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The Proper Functions of Rent - Charles Frederick Adams p. 207-226

### **THE PROPER FUNCTION OF RENT.**

Charles Frederick Adams

"We must," says Dr. Sturtevant, in the "Princeton Review" for March, 1882, "we must vindicate the natural right of the land-owner or prepare for a revolution more sweeping and astounding than any which any civilized community ever yet experienced." And thereupon he undertakes to establish what in effect is the following position: That in point of fact "rent" perfectly performs its "proper function" *even when, as at present*, it is largely the property of portions only of the community, instead of being owned by the entire people, and collected as a public revenue in the shape of a land tax.

Now, as the reader need hardly be told, the position which Dr. Sturtevant thus undertakes to establish (by way of avoiding the "revolution" which he dreads) is directly the reverse of that which may fairly claim to be at present the "better" one. The weight of authority is on the side of the following theory: That though it be now impossible, everything considered, to establish such a state of affairs by any just and practicable means available for the purpose, it is nevertheless true that rent performs its proper function in the economy of society only to the extent that it is owned and availed of by the whole community, instead of by individuals or classes smaller than the whole. For, according to this view, "the proper function of rent" is simply this: To make it possible for every individual to share equally with every other in the bounty of nature, even after the division of labor has been resorted to, and all do not labor directly on the land. "Given," says Mr. Herbert Spencer, "given a race of beings having like claims to pursue the objects of their desires; given a world adapted to the gratification of those desires, a world into which such beings are similarly born, and it unavoidably follows that they have equal rights to the use of this world. For if each of them 'has freedom to do all that he wills, provided he infringes not the equal freedom of any other,' then each of them is free to use the earth for the satisfaction of his wants, provided he allows all others the same liberty. And, conversely, it is manifest that no one, or part of them, may use the earth in such a way as to prevent the rest from similarly using it, seeing that to do this is to assume greater freedom than the rest, and consequently to break the law." \* \* \* "But to what does this doctrine, that men are equally entitled to the use of the earth, lead? Must we return to the times of

uninclosed wilds, and subsist on roots, berries and game? Or are we to be left to the management of Messrs. Fourier, Owen, Louis Blanc & Co.? *Neither*. Such a doctrine is consistent with the highest state of civilization, may be carried out without involving a community of goods, and need cause no very serious revolution in existing arrangements. The change required would simply be a change of landlords. Instead of being in the possession of individuals, the country would be held by the great corporate body—society. Instead of leasing his acres from an isolated proprietor, the farmer would lease them from the nation. Instead of paying his rent to the agent of Sir John or his Grace, he would pay it to an agent or deputy agent of the community. Stewards would be public officials, instead of private ones, and tenancy the only land tenure. A state of things so ordered would be in perfect harmony with the moral law. *Under it all men would be equally landlords*; all men would be alike free to become tenants." In the "North American Review" for July, 1870, Professor Simon Newcomb wrote as follows:

"If we trace back the steps in the production of any article of utility, we shall find ourselves ultimately dependent on certain natural agencies and materials for all our means of subsistence. Such are the heat and light of the sun, the soil which furnishes the growth of the vegetable world, the rocks and minerals hidden in the earth, the streams which flow over its surface. Deprived of these, the human race would cease to exist. Now, when we enter upon a close inquiry, we find that, while certain of these agencies are unlimited in amount and equally free to all, there are others of which the supply is limited, or of which all cannot avail themselves. The heat and light of the sun, for instance, belong to the first class. But there are only 50,000,000 of square miles on the surface of the globe, and the surface of productive soil is much smaller. In a densely-populated community the amount of land within reach of any one individual is very small indeed. Again, navigable rivers run by the doors of very few. The total amount of water-power in any State of the Union is extremely small, while coal, iron, lead and copper are found only in certain favored localities. The inevitable consequence of this state of things is a continual diminution, as population increases, of the amount of these agencies which is at the command of each individual. *If this were all, it would affect all classes nearly alike. But it is well known that these materials and agencies, as fast as they become available, are in the main appropriated by individuals, through the agency or consent of government, and are then held as private property. Such is the case with the soil and the minerals beneath it. The owners of this property charge as much for the use of it as if it were their own creation, and not that of nature. The price thus charged, termed 'rent' by the English economists, necessarily increases with the increase of population.*" \* \* \* "Against this policy the laboring class has reasonable ground of complaint. The doctrine that the soil is of natural right the common property of the human race, and that each individual should be allowed to enjoy his share, is now [1870] tacitly admitted by

many eminent economists in England and France. *If this right could be enforced, the rent of all the land of any country—England, for instance—would be divided among the inhabitants, and the poorer classes would be made wealthier by the amount thus distributed. It must be borne in mind that the right here referred to is only to the soil itself, in a state of nature, and not to the improvements which have been made by labor.*"

