

XVII.

OF RENT, AND THE POSSIBILITIES OF ITS ABOLITION.

RENT is the charge paid for the use of land. The man who in some way has obtained actual or legal possession of it will not let another man put his labor upon it to make its potential values actual values, by raising potatoes, or digging gold, or building a mill alongside the stream which runs through it, without paying rent. Now, if a farmer wants to grow potatoes, and there are two acres of land to rent, one of which will grow three times as many potatoes as the other with the same outlay for labor, fertilizers, etc., he can afford to pay three times as much rent for the first. The high rent does not add to the cost or price of the potatoes, because what is added on each bushel in rent is saved on each bushel in labor, etc. There is perhaps another acre so poor that "it does not pay to grow potatoes on it unless you get it for nothing."

This pays no rent: it is what economists call "no-rent land." Thus rent, high or low, is the measure of the increased productiveness of a piece of land over no-rent land, and it does not affect the price of products. This is known as Ricardo's doctrine of rent, though a Scotchman named Anderson preceded that great English economist in stating it. Superior land is like labor-saving machinery: the cost is saved in facility of production. This holds true even in city rents; Mr. Stewart's great store in New York never charged higher prices for goods, though the land was among the most valuable in New York, for the reason that its situation made it very productive of trade. So many people came there to buy that the big rent, divided among all the purchases, came to no more than the smaller rent of other stores.

There may be land close by which produces 20 bushels of wheat, and land far off which produces 22 bushels. If it costs the value of two bushels to bring the 22 to market, the land close by and the land far off are of exactly the same rental value. Thus accessibility, or nearness to a market, is equivalent to so much greater productiveness, and distant land is, in the economic sense, poorer land.

The price of wheat, or of any agricultural product, being determined by the cost of the part produced at greatest disadvantage, according to the first law of price, will depend on the cost of that produced on the poorest or most distant land. The true rent of any given piece of wheat-land, accordingly, would be the difference between the general price of wheat and the cost of producing and getting it to market from that piece. If a higher rent is charged, farmers cannot afford to hire it to raise wheat. They must either raise a more valuable crop than wheat, or not hire the land, or lose money. Of course this general law is much modified on particular pieces of land by special circumstances.

When the fertile wheat-fields of our great West were opened up, and the railways brought them close to the seaboard, the poorer lands East went out of cultivation, and the price of wheat went down. The deserted farm-houses of the New Hampshire hills and in the Connecticut valley in Massachusetts tell a part of this story. Massachusetts, which produced 119,783 bushels of wheat by the census of 1860, produced only 15,768 by that of 1880, and the other Eastern States reduced,

or increased but little, their acreage and product. In England the farmers could only afford to cultivate the better wheat-lands and to pay a lower rent for these. But the existence in England of long leases or customary rents, and the great value set on land for manufacturing use and for social reasons, made landlords unwilling to so reduce rents; hence the great dissatisfaction among the English farming classes. This is the key to the great influence of our far West upon the agricultural holdings of England and our Eastern States. The effect of the increasing wheat crops of India and Russia upon us is not yet fully developed.

The free operation of the economic laws of rent is restricted very much by the tenure of the letting. The labor and fertilizers a man puts upon land do not come out again in the first crop or in the year's crop; they are more or less permanent "improvements." So in still greater degree are the fences and buildings necessary in cultivating the farm. On yearly tenure or short leases the tenant must therefore pay a lowered rent, or refrain from improving the land. In New Zealand each tenant has the right of purchase at a fixed price, and can therefore do his best for the land.

In England the landlord makes most of the improvements, and the tenant is in a measure protected, even in yearly tenancy, by custom and what is called "a good understanding." In the north of Ireland the custom called "Ulster tenant-right" binds landlords not to dispossess a tenant so long as he pays his rent, and it permits the tenant to realize on his improvements by selling his tenant-right to another person acceptable to the landlord. In other parts of Ireland much bad farming, bad politics, and bad blood have come from the ill understanding on this point—the exhaustion of land and evasion of payments on one side, and rack-rents and summary eviction on the other. America has the great blessing of absolute free-trade in land, so that each tenant makes his own bargain for both price and time of his letting; but as only 322,357, or 8 per cent., of the four million farms in this country are rented for money, the question has not become of great importance here. Farms worked on shares number 702,244, one-half or one-third the crop being paid for the use of the land, buildings, etc., and this system, called "metayer rents," exists in many of the older countries.

