

A Discussion on the Nature of Ground Rent

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[A discussion chaired by Charles B. Fillebrown,
President of the Massachusetts Single Tax League, 8 December 1902]

INTRODUCTION

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.

These pages are sent to the 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.

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, 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

Author	Name of Work	Year Published	Pages
Adams, H.C.	The Science of Finance	1887	803, 809
Andrews, E.B.	Institutes of Economics	1889	
Bullock, C.J.	Introduction to Study of Economics	1897	570, 573
Cairnes, J.E.	Some Leading Principles of Political Economy	1874	
Carey, H.C.	Principles of Political Economy	1840	542, 606
Chalmers, Thos.	Political Economy	1882	
Clark, J.B.	The Distribution of Wealth	1899	
Ely, R.T.	Socialism	1894	
Ely, R.T.	Introduction to Political Economy	1889	
Ely, R.T.	Land, Labor & Taxation	1882	
Fawcett, H.	Manual of Political Economy	1874	
Gide, Chas.	Principles of Political Economy	1896	
Hadley, A.T.	Economics	1896	
Jevons, W.S.	Theory of Political Economy	1871	
Jevons, W.S.	Money and Mechanism of Exchange	1882	
Laughlin, J.L.	Elements of Political Economy	1896	
Malthus, Thomas Robert	Nature and Progress of Rent	1815	
MacCulloch	Principles of Political Economy	1849	
MacLeod, H.D.	The Elements of Economics	1886	
MacVane, S.M.	The Working Principles of Political Economy	1890	

Marshall, Alfred	First Principles of Economics	1898	
Mill, J.S.	Principles of Political Economy	1864	782
Nicholson, J.S.	Principles of Political Economy	1901	
Rae, John	Contemporary Socialism	1884	
Ricardo, David	Principles of Political Economy	1819	
Rogers, Thorold	A Manual of Political Economy	1868	
Rogers, Thorold	Six Centuries of Work & Wages	1884	
Say, J.B.	Political Economy	1821	
Seligman, E.R.A.	The Shifting & Incidence of Taxation	1892	
Senior, N.W.	Political Economy	1863	
Sidgwick, H.I.	Principles of Political Economy	1883	
Smith, Adam	Wealth of Nations	1818	
Taussig, F.W.	Wages and Capital	1895	
Walker, F.A.	Land and Rent	1888	
Walker, F.A.	Political Economy	1888	
Walker, Amasa	The Science of Wealth	1872	

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
263 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 subjects, 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.

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 views concerning the nature of the income that flows from the ownership of land; and at the outset will expressly warn you that I shall pay no attention to any theories of taxation and social reform that may or may not follow from the conclusions that I shall reach.

In the tangle of conflicting theories that enmesh the student of this problem, two opposing tendencies of thought are clearly discernible. According to one view of the matter, land is a simple agent of production that resembles, at least, in those respects which are of most importance to the economist, all other instruments of production. Land, like tools and machines and buildings, is supposed to contribute its share to the production of wealth; and it is held that the income derived from land differs in no important particular from the income that accrues to the owner of any other instrument of production. In the opposing view of the problem, a vital distinction exists between land and the other agents of production; and it is declared that rent is a form of income that differs very widely from the interest received by the owner of the improvements which man places upon the land. According to the first theory, land is merely one form of productive capital; and there is

no vital difference between rent and interest; according to the second, capital is something distinct from land, and interest is something of a different genus from rent. The first view is often held by that economic Philistine known as "the practical man," but is not without its advocates among professional economists; the second has become a classical theory in economic science.

In the time at my disposal it will be impossible to consider many of the questions at issue between the parties to this interesting controversy. I shall, therefore, content myself with presenting what I believe to be a satisfactory method of approaching the problem, and stating the chief considerations that have led me to accept the classical theory of rent.

The income which a land-owner receives in any year may be called the annual value of his property, and he may begin by inquiring what the circumstances are upon which that value depends. The solution of our problem would seem to involve merely a particular application of a general theory of value, upon the essential of which it would seem that an agreement can be secured. Into the metaphysics of the question of value we shall find it unnecessary to enter, and it will suffice for present purposes to appeal to familiar principles that are well established, both by reason and common experience. If the supply of any commodity, such as a Cremona violin is a fixed quantity, then its value will depend simply upon the conditions of demand. If, however, articles can be multiplied by the expenditure of human labor their value will be influenced by the fact that the supply can be increased just as long as the price remains high enough to induce people to furnish additional amounts. If a commodity is controlled by a single body of producers, the supply will be limited at the point that will secure the largest net return upon the investment of labor and capital; but if it is produced under competitive conditions, the output will generally increase until a progressive fall in the market price makes further production unprofitable. In the actual world of business, mistakes constantly occur, and economic friction at various points frequently produces results that are not contemplated by this imperfect statement of the theory; but in the long run, things are subjected to a process of valuation that roughly corresponds to that which has been described.

Now I shall endeavor to explain the nature of ground rent by reference to the conditions that govern the demand for land and the supply of that agent of production. And we may first examine the conditions that determine the demand. The demand for land comes from persons who desire to use it in production, and the annual rental offered for any tract will depend upon the advantages which that particular situation offers for the purposes to which it is to be devoted. If a location on Summer Street enables a merchant to do a very large retail trade, and to realize large aggregate returns from this enterprise, a large demand price will be offered for that location. If a farm of superior fertility enables a producer to raise wheat at a small cost per bushel, the demand price for that farm will be the annual saving in the cost of raising the number of bushels produced. In general, an increase of population, by increasing the need for the things produced from the land, will tend to raise the demand price; while a decline in numbers will have the contrary effect.

Turning now to the conditions governing the supply of land, we find that here we have to deal with an object that is not the product of human labor, and of which the value is not influenced by the cost of production. At this point controversy sometimes arises[^] and it is asked whether a portion of the land upon which Boston stands is not "made land," and whether a large part of Holland was not reclaimed from the sea. And the further suggestion is made that the discovery of new continents has increased the supply of land in past ages; that the development of regions now practically uninhabited will furnish additional land as fast as there is a demand for it; and, that improvements in transportation are constantly bringing more land into the market. For all practical intents and purposes, it is argued, the supply of land can be increased by the appropriate sort of human effort; so that it may be said that land does not differ from tools and machines and buildings in the respect that has just been mentioned.

In reply, however, it may be safely contended that the additions which man can make to the land surface of the globe, are so small, as to be a negligible quantity when we compare land with the things that human labor places upon it. As Professor Cairnes has reminded us, outside of the mathematical sciences, few definitions and distinctions can be

formulated that are not founded upon differences of degree; so that the fact that at the boundary lines some slight exceptions can be discovered, is not necessarily a valid objection to any scheme of classification. Would any one seriously contend that there is any similarity between the annual rate of increase of this country's stock of capital and the annual additions that human labor makes to the land surface of North America?

And what shall be said of the contention that the occupation of uninhabited regions, and the improvement of means of transportation enable us to increase the supply of available land as fast as occasion may demand? I believe that the essential facts which are emphasized in this contention, can be conceded without removing the basis for our distinction between land and capital. When we say that capital is the product of human effort, and that land is not, we do not mean that the supply of land now available for man's use is an absolutely fixed quantity; or that it is impossible, by developing means of transportation, to bring more land into the market. Obviously, the quantity of land in the market is not fixed; but it is true that when an addition is made to the supply of available land, that addition is in the market to stay as long as there is a demand for it, because it does not need to be renewed by the continuous expenditure of human labor as is the case with a country's supply of capital. The cost of supplying capital exerts an influence upon the interest which capital can command, not merely or chiefly because the capital now in the market represents some sacrifice on the part of the capitalist, but because the existing supply of tools, or machines, or buildings, will not be kept up unless the sacrifices incurred in production are suitably rewarded. In this fact we find sufficient justification for discriminating between land and capital, and for differentiating rent from interest.

Permit me, by way of conclusion, to present a brief summary of the results of the preceding discussion. The annual value of land depends upon the conditions of demand and supply. The demand price varies according to the advantages which land offers for production, and will tend to increase with every increase of population. The supply of land is not produced by man and does not need to be renewed by a constant expenditure of human labor. The quantity of land in the market is not, however, always a fixed quantity; since, if the prospective demand warrants it, regions now unoccupied can, for some time to come, be made available for human uses. But land once brought into the market will command such prices as its natural resources or situation will induce producers to pay. Unlike capital, its value will not be influenced by the cost of keeping up the existing stock. For this reason I contend that rent is widely different from interest, and that the ground of difference is to be found in the peculiar conditions that govern the supply of land.