In the "Fortnightly Review" for October, 1880, the late eminent economist, Professor T. E. Cliffe-Leslie, has the following passage:

"Had Mr. George confined himself to contending *that the governments of new countries have committed a grievous blunder in allowing their territory to be appropriated in perpetuity by the first-comers for a nominal payment*, he would have found allies among the advocates of private property in land. Even in old countries like England, whose territory has been appropriated by a small number of owners with the full sanction of the state, and contracts, and dealings, and investments of capital, have gone on for centuries on this foundation, all the requirements of justice and expediency would be met were it enacted that *at a remote date* — say, four generations hence, or in the year 2001 — all landed property, both in country and town, shall revert to the state. At that period legislators could decide, with better lights than we now possess, how to dispose of the vast accession to its resources. *It would in any case come into a fund which would enable it to extinguish all taxes, and the restrictions to production and commerce they cause.* Unhappily existing generations care little for a distant posterity, and would be too apt, were the project under discussion, to convert it into one for immediate and uncompensated confiscation, such as Mr. George urges with a harshness that might justify a harsher name."

"Land is bought and sold," says Mr. J. A. Froude,<sup>1</sup>

"under the guarantee of the law. The purchaser must receive value for what he has purchased in good faith, and any change to be hereafter introduced must be the result of the maturest deliberation. '*La propriete c'est le vol,*' says M. Proudhon, and it is possible that hereafter society may be constructed on that principle. But the alteration will be the work of centuries, and may be postponed to the millenium. To confiscate or to propose sudden or unheard-of restrictions upon the property of individuals under an impulse of political enthusiasm is *le vol* also, and a breach of faith besides, and the government which tries it does not deserve to survive the experiment."

None the less, says Froude,

"Land is not and cannot be property in the sense in which movable things are property. Every human being born into this planet must live upon the land if he lives

at all. He did not ask to be born, and, being born, room must be found for him. The land in any country is really the property of the nation which occupies it; and the tenure of it by individuals is ordered differently in different places according to the habits of the people and the general convenience." \* \* \* "The purchaser of land is entitled to his money's worth. *If for political reasons the state interferes to prevent him from collecting his rents, the state must compensate him. But he is not entitled to more.*" \* \* \* "To treat land, with the present privileges attached to the possession of it, as an article of sale, to be passed from hand to hand in the market like other commodities, is an arrangement not likely to be permanent either in Ireland or elsewhere."

After quoting these remarks of the historian, and with direct reference to them, Alfred Russell Wallace says: "Hitherto no practical mode of carrying such ideas into practice has been hit upon, and they have accordingly been relegated to the limbo of unpractical politics. But this defect is not inherent in the views themselves." <sup>2</sup>

1The "Nineteenth Century," September, 1880.

2"Contemporary Review," November, 1880.

In his celebrated work on the "Science of Law," one of the most important volumes of the International Scientific Series, the eminent successor of the great Austin in the department of Jurisprudence, Professor Sheldon Amos, has the following suggestive words:

"There are in all states a number of classes of things which for one reason or another are either temporarily or permanently *excepted from the category of things of which appropriation is impossible.* \* \* \* *Land, as a subject of ownership, might indeed be treated as belonging to the class of things set apart for the service of the State, though in the earlier stages of the development of the community the QUANTITY of land and the limited number of uses to which it is capable of being turned combined to keep this aspect of it out of sight.* Yet, in fact, the relation of a State to its territory, which in modern times enters into the essential conception of the State, *implies that the land cannot be looked upon, even provisionally, as a true subject of permanent individual appropriation.* This view obviously commends itself from the mere facts that the land is the only indestructible commodity in the country having an existence coextensive in duration with that of the State itself, and that the culture and produce of the national soil must always be a matter of urgent State concern, quite independently of all considerations of the classes of persons to whom from time to time the task of laboring on the soil is, as it were, delegated. A period may, however, arrive when the density of the population and the fixed limits of the national soil make this view of the essentially political character of the land not only plausible but irresistible. If the land is looked upon as susceptible of permanent appropriation by some persons, other

persons must, by the same theory, be regarded as possibly excluded from it — that is, banished from the territory of the State. Before reaching such a crisis as this States are usually arrested by an imperious appeal to review the conditions and tendencies of their land laws. *The State is brought face to face with the fact that the SPURIOUS NOTION of the possible appropriation forever of the national soil by private persons has made alarming progress both in popular theory and practice.*"

Of very obvious relevancy in this connection is Professor Cairnes' comment on "the phenomenon that so little impression has been made on the rate of wages and profits by the immense industrial progress of modern times," that comment being as follows:

"Not, indeed, that the introduction of improved processes into agriculture has been for naught; it has resulted in a large augmentation of the aggregate return obtained from the soil, but without permanently lowering its price, and therefore without permanent advantage to either capitalist or laborer or to other consumers. The large addition to the wealth of the country has gone *neither to profits nor to wages, nor yet to the public at large, but to swell a fund ever growing, even while its proprietors sleep — the RENT-ROLL of the owners of the soil.*"

The burden of two works of world-wide reputation — Professor Emile de Laveley's "Primitive Property," and Henry George's "Progress and Poverty" — is to the same effect. [George, however, differs from the others in the proposition for *immediate and uncompensated* confiscation of the right to rent.]

