

## The Suez Canal & Its Monopoly Rent

By C. LeBaron Goeller

RENT (ground rent) is the price of privilege. It is the price we pay for permission to live on the earth. If Robinson Crusoe 'owned' his island, then he had the right to charge Friday 'rent' for permission to live on his island. This rent would be 'all the traffic would bear', i.e., all of Friday's wages except a bare living.

This is an illustration of Monopoly rent arising before there was any true, or 'Economic' rent. (See Henry George's 'Condition of Labor', first footnote.)

Where, in our day, land is treated as private property (which is a *product* of labor acting upon land) there exists Monopoly rent along with Economic rent. The expansion of society creates Economic rent; and land monopoly creates Monopoly rent. Along with this, Speculative rent arises, caused by speculation as to the probability of a further increase of Monopoly rent.

In Politico-Economics a canal is 'land' just as much as the dry land around it and the earth or land under it. It also has a location just as much as a city lot. (Some lots on Manhattan Island are worth \$40 million an acre.) The location of the canal can be of immense value.

The Suez Canal is in just such a vital location and has an enormous Monopoly value which yields to its 'owners' a fabulous Monopoly rent. For the canal is so

located that you can use it (for a price) or do the other thing — sail your ship around the Cape of Good Hope. It costs about \$20,000. in round trip tolls to move the average tanker through the canal; a little more to take it around the Cape. You can save a little money by going through the canal.

The Canal cost \$73,800,000. to build, and the Suez Maritime Canal Company (French owned) has paid annual dividends of 20 per cent for the past eighty years.

Natural or true interest we estimate at about 3%. (See your Savings Bank.) Thus 17% of these fabulous 'dividends' must be something other than interest. The fact is that this 17% (dividends) is in reality, in scientific parlance, RENT, i.e., MONOPOLY RENT.

Venezuela is now using some of this form of rent to build a multi-million dollar highway from Caracas to the coast along with other government enterprises. Thus by taxing oil-dividends (monopoly rent) these public improvements do not cost the people of Venezuela a cent.

In a speech in England in May, 1889 Mr. George said: Over and above economic rent there is the power that comes of Monopoly, the power to extract a rent, which may be called Monopoly rent. The power to hold land idle — comes from the power to keep labor off the land. Tax land up to its full value and that power would be gone. (However) land or economic rent is a natural and just thing.

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