



COLLEGE ROW: Ernest Kurnow and Harvey Segal, both of the Economics Department, New York University; and Richard W. Lindholm, University of Oregon, Eugene, Oregon.

Total Land Rent in the U.S.

PROFESSOR ERNEST KURNOW of the New York University Economics Department, did not prepare a paper on his study of the measurement of land rent, but he succeeded in identifying himself with the audience to such an extent that he was the target for enthusiastic controversy. As might be supposed, he did this largely with figures.

Dr. Kurnow made a number of general statements with which there was little or no disagreement. In fact there was applause for his succinct statement as to why there is uneven development in the suburbs. "As owners see land prices climbing higher and higher they sit on their land and wait." This forces builders to go farther out. "A lower rate on improvements and higher rate on land would force them to sell," he stated, smiling at the approval he received.

An attempt was made to measure rent in 1915, the speaker said, when Professor Willford I. King decided to test the single tax doctrine. King agreed that during the Civil War collection of the full tax value of land

would have covered all government expenses, but he questioned whether that would still be the case by 1950. In 1930 he was so completely convinced of the imbalance of this equation that he had land rent included with buildings—and that is about where the matter has remained in the textbooks.

There has been no systematic measure of land rent since that time, so Professor Kurnow and others associated with him, have undertaken this study. As a means of getting started they looked at rent figures published by the Department of Commerce. However, these excluded all but the rental income of individuals. Only residence property was included—and only that which is rented—hence both residence and farm property occupied by the owners was excluded, as were all businesses. (No wonder the value of rent in this country seemed an insignificant part of the total picture).

At first an attempt was made to adjust the data of the Department of Commerce by adding to it the above properties which were not included. A

second method proved more satisfactory—and this is where the figures come in which kept the questioners busy.

Land rent is said to be associated with land value—so using \$1,200 as an example of a man's land rent, and taking the rate of interest at 6 per cent, one can say he has a property valued at \$20,000—since rent is equal to the value of land multiplied by the interest rate. Assessed value, he pointed out, is nearly always less than the market value, so they had to find the ratio of assessed value to market value. This is known as the equalization rate, and it was not as hard to determine as might be expected.

The assessed value of property was obtained from the tax rolls of 48 states, and from Hawaii, but not, as yet, from Alaska. The Department of Commerce had already determined what the equalization rates were for all the states. After tabulating these figures a total estimate was reached of \$365 billion for land plus improvements, excluding public utilities, farms, vacant property and commercial property.

On estimating and adding the value of utilities, public property, sub-soil assets, and the value of minerals underground, a conservative total was reached of \$712 billion. The next move was to find what proportion of

this figure represented value of land. Again figures supplied by the states were helpful. Some states assess land and improvements separately, so it was easy to find out the ratio. In other similar states it could be assumed that the same ratio would apply. Factors which had a bearing on this and which were taken into consideration in determining ratios in other states, were the similarity or dissimilarity of population, the amount of rainfall, presence or absence of minerals, etc.

"The value is roughly \$372 billion," said the speaker. "Call it \$400 billion. Then if the interest rate is 6 per cent we have \$24 billion dollars as land rent in the United States today." Even if the present studies under-estimated the land rent, he stated, critics contend that it is *not a dynamic factor in our economy today compared to the gross national product*. "Maybe," he agreed, "the economists are justified in saying land rent is not as important as it used to be. The things we put on the land grow faster than the value of the land itself."

Now you who are bright students or teachers will understand why there were questions. Here's a sample, this from Mr. Lurio: "Why do you compare rent with gross national product—it's like comparing the Federal budget of \$80 billion with the state and local budgets of \$120 billion?"

JOHN CROMWELL LINCOLN

Tributes to John C. Lincoln continue to come from many parts of the world. A card from Barcelona has several signatures, including J. Paluzie-Borrell and Joseph Anglada, and presents "most sincere condolences for the regrettable loss of Mr. John C. Lincoln, the friend who worked so faithfully for the diffusion of Henry George's teachings."

The Henry George Club of the Philippines sent the following signed by its chairman, Iadisiao N. Romulo:

"For and on behalf of the Henry George Club of the Philippines, please convey to the family of the late John C. Lincoln our heartfelt condolences.

"The members and I share your sorrow in the untimely death of a man who dedicated his life to the economic salvation of humanity."