



OXFORD JOURNALS
OXFORD UNIVERSITY PRESS

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Source: *The Quarterly Journal of Economics*, Vol. 17, No. 2 (Feb., 1903), pp. 339-341

Published by: Oxford University Press

Stable URL: <http://www.jstor.org/stable/1883672>

Accessed: 16-09-2017 00:22 UTC

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A DISCUSSION OF GROUND RENT.

The Massachusetts Single Tax League, on December 8, gave its annual dinner in Boston; and, as on a former occasion, professional economists were invited to discuss some theoretical aspects of the subject of rent and its relation to taxation. The League exists for the purpose of advocating the experiment and adoption of the Single Tax, a reform in taxation which it holds to be both desirable and practicable; and the object of these special gatherings is to call public attention to the movement, to serve an educational purpose, and to secure and promote, if possible, a general agreement among economists, with the hope that by so doing the subject may receive more attention in academic instruction.

The subject discussed at the recent gathering was: "Ground Rent: What is its nature, operation, and office? What causes it? What maintains it? How much is there of it?"

As to the nature of rent, there seemed to be a general agreement among the speakers that, as land in its origin differed from other agents of production, it not being the product of human labor, and as its value in general was not influenced by the cost of production, therefore rent, or the income received from land, must be differentiated from interest. The income from capital was of a different nature for the reason that capital originated as a product of labor, and the cost of supplying and maintaining it exerted an influence upon the amount of interest it could command. For these reasons there was justification for making a discrimination between land and capital, and for differentiating rent from interest.

Exception, however, was made by one speaker to this general accepted idea: land, as appropriated and used in the United States to-day, was simply one form of capital, and the rent of such land a mere form of interest. To have any economic significance, land must be appropriated and improved

by the expenditure of labor upon it. It was thus analogous to a tool, or any other instrument of production.

While this view of rent was not accepted by all, it was conceded that land, to the settlers of a new country, appeared as a free gift of nature; and in this sense it might be similar to other agents of production in their original form.

Attention was called to the important question of whether this income from natural resources was earned or unearned. This could only be determined by the nature of the natural resource which yielded the income. A study of particular *kinds* of rent was shown to be especially desirable as a guide to the taxation of incomes derived from ground rent. It was also pointed out that rents could not always be distinguished from profits, especially in many a business or speculative undertaking in which land is directly involved.

As to the importance of urban compared with agricultural rent, it was shown that in cities the gradually developed distinction between land and other forms of property was more pronounced, while in the less advanced agricultural communities such a distinction hardly existed. In some of the more valuable urban property the monopolistic element had become predominant, while in many agricultural communities this monopolistic feature had scarcely begun to appear.

It was further urged that, if the annual value of franchises can be considered in any way analogous to rent, good business policy demanded that public services and utilities should be acquired by municipalities on the very best terms possible.

That the Massachusetts Single Tax League is performing a service in an educational way by promoting these discussions, can hardly be doubted. Public opinion needs enlightenment on the real defects of the present system of taxation. The reported discussions of these gatherings must contribute to this end; and, if the possibilities of reform can be urged to the point of actual experiment, at first in a humble and conservative way, such efforts and discussions may not have been in vain.

As to securing a better understanding, or the possibility of dispelling differences, the effort may seem at first somewhat presumptuous and ineffectual. A substantial agreement exists among economists on the general principles involved, as was revealed on this occasion; and, where differences of opinion are already known to exist, and accepted, they are rarely dispelled by discussion. It may likewise be supposed that economists are fully aware of the merits and limitations which this whole question presents, and may, moreover, be relied upon to give it at all times its due and proper consideration.

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