

CHAPTER I—THE OWNERS OF LAND¹

I. THE EVOLUTION OF LANDED PROPERTY

Not only is property in land sanctioned by all modern systems of legislation, but it is regarded as the typical form of property. When we speak of "property," without any qualification, we are understood to mean landed property. Yet landed property is of comparatively recent date, and its establishment was even a matter of considerable difficulty.

We may distinguish, in the development of landed property, six successive stages which we will briefly describe.

(1) It will easily be understood that there is no reason for the existence of landed property among tribes that live by hunting, or even among pastoral peoples leading a nomadic life: it can arise only with the birth of agriculture. And even in the earliest stages of agricultural life it is not yet established, first, because land at this period is superabundant, and so no one feels the need of marking off his share; secondly, because agricultural methods are still in a rudimentary state and the farmer leaves one field as soon as it is exhausted, and takes another. At the beginning, land is cultivated in common, or at least with little distinction between individual shares: it belongs to society as a whole, or rather to the tribe; only the fruits of the soil belong to the man who has produced them.

(2) Population, however, becomes by degrees more settled and more fixed upon the soil. It also becomes more dense, and feels the need of adopting a more productive mode of cultivation. Thus the first stage is succeeded by a second—that of temporary possession along with *periodical division*. Though the land is always regarded as belonging to society, it is equally divided among all the heads of families, not yet in a definite and permanent manner, but only for a certain time. The period is at first only a year, since that is the or-

¹ The class of owners of land comprises three categories: (a) owners who make their land productive by employing wage-paid labour; (b) owners who let their land; (c) owners who cultivate their land themselves. These correspond in the industrial world to active capitalists (*entrepreneurs*), passive capitalists (*rentiers*), and independent workers, or craftsmen. But the distinction is not a very rigid one, for an owner may often cultivate some of his land directly and let other portions of it, or he may be a tenant farmer and yet own some land himself.

dinary cycle of agricultural operations. But then, as agricultural methods improve and require a longer time, the period for which the land is divided grows correspondingly longer and longer. This system of periodical division obtained not long ago in Russia, in the shape of the famous *mir*.

(3) But there comes a time when these periodical divisions fall into disuse, for those who have improved their land are not readily disposed to be robbed periodically, for the benefit of the community, of the increased value due to their labours. Thus arises the institution of *family ownership*, each family remaining in permanent possession of its share of land. But this is not yet individual ownership, for the right of disposal does not exist. The head of the family can neither sell the land, nor give it away, nor dispose of it after his death, simply because it is regarded as a collective heritage and not as individual property. This system is still to be found in the family communities of Eastern Europe, and notably in the *Zadrugas* of Bulgaria and Croatia, which comprise some fifty or sixty persons; but they are tending quickly to disappear before the modern spirit of independence manifested by the members of the family.

(4) The evolution of landed property passes through a stage which, though accidental in its nature, has unfortunately never been wanting in the history of human societies — I mean *conquest*. There is not a single territory on the surface of the earth that has not been taken by force at some time or other from the people who occupied it, to be appropriated by the conquering race. Yet the victors, simply because they were victors and masters, took no care to cultivate the land, but merely assumed the legal ownership of it — the “*eminent domain*,” as it used to be called — leaving the subject race in possession of the soil by feudal tenure. This tenure, which was at first for life, and inalienable, ended by becoming an actual form of ownership, though limited by the conditions of the grant made to the tenant, by the services imposed upon him, by the dues that he was compelled to pay to his superior lord, and by the impossibility of alienating the land without the lord’s permission. This feudal system was for many centuries the basis of the social and political constitution of Europe, and it has left traces in many countries. In England particularly almost all landed property has retained the form of tenure, in the eyes of the law, and is still encumbered by a multitude of restrictions very difficult to remove.¹

¹ “It became a fundamental maxim and necessary principle (though in reality a mere fiction) of our English tenures, ‘that the king is the universal landlord and original proprietor of all the lands in his kingdom.’” (Blackstone, *Commentaries on the Laws of England*, Book II, Chapter IV.)

(5) The growth of individualism and civil equality and the abolition of the feudal system, especially in countries which felt the influence of the French Revolution of 1789, brought about a fifth phase — the one that has marked our own epoch. This is the definite establishment of *free property in land*, with all the attributes involved in the right of ownership.¹ Yet even to-day landed property is still not entirely on the same footing as personal or movable property: it differs from it in many ways that are familiar to lawyers, and especially in the difficulties by which its sale is surrounded.

(6) One step remained for the complete assimilation of landed property to personal property, and thus to mark the last stage of development. This was to make landed property mobile or transferable, so that every individual might not only possess land but dispose of it as easily as any movable object whatever. This last step has been taken in a new country, Australia, by the celebrated Torrens system, by which the right of property in land is transformed into a simple entry in a register, so that the owner is enabled, as it were, to put his land into his pocket-book, in the shape of a piece of paper, and to transfer it to someone else almost as easily as a bill of exchange. Efforts have been made for some time to introduce this system into our old European countries, and it will probably end by becoming universal, through the natural evolution that we have been tracing.²

The conclusion that emerges from this rapid sketch is, therefore, that landed property has evolved progressively and continually from the collective to the individual form, and tends more and more to resemble personal property and capital, to the point of becoming indistinguishable from them.

It would seem as if there were yet one more stage to be looked for, when landed property would be represented by a document — a registered or even a “bearer” bond — and when agricultural business would be undertaken by joint-stock companies, as is the tendency in industry at present. But this logical end of the process of development does not look like being realized in the case of landed property; at all events, the experiments so far made have not been very successful.

¹ There still remain certain services which are, as it were, a reminder of the days of the primitive community — as, for instance, the obligation to permit gleaning after the harvest, and the corresponding grape-gleaning in vine-growing countries. Curiously enough, the owner of the vineyard is even forbidden to glean his own grapes! Legal proceedings have been taken on several occasions for this offence.

² The object of this system, as Torrens himself declared, is to rid landed property of all the barriers that prevented free access to it, “like the portcullis, drawbridge and moats which prevented access to the castles of our ancestors.”

II. INCOME FROM LAND. THE LAW OF RENT

The earlier economists — the physiocrats, Adam Smith, and J. B. Say — taught that land *produced rent* in virtue of an inherent faculty, in the same way that it produces crops.¹ But such a doctrine was very dangerous for the defence of landed property, for it gave an opening for the question, If rent is a free gift of nature, why is it not common to all? By what right is it intercepted by the landowner, who receives it freely from nature and makes his fellows pay dearly for it?

