

# THE SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform  
Throughout the World.

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## SIXTEENTH BANQUET OF THE MASSACHUSETTS SINGLE TAX LEAGUE

BOSTON, MONDAY EVENING, DECEMBER 8th, 1902

### PROFESSIONAL ECONOMISTS

IN THE DISCUSSION OF

**GROUND RENT, WHAT IS ITS NATURE, OPERATION AND OFFICE?  
WHAT CAUSES IT? WHAT MAINTAINS IT?  
HOW MUCH IS THERE OF IT?**

TO WHICH IS ADDED

**EDITORIAL COMMENTS.**

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### PRESIDENT FILLEBROWN'S INTRODUCTORY ADDRESS.

LADIES AND GENTLEMEN:

The Massachusetts Single Tax League is to-night happier than ever in welcoming you as guests at its sixteenth frugal banquet. One year ago, this League sought, from the six hundred and sixty-eight members of the American Economic Association, expressions of opinion upon eight points of Possible Agreement in Political Economy.

The one hundred and thirty-five respondents all practically and substantially agreed to the statement, that "Ground rent is what land is worth for use."

Among those who responded, there were in all thirty-five regular professors of political economy, and twenty-five of these appeared to be in substantial agreement upon five of the eight points, as follows:

1. "Ground rent" is what land is worth for use.
2. "Public franchises" are privileges granted to one or several persons incorporated, and from which the mass of citizens are excluded. These franchises usually pertain to land, including, as they do (to use the language of the New York Legislative Ford Bill,) all "rights, authority or permission to construct, maintain or operate, in, under above, upon or through, any streets, highways, or public places, any mains, pipes, tanks, conduits, or wires, with their appurtenances, for conducting water, heat, light, power, gas, oil,

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These pages are sent to the 295 professors of Political Economy in all the Colleges and Universities of the United States who were invited to the dinner, with the hope that the bread thus cast upon the waters may be returned in the form of practical and profitable suggestion.

or other substance, or electricity for telegraphic, telephonic or other purposes." Hence their classification, by the above Act, as "land values" may be confirmed as correct, and their annual values properly classed as ground rent.

3. A tax upon ground rent is a direct tax and cannot be shifted.

4. The selling value of land is, under present conditions in most of the American States, reduced by the capitalized tax that is laid upon it.

5. Hence the selling value of land is, to the same extent, an untaxed value, so far as any purchaser, subsequent to the imposition of the tax, is concerned.

In a continued effort to dispel differences by the magnifying of agreements, the suggestion has been availed of to forge ahead one step farther, if possible, along this line of greatest agreement and to seek the right answers to some of the perplexing questions which beset the subject from our peculiar point of view;—such questions for instance, as:

1. To what extent does ground rent express the value of public, and quasi public, service? Is it, or is it not, clear that the continuous cost of this service is what maintains the value of land?

2. Inasmuch as Ricardo's law of rent was specifically expressed and illustrated in agricultural terms, has not agricultural rent, as a somewhat natural result, received undue attention from the schools, to the neglect of urban or city rent in its more acute forms?

#### THE MAJOR TREATMENT OF AGRICULTURAL RENTS.

Out of a curiosity to ascertain the actual preponderance accorded to agricultural over urban rent in standard economic treatises, careful comparisons have been made of the space devoted by the authorities to agricultural land, and to urban land in treating questions bearing on land values and land rent. The result shows that in thirty-nine leading works of thirty-four authors, forty-two thousand and ninety-four lines were given to agricultural rents, and three thousand and thirty-nine lines to urban rent, or in the ratio of fourteen to one.

