

RENT, ECONOMIC AND ACTUAL.

ALTHOUGH the question of Rent has been touched on in more than one place in this volume, a somewhat fuller examination of its nature seems desirable at a time like the present, when the Land Question has acquired a prominence to which I think it is scarcely entitled on its own merits. The theory of rent usually adopted by Political Economists since the time of Ricardo is in substance as follows:—When men first began to cultivate land it was rent-free, and they selected the most fertile land in the country or district and cultivated it only. But as population increased, it became necessary to produce more and more food, and it was found that the land in cultivation did not produce as large a return for the additional labour and capital expended on it as it had done in response to the first application. It was likewise found that by applying capital and labour to inferior land as good a return might be obtained as by applying additional labour and capital to the good land already in cultivation. Hence inferior land came to be cultivated; and as population continued to increase, the margin of cultivation became more and more widely extended. But as soon as land of different qualities came

to be cultivated, rent made its appearance. The good land yielded a larger return for the labour and capital expended on it than the bad land, and hence the proprietor of the good land would not exchange with the proprietor of an equal quantity of bad land without receiving an equivalent for the difference.* If one field yielded twenty barrels of wheat, while another yielded only fifteen barrels when the same amount of capital and labour was applied to it in the most advantageous manner, the former was worth more than the latter by five barrels of wheat in the year, which amount of wheat or its equivalent in money the owner of one should give annually to the owner of the other, in order to make the exchange of fields a fair one; and if the inferior field consisted of the worst land which could be profitably cultivated (when rent-free), five barrels of wheat would be the annual rent which an occupier could afford to pay for the better field—the largest amount which he could give for the use of it while making the usual profit on its cultivation. Acreable rent thus represents the difference in produce between an acre of the land we are considering and an acre of the worst land in cultivation, supposing the capital and labour expended to be in both cases the same: and rent in this sense must exist whenever land of different qualities is in cultivation. Under different systems of land tenure this rent may belong

* Neither would he have done so previously. In answer to this, Ricardo would perhaps say that the bad land had no exchange value until now, and, therefore, could not have been exchanged for anything. But is not this equally true of the good land on his theory? As long as it produces no rent it has no exchange value.

to the occupier or to some other person (usually the landlord), or partly to one and partly to the other; but it exists in all cases and belongs to somebody. Rent in this sense, it is added, does not raise the price of any article of agricultural produce. All wheat of the same quality will sell in the same market for the same price, and if it costs more capital and labour to raise one part of it than to raise the rest (this more expensive part being required to meet the wants of the population), it must all sell at the price which enables the more expensive part to be grown with profit.* The less expensive portion of the crop would not, therefore, be sold more cheaply if the land was rent-free. The only effect would be to give the occupier a larger profit. The rent—the differential value of the cultivated soil—must, therefore, be enjoyed by somebody, even if that somebody should prove to be the State. There are some further developments of this theory which I need not state here. For my purposes, I think this recapitulation will prove sufficient.

It is no objection to this theory that, considered historically, rent did not arise in the manner thus described; for, whenever rent becomes a matter of contract, and its amount is fixed by considerations of profit, its nature becomes independent of its origin; and even, when actual rent is not regulated by these consider-

* For if a cultivator who grows wheat for profit cannot realise a profit on the most expensive part of what he grows, he will cease to grow that part. The result would be different under a system of Land Nationalisation. If the State grew all the wheat necessary for the consumption of the people, it could sell at the *average* cost of production.

ations, we can ascertain how it would be altered if it was so regulated, and thus arrive at the theoretic or economic rent. There is, however, an ambiguity in the word 'cultivated' which it is desirable to point out in the first instance. Does that term refer solely to tillage, or does it include pasture also? If cultivation means tillage, the theory affords no explanation of the fact that some of the agricultural land which produces the highest rent consists of permanent pasture. If it includes pasture also, it is not true that men would, under any circumstances, commence with cultivating the most fertile lands only; for they would probably allow their flocks and herds to roam over a wide tract of country, selecting for themselves the herbage which proved most grateful to them. The fencing-in of the most fertile pasturage would be postponed to a considerably later period. Nor can any rule be laid down as regards the earliest settlers, except that they will select the localities which they consider, on the whole, most advantageous. If they wished to be near the sea for the purpose of fishing or of communicating with other countries, they would prefer inferior land on the shore to superior land in the interior. If they wished for an abundant supply of fuel they would select a location in the vicinity of a wood. Climate, the presence of water, &c., would also come into consideration. As they would practically have as much land as they wished to take, they would care little as to what amount of produce could be derived from a given quantity of land. They would rather seek the largest return for a given amount of labour and

