

A Premium Impeding Peace

Russia has always been America's chief source of raw materials. Her exports from that country were reduced to a minimum with the closing of the Black Sea route. The threatened loss of Indian manganese is of course behind the plan for a hurried drive to open up about fifty low-grade iron mines in the country. With the production of 800,000 tons yearly as a goal...

THE BARRIERS WHO CONTINUED to pay the nation dues during prohibition represented the high is optimism in his time, but the present day gains should go to the Carnegie Endowment for International Peace.

The recently issued annual report of that organization shows that the boys and girls running the show are still in their teens. And it is well that they will break out again some day and they will have another chance to sell their wares.

Fundamentals of the Land Question

By WILL LISSNER

Over the past decade or so the present writer has had the good fortune to make the acquaintance, and, he hopes, the friendship of several ardent single-taxers, properly so-called. If he has never been carried out unconscious from an encounter with one of them, as Thomas F. Woodlock delightfully reports he has (in his column in The Wall Street Journal of May 22), it is because, as an admirer of Henry George himself, he received greater mercy than the

elect can be expected to show to the gentiles. Besides, he learned many years ago a very useful panacea that solves such situations, particularly when the argument is running against you. You simply look bored. Like a cup of cold water dashed upon an over-playful dog, the bored look, the present writer has found, quenches the ardor of even the most faithful of disciples.

Now dwindling to a handful is the group of George's followers who saw

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restriction to trade. So let the Carnegie Endowment begin its next campaign by showing the people of the world what a tariff is, what it does not do for them but to them, and how it leads to war. A price limitation is at hand, picked from the new of the day right here in our own country. (Continued next page.)

As the greatest steel producer on earth, this country is at present largely dependent on imports for supplies of vital ore in the steel-making process. About 1,200,000 tons were imported in 1940. Domestic production amounted to around 40,000 tons. Soviet Russia and British India together produce about three-fifths of the world's manganese.

in the single, proportionate land value tax the universal panacea for all social ills. The present generation of George's followers is more interested in effecting better understanding of the economist's contributions to the social philosophy of ethical democracy, the social philosophy of moral progress through the extension of democratic freedom. Yet it must be admitted that the ardor of those who gloried in panacea-mongering has accomplished much more toward making George's distinctive ideas generally known, in some fashion, than the enthusiasm of the modern Georgist which is tempered with qualification. And it must also be admitted that while such qualification is a more faithful reflection of George's own approach, and arises from the greater familiarity of present-day students with George's complete writings, and with the pertinent literature of economics and sociology, it has tended, as a reaction from the exaggeration of the panacea approach, to minimize unnecessarily the importance of the solution of the land question in the abolition of poverty, absolute and relative, amidst plenty, actual and potential.

Along Mr. Woodlock has come to remind the modern Georgist that the land question is the focal point of George's system of ideas. And to make apparent to him, in a most charitable way, that the Georgists share with most other cohesive groups a common failing; they speak in so sectarian a language that an honest observer, like Mr. Woodlock, cannot be sure he understands their position. For this the followers of Henry George, old-line Single-taxers and present-day Georgists alike, owe Mr. Woodlock a double debt. All who cherish the memory of Henry George might well repay the debt by seeking to define, in terms any honest observer could understand, the meaning of the land question and its solution.

Language, of course, is an imperfect medium for communicating ideas. Metaphysics and the other divisions of philosophy seek to reduce the imperfection by using terms

from several languages, and particularly the classical ones. The moralist, thus, encounters less difficulty—but only somewhat less—than the economist who, largely, must content himself with the vulgar tongue. The term "land" illustrates ideally the difficulties that beset the economist.

The Biblical writers lived in an agricultural age and land, to them, consisted of the fields where crops were grown for sustenance and exchange. The great Christian teachers of the patristic period lived in an economy where fields and mines and woodlands yielded sustenance to men; these they considered land. The fertile field, the accessible mine, the lush wood, all these were the bounty of nature, free gifts to man for his sustenance. So these teachers drew the inescapable conclusion: these free gifts were intended for all men.

Modern systematic philosophy dates back to the Schoolmen who, on the basis of the patristic writings and of the earlier attempts at systems, developed, among other things, a theory of right conduct, a theory which we, today, divide into individual and social ethics. Under the medieval system, based, as it was, on the closed economy of the manor, there was social control of the use of fields and mines and woodlands, as well as of some houses and some roads. This social control was inadequate and thousands of persons were outside or driven from the manorial economy. But by reclaiming the wastelands of Europe, as many did under the leadership of the monastic orders, they found fields and mines and woodlands that were free to them.

Thus to the Schoolmen access to the "land" in the sense, for example, of the field, was not so pressing a problem as access to the manor as a whole. The "land" question did not appear to them in as naked a form as it had appeared to the prophets during the struggle for justice in Israel. Hence they considered "land" along with houses, tools, machines, animals as the material goods of the earth and these, they

taught, were created by God for all men and should flow equally to all.

From the time of the Schoolmen, with certain unique exceptions, philosophers have tended to lump the resources of nature which are free gifts to men together with the products of man's labor applied to such resources. But meanwhile the economic system we know as capitalism developed, and with it there came into being prices and markets and the organization of production and exchange. The social controls of the medieval system over the ownership and use of land, as well as other things, were scrapped. Fields that were naturally fertile, or naturally adapted to man-designed fertilization, or that were near the habitations of other men, or near to markets or roads or other means of access to markets, or were desirable in other ways from social and economic considerations, acquired owners. The philosophers, from the time of the Schoolmen until the rise of liberalism, had denied that the right of ownership in land or any of the other material goods of the earth could be absolute. But under liberalistic capitalism absolute private ownership of land as well as other things became the fact, even if it never quite became the law.