To this question these fathers of political economy gave various replies. The physiocrats said that the owner of the soil was endowed with the function of a distributor of wealth, and that the rent he received was only a sort of fee for the discharge of this high duty. But it was already plain to Turgot, and after him to J. B. Say in particular, that property in land was simply a *monopoly* resulting from the taking possession of it. There would be no rent, in fact, if land were as unlimited in quantity as water, air, or light; and such is the case in new countries where land is to be had without stint. But in old countries the land has been occupied and made private property, with the result that those who hold it can draw an income from it by selling these gifts of nature at a high price — that is to say, by letting it at a money rent. It must be said, however, that these economists were concerned only with *explaining*, not *justifying*, the existence of rent, and this attitude was most in accordance with scientific method. But this explanation evidently could not please the defenders of landed property, and we shall see further on how they tried to refute it.

Nor could such an explanation satisfy the acute mind of Ricardo, for this great economist, as we know, was the principal author of the doctrine that bases value upon the labour and cost of production. He could not therefore admit, on the one hand, that the value of land or its produce was created by nature, either directly or even in collaboration. On the other hand, he was yet obliged to admit that income from land represents something more than the labour of cultivating it, since he saw every piece of land in England finding a tenant. Now a man could only be a tenant farmer if, after obtaining a living and paying all the expenses involved in cultivation, there was still a sufficient surplus out of the produce of the land with

¹ Here are the words of Adam Smith: "In agriculture too, nature labours along with man," and her share "is seldom less than a fourth, and frequently more than a third of the whole produce." "This rent may be considered as the produce of those powers of nature." (*Wealth of Nations*, Book II, Chapter V.)

which to pay his rent. It was to explain this awkward dilemma that he devised his theory of rent, the most famous theory in political economy, and the theme of discussion among economists for more than a hundred years.

It is important to distinguish between the two aspects of this theory: in what may be called its *static* form it explains rent by the way in which the price of agricultural produce is determined on the market; in its *dynamic* form it shows the gradual emergence of rent in the course of economic history. It is in this second form that the theory of rent has most impressed people, but it is the first that has been the most valuable contribution to economic science. We will start, then, with that one.

Suppose that several hundred sacks of wheat are sold in the market. It is obvious that they have not all been produced under the same conditions: some have been obtained by the aid of much labour and manuring; others have grown, as it were, by themselves, on a fertile plot of land; some have come from the other end of the world, and some from a farm close by. If each sack, then, were to bear a label showing its cost of production, no two of them, perhaps, would show the same figure. Thus the cost of production of sack A might have been 10s., sack B might have cost 11s., sack C 12s., and so on, down to sack Z, which cost 20s.

But we know, on the other hand, that there can never be more than one and the same price in the same market for similar products (p. 190). So the selling price of all these sacks of wheat will be the same. How, then, is the agreement between selling price and cost price to be established, if all the cost prices are different and all the selling prices the same?

The answer is this: agreement will be established simply between the selling price and the cost price of the sack that cost most to produce — say, sack Z, which cost 20s., in the example we have been imagining. The reason is very simple: the selling price must be at least enough to repay the expenses of the unfortunate seller who produced his wheat under the most unfavourable conditions, for otherwise he would give up bringing it to market. Now we are assuming that the quantity of wheat is not greater than is required and that the last sack, Z, cannot be dispensed with, so that the competition of this last producer is also indispensable.

We reach this conclusion, then: that whenever similar products are sold in the same market, the value of all of them tends to coincide with the maximum cost of production.

Now it is evident that this price, 20s., will give a differential profit

to all the more favoured producers of wheat, whose cost of production is lower. There will be a profit of 10s. for the man whose sack cost 10s., a profit of 8s. for the one whose sack cost 12s., of 5s. for him whose sack cost 15s., and so on. It is the income proceeding from these regular profits that, strictly speaking, is called *rent*.

This is a particularly neat kind of demonstration, because it solves what looked like an insoluble contradiction. While it satisfies the law that value = cost of production, as Ricardo conceived it, it yet shows that there is something in price *more* than cost of production. The solution of the riddle is that the price of the wheat in all the sacks is indeed determined by cost of production, but by the cost of only one among the various sacks — the one *that was produced under the most unfavourable conditions*. It is this single unfortunate sack that fixes the market price — assuming, of course, that it is indispensable, — and all the other sacks thus benefit by the difference, larger or smaller, between this single price, which is the same for all, and their respective costs of production, which are different in each case.

This theory implies that there is always at least one piece of land — the piece that produced sack Z — which yields no rent — nothing beyond a return for the capital and labour expended on it; and that piece plays the decisive part, as it serves as a standard for all the rest. As for the return to all the other pieces of land, we must not say that it is due to their fertility (for if they were all equally fertile the price of wheat would be determined for them all by the same cost of production and there would therefore be no rent), but to the infertility of competing lands: it is not due to nature's generosity, but to her parsimony.

The position of the owner of a fertile piece of land is indeed a privilege — a monopoly, if you like, but a monopoly of a very special kind, for it consists not in being able to sell at a higher price, but in being able to produce more cheaply. This, it will be said, is merely a question of terms. But no! for whereas the monopolist injures the public by raising prices, the rent-receiving landowner merely submits to the price fixed in the market by the law of prices, or, in other words, by necessity. And even if all owners of wheat land, in a fit of generosity, were to remit their rents, the market price of wheat would not be a halfpenny lower: they would merely be making a present to their tenants or their immediate purchasers.¹

¹ Ricardo said: "Corn is not high because a rent is paid, but a rent is paid because corn is high."

This celebrated formula may also be expressed thus: *Rent does not enter into the ex-*

It will be seen that on this theory there are only *differential* rents, which means that there would be no rent at all if all pieces of land were of the same quality. Now that is where Ricardo's theory seems to be, if not incorrect, yet at any rate incomplete as an explanation of rent. Can we believe, indeed, that if all the land in England became identical in quality, this equalization would cause rent to disappear, and with it the market value of all the land? Rent would undoubtedly remain just the same, although, by hypothesis, it would be the same for every piece of land.¹ It must, therefore, have some other basis that is absolute and not merely relative, which leads us back to the explanation that bases it upon the fact that land is a monopoly.

But Ricardo's theory has none the less an incomparable doctrinal value, so much so that it has been continually extended until its scope now spreads far beyond the range of landed property. The law of rent is apparent in every branch of economic science — everywhere where there are inequalities of situation in regard to production. In fact Ricardo himself stated this very clearly. Wherever similar products are sold at the same price, although produced under very unequal conditions, the phenomenon of rent, resulting from the excess of the selling price over the cost of production, appears for the benefit of those producers who are most favoured by circumstances. And we shall see later that "profit" itself is only a kind of rent.