capital. But even then the land which was in this sense the most fertile might require more capital and labour, and, perhaps, also more time than they could command, in order to obtain the best return which it was capable of yielding. In whatever sense we employ the terms 'fertile' and 'productive,' it does not seem to be true that in a new country cultivation commences with the most fertile or the most productive land, and then gradually extends to the less fertile or less productive. The fertility of the soil, moreover, is constantly changing. Two or three corn crops in succession will diminish, for a time at least, the fertility of almost any soil; and if there is abundance of land to be had without any great difference in quality, cultivation will frequently proceed by raising two or three corn crops in succession on one patch of land, and then leaving it to take care of itself and tilling a neighbouring patch in the same manner: in which case when the first-tilled patch has enjoyed a sufficient rest, it is found to be fit for tillage again. Even in old and long-settled countries, the statement that the progress of cultivation is from superior to inferior soils requires large qualification. For all the land of the country which produces any kind of herbage is under cultivation, if under that term we include pasturage. Cattle and sheep in small numbers can be maintained on the most barren lands, which lands can always be let at a trifling rent if the landlord so desires. There is either no margin of cultivation in this case, or else that margin had extended itself to the entire soil of the country before the memory

of any living man. But if cultivation means tillage only, some of the very best land in old countries is not under tillage, and this not merely when it forms part of a gentleman's or nobleman's demesne, but even when it is farmed for profit; and in Ireland, at all events, there has been a steady conversion of tillage into pasture for a considerable number of years.* A disciple of Ricardo might, perhaps, explain this fact by the declining population of Ireland, which would as naturally lead to throwing the less fertile lands out of cultivation as an increasing population leads to the cultivation of them. But with such a food-market as England in our immediate neighbourhood, this explanation is untenable, and, in fact, it is often the best land that is going out of cultivation, or rather out of tillage. This land being capable of fattening cattle and sheep, it is found more profitable to use it for that purpose than for raising corn.

It cannot be denied, indeed, that in the majority of civilised countries population seems to be almost constantly on the increase, and more food is thus required in every successive year. To meet this demand we can, by better cultivation, derive more food from the same quantity of tillage land, and sometimes, at least, from the same quantity of pasturage also. No one, perhaps, has ever yet seen an acre of land which could not possibly be made to produce a heavier crop or to feed more beef and mutton. But, under all ordinary circumstances,

* The quantity of land described as waste appears to be also on the increase. But even this land will usually yield a trifling rent.

the production of additional food from the same land is attended with increased labour and expense; and it is usually found more profitable to increase the quantity of land in cultivation than to force cultivated land beyond a certain point. The new land thus cultivated is usually less fertile than that which is already in cultivation, and a differential rent thus springs up. It is not very easy to see, however, how the exact amount of this rent should be measured. It is rarely that the same amount of capital and labour can be applied with as much advantage to an acre of bad land as to an acre of good. The mode of cultivation is different, and neither, perhaps, is cultivated in the most profitable manner. The best rule to find the economic rent would seem to be as follows:—Assume the land in both cases to be cultivated in the manner usual with that kind of land; deduct from the value of the produce of an acre of each the value of the labour, and a profit on the capital employed at the rate usual with investments of equal risk, and the difference will be the difference of the acreable rents. When the rent thus calculated sinks to zero, we have reached what is called the margin of cultivation; but in a country fairly civilised and with a tolerably dense population it never quite sinks to zero. Where there is such a margin of cultivation it affords a measure of rent; but it certainly is not the cause of it. The margin of cultivation is not a cause but an effect. It depends on several causes, and might be determined by anyone who had an accurate knowledge of these causes, and of the country in which they operated. The

authors who lay so much stress on the margin of cultivation as determining rent (to say nothing of Mr. George, who, apparently, makes it determine wages and interest also) should have asked themselves the question, What determines the margin of cultivation? or to put the same question in a form more applicable to old countries, What determines the point to which cultivation will be carried?