Following is the list complete:

AUTHOR AND WORK.	AGRICULTURAL.			URBAN.		
	Text lines	Notes lines	Total lines	Text lines	Notes lines	Total lines
ADAMS, H. C., <i>The Science of Finance</i> , 1887.....	803	6	809	36	...	36
ANDREWS, E. B., <i>Institutes of Economics</i> , 1889.....	30	26	56	15	24	39
BULLOCK, C. J., <i>Introduction to Study of Economics</i> , 1897 .....	570	3	573	81	7	88
CAIRNES, J. E., <i>Some Leading Principles of Political Economy</i> , 1874 .....	135	26	161	...	...	...
CAREY, H. C., <i>Principles of Political Economy</i> , 1840..	542	64	606	118	...	118
CHALMERS, Thos., <i>Political Economy</i> , 1882.....	3312	205	3517	...	...	...
CLARK, J. B., <i>The Distribution of Wealth</i> , 1899.....	1148	69	1217	12	...	12
ELY, R. T., <i>Socialism</i> , 1894.....	84	...	84	84	...	84
ELY, R. T., <i>Introduction to Political Economy</i> , 1889..	110	...	110	48	...	48
Land, Labor & Taxation, 1882.....	288	...	288	192	...	192
FAWCETT, H., <i>Manual of Political Economy</i> , 1874...	1835	5	1840	274	...	274
GIDE, Chas., <i>Principles of Political Economy</i> , 1896....	907	16	923	117	...	117
HADLEY, A. T., <i>Economics</i> , 1896.....	240	5	245	70	...	70
JEVONS, W. S., <i>The Theory of Political Economy</i> , 1871 .....	301	...	301	...	...	...
JEVONS, W. S., <i>Money and Mechanism of Exchange</i> , 1882 .....	...	...	...	...	...	...
LAUGHLIN, J. L., <i>Elements of Political Economy</i> , 1896 .....	579	...	579	19	...	19

AUTHOR AND WORK.	AGRICULTURAL.			URBAN.		
	Text lines	Notes lines	Total lines	Text lines	Notes lines	Total lines
MALTHUS, Nature and Progress of Rent, 1815.....	1705	45	1750	...	...	...
MACCULLOCH, Principles of Political Economy, 1849.	1378	60	1438	...	...	...
MACLEOD, H. D., The Elements of Economics, 1886..	1257	...	1257	109	...	109
MACVANE, S. M., The Working Principles of Political Economy, 1890.....	492	5	497	78	17	95
MARSHALL, Alfred, First Principles of Economics, 1898 .....	3557	343	3900	40	180	220
MILL, J. S., Principles of Political Economy, 1864....	782	...	782	...	20	20
NICHOLSON, J. S., Principles of Political Economy, 1901 .....	2622	203	2825	355	9	364
RAE, John, Contemporary Socialism, 1884.....	920	...	920	2	...	2
RICARDO, Principles of Political Economy, 1819.....	2859	112	2971	...	...	...
ROGERS, Thorold, A Manual of Political Economy, 1868 .....	1010	...	1010	20	...	20
ROGERS, Thorold, Six Centuries of Work & Wages, 1884 .....	562	...	562	207	...	207
SAY, J. B., Political Economy, 1821.....	442	11	453	114	...	114
SELIGMAN, E. R. A., The Shifting & Incidence of Taxation, 1892 .....	1365	...	1365	500	6	506
SENIOR, N. W., Political Economy, 1863.....	451	...	451	...	...	...
SIDGWICK, H. I., Principles of Political Economy, 1883 .....	371	35	406	3	...	3
SMITH, Adam, Wealth of Nations, 1818.....	2755	...	2755	22	...	22
TAUSSIG, F. W., Wages and Capital, 1895.....	...	...	...	...	...	...
WALKER, F. A. Land and Rent, 1888.....	4648	254	4902	19	12	31
WALKER, F. A., Political Economy, 1888.....	2228	85	2313	58	13	71
WALKER, Amasa, The Science of Wealth, 1872.....	228	...	228	38	...	38
Total.....	40,516	1,578	42,094	2,611	288	2,919

NOTE: Where agriculture has been considered for other purposes than value and rent of land, it has been omitted from the comparison. The line of distinction is sometimes drawn with difficulty, and in one or two cases where the argument has seemed to bear equally on agricultural and urban land, it has been included under both heads. In view of the liability to error in such a comparison, this list is circulated in the hope that interested parties may supply any authorities which ought not to be omitted, and note any corrections in the readings for future publication and reference.

