

A Challenge to the Georgists

by Robert LeFevre

Robert LeFevre is dean of Rampart College Graduate School, which is being established north of Colorado Springs, Colorado. He is the founder and former president of the Freedom School, parent organization to Rampart College, and principal teacher during that school's summer courses for adults. LeFevre, author (*This Bread is Mine, The Nature of Man and His Government, and Constitutional Government Today in Soviet Russia*), educator, lecturer and columnist, recently resigned from his position as editor of the largest daily newspaper in Colorado Springs to devote full time to the establishment of Rampart College.

Among those interested in economic science have invariably appeared persons who, while accepting many broad aspects of economic probability or certainty, have special areas of concern wherein they find exceptions to rules which are otherwise acceptable.

Communists and other socialists have long been noted for their antipathy to rent, interest, and profit generally. They seem to find in these three areas justification for governmental intrusion since, as they view the world, these three factors interfere with the otherwise amiable processes of economics, in which each worker receives the full fruit of his labor.

Certain supporters of liberty, while entirely willing to accept rent, interest, and profit generally as the very core and heart of economic reason and moral justice, find the market place singularly incompetent in dealing with matters of protection and defense. While supporting freedom, private property, and a free market generally, a broad exception is taken to all services dealing with protection, defense, retaliation, or even adjudication. They call for laissez faire until the question of protection is broached. At this point, all economic understanding flees and a plea is made for massive governmental intervention; taxation is justified, and each

and every argument they have advanced before in favor of freedom is now abandoned in favor of reliance on force.

There are others who favor governmental control of this or that phase of economic activity. Some favor free trade in an area protected by high tariff barriers. Others favor private ownership of all save the tools of production and distribution. One might suggest that in the study of economics the major ingredient is the exceptionist who has his own area of concern in which freedom must be abandoned and governmental force brought to play.

Of these exceptionists, there is no more vigorous group than those calling themselves the followers of Henry George. With Henry George, they hold firmly to a concept of freedom, private ownership of property, laissez faire, with market place economic rules in vogue, until they arrive at the one area which troubles them. At this point, and in contradistinction to the general principles they uphold elsewhere, they reverse their position and call for collectivized or centralized control. Georgists do not see their reversal. The area that distresses and at the same time enthralls the Henry Geogist relates to land. Long dwelling with their conclusions respecting the nature of land has seemingly eradicated the processes by means of which their conclusions have been reached.

The Geogist is the "single taxer"; the supporter of the idea of land value taxation as the single remedy for all of man's economic ills. No more stalwart foe of income taxes, excise taxes, or other taxes could ever be found. But let land be brought into the range of discussion and the arguments against taxation employed elsewhere are suddenly dropped. Land value taxation, the Georgists aver, provides the long-sought solution to economic problems. This is the elixir which will bring justice and harmony between the state and the individual; it is the philosopher's stone which will eliminate speculative greed; it is the talisman which will forever determine which taxes are just and which are unjust; it is the alchemy by means of which governments can be reduced to necessary size, and man can live in harmony and prosperity forever and ever.

The Georgists do not favor large or oppressive government. They are found in the camps of those who believe in human liberty and they recognize in government a constant danger and threat to human dignity and to economic well-being. They favor free trade and will admit of no protectionist philosophies generally.

Nor are they simply clamoring for a tax on land to take the place of a tax on incomes—a point often overlooked. The Geogist is quite

specific. He does not want a tax on land, *per se*, nor yet a tax on the improvements which are built upon or added to the land. He favors a tax to be levied exclusively upon the value of the land. And it is his contention that if such a tax could be relied upon, economic justice and prosperity would eventuate; no other taxes would be required; government would be reduced to its inescapable minimum, and conceivably at this point the "war on poverty" would cease for want of an enemy to fight.

The Georgist theory is a logical extension of the Marxian antipathy to rents. The *Communist Manifesto* of Marx and Engels sums up the question of ownership of land and the income derived therefrom in this colorful proscription: "Abolition of property in land and application of all rents of land to public purpose."¹ This methodology, advanced by supporters of a world commune, has been refined by the Georgists and remains as their single connection to the world of socialist reform.

The Georgists envision this: They see a society in which land is never to be privately owned.² All land is to be regulated "socially" on the basis of land value taxation.³ The various uses to which the land is to be put will determine the value of the land on which

¹Karl Marx and Frederick Engels, *Communist Manifesto* (Gateway Ed.; Chicago: Henry Regnery Co., 1954), p. 55.

²Henry George, *Progress and Poverty* (50th Anniv. Ed.; New York: Robert Schalkenbach Foundation, 1946), p. 328: "We have traced the unequal distribution of wealth which is the curse and menace of modern civilization to the institution of private property in land. We have seen that so long as this institution exists no increase in productive power can permanently benefit the masses; but, on the contrary, must tend still further to depress their condition. . . . There is but one way to remove an evil—and that is to remove its cause. Poverty deepens as wealth increases, and wages are forced down while productive power grows, because land, which is the source of all wealth and the field of all labor, is monopolized. . . . This then is the remedy for the unjust and unequal distribution of wealth apparent in modern civilization, and for all the evils which flow from it: *We must make land common property.*" (Emphasis through footnotes is that of Henry George.)

³*Ibid.*, p. 406: "Now, inasmuch as the taxation of rent, or land values, must necessarily be increased just as we abolish other taxes, we may put the proposition into practical form by proposing—to abolish all taxation save that upon land values."

Ibid., p. 421: "The tax upon land values is, therefore, the most just and equal of all taxes. It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the use of the community, of that value which is the creation of the community. It is the application of the common property to common uses. . . ."

the tax is to be based.⁴ The income derived from this single tax will be sufficient, as they view it, to handle all expenses of the "public" sector. Such things as streets, sewage disposal, street lighting, domestic policing, and other services deemed of a "public" character, can be financed by means of this tax. Aside from this, there will be no other tax at all.

What of buildings, farm improvements, mining operations, orchards, and so on? Who will own these appurtenances to the land? The appurtenances will be owned by the entrepreneurs and the private citizens. These can be bought and sold just as real estate, businesses, or other items of property are bought and sold today. Only the land remains in the ownership of the state, or of that committee, group, or agency empowered to own the land and presumably endowed with the ability to assess the land on the basis of its value.⁵

To their credit, the Georgists do not propose to forcefully oust present owners of land. However, their proposal would have this result, for it would (1) deprive all present landlords of rentals from owned lands, and (2) force many who presently own land to lose it through increased taxation. Thus, the individual who today owns rental property would be prevented by law from collecting

⁴*Ibid.*, p. 406: "As we have seen, the value of land is at the beginning of society nothing, but as society develops by the increase of population and the advance of the arts, it becomes greater and greater. In every civilized country, even the newest, the value of the land taken as a whole is sufficient to bear the entire expenses of government. In the better developed countries it is much more than sufficient. Hence, it will not be enough merely to place all taxes upon the value of land. It will be necessary, where rent exceeds the present governmental revenues, commensurately to increase the amount demanded in taxation, and to continue this increase as society progresses and rent advances."

Ibid., p. 413: "... if land were to be taxed to anything near its rental value, no one could afford to hold land that he was not using, and, consequently, land not in use would be thrown open to those who would use it."

Ibid., p. 418: "Were all taxes placed upon land values, irrespective of improvements, the scheme of taxation would be so simple and clear, and public attention would be so directed to it, that the valuation of taxation could and would be made with the same certainty that a real estate agent can determine the price a seller can get for a lot."

Ibid., p. 421: "With every increase of population the value of land rises; with every decrease it falls. This is true of nothing else save of things which, like the ownership of land, are in their nature monopolies. The tax upon land values is, therefore, the most just and equal of all taxes."