To get rid of the question as to pasture, I will suppose that I am offered a tract of land rent-free, provided that I undertake to till it; and also that I have enough capital to till it in the most profitable manner. My first inquiry will be, what is the most profitable method of tilling it? Having ascertained this, I find, suppose, that on this most advantageous mode of tilling it the capital required will be £3 per acre, of which £2 will be expended in wages, and that the probable return will be £3 5s. per acre. Now, if the current rate of profit on similar investments is 10 per cent., it is plain that I will decline the offer; but if it is $7\frac{1}{2}$ per cent., I will accept it, because the investment will yield a little more than that amount on my outlay. Hence, first, the margin of cultivation will depend on the current rate of profits extending when profits are lower, and contracting when they become higher.* But there are many other causes which will likewise extend or contract the margin of cultivation. First, supposing that

* Mr. George's assertion is that interest depends on the margin of cultivation, falling as it falls (*i. e.* extends), and rising as it rises (*i. e.* contracts). This I believe, inverts the relation of cause and effect.

the current rate of interest is 10 per cent. still, if wages falls 5 per cent., while other things remain unaltered, I can till the land with advantage; for I only require £2 18s. to replace my capital, and 5s. 10d. profit, while the land yields £3 5s. The same effect would be produced if, other things remaining the same, I discovered a mode of growing as large an amount of corn with a saving of 5 per cent. in the quantity of labour. A saving of seed and manure to even a small amount would likewise enable me to accept the offer with advantage. And so, of course, would a slight increase in the price of agricultural produce, unless the cost of labour increased at the same time; while increased facilities for carrying the produce of this farm to the market, afforded by a road, a canal or a railway, might also increase the value of the agricultural produce as it stood on the land, though the market price remained unaltered. Thus any one of these causes would extend the margin of cultivation; and an equal number of causes of an opposite character would contract it, and compel me to give up the land which I held on the terms already referred to, inasmuch as I could no longer till it with profit. It is true that there is a mutual relation among these several causes, in consequence of which the variations of all are frequently simultaneous. Thus, when the price of corn rises, the wages of agricultural labourers often rises, because there is a greater demand for agricultural labour; and when labour-saving appliances are discovered, their application to the better

kinds of soil will lower the price of corn.* But though these variations are simultaneous they are not equivalent in amount; and it is just because they are not equivalent in amount that the margin of cultivation varies at all. Considered by itself the extension of the margin of cultivation raises wages, because it produces an increased demand for labour, more labour being required to obtain a given quantity of agricultural produce from bad land than from good. But the farmer is often induced to extend the margin of cultivation by the low rate of wages, when he would be deterred from doing so if wages was higher. An extension of the margin of cultivation thus usually coexists with low wages and low profits; but it is their effect, not their cause. It, is, however, one of those effects which react

* Labour-saving appliances are of two kinds, viz. those which produce an increased return from the same land without applying a proportionally increased amount of labour either directly or indirectly; and those which produce a diminished return from a still more diminished quantity of labour. Both kinds of discovery tend, in the first instance at least, to lower wages; but the first kind usually contracts the margin of cultivation, while the latter extends it. The former of these facts is overlooked by Mr. Henry George, who thinks that any labour-saving improvement which increases the produce of inferior lands without requiring more capital and labour must lead to an extension of the margin of cultivation. But if the productiveness of good land is increased in the same or a higher proportion, the margin of cultivation will not extend, but contract. Lands of very superior quality will now produce enough food to supply the wants of the population, and the inferior soils will not be resorted to at all. No doubt they would now produce a larger return *in kind* for the same expenditure of capital and labour, but they would not yield as large a return *in value*. The owners of the superior land would be able to undersell the owners of the inferior even more effectually than before. Mr. George is, therefore, in error in assuming that all labour-saving improvements tend to raise rents. One class of them apparently does so; the other class does the reverse.