Nevertheless it must not be said that Ricardo's doctrine has committed suicide, as it were, by extending itself. We must not make this an argument for denying it, for it is almost exclusively as an attribute of landed property that the law of rent appears with the force of a "law" — that is to say, as a permanent and necessary phenomenon, so long, at least, as there is no change in the general economic conditions (progress of cultivation, density of population, etc.) of which we are about to speak. Everywhere else, indeed, this phenomenon appears only temporarily, because the most favoured producers are generally sufficient by themselves to supply the market by indefinitely increasing their production. Instead of taking ad-

penses of production. Wages and interest alone constitute the expenses of production, and therefore, under the pressure of competition, the value of the product. This question, however, is one of the hardest and most disputed in theoretical political economy. We shall have to return to it in connexion with profit. From the practical point of view the interesting conclusion has been drawn from it that all rent could be confiscated by taxation without affecting the price of wheat — a conclusion that has been made use of by John Stuart Mill and Henry George (see below, § VII).

¹ Supposing, at least, that the superabundance of produce did not cause rent to disappear.

vantage of their privileged position by continuing to sell at the old prices, it is to their interest to lower prices so as to undersell their rivals and drive them from the market by degrees. They gain less on each article, but they make up for it in quantity.

For this reason, in the case of industry, although there also the general market price at any given moment and for each particular day is determined by the maximum cost of production, yet *in the long run* it is determined, on the contrary, by the *minimum cost of production*. This is a great advantage to society; it shows itself in practice in the shape of a gradual fall in the prices of industrial products and in the rate of profit. It is quite otherwise with agricultural production, for there it is to be feared that prices will be determined by a continually increasing cost of production, which will mean a progressive rise in the rent of land.

But that brings us to the second aspect of Ricardo's law.

III. THE RISE OF RENT AND SURPLUS VALUE

In the beginning, says Ricardo, men had no need to cultivate more than a small amount of land, and so they chose the best. Yet in spite of the fertility of this land its earliest occupants drew no larger income from it than they could have drawn from any other employment of their labour and capital. In fact, as there was enough land and to spare, they were subject to the law of competition which brought down the value of their products to the level of the cost of production. They therefore received no rent, in the proper sense of the term.

But there came a time when the increase of population demanded an increase in production. Then, since lands of the first class were all appropriated, *it became necessary to cultivate the less fertile plots*, which means those on which the cost of production was greater. Supposing that the first class plots yielded thirty bushels of wheat per acre, with an expenditure of £6, this means that the cost of production was 4s. a bushel. But with plots of land of the second class it would be different: these, with the same expenditure, might produce only twenty bushels, bringing the cost of production up to 6s. a bushel. It is plain that the owners of these second class plots could not sell their wheat below this price, for this would mean selling at a loss, and they would give up producing it; but we are assuming that their wheat cannot be dispensed with. It is equally plain that the owners of the lands first occupied would not dream of selling their wheat at a lower price than their neighbours, so they too would

sell it at 6s. a bushel. But since this wheat still cost them only 4s., they would thenceforth realise a profit of 2s. a bushel, or £3 an acre. Here again, therefore, we find that margin between *different* costs of production and a *uniform* selling price, which we found by a different route in the previous section. In the recognized vocabulary of political economy this margin has been given the celebrated name of *rent*.¹

Later on, the never-ending increase of population calls for a further increase in the means of subsistence, and obliges men to cultivate lands of still more inferior quality, which will produce, say, only fifteen bushels of wheat per acre. Then the cost price on this land will rise to 8s. a bushel, and the result will be an equal rise in the selling price of all the wheat in the market, for the reasons just given. Henceforth the owners of the land first occupied will see their rent rise to 4s. a bushel, and even the owners of the second class lands will in their turn see a rent of 2s. emerging to their advantage.

But why, it will be said, should we assume that men will be obliged to extend cultivation to new plots of land in order to increase production? Could they not increase production by cultivating the good plots better? — They certainly could; but it must be remembered that owing to the law of diminishing return every increase in the yield means a more than proportional increase in the expenditure, and consequently entails a rise in the cost of production. If we tried to obtain sixty bushels of wheat per acre from the land that yielded thirty bushels with an expenditure of £6, we might perhaps succeed, but we should have to expend, say, £18, and the cost price of each bushel would thus be raised to 6s. The ultimate result would therefore be exactly the same as in the preceding case, when second class lands were taken into cultivation. (At this point the student should read again the section on the Law of Diminishing Return, p. 70, with which Ricardo's law is closely connected.)

This "order of cultivation," as Ricardo called it, may go on indefinitely, resulting always in a *rise in the price of food, to the detriment of consumers, and an increase in rent, to the benefit of landowners*, who see their incomes increasing without any effort on their part, by what John Stuart Mill called an "unearned increment."

The increase of rent, therefore, does not correspond to any real increase in wealth for society, but rather to a decrease, for one must

¹ It is unfortunate that no special term has been adopted to describe this class of income, for the word *rent* lends itself to misinterpretation: it must never be confused with the actual payment made by the tenant for the hire of land. [The term *economic rent* is often used in English to distinguish rent in the Ricardian sense from the everyday use of the word.]

be poorer than before if one is under the painful necessity of resorting to poorer lands in order to live.

The opposition between the interests of the landowner and those of society is still more plainly shown by the fact that all agricultural progress must cause a fall in rent. This result, paradoxical as it appears, is a feature of Ricardo's theory. But why is this? At first sight we should be tempted to think — and such would certainly be the opinion of the landowner himself — that all agricultural progress ought to be reflected in an increase of rent. Yet this, says Ricardo, is by no means the case; for this progress, by enabling the yield of the good plots to be increased, will result of necessity in *rendering unnecessary the cultivation of the bad plots*. These will then be abandoned, or turned into pasture or woodland, and since it is these very lands that kept the price of wheat at its highest level, when their influence is removed the price level will fall to the point determined by the cost of production on the good lands, cultivated by the new methods; and the rent, which is only the result of the price of wheat, will fall along with that price. Consequently it is greatly to the *individual* interest of the landowner to apply any improved methods of agriculture, but it is contrary to his interests that such progress should become *general*.

Such is Ricardo's theory. It has been said that it does not in any way correspond to historical reality, and was merely an *a priori* notion conceived by Ricardo to support his labour theory of value. An American economist, Carey, has even undertaken to prove, not without some good reason, that the order of cultivation has in actual fact been exactly in the opposite direction — that is to say, that cultivation began with the least fertile land — the lightest soil — because this was the easiest to cultivate, or else with high-lying land, because this was the easiest to defend, and that agriculture only slowly and gradually became able, as it became better equipped and more skilful, to clear the rich and heavy lands that were protected even by the superabundance of their vegetation.¹

But there is no real contradiction between these two theories. To begin with, we may say that both economists were right in respect of the environment in which they dwelt. Ricardo lived in England — in an island country, where the land had been appropriated for centuries and the value of the soil was increasing as the population increased. Carey looked out upon a New World where land was superabundant and where none was utilized but that which was easiest of access and easiest to cultivate.

¹ See Carey's *Social Science*.