⁵*Ibid.*, p. 405: "I do not propose either to purchase or to confiscate private property in land. The first would be unjust; the second, needless. Let the

rents. This would induce wide-scale poverty among the thrifty who have invested their savings in land. Further, the increase in taxes on land, made larger by the abolition of all other taxes, would, unless government sharply reduced its expenditures, have the effect of universal expropriation.

With no opportunity to buy or sell anything at all, the land agency will be peculiarly removed from temptation. It cannot sell the land, for this is implicit. It cannot buy land as none is for sale. Speculation in land will vanish. So will the so-called "unearned increment" wherein the value of land held by one party may increase due to the productive efforts of another party or of "society" generally. Stability will return to the market place. Poverty will be eradicated. Universal progress of man will be assured.⁶

In a nation such as our own, in which hundreds of taxes are collected and in which speculation seems to reward the unworthy and to rob the worthy, with government growing larger and more overbearing by the hour, the single tax of the Georgists appears to be no burden at all. It is small wonder that the Georgist scheme has a wide popular appeal. Its following is one of the most tightly knit of all the socialist schemes extant, and it enjoys the broadest private financial support. There are at least two foundations with resources estimated at well over a million dollars reserved to further Georgist ideas.⁷ There are several schools called Henry George Schools.

individuals who now hold it still retain, if they want to, possession of what they are pleased to call *their* land. Let them continue to call it *their* land. Let them buy and sell, and bequeath and devise it. We may safely leave them the shell, if we take the kernel. It is not necessary to confiscate land; it is only necessary to confiscate rent. . . . We already take some rent in taxation. We have only to make some changes in our modes of taxation to take it all. . . . In this way the state may become the universal landlord without calling herself so, and without assuming a single new function. The form, the ownership of land would remain just as now. No owner of land need be dispossessed, and no restriction need be placed upon the amount of land anyone could hold. For, rent being taken by the state in taxes, land, no matter in whose name it stood, or in what parcels it was held, would be really common property, and every member of the community would participate in the advantages of ownership."

⁶*Ibid.*, p. 405: "What I, therefore, propose, as the simple yet sovereign remedy, which will raise wages, increase the earnings of capital, extirpate pauperism, abolish poverty, give remunerative employment to whoever wishes it, afford free scope to human powers, lessen crime, elevate morals and taste, and intelligence, purify government and carry civilization to yet nobler heights, is—to appropriate rent by taxation."

⁷Ann O. Walton and F. Emerson Andrews (eds.), *The Foundation Directory* (New York: Russell Sage Foundation for the Foundation Library Center, 1960), p. 9, p. 440.

There is a monthly periodical called the *Henry George News*, published by the Henry George School of Social Science, 50 East 69th Street, New York City, which sets forth as its principle the following:

"The community, by its presence and activity, gives rental values to land, therefore the rent of land belongs to the community and not to the landowners. Labor and capital, by their combined efforts, produce the goods of the community—known as wealth. This wealth belongs to the producers. Justice requires that the government, representing the community, collect the rent of land for community purposes and abolish the taxation of wealth."

It is the purpose of this paper to challenge this principle and to demonstrate as clearly as possible that (1) the Henry George single-tax concept will not produce the benefits claimed; (2) no feasible method can be devised wherein the value of land can be determined by land rents; and (3) instability followed by gross invasion of human rights would tread upon the heels of any general adherence to the Georgist panaceas.

Who Is Henry George?

Henry George was an American economist who was born in Philadelphia, September 2, 1839, and died in New York City on October 29, 1897. After some experience as a seaman, he became a printer in San Francisco, and in 1867 he edited the *San Francisco Times*.

Inclined by nature to social reform, he became interested in the socialist movement, various aspects of which he studied and rejected. In 1871 he wrote *Our Land and Land Policy*, wherein his socialist proclivities were somewhat revealed. In 1879 he wrote his most important work, *Progress and Poverty*. While he attacked the doctrines of Malthus, it is clear that he was affected by Malthusian logic, at least in the negative; for he persisted in viewing land values as produced by the growth of society, overlooking the fact that various mines, factories, and agricultural operations in remote and rural areas often increase in value in a way not directly related to the numbers of persons in immediate attendance upon this land. Impressed as he was by ideas respecting population increases, his work is at its base an effort to resolve the problem of unequal distribution of wealth in the face of unstable populations subject to growth.

Among valuable contributions made by George was his attack on the "wages fund" theory in which he argued that the wages of

labor are not paid from a "fund" of capital. While his full presentation is an oversimplification, it was timely and helpful when George was at the peak of his powers.

George visited England in 1880-1881 where he was doubtless influenced by the more moderate socialists of the time who were, in a few years, to launch the Fabian Society.

In 1886 he was nominated for mayor of New York by the United Labor Party, but was defeated. In 1897 he was again nominated for the office but died before election day.

His works, in addition to those already noted, include: *The Irish Land Question* (1881); *Social Problems* (1883); *Property in Land*; *The Condition of Labor*; *Protection or Free Trade* (1886).

Conquest and Land Ownership

There have been customs established in various parts of the world wherein unowned land has become owned. "Things become the private property of individuals in many ways; for the titles by which we acquire ownership in them are some of them titles of natural law, which, as we said, is called the law of nations, while some of them are titles of civil law." (Justinian, *Institutes*, II, 1.)

Cicero (*De Officiis*-I) contends that there is "no such thing as private ownership established by nature, but property becomes private either through long occupancy . . . or through conquest . . . or by law, bargain, purchase, or allotment."

The Georgists tend to support the idea that property in land has almost invariably occurred as a result of conquest. Hence, they will argue that all private owners of land are essentially beneficiaries under prior acts of injustice. Since this is obviously true to some degree, a further argument is used to suggest that private ownership of land should cease and reliance upon collectivity of land control be instituted. What they fail to see or neglect to emphasize is that the system advocated by George would invariably follow conquest. The conqueror of a territory would, by conquest, have gained control of all land. It would be to his advantage to distribute the land to producers and at the same time retain control of it. This would result in something similar to the feudal system of land distribution. Here land title would depend upon fealty to the conqueror and eminent domain would be relied upon when, in the opinion of the ruler, "public" aims or good could be enhanced by repossessing the land already in the useful possession of tenants. A system wherein all rentals of land were determined by a central agency would be

a kind of practicing feudalism, at either community or national level. The Georgist theory would invariably produce some type of feudalism.

Thus, while Georgists profess to reject conquest and expropriation as a suitable method of acquiring land, there is a kind of harmony between conquest and the Georgist system of land management. Ownership of the land would remain with the conqueror. Even though political distribution of land cannot be recommended, it is obvious that political conquest followed by distribution of land into the hands of private owners is superior and far more benign than political conquest followed by the retention of all land in a monopoly of ownership remaining with the conqueror.

In the first period of American history, settlers in the Western Hemisphere, following the act of political usurpation performed by Columbus, tended to acquire lands privately and to develop them independently. In current times, the trend has reversed. Lands once privately owned are more and more being put back into the hands of one or another governmental agency.

Thus, the policy of the American government, whose role with the original inhabitants was often aggressive, if not actually predatory, was nonetheless beneficial in that every effort was made after expropriation to place land into the hands of private owners as rapidly as possible. Today, there are many governmental agencies at work acquiring and consolidating lands, many of which have been privately owned.

It could be said that our government land policy prior to 1930 was essentially predatory to start with, but aimed at ultimate private ownership. Since the 1930's the essentially predatory nature of the policy has not been altered, but the method is now in harmony with Georgist objectives and private ownership of land is declining.

Control and Use of Land

It is significant that the Georgists do not wish to deprive anyone of the use of land. And it is at this point that the essential ambivalence of Georgist theory can be clearly discerned.