upon their causes, and render these causes less powerful in action than before. It is, in short, a kind of natural remedy for low wages and low profits—a remedy which alleviates those evils though it may fail to remove them. The margin of cultivation thus affords to a certain extent a measure of rent, wages, and profits, but its extension is not the cause of the increase of the first or of the diminution of the second and third. Thus, to take the case of rent, the rent of good land will always be higher where there is no inferior land to resort to, and every resort to inferior land lessens the demand for good land, and lowers the rent. This result is most marked when the inferiority is one of situation which becomes, to a large extent, remedied by roads, railways, canals, or improved sea-communication. In this case, when the produce of the inferior land is rendered available, the rent of superior land sometimes experiences a serious decline. Indeed, as noticed elsewhere, the variations in the distribution of cultivation often depend on the varying fertility of different soils—varying in the economic if not the literal sense. Such variations are not properly described either as extensions or as contractions of the margin of cultivation, though the result of them may be the cultivation of a greater or less breadth of land than before. What really occurs is, that the changed circumstances of the country necessitate a resort to different lands from those previously cultivated; as would be the case, for instance, if the sea swallowed up a portion of the land, and receded from another portion situated in a different locality.

There is, however, another point of view from which Ricardo's theory of rent requires examination. It represents rent in the economic sense as the value of the produce of any given piece of land over that of an equal quantity of the worst land in cultivation. I have already noticed that the quantity of capital (including payments to labourers) required to cultivate land is very different in the case of lands of different qualities; and, to make a fair comparison between two kinds of land, we must suppose both to be cultivated in the most profitable manner. On the theory of Ricardo, whether the margin of cultivation rises or falls, the difference of rent between two farms, both of which lie within this margin, will be constant so long as the capital, labour, and produce is so. But it seems clear that the current rate of profit must also be taken into account. Let us take two farms, one of which can be best cultivated with a capital (including payments to labourers) of £10 per acre, when it will yield a return of £14, while the other can be best cultivated with a capital of £3 per acre, when it will yield a return of £4. What is the difference of rent? It is plain that to answer the question we require further data. If we suppose the current rate of profits to be 25 per cent. or 10 per cent., we can, indeed, answer the question; but, contrary to the theory of Ricardo, we do not obtain the same answer. If the rate of profit be 25 per cent., the rent of the first farm is £1 10s. per acre, and that of the second farm is 5s., while if the rate of profit is 10 per cent. the acreable rents are £3 and 14s. respectively. The differ-

ence of rents is £1 5s. per acre in the former case, and not less than £2 6s. in the latter, although both farms are, in both instances, comprised within the margin of cultivation. Perhaps the disciple of Ricardo would reply that I should not have compared an acre of each kind of land, but an acre of the good land with $3\frac{1}{3}$ acres of the bad. Possibly: but this is in the first place to abandon the theory as an explanation of acreable rents, while in the second place it involves a definition of fertility which will often conflict with the theory that cultivation proceeds from the more fertile to the less fertile lands. For it is not impossible that the best return for the capital and labour expended may be afforded by an extensive mountain farm, where a comparatively small number of hardy cattle and sheep range at large over the mountains, and this land may, in proportion to the capital and labour expended on it, yield the highest rent, though in proportion to its extent it yields the lowest. But we do not begin with mountain farming. On the contrary, it is probable that the mountains were left in the possession of wild animals long after the lowlands were cultivated, and that even the very limits of these mountain farms were originally marked out by the cultivators of the lowlands building fences to exclude the wild animals that still inhabited the mountains. The race of wild deer in fact are not yet extinct in some of the most mountainous districts. When we once get rid of the idea of acreable rent, almost any theory of rent may be adopted, provided we select units of good and bad land to suit our purpose. In fact by selecting

suitable units it might be plausibly maintained that the economic rent of all land was identical.

To recapitulate ; rent, it is said, tends to rise as civilisation advances ; for the population will increase, and this will generate a demand for more food, which can only be obtained by cultivating inferior soils, or by forcing the cultivation of land already in cultivation to a higher point. In both these cases the additional food can only be obtained at a greater expenditure of labour. The value of food will be fixed by that which is obtained at the greatest expenditure of labour, and is nevertheless required to supply the demand. The power of raising food at a less expense than this becomes thus a source of profit to whoever possesses it, and this is the case with the owners of all land which lies within the margin of cultivation for the time being. In answer to this it may be said, in the first place, that in some civilised countries—and countries whose state of civilisation appears to be advancing—population is almost stationary ; of which France affords a remarkable example. But, unless population increases, the theory in question with all its corollaries falls to the ground. In the next place, in every civilised country discoveries are constantly being made which enable food to be produced with less labour than before ; and the tendency of rent to rise will not show itself unless the increased demand for food, arising from a growing population, requires that the quantity of agricultural labour should be increased to a greater extent than these discoveries diminish it.