"Last, but not least," we will quote the following from John Stuart Mill:

"Those countries are fortunate, or would be fortunate if decently governed, in which, as in a great part of the East, the land has not been allowed to become the property of individuals, and the State consequently is the sole landlord. *So far as the public expenditure is covered by the proceeds of the land, those countries are untaxed; for it is the same thing as being untaxed to pay to the State only what would have to be paid to private landlords if the land were appropriated.* The principle that the land belongs to the sovereign, and that the expenses of government should be defrayed by it, is recognized in the theory of our own ancient institutions. The nearest thing to an absolute proprietor whom our laws know of is the freeholder, who is a tenant of the crown, bound originally to personal service in the field or at the plough, and, when that obligation was remitted, subject to a land tax intended to be equivalent to it. The first claim of the State has been foregone; the second has for two centuries been successfully evaded; *but the original wrongdoers have been so long in their graves, and so much of the land has come into the hands of new possessors, who have bought it with 'their earnings at a price calculated on the unjust exemption, that the*

*resumption of the land without indemnity would be correcting one injustice by another, while if weighted with due compensation it would be a measure of very doubtful profit to the State.* But, though the State cannot replace itself in the fortunate condition in which it would now have been if it had reserved to itself from the beginning the whole rent of the land, *there is no reason why it should go on committing the same mistake,* and deprive itself of that natural increase of the rent which the possessors derive from the mere progress of wealth and population without any exertion or sacrifice of their own. If the Grosvenor, Portman and Portland estates belonged to the municipality of London, the gigantic incomes of those estates would probably suffice for the whole expense of the local government of the capital. But these gigantic incomes are still swelling. By the growth of London they may again be doubled in as short a time as they have doubled already. And *what have the possessors done that this increase of wealth, produced by other people's labor and enterprise, should fall into their mouths as they sleep, instead of being applied to the public necessities of those who created it?* \* \* \* The nation ought (at any rate) to prevent further legal rights of this description from being acquired by those who do not now possess them."<sup>1</sup>

1 The "Examiner," January 11, 1873.

The very highest authority, then, supports the proposition that, *THOUGH it is now impossible,* everything considered, to establish such a state of things by any just and practicable means available for the purpose, *it is NEVERTHELESS true* that rent performs its proper function in the economy of society only to the extent that it is owned by the whole community, instead of by individuals or classes smaller than the whole, the proper function of rent being simply this: to enable every individual permanently to enjoy his primitive right to share equally with every other in the bounty of nature, even after it has ceased to be expedient that all should be personally engaged in agriculture.

But in this seemingly innocent and certainly well-indorsed position Dr. Sturtevant, either forgetting or disbelieving the saving "though" of the authors cited, sees no alternative but to *deny* their "nevertheless," or "prepare for a revolution more sweeping and astounding than any which any civilized community ever yet experienced."

After stating that "the theory of rent generally accepted by the English school is that of Ricardo, according to which rent is a consideration for the use of land over and above the interest of the capital invested in its improvement," Dr. Sturtevant says:

"Mr. Henry George urges with great power of statement, and to many readers plausibility of argument, that the natural productiveness of land is as truly the free gift

of God to all men as the air or the water. So it is. Who can deny it? Why, then, he argues, should any man be allowed to exact any compensation for its use more than for the privilege of breathing the free air of heaven? *If the definition of rent which we have been examining [i. e., Ricardo's] is to be accepted as a true account of the matter, how can any satisfactory answer to this argument be given? The only satisfactory answer that is possible is a DENIAL of that definition and of all its consequences."*

He proceeds:

"No such consideration is or can be exacted. The nature of landed property forbids it. *The consideration which men call rent is NOT payment for the use of the natural powers of the land, but for the labor invested in its improvement."*

Could anything be more categorical or "satisfactory"? But this is not all, for the doctor, having undertaken the job, believes in thoroughness. "For the most part," he calmly adds, "even in the case of the best lands and those which require the least outlay to prepare them for cultivation, that which is paid in the form of rent *falls far short of current interest on the cost of subduing them and keeping them in repair*"!

The issue, then, is definitely drawn. On the one side is the opinion of the distinguished writers before named, to the effect,

- 1, that "rent" is the payment which land-owners obtain from those wishing to avail of the natural powers of the land;
- 2, that, *this being so*, rent naturally and preferably should belong to the entire people, and not to privileged individuals or classes;
- 3, that, notwithstanding this, and though the circumstance is greatly to be deplored, it is nevertheless the fact that society is not at liberty to ignore the vested rights of those whom it has in the past allowed to become land-owners.

