

By **HENRY T. L. TIDEMAN**

Question: What difference does it make whether land users pay their rent to landlords or to government? They lose it either way.

Answer: The question is deceiving. It fools the questioner. One is tempted to ask: to whom should the title holder, who has no landlord, pay the rent for the land he holds?

When tenants of private landholders pay rent for land they pay only for the maintenance of peace and security of possession. Surely, they pay for no service afforded by their landlords.

Rent exists as a surplus resulting from the cooperation of all the people who take part in serving their fellows and in the production of wealth. It is the surplus over and above the earned incomes arising from production.

To all landholders, except those working on the margin of cultivation, ground rent accrues, even though they have no tenants to collect it for them.

When rent is collected by private persons, if it be not taken for the public treasury, then because there exist only two taxable economic funds: rent and wages, taxation will be levied upon wages. This necessity makes quite a bit of the "difference" in the question.

But there is more to it. When wages are sufficiently taxed so that little tax need be exacted from landholders, temptation is offered to hold valuable lands in idle monopoly in the hope that the little tax necessary to be paid will be recouped by a profitable land speculation when progress shall have increased the demand for the land. By compelling resort to less productive lands, production tends to be reduced; and as production is the mother of wages, wages tend to decline, which tendency is reinforced by compelling marginal producers to resort to a lower margin of cultivation.

Two disadvantages thus arise. One directs its force to the reduction of wages, the other necessitates increasing the taxation upon declining wages.

A less direct answer lies in the analogy of a club which having a larger building than it needs, rents out the surplus space. Would it make any difference whether the tenants paid their space rent to the club steward or the club finance office? Would that not depend upon whether the steward were allowed to keep the rent collected by him?