

CHAPTER VII

PROFESSOR FRANCIS A. WALKER'S OBJECTIONS

FAR more searching than the attacks of Mr. Atkinson are those made upon the Single Tax system by Professor Francis A. Walker, one of the most distinguished of American economists. These attacks are mainly contained in a small volume, *Land and its Rent*, professedly published to refute Henry George's doctrines as set out in *Progress and Poverty*. Professor Walker, however, simplifies his task very materially. As will presently be shown, he does not deny the injurious influence of private property in land on the distribution of wealth; he admits the injustice of landowners appropriating rent without rendering service in return. All he claims is that George has exaggerated the influence of rent on the distribution of wealth; that the injustice involved in private ownership of land is more than compensated for by the advantages which it confers upon the community; and that by refuting the alleged exaggerations he has refuted the validity of the claim that the interests of society urgently demand the appropriation for common purposes of the rent of land.

The points in George's arguments to which Professor Walker addresses himself, and his manner of dealing with them, will be considered *seriatim*, and are as follows:—

“Let us take up, in their inverse order, Mr. George's three capital propositions. And first, how much is there in the view that commercial disturbance and industrial depression are due chiefly to the speculative holding of land. That land in its own degree shares with other

species of property in the speculative impulses of exchange, is a matter of course. Everybody knows it ; no one ever thought of denying it. Mr. George makes no point against private property in land unless he can show that it is, of all species of property, peculiarly the subject of speculative impulses. Now this is so far from being self-evident or established by adequate induction that the contrary is the general opinion of economic writers. Of all species of property, land, especially agricultural land, starts latest and stops earliest in any upward movement of prices, as induced, for instance, by a paper-money inflation, which perhaps affords the best opportunity for the study of purely speculative impulses.

"Of course, there are circumstances under which those impulses may especially attack land, and a wild 'rig' may be run in the market for this commodity, as, at other times, in the market for government stocks, mines or railways, or Dutch tulips."¹

Is it true that "Mr. George makes no point against private property in land, unless he can show that it is, of all species of property, peculiarly the subject of speculative impulses"? Suppose it were not, is it not possible that whereas speculation in labour-products might inflict little or no harm on the community, speculation in land might inflict infinite harm, though land were no more subject to speculative impulses than labour-products? This, as a matter of fact, is George's position and also that of common sense. Speculation in wheat, for instance, holding it at the end of a good harvest, in the expectation that the next harvest may prove less plentiful, may be cited as an example of speculation in labour-products which, by preserving a part of present superfluity to meet subsequent scarcity, is beneficial to the community. Nor can it be shown that, in the absence of monopoly, any speculator in labour-products can benefit himself without conferring at least an equivalent benefit upon the community. On the other hand, no benefit, but only injury to the community, can arise from speculation in land, whether it is speculation which keeps land out of use, or which "rigs" the

¹ *Land and its Rent*, pp. 162, 163.

land market in other ways to the temporary increase of land prices and rent.

While Mr. Walker thus misconceives the problem presented to him, he similarly misunderstands the question which he himself puts, *i.e.* whether land is peculiarly the subject of speculative impulses. For obviously this is not merely a question of agricultural land, to which he confines it, but of all land. Which are the main objects of speculation at Stock Exchanges? Railways, tramways, mines, gas and water shares and similar securities, based on the ownership of land or special privileges to land, easily come first. Moreover, any inflation, whether it be a paper-money inflation, or any large addition to capital seeking investment, results first and foremost in the speculative rise of urban properties. Wild speculation in such lands, periodically recurring, can be recalled by any man who has passed middle age in any progressive country where free trade in such land exists. By far the greater part of land-values, therefore, are not merely "peculiarly the subject of speculative impulses," but are pre-eminently the object of speculative transactions and excesses.

The peculiarity, here apparent, of regarding agricultural rent as the only rent, adheres to Mr. Walker's argumentation throughout. As is seen in the foregoing quotation, he even overlooks the obvious fact that mines are as much land as farms, *i.e.* apart from improvements, and disregards urban rents altogether. Yet, inasmuch as the value of agricultural land represents only a small part of all land-values, this treatment of the subject must necessarily lead to erroneous conclusions.

"We now come to Mr. George's second count. The allegation that the enhancement of the value of land, above what should be regarded as the capitalised value of its present productive or income-yielding power, withdraws large bodies of land from cultivation, thus driving labour and capital to poorer and more distant soils, in order to secure the needed subsistence of the community, can only be characterised, so far as all the agricultural uses of land are concerned, as a baseless assumption, for which not a

particle of proper statistical proof can be adduced, and which is directly contrary to the reason of the case.

“Because, forsooth, a man is holding a tract of land in the hope of a rise in its value years hence, does that constitute any reason why he should refuse to rent it, this year or next, and get from it what he can, were it not more than enough to pay his taxes and a part of the interest of the money borrowed, to ‘carry’ the property?”¹

In a footnote to page 165, Mr. Walker says further: “It will be observed that in the extracts quoted it is cultivation which is spoken of.” Yet, strange to say, while drawing the attention of his readers to this fact, he himself has forgotten it. For all his argument is directed to show that the speculative holders of agricultural land would sooner let it for a small amount than keep it idle. Yet that is not the problem. It is whether these holders will invariably let the land for cultivation, instead of letting it, or themselves using it, for inferior purposes, say the grazing of sheep or cattle. For if valuable land, fit for cultivation and near to markets, is largely used for this inferior purpose, then the consequence urged by George and which Mr. Walker endeavours to disprove must follow; labour and capital must be driven to the cultivation of poorer and more distant soils.