Dr. Sturtevant, on the other hand, apparently scorning the refuge which the others have found in their third position, and yet agreeing with George and the rest that if the first proposition is admitted the truth of the second follows, categorically "denies" the established, yet mischievous, definition of rent already mentioned. He says that "the consideration which men call rent is *not* payment for the use of the natural powers of the land, but for the labor invested in its improvement." To quote his own language, with an altered application, "it is greatly to our purpose to inquire whether *this* theory and definition of rent are true."

To this inquiry we now proceed:

The Doctor's demonstration of his point — "demonstration" is the name he gives it — consists, substantially, of three several positions, which we will now examine:

1. The first of these is thus laid down: "It is here that the opponents of the private ownership of land lay the whole stress of their argument. Land, say they, as truly as air and water, is God's free gift to all alike, and therefore cannot be the exclusive property of any. It is also precisely here that their argument breaks down. *Land never is found in its natural condition to be fit for human use. It must be prepared for cultivation by processes which are always laborious, and often exceedingly costly.* The rank and useless growths of nature must be exterminated, channels for drainage must be opened, and it must be protected from the incursions of brute animals, both wild and tame, by suitable fences. Buildings must also be erected for the use of its cultivators. *In this necessity is found the natural foundation for the private ownership of land.* The Creator has given land to the human race under very different conditions from those under which he has given air and water."

Now, both logically and for convenience of discussion, this first position subdivides into these two assertions: First, that the whole stress of the argument against the private ownership of land rests upon land's being, "as truly as air and water, God's free gift to all alike." Second, that the fallacy of the argument in question is shown by the fact (if fact it be) that "land never is found in its natural condition to be fit for human use," etc. Let us take up each of these two assertions in its turn:

I. While it is unquestionably true that the phrase of land's being "God's free gift to all alike" is one in which many of the opponents of the private ownership of land are wont to embody their opposition, it by no means follows that, as he seems to have inferred, "the whole stress of the argument" rests upon the idea *that the private ownership of land is inconsistent with the divine desire as manifested in the alleged donation.* Not only is this theological aspect of the matter one with which the argument against the "monopoly of rent" can safely and does willingly entirely dispense, but, furthermore, even when "agnostically" conceived, the *fact* which the argument really refers to in using the "free gift" phrase is by no means the chief or even a positive, element of that argument, but only, so to speak, the negative complement thereof. The "positive" substantial reason for deploring the monopoly of rent is not, we venture to say, any *a priori* metaphysical or religious scruple against contravening an alleged "natural order" or "divine intention," but a decidedly *a posteriori* objection to the bringing about thereby of social conditions fraught with infinite mischief and danger to society — conditions, namely, making the majority of the community "TRIBUTARY" to a privileged class, which inevitably becomes a small minority, and which rapidly comes (largely) to live upon this tribute in idle luxury, or even vice, while the others have to pay it as the one condition upon which



alone they will be allowed to labor and to live. This, we repeat, is the positive, substantial element of the position. As for the fact which is really alluded to by the phrase that the land is the free gift of God to all alike — the fact, namely (in untheological language), that the land *does not need to be purposely made by man in order to exist* — this fact, we say, has in the argument only the negative function of *disproving the claim, which might else be made*, that, whether mischievous or not, the monopolization of rent is at any rate indispensable, as being the one condition upon which alone any one would take the trouble to produce what is itself the great *sine qua non* — *i. e.*, the LAND. In other words, this fact that land exists as a natural *datum*, instead of needing to be produced, creates a relevant and important distinction between it (as so existing) and those artificial commodities which depend for their existence upon the exertion of human energy for the purpose; for, while as to the latter it is true that they *will not exist at all* unless men are induced to produce them by the prospect of owning them when produced, the same does not hold of land *in its primitive, natural condition*, since that; *ex vi termini*, exists, not as a product, but as a *condition* of human labor. This certainty that the natural factors spoken of as "land " will exist whether any one has any motive for producing them or not, and that consequently there is no occasion for allowing any one to enjoy the rent of it as an inducement to the production of it — this certainty, we repeat, is all that is essential in the proposition that land is God's free gift to all alike; while, as we have seen, this, instead of being that upon which the anti-monopolists "lay the whole stress of their argument," is really referred to only to disprove what might else be urged — namely, that the monopoly of rent must be allowed in order thereby to induce the production of a sufficient supply of land. The important positive basis of the argument is the fact that the monopoly (thus shown not to be necessary) *lays upon the majority, for the benefit of an idle minority, a tribute at once grievous and unjust*. Or, as the "Westminster Review" has put it (October, 1881), "Personal proprietorship of land provides the greatest wealth for the smaller number and the greatest poverty for the greater number."