THE MINOR IMPORTANCE OF AGRICULTURAL RENT.

In contrast with the foregoing theoretical treatment, Massachusetts valuations for 1901 offer a marked illustration of the inverse proportions which obtain in actual conditions.

ASSESSED VALUATIONS.	BUILDINGS.	LAND.	TOTAL.
33 Cities .....	\$871,348,922	\$932,479,395	\$1,803,828,317
37 Large Towns .....	\$142,803,258	115,529,728	258,332,986
70 Cities and Towns.....	\$1,014,152,180	\$1,048,009,123	\$2,062,161,303
283 Small Towns .....	185,782,899	115,605,594	301,388,493
353 Cities and Towns .....	\$1,199,935,079	\$1,163,614,717	\$2,363,549,796

The land valuations of 283 small towns, \$115,605,594, and of the 70 cities and large towns, \$1,048,009,123, are about in the ratio of one to ten, and the state census, which gives farm land values by themselves, corroborates the estimate that the Massachusetts farm land value left for the agricultural illustration of Ricardo's law of rent does not exceed one-tenth of the land value of the whole state.

Putting the foregoing statements together, that is, considering at once the relative weight of the authorities and the relative importance of the sub-

jects, we are confronted with the spectacle of fourteen times too much attention given for a hundred years to ten times too small a matter. Proceeding now to the multiplication of fourteen by ten, we are brought face to face with the mathematical conclusion that in order to restore a lost equilibrium, the schools might reasonably from now on give one hundred and forty times more study to the subject of urban or city rent than they have been in the habit of doing in the past.

This extravagant conclusion is set forth in the hope that it may prove a magnet which shall draw present attention away from agricultural ground rent which may almost be ignored, and fix it upon the forty-five million ground rent of Boston, which the people pay yearly for the use of its land; upon the one hundred and fifty or two hundred million ground rent of Greater New York; upon the two or three thousand million ground rent of the United States, and upon so much of ground rent as exists in the coal mines of Pennsylvania, and in the billions of franchise values that are springing up all around us like gourds in the night.

Confronted, as we are to-day, by such acute conditions, we ask you to pardon whatever may seem like impatience with a theory which has dealt so laboriously with the cuticle, the margin of production, instead of with the heart of production.

We seek a proper understanding and economic treatment of this vast river of rent, which, like a great Mississippi, drains every field of industry, labor and capital, wages and interest, in the whole country around. Our earnest contention is that to such wise treatment we are to look for the correction of most that is now wrong in the distribution of wealth. Out of this vast current of ground rent, we would provide for all public need.

By way of help to a better every-day understanding, not of any theory, but of this great fundamental fact of ground rent, college professors from Maine to California have royally lent themselves to a voluminous correspondence, and a select number, representatives of leading institutions, have generously consented to participate in a public consideration of the topic.

## GROUND RENT: WHAT IS ITS NATURE, OPERATION AND OFFICE? WHAT CAUSES IT? WHAT MAINTAINS IT? HOW MUCH IS THERE OF IT?

It gives us pleasure to present to you these gentlemen, beginning with Professor Charles J. Bullock, of Williams College, who has kindly consented to open the discussion.

### PROFESSOR BULLOCK'S ADDRESS.

#### THE NATURE OF GROUND RENT.

Ground rent, or the income received by the owner of land, is a concept that is sufficiently broad to include all income that is derived from the control of natural agents of production. He who would utilize a water power or draw from beneath the surface of the earth the mineral treasures deposited there in bygone ages, must, no less than the farmer, the manufacturer, or the merchant, enjoy access to some particular tract of land. For this reason, I suppose, the definition formulated as the outcome of the correspondence conducted by the Single Tax League during the past year, declares that land value is "The value of situation, with its natural gifts, and with all the rights and privileges pertaining to the occupancy thereof." With this brief statement of the connotation of the term, I venture to present my