Is the existence of these conditions “a baseless assumption” “directly contrary to the reason of the case”? Every new and progressive country exhibits them. The most fertile and one of the best watered provinces of the colony of Victoria is known as “the Western District.” It runs along the coast from the Port of Geelong, past those of Warrnambool and Port Fairy, to that of Portland. Two railway lines traverse it from end to end. Land there, though very little improved, averages over £10 per acre in value, and considerable tracts have changed hands at from £25 to £40 per acre. Yet this land, held in large areas, and other land like it, have been used almost solely for grazing purposes, while intending farmers were compelled to traverse

¹ *Land and its Rent*, pp. 164, 165.

its length in their search for land. They found it in what are known as the Wimmera and Mallee provinces, where a scanty rainfall slightly moistens land of poor quality, and so distant from markets and ports that cartage and railway charges consume nearly all the profit which the farmers' labour can wring from the ungrateful soil. Land here, though far more highly improved than that of the Western District, has a value of from 10s. to £3 per acre. Is not in this instance labour and capital driven to poor and distant lands, because the owners of the nearer and far more fertile land refuse permission for its cultivation? Yet the rent which farmers would be willing to pay, and in some exceptional instances do pay, for this land, largely exceeds the return which it yields as grazing land.

Nor is this condition peculiar to this district or to Victoria. It prevails in all the Australian colonies, except where the imposition of taxation upon the value of land has, as in New South Wales and still more in New Zealand, forced the owners of valuable grazing properties to let or sell the most valuable of them for superior uses.

Nor is this all. In the business quarter of every city hovels may be seen by the side of palaces. The owners will not improve or cannot afford to improve their holdings to the extent which business requires. As a consequence traders are forced to take premises farther away from the centres of trade. The margin of production being thus lowered, rent is increased as much as by the lowering of the agricultural margin.

In new countries many building lots within the limits of towns and cities are kept idle, frequently in the most desirable situations, enforcing an extension of the city limits and a further increase of rent.

Around all cities, much land, fit for the intensest culture, is kept idle for speculative purposes. Users will only take it on long leases, owing to the valuable improvements which intense culture demands. Owners refuse to grant such leases, because it might deprive them of the opportunity to sell the land for building purposes. Similar

conditions, modified by entail, exist in Great Britain, as the report of the Royal Commission on the Housing of the Working Classes¹ previously quoted from proves.

Similarly, large areas of mining land are everywhere held out of use for speculative purposes. To such an extent is this practice carried, that a special term "shepherding" has been invented for it. Combinations for raising the price of mineral products, moreover, like the Copper Trust lately formed in the United States, can only succeed in their nefarious object by restricting the output, either keeping mines idle, or what comes to the same thing, reducing the output of mines. If they succeed, the value of all such mines rises, not the value of the improvements, but the value of the mining land.

Fixing his gaze upon the least valuable land, agricultural land, alone, Mr. Walker has overlooked all these cases in which speculation induces the idle holding of much of the most valuable land in the community, enormously increasing rent, reducing wages, and intensifying many of the worst evils of our civilisation.²

¹ See Part V. chapter v.

² On 10th February 1899, Mr. E. J. C. Morton, M.P. for Devonport, referring in the House of Commons to the condition of this town, in support of an amendment to the Address, in favour of land-value taxation, made the following statement :—

"The case which I want to bring before this House is not a case where the grievance is that the inhabitants cannot purchase or become possessed of their holdings. It is a case where there is a famine in land, and where the difficulty is to get the land on which holdings can be built; where you actually have land held up by the landlord for the purpose, and with the intention, and effect, of running up the rent of the remainder. . . .

"I have had experiences, in the course of going through my own constituency, which are absolutely heartrending. I know one street of fifty-one houses with an average of a whole family for every room in it. I have gone into houses in which, going up the stairs, one is afraid that one would put one's foot through the wood—through the actual staircase—so absolutely rotten is the fabric. There I have found in one room a husband, wife, and five children. On the same landing, in the only other room on that landing, I have found the father of a family, an elderly man, and his wife, and a married daughter and her child living in one room, in which they have to do all their cooking and all their washing. They are living under conditions in which morality itself would appear to be almost impossible, and yet—and, to my mind, that is the most dreadful feature of the case—these people who exist in this condition are decent people—they are respectable people—and I have actually had people living like this come to me and beg me not to tell of the conditions under which they live, because they are ashamed of it themselves, and yet these conditions are absolutely inflicted upon them against their will, and without any remedy being possible by their exertions or the exertions of any one else, excepting the exertions of this House."

On the same occasion, Mr. Flynn, M.P. for Cork, North, stated :—

"If there is one thing more than another which has tended to keep many of the towns of Ireland in that backward, wretched, and dirty condition which so unfavourably impresses visitors and every traveller through it, it is the system of ground landlordism

Mr. Walker's third and last point of attack is ingeniously chosen. George states: "Irrespective of the increase of population, the effect of improvements in methods of production and exchange is to increase rent," and "the necessary result of material progress, land being private property, is, no matter what the increase of population, to force labourers to wages which give but a bare living."