II. But, in the second of the two assertions into which we analyzed his first position, Dr. Sturtevant claims that the anti-monopolist's argument — resting as it does on the assumption that "land is the free gift of God to all alike" — "breaks down" at once when it is pointed out that "Land never is found in its natural condition to be fit for human use, (the fact being that) it must be prepared for cultivation by processes which are always laborious, and often exceeding costly."

With all respect, in the first place, it is simply and notoriously not the fact that "land *never* is found in its natural condition to be fit for human use." Whether or not any given "land is in its natural condition fit for human use" depends upon what is its "natural condition" and what is the "human use" to which it is desired to apply it. Both

of these elements vary, and the result inevitably varies with them. To name one instance out of many, the *maintenance of forests* is a very important "human use" for which much of the land is perfectly "fit" "in its natural condition."

But (in the second place.) grant, for the sake of the argument, that the Doctor's assertion is literally true, and even then, so far from "breaking down," the anti-monopolist argument is *not one whit the worse!*

What *is* this anti-monopolist argument? Simply this: That (apart from the question of vested rights) there is No OCCASION for allowing the monopolization of the land *as an inducement to people to keep up the supply of it* (as is the case with artificial commodities), INASMUCH *as the land already exists as a part of nature*, the supply of it not being at all dependent upon anybody's being induced to produce it or bring it into existence. How is this "broken down" or in any way affected by the proposition that "land is never found in its natural condition to be fit for human use"? Suppose his proposition true. What then? Suppose that land "in its natural condition" is (so to speak) *only the RAW Material out of which human labor "makes" the "farms" and other land-products which alone are* (in the Doctor's sense) *"fit for human use."* We repeat, what then? Surely this interesting fact concerning land — that in its natural condition it is only the raw material of farms and other directly available land-commodities — surely this fact, though never so real, is perfectly consistent with the other fact above stated, that, inasmuch as land (in its natural condition) *already exists as a part of nature*, there is no occasion for *inducing its production* by holding out to potential producers of it the prospect of a reward, to consist of an exclusive ownership of it. To prove that this argument is not "broken down" by the fact which the Doctor points out, let us apply this crucial test: The fact in question being this, that land in its natural condition is only the raw material of farms and other directly available land-commodities, let us now, in the argument itself, expressly substitute for "land in its natural condition" the definition of it which has thus been formulated. What is the result? Why, the argument will read thus: INASMUCH *as "the raw material of farms and other directly available land-commodities" already exists as a part of nature*, *there is no occasion for inducing ITS PRODUCTION by holding out to potential producers of it the prospect of a reward, to consist of an exclusive ownership of it.* Surely this argument is at least not obviously "broken down." Its cogency, on the contrary, is so obvious as not to be open to controversy. No rational man, knowing the meanings of the terms employed, could seriously deny the proposition that, whatever may be the subject-matter — whether land, or sea, or air — if only it "exists as a part of nature," there can be no occasion for encouraging its "production" by the promise of a reward. So far as concerns land viewed as the naturally existing "raw material" of farms, etc., there is no occasion for inducing production by the prospect of reward — and then, instead of denying this, "laying the whole stress of the argument" on the

assertion that in point of fact "rent" is not even in part paid for the use of land, the raw material, but exclusively "for the labor invested in its improvement" into "made" farms and other artificial land-commodities. *This* assertion is made categorically, as we have seen. But the point so "asserted" is precisely that which the Doctor started out to *prove* — the *g. e. d.* of his "demonstration" — and what we here insist upon is that by his first position, at any rate (which we have just examined), the promised demonstration is no whit advanced. The "fact" which he refers to as "breaking down" the argument that land, being a natural *datum*, should have been kept as public property — the "fact," namely, that "land never (?) is found in its natural condition to be fit for human use" — this "fact," we say, does not even tend to impeach the argument it is thought to destroy. For, whether or not land "in its natural condition" needs to be improved by labor before being used—whether it be itself directly available or be only the raw material of available land-commodities — in either case it remains true that, being a natural *datum*, there is no propriety in allowing individuals to exact a price for the use of it. Quite as little does the "fact" in question involve, as assumed, that "no such [improper] consideration *can be exacted.*" Let us look at it for one moment. The "fact" referred to is not that "land never is found in its natural condition to be" — *in any capacity whatsoever* — "fit for human use." Had that been the assertion, it would have been clearly and absurdly untrue. But the context itself shows that what he means is simply that land is never found in nature fit to be used *SAVE as the raw material of farms and other artificial land-commodities.* But *as such* "raw material" there is no earthly question as to its being, as found in nature, "fit for human use." The Doctor himself speaks of it as being "*prepared for cultivation,*" and as being that *upon which "buildings must be erected for the use of its cultivators."* Surely to be susceptible of being "prepared for cultivation," and of being *built upon,* is to be "fit for human use." Can we say that "farms," when "made," are of use to mankind, and yet deny utility to the land which is the raw material out of which those farms are made, and without which these could not be had at all? Is beef not "fit for human use" because men must cook it before eating it? Are *metallic ores* "in their natural condition" devoid of all utility to mankind because labor must be bestowed upon them before they can be availed of as *tools*? These questions answer themselves. No one in his senses can doubt for a moment that land, though never so absolutely "in its natural condition," is THOROUGHLY "fit" for THIS [*highly important*] "*human use,*" *at any rate, to be "improved" into farms and building sites!* Nay, if for nothing more than the stage upon which man, being a terrestrial animal, finds it convenient to remain most of the time, land, the dry surface of the world, is, though never so primitive in condition, "useful" to man to the extent of being INDISPENSABLE.

