

Land Rent:

ITS THREE FORMS IN DISTRIBUTION
 MONOPOLY Rent
 ECONOMIC Rent Proper—Natural Rent
 SPECULATIVE Rent

By HENRY GEORGE

THE value of land irrespective of improvement is the value that attaches to land by reason of increasing population and social progress. This is a value that always goes to the owner as owner, and never does and never can go to the user; for if the user be a different person from the owner he must always pay the owner for it in rent or in purchase money; while if the user be also the owner, it is as owner, not as user, that he receives it, and by selling or renting the land he can, as owner, continue to receive it after he ceases to be a user.

Thus, taxes on land irrespective of improvement cannot lessen the rewards of industry, nor add to prices,* nor in any way take from the individual what belongs to the individual. They can only take the value that attaches to land by the growth of the community, and which therefore belongs to the community as a whole.

*As to this point it may be well to add that all economists are agreed that taxes on land values irrespective of improvement or use—or what in the terminology of Political Economy is styled rent, a term distinguished from the ordinary use of the word rent by being applied solely to payments for the use of land itself—must be paid by the owner and cannot be shifted by him on the user. To explain in another way the reason given in the text: Price is not determined by the will of the seller or the will of the buyer, but by the equation of demand and supply, and therefore as to things constantly demanded and constantly produced rests at a point determined by the cost of production—whatever tends to increase the cost of bringing fresh quantities of such articles to the consumer increasing price by checking supply, and what-

ever tends to reduce such cost decreasing price by increasing supply. Thus taxes on wheat or tobacco or cloth add to the price that the consumer must pay, and thus the cheapening in the cost of producing steel which improved processes have made in recent years has greatly reduced the price of steel. But land has *no cost of production*, since it is created by God, not produced by man. Its price therefore is fixed— 1 (**MONOPOLY RENT**), where land is held in close monopoly,¹ by what the owners can extract from the users under penalty of deprivation and consequently of starvation, and amounts to all that common labor can earn on it beyond what is necessary to life; 2 (**ECONOMIC RENT PROPER**)² where there is no special monopoly, by what the particular land will yield to common labor over and above what may be had by like expenditure and exertion on land having no special advantage and for which no rent is paid; and, 3 (**SPECULATIVE RENT**, which is a species of monopoly rent, telling particularly in selling price);³ by the expectation of future increase of value from social growth and improvement, which expectation causing land owners to withhold land at present prices has the same effect as combination.

Taxes on land values or economic rent can therefore never be shifted by the land owner to the land user, since they in no wise increase the demand for land or enable land owners to check supply by withholding land from use. Where rent depends on mere monopolization, a case I mention because rent may in this way be demanded for the use of land even before economic or *natural* rent arises,¹ the taking by taxation of what the land-owners were able to extort from labor could not enable them to extort any more, since laborers, if not left enough to live on will die. So, in the case of economic rent proper, to take from the land-owners the premiums they receive, would in no way increase the superiority of their land and the demand for it. While, so far as price is affected by speculative rent, to compel the land owners to pay taxes on the value of land whether they were getting any income from it or not, would make it more difficult for them to withhold land from use; and to tax the full value would not merely destroy the power but the desire to do so.

—*The Condition of Labor*, p. 13 (English edition p. 16)
NOTES—(1)*Progress and Poverty*, Bk. 7, ch. 2, par. 1--5. (2)*Ibid*, Bk. 4,

ch. 2. (3)*Ibid*. Bk. 9, ch. 2, par. 8.

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