The Georgist will contend that what he wishes to see is a distribution of land to those who will use it. He wishes to prevent the distribution of land to those who merely hold it, either for future use or for speculation. The device which is presumed to maximize distribution for use only, and to prevent land speculation, is the device of central ownership of the land. The state becomes the landlord,

entering into contractual agreements with individuals or groups of individuals (firms) who will agree to put the land into use.

The dichotomy appears at this point. On the one hand, the Georgists will argue that their system will not prevent any kind of use of land, for the person contracting with the state merely has to agree to pay the rent for the use of land to the state. The amount of the rent, it is said, will be determined by the competitive bidding of those who seek the land for various and sundry purposes. Thus, the highest bidder (in terms of rent) will be successful and will obtain a long-term "lease" (land tenure contract) which will be held inviolate so long as he pays the agreed-upon rental. Thus, at least in theory, there is nothing to prevent the subleasing of land. A man may construct an apartment house, hotel, motel, or other types of rental units and sublet them to tenants. Presumably, the contracting party must state in advance the nature of his proposed use of the land and must afterwards conform to that usage or his contract would be violated, and eviction would follow.

This would mean that a given contractor with the state could lease an enormous acreage, presumably for agricultural development, and subsequently sublease this same land to marginal tenant farmers. In this sense, the state would not be the only landlord, although it is claimed that the state would be the only landlord. The original contractor with the state would become a new kind of landlord, acting as a middleman inserted between the actual occupant or user of the land and the state.

On the other hand, the Georgists argue that their system would wipe out this type of procedure. If this is true, then it would become impossible for certain types of land use to occur, and hotels, rooming houses, guest houses, motels, apartment houses, tenant farms, and so on (wherever rent could be collected) would all either become the monopolies of the state, owned and controlled by the state, or any such type of business venture would be eliminated.

The Georgists cannot have it both ways.

If they really mean to permit anyone to use land as he pleases, then subtenancy would occur. If subtenancy occurs, then speculation in land-use dealing would replace speculation in land per se. There would be nothing to prevent a firm or an individual, having independent resources, from taking a "lease" (long-term land tenure contract) on an enormous acreage (provided only that he pays the rent agreed upon), and then subleasing this property to the highest bidder, or holding it off the market until a subtenant could be found

who would meet the demand use price. Provided subtenancy conforms to agreed-upon usage, the state could hardly object.

If, on the other hand, the Georgists actually mean to see that only the state is to act as a landlord, then it is obvious that subtenancy would be illegal, and all businesses relating to subtenancy would cease to exist. Or, as has been suggested, the government itself would have to engage in many types of building activities in order to provide the rental units that a large, expanding population and a dynamic economy demand.

We now have two lines of possible procedure, both of which are defended by Georgists. It should be seen at once that if land use is to be absolutely at the discretion of the contracting party, then the Georgist theory will have only this result. The taxes (land value rents) paid to the state would enormously increase, thus impairing the willingness of many people to try to become original contractors for land. But speculation would continue, and, indeed, on the basis of the newly invoked land scarcity, it could be expected to increase. The long-range result could be expected to produce a new class of land holders who, while not actually owning the land, would in all respects be a privileged land-holding aristocracy. Since only the very affluent could attempt such holdings, it is reasonable to assume that land holdings would become consolidated into huge estates, each reserved for its own special kind of use. The very evils which George presumed to wipe out with his theory, would be extended.

If, however, the Georgists do not mean this to occur, and actually believe that speculation can be eliminated by making the government the only agency capable of collecting rents legally; further, if they wish to place land in the hands of many individuals for private use and development; then a whole new area for governmental activity would emerge. All rental property would become a state monopoly. Instead of reducing the so-called "public sector," the "private sector" would be reduced and government would at once have to undertake massive construction in many areas. This would eventuate as a result of imposed force.

As an additional area of concern, the Georgists aver that they wish to reduce the size of government, limiting its functions to those chores which at the moment are viewed by many as essentially "public" in character. It is clear that either the government would have to police the use of land to make certain that all use was in conformity with agreed-upon contracts (and to invoke forceful

procedures where violations of usage appeared), or the government would have to enlarge its function by taking over a major area which is now, in the main, a private area of business.

Getting closer to the problem, let us see what would actually happen. Let us suppose that Mr. A wishes to develop a shopping center, hotel, and apartment house complex. He believes that if he does so, an actual community would develop in and about the central area he is willing to finance. He would first be forced to deal with the state. And being farsighted, he would undertake to plat the land he desires; some of it for business sites, some for the shopping center, some for residences. He contracts for a square mile of territory, states to the government how he proposes to develop this area, paying an agreed-upon rental for each segment in accordance with its ultimate usage as he sees it. He begins his project with building the shopping center and the apartment hotel. Building takes time. As construction proceeds, and it may take him a year or two, the territory he has under contract for residences remains in non-use.

Suppose that during this period of construction, Mr. B appears on the scene. Mr. B sees the advantages to the site selected by Mr. A, but he wishes to put in a factory to manufacture some useful household product. The land held by Mr. A for future residential purposes is not in use, Mr. B goes to the state and bids for some of this land at a rental higher than residential use would entail. Since the land is not in use, Mr. B claims that Mr. A is holding it speculatively. How does Mr. A know, at this moment, that enough people will ever arrive on the scene to make the construction of these residences possible or even feasible? Obviously, Mr. A is engaged in that dreadful procedure of land speculation.

What will happen? Either the government will move against Mr. A and cancel all or part of his contract, or the government will not move against Mr. A, thereby confirming Mr. A in the area of speculation.

Speculation

Every commercial enterprise is speculative in character. Whether one buys and sells pork chops, refrigerators, gasoline, or land, all commerce is predicted upon buying at a lower price than ultimate sale will bring. Is there any assurance that can be found that any product or service can be retailed at a profit? There is none. If a man buys refrigerators and the market price for refrigerators drops,

he may hold his refrigerators in a warehouse until such time as sales can be made profitably. This is speculation. He does not know that the prices will ever rise again.

The reaction of the market to the purchase of land is identical to that found in handling refrigerators or any other product. Men attempt to buy cheap and sell dear. If they can, they profit. If they cannot, they lose.

The Georgists object to this procedure only in respect to land. They argue that (1) land values are provided by the growth of society; (2) there is a limited amount of land; (3) there is a fixed amount of land—new land cannot be produced; and (4) therefore, any speculative holding of land OUT OF USE for purposes of making future profits is essentially non-economic and immoral.

But all commercial ventures are speculative. At any given moment in the market, there is a limited (not fixed) amount of any good or service. All values derive from independent value judgments (more on this later), one factor of which, and only one, is the growth of population. All economic goods are in scarce supply in relation to demand and always will be. If, at any time, popular judgment lowers the evaluation of any good or service, sales on a profitable basis cannot occur; thus, any good or service may at times be removed from the market in order that demand may gather force while supply is curtailed through voluntary withdrawal from the market.

The single point having some validity in the Georgist argument is that land cannot be produced at will and, hence, there is virtually a fixed supply. Actually, this is not quite true. The Dutch have created some forty square miles of arable land by erecting dikes against the sea. Many a city has added to its land by pushing back rivers, building over lakes (Mexico City is a prime example), or by adding fill to sea or ocean. Islands have been built from the bottom up. Nor is there anything to prevent the construction of many floating islands upon which huge populations of the future could find dwelling and agricultural sites. While this procedure may face certain technical difficulties, our technology has already advanced to the place where such a proposal could be reasonably considered.⁸

⁸William J. Colson (engineer for Boeing Aircraft) has suggested, for example, that our knowledge of refrigeration makes economical the construction of large floating islands, the base composed of an ice floe kept from melting by modern refrigeration methods. Upon this floe, soil could be deposited and entire small countries could emerge. The same procedure could be invoked in the construction of large dams wherein river water could be refrigerated to erect the obstruction, and the release of water could be

The role of the speculator in all commercial ventures is unavoidable. Further, his role is not destructive, but beneficial. All businessmen buy goods or equipment or land when, in their view, the price favors such purchase. That is to say that the market benefits when purchases are made. A low price encourages purchase. When prices rise, the numbers of purchases diminish.