Furthermore, everything depends on what we are to understand by *the best lands*. If we mean those that are shown by chemical analysis to be richest in nitrogen, phosphates, and potash, then Ricardo's theory may be wrong, for primitive agriculture knows nothing of these things. But Ricardo meant simply those lands which yield the maximum of produce with the minimum of labour; he was not reasoning as a chemist, nor even as a scientific agriculturist, but as an economist of the hedonistic school.

However, the interest of the controversy lies here: if it is true, as Carey thinks, that in every country and in the world in general it is the richest lands, in the physical sense of the word, that are still remaining in reserve, only the poorest having yet been cultivated, then in that case there is reason to foresee in the future an increasing output from the land, a cheap and plentiful supply of food, and consequently a gradual fall in rent, to the very great advantage of consumers and of society as a whole. Rent would thus be robbed of the ugly character it possesses in the Ricardian theory.

But here we meet with Ricardo's thesis under another form — that of the *law of the increasing surplus value* of land — which confirms his conclusions although it is based upon a different and rather opposite kind of reasoning. This law has found its most eloquent exponent in Henry George.¹ Instead of regarding rent as being due to a kind of niggardliness on the part of nature, to the increasing difficulty of cultivation and the rise of the price of wheat, it considers it to be the result of all the causes of social progress — increase of population in the first place, but also increase of wealth, order, and security, scientific progress, development of means of transport, and so forth — which all tend to raise the value of land, and that independently of all labour on the part of the owner, who, in Henry George's picturesque phrase, has only to sit and smoke his pipe while waiting for the inevitable surplus value.

On this theory, unlike Ricardo's, there is no longer any hope that the progress of agricultural knowledge will lower rent; its effect would of course be to increase the quantity of the produce and thereby lower its price, but this would only be for a short time, because this increase in agricultural produce would bring about an increase in population and wealth which would raise the value of land. It is not like industry, where an increase in supply causes depreciation, because land, which supplies man with food, itself creates the demand for its produce.

¹ See his celebrated book, *Progress and Poverty*. For the solution proposed by Henry George, see below.

And now, what have the facts to say? Do they confirm these theories as to the progressive rise in the value of land and rent, or do they contradict them?

They confirm them in a striking manner in the case of two kinds of landed property: for all land in new countries, and also for plots of land in towns, at any rate in growing towns, which is the usual case.

As regards new countries, if we take as an example the United States — the country that led Henry George to formulate his theory, — the statistics are striking. Between 1850 and 1900 the value of agricultural property rose from 800 million pounds to 3,400 millions, and in 1916 to 6,920 millions (or 8,200 millions including the buildings). It may be said, of course, that this enormous increase is largely due to an extension of the area under cultivation; but this would not be a sufficient explanation, especially of the doubling of the value in the last period of sixteen years alone.¹

But for the old countries of Europe the statistics are less confirmatory and even seem to lend support to the opposite theory — the theory of economists of the optimist school who are unwilling to regard as a law an increase of rent independent of all individual labour. Thus the statistics for France, after showing, it is true, a continual rise in the value of land up to 1880, have shown since then a considerable fall, to the extent of about one-third. And it is the same in England.

Thus the official estimate of the value of the land in France for the years 1851–53 was 61,189 million francs, for 1879–81 it was 91,184 million francs, and for 1908–12 it was 61,757 million francs. The total income from land for the same three periods was (in millions of francs) 1,824, 2,646, and 2,057 respectively. The value of the land, after increasing nearly 50% between 1851 and 1881, fell again in the first year of this century to the same figure as in 1851. If, however, we take the income value instead of the capital value, there was a slight increase of 7% or 8% in sixty years, which is not much.²

¹ As M. d'Avenel says, "Every time the sun sets, rural property registers a rise of 17 million francs" (15, to be precise).

Henry George himself reckoned that every emigrant added about 400 dollars (£80) to the value of United States territory. As about 20,000,000 emigrants have landed there since the beginning of last century, this would mean that by their presence alone they have conferred upon American soil a surplus value of 1600 million pounds. It is very ungrateful of the Americans, therefore, to set up so many obstacles in the way of immigration nowadays, and to describe so many immigrants as "undesirables."

² [These statistics, taken from the *Annuaire Statistique* for 1917, have been slightly abridged.]

But this retrograde movement in the value of land, or its ceasing to advance, is due to the competition of new lands,¹ coming into play as the result of great colonizing undertakings and such great improvements in the means of transport as those that have appeared so strikingly during the last forty years, opening wide the door to the wheat of America, India, and Australia, and even to meat, both alive and frozen. This fact, therefore, does not contradict Ricardo's theory at all, although many economists use it as an argument to prove the absurdity of that so-called law, any more than the actual stationary state of population proves the absurdity of the laws of Malthus; and it is quite possible that it may be merely an accident in economic history — if we may venture to call it so. In the second half of the nineteenth century so much unoccupied land was brought under cultivation that the supply of agricultural produce exceeded the existing capacity for absorption; but this state of affairs will not continue, and when these new lands are populated the rent of land will resume its temporarily interrupted progress. Already in the last few years before the war the value of land had begun to rise appreciably with the enormous increase in agricultural produce. What will now happen after the war? Given on the one hand the rise in prices, which will continue for a long time yet, and on the other hand the determination of each country to make sure henceforth of its means of subsistence by producing them itself, it looks as if the value of land and rent would resume their upward movement.

To sum up, we must bear in mind the fact that land combines, if not exclusively, yet to a greater extent than any other kind of wealth, these three characteristics:

(a) It meets the most essential need of the human race — the need of food.

(b) It lasts for ever — or at any rate longer than humanity.

(c) It is limited in quantity, for each particular kind of cultivation, for each nation, and for the whole population of the world.

In view of these facts a continuous and indefinite rise in the value of land appears to be predestined and unavoidable.

¹ This applies principally to England. In the case of France it may be partly due to the fact that the population is not increasing, but, as far as the country districts are concerned, shows a marked decrease. In Germany there is no sign of a fall in rent and land values: on the contrary, the value of the land increased threefold between 1850 and 1900, and between 1900 and 1913 it again increased by 25%. This is because landed property is more protected in Germany against foreign competition than in England, and because Germany benefits by an increase of population which does not exist in France.

IV. THE LEGITIMACY OF PROPERTY IN LAND

It must be owned that the explanations just given of property in land and of rent seem very damaging from the point of view of the legitimacy of these institutions and the commonly expressed opinion that landed property is the foundation of the social order. Indeed, if landed property is, as was taught by the physiocrats, Adam Smith, J. B. Say, etc., a monopoly arising from the appropriation of the natural powers of the land, it seems difficult to answer the charge of Proudhon: "Who made the land? God? Then, in that case — landowner, clear out!"

