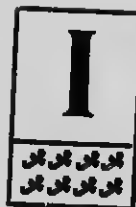


ECONOMICS

LESSON XI.

Distribution—Rent.



IN the previous lessons we have dealt with production and exchange. Now we come to deal with a third great division of economics, which is even more technical and open to controversy in its character than those which we have already treated. This third division is called **distribution**.

Distribution, in its economic sense, means the division of all produced wealth among those who have directly or indirectly contributed to that production. The economic term has nothing whatever to do with the popular sense of the word. One may say, in popular language, that a railroad is a distributor of commodities, but in the economic sense, such distribution of commodities is only a particular type of production—the creation of place-utilities. In the same way we might speak of the proprietor of a great store as a distributor of commodities; in economic language, however, he is a producer of possession-utilities.

If one considers the process of production and the persons who are directly or indirectly concerned in it, one will find that there are four distinct functions concerned in almost any act of production; these functions are usually performed by four different persons, though in certain cases two or more of them may be discharged by a single person. The product, may, therefore, be divided into four parts.

Rent.

1. Any act of production must go on somewhere—on some piece of land or other. Now in our civilization almost all land (at least in settled communities where production is going on and where a labour force exists) is private property which no one can use for productive purposes without permission from the owner. The owner of