Consider land and the role of the land speculator. He buys land when prices are low. The reason prices are low is that demand for that particular land is low. This means that the speculator enters the land market and prevents the price of land from being unusually depressed. When land values diminish, as they frequently do, irrespective of population, the speculator buys when others are selling. He brings balance to the market and prevents prices from falling to zero.

He intends to sell at a profit; therefore, he holds the land in his possession when few or none are buying. When demand for that particular land rises, the speculator again enters the market and supplies the items which have become scarce through the increase of demand. Thus, the speculator serves to check the rise of prices and alleviates shortages. His actions, both as buyer or seller, bring balance to the market; they prevent runaway drops in market prices (when most are selling) and prevent scarcity when buyers are in large supply.

To argue that population growth is the factor which increases land values is to argue that India and China have the highest land values on earth. Or to argue that speculators always make profits through their endeavors is to forget the results occurring when areas are abandoned, when speculators are unable to find buyers, and they are compelled to shoulder their losses. In other words, the land speculator, like any other businessman, runs ordinary commercial risks and stands to gain or lose according to his foresight, his thrift, and his timing.

The Question of Value

George states that "in the beginning" land is worth nothing, and its value derives wholly from the efforts of society. He did not have the advantage of an understanding of marginal utility, nor did he discover that value is essentially a state of mind, derived on the

engineered whenever necessary by merely permitting certain sections of the ice dam to melt—a proposal that might conceivably reduce the cost of dam construction by millions of dollars.

basis of independent value judgments having little or nothing to do with either labor or the cost of labor. Further, he seemed to have assurances that real estate men could accurately determine the value of land, and that the prices asked for or received for land are determined with precision outside of market place bargaining. From this he derived the view that if real estate men could determine the value of land, an assessor representing the state could perform the same chore.

In actual fact, value is an abstract, subjective, terminal supposition, whereas the prices by means of which land privately owned is conveyed are determined by the conflicting forces of supply and demand working between freely bargaining agents. Thus, the value (or the tax) attached to any piece of land is invariably an arbitrary and subjective finding, whereas the pricing by means of which conveyances occur results from an objective finding in which competing forces reach, at a given moment, a point of voluntary agreement.

Understanding of this point reveals that value and price are not only not a part of the same process, one being subjective, the other objective, they are not even related. Values are not provided by society, but are attached to any item of property wherever a single person desires what he possesses or wishes to possess. Any tax based upon evaluation is automatically an arbitrary determining by a person endowed with power to take wealth from others in a forceful manner.

If the tax is presumably based upon pricing, then it would follow that such an assessment would invariably be inaccurate since the tax would be derived from a momentary agreement between independent bargaining agents, either of whom would actually value the property at a level contrary to the price agreed upon. The seller would value the money or goods he receives for his property at a level higher than the property he conveys. Contrariwise, the buyer would value the property he obtains at a level higher than the money or goods he exchanges for the property. The value of the property remains unknown. The price is established between the bargaining parties. Nor is the price squarely between the separate evaluations. A buyer may value a plot of land at a level far above the price he pays. A seller may value a plot of land far below the price he receives. Thus, land value taxation requires an arbitrary decision, provided either on the basis of past pricing (which will probably never again hold true) or on the basis of the subjective judgment of the assessor, who knows less of the utility of the proper-

ty and its presumed market pricing potential than either the last seller, the present owner, or any future buyer.

The State as Landlord

It is important to realize that economic law does not concern itself with semantics. If land is "rented" to tenants by the state, at prices determined by competitive bidding between renters, the amounts paid by the tenants would be substantially the same as they would be (barring Georgist increases) were land to be rented to tenants by a private party who is paying taxes to the state. The man who owns land and rents it to another includes, in the rent he charges, the amount of the taxes he expects to pay. Thus, the user of the land actually pays the taxes in any case. The difference provided by the Georgist system will actually not affect tenancy so much as it will affect landlords, save in amounts to be paid. The Georgist system proposes to make it impossible for any man to actually own land.

But when we come to the proposed Georgist monopoly of land ownership, we come to the place where we must decide who is to determine the correct and best utility for the land. Either the users of the land will independently make this decision, contract with the state for the land, and proceed as they wish, or the state is to decide how land is to be developed and will consider bids only from those persons who agree in advance to develop the land in accordance with some state "master plan."

If the individual user is to develop the land, the problems arise as presented heretofore. If the state is to determine the best use for the land (the Georgists will argue on either side of this fence), then competitive bidding loses its vigor for only certain bidders would be permitted into the bidding chamber. This would tend to reduce bidding and also would tend to build monopolistic holders of land as a new economic class. The opportunities here for political manipulation increase. Favoritism, bribery, corruption of every kind would be encouraged rather than eliminated or reduced.

With the state as landlord, the profit motive respecting the development of land, while not eliminated, would be thwarted and twisted. It is implicit in the Georgist proposal that the more the land is developed, and the larger the populations depending on its output, the larger the value it has. The larger the value is presumed to be, the larger the land rent will become. Assuming that the state would abide by its contract and not increase rents during

an existing contract, the fact would emerge that with each passing month and year the leasehold decreases in value. This would be especially true were the land to be improved. If the contracting party enhances the value of his land holdings by investing money in improvements, he finds that each additional dollar invested increases the likelihood of an increased rent at the time his contract expires. Assuming that the contracting party is hopeful of selling his improved leasehold to another, he will find that the more he improves it, the less another will be likely to pay for it.

Any man in occupancy on state land will limit his development of that land to those features with which he can anticipate "cashing out" during the term of his occupancy. Thus, under the Georgist system, the following forces would be at work:

(1) There would be a force against ultimate beautification and improvement of the land. Any such improvement which might make the land more desirable would increase the likelihood of a higher rent. The occupant who foolishly improved his land could readily find himself forced out as a result of his own concern with improving the property he occupied.

(2) In the event of an eviction occasioned either by the expiration of the lease or the increase in land rent, or both, the occupant would be able to take with him only those things which are portable. Certain types of land improvement would thus become highly risky and extravagant; for example, sewer systems, underground wiring, underground development of water resources. Additionally, structures built on the land would tend to become flimsy and portable rather than solid and fixed. Dwellings would tend toward prefabrication, toward a maximization of sheet material and the elimination of brick and masonry work. Landscaping, the planting of trees and flowers, the installation of walks and driveways, and other appurtenances which become a part of the land itself, would become risky investments.

It is implicit in a free market that it is always beneficial to keep as many competing factors at work as possible. The Georgist system would provide a monopolistic rental market with only the state serving as the landlord of the land itself. There would be no buyer's market with which to check the vagaries and greed of office holders, desirous always of increasing the income of the state. Thus, while competition would be retained between renters, competition offered

by buyers who can flee the rental market when rents become excessive would vanish.

Those seeking governmentally managed collectivism at any point in the market tend to emphasize the dependency of either the worker or the tenant upon the arbitrary decisions of the employer or the landlord. But if a free market is assumed, the employer is as needful of a productive employee as the employee is needful of a job; and the landlord, who has invested his capital in land which he hopes to rent, will profit not at all unless he can find a tenant willing and able to pay the fee he charges. Thus, employer and landlord are as much at the mercy of employee and tenant as the reverse is true.

Parallels: Georgism and Current Practice

It is important here to realize that one cannot oppose the Georgist arguments simply by seeking to sustain our existing system in the United States. When confronting such opposition to their doctrine, Georgists can usually confound their critics merely by pointing out the evils of the present system. This paper is not intended to support the present system of land taxation. Rather, it argues for the abolition of all land taxes. What is called for is not a defense of the present system, but an exposure of it. All taxation, however it is levied, is an exaction taken by force from the rightful owner of property, real or otherwise.