But if land is thus indisputably essential to all for use either as the surface upon which they are to live or as the raw material of needed farms and other artificial land-commodities, what is there to prevent the "owners" of this same indispensable natural

element in the economy of human life from exacting a compensation for the use of it, as such surface or raw material, from those who *must* so use it, but cannot do so without the permission of them, the "owners" aforesaid? Dr. Sturtevant protests that "no such compensation is or can be exacted. The nature of landed property forbids it." And, byway of "demonstrating" this proposition, he announces that "land never is found in its natural condition to be fit for human use"! What! (one might well ask) *not even to stand or lie upon, after one is tired of swimming or flying?* not even *to be improved by labor into "made" farms and building sites?* And if for these purposes it *can* be "used," and the available amount of it is limited, and what there is is "owned" by certain persons to whom the baron-made law gives the power to exclude every one from it at will — if all this is true, are we still to be told that "no such compensation [as rent for the natural powers of the land] is or can be exacted;" that "the nature of landed property forbids it"? Test the matter mentally by supposing a case: A shipwreck. Out of all on board, a single boat's crew, the ship's captain, two passengers and fifteen English sailors (together with the wives of all), reach and land upon a certain uninhabited, but habitable, island. This island is absolutely "in its natural condition," and consequently, according to the views quoted, quite "unfit for human use." Upon the whole, its dry surface is preferable to the cradle of the deep, and accordingly all clamber up on that surface. After a devout thanksgiving by all, the captain, true to British principles, takes formal possession of the island in the name of Queen Victoria. A sort of *extempore* constitutional convention is then held. One passenger, who follows Henry George, "urges with great power of statement, and to many hearers plausibility of argument," that, instead of being privately appropriated, the fee of the whole island be kept as common property forever, actual occupancy of particular tracts being awarded to those paying the highest amount therefor, and the amounts thus collected as a land tax being applied, first, to the public expenses, and next, if anything remains, to afford just so much income to the inhabitants in equal shares. "If," he solemnly warns them, "if you allow individuals to claim the exclusive ownership of the soil, you will but bring about this state of things: an aristocratic land-owning class living in idleness and luxury upon their rents" — that is to say, upon a *tribute*, the exaction of which reduces to a minimum both the wages of labor and the profits of capital, thus sacrificing, by an unjust and disastrous reversal of the true rule of distribution, the majority to the minority, the producers of wealth to persons who in no way earn their peculiar privilege. This, and much more to the same effect, is urged; but —

"'Tis now St. Leon's turn to rise."

The second passenger points out that, inasmuch as land is never found in its natural condition to be fit for human use, no rent can possibly be exacted for it until after labor has been invested in its improvement; while, of course — on the principle *post*

*hoc ergo propter hoc?* — such rent as is exacted after such investment must be, exclusively, compensation for the labor, and not at all gratuitous, unearned tribute, as George teaches. Then, he warns the islanders that if they allow "the notions of some recent levelers " to prevail, their new home will *continue* to be wholly unfit for human use, faring "as the lands held in common by Indian tribes have fared," remaining still a "wilderness," and nothing more. Convinced by these reasonings, the sailors decide to allow the land to be privately appropriated. However, the captain, backed by his sailors, announces that the two passengers cannot be allowed to become land-owners, and proceeds, like a second William the Conqueror, to divide the entire island exclusively among the navigators (reserving the lion's share for himself). And then, with shameless inconsistency, the new-fledged land-owners declare, for the benefit of "whom it may concern," that TRESPASSERS upon their lands will be prosecuted according to law, but that any one desiring to hire desirable farm or building "sites" may apply to the owners " on the premises." In vain is the protest that no labor has yet been invested in the improvement of the land, and that consequently no price "is or can be exacted" for the privilege of resting on it and applying labor to its redemption. In vain the declaration that "The great natural law to which free competition brings all exchanges is that an owner can obtain payment for *his labor*, but NOT for the natural qualities of the material things which he sells. They can no more be bought and sold than the waters of the ocean. *This is just as true of land, provided it is subject to perfect freedom of exchange, as of all other things.* At bottom all exchanges are of labor for labor." But the sailors wholly fail to appreciate this view, and announce that he may have twenty-four hours in which to hire a "site," after which time, if caught "trespassing" on anybody's ground, he will be compelled either to earn his living "in the workhouse," or — *to leave the island!*