These and similar expressions of the same idea are selected by Mr. Walker as the central point of the Single Tax doctrine; this he declares to be "Mr. George's main proposition, the proposition to which the others are subsidiary." The acumen with which Mr. Walker has selected the most debatable point in *Progress and Poverty* is admirable, but even if he had succeeded in disproving it, the main part of the Single Tax doctrine would remain unaffected. For were it shown, as Mr. Walker endeavours to show, that rent does not increase through progress in methods of production *when population remains stationary*; that under these conditions wages may rise permanently in spite of private ownership of land, the question would still be, Can a permanent rise in wages take place through improvements in productive methods, when population does not remain stationary, when it is increasing in numbers? This is the actual condition accompanying progress in

which enables one landlord to hold the land of an entire town in his grasp, and to refuse to part with it for building purposes except on the payment of enormous fines. There is no escape, under such circumstances, from increased rents when the leases fall in. There is nothing more depressing than to drive into an average Irish town and see the tottering cabins, on which no sane man would think of laying money out, because of the precariousness of the tenure, and the certainty that improvement would result in profit, not to the man who made the improvement, but to the ground landlord."

Mr. Asquith, M.P., confirmed these statements, as follows:—

"Take any of our great towns where the ownership of the soil is, as is very often the case, in the hands of the single individual. What is the case there? In the first place, the owner may capriciously, or from a mistaken sense of his own interest, or a thousand and one other motives, refuse to allow the use of his land for building and other purposes—land which is absolutely necessary for the due development of the community; and he may hold back that land from the market in the hope that at some distant date he would obtain for it an increased value. In the meantime there is no power vested in the community to obtain the land, which is so essential to its life and health; and while that land is lying idle it does not contribute, under our law, a single penny to defray the growing expenses of the community. Is that an exaggerated description of the existing state of things? That it is possible under an existing law nobody disputes; it appears in case after case, town after town, and is within the experience of hundreds of honourable Members of this House."

production ; and if private rent, under these conditions, deprives the masses of the people of all participation in industrial progress, of any share in the increased produce of their labour, or if it deprives them only of a large share, justice and humanity alike demand the abolition of the private possession of rent.

Granted, therefore, that it were proved that George somewhat exaggerated the facts of the case, his main proposition would remain unaffected. Let us now see in how far Mr. Walker succeeds in establishing such exaggeration. He endeavours to do so by two methods : first, by citing "plain facts of common observation, and by unimpeachable testimony of industrial statistics" ; second, by "the reason of the case."

Under the first head he cites statistics of wages of agricultural labour in England to show that "the labourer has gained in wages through the labour-saving inventions and improvements of modern times," and quotes from Professor Émile de Laveleye to show that profits and interest have increased more than rent.

First as to wages. The Single Tax doctrine does not involve the proposition, and George does not allege that wages may not rise for a time under the impetus of a continuous progress in production, especially when accompanied by a large exodus of population, such as has taken place during the time adduced by Mr. Walker, *i.e.* between 1770 and 1870 in England. The question is, How long could labour retain any portion of the result of an improvement in production when all land is private property ? Mr. Walker himself, as will presently be shown in full, states that "economic rent tends to increase with the growth of wealth and population." Improved methods of production invariably result in increase of wealth, therefore, as Mr. Walker admits, in increase of rent. Rent, however, increases slowly through competition. Where, therefore, progress in productive methods is continuous, as it has been in Great Britain during the last century ; where, at the same time, a large continent, not yet appropriated, diminishes the local competition for land by withdrawing millions of workers from the labour market, rent advances

at a slower rate than productive power, and a margin always remains which can be divided between labour and its employers. But should such progress come to an end, or should it materially slacken, rent will inevitably overtake the increased productive power and wages and profit must fall again—all the quicker if no more free land fit for settlement by labourers were available.

In setting forth the reasons which explain the increase of wages in Great Britain in conformity with the Single Tax doctrine, no notice has been taken of those legislative enactments which, like the abolition of the Corn Laws and of protective legislation generally, have largely reduced the exactions of monopoly. Yet that they have materially assisted in increasing the amount of wealth for which British labour exchanges at the present time would not have been denied by Mr. Walker.

The second point, that regarding capital, is made in the following quotation from Professor Émile de Laveleye :—

“ Who occupy the pretty houses and villas which are springing up in every direction in all prosperous towns? Certainly more than two-thirds of these are fresh capitalists. The value of capital engaged in industrial enterprise exceeds that of land itself, and its power of accumulation is far greater than that of ground rents. *The immense fortunes amassed so rapidly in the United States, like those of Mr. Gould and Mr. Vanderbilt, were the results of railway speculation and not of the greater value of land.*

“ We see, then, that the increase of profits and of interest takes a much larger proportion of the total value of labour, and is a more general and powerful cause of inequality than the increase of rent.”¹

Apart from the question whether profit and interest could be as high as they are in the absence of the opportunity of investing in monopolies, it is clear that the same considerations which account for the temporary increase of wages also account for the temporary increase of capitalist earnings. But there arises here the question, What is

¹ *Land and its Rent*, p. 169. (The italics are mine.)

capital? De Laveleye, and with him Mr. Walker, have evidently mistaken land and monopoly values, and the opportunity for speculation which these afford for capital, as the italicised portions of the preceding quotation proves. They have, similarly, overlooked the patent fact that while many of the owners of "the pretty houses and villas" may have rendered services equal in value to the wealth obtained by them, which landowners do not, the rest, perhaps the majority, may own their wealth by virtue of monopoly-rights, either through increase in the rental-value of urban land, or through speculation in mines, railways, gas and water shares, and similar privileges connected with land. In any case, the misconception, made patent in the above quotation, as to what constitutes capital, deprives the demonstration of any argumentative value.