The Georgist proposal to abolish taxation of all wealth would be most welcome. The problem is that the Georgists do not view land as wealth, having, as has already been shown, assumed that wealth is only the product of human labor and that value in land is a product of society. It is this chore that the libertarian must assume: He must show that the Georgist is correct in seeking to abolish taxation of wealth; that land is merely a form of wealth; that wealth is more than the product of labor; and that value in land is not a product of society, nor can it be arbitrarily assessed by a political agency in any fair or accurate manner.

While Henry George argues that it is security in the use of land that is important and not mere title (a point well taken), the system he advocates is one that will multiply occasions for demolishing the supposed "security" of the individual occupant of land. Zoning and planning boards today, in this respect, are acting exactly as they would have to act under a Georgist system. And the results of zoning and planning regulations have been, in thousands

of cases, the expropriation of the private property of innocent and productive persons in order that the collective wishes of the state may be more fully implemented.

The effect on the market in a system containing eminent domain, taxes on land, and zoning and planning boards is no different from the effect to be obtained if the Georgist system were invoked. In the latter case, the occupant of the land would know that he is a renter; in the former case, the occupant would presume himself the owner. But in either case, a fee would be extracted at a stated interval with the central authority having the power of ousting the unwanted occupant whenever the "public good" seemed to favor it. The market does not care whether the fee collected by the central authority is called a "rent," a single tax, or a land value tax. Whatever it is called, the occupant is not a true owner, for his ability to continue to enjoy his holdings is predicated upon his payment of the fee and upon the willingness of the central power to permit him to continue.

If the occupant of land knows that he may be ousted by an increase of the rent he pays, by an increase of the tax he pays, or by the processes of eminent domain, he will seek assurances to the contrary. If he can find no such assurances, he will be reluctant to commit major funds to the development of land.

Today, in this country, a private individual may invest in land and rent that land to a user. The user pays rent to the owner, and the owner pays the fees levied by the taxing authority. In the Georgist system, this class of private individual would be superseded by the state, wiping out at a single blow all savings invested in land for purposes of speculation, income, or retirement funds. That this procedure would injure our existing society is obvious. Further, the injury would occur in most places among the elderly, who are among the most numerous in investing capital in land which can later be rented. Since the elderly are often not capable of working competitively at physical chores, their ability to save and invest in land has been beneficial to them, for they are thus able to sustain themselves in a state of retirement or semi-retirement.

It can, of course, be contended that the elderly have other avenues of investment open to them, and this is true. But the particular merit of investing in land ownership for future rental income is that elderly persons are usually entirely capable of managing rental properties, even when they cannot perform more arduous chores. Also, the net earnings which they can thus acquire are sub-

stantial and often entirely adequate to take care of their expenses in their declining years. Thus, a married couple practicing thrift and investing in rental property can, in the course of their productive years, purchase a property having a cash price at the time of purchase of anywhere from \$10,000 to \$25,000 on the present market. Rentals from such investments can take care of their expenses when they retire. Were the same sums to be invested in stocks, bonds, or other securities earning them anywhere from a four to six per cent return annually, the interest or dividends thus acquired would not be enough to cover their anticipated expenses.

Since this avenue would now be barred under the Georgist proposal, the increase in welfare costs, either privately or governmentally administered, could not even be tabulated at the moment, but it would be enormous.

It should also be remembered that the Georgist theory does not suppose that existing rentals would be eliminated and the present tenant simply required to pay existing taxes. On the contrary, existing rentals, plus the taxes, plus whatever increase the state deemed feasible and correct (on the basis of rental bidding) would be assessed against each user of the land.

In our own country, we foster the illusion of private ownership of land by granting title. This does not prevent an increase of taxes; nor does it prevent the institution of eminent domain proceedings even though, thus far, the title holder has the assurance that if his property is wrested from him, he will receive some compensation, the amount of which is determined by an agency of the same state that seizes his land.

Because of these facts, the optimum benefits we might otherwise expect to derive from the private ownership of land have failed to appear in the United States. The benefits we do have, which are greater than would occur under a total Georgist system, derive from the existence of private landowners who rent their properties, and in a sense from an illusion which is widely cultivated and which presumes that when a person in this country has purchased his land, paid off the mortgage, and obtained a clear title, he in fact is the owner. Believing that his control of his property is sovereign, he is then ready to care for his land, to improve it, to look after it with great zeal and affection, and to guard it against marauders. However, the government will still compel him to pay an annual fee called a tax which affects his security as though it were called land value rent. If he fails to meet this assessment, he will find that his

sovereignty of the land is non-existent. His holdings will be confiscated.

One of the principal points to be emphasized is this: If a man rents land from a private party, the contract is presumed to be binding. Both parties are bound equally according to the terms agreed upon. In the event of a breach, a third party can be brought in to consider both sides and to adjust the differences.

If a man rents land from the government, he is bound but the government is bound only so long as it is pleasing to the government. If, for the "public good," the government wishes the contract to be vacated, a government order can accomplish it, a government law can make it legal, and a government court (not a third party, but an actual arm of one of the original contracting parties) will make the final ruling.

The two factors tending to increase uncertainty in the present economy, and to make the user of land unwilling to invest in and maintain it at peak efficiency, are:

- (1) The uncertainties attendant upon tax assessments which can be increased by the arbitrary decisions of a third party.
- (2) The power of eminent domain.

These evils are also implicit in the Georgist theory. Indeed, it could be argued that the problems we face in this country in respect to the proper development of the land and its best usage relate to the close parallels between Georgist theory and our existing practice. If we truly wish to cause the maximum best use of land, then we must set about eliminating these evils. We must do what we can to eliminate the uncertainties attendant upon increased taxes, arbitrary assessments, and the evils of legalized confiscation for the alleged "public" good (eminent domain).

The vagaries of the private rental market are held in check by the existence of a private market for owners and would-be owners of land. Thus, the fact that an individual may either rent or own serves to check exclusive trends in either direction. Assuming a free market, those who rent land are those who have insufficient resources to purchase or, for other reasons, do not wish to have a fixed location. But the mere fact that they are temporarily without these resources or the desire for a permanent site, will not deprive them of having the benefits that come from the use of land. On the contrary, even with meager capital, they can enter the rental market, employ the land to its highest utility as they comprehend it, and

make profits from which savings will accrue. Once they have saved sufficiently, and desire a fixed location, purchase of land can occur. The fact that a saver can purchase land will tend to keep the amounts charged in rent by landowners in check. For if rentals become too high, the tenant will be encouraged to purchase. Similarly, high prices for the sale of land can be influenced by the appearance of land that is for rent.

As to the risk attendant upon arbitrary increases in fees for the use of land, whether these fees are called taxes or rents, the problem can only be offset by total land ownership. If, as we have seen, the ability to purchase helps to control the fees charged in a private land rental market, the elimination of all taxes on all land would serve a similar purpose in the ownership area. If governments could not collect a tax on land, then the ownership of land by any owner who had completely retired all debts against his property would be secure. And, as Mr. George has himself argued, it is security and protection of one's possession of the land that is primary. If there is no tax upon the land, there can be no possibility of confiscation arising from a failure to pay the tax. Hence, the owner is truly the owner and the safety and security to arise from this situation would be the highest attainable.

Again, in the matter of eminent domain the finding is identical. If government did not presume itself to be collectively sovereign over all land, then it could not and would not confiscate land, even for the alleged "public" good. Once more, land would be safe, owners of land would be safe, and maximum best usage of land would be encouraged.