COMMENTARY BY PROFESSOR G. S. CALLENDER, BOWDOIN COLLEGE

THE NATURE OF GROUND RENT

There are two questions involved in the subject we are considering tonight. The first is whether or no an income derived from the ownership of the natural agents of production is the same kind of income as that derived from the ownership of capital. In other words, is ground rent the same thing as interest? The second question is whether an income derived from the ownership of the natural agents of production is an earned or an unearned income? That is to say, does the person who derives an income from such a source perform any service in production, such as is performed, for instance, by those who supply by means of saving the capital of the community? It is this second question which alone gives practical interest and importance to our subject. The first is important only so far as it helps to answer the second. To show that rent and interest are the same is to prove that the income derived from the one is no more unearned than that derived from the other.

To my mind, Professor Bullock has answered the first question satisfactorily. Barring the inevitable exceptions, it seems to me impossible to deny these propositions: first, that the supply of the natural agents is limited, and cannot be increased by man's efforts; second, that the demand for the natural agents increases along with the increase of population. It follows from this that the value of the natural agents of production is determined in a different way from that of capital, and the income derived from their ownership is a different kind of income from that derived from the possession of capital. Accepting this conclusion, however, does not help us very much in answering the second, and more important question, of whether the landlord's income is an earned or unearned one. It proves that the rent receivers as a class do not perform the same kind of service in production on that is performed by the savers of capital; but it does not prove that they perform no service whatever. To those of us, therefore, who believe with Professor Bullock that land is not capital, and that rent and interest are distinct and different kinds of income, the important thing to find out about ground rent is not so much its origin or the forces which give rise to it, as the nature of the services to production, if there are any, which are rendered by those who receive it as income.

Looking at the matter from this point of view, there is one remark which I wish to make concerning rent in relation to taxation. It is practically impossible to make any general statements concerning the justice or expediency of public appropriation of ground rent, which shall be applicable to the rent of all kinds of natural agents in all situations.

Whether or no an income based upon ground rent be an earned or unearned income, that is, whether the person receiving it performs any service in production in return for it, depends entirely upon the nature of the natural resource or agent from which the rent is drawn. Each separate case has to be considered on its own merits, and the conclusion reached regarding one case is not necessarily applicable to any other. Thus it may not be difficult to show that certain kinds of natural agents in certain situations can be made to yield the largest return to the community, when private individuals are allowed to possess them and to appropriate their value. It is easy to see, that in case of the mines of the precious metals which a country may possess, the best way of securing their discovery and exploitation is to allow private individuals to appropriate their value.

Only by allowing the great prizes, when discovered, to be appropriated can men be induced to incur the risks necessary to discover and develop them. There is good ground also for thinking that the agricultural lands of a country will be made to yield their largest returns to the community if individuals are allowed to appropriate the rent of them. President Hadley pointed out that the private ownership of the oyster beds of Chesapeake Bay caused them to be much more productive to the community than they were before private ownership was introduced. In all these cases and in many more it may doubtless be shown that private appropriation of ground rent is not an unearned income. When, however, we turn to such cases as the water front of a great city like New York, or Chicago, or Boston, or to the building sites along the principal business streets of those cities, or to the right of running street cars through their principal streets, it is not obvious, to say the least, that the utility of these particular natural resources to the community is rendered greater by allowing private individuals to appropriate the value which continually increases with the growth of population; and the fact that such a policy has proven beneficial in the case of mines and agricultural lands and certain kinds of fisheries, furnishes no ground for concluding that it is beneficial in these cases.

The payments made for the use of a mine or a farm or of a piece of water front or a building lot on Tremont St. are all rent; they may all arise in the same way, and be determined by the same law; but the question of whether or not they are earned by those who received them must be determined from the conditions existing in each industry and these may vary in every case. What we need, therefore, as a guide in taxing incomes derived from ground rent is, not so much a study of the nature of rent in general, as a study of particular kinds of rent with a view of showing the effect of its private appropriation upon production in each industry. It is not in my opinion the fact that the value of land and other natural agents is determined in a somewhat different way from most other commodities, that is to justify the public appropriation, though taxation, of ground rent. If such appropriation is to be made its expediency will have to be

determined separately for each different kind of natural agent in the way I have indicated.

Already the public has come to recognize that certain rights, such as those granted to street-car, gas and electric light companies, acquire additional value simply by the increase of population in the cities where they are situated, and it is beginning to be a wise policy to secure for the public a part at least of this increase of value. If this policy proves to have no bad effects upon the industries concerned, it may be extended to others and the same test applied. It is not easy to see why the right to occupy the space along the streets of a city, which must inevitably become more valuable as the population of the city increases, may not wisely be dealt with in the same way as the right to run cars through the streets or to lay gas mains along them. At any rate, the nature of the rent of agricultural lands, or of mines of the precious metals, affords us no aid whatever in determining whether it should be so dealt with or not.

COMMENTARY BY PROFESSOR WILLARD C. FISHER, WESLEYAN UNIVERSITY

For the most part, I should accept Mr. Bullock's statements as to the nature of ground rent. Indeed, it is probably true that we differ in no important particular. Only at some few points should I be inclined to modify or develop what he has said.

It might, perhaps, even be worth while to make formal note of the truth that rent comes not alone from "natural agents of production," but from any unproduced or nature-given good, whether it be used productively or in unproductive consumption. But with this much once expressly understood, it may be more convenient to discuss the rents as if they arose only from agents of production.

If there is one part of the topic in which Mr. Bullock's exposition really needs a closer statement than he has had time to give, I should say that it is, after all, in the direct, formal definition of rent. Rent is not exactly the income from nature-given agents of production, or payment for the use of such agents, for it does not arise from all such agents. Rent is, rather, income from natural agents superior to the poorest which are actually forced into use in order to meet the demand of the market; or, more briefly, it is income from superiority of indestructible natural agents.

And in this alternative form of statement it appears more clearly why the adverse criticisms of the classical theory of rent are, after all, of only minor importance. It is, no doubt, true that "land" can be produced." It is true that by filling and blasting building sites may be prepared; as it is true that by clearing and draining farm lands may be made ready for tillage. But it is also true, as Mr. Bullock has pointed out, that such additions to the supply of land are, comparatively, very small indeed. And, in my view, far more pertinent for the defense of the Ricardian theory is the obvious truth that superior land is not so produced; indeed, I think we may say that, in the nature of the case, it cannot be produced thus, at least in amounts large enough to affect the classical theory. When land is thus "produced," we must start either with or without an original, unproduced value in the area under treatment. If we assume an original, nature-given value, to which the capital used in the "production" of the land merely adds more value, the case of the Ricardians is won, or rather it is conceded at the start. And, on the other hand, if there be no original value in the area, capital will, under competition at once free and intelligent, work itself into the area just as rapidly and just as far as the yield from the new land can be made to equal the yield from the poorest of the lands already in use.

In the technical phraseology of our discussion, produced lands regularly appear first upon the margin of cultivation, and only as the margin moves out, do they yield a true rent. They may, to be sure, after they are once successfully produced, yield a return greater than the amount of normal interest upon the capital used in producing them, but not, as I think, a return greater than is properly to be accounted for by a reference to the capital and the labors, hardships, and risks of the production.

No reference, therefore, to the phenomena of "produced" land can affect the truth that there are differences in the productivity of the lands of various sorts upon which society depends. And it is upon this great and sundrie truth -- obvious enough, too, in the facts of every-day life -- that the whole Ricardian theory depends.

The narrow limits which have been so properly set upon our time by the Single Tax League, and which I have already transgressed, has made it necessary for me to take for granted a great deal in my statements. I assume, what we always assume in economic discussion, the possibility of miscalculations, the occasional, perhaps the frequent operation of other than the narrowest economic motives, the possibility of temporary reactions from the normal tendency of forces, and the possibility of a great many other things. Moreover, I have expressed myself very briefly, even elliptically. But all that will be understood here; and here a speaker is as certain as anywhere to be interpreted reasonably, even charitably.

COMMENTARY BY DR. C. W. MIXTER, HARVARD UNIVERSITY

GROUND RENT HOW MUCH IS THERE OF IT

Men form instruments from materials with which they control the forces of nature to the end of supplying their wants. For example, agricultural land is one of the materials necessary for the formation of a farm, and, through that, the attainment of food. In other words, all production is instrumental, and land being a material doesn't produce anything. Man and the instrument (capital) produce all wealth. Under the existing high development of successive division of employments, moreover, each individual producer is commonly under the necessity of marketing his product. Those who produce and market in any industry, (the marketing being a continuation of the process of production), are again divided into economic classes receiving profits proper, interest, and wages, according to the nature of the part they play. But this does not exhaust the list of classes of participants and sorts of income. There are those who own the means of access to materials for the purpose of forming instruments, and those who own means of access to society -- to the general concourse of people -- for the purpose of marketing products; and both these sorts of owners receive, according to the classic theory, when their "means of access" is superior to the marginal means in competition, an income called the rent of land (or ground rent) for simply allowing others to enter into possession and use of their property. The typical bonus paid to landlords for access to materials is agricultural rent; and the typical bonus paid for access to society, is situation rent in the trade centre of a city. In short, according to the received concept, the rent of land is a matter of distribution on the basis of legal institutions, not a matter of production on the basis of the economic nature of things. The landlord, as such, whether simply owner, or owner and occupier, it is held, participates in the sharing of wealth, but not in the creation of it. Therefore, though expressing myself differently, I am at one with Professor Bullock in his statement of the nature of rent.