If we choose to believe, with Henry George, that the value of land and the inevitable rise of rent are due to social causes — increase of population, progress of civilization, and so forth, — then it seems as if this value ought to belong to society, which created it, and not to the landowner who did not.

If we prefer Ricardo's theory, by which rent is due to the general law that determines prices, then the position of the landowner is a little better, because he might say: "I have taken nothing from anyone, and even if I gave up my rents to my tenants or to the consumer, they would still remain in existence." Nevertheless this income, due to circumstances, is still an unearned increment — an income that is entirely independent of labour.

The classical economists paid little attention to trying to establish the legitimacy of landed property: they merely sought to establish its origin and its nature. And in that respect their attitude was perfectly scientific, for science should undertake to explain facts and not to justify them. It belongs rather to the lawyer or the moralist than to the economist, therefore, to answer the question whether landed property is legitimate.

We have already discussed the legitimacy of private property in general (p. 338), and we tried to discover whether its foundation was labour or social utility. It might be thought that we need only refer back to that discussion, landed property being only a particular case of property in general. This is true; but none the less land has certain unique characteristics, of such a kind that many economists who accept private property in general, who deny that they are socialists, and who even claim to be individualists, are yet unable to admit that land can be an object of individual appropriation. Why is this, then?

The reason is that both the arguments employed to justify ordinary property seem in this case to be particularly weak.

If we admit, with most economists, as well as socialists, that labour ought to be the basis of the right of property, then, since land is obviously not created by man, it must logically follow that land ought not to be individually appropriated.

It is true that the optimist school absolutely denies this distinction between land and movable wealth. It declares that land is the product of the labour of the cultivator just as much as the vessel of clay fashioned by the hand of the potter. Of course man did not create the land, but neither did he create the clay. Labour never creates anything; all it does is to modify the materials that nature supplies. Now this operation on the part of labour is no less real and no less effective when applied to the soil itself than when applied to materials drawn from its bosom. We are referred for examples to such pieces of land as those which peasants of Valais or the Pyrenees have entirely constructed on the slopes of their mountains by carrying the earth in baskets on their backs. An ancient author tells us how a peasant, accused of sorcery because of the abundant crops that he obtained from his land while the neighbouring fields were merely barren wastes, was summoned to appear before the Roman prætor, and there, holding up his two arms as the only defence he had to offer, exclaimed: "These are my sole magic!" Landed property has only to repeat to-day the same proud answer, to defend itself against the attacks that are made upon it.¹

And even if the land were not a direct product of labour, it is at least (they say) the product of capital. The value of land and its time-honoured surplus value are sufficiently explained by the improvements made in it and the expenditure incurred by its owners. It is even asserted that if we were to reckon up all the expenditure incurred by the successive owners of the land, we should reach the conclusion that there is no land *which is worth what it has cost*.

Despite the element of truth that this argument undoubtedly contains, it does not seem to us conclusive. No doubt man and land have at all times been bound together by the tie of daily labour, and even by labour of the hardest kind — the kind that gave rise to the expression about labouring "in the sweat of one's brow." The Latin word *labor*, indeed, from which "labour" is derived, originally referred to the tilling of the soil, as the French word *labourer* does to-day. But if land is the *instrument* of labour it is not the *product* of labour. It existed before there was any human labour. No

¹ The historian Michelet said: "Man has the best of claims to the land — that of having made it." The physiocrats also based the right of property on the expenditure incurred to create an estate, and called it "advances on the land."

doubt man is always improving and modifying this wonderful instrument with which nature has provided him, by his labour and his expenditure, so as to adapt it better to his purposes, and in this case he obviously confers upon it new utility and new value. We can even admit that as the art of agriculture progresses, land tends to become more and more the product of labour. In market-gardening, for instance, the mould that is employed is an artificial compound prepared entirely by the gardener. Yet it is always possible, in theory, if not in practice, to discover the primitive value of the soil beneath the layers accumulated by human capital and labour.

This original value appears plainly enough in the forest or the natural grass-land that have never been cleared or cultivated, and that may yet be sold or rented at a high price. It appears in those sandy beaches in the French departments of Gard and Hérault that have never been tilled except by the sea winds and that none the less made the fortunes of their lucky owners as soon as it was discovered by chance that they would grow vines immune from the phylloxera. And it appears, too, in the building sites of large cities, where the plough has never passed and which have still a value infinitely higher than that of the best cultivated soil.

Even in the case of cultivated land this natural value of the soil is still quite appreciably apparent in the *unequal fertility* of plots of land, for of two plots on which the same expenditure is made, the one may yield a fortune every year while the other will barely repay its expenses.

As for the argument that no land is worth what it has cost to cultivate, this rests upon an error in calculation.¹ We certainly do not dispute the fact that if we add up all the expenditure incurred on a piece of English land ever since the day when the Ancient Britons came to clear it for cultivation, the total would be infinitely greater than the present value of the land. But to make the calculation right we must also add up all the receipts from the land from the same date. When the account had been thus corrected it would certainly show that the land has yielded a permanent and regularly increasing revenue.²

¹ Moreover, this argument has no meaning in the case of building sites, for these are always uncultivated land.

² Still less can landed property and the income arising from it be justified by the argument that all land has been *bought by money*, and that therefore the income it yields is only the interest on the money thus invested. This argument looks convincing at first sight, but it really involves reasoning in a circle. As a matter of fact, it is not because a piece of land is sold for £5000 that it brings in £150 in rent: it is because it naturally produced £150 in rent, without any labour on the part of the

To establish the legitimacy of landed property must we, then, fall back on the other basis of property — social utility? That seems, indeed, a more solid foundation.

Given the more or less rapid but general increase of the population on the earth, a choice must be made of that mode of exploiting the soil which will allow the greatest number of persons to be fed on a given area. Consequently it has always been thought necessary, in order to encourage labour, to assure to the cultivator a right not only to the produce of his land but to the land itself as the instrument of his labour. This right was at first temporary, but was extended for longer and longer periods, as progress in cultivation came to require longer processes, until it ended by becoming permanent.

A right to the fruits implies a right to the soil, at any rate for a certain time. The man who has sown must certainly be allowed time to reap. Five or six years must elapse before the man who has planted a vine can gather his first crop of grapes, and half a century is needed before the man who has sown an acorn can cut down the oak. It should be noticed, too, that even in annual cultivation, however imperfect, there are some kinds of labour (such as dressing and manuring, drainage, irrigation, building and setting up of plant) which can only be paid for by the successive crops of ten, twenty, or perhaps fifty years. Yet it is essential that the man who performs this labour should have the chance of recouping himself: otherwise it can be taken as certain that he will not perform it.