What George and his anticipators noticed about this process was that many men were denied their rightful share in a portion of these fields. To acquire a space to cultivate for their sustenance, these landless men had to impale themselves on the horns of a dilemma. Either they paid other men for permission to work upon "owned" fields, or they went beyond the pale of the economy and the society to reach fields so undesirable, socially and economically, that no one had bothered to take title of ownership to them.

George noticed this, first, with respect to fields, agricultural land. Then he noticed that it applied to dwelling sites, to sites of commercial enterprises, to sites of industrial establishments, to mineral deposits, woodlands and even (especially in our day of sovereignty over waters and over the means of access to them) to the sea. He noticed

that rain and air and sun were free until they acquired the social connotation of climate, when they acquired a value with respect to the site they blessed with their presence or cursed with their absence.

Another fact George noticed was that, in the economy we call capitalistic (by a quirk of language, for the economy preceded the appearance of enterprises based upon the employment of large capitals), competition for the ownership and use of the products of men's labor applied to land usually resulted in the multiplication of such products on the market and the cheapening of their price. But competition for the ownership and use of fields and sites and deposits and woods resulted in the diminution of the amounts of such land on the market and the heightening of their price.

Still another fact George noticed was that the market process, as far as land was concerned, involved the sale of titles, rather than the thing itself, and the titles were not merely bills of sale but guaranties by society, through its creature, the State, of the prerogatives and prerequisites of ownership. So he discovered that patented technological processes had the same experience in the market as land. In our day the list has been extended of the things which obey market laws similar to those obtaining for natural resources. George generalized the term "land" to mean all socially-limited economic opportunities that are not man-made in origin.

The fact that "land" may mean a patented process that has no relation to site or field or deposit tends to confusion, it is true, but the thinking man has to do the best he can with the linguistic tools that he has. Understanding these things to be "land," and such things like houses and tools, the products of man's labor applied to land, as "capital," the Georgist attempts to distinguish between "land" and "capital" but still he insists that it be recognized that the field to which the farmer has applied manure, but nothing else, is a mixture of "land" and "capital." For

when the Georgist speaks of "land" he is thinking of a place to cultivate, a site to work upon, as man found it. Usually he talks about "bare land" to avoid this confusion. But "bare land" is an entity that usually exists only in economic analysis, not in the well-developed economy.

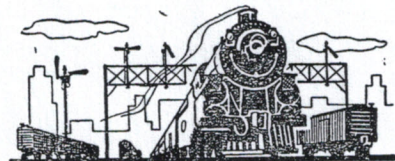
When the follower of George speaks of landed property as being different from other property, he is thinking of a right to own a socially limited economic opportunity that is not man-made in origin. The right to own such property, he believes, differs in kind from the right to own other property. The value of such a right, the measure of the economic advantage its possession gives to the owner over and above that which he would receive from the possession of an economic opportunity that is not so limited, such as fields beyond the pale of the economy and the society, he calls the economic rent. Three principles are involved. First, that this kind of property is indispensable if a man is to live and to sustain himself; it is an "economic opportunity." Second, no man can claim that his labor produced it; it is "natural." Third, it is limited in a social and economic sense, a site in a civilized society, a scarce deposit; it is "socially limited."

Thus the Georgist calls for the social appropriation of the full economic rent of land not merely because the community created a part of it but because the socio-economic process created all of it and no single owner any of it. But to avoid confiscation—unless abnormal conditions make it necessary—the Georgist would approach full social appropriation gradually, over the period of capitalization. To explain how this can be done would take too much space, but it can be done.

Hence no categorical answer can be given to Mr. Woodlock's questions about his examples unless one assumes that the gradual introduction of the device had been completed. With this assumption, it can be said that whatever of the \$25,000,000 per acre paid for the Princess Street banking site was paid for improvements in or on the land belonged to

the improver or his assigns; that is all to which he is entitled, in economics or morals, as a property right. Similarly, all the owner of the Charing Cross bridge improvements was entitled to was the value of his improvements in or on the land. The same goes for the farmer; the difference between the \$10 and the \$10,000 per acre of his Oklahoma farm (as well as part of the \$10!) belongs to society.

Mr. Woodlock gave two English examples and one American one. It is a pity he did not mention, say, a Welsh farmer. For the laws of England reserve to the crown, which is to say the people of England, the ownership of any oil deposits that may be found in the realm, on the ground that no Welsh or Oklahoma farmer created the current demand for gasoline and other petroleum products or, millions of years ago, started the process that results, in our day, in an oil pool.



To give the Welsh or Oklahoma farmer a single dollar of the \$9,990 involved is to say that he has a right to bargain for the highest price he can get if he can get away with stealing what is, clearly, a free gift of nature and its author, not merely to the people of England or the United States but, because of the unequal distribution of natural resources over the world, to all humankind. British law prohibits this with respect to oil land. One day all law will prohibit it, I hope, with respect to every type of land. For all types are limited either physically, as oil, economically, as agricultural land, or socially, as sites, or in combinations of these conditions.