Now let us pass to the discussion of its quantity.

If we had what may be called a "static" world, that is, a state of society in which population increased and capital increased, but there was no advance of the arts, no new ways of doing business, and consequently, the economic corpus grew simply, as a pile of brick grows through the addition of more bricks of the same sort as were in the pile before, then, indeed, there would be a steady pushing forward of the margin of labor and waiting in every branch of industry and commerce, and back of this margin would rise a regular series of differential gains (rents) like the steps of a flight of stairs, each corresponding to the natural advantage which that grade of land had over the no-rent,

marginal land. Such was Ricardo's world -- agricultural England during the Napoleonic wars -- which furnished the basis of his one-sided theory of rent. But we have, in fact, a "dynamic" world, a world in which there are epoch making inventions and new ways of doing business; a world where, in consequence, some men and trades, and some of the different localities of a given trade, are rising and others falling; in short, we live in a world of change and progress, and this immensely complicates the task of ascertaining how much there is of ground rent. There are differential losses to be taken account of as well as differential gains; the margin of an industry is here to-day, and there to-morrow. It is impossible to calculate rent -- impossible for the landlords themselves to do so -- without reference to the margin; and if the margin is variable, the rent accordingly becomes highly indeterminate, and in practice under a landlord and tenant system land is "over" or under-rented."

Not only is it difficult, because of progress, to determine the quantity of rent in any particular instance when, apparently beyond doubt, we are dealing with pure rent; but also, when we take account of the causes of progress, it is difficult to know, in respect to apparent rents in general, whether or not they are really rents, according to the classic definition, which sharply distinguishes them from profits and those who receive them from capitalists (entrepreneurs). If progress made itself -- if society in general simply secreted the things which constitute progress -- this difficulty would not arise. And again it would not present itself if the comparatively few individuals who make progress were sufficiently rewarded in their own estimation by a diploma and a blue ribbon. But those who make progress are not content with a diploma and blue ribbon; they demand the winning pi large pecuniary prizes, or, at least, the chance of winning them. And this is not the whole. All their operations are bound up with and inseparably from the institution of private property; they demand that their efforts shall be embodied in and guaranteed by property, "real" as well as "personal," with its full speculative rights, for at least a long term of years. To a very considerable extent, therefore, ownership of land is an economic category, not a mere legal category, and landlords are merged with capitalists. So far forth the detached form of income we have been in the habit of discussing under the name of ground rent does not exist; it is coalesced with profits; it is one and the same thing as the price we must pay for getting things done -- especially for getting important speculative things done.

Now a few words on that special aspect of the rent theory which is, that the surplus earnings of a public service corporation, conceived of as attaching to the land (or rights in land) used under its franchise, is, therefore, in the nature of ground rent. An economist, well acquainted with England, recently said to me that he doubted if they would ever have first-class rapid transit in London: the masses of the people, imbued with modern socialistic notions, were "so desperately afraid of somebody's making something." How much, in fact, would it be worth to the people of London and vicinity to save from half an hour to an hour going and coming from work each day? I am tempted to reply all that anybody who would bring the thing to pass could possibly make out of it. At present, the only persons who can bring it to pass are not offered terms which they are willing to accept, and so it is not brought to pass. Neither is efficient rapid transit nor electric 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 happened 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.

[Part 2](#)

A Discussion on the Nature of Ground Rent

Charles B. Fillebrown

[Part 2 of 2]

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. It is 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.

COMMENTARY BY PROFESSOR CARL C. PLEHN, UNIVERSITY OF CALIFORNIA

THE NATURE OF GROUND RENT

As the space allotted to each of the six critics of Dr. Bullock's paper is necessarily small, I feel that I must resist the temptation to give full expression to my admiration of the clearness and force, as well as the subtlety, with which he has presented his argument. Dr. Bullock correctly recognizes two opposing tendencies of thought in regard to the nature of ground rent. He has espoused the cause of one set of views, which he well calls the classical, and has defended it with all his customary vigor and ability.

Nevertheless that view, so frankly and clearly set forth, seems to me not only classical, but antiquated and I wish to speak for the opposing theory. Briefly stated, I hold that, to-day, in the United States, land when appropriated, and in use, is simply one form of capital; and ground rent, the regular and customary income from such land, is in every essential particular a form of interest, the general income from capital.

There is one misunderstanding against which we must be particularly on our guard, and that arises from the paucity of the English language which compels us to use "rent" in many distinct senses. What is sometimes called economic rent, pure and simple, sometimes "profits," "differential gains," "unearned increment," etc., i.e., the increment in the value of a given piece of property during any interval of time, or what is correlative therewith, the increase, during such interval, in the revenue which such property may afford, is very different from the "ground rent" which we are discussing. These two conceptions are as distinct from one another as the increase in the speed of a falling body during a given interval of time is distinct from its speed at any instant during that interval. An "unimproved" or unused piece of land, even if appropriated and held for speculative purposes, will, so long as it remains unused and unimproved, yield no ground rent, although it may be gradually increasing in value, or accumulating economic rent.

There have been times and places -- there are still such places -- where the laws and customs in relation to property in land were different from those in regard to property in other things and for these times and places a distinction might properly be drawn

between ground rent and house rent or any other form of interest. But, in the United States, to-day, an owner's title to his land is as good, and is in every respect of the same character, as his title to anything else. He is as free to sell or lend his land as he is to sell or lend anything else. He does so in the same manner. Hence the classical distinction between ground rent and other forms of interest, which rested on the old laws and customs is Antiquated and should be allowed to become obsolete.

Dr. Bullock correctly, states that the best method of approach is to regard the problem as one in value. We take no exception to his statement of the demand side of the problem. There is, of course, nothing in the nature of the demand for land that differs in kind from the demand for any other sort of wealth.

We find, however, serious difficulties in his statement of the elements of the supply. In the first place his presentation of our position is inadequate. Then we say that the supply of land is not limited in the economic sense, any more than the supply of other forms of capital may be, and of some forms is, limited, we do not refer merely to such things as "made land," not to acreage reclaimed from the sea or from swamps; nor to artificial terraces on the rocks as in Japan; nor to the multiplication of surfaces, one above the other; nor to multiple cropping as practiced in China. Nor do we refer to the obvious fact that with every advance in the methods of utilizing land (improved cultivation, improved building) each unit of area serves more people or serves the same people better. These forms of actual or possible surface increase are more important than Dr. Bullock would have us believe; but it is not necessary to consider them in our analysis of the supply.

What we mean is this, that "land capital" is produced or fashioned by human labor out of land surface (and other things which nature affords) just in the same manner as other forms of capital are produced by human labor out of other materials nature affords. Land surface as such never enters the economic realm at all, never becomes wealth, nor yields an income, until appropriated and usually not until still further transformed by labor, drained, graded, fenced, artificially fertilized, etc.; and when the labor of maintaining possession ceases -- or, in other words, when a farm, a building lot or a mine, is "abandoned" -- it ceases to be wealth or capital and becomes once more mere land surface. The same thing is equally true of a lump of iron ore made into a tool. To paraphrase Dr. Bullock's statement concerning capital, if the sacrifices incurred in keeping land in the market are not suitably rewarded it will be withdrawn.

Dr. Bullock seems to us to identify, in this connection, a geographical conception with an economic one, land surface with land supply. Let us admit that the land surface of the earth may be but slightly increased; what then? The supply of land in the market is not thereby limited, at least not yet, nor will it be, so far as we can foresee, for some years to come. Is the time honored distinction between stock or store on hand and economic supply to be ignored for land and enforced for all other forms of capital? When has the fact that ten generations, or even one, hence, the stock of something now on earth may be exhausted, or entirely appropriated (whalebone, certain woods, coal, etc.) ever affected the value of any such commodity, or restrained men of any generation from using their present stock as freely as the cost of getting it in the market would permit? When the entire stock becomes supply, then, if ever, and not until then, will the geographical limitation of land have an economic significance.

Possibly the labor cost of keeping up the supply of land, once it is in the market, is slight as compared with that of keeping up some other forms of capital, but the difference is one of degree, not of kind. Possibly the extent to which the original qualities of the materials enter into the utility of a piece of appropriated, improved and used land is great, and the extent to which labor adds to those utilities is small by comparison, and possibly the reverse is true of other capital in certain forms. This, too, is all a question of degree and not of kind, and certainly does not permit us to say that "land is not a product of human labor," while capital is.

