

Significance of the Components of Ground Rent

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In current discussions of the Single Tax an accounting of the components of ground rent in their relations to wages and community income appears to have been seldom mentioned. I refer, of course, to the components Economic, Monopoly and Speculative rent as itemized by Henry George in the first footnote in his "Condition of Labor," and inferred of necessity in Book VII, Chapter II, in "Progress and Poverty." Speculative rent is clearly shown in the beginning of Chapter IV, of Book IV. See also Book V, Chapter I, par. 31, and Book V, Chapter II, par. 12. As to the latter references it is unfortunate that George did not give specific terms to the components of rent until he had arrived at writing "The Condition of Labor" twelve years after the advent of "Progress and Poverty." These distinctions were described and illustrated by diagrams in a lecture by C. LeBaron Goeller at the Henry George Congress in 1927, reported in "Land and Freedom" of November-December, 1927, and now furnished by him as a tract (No. 15); and made a telling factual argument in the brochure "Economics of Democracy" by Dr. F. Mason Padelford of Fall River, Mass.

An accounting of these three elements of present day land rent seems to be of first importance in three respects; first, for immediate exhibition to the student of the exploitation of labor; second, for its great potency for popular understanding; and third, for envisioning the application — if ever.

As to teaching, notation of these three elements of land rent facilitates the conception of rent in general because it directs attention to the practices which exploit rent as an addition to the natural or pure economic rent. As we know, community association, monopoly and speculation in

land, all add their quota to privately appropriated rent and to the economic and social conditions which result. To nominate these influences in specific terms transfixes the enormity of private land-owning practice and illuminates the normal and just avenues in the same breath. Through these terms the heart of George's philosophy is revealed. The student sees at once that monopoly and speculative values, (i.e. monopoly and speculative rent) must be restored to the worker as wages, whereas true economic rent belongs to the community. He is at once prepared to see the logic of George's remedy, which is, to make land common property (P&P.Bk.VI,Ch.II.par.4) and of the equable method, the concrete assessment of land values. (P&P.Bk.VIII,Ch.II). And if he is puzzled as to how the element of pure economic rent can be separated in practice he can be told that as vicarious taxes and impositions are cut out and the selling price of land effaced, the return of monopoly and speculative rent to our pockets through free production and exchange, or as Lenin with a flash of insight called it, "a free economy," is automatic.

As to the value of this analysis for propaganda, which for the Single Taxer seems fated always to be teaching and explaining, it touches the pocket book appeal at once. Every last jack of a man can see at once where the bulk of his wages, salary or earnings goes and how it should flow back to where it belongs. Nothing that I know of touches the socialist state of mind like this conception. It is a concrete idea that should stabilize the socialist motivation. It provides a rationale for real democracy of peoples and nations, for democracy's universal expression.

As to Single Tax practice it seems to me that George's analysis of privately appropriated land-rent into these three elements avoids the confusion and uncertainties mentioned as value, price, estimate, et cetera, because when sale value and taxes have gone, monopoly and speculation have gone also and a new level of wages has appeared.

At any rate, a presentation of Single Tax theory with no specific account of the components of rent cripples its explanation and confuses the proposed application. It leaves a big gap in the logic of the theory and is harder for the neophyte to grasp. To the contrary, a presentation beginning with the law of wages or livelihood as George pre-

sented it inspires interest at once and induces a practical vision of the problems of labor and their solution.

It seems to me that we have chirped too much on taxation of land values (but none too much on vicarious, unnatural taxation) and too little on labor and wages. We should not expect one to see the importance of the proposition to tax land values until he realizes his individual importance in it. Who, at first thought, is particularly or even at all interested in land values going to the government? Who is not interested at once in receiving the entire amount of his earnings? Terms that the reader or hearer knows touch his pocket book make the best propaganda and indeed the best teaching. The law and condition of labor and wages lend themselves to propaganda and are a hundred times better than studies in taxation because it is work and wages that people are interested in.

Furthermore, it is desirable that the time may soon come when we shall have speakers who can speak to the multitudes with familiar phrases. Comfortable people getting together and discussing what seems to outsiders merely a taxation problem does not mean much to the hordes unwittingly hurrying to a dismal fate. As a laconic friend said, "Things are going so fast that pretty soon there won't be anything to work on." Taxation theories and propaganda are always swept aside in the strife into which monopoly is rapidly plunging the race. The appeal to livelihood, to personal self interest, is the rightful foundation for the so-called Single Tax, which is really "The New Abolition" for the emancipation of labor. Knowledge of the law of wages in relation to the components of rent is the most personal economic information that can be placarded for the multitudes.

Since the above was written an address, "The Land for the People," delivered by Henry George in Ireland in 1889, has been published by "Land and Liberty" (94 Petty France, London, England) and can be obtained in pamphlet form. This address vies with George's best; a brilliant presentation and appeal. In it he speaks of monopoly rent as follows:

"But over and above the economic rent there is the power that comes by monopoly, there is the power to extract a rent, which may be called monopoly rent. . . .

"The power to exact that monopoly rent comes from the power to keep labor off the land. Tax land up to its full [rental] value and that power would be gone; the richest landowners could not afford to hold land idle. Everywhere that simple plan would compel the landowner either to use his land or sell out to someone who would; and the rent of land would then fall to its true economic rate — the value of the special privilege it gave would go not to individuals but to the general community, to be used for the benefit of the whole community."

(Revised, from "Land and Freedom" (N.Y.C.), July-Aug., 1937)



"The earth hath he given to the children of men."

IF chattel slavery be unjust, then is private property in land unjust. For, let the circumstances be what they may—the ownership of land will always give the ownership of men, to a degree measured by the necessity (real or artificial) for the use of land. Henry George, in "Progress and Poverty," Bk. 7, Chap. 2.