Let us now turn to the reasons of the case as stated by Mr. Walker: "It is not only true that an increased production of wealth *may* involve an enhanced demand for labour as well as for land, but it is also incontestably true that the increased production of wealth rarely if ever causes an increased demand for land without a corresponding demand for labour; while, on the contrary, an increased production of wealth may cause an enormous increase in the demand for labour without enhancing the demand for the products of the soil in any degree whatsoever.

"Here is a pound of raw cotton, the production of which makes a certain demand or drain upon the land. To that cotton may be applied the labour of an operative for half an hour, worth, say, 5 cents. Successive demands for the production of wealth may lead to the application of, first a full hour's labour, then of two hours, then of three, four, or five; finer and finer fabrics being successfully produced, until at last the pound of cotton has been wrought into the most exquisite articles. Mr. George says that the whole effect of any increase of wealth is to enhance the demand for land. Here is a large increase in production—twofold, threefold, tenfold, perhaps, with no additional demand or drain upon the soil.

"But I go further, and assert, without fear of contra-

diction . . . that the enhancement in the demand for land, in the progress of society, habitually falls short of the enhancement of the demand for labour, the increase of production taking two great forms—one which involves no increase whatever in the materials derived from the soil ; the other in which the increased demand for land falls short, generally far short, of the increased demand for labour.”

As an example of the first kind, Mr. Walker again adduces that of the cotton increased in value by successive doses of labour, and several others of the same kind. No example is given to sustain the second statement.

Let us rest here and see what all this comes to. The question is whether, “irrespective of the increase of population, the effect of improvements in methods of production and exchange is to increase rent,” and it is agreed that if improvements in methods of production do not add to the demand for land, no such increase of rent can take place. Mr. Walker, however, has again misunderstood the problem. Not “increase in the production of wealth” is in question, but improvements in methods of production, *i.e.* improvements which enable the same labour to produce more wealth or which enable the same amount of wealth to be produced with less labour. The facts on which he relies, therefore, are not to the point ; nay, they do not even show that a greater production of wealth has taken place. For obviously, had the same labour been devoted to the production of a greater quantity of cotton goods of inferior quality instead of making a smaller quantity of superior quality, the production of wealth might have been the same or greater. What he has shown, therefore, is that labour may be directed to produce the same amount of wealth from a smaller quantity of raw material, thus reducing the demand for land and for labour in the cultivation of land. That has not been disputed, nor is such a change in the direction of labour an “improvement in the methods of production.” Cotton has been worked up to the finest cloth ; wood has been converted into highly-priced furniture ; Lucullian dinners have been prepared from a time beyond the

memory of man. What is meant by "improvements in methods of production" is not in dispute. They consist of those inventions and discoveries which increase the productive power of labour, either in enabling the same labour to produce more raw material or to convert more raw material into finished products, or, to a much lesser extent, which lessen waste in the use of raw material. Let us stick to cotton. Have improvements in the methods of producing cotton goods added to the demand for land; or, the population not having increased, would these improvements have increased the demand for land and labour?

The invention of the spinning-jenny, the spinning-mule, the power-loom, the cotton-gin, and the steam-engine are the classical examples of "improvements in methods" of producing cotton goods. They enable the same number of labourers to work up a vastly increased amount of raw cotton, or the same amount of raw cotton to be worked up by a fraction of the labourers previously required. What follows on the supposition that population remained stationary? An increased demand for land to grow cotton upon; an increased demand for coal and iron land to manufacture machines. But no increased demand for labour need have arisen; some of the labourers who could be dispensed with in the manufacture of cotton may have been employed in growing more cotton, raising coal and ore, and manufacturing machines. If it is supposed that some of the population were previously unemployed or only partly employed, more labour may have been employed, but only on condition of using still more cotton and mining land.

Nor is this all. The inventions spoken of have two further influences. They concentrate manufactures and increase exchanges—both exchanges of intermediate and of consumption-goods. Hence arises a demand, or a greater demand, for land on which manufacturing and exchanging can be conducted most profitably. While the greater demand for raw material, cotton, coal, and ore lowers the base of production, this greater demand for manufacturing and exchanging land raises the apex of production. Rent,

therefore, increases not only under the stimulus of one cause, but under that of two causes.

Let us now introduce the third condition, that all the land is privately owned, and in order to place Mr. Walker in the most favourable position, let us assume that, though all the land is owned, it is not all used. Let us suppose that the least productive cotton land and the least productive mines known to exist were not previously wanted for the needs of the population. There now arises a demand for them because labour is made more productive even in the production of raw cotton and minerals, for these will now exchange, quantity for quantity, for more cotton goods. Will the owners allow of the use of this land so far idle? If they do not, numbers of labourers, made superfluous by the "improvements in methods" of producing cotton goods, must remain idle. On the other hand, if they are allowed to go to work, they will produce more goods—in the shape of cotton goods—even from this inferior land than they previously could have done from the land next superior in grade. The owners of the land, on the other hand, will receive more cotton goods in wages, profits, or rents than they previously did, even if they continue to keep this land idle. They, therefore, are in a better position for bargaining, while labour is in a worse position. Hence, inevitably, rent will be demanded even for the worst land; rack-renting will ensue, and labour will be deprived of any advantage resulting from "improvements in methods of production."