Can there be the least doubt in the world as to what would happen in such a case? "Competition" would be absolutely "free;" each land-owner would compete with every other in the attempt to "rent" his land or a portion of it to the two passengers; but, of course, no one of the sixteen would have an object in reducing his terms to *nothing*. From the very beginning, therefore, the passengers, if they did not emigrate, would have to offer *something* for the "privilege" of being allowed to work for their living. And this, remember, while there were still but two tenants to sixteen landlords. It goes without saying that when, as would inevitably be the case, these relations became reversed, and the land-less became by many times the majority of the population, the "something" to be paid would have increased in proportion.

We reject, then, without hesitation, the first of the three positions— the one, namely, in which it is argued that *inasmuch* as "land never is found in its natural condition to be fit for human use, but must be prepared for cultivation by processes which are always laborious, and often exceedingly costly," THEREFORE it must be that "the

consideration which men call rent is not payment for the use of the natural powers of the land, but for the labor invested in its improvement." The trouble with this argument is that the premises *are true only in a sense in which they do not lead to the conclusion*. There is clearly nothing in the fact that natural land is only the raw material of farms and building sites to prevent those "owning" this same raw material from exacting from others a consideration for the privilege of living upon it and working it up into the desired farms. In reading the assertion that "in this necessity" — *i. e.*, that of improving natural land — "is found the natural foundation for the private ownership of land," we must remember that it is often not the owner who does the improving, but some person whom he graciously permits, at so much a year, to "invest" *his* (the tenant's) "labor" in the improvement of the land. How can *one* man's labor be the "natural foundation" for *another* man's "private ownership of land"?

II. The Doctor's second position may be thus stated, mainly in his own words:

"The theory of rent generally accepted by the English school (and traces of which may be found in many American writers) is that of Ricardo, according to which rent is a consideration for the use of land *over and above the interest of the capital invested in its improvement*. \* \* \* The *foundation* (?) of this theory is that in the beginning of the settlement of a country [even] the best land will bear no rent. \* \* \* The reason assigned is that there is more land [even] of the best quality than can be cultivated, and that consequently every one can have all the land he needs without rent. This assumption flatly contradicts the facts as they have been exhibited in the whole history of new settlements in North America (!) Cases without number [*sic*] have fallen under our notice in which two parcels of land of precisely equal *natural fertility* lay adjacent to each other, one of which was under cultivation, and would readily command a *rent* (?) of one-third of the crop. The other was not cultivated, *and would bear no rent*. \* \* \* To this the advocate of Ricardo's theory replies that this is *just what the theory requires*. \* \* \* On one of the tracts in question no labor has been expended, and therefore it will bear no rent" [yield no *interest*, he must mean, if correctly reporting Ricardo's advocate]. "What the cultivator is willing to pay for the tract that is cultivated is not *rent*, but simply *interest on the cost of bringing it into cultivation*. But here his argument breaks down. If the law of the case were that in such circumstances the so-called rent of the land is *just* THE interest of the capital invested in its improvement, then the nominal rent of the land *ought to be just equal to* THE *interest of that investment*. [But] this exactly contradicts well-known facts. If in such a case it was interest, instead of rent, which the cultivator pays, then the rent of newly-cultivated land in the early settlements of Illinois *should have been not less than five dollars per acre*. This can be shown by figures. The cost of making a farm, as it was fitly called, was not less than ten dollars per acre. THE *rate* of interest prevailing at that time" — in what transactions, Doctor? — "was not less than 50 per

cent. per annum. \* \* \* If, then, it was interest on capital, not rent, which was paid for a new farm, the *rent (?) should not have been less than five dollars per acre. The fact was that it never exceeded two dollars per acre!*"

