

To the Editor:

I am writing in regard to the discussions of Messrs. John S. Codman and Marshall Crane (September and October issues respectively).

Mr. Crane speaks of ground rent as "the potential earning power of land." We know that the withholding of commodities from the market tends to raise the price of each like commodity on the market, but since it lowers the total volume of such commodities on the market, it tends to lower their total price. The same is true of land. The rent of each parcel of land of a given quality is raised by the withholding of some of these parcels from the market (at the going price), but the total rent of all of these parcels is diminished. I take it that by "the potential earning power of land" Mr. Crane means the potential rent of unused land valued above the margin, since rent actually accrues on all land in use whose value exceeds the margin.

I agree with Mr. Codman that labor is the only factor of production. Production is human activity (labor) whose goal is product (wealth). Land cannot be a factor of labor. It is true that the product is the union of labor and land, but no land value (rent) is embodied in the value of the product, as is seen when labor uses free land. And the product is not altered in its value when rent is paid, i.e., when a share of its value is handed over as the price of access to the land, however high that price may be.

Rent is not begotten by the mere presence and activity of people. As long as permanent possession of particular land is not desired by more than one person, there can be no rent. Only when there is competition for the permanent possession of particular land can there be rent. If we accept the law of equal freedom, then land is a thing of common right. But since particular parcels of desired land cannot be held by everyone in equal measure, the rent which some now enjoy through their exclusive right to land, we say, should accrue to all.

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