In short, the aims and objectives of Mr. George are best served in a free market, wherein land is privately owned and managed and where ownership is viewed as a total condition against which the wishes of ambitious politicians or greedy neighbors would have no means of procedure.

A Monopoly in Land

The contention of the Georgists arises primarily because they view land ownership as a monopoly. They will contend, and rightly, that each piece of land is unique. But they fail to see that the lack of duplicate copies of an item does not create a monopoly. To extend their argument, it could be claimed that all ownership of anything is a kind of monopoly, since all the world is banned from use or possession of anything that is privately owned.

But the term monopoly should not be applied to either ownership or possession. It should be limited to items in trade and not applied to items which are not on the market. Thus, a true monopoly exists, not where private ownership occurs, but where all of any given product offered for exchange is held in the hands of a single individual or firm *and* competition is banned by laws which inhibit rival market offerings.

To use the unique character of land as meaning that the owner is the monopolist of his single piece of land is to imply that an artist is the monopolist of his unique talent; the owner of a Reubens is the monopolist of that Reubens; the inventor of any item is the monopolist of his creation.

Private ownership of any thing, including land ownership, is not a monopoly; it is merely ownership. What the Georgists propose is to create a state monopoly of land ownership as opposed to a free market of exchange and rental in land on a voluntary basis.

Assuming neither taxation, eminent domain, nor incursions against the uses of land by the state, then a free market in land could emerge. With ownership no longer subject to attack, a monopoly in land could not endure.

If monopoly is to be opposed by elimination of competition, which is the essential ingredient of the Georgist proposal, then, if we must turn all land value rents over to the state, it must follow that all income derived by the artist who is a unique monopolist of his own talent must also be surrendered to the state; the monies from the sale of a Reubens must be confiscated by the state, and the earnings of the unique qualities of the inventor must also be taken by the state.

If the Georgist objects to the seizure of the earnings of the artist, the collector of fine paintings, or the inventor, as he undoubtedly would, it is only necessary to extend the Georgist argument that society and the community are the actual sources of the value of the work of the artist, the collector, and the inventor. And since all of society and the community are to benefit by the existence of these attributes, rightfully the earnings from these attributes belong to the community and not to individual monopolists who thus control these unique items.

If it is assumed that only a man in government, acting as a "representative" of the community, can determine the best use of the land and hence the rental to be collected, then it is equally valid to claim that only a man in government, in a position of representing every-

one in the community, could determine the best display of the talents, art objects, or devices which presently may be owned monopolies within the community.

In short, in spite of his constant reiteration that land ownership is a monopoly and therefore harmful, Mr. George is not opposed to monopolies, but specifically seeks to create a monopoly where none exists. None will exist so long as men can buy and sell land in the market and keep it off the market when they do not wish to exchange.

A Limited Resource

Another argument offered by the Georgists relates to the limited supply of land. There is only so much and no more. Hence, to permit private and exclusive ownership, as they see it, is to deprive others of the fruits of that land. But the reverse is true. The reason for obtaining land and developing it is to make profits. And in order to make profits, the products of the land must be offered to those who do not have the products readily available that the land is producing. Thus, the fruits of the land, whatever they may be, are produced so that all in the community or in society may have them. Private ownership of land does not deter or limit production. On the contrary, it tends to put land into its most fruitful and profitable use.

The assumption that private ownership of land automatically means that the land will not be put to its best use will not hold up. The person seeking profits and willing to expend capital in order to ultimately obtain profits is in the best position to know and to develop land to its highest utility. He cannot afford to do otherwise.⁹

⁹On the subject of protectionism generally, Madison sent a letter to Henry Clay which included the following: ". . . The bill [initiating tariffs], I think, loses sight too much of the general principle which leaves to the judgment of individuals the choice of profitable employments for the labor and capital; and the arguments in favor of it, from the aptitudes of one situation for manufacturing establishments, tend to shew that these would take place without a legislative interference. The law would not say to the cotton planter, you overstock the market, and ought to plant tobacco; nor to the planter of tobacco, you would do better by substituting wheat. It presumes that profit being the object of each, as the profit of each is the wealth of the whole, each will make whatever change the state of the markets and prices may require. We see, in fact, changes of this sort frequently produced in agricultural pursuits, by individual sagacity watching over individual interest. And why not trust to the same guidance in favor of manufacturing industry, whenever it promises more profit than any of the agricultural branches, or more than mercantile pursuits, from which we see capital readily transferred to manufacturing establishments likely to yield a

To assume that a central authority can make this decision wherein no personal investment is involved, is to presume that the party who is not responsible and can suffer no personal losses for failure, is in a better position to determine correct usage than the person who has invested funds and is in a position to experience personal losses if his calculations are in error.

We have, in fact, a precise instance of the establishment of something very close to the Georgist system if we examine the land holdings of the patrons of Central and South America. Here, by a close relationship between wealthy landowners and the state, the control of the land and its use is largely in the hands of a few persons. This is the condition we could expect where Georgist theories are generally invoked. The result is that much of the land is held in idleness. Those who rent the land at the fee determined by the owner (the owner and the state working together) do little more than is necessary to obtain a subsistence level of survival. The peons have no hope of ever owning the land. Aspirations are stifled and poverty is widespread.

On the other hand, in Guatemala, the United Fruit Company has recently established a policy of letting some of its holdings be worked for, earned, and ultimately owned by private persons. The results have been little less than astounding. Spurred by ambition and the thought of ultimately owning a piece of land, employees in many cases are redoubling their efforts, saving their earnings, and helping to reduce poverty where they become proprietors of land.¹⁰

Those who have had experience with renting property will nearly always confirm the lack of attention given to its maintenance by those who do not own it. Let conditions be reversed and the care and effort made to improve the property is nearly proverbial.

A magnificent illustration is actually available in government-approved financing of single-family dwellings. The financing arranged for veterans and others is such that little or no down payment is required and all costs can be managed "like rent." Thus, thousands of veterans and others view their occupancy of F.H.A. housing as little more than a rental arrangement. Their properties

greater income?" James Madison, quoted from a letter to Henry Clay, April, 1824, in *The Complete Madison* (New York: Harper and Brothers, 1953), pp. 272-73.

¹⁰Paul Deutschman, "United Fruit's Experiment in International Partnership," *The Reader's Digest*, October, 1964, condensed from *Latin American Report*, V, No. 6 (1964).

frequently are permitted to "run down" because there is so little invested in them that should occasion arise for a change of location, the "owner" doesn't even attempt to sell his equity. He merely leaves and lets the mortgage holder worry about finding another "owner" (tenant?). As was indicated earlier, the market is no respecter of terminology. The lack of an actual investment in land and its appurtenances creates an attitude of disinterest in the property. It is as though these properties were "rented" although title may be transferred.

It has been widely assumed that prior to various laws governing the conservation of natural resources, private operators moved into forest areas and denuded the territory of trees and undergrowth. Examine the situation more closely and try to find a lumbering firm with a major investment in the land (not merely a lease for the purpose of removing trees) which was careless of the property. It is not the conservation laws which encourage conservation. It is the necessity of protecting land in which a major investment has accrued.

The Labor Theory of Ownership

Perhaps the most fundamental fallacy of the Georgist theory relates to the supposition that the value of anything derives from the element of human labor which is "mixed" with the product. Thus, in the case of land, since human labor cannot "create" land, it is assumed that ownership of land on a private and individual basis is a colossal injustice. And this is to agree with John Locke *et al.* (including Adam Smith, Jeremy Bentham, David Ricardo, and Karl Marx) that ownership rightfully derives from the mixture of human energy with the raw materials nature has provided.

