knows what he knows or not, and that part where he comes into agreement with George, will be found an admirable method and style to be used in placing the Remedy and its effects instructively and entirely before any reader.

Norman C. B. Fowles.

PUBLIC AND PRIVATE PROPERTY

By John Z. White

Beaver Press, Grenville, Pa., 1935

In this timely and interesting book, Mr. White presents a legal viewpoint of the effect of grants of land by the State to individual owners. It is a common belief that because of deeds of land in "fee simple" to individuals which extend back to the sovereignty it is impossible for the State now to recover the value of the land without doing violence to constitutional provisions protecting private rights.

The author makes clear the distinction between a contract and a grant by the State. The Darmouth College case, the Charles River Bridge case and other cases famous in history, are discussed in detail to show the tendency of the courts to preserve to the State those sovereign rights and powers without which democratic government is impossible.

Tenure of land is a public thing—a delegation of a sovereign power. Failure to guard the sovereign power expressed by land holding and to permit the value of the land holding power to be privately appropriated is a derogation of sovereignty and tends to destroy democracy.

If an aristocratic society is desired nothing needs to be done. The manor house theory of tenure of land is exemplified today in Franklin D. Roosevelt who is to the "manor born." It is quite in keeping with President Roosevelt's tradition to see nothing incongruous in the large land values held by Vincent Astor. There is nothing of the hyprocrite in the President in this respect nor inconsistent with his warfare against those who grind the face of the poor or take speculative profits without regard to the upkeep of the nation at large. The ownership of the manor house and manor lands, to Mr. Roosevelt, carries with it not only the duty of seeing to it that all the manor people, tenants and workers, are fed and clothed but also the consciousness that failure to meet this duty is destructive of the manor family itself. So the Mitchells and the Wiggins who take profits without responsibility are met with righteous Rooseveltian indignation, whereas the landed families who give benevolent consideration to the tenantry receive a complacent blessing.

Against such a benevolent aristocracy Mr. White shows the necessity of preserving to the State its full sovereignty over land if democracy is to endure.

Land cannot be owned. It can only be used.

A labor product can be owned outright in the sense that it can be consumed. Eggs can be physically eaten up.

A land title is a franchise for use. Land cannot be consumed.

In this distinction lies the fundamental difference between a grant of land and a bill of sale of goods.

The proposition that land grants and franchises are the same in legal principle is sound law.

This being so, it follows that nothing more is granted than is directly contained in the terms of the grant. A franchise grant is strictly construed in favor of the sovereignty.

A grant of land made in 1735, for example, contains no contract that conveys away values created in 1935. What is granted is contained within the four corners of the document. Nothing is contained in any deed ancient or modern that requires the community in 1935 to deliver the beneficial use of a school house, a library, a paved street or other public service upon the land without collecting the cost therefor.

Chief Justice Marshall in 1810 in a Georgia land case held that a grant by the State is a contract. In 1840, however, Justice Miller, supported by Chief Justice Chase and Justice Field, dissented in Washington University vs. Rouse (8 Wall. 443). He said:

"We do not believe that any legislative body, sitting under a State constitution of the usual character, has a right to sell, to give, or to bargain away forever the taxing power of the State . . . To hold . . . that any one of the annual legislatures can, by contract, deprive the State forever of the power of taxation, is to hold that they can destroy the government which they are appointed to serve, and that their action in that regard is strictly lawful."

The tendency of the courts is in the direction of the sound doctrine quoted. The power of the State to tax is paramount over private rights.

Private possession of land, necessary to preserve the fruits of labor, does not of itself impair sovereignty. It is only when we permit the profits arising from this exercise of sovereign power to flow into private pockets that such impairment occurs.

Democracy may delegate its police power to a magistrate without impairing its sovereignty but if it were held that the magistrate acquired a vested right to his office and could administer the office for his private gain it would be a derogation of sovereignty.

Franchises for the use of streets by utility companies are no longer granted in perpetuity or for years without a valuation to be paid for use.