Not only, therefore, is Mr. Walker wrong, but he is ludicrously wrong in the assertion, though he makes it "without fear of contradiction," that "the enhancement of the demand for land in the progress of society habitually falls short of the enhancement of the demand for labour." If he were right, progress in methods of production, far from saving human exertion, would increase human exertion, *i.e.* would not be progress but retrogression. He is likewise wrong, and absolutely wrong, in the assertion that, given private ownership of all land, improvements in manufacturing methods do not increase rent and do permanently increase wages when the population is stationary.

Moreover, this error is fully admitted by Mr. Walker himself in his very next indictment of George's teaching, for he there admits that "improvements and inventions . . . which affect manufacturing industry . . . tend to enhance the demand for land, and thus to raise rents," the very point which he previously denied.

"We have now only to show . . . that instead of all improvements and inventions increasing the demand for land, as Mr. George declares, some very extensive classes of improvements and inventions actually operate powerfully, directly, and exclusively in reducing the demand for land,—we have, I say, only to show this to convict this would-be apostle of a new political economy and a regenerated humanity of the grossest incompetence for economic reasoning."¹

Strong words these and uncharitable, even if George had been guilty of a serious error. Though Mr. Walker has been convicted here of some serious errors and misconceptions and of one absolute self-contradiction, we would be sorry to apply such terms to him. To err is human, even in economics. The father of the science, Adam Smith himself, has been guilty of some strange errors without thereby having incurred the reproach of "the grossest incompetence for economic reasoning" even from such an infallible authority as Mr. Walker. But to continue the quotation:—

"By far the larger proportion of all improvements fall naturally under three great classes: first, those which affect manufacturing industry; second, those which affect transportation; third, those which affect the cultivation of the soil.

"Of these three classes it has always been admitted by economists that the first tends to enhance the demand for land, and thus to raise rents, although not necessarily or indeed usually without also enhancing the demand for labour and capital, and thus raising wages and interest. The two remaining classes of improvements tend directly, and indeed operate exclusively, to reduce the demand for land, leaving thus the whole advantage of such improve-

¹ *Land and its Rent*, pp. 174, 175.

ments and inventions to be acquired by either labour or capital, or in one proportion or another by both labour and capital in enhanced wages and interest.

“And first of improvements in transportation . . . Is it the effect of improvements of this class to enhance rents? Absolutely and exclusively the reverse. Whatever quickens and cheapens transports acts directly in the reduction of rents, and cannot act in any other way, since it throws out of cultivation the poorer lands previously in use for the supply of the market, enabling the better soils at a distance to take their place, thus raising the lower limit, or, as it is called, the ‘margin’ of cultivation, and thus reducing rents.”

This exposition overlooks some very evident facts. It overlooks that improvements which cheapen transportation set free a considerable body of men previously employed in inferior methods of transportation; that they cheapen transport, not merely for new land, but also for much of the land previously cultivated; and that a stationary population may and will increase its consumption of wheat or other agricultural products if their price falls. It follows that cheapening of transport which enables distant and new lands to be cultivated need not throw out of cultivation nearer lands. Take the following case :—

Before the improvement took place, the wheat supply of the world was derived from equal areas of land yielding the following units of value to the same expenditure of labour and capital :—

A	B	C	D	E	F	G	H	I
100	80	70	60	50	40	30	20	10

Owing to the reduced cost of transport, new land, previously unprofitable, can be profitably cultivated, yielding 20 and 10 units gross, say K and L, and each of these areas is as large as any of the others. Let us also assume that the older lands benefit by the cheapening of transport as follows :—

A	B	C	D	E	F	G	H	I
10	5	10	—	—	5	10	10	10 units

Remembering that one of the elements of the problem

is that all land is privately owned, and that therefore none can be obtained for use without the payment of some rent, the rent of land before the adoption of the improvement would have been—

A	B	C	D	E	F	G	H	I
93	73	63	53	43	33	23	13	3 units

or 397 units in all. After the adoption of the improvement, and if no change in the price of wheat had taken place, rent would have been—

A	B	C	D	E	F	G	H	I	K	L
103	78	73	53	43	38	33	23	13	13	3 units

or 473 units in all. As, however, the increase in the world's supply of wheat equalled $6\frac{1}{2}$ per cent, it is not unreasonable to assume that the price of wheat must fall 5 per cent to enable this addition to be consumed. The new rent, therefore, must be reduced to the same extent, *i.e.* to 450 units. Nevertheless, the increase of agricultural rent, owing to this improvement, is not less than 53 units, or over 13 per cent. Nor is this all the increase. Mr. Walker has further forgotten that improvements in methods of transportation increase, and largely increase, the value of urban land by aggregation of population and concentration of trade. And further, has the building of railways no influence in creating a value in the right-of-way? Are not wharves and land surrounding wharves made more valuable by improvements in shipping? All these facts are too obvious to need proof.

It is, however, far different with labour and capital. Before the improvement was adopted they retained 7 units of value; thereafter they still retain 7 units of value, but units the value of which is reduced by 5 per cent. Hence the reward of labour and capital in wheat-growing has been reduced by the adoption of the same improvement which largely increases rent.