"Cost of production" rules here as elsewhere. Some pieces of land have qualities which can be duplicated in other pieces out of the present stock as readily as any tool; others,

again, like some tools, have qualities that cannot be duplicated. Lucky is the owner of such a piece of land, and so is the owner of such a tool ; both are the recipients of economic rent as well as of interest, and they should, perhaps, be willing to pay taxes in proportion to their exceptional good fortune.

COMMENTARY BY PROFESSOR F. S. BALDWIN, BOSTON UNIVERSITY

The main purpose of this discussion, I take it, is to secure from the participants expressions of agreement or disagreement with the statement of the value of economic rent formulated in Professor Bullock's introductory paper.

Indeed, the time at the disposal of each critic is hardly sufficient to permit much more than a mere word of assent or dissent. Personally I find that Professor Bullock has made my task an easy one. I am prepared to file a simple "me, too." I might voice my approval of his position in the words of the comment made by the late Henry Dimming McLeod in his *History of Economics*, upon the work of a certain American economist: "Professor is in agreement with me on all points with the exception of a few trifling dissidences. His work is an excellent outline of economics." Although I should wish to amend and qualify Professor Bullock's exposition in some points of minor detail, I agree with his main proposition that there is a vital distinction between land and capital, and a wide difference between rent and interest.

So far as the function of land and of capital in production is concerned, the two instruments seem to me to play essentially the same role. They are both passive elements, employed by man in creating utilities. They contribute to the total product in identical fashion. There is nothing magical and unusual about the share of land in the productive process, as compared with that of capital. But in the distributive process the return accruing to the landholder is governed by a law radically different from that which determines the earnings of the capitalist. The fact that land is limited in supply confers upon its owner the power to command a differential return in the form of ground rent. There is nothing analogous to this in the case of capital. The law of rent holds not only of land employed in agriculture, but also of land used for manufacturing and mercantile purposes; it applies universally throughout the industrial world.

The attempt of certain writers to refine away this traditional distinction between land and capital, rent and interest, impresses me as a subtle obscuration of plain facts. Professor Plehn's defense of the new theory is ingenious, but not convincing. He admits that for times and places where the laws and customs in relation to property in land were different from those in regard to property in other things, a distinction might properly be drawn between ground rent and other forms of interest, but beholds that in a country like the United States, where property in land is on the same legal footing as property in other forms of wealth, this distinction no longer holds. But the distinction in question does not rest, as Professor Plehn represents, upon laws and customs in relation to property. Land and other forms of wealth held the same position in respect to property laws and customs in England when Ricardo first formulated the economic law of rent which they hold to-day in this country. The distinction rests in fact upon the manifest difference in conditions of supply between land and capital; and that difference is as real to-day as it has ever been. Again, Professor Plehn argues that the fact that land surface is geographically limited has nothing to do with the economic supply of land in the market. The economic supply of land, he contends, is not on this account limited, any more than the supply of other forms of capital may be ; land capital is produced or fashioned by human labor out of land surface, and other things which nature affords, just in the same manner as other forms of capital are produced out of other materials nature affords. In this specious argument Professor Plehn jumps lightly over the inconvenient fact that the economic supply of "land capital" -- to use his terminology -- is at all times and in all places inseparably bound up with the geographical supply of land surface, which is unalterably fixed in quantity. It is this concrete condition and not any speculative theory

resting, on temporal and local circumstances of law and custom which confronts Professor Plehn and his fellow critics of the classical doctrine of rent. And until the plain fact of the limited supply of land can be conjured away, that doctrine, as set forth to-night in Professor Bullock's paper, will still hold possession of the field.

SUMMARY BY PROFESSOR T. N. CARVER, HARVARD UNIVERSITY

The discussion seems to have centred about three questions:

1. How does ground rent differ, if at all, from the income derived from other agents of production? (Bullock, Plehn, Callender, Fisher, Mixer).
2. How does urban rent compare in importance with agricultural rent? (Burke).
3. How does ground rent differ, if at all, from the annual value of franchises. (Mixer).

In the limited space allotted to me I cannot make as full an analysis of each man's paper as I should like to, but must proceed directly to a statement of the general results of the discussion as they appear to me. However, I should like to pay general tribute to the ability and fairness thus far shown in the discussion.

Upon the first question I find substantial agreement, among all but one of the participants, that ground rent differs materially from the income from other agents; of production, Mr. Plehn alone maintaining the contrary. My own opinion is that there are many strong points of resemblance, but that these points are of minor importance when looked at from the standpoint of taxation, while the points of difference are of major importance from the same standpoint. Following Mills' rule of classification, therefore, we should be compelled to place ground rent in a class apart from other forms of income.

As to the resemblances: Accepting the definition of ground rent as "what land is worth for use," I should claim that an exact paraphrase would define equally well the income from the use of any other agent of production. It is what the agent is worth for use, and it amounts practically to what the community would lose if the particular agent in question were withheld from use, or what the community would gain if it were put back into use.

Rent, according to the classical doctrine, is a differential gain. What a particular piece of land is worth for use is equal to the difference between what can be produced upon it and what an equal amount of labor and capital could produce upon land which may be had free, but this will apply equally well to other agents of production. What any instrument is worth for use is the difference between what can be produced with it and what could be produced with other instruments so poor that they could be had for nothing. For, let it be remembered, there are no-rent houses, no-rent machines, no-rent horses, etc. The most that the owner of any instrument, whether land or not, can collect is that difference. It is the superiority of a good instrument over a no-rent instrument which determines its value as truly as it is the superiority of a good piece of land over no-rent land which determines its value. If this value is enough to induce men to try to reproduce the good instrument, they will do so, otherwise not. That is the way that cost of production figures in the price of things.

To the oft repeated assertion that land is a free gift of nature while other agents are the products of industry, I must, in agreement with Mr. Plehn, reply that other agents, in their original form, are as much free gifts of nature as land is. The only basis of a man's claim to them is that he appropriated a free gift of nature and changed its form to suit his own purpose. The same is true of land, and it is this aspect of the case which would naturally appeal, and did appeal, to the first settlers in a new community. If one settler saw a tree which seemed to contain possibilities and chopped it down and worked it up into a

wagon, it would be universally agreed that the wagon was his. If another settler saw a piece of land which seemed to contain possibilities and cleared it and plowed it and reduced it to cultivation, it would be agreed on the same reasoning that the land was his. Each man had found a natural product, each had appropriated it, each had worked upon it and each had changed its form from the raw state in which he found it to a form which would serve his purpose better. The fact that one was a farm and the other a wagon would not appear to be a real difference. I venture to say that, under those conditions, not one of you would have thought of making a difference. If any one had come to you and told you that you had less right to the farm, with all the advantages belonging to it, including a possible rise in value, than he had to the wagon which he had made, including all the advantages which come with it, you would have thought him somewhat unreasonable to say the least, and in my opinion, you would have been right. This is the aspect of the case which I would like to commend to the consideration of those who believe that the private ownership of land is forbidden by a moral law ordained from the foundation of the world.

If, however, the above community should continue to grow, it would gradually dawn upon certain minds that there was a difference, and that difference is precisely where Mr. Bullock and several others have located it. The supply of land being relatively fixed, those who are so fortunate as to possess it begin to reap a kind of monopoly gain, whereas the owners of other instruments are not only without any such monopoly gains but compelled to pay the landowners for permission to renew their worn out instruments. This aspect of the case comes so slowly that, to the average individual, the time never seems just right for making a legal difference. It is especially slow in appealing to the legal mind which is of necessity very largely bound by the traditional ways of looking at things. That is inherent in the nature of law and a necessary condition of social stability. If one of the conditions of social stability and order is that customary ways of looking at things should have great weight, and if this customary way of looking at things -makes the legal mind slow to see what scientific minds have seen, why it is simply one of the prices which we have to pay for social order, and we must pay it, though, of course, we can grumble about the price if we want to.

Is rent, then, as Mr. Plehn implies, merely another name for interest? Rent is used in three distinct senses. In the world at large it means that which is received for the use of any kind of property except, perhaps, money. Economists have narrowed it down to that which is received for the use of land, placing this form of income in a class by itself because it is a surplus or "net income." Some have taken this idea of a surplus or "net income" as the characteristic of rent, and have extended the use of the term so as to cover any form of surplus or "net income" whether derived from the use of land or not. This use of the term is involved in the question of the relation of rent to the annual value of franchises and will be discussed under that head.

What is the real distinction between rent and interest?