Whether this will be the case or not will depend on many circumstances: on the rapidity with which the population advances—on the rapidity with which the return which the soil yields to additional labour diminishes when we have passed the point where the proportionate return is at a maximum—on the quantity of land in the country the cultivation of which has not yet been pressed to this maximum point—on the number and value of the labour-saving appliances which have been discovered, including among labour-saving appliances those which prevent the waste of food; and on the possibility of importing food from other countries—a possibility which may keep food at a moderate price, and prevent rents from rising to any great height in a country which is too densely-populated to supply food for its inhabitants otherwise than by exchanging its manufactures or mineral produce for food supplied from elsewhere.* The tendency of rent to rise is thus not by

* Mr. George has an easy method of getting over such considerations as these. Since all wealth, says he, is interchangeable, the man who produces any kind of wealth produces food; for he produces that which he can exchange for food. And, since labour becomes more productive as civilisation advances, he can produce more wealth with the same amount of labour in an advanced state of society than in its primitive condition; and it is tacitly assumed that this increased amount of wealth can be exchanged for more food. Now, it is evident that unless the production of food increases at the same rate as the production of other commodities, these commodities will not exchange for the same amount of food as before. A gold-digger does not produce food. He can only obtain food by exchanging his gold for food grown by someone else, and whenever the food-supply runs short, gold will purchase less food than heretofore. Though the gold-digger might obtain twice as much gold as he did previously, he would be a loser by the change, if the price of food was trebled in the meantime. Food is a necessity for the human race. The man who produces no food must exchange what he *does* produce for food at the

any means universal. There are causes which tend to raise it, and which operate over a great part of the civilised world; but there are also causes which tend to lower it, and which are even more universal in their operation, though they may sometimes prove inferior in strength.

Actual rent, however, will only coincide with economic rent under circumstances which rarely occur. To make them agree we must suppose that the tenant has no interest in the soil, and no permanent tenure—that the landlord keeps back no portion of his land from the market, and accepts nothing short of what I may term the market-rent. In this case, the tenant will obtain the ordinary profit on his capital (including payments to labourers), the ordinary wages for his own labour (the amount which a man of equal bodily and mental powers, &c., could earn with equal exertion in a different occupation), and a certain compensation for his risk.* The rest of the proceeds will, in the absence of taxes, pass to the landlord in the shape

current rate of exchange, no matter how favourable to the food-producer that rate of exchange may be. Notwithstanding the interchangeable character of wealth, the possibility of producing increased quantities of *other* kinds of wealth affords no security against the shortening of our supply of food. The fallacy, in Mr. George's argument, is in fact the same as in that of the Free-traders, who maintain that even one-sided free trade is beneficial, because other countries *must* purchase from us a sufficient quantity of our goods to pay for what we take from them. So they must; but the question is, at what price?

* This risk is greater under a Free-trade tariff than under a Protectionist one. For, under a Protectionist tariff, the farmer will be, to a considerable extent, secured against the losses occasioned by a bad harvest by the increased price of food; whereas under a Free-trade tariff a good harvest in one food-growing country may coincide with a bad harvest in another, and almost entirely prevent an increase in the price of food in the latter.

of rent. Improvements would be effected (or at least paid for) by the landlord, and he would from the first enjoy the benefit of the improved quality of the land. It may be said that what he would then receive would no longer be rent, but rent together with interest on the capital expended in improvements. In a certain sense this is true; but where are we to draw the line? There is probably not an acre of rented land in the kingdom which is now in the same condition that it was two thousand years ago; and how much of the change is due to the work of man, and how much to the slow operation of natural causes, is a problem which is, generally speaking, incapable of solution. The mere extirpation of wild animals, especially such animals as wolves and foxes, increased the productive power of the land all over the kingdom. The fact is that actual rent almost always includes the annual value of improvements, made either by the landlord himself or by some person to the benefit of whose labour he has now a legal right; and if economic rent does not include the same element, no one can tell what economic rent is. But, even independently of this, the conditions under which economic rent would coincide with actual rent are hardly ever realised. The tenant often holds under an old lease whose term nearly approaches to a perpetuity. Or, without a lease of this duration, he has made extensive improvements, of which the landlord suffers him to enjoy the annual proceeds. The tenant and his predecessors have held at a rent below the real value for such a length of time that their interest in the