Professor Walker, therefore, overlooked the essential facts of the case when he so positively asserted that improvements in transportation "absolutely and exclusively . . . act directly to the reduction of rents, and cannot act

in any other way." On the contrary, they act, and invariably act, to the increase of rent, and may also reduce the reward of labour and capital even in a stationary population.

Taking now the case of agricultural improvements, the facts on the whole are no more favourable to Mr. Walker's contention. Quoting Mill, he shows: "Such improvements are of two kinds, one consisting of those which do not increase the produce, but diminish the labour and expense by which that produce is obtained, such as the improved construction of tools or the introduction of new instruments which spare manual labour, like the winnowing and threshing machines; the other class consisting of those improvements which enable the land to yield a greater absolute produce without an equivalent increase of labour, such as the disuse of fallows by means of the rotation of crops. . . . By the former of the two kinds of improvement, rent would be diminished; by the second it would be diminished still more."

The following is Mr. Mill's demonstration of these propositions:—

"Suppose that the demand for food requires the cultivation of three qualities of land yielding on an equal surface and at an equal expense 100, 80, and 60 bushels of wheat. The price of wheat will on the average be just sufficient to enable the third quality to be cultivated with the ordinary profit. The first quality, therefore, will yield 40 and the second 20 bushels of extra profit, constituting the rent of the landlord.

"At first let an improvement be made which, without enabling more corn to be grown, enables the same corn to be grown with one-fourth less labour. The price of wheat will fall one-fourth, and 80 bushels will be sold for the price for which 60 were sold before. But the produce of the land which produces 60 bushels is still required, and the expenses being as much reduced as the price, the land can still be cultivated with the ordinary profit. The first and second qualities will therefore still continue to yield a surplus of 40 and 20 bushels, and corn rent will remain the same as before. But corn having fallen in

price one-fourth, the same corn rent is equivalent to a fourth less of money and of all other commodities."¹

This demonstration is made valueless by three assumptions, one explicit, the others tacit, all of which are utterly unwarranted. The first is the assertion that the price of wheat will fall because the cost of its production has fallen, though no more wheat is going to be produced. This assertion is not only contrary to common sense, to all modern theories of value, but also to the theory of value entertained by Professor Walker, the sponsor of this assertion himself.²

The erroneous tacit assumptions are that the consumption of wheat will not increase in a stationary population when the price is reduced by 25 per cent, and that the labourers who have been dismissed—one-fourth of the whole—will thenceforth lead a life of absolute idleness. That both these assumptions are wrong needs no proof, for it at least cannot be denied that consumption may increase and that some or all these labourers may want to work and may find work.

The real facts, therefore, are as follows :—

The first effect of the improvement is to largely increase the profit on wheat-growing, while throwing one-fourth of the labourers out of employment. The labourers, so displaced, will seek employment, and will find it readiest in growing wheat on land next lowest in productivity, which, to adhere to Mill's scale, will yield 40 bushels. If this land is privately owned, one of the conditions of the problem, they will have to pay rent for its use. Say they pay only 5 bushels in rent, and that the same rent was paid for the 60-bushel land prior to the introduction of the improvement. Rent which previously stood at 45, 25, and 5 bushels respectively for the three classes of land in use now stands at 65, 45, 25, and 5 bushels for the four classes of land in use. The increased production, increased

¹ *Land and its Rent*, pp. 178, 179.

² "If . . . the market value is above the cost of production, some, perhaps all, who have been producing this article will produce more of it, perhaps much more of it. It is even possible that some persons who have not been previously engaged in producing this article may now undertake to do so. The supply being by these means increased, market value will turn downwards toward or to the normal value."—Walker, *First Lessons in Political Economy*, p. 76.

by $16\frac{2}{3}$ per cent, now tends to reduce prices. Say, with Mill, the reduction in price amounts to 25 per cent. As the earnings of all labour and capital employed in growing wheat cannot be higher than the earnings of labour and capital at the margin, the incomes of all wheat-growers are now lowered by far more than 25 per cent, *i.e.* they retain wheat about 15 per cent less in quantity, and 25 per cent less in value. Rent, however, is largely increased. From a production of 100, 80, and 60 = 240 bushels, rent took 45, 25, and 5 = 75 bushels, or $31\frac{1}{4}$ per cent; from a production of 100, 80, 60, and 40 = 280 bushels, it takes 65, 45, 25, and 5 = 140 bushels, or 50 per cent. Suppose the price of wheat has fallen from 4s. to 3s. on account of the increased production. Rent, which before the improvement stood at $75 \times 4s.$ or 300s. in all after its introduction, stands at $140 \times 3s.$ or 420s. That is, rent has been increased nearly 50 per cent in value, and wages and interest have been reduced largely by an agricultural improvement, which, in a stationary population, increases the productive power of labour by one-fourth.

This is the extreme case which might happen, and which must happen, unless the greater number of the displaced labourers can find more profitable employment in other occupations than that of growing wheat now affords. If they do, some others will nevertheless produce wheat on 40-bushel land, partly because this is handiest, partly because the withdrawal of the former raises profit and wages again. The output being increased to a small extent only, prices also will fall only to a small extent. Hence the increase in agricultural rent is still larger than under the former supposition, though the fall in profits and wages is less, and there is also an increase in the rent of other land, that on which the majority of the displaced labourers are employed. Obviously, therefore, both Mill and Mr. Walker are wrong when they assert that the sole and inevitable result of such improvements is to reduce rents and to increase wages and interest. The opposite is the case.

