stood that only the *actual subscribed capital* spent in development work, buildings and machinery is to be deducted. This is necessary to prevent watered stock from being introduced for the sole purpose of lowering the unimproved value of the mine.

There is also another point to be considered in connection with the question of *Capital*. Some of the development work or plant may have been paid for out of returns from the mine, and in my opinion, this work cannot justly be called capital expenditure.

So far as the value of undeveloped mineral land is concerned, competition for possession must determine its unimproved value until development work has revealed nature's secret, when the aforesaid procedure should be adopted to ascertain its taxable value.

This scheme appears to me to be better than State control of the mining industry. There is a tendency on the part of some people to adopt the go-slow policy in connection with government work, on account of no one in particular being responsible if a loss occurs.

There is no industry that gives greater opportunity for the go-slow policy than the mining industry. I know this from observations made while living in a mining district. Because of the possibility of this go-slow policy I do not approve of Mr. Cornick's scheme.

Summing up, let me say that the scheme of taxing town lands to secure the value of mineral land adjoining, is that advocated by Single Taxers in West Australia; putting up the land at auction on the terms stated, is the proposal of our Victorian friends; while the scheme I have suggested meets with the approval of our co-workers in New South Wales.

I shall be pleased to know what your readers think of the scheme propounded, and welcome any criticism of it.—E. J. Craigie, Adelaide, South Australia.

Mr. Benjamin Doblin's very interesting notes on the History of the Manhattan Single Tax Club are crowded out of this number.

THE SINGLE TAX AND COST OF LIVING.

Editor Single Tax Review:

Your view of Mr. George White's criticism of Mr. Hardinge, is correct, but I think all three of you ignore the effect of present taxation on prices. A tariff makes high prices; the great profit resulting may be partly absorbed by the site owners in higher rent; in this way high prices are the cause of rent, rather than the reverse. Read page 413, Doubleday's "Progress and Poverty."

Mr. Hardinge is technically wrong in saying, "the higher the value of land the higher the price of everything brought forth from it." Prices are fixed by the cost on the poorest land. The abundance from the best land will sell at the same price. Nowhere are products so cheap as at department stores, where site rent is the highest. A small profit multiplied yields a greater profit than a few sales at a large profit. It is the possibility to make many sales that gives value to a site.

Rent, even monopoly rent, cannot enter into price, in any given time or place. Abolition of taxation must reduce prices one half, perhaps two thirds; which will double or treble wages. This alone will give the producer justice. A greater production on land set free, will further reduce price, unless this is offset by a greater demand from the millions of laborers suddenly invested with more purchasing power. But such reduction is the result of land set free, rather than from the reduction of former high rent. Site rent, at any time, is but the reflection of site advantage at that time.—C. F. Hunt, Chicago.

THE DIVISION OF THE PRODUCT.

Editor Single Tax Review:

Professor Irving Fisher of Yale in "The Purchasing Power of Money" gives five distinct factors in his argument and arrives at the anti-climax of fixing an index and adapting the weight of gold to the dollar to that index.

To Single Taxers the proposition resolves itself into two factors—The efficiency of labor and the quantity of privileged consumption. As to the first factor, according to Josiah Wedgwood in "The Road to Freedom" it is highly improbable, that production will increase in spite of improved machinery. For he states when consumers must give an equivalent effort to create value similar to that which they consume it is highly improbable that men will choose hard work and luxury rather than leisure and simplicity.

The main factor, however, is the second, namely the percentage of production which accrues to the non-producer or privileged consumer.

In as much as this percentage is reduced we reach out to freedom till labor consumes its whole product, be it great or small.

Whether the same number of dollars through an increase in the purchasing power of money or an increased number of dollars be required to purchase this whole product is a matter of indifference once the elimination of privileged consumption be an accomplished fact.

Prof. Fisher in "The Nature of Capital and Income" states that land value is but the present value of future rental value discounted from the time they shall become due by the ruling rate of discount. This statement appears unchallengable and is agreed with by Henry George and Karl Marx. But Prof. Fisher goes further than this in "The Rate of Interest" and shows that capital value not only of land but capital itself and also "water" is but the addition of all future privileged incomes discounted by the ruling rate of interest from the time they shall become due.

Josiah Wedgwood claims that Single Tax must abolish capitalism, meaning privileged consumption. If the partial freedom of the land results in increasing the supply of capital and reducing the rate of interest in proportion to the percentage of rent paid into the revenue, privileged consumption from the ownership of capital will fall in the same proportion as the privileged income derived as rent from the ownership of land. But, conversely, the capital value of land as well as the capital value of capital will remain constant! For example, economic rent of $100 will have a market value of twenty years purchase or $2000, with money at 5 per cent. and the $100. constant:

Correspondingly, any other perpetual privileged income of $100. will have a market value of $2,000. If a land value tax were to take 80 per cent. and reduce the privileged income from rent to $20. a year and in the course of time interest were to fall to 1 per cent. then the market value of this land bringing in a net income of $20. would have a market value of $2,000.

Similarly if the increase in the supply of capital consequent upon the partial freeing of land were to reduce the rate of interest to 1 per cent. then although the privileged income derivable from the ownership of capital were reduced 80 per cent .to $20. yet the market value of this income of $20. would be $2,000 or a hundred years purchase.

Assuming the social product to be equally divided at present between wages and privileged consumption the reduction of privileged consumption by 80 per cent. would result in the dollar purchasing 80 per cent more of the social product.

If on the other hand, the rate of interest remained at 5 per cent. the capital value of land would fall by 80 per cent. and the purchasing power of the dollar rise by the saving in the privileged consumption of 80 per cent. of rent only, or 40 per cent.—VINCENT PANTIN, Melbourne, Aus.

IS RENT PART OF PRICE?

EDITOR SINGLE TAX REVIEW:

The substance of Mr. Henry H. Hardinge's letter in the September-October REVIEW on this subject is a fine mental exercise, but his assertion that rent is a part of price although true is not a new revelation; rent is a part of price in the sense that rent is the equation of land values; rent does not increase price or add to the cost of production.

Circumstances alter cases. Ground rent for private revenue is a charge on the bounty of Providence against labor, but