land has come to be regarded as a right, and is in some cases so regarded by the law. The landlord, from philanthropy or from indolence, has neglected to raise his rents when the economic rent has risen. The legislature has given the tenant such an interest in the soil that the landlord cannot raise the actual rent to the economic rent, even at stated intervals. The landlord lets his land upon leases cumbered with such burdensome and unreasonable conditions, that no sane man would pay the full economic rent for it when thus hampered in the use of it, and when he runs the risk of forfeiture for the most trivial reasons. In such cases the actual rent will be higher or lower, according as the tenant believes that the conditions will be enforced, or that they have only been inserted for appearance sake, or in order to add to the solicitor's costs.* Again, the

* The state of the law on this subject is a scandal to our Courts of Justice. The lease is drawn by the landlord's solicitor, entirely in the landlord's interest, though there are usually a number of covenants inserted which are of no real benefit to him. By a legal fiction, however, the solicitor is supposed to be acting for the tenant, who has thus to pay the costs of preparing a document which binds him hand and foot. This document is very often imperfectly explained to the tenant, and if he objects to some of its provisions he is told that the lease is in a form in use on the estate (though the tenant has probably to pay for preparing it on the same scale as if it was all original matter), and that the landlord will have no other, whether the holding is a mountain-farm or a public-house. Building-leases of any considerable length often contain covenants which become simply absurd before the lease expires. I knew one instance in which a man was utterly ruined by opening a shop, because there was a covenant against shops in a head-lease of which he knew nothing. On the premises comprised in this head-lease there were half-a-dozen shops, some of which had been open for years without objection, while one of them had evidently formed part of the very same building with the house in which the new shop was opened. The history of the leases in this case was somewhat remarkable. A let the premises to B with a covenant against shops. B let a part of them to C without any such covenant, and with covenants for title and

landlord lets his land at a rent less than the economic rent to a relative, a friend, a political adherent, or a person of his own religious persuasion; or else he does so with the object of having the tenant in his power, the threat of depriving the latter of a valuable interest being much more efficacious than that of depriving him of an interest which is worth nothing.* In some

authority to make the lease, covenants which, in a lease, are as unusual as they are usual in all other conveyances for value; and C naturally enough let a part of his premises to D, with a clause that it *should* be lawful for him to open a shop. The Court, however, held that this last clause was a permission not a covenant, and that when D's shop was closed he had no remedy against C. D, seeing a number of shops open around the premises which he was taking, was naturally unsuspecting of danger until he was caught in this legal trap—the lease executed and the fine payable on its execution paid. He had, however, in the eye of the law, 'constructive' notice of the covenants in the head lease; and although the original law of the country did not allow the head landlord to enforce these covenants against a sub-lessee, a subsequent refinement known as *equity* (the non-legal reader may, perhaps, regard the term as derisive) enabled him to do so. But in the view of equity, while the benefit of a covenant descends, it does not ascend, and D had no equitable remedy against B on his covenant for good title and for authority to make the lease, because that covenant was not made with D but with C. The present Irish law as regards clauses against alienation in leases has been notoriously made the vehicle of almost every species of fraud. In one case a tenant sold his holding, pocketed the purchase-money, and while retaining it evicted the purchaser because the latter had not obtained the landlord's consent to the transfer! At best this kind of covenant enables the landlord to act the part of the dog in the manger, lessening the value of the tenant's interest without any benefit to himself. And when a tenant improves land, in the present state of the law, he hardly knows whether he is acquiring a right to his improvements or rendering himself liable to the landlord for what, by a strange perversion of language, is termed committing *waste*! It is waste, for instance, to convert a bad pigsty into a good dwelling-house; and some writers have laid down that it is further waste to pull down the dwelling-house and erect a pigsty again.

