

CHAPTER I

THE MEANING OF THE LAND QUESTION

A LARGE and representative section of contemporary economic discussion seems to regard social problems as something essentially new. With the exception of proposals that trace their origin directly to socialistic theory, the plans and solutions that are offered to us almost every day revolve characteristically around novelties, especially if the novelties be spectacular and paradoxical. Particularly—and here the Marxians of various complexions prove no exception—do such suggestions imply that our difficulties and our salvations must be located within the dimension of the intricate technology of “capitalism.” Now, that type of approach appears to be a questionable one, if for no other reason than the simple observation that poverty and social misery are far from novel. Granting the newness of industrial techniques, economic dislocation has been perennial. Capitalism has no privileged claim upon it.

Such a comment is undoubtedly commonplace, but nevertheless it may not be appreciated. Is it not

2 THE THEORY OF THE LAND QUESTION

at least within the dim realm of possibility that we are blinded by the glare of economic technicalities, blinded to the realization that underlying the discrete manifestations of economic ill-being there is perhaps a permanent and ubiquitous problem? Economic specialization certainly demands the rephrasing and translation of economic problems; new conditions require new forms. But is it not something more than a cliché to suggest that all these trees might hide the forest? The perpetual economic enigma may take various disguises as it appears, skeleton-like, at the feast.

Any insistence, however, that there may possibly be a basic, unifying, and indeed simple explanation of the constantly recurring social paradoxes meets ordinarily with polite (sometimes rude) scepticism. Economics has little time for unities. In fact, the social sciences in general are almost belligerently anarchic. With occasional lip-service to synthesis (as in coöperative enterprises like the *Encyclopaedia of the Social Sciences*) our economists and sociologists seem studiously and "scientifically" to avoid the academic heresy of unity. And the economists appear to be the most studious and scientific avoiders.

This attitude is by no means strange if one is historically minded. Without introducing an essay in the history of economic theory, it may simply be mentioned that the revulsion from the systematizing and (alleged) logico-ethical rationalizing of the eighteenth and early nineteenth century economists

has made contemporary political economy very suspicious of all monisms and dualisms. The swing from classicism to institutionalism, *via* historical and psychological detours, and the substitution of functional for logical criteria, are supposed to have precluded the consideration of unities. At least this is the plausible course of development that is traced by the historian. (Yet if one is more interested in the concepts of contemporary science than in history, it is a bit strange that the profound syntheses in the natural sciences, notably in physics, have made little impression upon social science methodology.) Whether or not this is the causal background it can hardly be denied that the search for simple elements in economics is unorthodox. Ours is an amazingly complicated industrial machine, we are told, and only an amazingly complicated discipline can comprehend it. Any suggestion that savors of ingenuousness is *prima facie* inapplicable.

It must be noted here that the use of the word "simple" is always open to serious misconstruction. The term should not necessarily imply the ease with which a proposition can be grasped by the untutored; "simple" and "obvious" are not synonyms in this particular connection. Rather is simple to be connected with words like elemental and constituent, and, by implication, with unity and unification. Again, simple does not connote one more panacea. Humbleness and modesty, if nothing else, should by now be firmly established in economic theory. Yet one can be too humble. Surely the

4 THE THEORY OF THE LAND QUESTION

muddle of economic "philosophy" that confronts us would make any attempted syncretism possess at least the initial advantage of being different.

Without any further preliminaries let us introduce what is felt to be crucial and fundamental for any attempted economic orientation—the land question. The land question? What quaint implications that phrase suggests! Agrarianism, farm relief, the grange, back-to-the-soil . . . Hasn't it something to do with AAA and the perennial complaint of the embattled farmer? The land question—it seems a phrase with an almost old-fashioned ring. Why not write on something more up-to-date? Why confine economic theory to the prairie, etc., etc.?