If you will notice closely you will find that whenever a person has in mind the income from a definite piece of property, he invariably speaks of it as rent; but when he thinks of the same income as the income from a quantity of wealth, he invariably speaks of it as interest. This will be true whether the property in question be land or not. The very idea of interest involves the idea of a rate, or a ratio. There can be no ratio between dollars and houses or dollars and land, unless both are reduced to a common basis for measurement and quantitative expression. Reduce dollars and houses to ounces or cubic inches and you can get a ratio. The number of dollars which the house earns in a year would then be a rate. Reduce both dollars and land to superficial area, and one will be a ratio of the other.

How is wealth measured and quantitatively expressed? Not, as the foregoing illustration rather whimsically supposes, on the basis of weight, or cubic contents, or superficial area, but on the basis of value. In order to measure anything you must abstract some quality or property of that thing, and compare it with something else on the basis of that property. Its quantity can then be expressed in terms of that property, whether that property be weight, cubic contents, potential energy, or what not, provided only it be

sufficiently definite and well known to permit of comparison. Our quantitative notion will vary considerably according to the property taken as the basis of measurement. If, for example, we take a piece of cork weighing one pound, and a piece of lead weighing two, and if we measure and express quantity in terms of weight, we will have twice as much lead as cork; but if we measure and express quantity in terms of cubic contents, we would have several times as much cork as lead.

When wealth consisted mainly of flocks and herds it was ^customary for the primitive herdsman to reckon the quantity of his wealth numerically as so many head, from which we get our words capital and cattle. But as the forms of wealth increased it was no longer possible to express their quantity in terms of mere number. The property holder then tried to reduce other forms of property to cattle, by saying that each other article was equal to so many head of cattle. Then he could say that his wealth was so many cattle, not meaning that he had that many real animals, but that he had as much wealth as that many animals would amount to. Now just what did that mean? Not that his other wealth weighed as much, or contained as many cubic feet as that number of cattle, but that they were worth as much. In other words, he had adopted value as his basis of measurement and quantitative expression. And this is the basis which is still universally used, though the unit of measurement has undergone various changes, being now in this country a piece of gold nine-tenths fine, and weighing 25.8 grains.

Now let us apply this to the concept of capital. When the primitive herdsman thought of his individual animals, he had not the concept of capital, but when he thought of the number of his animals, he had the concept of capital. When, a little later the man of property thought of the individual animals and the particular parcel of land, the particular plows, wagons, etc., he had not the concept of capital; but when he reduced them all to value and expressed their amount in cattle, he had the concept of capital. When the man of wealth of to-day thinks of the particular things which he owns, he has not the concept of a capital, but when he reduces them all to value and expresses their amount in dollars, he has the concept of capital.

My own conclusion, therefore, is that between rent, as that term is commonly used, and interest, there is no objective difference, the difference being a subjective one due to our different ways of looking at the same thing. From this standpoint, rent is the income derived from the use of any individual piece of property, interest is the same income compared in amount with its source and expressed as a ratio, value being the common basis of measurement and quantitative expression. And this is true whether the piece of property in question be land or not.

So much for rent in general and interest. The next question is, how does the rent of land differ from that derived from other agents of production? I am in full agreement with Mr. Bullock, and most of the others, who maintain that the difference is wholly in the factors which determine the supply. Other agents of production seldom have a value greatly in excess of their cost of production because any excess value of this kind is a special inducement to increase their production, and the consequent increase in the supply brings down their value. But in the case of land, there is scarcely any limit to this excess of value, because, however great this excess might be, and however much it might excite other men's cupidity, it cannot lead to a material increase in the amount of land. On the other hand, I must agree with Mr. Mixer in the position that the value of land sometimes figures as profits. For example, I know of more than one factory which was located away from a business center because land could be had at a low figure and would inevitably rise in value when a laboring population gathered about the factory. The profits on the sale of lots were a part of the profits of the undertaking, and one of the inducements which led to its establishment. Again the expected rise in the value of the land was one of the chief inducements to the settlement of new lands. The settlers usually worked for several years for less than they could have made by remaining in settled communities, the expected rise in the value of the land balancing this loss. (While land is not created, its value sometimes is.)

What then is the bearing of these facts on the problem of taxation? One of the two evils of taxation is the repressive effect of a tax. A license is a good illustration of what this

means. The purpose of a license tax is to control or to repress an industry. A tariff duty is supposed to repress the business of importation. In some such manner, every kind of a property tax is likely, in one way or another, to repress some industry, or some line of business activity. When the payment or the non-payment of a tax depends upon whether a certain thing is done or not, the tendency of the tax is to discourage the doing of that thing; but when the payment or non-payment of the tax is not conditioned upon the doing of anything, the tax does not repress any kind of business activity. A tax on the products of industry will tend to discourage the production. A tax on land will have comparatively little repressive effect. In a few cases where the rise in the value of the land is one of the inducements to the starting of a new enterprise, any tax on that value would have the effect of discouraging that enterprise more or less. But if any one thinks that the repressive effect of a tax on land is at all to be compared with the repressive effect of a tax on the products of industry, I can only say that I think he is mistaken. The cases where the expected rise in the value of one's land is the chief inducement to a business undertaking, are the exceptional cases. These exceptional cases may attract one's attention and keep him from seeing the general facts, in which case he is in the position of a certain senator of whom it was said that he could see a fly on a barn door without being able to see the barn or the door either.

Though it may be true, as Mr. Plehn contends, that the difference between land and other agents of production is only a difference of degree, I should be inclined to accept Mr. Bullock's suggestion that a difference of degree may amount to a difference in kind. In one sense, all scientific distinctions are differences of degree. The difference between a man and a monkey is only a difference of degree, but it is considered sufficient to warrant a different kind of treatment. In this case it is the degree that counts. Certain taxes must be raised, and (granting that) wherever raised they will have something of a repressive tendency; but if the repressive tendency of a tax on ground rent is much less than that of a tax on other kinds of property, that alone will make ground rent a better subject of taxation.

How does urban rent compare in importance with agricultural rent? What was said a moment ago about the gradual development of a distinction between land and other forms of property will, in part, answer this question. The distinction shows itself first, and always most acutely, in cities where the scarcity value of land is greatest. In many of the newer and less advanced agricultural districts the distinction has scarcely yet amounted to a difference. The land is of so little value above the cost of improving it that it would scarcely occur to any one to make a difference. But in some of the more valuable urban property the monopolistic element is so pronounced as to put its owner in the same class with the mediaeval baron who took possession of a fjord or a mountain pass and collected toll of all who went that way. Both are in control of access to certain utilities; both charge for access to them, and their charges are what the traffic or the business will stand. The baron could charge no more than the difference between the advantage of his route and some other route where travelers and merchants might go free. So far as their strictly economic functions are concerned there is not a particle of difference. The only difference is in the method of getting possession, the baron taking possession by force, the owner of a modern building site getting possession by legal methods.

How does ground rent differ from the annual value of franchises? Upon this question I am inclined to agree in the main with Mr. Mixer's position, but I should like to dissent from a position which seems to be implied in his statement of the case, though I do not believe that he meant to imply it. It seems to be implied that the public has no business trying to drive a good bargain with a private corporation which is offering to furnish a public utility, like transportation, street lighting, etc., I should be inclined to say explicitly that if the public can get these utilities on good terms for itself rather than on poor terms, it is perfectly proper for it to do so. It may be true that there are many people, both in England and America, who are awfully afraid somebody will make something; but it is equally true that there are some people who are awfully afraid that the public will drive a good bargain and make something for itself out of its franchises.

Again, I doubt if the prevalence of socialism in England can alone account for their backwardness in the matter of street transportation. That certainly could not account for

England's being behind Germany, where there is more socialism to the square inch than anywhere else. In the first place, London is not far behind New York, where socialistic tendencies are not strong, and New York is decidedly behind Berlin, where socialism is rampant, and where they have municipal ownership. Again, the English steam railways are quite as far behind the German and American, at least so far as the accommodation of the public is concerned, as their street transportation systems are, though there has been very little interference with the steam railways. One among the several things which must account for this backward state is the natural conservatism of the English people. It is not what you or I think that rapid transit would be worth to the Londoners, but what they think it would be worth, that counts. So long as the "average Londoner would rather ride on a Tjus or in a cab, the demand for the trolley is not great. If they really wanted rapid transit as much as we would want it, their socialistic sentiments would not long stand in the way.

Whether there is any surplus value analogous to rent in franchises may possibly be open to question - ^but it could only be disputed by quibbling over definitions. I should say that the most that any company would be willing to pay for a franchise would not be in excess of that surplus value. It would be a good thing for the public to charge that amount, for then it would get the money and the service besides. This is a perfectly cold-blooded business proposition. No business man makes a practice of offering better terms for labor or raw materials than is necessary to get the kind of labor and raw materials which he wants. If any one can think of a reason why the public should offer better terms for transportation or lighting than enough to secure the kind of transportation and lighting it wants, I should be glad to hear it.