Rent, being the greater productiveness of the

land rented above the poorest land actually cultivated, tends to increase, as increasing demand (by increase of population or of wants otherwise) brings poorer and poorer land under cultivation. When all the arable land in the world is taken up, that land which can only be made to produce a bare subsistence for the laborer becomes the no-rent land, or standard from which rents count, because from it the laborer gets no surplus above bare subsistence to pay rent. If rent were paid he has not enough to live on, and as there is no cheaper land he would die. But still the Ricardo doctrine of rent shows that rent would not be a part of the cost of agricultural product, because it is only the equivalent of saved labor, and the extreme statement is made that if the whole \$200,000,000 paid in England as rent for cultivated lands were remitted, it "would not add a pinch of flour to the sixpenny loaf." For the price of bread is not made by the English farmer, but from the far-off wheat-fields of Dakota, with which he must compete. The remission of rents would be to the English farmer so much gain, which for the first season he would gladly pocket himself. At once, therefore, rents would again

commence; the landlord would demand part of this gain, which is rent, or the tenant would sublet and live on the gain, receiving rent instead of paying it. So long as some land is better than other, and on this better land labor is saved, the price of this labor will, in the order of nature, be somehow paid as rent. If the whole world were redivided into equal lots, at no rent or equal rent, the rent process would instantly recommence, because each person would want the better lands. If all land were equally productive and equally accessible there would be no rent till it was all occupied, at which point those who had no land would be ready to buy or rent from those who had.

There have been many plans to abolish private ownership in land, and so get rid of rent. But rent cannot be got rid of, for so long as one piece of land is better than another, it would be better worth having. It is as true of land as of any other kind of property, that if it were communistically redistributed at any moment, the men with more brains or industry in a time of peace, or of more force in a time of war, would presently get hold of more land or better land than the men of less brains or less force.

“The nationalization of the land,” advocated by Henry George in “Progress and Poverty,” is best stated in his own words: “The remedy for the unjust and unequal distribution of wealth apparent in modern civilization, and for all the evils which flow from it [is], *We must make land common property*. . . . I do not propose either to purchase or to confiscate private property in land. . . . Let [present owners] continue to call it *their* land. Let them buy and sell, and bequeath and devise it. We may safely leave them the shell if we take the kernel. *It is not necessary to confiscate land; it is only necessary to confiscate rent*. . . . *Appropriate rent by taxation*. . . . *Abolish all taxation save that upon land values*.” This, it will be seen, is not a scheme to abolish rent—for Ricardo’s theory of rent is used by Mr. George as the groundwork of his argument—but to require private owners to pay the equivalent of rent to the Government as taxes. The private owner would not be deprived of return for the capital he had invested in buildings or other improvements, but would be practically a State-tenant, paying ground-rent to the Government on a perpetual lease, and perhaps sub-letting to other users or occupiers. This, Mr.

George argues, would prevent the withholding of land from productive use, and prove the cure-all for our social ills.

Herbert Spencer, in his "Social Statics," had already spoken of such a "change of landlords" as commanded by equity, consistent with the highest state of civilization, and duly subordinate to the law of equal freedom. "Separate ownerships would merge into the joint-stock ownership of the public. . . . Stewards would be public officials instead of private ones, and tenancy the only land tenure." John Stuart Mill looked forward to such a tenure, to be brought about by the purchase of vested rights by the State. The objection to Mr. George's plan is seen in the fact that the man who owns land to-day may have bought it only yesterday with the direct earnings of his labor, and the confiscation of rent would practically deny to him the benefit of his earnings, and thus subvert the foundations of all private property. Mr. George cites against this the fact that the freed slaves were not paid for by our Government during the war, and argues that the interest of the few must be put aside in the interest of the many.

The economists who look upon Mr. George's

plan as indirect communism, nevertheless recognize the land question as one of the most serious problems in Economics. As we cannot increase the quantity of land, it is important that what there is should be used so as to produce most, and that the holding of arable lands unused should be discouraged. Most economists agree that land, and especially the unearned increment of value, is a proper object for the chief burden of taxation, a doctrine advocated by Mill as president of the Land Reform Association. The taxation of all land, unimproved on the same basis as improved, so that it cannot be "held for a rise" without cost and thus accumulated into great fortunes, is likely to be the chief method of raising revenue in the future.

Land, then, is the first element of production, the *sine qua non*: in distribution it claims its share as rent, however this rent may be concealed, or cloaked, or called by other names, or temporarily balanced by confiscating taxation. Without land labor has nothing from which to produce. The earth is, in truth, the mother of us all and of all our wealth.