The treatment of the land question in the following pages has nothing to do with such a bucolic background (or, at least, almost nothing). In fact, it is believed that this popular, parochial outlook towards land is the sign of a naïve, perhaps viciously naïve, economics. The utterances even of leaders in economic and political activity indicate too often that land is considered as a rather unimportant, somewhat antique element in the social process. It is a field to be exploited by Southern and Scandinavian novelists, and perhaps also by strictly agricultural "planners" à la Wallace and Tugwell. But as compared with industrial and technological forces land is thought to fade into insignificance. The land question offers an approach to economic problems that is not clothed with purely contemporary

phrases, and its vision is not focussed on the machine economy. It seems, therefore, to the economist a revival of the classical arguments, and to the layman a nostalgia for the rural scene.

This chronic refusal to see the land problem in anything but a restricted and archaic perspective may well be one of the contributing factors to our modern economic incoherencies. Surely it is an indication of myopia to cast about for social patterns and to plan political structures without so much as a glance at a very obvious basis of economic life. There are programs and programs, all of them seemingly founded on the proposition that industry and capital and finance are ethereal essences, floating about balloon-like and deigning no commerce with the ground. There are books and books on economics, every week a new batch. In how many of them will you find the word "land" mentioned in the indexes? Perhaps Chesterton complained correctly when he found that "the man in Bedford is not conscious of Bedfordshire. Our urban populations have virtually forgotten that we all live on the land."

A reason for this characteristic neglect may be that the very term "land" suggests a non-technological if not a downright rustic connotation. And, above all, economics must eschew the absence of technicalities! Any suggestion but the most abstruse and paradoxical is unwelcome. Technical abracadabra and especially inconsistent sequences—*e.g.*, hunger is allayed by destroying wheat—alone are orthodox. But land is a simple concept and its

technique seems ingenuous—away with it. (Yet it must not be forgotten that “simple” had an original meaning of single and irreducible, and that ingenuousness often masks the precocious.)

After all, to introduce definitions, what is the only acceptable economic meaning of “land”? In its most legitimate sense land is all of man’s natural environment. Possibly for economic, if not for legalistic, purposes, air and sea can arbitrarily be omitted since as yet they have not seriously come under the domain of private property, but, with such exceptions, land must be taken as synonymous with the Earth. And the Earth does not mean simply farms and plantations, fertile prairies and great ploughed fields. It means also mines, forests, all “natural resources” (as if land were not *the* natural resource); it includes factory sites, building lots, transportation rights-of-way—in a word, the very bases of production. That part of human environment which is not the sole product of human labor is Land. This is an almost metaphysical concept, *i.e.*, the familiar dichotomy into nature and man.

Land must be looked upon as the “given” element, not merely of production, but of existence itself. It has cosmic in addition to economic implications. Without land, life as well as the creation of wealth would have no meaning. This is not a figure of speech. It is an absurdly obvious statement, but no less significant because of its self-evidence. The term land, as it is being employed here, refers to

the foundation of human activity, the physical, literal, and essentially simple ground of all of man's efforts. These efforts may or may not be economic in character, but they all gravitate earthward. Land is unique and fundamental; the connotations it presents are not bounded by narrow horizons.

To regard land, therefore, merely in an agricultural or "real estate" sense, as is so frequently done, indicates an abortive economics and a stunted vocabulary. Land is as significant a factor in the dimension of the most highly organized urban industrial economy as in that of farming; it performs a basic function in the production and distribution of all wealth. Unless that fact is clearly grasped we have not progressed very far beyond the Physiocratic restriction of genuine productive enterprise to agriculture and allied pursuits.