That is why, even if society claimed for itself the right of eminent domain over the land, it could do no better in the general interest than to delegate its right to those who can make the best use of it. Now so far it is individual owners who have succeeded best in this task, and until the contrary is proved there is reason to believe that they are the most suitable for the performance of this social function.¹ owner, that it was able to be sold for £5000. The question is simply to find out why it produced this rent. It is as if one tried to silence those who criticize the monopoly enjoyed by notaries or stock-brokers and demand its abolition, by saying that the tenure of these offices is legitimate and indisputable because the present holders have bought and paid for them.

The only conclusion that can be drawn from this argument is that the landowner (like the holder of any office that is bought for money) has a claim to the repayment of the price if he is expropriated. But that is a different question altogether.

¹ Collectivists assure us, it is true, that the collective exploitation of the soil will yield results far superior, even from the technical point of view, to those that individual ownership can give, because it alone will enable the processes of large-scale production to be employed and their advantages to be realized. But that is purely a conjecture that is incapable of proof, whereas the institution of landed property, even of small-scale property, can show splendid results; and they will be more splendid still when small-scale property is supplemented by co-operation.

For this reason colonization in all new lands — America, Australia, Algeria, etc. — has been carried on under the system of individual property.

But while acknowledging the services rendered to civilization by the institution and extension of landed property (see above, pp. 64-69), we must not shut our eyes to the conflict between social interest and private interest to which it very often gives rise. This conflict may be summed up as follows: in exploiting his land the owner does not necessarily aim at making it produce the utmost possible, whether in quantity or quality, but at obtaining the maximum profit. As economists put it, he aims at "*rentability*" rather than at *productivity*. He will not hesitate, for instance, to turn arable land into pasture, or even, if he is a rich English peer, into a hunting or shooting ground, without any anxiety as to whether it would not be better that the land should support men rather than bullocks or pheasants. Or, conversely, he will cut down a forest to realize the value of it, because he reckons that the capitalized price will bring him in more than the income derived from it.

In any case, if the basis of property is no other than public utility, then it seems as if it ought not to possess the absolute character that the law confers upon it.

(1) In the first place, it seems useless, and even contrary to the object aimed at, to extend the right of property to land on which *no effective labour is employed*. In this respect Moslem legislation is more true to the principles of political economy than ours — who would have thought it? — for it only admits the right of individual ownership in the case of lands on which labour has effectually been employed. These lands are called "living," in distinction to uncultivated land, which is called "dead," and which has to remain in collective ownership.

(2) Even if we do not go back to the past to discover whether landed property originated in cultivation, and if we look only at the present, it seems that landed property ought to submit to the condition that the land is to be made use of. For if ownership is a social function, the recognition of the right of property ought to be accompanied by the obligation to perform this function effectively. That very rule is generally followed nowadays in all grants or sales of land in the colonies: residence and effective cultivation are stipulated for. It is difficult to see why a condition that is considered necessary in establishing the right of property in new countries should be thought superfluous in old ones; and if this were done we should avoid the scandal of seeing in many countries, as in Eastern

Europe and Italy, vast stretches of land held by owners who do nothing at all, while the agricultural workers either emigrate or die of poverty for lack of land.

In the case of mines, French law has provided for the forfeiture of property rights in the event of non-exploitation.

During the war a special law compelled landowners to cultivate their land. If they defaulted, the cultivation was to be undertaken by other owners or by the parish. And although this law was only rarely put into force, it is of value as showing what the post-war system of property ought to be.¹

V. SYSTEMS OF LAND SOCIALIZATION

The criticisms and complaints that we have been describing in connexion with the institution of landed property were bound to give rise to programmes of agrarian reform. These are of all kinds, ranging from a return to agrarian communism to a mere extension of land taxation.

1. *Agrarian Communism*

This system rarely appears in the shape of complete community of ownership. More often it takes the form of exploitation in separate shares, with periodic division of the land, simply in order to prevent individual possession from becoming transformed eventually into a right of ownership. This system is well known, because it was formerly applied on a vast scale in Russia, where the *mir* was a community consisting of the inhabitants of a village, owning the land and sharing its produce among its members by the process of drawing lots. The *mir* system was in process of dissolution, but it was not abandoned by the peasants without regret or without resistance, as is proved by the fact that in many cases community of ownership remained in actual practice after it had legally come to an end.

The Russian revolution, while decreeing communism, confined itself in fact to the confiscation of large estates without touching peasant properties. It even looks as if the latter would be greatly multiplied, so that it is the communist system of the *mir* that will really be abolished!

2. *State Purchase of the Land*

In other systems individual property in land would be retained, but under certain restrictions: it would be subjected to State control

¹ [English legislation, by the Defence of the Realm Act, was somewhat similar. See Gide's *First Principles of Political Economy* (English translation) p. 93.]

and would lose its permanent character and become a sort of grant or concession. The State, as owner of the soil, would grant it to individuals for exploitation for long periods of 50 or even 99 years, as in the case of railway concessions. When the time had elapsed the State would resume possession of the land (as it will resume possession of the railways in France in 1950), and would then grant it for a fresh period, making the new grantees pay the equivalent of the surplus value by which they would benefit, either in a lump sum or by an annual rent. In this manner the State as representing the community would benefit by the whole surplus value, which would ultimately provide an enormous revenue.

Such a system as this does not appear to be incompatible with a good utilization of the soil, especially if the precaution were taken of renewing the concessions some time before the expiry of the term. It even seems unquestionable that such a state of things would be more favourable to good cultivation than the present situation in many countries, where almost all the land is cultivated by tenant farmers who can be turned out at will. Man is a short-lived creature, and does not need an eternity in front of him to make him undertake even the greatest works: this is proved by the fact that such undertakings as railways and the Suez and Panama Canals are based only on concessions for 99 years.

This system merely involves the abandonment of the principle of perpetuity, by which the right of property lasts as long as its object, which in this case is eternal. Time, which destroys all else, has no other effect upon land than to confer new youth upon it with each returning spring. But we must not forget that what lasts for ever is only the soil itself and its natural powers: the changes effected by labour, and even incorporated in the land, endure but for a time.

Here again we may learn from the constitution of property in the colonies. In the Dutch colonies, and until recently in Australia, land is only granted for a limited time. It is true that the period of the concession amounts to 99 or even 999 years. But although such a period is equivalent to perpetuity, yet this clause suffices to safeguard the State's eminent domain and to enable the State to exercise control over the landowner. The owner, in fact, being only a grantee, a kind of tenant on a quasi-perpetual lease, has no longer the characteristic right that attaches to ownership — the *jus abutendi*, the right to do what he pleases with his property.

