

The Value of a Privilege Not Much Change Since 1879

By JOHN C. LINCOLN

THERE have been in the past few months a number of articles written intended to show that the relative amount of ground rent collected today is much less than it was in 1879 when *Progress and Poverty* was written.

Steven Cord is one of the authors of such articles. If I understand him correctly, he is of the opinion that not more than five per cent of total income at the present time goes for ground rent. Mr. Cord does not say how he arrives at this conclusion. He seems to believe the proportion of wealth going to pay ground rent was much greater in 1879 than it is today.

There is an accurate method of measuring the amount of wealth going to pay ground rent that Mr. Cord does not refer to. Ground rent capitalized is land value. Land value is the value of the legal privilege of collecting most of the community created ground rent on a piece of land. All production is divided into ground rent for the landowner, interest for the capitalist and wages for the worker. Therefore the most accurate way to find out what proportion of income goes to pay ground rent is to compare the value of land at any time to the amount of wealth existing at the same time. It must be kept in mind that land value is not wealth any more than a government bond is wealth. Using this method of estimating ground rent, it is clear the amount of wealth going to pay ground rent must be more than five per cent.

The amount of land values today is vastly greater than it was in George's time, and therefore the amount of paid ground rent is vastly greater. If land values today are ten times what they were in 1879, the ground rent is ten times what it was in 1879. George in *Progress and Poverty* did not give any figures on the amount of ground rent collected in his day, and no one has made any accurate estimate up to the present time. The only direct measure of the proportion I know of is what a tenant farmer is willing to pay for the use of land. The tenant farmer of today is willing to pay from twenty-five to forty per cent of his crop for the use of land. The tenant farmer of George's day was willing to pay about the same proportion. Therefore it is my conclusion that the proportion of wealth going to pay for ground rent has not altered very much in the last seventy-five years, and it is very much larger than five per cent both in 1879 and in 1954.