

tric lighting, generally speaking, anywhere in England brought to pass. The whole electrical industry in England is in consequence far behind that of the United States, Germany, and even Italy. How does one know that there are any "surplus earnings" of a public service corporation:—that is, earnings above what is payment for work done and risks run—payment above the necessary cost-price of progress?

But supposing that it is determined, in the case of a street railway company, for example, that there is a surplus gain above any necessary profit, even then I do not admit that it is ground rent or an analogue of ground rent, as that term has been commonly understood. It is no differential gain fixed competitively and independently by the conditions of marginal production, on the one side, and free offerings of buyers on the other side, as the pure economic rent of wheat lands, used as the basis of the contractual rent of a tenant, is fixed by supply and demand for marginal wheat. The supply in the case of the street railway is a monopolized supply, the demand is largely created by the company itself through the ways and means it employs to serve the public, and the price is a matter of custom or legislative control. There is no surplus gain of any sort in connection with a public service franchise irrespective of the service rendered for the price charged. By extending its service into the suburbs, and by increasing the number of transfers, our own Elevated Company is virtually reducing its fares materially year by year. Its object is to increase its business; but the increase of its business means a larger and a better Boston. Whatever this company makes (if anything) above bank interest, reward for business management, and compensation for the risks it has taken, is not ground rent, but a pure monopoly gain.

In conclusion, I desire to state that I do not wish to be understood as agreeing in the least with those who are opposed to Professor Bullock's statement of the nature of pure rent. Land is not a thing whose supply costs efforts and sacrifices, and, therefore, the income derived from its ownership, socially considered, is not of the same sort as the interest of capital. My position is that in many instances, those who own land and apparently obtain a pure economic rent, are in fact, merely taking with one hand what they have made with the other; they are getting in connection with a piece of land the profits of their business management. Especially does this idea hold true, when we take into account that often when one entrepreneur—landlord, obtains what is undoubtedly rent, to him—a windfall coming out of the wealth created by another entrepreneur—landlord—the same happens to that other, and so, for the class as a whole, it is a set-off. In short, in the case of any specific income obtained in connection with land (the land itself makes nothing), it is desirable that we examine closely, to see if any part of it corresponds, in view of the whole industrial situation, with Professor Bullock's concept of rent, which is the true one. And this is of special importance to Single Taxers. Before catching your hare—to say nothing of the cooking—first see that it is a hare.

COMMENTARY BY PROFESSOR WM. M. BURKE, ALBION COLLEGE, ALBION, MICH.

In the few comments I shall make on the very able paper presented by Professor Bullock, I want first to insist on the great importance of urban land values as compared with that of rural lands and to lay more stress on the part played by society in the production of this value. I agree with Professor Bullock as he agrees with the classical economists in making the income from land different in nature from the income from capital.

I believe, however, that he, together with the classical economists, emphasizes the rent of agricultural land until the more important facts of urban land rents are well nigh lost sight of.

Rent of land is a price paid for something, and like every other price, is controlled by the demand for, and the supply of the commodity or service. This something which commands a price called rent is really "access to opportunity." Any piece of land which commands no rent has this attribute in such small measure that it does not compete with land already in use, and the lands which command the highest rents have this attribute in largest measure.

The supply of this access to opportunity is coextensive with the supply of land, and this supply can be increased in such small quantity as to cut little figure in the discussion. If the supply cannot be increased indefinitely any increase in demand will make the present stock more valuable, that is, a higher rent will accrue to the owners.

All lands collectively cannot be considered monopolized, for in a sense all tracts compete with each other, but each tract of land is monopolized inasmuch as no other piece of land is equally fitted for just the uses that make this particular piece valuable.

The value of agricultural land is governed in very much the same way as value of urban lands. Improved facilities for transportation allow poorer lands to compete more easily with better grades and thus lower the rent all along the line. There is moreover to a certain extent, in these days of rapid transit, some competition between so-called rural land and city land.

Certainly almost all land is increasing in value, the exceptions are comparatively trifling as worked out mines and changes as to desirable parts of a city. When a commodity rises in value we can almost always trace the cause to the labor of an individual or group of individuals who have added to its utility. Can we do in the case of land? In some cases, yes, but the value of most commodities is created by a conscious effort on the part of him who hopes to profit by it. The value of land increases without this conscious effort except in a comparatively few cases. The man who takes up new agricultural land and counts as part of his profit its rise in value, or the manufacturer who establishes a plant where he can control the surrounding property, if the plant would not be established without the prospect of the added land value are examples of conscious effort to increase land values and to obtain an economic rent.

Something also is due to the foresight of the individual who buys land in a city and simply holds it for a rise, without improving it because of the slight risk he runs that land values will decrease instead of increasing. A moderate percentage of the investment would be allowed for his ability in this direction. Beyond this we must look to outside influences for the immense difference in productivity of different tracts of land. It is due to the intense demand for favored situations which is caused by the growth of a civilized population. For a large population of this kind makes a city a desirable place to live in both for pleasure and profit. A lot on lower Broadway is very valuable, not because any owner has made a sacrifice nor indeed that society has sacrificed anything, but that lower New York is a favored spot in which many desire to do business, and it was made so partly by nature and in large measure by the great number of intelligent people who desire to live in New York City and vicinity. In other words a very large part of the ground rent is a product of society and nothing else. So far as this is true, then, no individual should be allowed to claim such product, but it should go to the community which created it.