

# The Annual Value of Land

by HAROLD INGLIS

CAN the phrase "annual value of land" do duty for the term "economic rent?" The word value in an economic context implies exchange-value. It can hardly be denied that there is an exchange between tenant and landholder. The latter is in a position to supply a site (sometimes al-luded to as a valuable site); the tenant gives rent, usually a cash rent, something that can be converted into anything within the circle of exchange by its recipient—sometimes it is rent in kind. The landholder thereby sells in effect, for a period of time or in perpetuity, the available communal services which have a continuing value.

This exchange is not invalidated by reason of the fact that the landholder has no moral right to what he supplies; he has a legal right and in the context of this discussion, legality is all that counts, because even if the community through its appointed officers were to step in and itself effect the exchange by directly supplying the site, it would do so legally. Of course in this instance the terms legal and moral would coincide.

So the landholder is appropriating to himself the value of communal services (with the open connivance of the community) and, in exchange for a consideration, affording their use to the tenant. The tenant has bid their market value (exchange value) and the landholder has accepted that offer for what he is in a position to give—a weekly, monthly, quarterly, half-yearly, annual or perpetual tenancy, or "holdership."

To repeat: the whole community could be the landholder without spoiling the logic of this transaction or exchange. Then of course the whole body

of citizens would supply directly those communal services whose value inheres in land and for which the tenant gives a *quid pro quo*, and without the intervention of that private citizen called a landholder, landowner or landlord.

Nor is the logic of this transaction and its attendant emergence of "value" invalidated by calling the bid rent a "net product" (something that wells up independently of individual labor). The word "product" connotes value.

So there is an exchange of advantages, rights and goods, out of which a value or values has arisen. Such value, including that of land, evinces its very imprimatur, the ability to save its possessor toil and trouble in the attainment of desire. And, as mentioned above, services have value measured in time.

Therefore it would seem that the phrase, annual value of land, merits acceptance as another way of saying economic rent, profit of association, etc. To estimate whether this term is better than all the rest, its usage in time and place has to be considered. However, anticipating some argument, yet not quite taking sides, this writer observes that the term exhibits no overtones of arbitrary compulsion, designates the essential qualities of the phenomenon it names, and is the more readily seen to be made by the market, that is, by all the people.

Our Australian friends have for some time been advocating use of the term "annual rental value" in preference to economic rent of land in both Georgist periodicals on that continent: The Standard (Sydney) and Progress (Melbourne). More comments on this subject may be expected next month.