In all new countries and in the colonies half a century ago there still remained an immense public domain, which has unfortunately almost entirely disappeared through the grant of immoderate con-

cessions at a low price to individuals or to companies. If these grants had been made only temporary, the States would have had valuable resources in reserve for the future, and would perhaps have facilitated the solution of the social problem for future generations. Only it is just where it would be easiest to prevent the abuses of landed property that there is least need to do so! In fact, landed property has no drawbacks but is purely advantageous in the case of new and rising countries, as can be seen, for instance, in the *pampas* of the Argentine Republic or in Australia. On the one hand, it applies only to lands cleared by pioneers, and is only extended as cultivation extends; so that it is consecrated, as it were, by labour. On the other hand, it still occupies only a small part of the soil, and land is superabundant in quantity; so that it does not in the least constitute a monopoly, but remains in humble subjection to the law of competition, like any other form of business.

It is only as society develops and as population grows more dense that the nature of landed property begins to change and to assume by degrees the character of a monopoly that may go on growing indefinitely — and then it is too late to buy it back. For to put such a plan into operation would involve repurchase as a preliminary, if it was wished to act justly, as it should be. But State purchase would be absolutely ruinous: the value of the land in France is estimated at some three thousand million pounds,¹ so that the State would have to borrow that sum to compensate the landowners.

Certain financial arrangements might, however, be devised which would make this plan less burdensome. We ourself, a long time back,² suggested a system of purchase which would be far less burdensome. The State might purchase the lands by *paying for them immediately, but not requiring delivery for 99 years*. Under such conditions it is certain that the State could get them at a very low price; for the owner would compare, on the one hand, dispossession at such a distant date that neither he nor even his grandchildren would suffer by it, and, on the other hand, the sum of money that he might obtain immediately; and he would scarcely hesitate to accept the price, however low it might be. We even made a mathematical calculation of this price by means of annuity tables: £1000 to be received in 100 years, at the rate of 5%, would be worth to-day £7 19s. 7d.; therefore £3,000,000,000 — assuming that to be the value of the land in France — deliverable in 100 years, is worth at the present time

¹ [The corresponding figure for Great Britain is about 5½ million pounds.]

² *De quelques doctrines nouvelles sur la propriété foncière*, in the *Journal des Économistes*, May, 1883.

just under £24,000,000, paid in cash, which would not be a very high price to pay.

3. *Confiscation of Rent by Taxation*

This is the system made famous by Henry George,¹ though it was suggested to him, as he himself acknowledged, by the physiocrats. It consists in imposing upon landed property a progressively increasing tax, calculated in such a way as to absorb, as it arises, all the income due to causes that are external and independent of the activity of the owner — the unearned increment.²

It was thought by Henry George that in consequence of the continuous increase of rent, this tax would suffice to cover all the expenses of the State, so that all other taxes could be abolished, to the great benefit of producers and consumers. For this reason the system is usually known as the *Single Tax System*. Various leagues and societies have been formed to advocate it, in America, in Australia, and even in England. But the system is open to serious objections.

To begin with, the confiscation of rent by taxation would be bound to result in a considerable reduction in the value of the land, exactly as the confiscation of the land itself would: only the shell of the nut would be left for the landowner, as Henry George himself has said. Consequently the payment of compensation would be imperatively necessary, as a matter of equity; and then the financial difficulties would be very much the same as those we have just described. Henry George replies, of course, that it is rather society that would have to claim compensation from the landowner, to make up for the income he had enjoyed for so long without any right to it; but it must be remembered that this landowner had bought and paid for the land, together with the rent proceeding from it, in reliance on the laws, and that the laws are a pledge of the liability of the society which has voted them.

Moreover, there is this practical objection: that there are two elements to be distinguished in the surplus value of the soil. One is due, certainly, to various social and impersonal causes, but the other proceeds from the labour of the owner, or at least from the capital that he has advanced. Now it was admitted by Henry George himself, in the words just quoted, that we should have to be careful not

¹ An American author whose chief book, *Progress and Poverty*, has had remarkable success. George died in 1897.

² "We would simply take for the community what belongs to the community — the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual." — *Henry George*.

to touch this second element, not only for fear of violating the principles of equity, but also for fear of discouraging all initiative and all progress in agriculture, which is already only too fond of the beaten track. But such separation is very difficult in practice: the owner himself would not succeed in making it correctly, much less any government official.¹

Finally, the idea that a single tax on rent would enable all other taxes to be abolished, was very much too optimistic even at the time it was mooted; and it is still more so in the present post-war period.

VI. THE DEMOCRATIZATION OF LANDED PROPERTY

The democratization of property is not the same thing as its socialization: it does not mean abolishing or even restricting individual ownership, but, on the contrary, making it accessible to all. Nevertheless the two systems have this in common: that they both aim at abolishing or mitigating the evils of landed property by wedding it to labour.

What is to be done, then, to create small properties, or to make them universal? There are three methods:

(1) The most direct method is for *the State to lend the agricultural worker the requisite money for the purchase of the land* — a moderate amount of land, of course. This is the system adopted in very many countries. It satisfies the desire of the peasant who would like eventually to become the owner of the land he has long been cultivating as a labourer, tenant, or *métayer*, but who is unable to do so for want of money. There are land banks already that meet this need, but they are too expensive and too dangerous, owing to the risk of expropriation, for anyone to advise the peasant to make use of them. The State can offer more favourable terms.

The need for such a measure was first experienced in England, since in that country there are only 60,000 small peasant proprietors cultivating their land themselves, as against three or four millions in France. In fact many laws have been passed in recent years to enable the agricultural proletariat to buy or rent land, and to pro-

¹ Another objection to be raised is that if society confiscates for its own benefit all favourable chances, on the ground that they are not the act of the landowner, it would be only fair that it should make itself responsible for all unfavourable ones, for the very same reason — not only losses due to inclement seasons, but such depreciation of value as may result from industrial changes, importation, emigration from the country districts, depopulation, and all other causes that may produce a *deficit value* in the land. In short, the logical consequence of this system would be to guarantee a fixed income to the owner, if all his profit were abolished.

cure it for them if it is not on the market, by having recourse to expropriation in the interests of public utility.¹

This democratization of property has nowhere been practised with more rigour, or, it may be said, with more generosity on the part of the State, than in Ireland. It is true that there were great historic sins to be atoned for; but they have been atoned for. Already two-thirds of the land of Ireland has become the property of the former tenants, thanks to the money advanced by the State. These advances will soon reach the sum of £120,000,000, to be repaid in small annual instalments, spread over about sixty years. Owing to this peaceful agrarian revolution and also to the development of agricultural co-operative associations, the social condition of the population has been transformed.

But it is particularly since the war that the conversion of great estates into peasant properties has been effected by new legislation in almost all the countries of Eastern Europe — Roumania, Greece, Hungary, etc.

Even in France, although small properties are already numerous, there are several laws for putting land at the disposal of those who wish to acquire it, or for enabling those who need capital for the utilization of the land they possess, to obtain it.