To quote Locke: "Though the earth and all inferior creatures be common to all men, yet every man has a 'property' in his own 'person.' This nobody has any right to but himself. The 'labour' of his body and the 'work' of his hands, we may say, are properly his. Whatsoever, then, he removes out of the state that nature hath provided and left it in, he hath mixed his labour with it, and joined to it something that is his own, and thereby makes it his property. It being by him removed from the common state nature placed it in, it hath by this labour something annexed to it that excludes the common right of other men. For this 'labour' being the unquestionable property of the labourer, no man but he can have a right to

what that is once joined to, at least where there is enough, and as good left in common for others."¹¹

The acceptance of this theory of the derivation of ownership is so broad that in most circles, even of staunch foes of government regulation of the economy, the matter is scarcely questioned.

The Henry George theory is a logical extension of this supposition. George, who subscribes to the labor theory of value, also accepts the doctrine of the labor theory of ownership. And it would appear difficult if not impossible to prove George wrong in his labor theory of value without also demonstrating that the labor theory of the derivation of ownership is also at fault.

How Property Comes Into Ownership

Historically, all property, including the property of land, comes into ownership through the establishment of claim. How is a claim established? It has been established in several ways:

- (1) Through conquest.
- (2) By setting up fences or other markers.
- (3) By public notification.
- (4) Through legal exchange.
- (5) Through extra-legal exchange.
- (6) Through inheritance.
- (7) By gift or grant politically made.
- (8) By gift or grant privately made.
- (9) By these various practices in combination.

All claims are made through the desire on the part of an individual, acting singly, or jointly with others within or in combination with an organization, when that desire is strong enough to stimulate the will to possess exclusively. Since a claim on any property is the product of human desire, the desire to possess anything exclusively is possibly a manifestation of the emotion of love.

It will be noted that labor is not listed as a means wherein a claim can be established. It is, of course, true that the possessiveness a man may feel toward a given location or a particular item of property can be enhanced by labor he may have expended in the obtaining or the making of that property. But the desire to possess should not

¹¹Locke, *Two Treatises of Civil Government* (Everyman's Library ed.; London: J. M. Dent & Sons, Ltd., 1955), p. 130.

be confused with labor. Many a man will labor to produce something. His labor may entail long hours and much devotion. But when the item for which he labored stands ready before him, he may find it wholly unworthy of his esteem and affection. He will, in this case, DISCLAIM it. He may have created it. But he does not own it because he DISOWNS it. Thus, possessive desire may lead to labor and to ownership. But it is the emotional tie the man retains with what he owns that causes him to continue as the owner. His labor is of less duration than this emotion, in most cases.

In the various methods listed above, wherein claims can be and have been established through the ages, it can be seen that some of them can and do exist without the benefit of government; others are exclusively the product of government.

If we were to rely on conquest exclusively, then government could seize the land and, instead of deeding it to private persons, could hold it as the universal landlord; thus, both the theory of conquest and of Henry George would be satisfied.

If we view the exploitation of people and property as intrinsically evil, then, despite the fact that history tells us such methods have been used, we must seek ways and means of establishing claim wherein exploitation will not be used. This means that we must avoid (1) conquest, (4) legal exchange, and (7) political grant or gift, the legal trappings with which claims are usually adorned at the present time. But this leaves us many ways to proceed. We can, without exploitation, establish claim through (2) creation of boundaries or markers; (3) public notification; (5) extra-legal transfer; (6) inheritance; (8) private grant or gift; and (9) any or all of these in combination (excluding (1), (4), and (7)).

The most practical devices relate to the establishment of visible or easily identifiable boundaries and public notification. Both of these devices are superior to labor in creating a true condition of ownership. It can be conceded that the labor of the worker is apt to awaken his love and desire for the product of his efforts. But this is merely to intensify his feelings. To demonstrate his ownership it should not be necessary for all his neighbors to watch him in his tasks of production. The worker, once his task is completed, has no way of demonstrating to others that it was HIS labor which resulted in the product. If his ownership is to remain unchallenged, he must be able to show boundaries and to exhibit proof of public notification which will be more enduring than his insistence that it was *his* labor that produced the product.

Since the concern is with actual ownership of property, and with the process by means of which property becomes owned, this discussion is confined to private ownership and to the establishment of *justifiable* claim, which would, at the outset, tend to be either private or multiple.

Justifiable Claim

In examining the human record men have owned almost everything, both jointly with others and individually. It can even be stipulated that anything subject to ownership at all is subject both to individual ownership and multiple ownership. Also, it is clear that often in the human story, men have owned items, both individually and jointly, that were improperly conducted into the area of property.

Since conquest has already been ruled out as a justifiable way of establishing ownership, a rule must be found and expressed which makes this point clear. This can be called the rule of first claimant. When an item to be owned is unclaimed, the first person to establish a claim becomes the justifiable owner. If an item is already owned, the only justifiable way for a second person to obtain ownership is for the first claimant to voluntarily relinquish his claim so that the claim of the second may be established on a voluntary basis. This is the process of exchange. A person who has an established claim to an item of property may be induced to relinquish his claim when something is offered acceptable to the owner in exchange. When the second claimant refuses to make such an offer and instead seeks, legally or otherwise, to establish the primacy of his claim, a crime is committed. This is conquest.

In the history of man's emergence toward true property ownership, he has assumed ownership of slaves; his spouses; his children; every known kind of animal, fish, or fowl; land; all appurtenances to land; crops; tools; inventions; works of art; artifacts; contracts; ideas; concepts; relationships.

It appears at once that man's ownership of slaves, spouses, and children is, in each case, an act of conquest. No man may justifiably own any other human being, although he may have a contractual interest in the services of human beings. To seek to own another human being is to seek to super-impose a claim over the primary claim each individual has over himself. Certain theories hold that a man may seek to become a slave and hence that a condition of

ownership of one human being by another could be justified. Others contend that human rights are unalienable. In any case, such instances would be so rare as to cause us little concern here. What does concern us is the ownership of land, and whether or not the private ownership of land is an act of conquest, as the Georgists claim.

If the theory of first claimant is valid, and history and experience indicate that it is, then if land can be claimed validly by a community, there is no reason that can be marshaled to demonstrate that it may not be justifiably claimed by an individual.

If land is held by a community, it is not at the disposal of a second community. If to remove it from universal access is in error, then the Georgist theory is in error, for George describes such removal, not by individuals but by groups of individuals acting in communities. No principle is ever affected by numbers. If it is wrong for one man to remove a piece of land from universal access, then it is wrong for two men to do so. If it is wrong for two men to do so, then it is wrong for 20, for 200, for 200,000, or 200,000,000 to do so. If this is the principle to be pursued, then we must hasten to establish a world government which will be the world landlord, for no halfway point can be admitted.

Since such a procedure is wholly impractical and absurd, for what "representative" or body of "representatives" could, in the course of a life time, acquire such intimate knowledge of individual pieces of land as to be able to prescribe "best" usage? The proposition is defeated by its own unwieldy character, if on no other grounds.

Collective Ownership

Something should also be said concerning "collective" ownership, which, upon analysis, is not really ownership.

For a property to be owned, the owner must exercise sovereign control; must value what is owned; must be able to establish boundaries of (identify with precision) what he owns.

Where individual ownership occurs, these requirements are immediately present. Where multiple ownership occurs, since more than one party is concerned, some amicable arrangement must be made to establish the point of sovereign control. This can be done in several ways.

When collective ownership is presumed to exist, the property

may still have value, and may have readily ascertainable boundaries. But the sovereignty of control is interrupted by force rather than designated in some amicable manner.

The differences between multiple ownership of a stock company and collective ownership of a stock company would be as follows:

Under multiple ownership:

- (1) Each owner of one or more shares of stock is an actual owner.
- (2) He exerts sovereign control over the share or shares that he owns and no more.
- (3) He values his stock more or less.
- (4) The boundaries of his ownership are implicit in the number of shares he owns.
- (5) Control of the stock company is vested in (a) a board of directors, hired by the stockholders; (b) a president or chairman of the board, selected by the board or by the stockholders; (c) a professional manager who is hired by the board or the stockholders.
- (6) A market place relationship exists between the owners (stockholders) and the person actually charged with sovereign control.