Let us now follow the effects of improvements in agriculture which increase the produce without an equivalent

increase in labour, "such as the disuse of fallows by means of the rotation of crops," and let us do so again at the hand of Mill's example. Say, the same amount of produce can now be grown on land previously equivalent to three-fourths of the produce. Mill shows that all the wheat so far demanded can now be grown on land which previously yielded 100 and 80 bushels; that the 60-bushel land will be abandoned; that the land retained will now yield $133\frac{1}{3}$ and $106\frac{2}{3}$ bushels respectively; that wheat will fall in price in the ratio of 60 to $106\frac{2}{3}$; and that, in addition to the loss hence arising, the landlord loses $33\frac{1}{3}$ bushels out of the 60 bushels which he previously received as rent.

This demonstration suffers from the same defects as the former one, *i.e.* from the assumption that wheat will fall in price when the cost of production has been lowered, though no greater quantity is going to be produced, and that the labourers thrown out of work will remain idle or disappear from the earth. It suffers from the further defect of assuming that the cost of production has been reduced in the ratio of the increased yield. For it is clear that rotation of crops demands more labour to be expended on the same land than fallowing. Some of the labour previously employed on 60-bushel land is saved, but not all such labour.

The rest will continue to be employed on what was 60-bushel land, which will now yield 90 bushels, and the price of wheat will fall owing to this greater production. Say the production is increased by 10 per cent, and that the price of wheat falls 10 per cent. The facts then are: Out of a production of 240 bushels worth 4s. a bushel rent amounted to 75 bushels worth 300s. After the improvement is adopted the production amounts to 262 bushels worth $3\frac{6}{10}$ shillings, out of which rent still amounts to 75 bushels worth 270s.

The effect of this improvement, therefore, is to reduce rent by 10 per cent, and to increase the return to labour and capital by more than the corresponding amount. Mr. Walker, therefore, was justified in the statement that some agricultural improvements reduce rent, *i.e.* those which

result in an increased yield without an equivalent increase in labour, and which are applicable to all land.

This latter qualification, however, again has been overlooked by him. For on his own theory, if such improvement, say the introduction of a new and valuable plant, is not applicable to all land, as it generally is not, but applicable to some land only, it will obviously increase the rent of such land without adding to the earnings of labour and capital, just as the discovery of a rich mineral deposit has these results.

The elaborate investigation here made, therefore, leads to these results. Given a stationary population and private ownership of all land, improvements in manufacturing methods do not, in the long-run, increase the earnings of labour and capital, but are absorbed by rent ; improvements in methods of transportation inevitably increase rents, and may, to some extent, even reduce the earnings of labour and capital. Of improvements in agriculture, one kind, *i.e.* that of appliances, increases rents while reducing the earnings of labour and capital ; another, *i.e.* that of methods applicable to some land only, increases rents without affecting the earnings of labour and capital ; and a third, a very rare one, *i.e.* that of methods applicable to all land, reduces rents slightly and increases the earnings of labour and capital.

While George, therefore, was to some small extent in error when he alleged that, "irrespective of the increase of population, the effect of improvements in methods of production and exchange is to increase rent," inasmuch as there is one rare class of improvements which fails to do so in the long-run, Mr. Walker's absolute denial of this generally true fact was a far greater error.

Not only would he have failed to materially weaken the Single Tax doctrine had he succeeded in his attack upon George's exposition of it ; not only has he failed in this attack, but he himself furnishes valuable testimony to the truth of the doctrine which he assails.

Arguing against Bastiat's theory that rent is a return for service rendered by the landowner, Mr. Walker makes the following statement :—

“A highwayman points a pistol at my head, but offers to spare me if I shall give him 500 dollars, which I proceed to do with the greatest alacrity. In sparing my life he renders me the highest possible service. . . . Still the question will arise, How came the highwayman to be in a position to do me such a vital service, and after all, what right has he to what was my 500 dollars ?

“In like manner, while the owner of land who at a certain rent leases to me a few acres on which I may work to raise food for myself and family, undoubtedly does me a great service as compared with not giving me leave to cultivate it upon any terms whatever, it will still be rational and pertinent for me to inquire, at least under my breath, what business he has with the land more than I or any one else.”¹

“The view of nearly all publicists, founded on the current economic doctrine, (is) that private property in land is a privilege conferring unearned advantages upon individuals only to be justified by the public benefits resulting from the private cultivation and improvement of the soil.”²

And further :—

“In the first place, looking to what are called rights of property, it is admitted by all sound writers on public policy that property in land differs markedly and materially from property in capital or in the products of labour. If both species of property are ‘sacred,’ to use a familiar phrase, landed property by almost universal consent stands lower, much lower, in the hierarchy than property in capital.”³

Equally explicit is the following statement taken from a later work :—

“It certainly is true, as claimed by the advocates of this policy, that any increase in the rental value or selling value of land (aside from investments of capital already spoken of) is due not to the exertions and sacrifices of the owners of the land, but to the exertions and sacrifices of the community. It is certainly true, as claimed by the advocates of land nationalisation, that economic rent tends to increase with the growth of wealth and population, and that thus a larger

