Henry George's Land Reform

A Comment on Pullen

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ABSTRACT. Henry George described his proposal to tax land rent as tantamount to *abolition of the private ownership of land.* However, Pullen's suggestion that it might better be described as "conditional, modified, or restricted ownership" falls foul of the fact that *all* ownership is conditional, modified, or restricted in some sense. Whereas, for George, the private ownership of labor products may be *positively justified* on grounds of equity, and is subject only to conditions that apply to ownership in general, the private ownership of land may be *permitted*, but only on grounds of social utility, and only if a radical condition (social appropriation of most of its rent) is met that satisfies the demands of equity.

I

Introduction

THAT HENRY GEORGE'S EXTREME TERMINOLOGY has impeded the acceptance of his reform, I readily grant. In fact, on the occasion of the centenary of *Progress and Poverty,* I wrote that his assertion, "'We must make land common property,' has hung from the beginning like a millstone around the neck of the movement he created . . . " (Andelson 1979, p. 387). But whereas Professor Pullen sees this as evidence of lack of conceptual clarity on George's part, I see it merely as an instance of linguistic idiosyncrasy, inasmuch as, even as he used the phrase, George took pains to explain that he meant by it something very different from collective possession. Unfortunately, many of his critics either failed to read or failed to digest his explanation. According to Pullen,

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> The reform that he proposed—viz., the taxation of land rent—is quite clear and unambiguous; but whether this reform amounts to, or was intended to amount to, the abolition of the private ownership of land as a legal institution, was left far from clear.

Yet statements by George that Pullen himself quotes make it abundantly evident that George's preferred proposal, land-value taxation, would maintain private ownership of land *as a legal institution* (George [1879]1962, pp. 405, 406). This contention is borne out even more strongly in a passage that Pullen does *not* quote, in which George advocates that landowners be allowed to retain a percentage of the annual rental value, unspecified but sufficient to induce them not to vacate title (ibid., p. 405). I have supplied the last nine words in the above paraphrase, but they are an inescapable inference from what George wrote.

Much as I regret George's use of such terms as "common property in land" to describe his proposed system, I am not convinced that Pullen's suggested appellations, "conditional," "modified," or "restricted ownership of land," represent any real improvement.

II

What Makes Land Different

I SAY THIS BECAUSE if one believes (as George unquestionably did) that rights are reciprocal, one must recognize that the ownership of *anything* is conditional, modified, or restricted in the sense that it may not legitimately be used to violate the rights of other persons. Thus laws reasonably restricting, for purposes of public safety, the use of automobiles are scarcely ever opposed on grounds of principle, even by the most doctrinaire individualists. To set off a firecracker or blow a trumpet in a residential neighborhood at night is a misdemeanor in most jurisdictions above a certain population density, even though the offender might be able to display a valid receipt for the firecracker or trumpet. Whereas a Georgist outlook may strengthen the emotional impetus to oppose environmental pollution, it is not a logical necessity for such opposition. The bare concept of reciprocity, which is essential to meaningful ownership as such, mandates such opposition, for if people are permitted to use their property in such a way as to

adversely impact that of their neighbors, property rights have no real standing as a social principle, and the law of the jungle prevails.

There is something that makes the right to ownership of land a great deal *more* conditional, modified, or restricted than is the right to private ownership of wealth or income from productive effort, whether self-earned or acquired through transfer or bequest. That is the fact that, according to what has come to be known as "the Lockean Proviso," the private ownership of labor products may be *positively justified* on grounds of equity, whereas the private ownership of land may be *permitted* but only on grounds of social utility, and only if radical conditions are met that satisfy the demands of equity. John Locke's Labor Theory of Ownership, which George accepted, holds that an individual has a right to his or her own person; therefore, the individual has a right to his or her labor, which is his or her person expended in time, with varying degrees of intensity; therefore, the individual has a right to whatever he or she produces by mixing labor either directly or indirectly with natural opportunity, i.e., land. But the private ownership of land itself obviously cannot be so justified, since no human being produced it. Locke considered it permissible, however, on condition as that "there be enough, and as good, left in common for others" (Locke [1690] 1952, p. 17)—a situation that, contrary to his assumptions, did not exist even at the time he wrote, in view of the cost and burden of emigrating to regions where habitable land could be had without payment. George, in his preferred proposal, offered a different condition (although one that would actually effect something analogous to what Locke had in mind), namely, that most of the land's annual rental value be collected for public purposes—a far more stringent requirement than attaches to the ownership of produced commodities.

III

Where George Would Socialize Land

I HAVE THUS FAR SPOKEN of George's "preferred" proposal—namely, that land be privately owned, but that the bulk of its rent be taken for public purposes through the tax mechanism. However, as Pullen properly points out, this proposal was preferred by him only with respect to countries where private ownership of land is an established institu-

tion. By contrast, he held that: "The ideal way . . . in a new country would be to treat the land as the property of the whole, to allow individuals to possess it and use it, paying to the whole a proper rent for any superiority in the piece of land they were using" (George and Hyndman 1889, p. 4). To me it does not appear unreasonable to assume that his phrase "a new country" could in this context be applied to any country, such as Russia, in which the institution of private property in land does not currently prevail, whatever may have been the case in generations past. In situations of this nature, it would seem that practical considerations might dictate that private property in land *not* be instituted, for to do so would be to establish a class with a special vested interest in weakening or watering down the land-value tax.

I should be remiss were I to fail to mention here that two of the world's most often-cited examples of successful free market capitalism, Hong Kong and Singapore, fall substantially into George's second category. When the British acquired most of Hong Kong, it had no individual owners. The colonial administration vested all title in the Crown, establishing a system of leaseholds that still obtains even though Hong Kong is again under Chinese rule. When Singapore became an independent republic, much of the land was held under Crown leases that were about to expire. Renewal was granted only on far more stringent terms. Additional land was acquired through reclamation and the liberal use of eminent domain. In the year following independence from Britain (1959), the state owned some 44 percent of the land; by 1985, this percentage had increased to 76. In both Hong Kong and Singapore, leasehold rent (which arises almost wholly from natural advantages and the positive contributions of the community) has provided enough public revenue to permit very low taxes on productive activity—which goes a long way to explain the economic vibrancy of these two cities.

This case illustrates a point that I should like to make in closing (although it does not specifically address any of the issues raised in Pullen's paper): public appropriation of substantial percentages of land rent has not infrequently been categorized as a form of "socialism"—even by so careful a thinker as F. A. Hayek (Hayek 1960, pp. 352–53). Yet despite the fact that in Hong Kong and Singapore both rent and land itself are very largely socialized, no one refers to these

communities as being socialist, because in them the fruits of private effort are proportionately left in private hands. Instead of applying the term to Georgism (of which these communities are qualified examples), would it not make more sense to apply it to the public revenue system of Alabama, the state in which I live, which penalizes productive effort with income taxes and heavy sales taxes, yet has by far the lowest land taxes of any state in the Union?

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