We confess that we should like to have one or two little points cleared up. For instance, it looks to us as though the major premise of the argument depended wholly upon the assumption that there is, as a matter of course, some *one* "rate of interest" which may be spoken of as "the" rate of interest, or "just THE interest," etc., *without discrimination as to the particular circumstances variously affecting the various transactions in question.* The argument is that if what was paid *was* INTEREST *at all*, its amount must have been THE amount which "interest" then and there consisted of. But this is erroneous. There is no such thing as "the," or "just the" interest on capital *irrespective of the conditions of investment.* Other things being equal, the rate (in a given region at a given time) varies according to the *length* and the *security* of the investment. Dr. Sturtevant himself elsewhere remarks: "In every branch of business, experience shows that some investments pay better than others. Why, then, should it be thought strange that a piece of good land should pay better than a piece of poor land?" Precisely so. And why, therefore, "should it be thought strange" that when money is put into such a form of investment as the improvement of land — a form in which the resulting improvement itself is, while it continues to exist, the very best security to the investor for the repayment of his money and a profit, in installments, while, furthermore, this condition of things can be counted on to continue *quite long enough* to allow of the completion of this reimbursement with an increase — why, we repeat, should it be thought strange that *such* an investment should draw a smaller "annual rate" of interest than others in which the prospects of repayment depend wholly upon *contracts*, the actual execution of which in the future may or may not prove enforceable, according to the degree in which such uncertain elements as the honesty and solvency of debtors shall have proved favorable or the contrary? In the loaning of money on various kinds of security it is always found that those who insist on the best securities have to accept a much smaller rate of interest. Let any one come into Wall street with money to loan, and he will at once convince himself that if put into Government bonds or a "first mortgage" on the City Bank his capital will draw less interest than if he ventures it on "call loans" to speculators. Nay, the difference between the "rates" will be *far greater* than that between five dollars and two dollars "per acre" which, as reported from the West, is given as proving that the smaller rate *could not be* "interest"! It is not the "rate *per annum*" but the *nature of what it is paid for*, which determines whether a given payment is "interest" or "rent." And the one *disproof* of the "two dollars" being interest — the smallness of the rate — having wholly failed us, we are once more left exposed to the "reason assigned" by economists for holding that "in the beginning of the settlement of a country [even] the best lands will bear no rent;" that reason being that "there is more land [even] of the

best quality than can be cultivated, and that consequently every one can have all the land he needs without rent." To the practical conclusiveness of this "reason" we must still adhere.

III. Dr. Sturtevant's third position (according to our analysis) is the one thus expressed by himself:

"At the point which we have now reached we are prepared to enunciate the general proposition that *everything* which is either bought or sold owes its exchangeable value to the labor which it costs to bring it into the condition in which it is offered for sale. Particular exceptions will occur in which it will be possible to procure for something offered for sale more than the labor which it has cost. A nugget of gold of great value may be found lying on the surface, and it may cost the finder nothing but to pick it up and transport it to a market. A particular mine may yield extraordinary returns for the labor expended in working it. A piece of land may be found which can be prepared for cultivation with very little labor. But in all these cases the general law still holds. The exchangeable value of the property depends on the labor which it will *ordinarily* cost to bring similar property into a similar condition."

Here we have his method of reconciling with his doctrine the cases, which every one has observed, in which landlords who had invested no labor or capital in their land have nevertheless commanded for the latter even very large prices. The law of value to which he appeals is undoubtedly a real one, but applies only to commodities which are purposely *produced* by labor for the purpose of being exchanged. Mill has put it thus: "*If the PRODUCTION of any, even the smallest, portion of the supply requires as a necessary condition a certain price, that price will be obtained for all the rest. We are not able to buy one loaf cheaper than another because the corn from which it was made, being grown on a richer soil, has cost less to the grower. The value, therefore, of an article (meaning its natural, which is the same with its average, value) is determined by the cost of that portion of the supply which is produced and brought to market at the greatest expense.*" The reason why this holds only in the cases mentioned is not far to seek. As Professor Cairnes remarks, "What at bottom maintains the connection between value and cost of production is, it must always be remembered, the power of choice residing in laborers and capitalists to decide between different occupations." Or, to use Mill's phrase: "The latent influence by which the values of things are made to conform in the long run to the cost of production is the variation that would otherwise take place in the supply of the commodity. The supply would be increased if the thing continued to sell above the ratio of its cost of production, and would be diminished if it fell below that ratio." *Cessante ratione, cessat et ipsa lex.* This *reason* for the law of value obviously



does not apply in the case of land, which, as being a natural *datum*, is in no danger of having " the supply of it diminished if its value fell" ever so far. Indeed, it is only upon his theory that land can have no value at all, save when it *is* (so to speak) an artificial product—a " made farm," etc.—that the Doctor himself pretends that "the value of land" is subject to this law under which he seeks to take refuge. But as we have satisfied ourselves (in reviewing the "first position ") that this theory is wrong, and that in point of fact the "owner" of land can and habitually does "exact a consideration" for the *advantage* which that land has, either in fertility or in situation, over the other land there and then available for the given purpose, and this *even when such "advantage" is not due at all to any investment by him or his assignor* — this being our position, we repeat, we must reject the explanation of the so-called "exceptions," and hold these to be simply actual instances in practice of what we claim to have shown to be quite possible in theory — namely, the successful exaction by those monopolizing the more desirable lands in use of a consideration, not only for their "investment," but also for even that portion of this "greater desirableness" toward which their investment has in no wise contributed.