¹ *First Lessons in Political Economy*, p. 63. ² *Ibid.* p. 66. ³ *Ibid.* p. 198.

and still larger share of the product of industry tends to pass into the hands of the owners of land, not because they have done more for society, but because society has a greater need of that which they control.”¹

Holding these views, it may well be asked, Why does Professor Walker defend private ownership of land ; what are the advantages to the community arising from this system which, in his opinion, compensate, and more than compensate, for its admitted injustice? *Land and its Rent*, though it does not fail to indicate Mr. Walker’s answer to this question, does not contain as explicit an exposition of it as a subsequent work which, written to instruct the youthful mind, is far more outspoken. It states:—

“ 1st. When one considers how much evil results from the comparatively small operations of existing governments which have to do with only a few of the concerns of a people, he cannot but be shocked and revolted at the thought of governments which should own the soil of every farm within their respective territories, which should own the road-bed of every railway and the ground upon which every man’s house, shop, or store was built. The periodical leasing and re-leasing of all these properties, the fixing of their respective rentals, the estimation of improvements made by outgoing tenants would necessarily so increase the work of government, would involve such an army of officials, and would afford such enormous opportunities for corruption and favouritism as to threaten the very existence of human society.

“ 2nd. Perhaps an even stronger objection to the common ownership of land is found in the liability to abuse of the soil, whenever it is cultivated by those who are not directly and deeply interested in preserving its fertility. It is always possible so to abuse the land as, within a short term of years, nearly or wholly to destroy its value. Many of the once fairest tracts on earth which formerly supported large populations in abundance are now little better than sterile deserts, all through man’s reckless or wanton treatment of nature.

“ Now were the owner of all the land to be the State,

¹ F. A. Walker, *First Lessons in Political Economy*, p. 209.

who can believe that the Government would be able to protect its landed property, spread over thousands, or hundreds of thousands, of square miles, from the most monstrous abuse—abuse that might, in no long time, permanently impair and even destroy much of that property? A single generation of abusive cultivation might cost a nation far more than the value of all the rents that would be reaped by the landlord class under the system of private ownership to the end of time.

“It is the force of considerations like the foregoing which causes nearly all men who have wide knowledge of public affairs, and who are well read in human history, to accept the system of private ownership of land as inexpressibly superior to collective ownership. Fully as they may recognise the injustice of the social arrangements by which economic rent goes to private individuals, and increases not according to the needs the exertions and sacrifices of those individuals, but according to the needs the exertions and the sacrifices of the community, they yet see no escape from this result, except in a system which would turn government into an intolerable despotism, and would, at the same time, put in peril the permanent productiveness of the soil.”¹

In a footnote to p. 214, Mr. Walker admits that the second objection, liability to abuse of the soil, does not apply “with equal force, if at all,” to “building lots” and “urban real estate,” but alleges that the first, the political objection, “remains in full force in this case.”

The foregoing being the only considerations which Professor Walker adduces in condonation of the injustice of allotting economic rent to private persons, it follows that if this injustice can be removed without inducing the evils predicted, the maintenance of the injustice is an act of wanton violence. That the Single Tax system will abolish the injustice of private rent without adding to, nay, while largely reducing, the functions and powers of governments, has already been proved.² There remains to be proved that it will not add to any tendency towards

¹ F. A. Walker, *First Lessons in Political Economy*, pp. 212-214.

² See Part V. chap. v.

the exhaustion of land which may exist under the system of private ownership.

Private ownership has not always prevented and does not everywhere prevent the exhaustive cultivation of the soil. The countries to which Mr. Walker alludes as being now little better than sterile deserts while formerly they supported a large population in plenty, Northern Africa, Southern Greece, and others, were reduced to sterility under the system of private ownership. The same process under the same system has converted large areas of the Southern States of the Union into an infertile wilderness. Similarly, the Eastern States of the Union have been, and many other States, as well as much of the land of Australia, are now being cultivated in a manner which largely reduces their fertility. Neither private ownership nor any other tenure can prevent the exhaustion of the soil where large areas of cheap land are cultivated by a scanty population, because, in these circumstances, it pays better to exhaust the fertility of the land than to preserve it.

Where, however, owing to increase of population, a more intense system of cultivation prevails, it pays better to maintain the fertility of the soil than to exhaust it—on one condition, *i.e.* that the user of the soil is the owner of the improvements on the soil and has a permanent tenure. If the land is let on short leases, and the buildings and other improvements belong to the landlord, the tenant may benefit himself by exhausting the land even in closely settled countries. But when the user owns improvements of considerable value, such as are indispensable for intense culture, the destruction of the fertility of the soil would make these improvements valueless. He, therefore, could not benefit but only injure himself by exhaustive cultivation. These, then, are the facts. Where extensive culture prevails, as it does in all newly settled countries, the Single Tax system cannot add to the tendency towards the exhaustive use of the soil; where intense culture prevails, as it does in all the older countries and in the older parts of newly settled countries, the Single Tax system, by giving permanency

of occupation and ownership of improvements to the user, would absolutely eradicate the tendency towards an exhaustive cultivation of the soil which private ownership has failed to abolish.

As neither of the evils which are adduced as alternatives to the injustice of private possession of rent can or will arise under the Single Tax system, there can be no legitimate reason for the opposition to that system which the followers of Professor F. A. Walker still maintain.