* The modern system of landlordism has originated to a large extent from the feudal system under which the chieftain was a ruler, and was not entitled to the full economic rent. Much of the spirit of this system has descended to our own times. There are but few landlords who expect both to rule their tenantry and to exact the full economic rent from them.

places, too, an increase of rents, though justified by economical reasons, is attended with unpopularity and personal danger which deters the landlord from resorting to it. From all these considerations it is pretty evident that actual rent does not coincide with economic rent either in its amount or in its variations, and that in practice when the economic rent rises or falls most of the profit or loss falls to the lot of the tenant. In many of the cases investigated before the Irish Land Commission the rent had not been varied for thirty or forty years, though the tenant had at no time been a leaseholder. The economic rent must have varied considerably during this period, but the landlord neither increased his rent in the good times nor abated it in the bad; or if he made any abatement, it was not equal either in amount or in duration to the fall in the economic rent which dates from the year 1879. Of course there was some one who gained or lost by the variations of the economic rent; but many Political Economists (including Mr. George himself) frequently write as if this person must necessarily have been the landlord, which is not the case. In other countries the deviation from the economic rent is still greater. This, for instance, is the case with what is called the Metayer System; under which, if an indolent and unskilful tenant extracts but £2 an acre from his holding, while his industrious neighbour extracts £4 from land of the same quality, the former pays £1 per acre as rent, and the latter £2. This system, which thus operates as a direct tax on industry and skill, could

only have originated when the arts of agriculture were stationary, and must have acted as a powerful check on their progress. The only way to make a tenant carry cultivation to the highest point to which it can be advantageously carried is to allow him to retain the whole additional produce after a certain point has been reached. When the rent is a fixed quantity of the produce instead of a fixed proportion, it can be made more nearly coincident with the economic rent than is possible under the Metayer System; but it has, at least, this drawback, that the rent is highest when the profits are least, viz. on the occasion of a bad harvest. For a bad harvest always raises the price of corn, though it seldom raises it sufficiently to compensate the farmer for the shortness of his crop. Under the system of which I am now speaking, the landlord's fixed quantity of corn is most valuable when the price of corn is highest, that is, when the harvest is bad.* The tenant thus pays the highest rent when he is least able to afford it. Economic rent is thus almost always a different thing from the actual rent paid by the occupier to the owner; and all inferences drawn from the one to the other are of a very precarious character.

I am willing to admit that for the most advantageous cultivation of land, the tenant should have sufficient security of tenure to justify him in making all

* These systems, I may remark, are not systems of co-operation. The landlord does nothing; the tenant performs the whole of the requisite labour. In some of them, indeed, the landlord finds the capital necessary to work the land, an arrangement which must lead to continual difficulties; but even this is not working, and therefore not co-operation. It is a mere lending of capital not an active application of it by the capitalist.

requisite improvements, considerable freedom in dealing with the land while in his occupation, as well as in parting with it when he thinks fit, and protection against sudden and causeless changes in his rent. But to extend these privileges to one class of tenants, while refusing to extend them to others, is in fact introducing a system of Protection, and diverting the stream of agriculture from its natural channel. If, for example, it is more profitable to use the land of a certain district in grazing-farms than in tillage, why should the State endeavour to foster the latter mode of cultivation artificially by granting to the tillage-farmer privileges which it denies to the grazier? If it can be more advantageously used in large farms, or in farms of medium size, than in small holdings, why should the smaller tenant be protected from disturbance to a greater extent than his neighbours? In all probability State interference will prove powerless to arrest the operations of natural causes; but, if it should succeed in arresting them, the result can hardly prove beneficial to the country in the long run. Moreover, if the real object of the legislature is to encourage tillage and discourage pasturage, there is a much simpler method of effecting that object. Impose a duty on imported corn, while foreign meat, both live and dead, is allowed to enter our ports free of charge, and the task is accomplished.

The State would evidently gain nothing by purchasing up the interests of the present owners of property (whether called landlords or tenants) if it paid

the full value of them : while if it purchased them for less than the value, it would gain at most the amount which had been deducted from the value, or in other words, confiscated. It could also levy a large sum by taxes on land if it so desired ; but to throw upon land more than its fair proportion of the general taxation would be merely another form of confiscation. And though this taxation would form a deduction from the economic rent of the land (being in fact a rent payable to the State), it by no means follows that it would be borne by the landlord rather than by the tenant ; for the latter might have such an interest in the land (the result, perhaps, of his own improvements) that he would pay both the landlord's rent and the State rent rather than suffer himself to be evicted. A tax proportioned to the produce of the soil instead of to its letting value (as tithe was supposed to be) is still more objectionable. It has the same effect on depressing industry as the Metayer System of the Continent. The imposer of such a tax not merely forgets that after a certain point an enhanced amount of labour is requisite to add equal amounts to the produce of the soil, but that, even if it were not so, he takes most from the man who works hardest, and least from the man who performs the least work. Tithe (at least if it answered its original intention) is a tax on labour, and a most effectual means of deterring a man from working too hard.* Public management is seldom profitable. The