(2) The second system is the *compulsory equal division of the land* at every succession, imposed by law. This is what was done by the Napoleonic Code, thus accentuating the development of property in the individualist and equalitarian direction. The famous Article 826 is not content with mere *equivalence* when it imposes an equal division between all the children: it gives to each of them the right to claim his share *in kind*, which means that in the case of the smallest field each heir can demand his third, or his quarter, or his tenth; and if division is impossible there must be a judicial sale, involving enormous expense. A father can scarcely avoid this result, since he may only bequeath a "disposable portion," which is of very limited extent.

There is no doubt that such a system, though crude, is effectual; and if England, for instance, were to adopt it, many of the vast estates of the English landowners would be cut up into small pieces in the course of a few generations.²

(3) A third method — less direct but more efficacious — is to

¹ [For an interesting account of the progress of the allotment movement in England see a letter from Sir Kingsley Wood in *The Times*, 26th August, 1922.]

² [We omit the author's statistical details concerning the present state of peasant proprietorship in France.]

make land a commercial commodity,¹ by making it as easily transferable as any other kind of goods. This is an excellent way to remedy the evils that are charged against landed property, for it matters not that land is a natural monopoly if anyone can acquire it. Nor does it matter that it is eternal if it only remains for a short time in the hands of each owner. By this means, the law of surplus value, if it comes into force, will no longer serve to enrich a single family: each will have his share, since property is at the same time scattered and transferable. It is also the best way to attract the necessary capital to the land, for capital will not willingly seek the land if it has to be buried there for ever.

What measures must be taken to bring land into the stream of circulation?

To begin with, it goes without saying that the causes of inalienability must be abolished — such as the system of entail in England, and the dower system in France. Secondly, the formalities and expense of alienation must be reduced to a minimum: at present they are relatively heavier when the value of the land is small than when it is great, so that they are more burdensome on small estates than on large ones. Finally, the man who acquires land must be given complete security, so that he need fear neither eviction nor annoyance. The system of land-ownership in most countries is very far from satisfying this requirement, for the new possessor is never perfectly sure that the seller was the rightful owner, and yet he cannot have any greater right than the former owner has transferred to him.

In Australia a system has been devised, called the Torrens system from the name of the statesman who invented it (in South Australia, in 1858), which has since been adopted in other countries, and especially in new countries, such as Tunis, for instance. To put it shortly, we might describe it as the application to land of the registration system that applies to persons — the system by which births, marriages, and deaths are entered in a register, of which copies are handed to the interested parties by way of evidence. In the same way each piece of land has its history and description entered in a register, and a copy of the page is delivered to the person concerned. This certificate enables him, as it were, to carry the land in his pocket. If he wants to sell it, he takes the document to the registrar, who enters the transfer in the register and hands the new owner a fresh certificate, without the need of any intervention on the part of a lawyer.

¹ This is also called the *mobilization* of land; but this term is liable to confusion, because it also means something quite different — namely, the credit methods used to facilitate borrowing on land.

VII. SYSTEMS FOR THE PRESERVATION OF LANDED PROPERTY

The agrarian policy described in the last section, that aims at making landed property accessible to all either by subdivision or by facilities for transfer, is not favoured by all economists. Those, for instance, who belong to the catholic social school or to the Le Play school, believe that the system of turning land into money and making a commodity of it, is contrary alike to the interests of cultivation and to those of the family. It deprives the land of the two-fold attribute of immobility and perpetuity that nature has conferred upon it, and owing to which it can best maintain the permanence of the family, the stability of business undertakings, and the carrying-out of far-reaching plans.

The fatal consequences of this "mobilization" of land would be, in particular, the following:

(1) The *subdivision* of property. The division of property by equal partition seems to its opponents to be inspired not so much by a love of small properties as by a hatred of large ones; and by its crude mechanism it would often defeat the ends it aims at. It scarcely touches the great estates, because the owners of these have generally enough transferable wealth to be able to keep the estate in the hands of one of their children, while assuring to the rest an equal share in money; and they willingly agree to this arrangement, for the sake of the dignity of the family name. On the other hand, the owner whose entire fortune consists in his little bit of "property," cannot withdraw it from the partitioning knife. Thus at each death his little estate becomes further subdivided, in a geometrical progression, until nothing remains but scraps of land that are of no use, unless they are got rid of by selling them to some rich neighbour who will use them to round off his own estate.

Incredible instances are cited in many places of this chopping-up of land — of strips no broader than a scythe, or even a sickle! If equal division has not been so destructive of property in France as might have been feared, it is because it has been partly neutralized by two causes, which, however, are still more unfortunate. These are Malthusianism, which avoids the division of land by abolishing children; and emigration from the country districts, by which means, even where there are several children, only one is left on the land, if that.

A minimum point should at any rate be fixed, below which all subdivision should be prohibited, so that the heirs should merely

have to choose between leaving the land in the possession of one of them, and selling it. This minimum would be, as it were, the atom of property, like the atom of the physicists, which is said to be indivisible.

(2) The subdivision of property is frequently accompanied by another evil — the possession by one owner of a large number of pieces of land. This system has no necessary connexion with small property. There may be, and there are in some countries, large estates made up of portions of land scattered sometimes far apart. In this case all the inconveniences of small and large properties are combined.

But against this evil at least one remedy is indicated: for each owner to exchange distant portions for near ones, so as to have all his property in one piece. This operation¹ has long been practised in the Germanic countries, as well as in Alsace, and since the war in the devastated areas of Northern France.

(3) Finally, if there are dangers in the excessive subdivision of land, there would be a still greater one in excessive ease of alienation: this is nothing less than the destruction of small rural property. Of what use would it be to set up a class of small landowners, at great expense, by means of advances by the State, if they were then left free to sell and to borrow? They would quickly slip back into the ranks of the proletariat. It would be necessary, therefore, to carry out the opposite process to mobilization — that is to say, to make the land inalienable and exempt from seizure — or if not all land, then at least the amount necessary for the existence and maintenance of the family.

Nevertheless, no country has dared to withdraw the right of sale, for by thus imposing a civil disability upon all small proprietors it would run the risk of displeasing them and defeating its own ends. But in some countries the small proprietor has been given the power to make his land exempt from seizure, which keeps away all lenders. This is what is called the *homestead* system, from the name given to such properties in the United States, where it has been established since 1839 (in Texas) — a system which is now becoming acclimatized in various other countries. In France, after some fifteen years of hesitation and several projected laws, the law of 1909 was eventually passed to sanction the homestead, or, in the French phrase, the *bien de famille*. But this legislative experiment, loudly extolled by liberal and conservative economists alike, has failed completely. At the end of 1913, after the law had been in force, therefore, for more

¹ [Called *remembrement* in French; we have no equivalent term in English.]

than four years, there were only 243 homesteads, of which the rural ones — the only ones of any interest — numbered 158. French small proprietors object to inflicting disabilities upon themselves, even if it be only the inability to borrow.