

## LANDLORDISM IS NOT CAPITALISM

Edward J. Dodson, M.L.A.

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Without much thinking, we describe our economic system by the term "capitalism." However, if one defines capitalism as a system under which the overwhelming majority of citizens earn a significant portion of their income by the ownership of tangible, capital goods (i.e., buildings, machinery, technologies), the structure of our socio-political arrangements and institutions have always prevented capitalism from emerging.

With the first establishment of property rights to nature (i.e., to what in economics is the first *factor of production*, land), the production and distribution of tangible capital goods was subordinated to the destructive power of landlordism.

Landlordism was initially agrarian but inevitably expanded into the arena of commercial landlordism as the raising of cattle and sheep displaced subsistence farming and profit-seeking farming of crops became the norm. Commerce and exchange required the addition of a financial sector to provide credit and a growing accounting and legal sector to track and maintain property arrangements.

Even with the introduction of largescale industrial production, landlordism remained at the heart of these arrangements, ensuring the redistribution of the tangible wealth produced by labor and owners of capital goods to non-producers (i.e., to *rentier* interests). Rent-seeking – acquiring wealth without having to offer anything of value in exchange – became an ever-growing and tolerated form of economic injustice.

Today, the process of wealth redistribution is hidden because many individuals and private entities are both producers and takers of the societally-generated economic rent of land. At the local level, our towns, cities, boroughs, school districts, townships and counties all impose an annual tax on the assessed value of our residential property. The conventional structure is the application of the same rate of taxation to the assessed value of our housing unit (a depreciating asset) as to the assessed value of the location on which our housing unit is constructed. A just system of taxation would exempt housing units from taxation altogether and impose an annual tax on the owner of the location equal to its potential annual rental value, its *economic rent*. Until we make this systemic change, speculators will continue to be rewarded over producers. Injustice will continue.