* Checks to industry more frequently occur under the present system than landlords are perhaps aware. Leases, as already noticed, often contain such

State can gain nothing without confiscation, and would probably fail to make the most of what it confiscated. The law of landlord and tenant no doubt requires amendment. The contract of the parties should be assimilated to other contracts, and such exceptional rights as that of distress (extending even to the goods of a stranger) should be abolished; while the law of real property, as it is called, might, I think, be assimilated in most respects to that of personal property with advantage. But this is a very different thing from the nationalisation of land. Again, a peasant-proprietary may be a desirable thing; but the example of peasant-proprietors, whose lands are unincumbered, proves little as to the effect of making a peasant the proprietor of his holding, subject to a charge equal, or almost equal, to its full value. The State, it is suggested, might lend him the purchase-money at a lower rate of interest than that at which he could borrow it from anyone else; and this loan would result in no loss, because the State could itself

minute and burdensome covenants, enforced by clauses of forfeiture or penal rents of absurd amount, that the tenure is almost as insecure as a yearly tenancy, especially if a breach of covenant has once been committed, though perhaps years have since elapsed. Again, in bad years some landlords, instead of making a general abatement, pride themselves on dealing with each case on its own merits; which means that the idle and improvident tenant who has saved nothing receives an abatement, while the industrious man who has laid by a trifle is compelled to draw upon his little hoard in order to discharge his rent in full. Another plan is not to evict the tenant or compel him to pay up the full amount, but to keep the arrears hanging over him to be enforced if he should ever succeed in bettering his condition, or should dare, in any way, to assert his independence. A temporary statutory abatement of all rents is the true remedy for such an agricultural crisis as that of 1879.

borrow the money at the same low rate. But the only reason why the peasant-proprietor could not borrow the money at as low a rate of interest as the State is that in his case the loan involves more risk ; and the difference of rate is, in fact, the exact measure of this risk. The State would incur this risk in the case of every peasant-proprietor to whom it made a loan. It would never receive more than the loan with the interest agreed upon ; and, unless compound interest was charged, there is no doubt that it would sustain a loss in consequence of having to wait for payments from the peasant-proprietors, while making its own payments on the day that the interest fell due. Then there would be expenses of collection, legal proceedings, and occasional losses on the result of a sale—all which small losses would make up a considerable loss in the aggregate. This loss the taxpayers would have to bear for the benefit of the peasant-proprietors. Private ownership in land is not, I believe, an evil. Extensive proprietors are often better landlords than smaller proprietors ; and though the present state of things might be improved, no royal remedy is called for, or is likely to succeed. It only requires an application of the same principles which have been applied so successfully to trade and commerce to remove almost everything that is anomalous in our Land System. The merchant who sells goods on credit to a shopkeeper does not require the latter to obtain his approbation of the purchaser before re-selling them, nor does he insist on a right of distraining the shopkeeper's goods in case the latter

fails to repay him on the day fixed for the purpose. He does not prescribe the manner in which the goods are to be stored and exhibited for sale, or require the shopkeeper to vote for his candidate at the approaching General Election. On the other hand, the shopkeeper does not expect to obtain the goods at less than the market value, even though his father and his grandfather may have dealt with the same firm of merchants before him, or to obtain an abatement in the price because the market has fallen after he made his purchase. The application of similar principles to land is, it seems to me, what is required in order to place rent on its true basis—bearing in mind, of course, that it is not in every instance that the whole of the economic rent belongs to the landlord. The tenant is sometimes like the publican who buys one kind of whiskey from a distiller in order to mix it with other whiskey which is already his own property; in which case the mixed whiskey would not be in any sense the property of the distiller, although the latter was unpaid. A right to resume the land under certain circumstances is indeed unobjectionable, just as the man who hires out a piano retains the right of resuming it under certain circumstances; but the hirer of the piano is not required to execute a long deed defining, among other things, how many hours in the day it is to be played upon, and then to pay for the deed. Why should the hiring of land differ from this? Or how does renting land differ from hiring it?