EDITORIAL COMMENTS OF BOSTON PAPERS ON THE FOREGOING SPEECHES

GROUND RENT AND SINGLE TAX

The second dinner to professional economists, given last evening by the Massachusetts Single Tax League, brought together a noteworthy group of speakers representing leading universities from Maine to California. The primary object of these gatherings is, of course, to advertise the Single Tax; but this particular method of advertising is broadly educational. It is the hope of President Fillebrown of the League, in arranging these gatherings, to promote agreement among leading teachers of political economy regarding definitions and principles that bear on the problem of taxation. The discussions may also be expected to have the desirable effect of leading the economists to give more attention to urban rents and land taxation in their textbooks and college lectures. In contributing toward these ends the Single Tax League is performing a real public service.

Upon the subject of discussion at last evening's dinner, "The Nature of Ground Rent," the participants seemed to be in substantial agreement. The statement of the nature of ground rent formulated by Professor Bullock commanded general assent. According to this commonly accepted view, ground rent, "what land is worth for use," differs essentially from interest on capital. The fact that the supply of land is practically fixed once for all and cannot be increased at will by human effort confers on the owner of land the power to command for its use a differential return. This return, moreover, goes on increasing as the community advances in population and wealth. The ownership of capital confers no such power. A vital distinction is thus to be drawn between land and capital, rent and interest.

This view of ground rent is not, to be sure, accepted by all economists. In last evening's discussion Professor Plehn contended that "Land when appropriated and in use is simply one form of capital, and ground rent is in every essential particular, a form of interest." He argued that the fact that land surface is geographically limited has nothing to do with

the economic supply of land in the market. "The economic supply of land," he maintained, "is not on this account limited any more than the supply of other forms of capital may be; land capital is produced or fashioned by human labor out of land surface and other things which nature affords, just in the same manner as other forms of capital are produced out of other materials nature affords." But in this argument, as was pointed out by another speaker. Professor Plehn overlooks the inconvenient fact that the economic supply of "land capital," as he puts it, is at all times and in all places inseparably bound up with the geographical supply of land surface, which is practically fixed in quantity. In other words, land capital stays put in land surface. It cannot be torn loose, split up and carted about at will. It is upon this concrete condition of limited supply of land that the classical doctrine of ground rent as a differential gain, unlike interest, rests.

When it comes to the practical application of this doctrine of ground rent, a difficulty arises. The crucial question whether ground rent is an unearned or undeserved income cannot be answered offhand for all cases. In the first place, it is to be observed that ground rent, interest on capital and profits of management are often inextricably entangled in the actual earnings of business men. Profits and interest are commonly earned in connection with the rent of land. As Dr. Mixer observed in his comments on the practical meaning of the rent doctrine: "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. 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 the concept of rent."

Furthermore, whether ground rent, considered entirely apart from interest and profits, be an unearned income, depends, as Professor Callender well showed, entirely upon the nature of the natural resource or agent from which the rent is drawn. Each case has to be considered on its own merits. It is not difficult to show that certain kinds of natural agents in certain situations can be made to yield the largest returns to the community when private individuals are allowed to possess them and to appropriate their value; for example, mines, fisheries and agricultural lands. The private appropriation of ground rent is in some cases clearly justifiable, as on the whole socially beneficial.

But although not all income based on ground rent is to be regarded as unearned, it is tolerably clear that income accruing to the owners of city building sites is largely of this character. Urban growth unquestionably creates enormous land values which individual owners have no claim to appropriate in full. That is, rising land values represent in large part a social product which may rightly be levied upon by the community to meet the increasing expenses of municipal administration. A land tax, moreover, has the especial advantage that it exerts little, if any, repressive effect on industry. It seems, accordingly, equitable and expedient that an increasing share of the burden of taxation in cities should be placed upon land. So much would probably be conceded by nearly all economists. The same policy applied to franchise values would also be approved. But economists dissent from a proposal that all expenses of government should be met by a single tax on land, chiefly for the reason that any single tax is inevitably unjust. Single Taxers are right in pointing to land values, including franchises, as the main source to which municipalities should look for the additional revenues necessitated by urban growth; they are wrong in denying the necessity and the expediency of preserving other forms of taxation.

TAXES ON LAND VALUES

(Boston Herald)

The recent meeting of the Massachusetts Single Tax League, at which the question of the nature, operation and office of ground rent was discussed by several professors of political economy from different colleges and universities, furnished an illustration of the

value of an organization such as the league as a means by which professional opinion can be concentrated, crystallized and, to some extent at least, popularized. Of course no one needs to be told that the laws bearing upon questions of trade, finance and taxation are rarely, if ever, the direct outcome of professional, scientific advice. The owner of a mining property if he possesses sound business sagacity, employs the ablest talent he can find in the work of developing his property. A railroad company intending to build a line of track through a country presenting many topographical difficulties will employ the ablest civil engineers to advise on the best means of overcoming the difficulties that have to be encountered. But a government, whether of city, state or nation, at least under a democratic form of control, and not infrequently when autocratic or oligarchic, is indisposed to leave questions of trade, currency and taxation to the judgment of professional experts in economics.

It seems to be taken for granted that problems of this kind, which, as a matter of fact, are some of the most difficult and intricate that can be presented, are questions upon which every man is fully qualified in having a clear-cut opinion, and that the opinions on such a subject of a majority of citizens expressed by their votes, or by the votes of those whom they elect to represent them, constitute the last word that needs to be said on these subjects. It may be conceded that professional economic opinion has not been as clearly settled in the past as it might have been, and, what is more, is not at the present time entirely a unit in the conclusions reached. Thus at the recent meeting of the Massachusetts Single Tax League, at which the question of rent was discussed, while the majority of the economists were of the opinion that rent was a form of income which departed widely from interest received by the use of improvements which man places upon the land, there was a minority who held to what is probably the older idea, that land capital is produced or fashioned by human labor out of land surface, just as in the same manner other forms of capital are produced by human labor out of other materials which nature affords. On the whole, however, the tendency of the times is toward considering land as something apart from that which may be produced by its use, and hence in the question of taxation, which is the subject toward which the league turns its attention, land might be fairly expected to pay something that would be in the nature of a franchise tax as it is a monopoly, from the fact that while all must make use of it to a greater or less extent, it is limited in its quantity.

But while the Single Tax League may succeed in thus enlisting in a general way the support of professional opinion, it does not follow that it can thereby induce the Legislature of this or any other state to enact statutes in harmony with the economic opinions that it entertains and advances. Any number of objections of an exceedingly practical character could be raised by those who would be likely to find their taxes increased, or their possible source of income curtailed. If, on the other hand, it was urged that a reform in our system of taxation along the lines advocated by Mr. Henry George would be productive of great public advantage; that certain unearned increments that now go to swell the wealth of favored individuals would then be enjoyed by the community, the reply would be that such gains were altogether too problematical to be seriously taken into account. The fact that Smith, Jones and Robinson would lose more or less would be a circumstance which would loom so large in the imagination of the legislators as to entirely obscure the sight of any possible gain that the community as a whole might achieve.

We admit it is only by persistent agitation that great changes are brought about, and we foresee a long path, involving much hard work, which must be passed over before the tax changes which Henry George advocated can be given an application on a broad scale. It has always seemed to us, and we have found no recent reason for changing our opinion, that if by any possibility the state of Massachusetts could be persuaded to grant to its various municipalities local option in the matter of local taxation, the opportunity would then be afforded of experimenting on this subject in a practical manner, and we are decidedly of the opinion that under such circumstances it would be found that those municipalities which introduced a system of taxation limited to real estate would discover that they had adopted a plan which would greatly inure to both public and private advantage.

ECONOMISTS' AGREEMENT

(Boston Morning Advertiser)

The most notable thing about the speeches which followed the banquet given to prominent political economists at the Copley Square Hotel last evening, by the Massachusetts Single Tax League, was their nearly unanimous agreement in answering affirmatively the first of the three principal questions submitted to them as the basis of discussion. That question was whether there is, or is not, a fundamental difference between incomes derived from ground rent and incomes derived from other sources, such as the interest on invested capital and the products of human labor.

Of the seven other professors of political economy in well-known institutions of learning, who delivered carefully prepared addresses, six expressed themselves in substantial accord with Prof. C. J. Bullock of Williams College, the first speaker following the president of the league. Prof. Bullock declared himself a believer in what is called "the classic theory of rent," viz., that capital is something distinct from land, and interest is something of a different genus from rent. "The [unreadable] of this difference," said Prof. Bullock, "is formed in the peculiar conditions that govern the supply of land."

Prof. G. S. Callender of Bowdoin College, Prof. W. C. Fisher of Wesleyan University, Dr. C. W. Mixter of Harvard University, Prof. W. M. Burke of Albion College, Prof. F. S. Baldwin of Boston University, and Prof. I. N. Carver of Harvard University, speaking in the order named, all agreed with Prof. Bullock, on that question, substantially; although some of them notably Profs. Fisher, Mixter, and Carver, thought there might well be some modifications in forms of statement, or with reference to exceptional circumstances.