Under collective ownership:

- (1) No "owner" knows or can discover how much interest he has in the company.
- (2) He exerts no control over what he owns since he cannot find out just what share or what portion of the company is his.
- (3) He cannot value his portion of the company, for he cannot find out what it is. He may value the company in an abstract sense, but he cannot value it personally.
- (4) There are no boundaries indicating what he owns. He is merely told that he has paid for it (in part) and that he must continue to pay for it, in the event losses occur.
- (5) Control of the company is vested in politicians who are subject to reelection or dismissal at the whim of voters. Although the voters may assist in selecting the politician, they cannot, by this process, govern the decisions of the politician. They can only hope, after a period of years, to replace one politician by another. A pro-

fessional manager may be hired by the politicians, but he is not hired by the voters. He, too, is subject to political pressure rather than to market pressure.

(6) No market place relationship can be found between the presumed owners and the property collectively owned. The "owners" turn out to be the taxpayers. They are forced to pay for the collective property. The politicians do not pay for the property, but manage it in essential details. The users of the property are those individuals selected by the politicians.

Note: The foregoing six points in contrast relate to the existing system of collective ownership and do not necessarily relate to the Georgist system. Applying it here, we would find the following situation:

The government, as the universal landlord, represents "all" the people. Thus, politicians would be selected by all citizens. These politicians would then be empowered to make sovereign decisions concerning land which is the exclusive possession of only a few, and for which only a few are paying.

Were this system to be invoked in respect to a stock company, it would follow that while some persons would own the shares of stock, all persons in the community, both those owning stock and those not owning stock, would be empowered to select the manager of the company. Since those owning stock would always be fewer in number than those not owning (in the Georgist system those with land contracts would be fewer in number than those without land contracts), it would develop that the non-users, collectively, would have larger political influence over the ultimate control of the land than the smaller group actually using the land and paying for the use.

This creates a non-market situation which can only be harmful to the best use of the land. Those using the land pay for it. Those not using the land have the major voice in selecting managers. Those managing it neither pay for it, use it, nor have any way of determining factually what the proper use of the land would be.

Unequal Distribution of Wealth

At the core of the Georgist argument is the supposition, shared by all socialists, that the problem of civilization relates to an improper distribution of wealth. It is for this very reason that George favors the removal of land from private ownership since each piece

of land is different and inequalities are bound to arise through private ownership of land.

But here, George is tacitly admitting that land is wealth. If land is the "source of all wealth," a Georgist contention, then wealth derives from land. If wealth derives from land, it must be that land has some relationship to wealth. George assumes that it is man's labor applied to land that provides wealth and creates value. If man's labor occurred (in some fanciful manner) removed from the land, then he might be forgiven for contending that land is not wealth, nor in that case could it be the source of wealth, IF labor created wealth. Wealth does not come out of nothing. It certainly does not emerge from labor removed from land. Wealth emerges from land because wealth must come out of something and not out of nothing. Land is wealth and wealth is land. The private ownership of wealth is implicit in a free economy. And with George, it could be said rightfully that no wealth should be subject to taxation.

George says that the problem of civilization derives from unequal distribution of wealth. But the only point wherein his theory is to be applied relates to the unequal distribution of land. This unequal distribution of land he proposes to clear up by abolishing land ownership except by the state. What has he done, except to attempt to bring about a more equitable distribution of wealth? In other words, George states that land is not wealth, but his entire theory is predicated upon the assumption that land is wealth. His theory speaks louder than his definition. Land is wealth. Unequal distribution of wealth is not the problem, but the stimulus by means of which civilizations rise and flourish.

The bitter realization which will probably be most difficult for Georgists to face is that inequality of wealth is a prerequisite for the existence of wealth.

The problem of civilization relates to the predatory actions of the state as it seeks one way or another to collect taxes, the wealth, or the money others have produced, and takes these taxes by force, overt or covert.

It is implicit that civilization rests in part upon an unequal distribution of land. To attempt to redistribute all wealth equally by destroying the inequalities which arise as a result of human variables, would eliminate wealth. To attempt to collectivize all land would eliminate many of the human variables that arise from the private and unimpeded development of privately owned land.

Either or both of these procedures strike at the heart of the concept of evaluation.

Wealth is anything that is valued by one person (or more), which is subject to ownership, and which represents an end product for human use or enjoyment.

To seek to eliminate the inequalities which admittedly arise from any kind of private ownership of anything, would result in the destruction of value and hence of ownership.

For wealth to be created, accumulations of wealth must be created and maintained. For the creation of wealth to be maximized, these accumulations must be held by the private individuals whose talents and experience combine toward maximum utilization of the wealth they have themselves attracted and preserved. Nor does George refute this contention. He merely proposes to institute the state as the exclusive land capitalist, thus creating a monopoly of capital in the single area of land values and perpetuating total inequality of land ownership.

Wealth relates not only to items of supply in rather general demand, but to the values attributed to these items of supply. And value does not derive from labor, but from each individual's subjective evaluation of everything he desires and does not desire. Value is an individual state of mind. And the value attributed to any item relates to individual desire for that item and not to the labor that has been expended in producing it. Thus, land can be valued enormously, whether a man looks at it, lives on it, or works under it. And he can, if there be a free market, establish a claim over it in a justifiable manner and without conquest.

Since values are invariably relative and as unstable and transitory as any emotion, wealth can never be equally distributed. But through the voluntary actions of millions of men, claiming, disclaiming, and exchanging what they have for something which, at the moment, they desire more, equity can be attained. It is the equity of desire satisfaction obtained without conquest.

Because of these facts respecting the nature of value, the Georgist view that taxes can be imposed equitably on the value of land is internally contradictory. No two persons will ever value any piece of land in precisely the same way. The person least able to understand and to approximate the value in a given case will be the government representative, whose funds are not invested, whose contact with the land is detached, whose decision is arbitrary, and whose standard of measurement (if it can be called a standard) can

at best relate only to comparisons with other parcels. Since the unique character of each piece of land is conceded, land value taxation is by its nature a monstrous injustice.

It is the contention of Henry George, along with many other social reformers, that in a country where capital accumulations are permitted and even encouraged, particularly when such accumulations accrue to land, the rich get richer and the poor, poorer. But this is untrue. In a country where a free market has existed to a large degree, while the rich will get richer, the poor will also find themselves less poor. Today's wage earner in the United States enjoys a higher standard of living than any other wage earner in the world. He does this in a nation wherein more land is privately owned than in any other nation in the world. Today's average worker lives in a modern, two or three-bedroom home. He enjoys central heating, gas or electric cooking, a radio, television. He drives an automobile. Most workers own insurance policies and more than half have bank accounts.

Most take their families on fairly expensive one and two-week paid vacations, dress their families comfortably and in style, and many of them have private investments in land to which they ultimately hope to retire or on which they presently live. Some of them invest in land which they can develop for retirement income in their old age.

It is private ownership of property, beginning with the fundamental ownership of land, that lays the foundation for successful capital enterprise. Capitalism based upon private ownership of land has demonstrated repeatedly that it is the best practical solution not only for the reduction of poverty but for the creation of a climate that encourages progress.

Our present system of land ownership provides for only partial (never complete) land ownership. Thus, the benefits to derive from total ownership of all land by private parties have yet to be realized. To improve our position we should advance as rapidly as possible toward the elimination of all taxation on all land; the elimination of all state regulation and control of land; the elimination of the power of the state to confiscate land for any reason. Then and then only will land tend toward its ultimate best use. Then and then only will men truly find security in land and land ownership. Then and then only will full private capitalism flourish.