The true legal concept of the tenure of land as a franchise for use subject to valuation is growing in consciousness and is tending to dispel the idea that the State having granted land is without power to collect the value of the use.

This book is a strong plea for the recognition of those legal principles which constitute the foundation of democratic government and without democracy, cannot endure.

It is well worth a studious reading.—WALTER FAIRCHILD.

A BACHELOR OF LAWS "CORRECTS" A MASTER OF ECONOMICS

The publication of "Progress and Poverty" in 1879 let loose a flood of criticisms of Henry George. By hundreds, magazine articles, books, tracts, pamphlets, newspaper reviews poured forth, demonstrating George's "errors," and pointing out "fallacies" in his reasoning. More than one hundred have come into the possession of this reviewer, and he has not yet gathered all.

Many critics were not content to expose "flaws," but aimed their poisoned darts at the figure of Henry George. These shall remain nameless.

Today they are forgotten. Only a historian delving into obscure corners, could unearth their names and writings. "Progress and Poverty" lives on, sound as ever. It has made a profound impression on modern economic thought, and no economic treatise is so widely read. It is studied in our colleges and universities. Harvard, Princeton, University of Illinois, amongst others, (as the reports of The Robert Schalkenbach Foundation show) buy "Progress and Poverty" in increasing quantities.

A new school of critics has arisen. These, starting out with the admission that whatever economic knowledge they possess was acquired from Henry George, proceed, gently but firmly, to "correct" his reasoning. He being no longer available for personal attack, they now center their fire on his philosophy.

Of this ilk are George Bernard Shaw, whose book, "The Intelligent Woman's Guide to Socialism and Capitalism" we reviewed in these columns in the July-August, 1928 issue. (p. 121).

On another page, our co-worker, Mr. Fowles, competently handles another author who believes George "erred."

Our Australian friends, confusing interest with usury, are certain that George fumbled on that subject.

Most critics of George, while puffing with a sense of their own importance, wind up by exposing their own ignorance of fundamental economic principles.

Now comes "A Tax Talk to Business Men by William J. Ogden, LL. B." (Why is it necessary for our author to reveal that he is a Bachelor of Laws? What especial qualifications in economics does that degree confer?)

Mr. Ogden writes, (pp. 154-155):

"If ever 'truth' was 'crushed to earth,' the great cardinal truth of the Single Tax has so suffered at the hands of its professed authoritative protagonists.

"It is to rescue the truth from a jumble of truth and error, that this little book is written.

"Right here I want to acknowledge my debt of gratitude to Henry George. He, more than any other man, opened the way for the Single Tax on land values. The truth that his heart revealed is not destroyed by his manifest error. He will be remembered for his greatness of soul, his self-giving love for humanity, and his powerful presentation of the vital importance of a just system of taxation."

And at page 167, Mr. Ogden humbly writes:

"I have found the solution of his error, and with head bowed in deepest reverence, confess myself his grateful debtor for the revealed truth of the Single Tax, which is herein freed from any taint of Socialism or Communism."

Henry George, writes Mr. Ogden, "simply blundered in a splendid human effort to lead men to the truth." (p. 148).

He erred "in attributing the origin of land value to such a general and indefinite thing as 'population.'" (p. 149).

Will Mr. Ogden tell us when and where George wrote this? It was our impression that Henry George clearly showed that it was the presence *and activities* of people which produced land values. If population alone made land values, China, with 400 million people, would have higher land values than the United States with 125 million people.

Mr. Ogden contends "that public services are the reason, the source, and the continuance of land values," (p. 70) and that "land values are the products of the services of government." (p. 35).

His reasoning may be judged from this non sequitur:

"Here (in Maryland) our landowners pay taxes on their lands. They therefore earn the increment to their land values." (p. 63).

He repeatedly falls into the common error of referring to the Georgist philosophy as a "tax system." (pp. 83, 86, 107, 112, 154). Rather, it is a philosophy that would abolish taxation. For the community to collect its community-created land values and use them for community needs can never be called taxation. It is but to recognize the difference between "mine and thine" on the one hand, and "ours" on the other.