The only radical dissent was expressed by Prof. C. C. Plehn, of the University of California. Prof. Plehn's contention was that to-day, in the United States, land, when appropriated and in use, is simply one form of capital; and ground rent is in every essential particular a form of interest.

The value to students of economic science of last night's discussions is all the greater because the addresses, or papers, had been not only carefully prepared, but copies had been furnished some time in advance to the different speakers, so that each one knew substantially what the others intended to say. Thus the points of agreement, of disagreement, and of suggested modification, were stated last evening with all the accuracy that could come from mature reflection.

Some of the statements of this fundamental difference between ground rent and other forms of income, though there was little or no direct mention of the single tax by the speakers, have a bearing on that question which is instantly obvious to those who are familiar with Henry George's writings, and with the more recent of authoritative utterances by leading single taxers.

Thus, Prof. Bullock pointed out that the demand for land comes from persons who desire to use it in production, and the annual rental offered for any tract will depend upon the advantages which that particular situation offers for the purposes to which it is to be devoted. "If a location on Summer street enables a merchant to do a very large retail trade," said Prof. Bullock, "and to realize large aggressive returns from his enterprise, a large demand price will be offered for that location." This fact is so familiar that it seems like a truism, yet it will perhaps be remembered that Prof. Bullock's statement is identical, to all intents and purposes, with the essence of those facts and figures, which were presented at a previous single tax banquet, relating to the land, improvements, rental, and increase of value of the land regardless of improvements, at the corner of Washington and Winter streets.

Prof. Callender came a little nearer in form, if not in fact, to the direct question of the ethics of the single tax on ground rent, when he said:

"When we turn to such cases as the water front of a great city like New York, or Chicago, or Boston, or to the building sites along the principal business streets of those cities, or to the right of running street cars 'through their principal streets, it is not obvious, to say the least, that the utility of these particular natural resources to the community is rendered greater by allowing private individuals to appropriate the value which continually increases with the growth of population."

Quite irrespective of the merits or demerits of the single tax doctrine, congratulations are certainly due to the league for this latest example, of the many which it has furnished, showing how a radical movement, conceived in an enthusiasm for humanity, but opposed to widespread, and deep-rooted customs and ideas, may be carried on in a spirit of perfect good fellowship between the friends and foes of the movement.

THE SINGLE TAX

(Boston Post)

The campaign of education on which the Massachusetts Single Tax League entered several years ago was advanced by the discussion following the dinner last evening at which a number of professional economists expressed their views of the nature, operation and office of ground rent. The paper of Professor Bullock of Williams College and the remarks which followed are enlightening as to the scientific basis of the scheme of taxation which this association presents and which is coming more strongly to command the approval of practical men.

We do not agree with the Hon. Charles Francis Adams, in the opinion expressed in his letter which was read at this meeting, that it is impossible to make the present generation understand the fundamental principles of taxation and see the true method of tax reform. Mr. Adams despairs of it within his lifetime, and says we "have got to look to the next generation." So far from this, the need of tax reform is already widely recognized, the protest is loud against the continuance of a system which is manifestly oppressive and unequal, and the search for a better method is earnest.

What is needed, we believe, is simply the authority to try the experiment here in Massachusetts of the method which the Single Tax League advises. This can be done by separate communities on their own account, and the Commonwealth can profit by their experience.

WHAT IS GROUND RENT?

(Boston Globe)

What is ground rent? Is it rent ground out of an unwilling tenant, or is it not? It looks easy to answer, and yet it required the combined wisdom of eight college professors Monday night at the Copley square hotel dinner of the Massachusetts single tax league to dynamite that naughty problem.

When is rent rent and when is it not rent? Not only was this question raised by Prof. Bullock of Williams College, but even the harder one, what is the difference between

rent and interest?

Prof. Callender of Bowdoin then put up the 200-pound economic weight, labeled. What is the unearned increment? Before the discussion was closed there had been asked and answered enough intricate questions to tax all the gray matter that one might suppose to exist even in eight college professors.

Some men will say that it is easy enough to tell what ground rent is by consulting their ledgers. As to whether rent is an earned or an unearned increment it matters little to those who pay none, though it may be interesting to economists.

As for the question raised by Prof. Carver, How does urban rent differ from agricultural? it would seem to be a matter to be settled between city and country landlords.

In fact, the whole range of problems growing out of the single tax question is too intricate for the lay mind. They will ultimately have to be settled by the college economists. Meanwhile all success to their endeavors.

MASSACHUSETTS SINGLE TAX LEAGUE

{Springfield Republican)

The New England Single Tax League, under the direction of C. B. Fillebrown, is still hammering away at the problem of bringing its aims within reach of the popular understanding. Its dinner at Boston last evening is noteworthy for the number of scholars in economics brought together for an exchange of views on the disputed question in economic theory of the nature of ground rent. The discussion constitutes a real contribution to the science as it is now being developed, and the substance of the papers is accordingly given in other columns. They merit attention from the general reader who would inform himself on what is to become in the length of years a far more practical question than it has so far com^e to be considered.

(New Bedford Mercury)

In the course of a discussion of the difference between ground rent and the annual value of franchises at the dinner of the Massachusetts Single Tax League the other evening Dr. C. W. Mixer of Harvard made an isolated statement which we deem worthy of attention in view of a discussion which has prevailed from time to time in these columns. Dr. Mixer attributed the lack of progress with rapid transit in London to the socialistic tendencies of the people, which, he said, made the masses in London desperately afraid of somebody's making something. Professor Carver, likewise of Harvard, was loth to permit this suggestion to pass unchallenged, and doubted if socialism in England can account for the lack of progress in matters of street transportation. He pointed out the situation in Berlin, where transportation is farther advanced than in our own large cities, and where socialism is especially rampant, as a refutation of the theory quoted by Dr. Mixer. Dr. Mixer farther defended the practice of public utility corporations in taking big dividends out of the people.

It seems strange to hear a university professor emphasizing material gains as essential to progress, since it is a fact that no college or university conducted as a private institution aiming at pecuniary returns amounts to much. We can doubtless get along very well without the inducement of pecuniary gain, substituting that emulation which leads Hobson to do brave deeds, which inspires John Jacob Astor to devote time and effort to an invention which he gives to the world -- the ambition which inspires the soldier to fight for a ribbon, the motive which led the athletes of old to devote their lives to secure the

crown of wild olives -- the inspiration which led Dr. Mixer to apply himself to the preparation of a paper to be read before the Massachusetts Single Tax League without compensation in money. This motive, which has inspired the men of all ages, is the desire for what the professors call "social esteem" -- the aspiration for approbation and honor. Pecuniary inducement is not the sine qua non. In comparison with the impulse of social esteem, it is mean.

GROUND RENT AND THE SINGLE TAX

(The Boston Beacon)

It is rare that one finds in this country a band of reformers so persistent and enthusiastic in their advocacy of an idea and yet so uniformly broad minded and good tempered in carrying on their agitation as the members of the Massachusetts Single Tax League. One rather fancies that this agreeable combination of earnestness and optimism arises very largely from the mental attitude of the president of the league, Mr. C. B. Fillebrown, who has been for years a pioneer in economic reform and who has won to his side a group of vigorous thinkers made up of men of quite varied callings.

The methods of the Single Tax League are educational and not revolutionary. Its members are sincere believers in the mechanical power of the wedge as being in the long run superior to dynamite, and they believe in getting in the small end of the wedge first. Notwithstanding the tendency of college professors to lend their support to the single tax idea, it will not do to call the movement academic. As far as it appeals to thinking men at all it appeals on the basis of common sense.

At the conference of last Monday night, in which eight professional economists took part, the discussion turned on the question of ground rent and much that was illuminating was said on the possible distinctions between land and other forms of capital, and between rent and interest. All this was interesting, instructive and suggestive, but in the end we come back to the basic fact that land is the one form of capital which may lie utterly idle and yet enhance in value to the benefit of the individual owner simply through the co-operative activities of the entire community. It is this unearned increment in the value of land that is the disturbing element in the theories of the economists, and although numerous efforts have been made to account for it and at the same time to class land as productive capital, the attempts have not on the whole been successful.

Once grant the premise of the advocates of the single tax, that land, like air and sunshine, is the common inheritance of the human race, and that land has been made a monopoly simply because of its tangible quality and through the ability of the strongest to seize and hold it, once grant this, and the logic of the single tax irresistibly follows. Upon this much at least every reasonable person is agreed, that our existing tax system is about as bad as it can be and that almost any kind of a change would be a change for the better. The suggestion made some time ago that the General Court grant to all towns and cities in the Commonwealth the privilege of local option in matters of taxation is still worth considering. It is barely possible that if this privilege were granted some community would experiment with the single tax as a relief from existing extortions and inequalities, and in that case we should get some very significant data for legislators as well as economists to consider.