This mention of Physiocracy suggests what perhaps may be looked upon as a rather subtle paradox, a paradox intimately connected with the peculiarly contemporary interest in the *agrarian* aspects of land. The interest in the farm that is being manifested by industrialized nations, such as our own, is, superficially, not difficult to explain. At least an analysis of the argument runs something like this: "Farm relief" has occupied a commanding position in all our new economic planning and has achieved focal prominence in the discussions over prices, inflation, production, and the rest, not because of any sentimental concern with (lo!) the poor farmer, but for the very good reason that

upon the health of a major purchasing and debtor class depends the well-being of the whole economic structure. The theory is that agricultural prices must be raised (first) so that the vast potential purchasing power of the farmer may be made operative and cause a gradual increase in the general price level; that agricultural production must be curtailed to make possible this price rise of agricultural goods; that money must be "cheapened" in some way in order to help push up prices and also to allow the great debtor class, particularly the farmers swamped by mortgages and taxes, to begin the process of liquidation. Now, this is not another disquisition on the farm question, and so the validity of the above argument is not going to be discussed. It has been introduced only for its implications.

The most impressive of such implications, and one that has distinctly an element of paradox in it, is that which points to agriculture as the (functional) base of the economic pyramid. It is impressive because it throws a flood-light upon the part played by brute land in the most intricate ramifications of the economic process, and paradoxical because it fails to impress anybody. That is to say, this present-day, exceedingly popular, and quite proper interest in the farm is becoming a miscarriage because it sees land only in reference to crops, prices, and bank mortgages. When one mentions land in connection with, say, our New Deal planners, he is thought to refer to AAA, Wallace, Tugwell, or, at

most, to conservation of natural resources, erosion projects, and enterprises like the TVA. That by land he might imply the foundation of the whole economic structure would seem unintelligible. And yet—this is the paradox suggested—the current concern with the agricultural phases of land indicates that, despite an unanalyzed and purely rule-of-thumb approach, land is being recognized, but very dimly, as having something to do with general economics. In a crudely empirical fashion “land economics” is being elevated slightly above the barn-yard and the real estate office. That elevation is still insignificant but it contains some interesting possibilities.

It may contain, for example, the implicit recognition that all economics deals fundamentally with efforts of “extraction” and “conversion.” This is no more than the familiar argument that all human creation is re-creation, that all production is essentially re-production. The economic production of wealth is not the making of anything completely new—*ex nihilo nihil fit*. There is nothing metaphysical about this. With literal significance economic production means the re-working of the basic element, land, into something else, *i.e.*, wealth. Such an observation is not intended to be a resurrection of economic classicism (although that perhaps might not be so unfortunate). It seems to be no more, and no less, than a simple analysis of what actually happens. In fact, is it not true that all industry can be pyramided in terms of its direct or indirect

connections with land? Do not all industrial and manufacturing efforts, all labor efforts, take land—in the sense in which it has just been defined—and transform it? The enterprise which examines these “extracting” and “converting” processes is economics.

Does this sound like over-simplification? But consider. Man is obviously a land animal. All his wants are supplied from land, from the objective world of physical nature. Is not economics the study of the techniques involved in supplying such wants? And are not these techniques some aspect, no matter how indirect or complicated, of the translation of parts of that physical world into products more amenable to those wants? It is no exaggeration therefore to insist that “land economics” is as extensive as economics itself. The transference, through the agency of some form of human labor, of the physical environment into usable effects—that is the theme of each.

It is not necessary to phrase this suggestion in purely abstract terms. A simple analysis of the distribution of labor should make graphic the ultimate dependence of *all* production upon land.

According to the 1930 census there were 48,820,000 (using round figures) “gainfully employed individuals over the age of ten” in the United States. Of these, 10,700,000 were grouped under agriculture, forestry, and fishing, with approximately another million in the extraction of minerals. Now, there

can be no question that here we have labor depending directly upon the economic element of land, extracting, producing from it.¹

Manufacturing boasted 14,100,000 gainfully employed, but "manufacturing" is an unwieldy term and is broken down by the census into its major branches, *e.g.*, iron and steel, including mechanics; building trades; textiles and clothing; chemical industries; food; leather; lumber, furniture and painting; and miscellaneous. It should not be very difficult here to draw an ascending manufacturing scale oriented in terms of its reference to land. For instance, do not the iron and steel industries and the building trades represent what might be termed *primary* stages of conversion? Is not the same true of the food, leather, and chemical industries? These work directly upon products extracted from land. And what about textiles and clothing, furniture, and, under miscellaneous activities, such things as clay-working, broom-manufacturing, and the like? Must not these be looked on as *secondary* steps, only to a slight degree removed from land? These