In the past our great and all inclusive economic problems have been studied in the light of certain theories which have maintained their sway in part because very few practical people gave them any attention, and in part because those who have tried to cope with the complex and knotty questions involved failed to reach a surety of conviction which made them venture to break away from the thrall of well grounded opinions. To study conditions in the light of long accepted theories is not the most progressive and scientific way of getting at things, and this habit may have contributed to that confused and unsatisfying thought regarding this subject which has won for it the name of the Dismal

Science. And yet this same subject is bound up with all our most important everyday interests, and it is evident that until the counsels of the teachers and leaders of economic thought shall be clarified there will be little prospect of practical advance in securing a tangible basis for legislation and experiment. It is pleasant, therefore, to discover in the interesting papers read at last Monday's conference indications of a growing unity of thought respecting economic definitions and principles. This, as we understand it, has been the purpose of Mr. Fillebrown and his associates of the Single Tax League, to secure through friendly discussion such an elimination of unessential differences and such an emphasis of essential agreements as will bring something like harmony out of confusion and secure a generally conceded basis of thought and action. For this worthy endeavor, which seems to have been very successfully carried out, the league deserves the thanks and indorsement of all those who realize the importance of an early and scientific solution of our economic problems.

AFTER DINNER WITH THE ECONOMISTS

(The Social Settler in the Boston Transcript)

President Fillebrown of the Massachusetts Single Tax League played the host again Monday evening in his usual hospitable fashion, the lions of the occasion being certain "professional economists." The latter held the boards at the postprandial entertainment, and dealt out three hours* worth of cut-and-dried wisdom on the subject of "Ground Rent."

The subject was not a juicy one, and the treatment that it received was appropriate. No speaker is to be blamed, however, for failing to extract after-dinner sunbeams from an economic cucumber. The Settler is proud to say that he was among the few indefatigables who were in at the finish. When President Fillebrown finally called upon one of the chief performers to wind up the discussion, the Settler thought of the Memorial Day orator who was introduced to the patriotic celebrants gathered in the cemetery, as follows: "We will now listen to some closing remarks by the orator of the day, after which a salute will be fired over the dead."

Seriously, however, President Fillebrown is to be congratulated upon his success in getting representative economists to express substantial agreement concerning a number of important points and principles. This in itself is no mean achievement. Whether the agreements will directly help the single tax cause is another story. But, however this may be, the results thus far reached in the agreement business testify eloquently to the diplomatic strategy of the tactful propagandist who directs the policy of the Massachusetts single taxers.

THE SINGLE TAX

(Congregationalist)

The best way to promote any particular reform is to bring light from all quarters on the conditions to be remedied. Mr. C. B. Fillebrown, president of the Single Tax League, appears to be the kind of reformer who welcomes all available help in the work to which he devotes himself. At the annual dinner of the league, held at Copley Square Hotel last week, which was attended by a large number of educators and business men he secured addresses from half a dozen instructors and professors of economics from Harvard and other universities, bringing one as far as from the University of California. The program was carefully arranged and the papers read were prepared after opportunity to see the

outlines of arguments of the other speakers. If those who listened to them did not learn something valuable concerning the nature of ground rent and the reasons for and against raising all public revenues from taxes on land, it is not for lack of a systematic effort for their enlightenment.

THE SINGLE TAX

(The Morning Star)

The Massachusetts Single Tax League is looking after "the cause" with much graciousness and persistence. Banquets are a favorite method of propaganda. One was held at Copley Square Hotel in Boston, December 8; at which the professors of economics in the colleges and universities were guests of the League, and did the principal part of the after-dinner speaking. Leading colleges from Maine to California were represented, and the addresses were thoughtful and interesting. The most of the speakers held to the "classical" theory of rent, to the effect that it is as different from interest as land is different from capital -- that land, in fact, is a natural agent like air and water, and is not capable of production or increase by human labor, and therefore should not be subject to individual ownership. It follows that rent represents might and custom instead of right and principle, and that it, as well as the land, really belongs to society instead of to individuals.

Several years ago -- call it a good many years ago -- man bought a farm near the Mississippi River, in what is now the State of Minnesota. There were 160 acres of it, and he paid \$320 for it. He was Dutch and industrious. He just wanted to be a farmer and landowner, both of which he couldn't be in his native country. He built a log house, and loved his wife and children, and raised many bushels of wheat.

Other farmers settled on adjoining land. Somebody built a mill at the fall in the river, and other industries sprang up. Population increased. The Dutchman worked no harder than ever, but he raised larger crops because the people around him wanted them to live on. This increased the value of his land: In ten years it was worth \$1,500, almost against his will, because he was the kind of man who didn't like neighbors. He was not a Samaritan, and was a Christian only by virtue of his citizenship. He now felt rich and prosperous. But still he did not reflect that if all his neighbors moved away his farm would be worth no more than it was when he first settled on it.

Later something else happened. The settlement at the falls grew into a city. It expanded in the direction of this man's farm. The people in the city wanted improvements. They laid sewers, put in water mains, paved the streets, built car lines, and stretched electric light wires. This troubled our Dutch friend. It made his taxes higher. When they proposed to extend the "improvements" past his farm he objected. When they took some of his roadside for sidewalks he fought them. He took the case to court, and in five years had paid out all his hard-earned savings in lawyers' fees. But the improvements went steadily on, and the next year, after he had been heavily fined for obstructing the street car line past his premises, he was offered \$100,000 for three-quarters of his farm. That bewildered him. It made a Christian of him to the extent that he began to love his enemies. In due time he died reconciled to the progress that he had so steadily opposed.

The point of this parable is that the increased value of this farm was due not to its owner, but to the increase of population with its varied demands. Its owner had opposed this movement of society which made him rich. Why, then, should not this increased value of the farm belong to the public which promoted it, instead of to the individual who opposed it?

Now this is in a way the elementary principle that underlies the single tax movement. Land is a natural agent like air or water. It cannot be increased or diminished by human effort. Its growing value from year to year is due to the growing public demand. Why,

then, should not the public be the real beneficiary of this increase in value? Why should not private ownership be abolished, and the people -- that is, the State -- own all the land and derive all its revenues from renting to individuals, thus doing away with other forms of taxation?

There is not enough difference between this portion of land value which the public and not the individual has created - the so-called unearned increment -- and the money that could be gathered by a direct and inclusive assessment on land to call for special treatment. It is perhaps the compromise which the single taxer of the John Stuart Mill type, who would seize only this unearned increment for the public, would make with those of the Henry George type, who would seize all land in the name of the State, and then use the rentals to pay public expenses.

There can be little doubt that if society had begun with that theory of land ownership - or rather if it had never yielded the policy of public ownership with which it probably did begin - it would be better for all alike to-day, so far as a just and visible and equitable source of revenue is concerned. But to re-enact the old policy would mean a revolution such as these generations have never seen. That this revolution might be brought about peaceably in the course of time is perhaps the thought of the league in inviting the teachers of economics to be its guests. If the generations of their students can be won to the theory much will have been gained. This was Charles Francis Adams's theory in a letter read at the banquet. "I feel well satisfied," he said, "that the result will not be accomplished in my day, or by men of my generation. The appeal must be to the college professors and to the graduates of the future." Only one kind of tax, and that solely a land tax, would not be so great a discrimination in favor of owners of other kinds of wealth as one might at first think. But we have not space to deal with that question now.

(N. E. Farmer)

We have received many invitations to attend the meetings of the Massachusetts Single Tax League. Mr. C. B. Fillebrown, the president, has been for years a pioneer in economic reform and these people are persistent and enthusiastic in their advocacy of an idea and yet uniformly broad minded and good tempered in carrying on their agitation. Once grant the premise of the advocates of the single tax, that land, like air and sunshine, is the common inheritance of the human race, and that land has been made a monopoly simply because of its tangible quality and through the ability of the strongest to seize and hold it -- once grant this, and the logic of the single tax irresistibly follows.

(N. E. Grocer)

The Single Tax League, under the direction of C. B. Fillebrown, shows more intelligent skill and persistency in pushing its course than any other association with which we are familiar. It is continuously hammering away at the problem of bringing its aims within reach of the popular understanding. Its dinner at Boston Monday evening was noteworthy for the number of scholars in economics brought together for an exchange of views on the disputed question in economic theory of the nature of ground rent. The discussion constitutes a real contribution to the science.

(Boston Herald)

And yet we suppose the land value reformers would say that the Park Street Church is not entitled to the difference between the \$50,000 it paid for its property ninety years

ago and the \$1,250,000 it is to get for it now. In that case, it couldn't build a new church in the Back Bay. This would complicate matters, were it not for the fact that land value reform has not yet arrived.

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