¹These figures, of course, change for countries in different stages of industrial development. For example, according to G. D. H. Cole's *Guide through World Chaos* (1932), the percentage of labor employed in agriculture, fishing, and mining ranges from a low of fifteen in England to eighty-seven in the U.S.S.R. The average of all European countries, including also the United States and the British Dominions, is a little over forty-one percent. That of this country is twenty-nine percent, which, however, seems high in terms of the above 1930 census figures. Cole also gives the percentages of labor in industry, although he does not attempt to reduce further the term industry. The average industrialization is approximately twenty-eight percent, from a low of 6.1 in Soviet Russia to a high of nearly forty in England and Belgium. The United States' figure is 30.8 percent.

industries provide work for some 8,000,000 out of the manufacturing total.

The census next lists about 3,850,000 in transportation and communication. There can be little question that all these are in direct economic relation to land. In fact, to be truistic, it is the existence of land that makes transportation and communication necessary. Under trade are placed almost 6,100,000. Of these approximately a million can be referred directly to land, for example: laborers in coal and lumber yards, meat-cutters, retail food dealers, real estate workers (!).

The total thus far is about 24,550,000 individuals employed close enough to land to make their functional dependence upon it obvious. And this is more than half of all the gainfully employed. The remaining 24,270,000 are divided roughly as follows: from manufacturing some 6,100,000; from trade, 5,100,000; public service, 855,000; professional services, 3,255,000; almost five million for domestic and personal service; and more than four million in the clerical occupations.

If land operates functionally upon the majority of those who provide their labor in the productive process, is it straining the point to say that only a matter of degree removes the rest of the gainfully employed from land? The 11,200,000 remaining in manufacture and trade—must they not be considered as engaged in *further* stages of land transformation? Do they not depend functionally upon the great economic base of those who extract and con-

vert, those who mould land—understanding, always, what land really signifies—into a usable form? The approximately 13,100,000 from the professional, domestic, personal, clerical, and public service (this last must have increased appreciably since the 1930 census!) fields could not conceivably exist, would have no function to perform, without the presence of more than 35,000,000 men and women engaged in laboring, manufacturing, trading, transporting. Furthermore, it may be added that the (city) workers who seem superficially so remote from land are really using land in a double sense. Not only are they putting the last touches of production on things drawn from land, but also they themselves, in so doing, are peculiarly dependent for their effectiveness upon the use of well-situated land on which to do their work. The materials they manufacture or sell are extracted from land; their manufacturing or selling is performed on precious urban sites.

There is nothing sophisticated about this line of approach, and the logic is simple enough to expose any lurking fallacies. The argument is an attempt, specific and concrete, to base all labor, all economic activity, upon land, directly or indirectly. This is what is meant when it is stated that all production depends upon land, that economic activities can all be pyramided in terms of their relation to land. In the gropings and fumbblings with the present farm question, it seems almost that the real significance of the land problem might be stumbled upon. For,

to repeat once more, the land question refers no more to agriculture than any whole to its part. What else can men do (economically) except work land into some other form? Land is transformed by the magic of labor and industry into the subject of economics. Man, life, all human effort, are meaningless without land. "Take away from man all that belongs to land, and he is but a disembodied spirit." If this is rationalized simplification, as the economists will insist, all one can do is to make the most of it, and perhaps the most of it might suggest an argument such as the following:

Land and labor are the matter and force of production. There is nothing, including the most complicated ramifications of a capitalistic technology, that does not depend ultimately upon these primal factors. Economic life is raised upon land as a pyramid upon its base. Would it not seem plausible, then, that the frantic quest for economic remedies pay some attention to the land problem? Land has been an object of private property ever since man has been found in a state of civilization. This very basis of all life has forever been a focus of exploitation. Now, there need be no naïve rushing into the jaws of dangerous conclusions. One can very easily resist the temptation to pronounce majestically that the presence of private property in land is more than coincidentally related to all economic injustice. That temptation can be resisted if for no better reason than that there has always been private property in things other than land. But it is not so easy to refrain from suggesting that the search

for discrete causes of economic malformation for every different period of social organization is unnecessarily diffuse. It ignores any attempt at synthesis, and precludes the possibility of seeing a connecting link between all the various manifestations of pathological economic conditions. Perhaps the indictment drawn up against economists for failing to help us out of the morass may be no idle complaint; they may be turning their eyes from simple matters just as did those who in the fable saw the king's golden raiment over his nakedness.

At any rate, this is the reason for the present inquiry. The land question, it is felt, has implications that have remained unnoticed or at least unsung. Even its literal meaning seems to have been unappreciated. And if all this is simply resurrection of the dead, well then, there is much need for a post-mortem.

At the risk of presenting an anticlimax one other preliminary point must be introduced. It has been noted some paragraphs above that this whole approach to land is characteristically condemned by the present-day economist as an over-simplified rationalization.² This criticism deserves further mention if for no other reason than to indicate familiarity with a typical contemporary attitude.

² This approach, of course, is connected chiefly, although by no means exclusively, with the name of Professor Ely and his school. For the most succinct statement of his attitude in this matter, see his essay on land economics in *Essays in Honor of John Bates Clark* (New York, Macmillan, 1927), especially pp. 119-121. Note also *Elements of Land Economics* by Ely and Morehouse (New York, Macmillan, 1926), Chaps. II and III.

First of all, the economic critic argues that the very division of production and distribution into the three classical channels of land-rent, labor-wages, and capital-interest-profits was no more than an act of hypostitisation. That is, the classical economists were confronted by a situation, an historical situation, in which there just happened to be landlords and workers and owners of machinery, and the classicists simply found reasons for the existing status. Thus, when landlordism seemed to bow to industrialism, the classical writers turned from an interest in land to a concern with capital. There was no intrinsic reason for creating the three factors of economic activity; it was no more than a rationalization. At best, it was simply description. (This approach will be returned to in a later discussion of land and capital.) Consequently, land is not a necessary factor in economics; it is merely the reason for the existence of landlords. . . . Again, we are told that land is not a *single* thing. There are different kinds of land, and therefore we can't talk about land as if it were an abstract concept. "Land economics" must be studied technically and specifically, scientifically and *sans* prejudice.³ *General* judgments referring, for example, to private property in land or to land taxation have no legitimate justification.

This is not the place to tilt at "realistic" economics, especially since the well-worn land-capital

³ It seems to be assumed by the Ely school that the endowments of real estate interests will not prejudice a study of land economics . . .

controversy is handled in another connection.⁴ But it may be mentioned that if all these extenuating qualifications are not confusing the issue, then definitions have no value. "Institutionalism" and "behaviorism" in economics have their undoubted merits, but when they are exaggerated, as they are in many present writers, to the point of refusing to clarify economic terminology, then one begins to wonder. For example, to insist that because there are different kinds of land, therefore land *qua* land cannot be understood in contradistinction, say, to a house; or that the differences between a laborer offering only his potential power to produce, and the factory-owner who gives him employment, and the landowner who permits the factory to be built are only accidents of historical theory—this is to insist that economics has no use for even *functional* distinctions. It appears to be almost a phobia on the part of some contemporary economists to froth against definitions. They have no idea what land means, they say!

More of this later on. The present chapter, at least, can conclude with the observation that land is being considered here as the complex of natural opportunities offered to labor and capital; that the term labor is self-explanatory; and that capital is—granted a postponement. That the land question is far more profound than seems to be currently recognized is a final comment.

⁴ See *infra*, Chap. III.