

tribute which monopoly can wring from industry, which the man, who merely owns the land, can exact from him who uses it for the mere permission to use it.

This is why the gradual rise of land value or rent (ground rent only, remember), is called the unearned increment.

So far for its nature. Our next consideration will be its magnitude.

THE UNEARNED INCREMENT: ITS MAGNITUDE.

Under the system prevailing all over the civilised world, every country is cut up into square pieces and appropriated by a (comparatively) few owners.

What these owners do with the land is a matter the State concerns itself very little about. Whether they occupy and use it themselves, or let it to a tenant and live in idleness on the fruits of his labour; whether they cultivate it like a garden, making it yield abundant wealth and maintain hundreds of families, or leave it in a state of nature to carry sheep, excluding the whole rising tide of population from the opportunity of developing its boundless resources because the sheep pay *them* rather better; whether they open out the mineral treasures hidden in its depths, or lock them up by demanding such exorbitant royalties that enterprise either will not attempt the work, or attempts and fails; whether they construct factories and build cities upon it, or turn out the whole population and burn down their dwellings (as in the Scottish Highlands), because a foreign millionaire offers them a higher price for the privilege of turning it into a wilderness to shoot deer in than the children of the soil can give for the mere privilege of earning a living; all these things the State regards as matters of

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quite secondary consideration with which it is not called upon to interpose, because that would be interfering with the "sacred rights" of property.

The one thing it does concern itself energetically about is to establish these "sacred rights" as fast as possible and in all directions, and ensure that every acre shall have its blackmailer privileged to exclude everybody else from the land he has acquired possession of, and to forbid access to all industry, except on payment of the heaviest toll which the keenest competition can compel.

The whole country (that is, the whole country worth occupying at any given moment) being thus apportioned amongst these privileged few, they are masters of the situation. The first thing a man requires is room to stand in; and there is no unappropriated room available for the purpose. If he stands on private land he is liable to an action for trespass. If he goes out into the street, the policeman may order him to move on. When night comes on, matters are worse. If he sleeps on somebody's premises, he can be apprehended for being on the premises for an unlawful purpose. If he sleeps in the bush, he may be locked up as a vagrant without any visible means of support. The State insists that he shall pay blackmail to somebody; not payment for service of any sort rendered, but payment for the mere permission to be somewhere.

Land is the basis of all industry.

All industry consists either—

1. In extracting the raw materials of wealth from the land ;
- or
2. In working up, shifting about, or distributing these materials, or in aiding, in one way or another, some of these processes.

We shall call the one class primary, and the other secondary industries.

Farming and mining are the chief examples of the primaries.

As to the secondaries, they are legion ; and not only are all the materials these last have to operate upon drawn from the land, but so are the tools they work with, as well as the food the workmen consume.

It is clear that the extent of the secondary industries will be strictly limited by the primaries ; that is, there can be no more persons engaged in working up, shifting about, and distributing materials than there are materials (extracted from the land) for them to work up, shift about, and distribute—and not only is the extent of the secondaries determined by the extent of the primaries, but so also are the profits in the secondaries determined by the profits in the primaries.

Materials must be extracted (or produced) from the land before they can be put to any further use, and men will not leave this necessary preliminary work to take to the secondary work unless they can make as much by the new industry as they could by the old ; and they cannot hope to make more, because, if they did, the openings in the secondary industries being strictly limited, competitors would at once flock in and bring their profits down.

If profits in the primary industries are high—that is, if the land yields abundantly, and no one steps in to appropriate the fruits—profits in the secondaries will be high, too, for otherwise people would leave the secondaries and betake themselves to the land.

If, on the other hand, profits in the primaries are low—that is, if either nature is niggardly, or someone (the landlord, for instance) appropriates the fruits—profits in the secondaries will be low, too ; for otherwise people would leave the land and crowd into the secondaries till they brought profits down.

Now, if all the land is held by a comparatively few people (as is the case), then, since the land is the basis of all industry, there will be keen competition for it—a competition becoming keener year by year, as the competitors multiply, and wealth

increases, the result of which competition will be that the man of average means and capacity will have to give the very highest price for the land that he will consent to give, rather than go without it, and this highest price will be determined, not by the amount that it takes out of his pocket, but by the amount it leaves behind.

Here, for instance, are three farms of differing fertility, estimated to yield to the customary system of farming £200, £300, and £400 net profit respectively. Then, if the first of these fetches, after a pretty close competition, £100 a year, this shows that no bidder will give more than will leave him £100 to himself, but that the competition of the others will not allow him to retain more; in other words, that £100 is the lowest he will *consent* to keep, and the highest he will be *allowed* to keep, so that £100 a year is the average profit of farming amongst farmers of that class and means. But since he cannot hope to keep more than £100, it does not matter to him what the surplus may be which he is compelled to give up to his landlord; consequently the other two farms will fetch respectively £200 and £300. Of course, it is the *rate* of profit, and not the actual profit of which we are speaking. The £100 is only quoted as an example. Amongst one class of farmers the reserve will be higher, among another lower, according to their means, and the magnitude of their operations.

This is the theory, and it corresponds exactly with the facts; for whether a farmer settles here or there, near a market or far off, whether he pays £100 a year for an indifferent farm, £150 for a better, or £200 for a better still, he finds that except by some lucky accident his profits as a farmer remain much the same; which shows that his rent is determined, not by what he has to pay away, but by what he is determined to keep; and this amount, this rate of profit will, for reasons already given, determine the rate of profit, in all the secondary in-

dustries, though they have no visible connection with the land at all.

To put it compactly, the profits of industry all around are determined by the rent of land. That rate of profit which the worker on the land can save from his landlord will be all that the worker at any industry can hope to get, and it will represent that minimum margin to which he will consent to be beaten down rather than go without the land.

What is the minimum margin?

The applicant for the land has a certain amount of capital (otherwise he could not be an applicant), and for this he knows he could get interest, and he also has the capacity to work. Consequently, the least he will determine to keep will be what he could earn as a labourer, plus the interest he could get on his capital. Actually (except in the case of the poorest competitors for the smallest and worse farms) it will be something rather more than this, for his capital, such as it is, gives him a certain advantage in the position. He and his competitors being none of them in danger of immediate want, and therefore not pressed by necessity, will have a tendency to hold back in the bidding when it begins to run high, and to cling to something more than the closeness of the competition might seem to demand; and the larger his capital the greater will be his advantage, not only because of his greater power and stronger inclination to hold out for better terms, but also because the men of sufficient means to require a large farm, such as he wants, are fewer in number, and the competition in every way less keen and forced. Hence the smallest and worst farms are always the highest rented, which is only another way of saying that the profits on them are smallest.

Still, be the farms large or small, competition will always force rents up, and therefore profits down to the smallest return the average applicant of his class will consent to accept rather than go without the land.

Land, as we have said, is the basis of all industry, and agriculture is the fundamental industry.

Everyone recognises this ; and in view of the hard struggle and hand-to-mouth existence of the farmer, all sorts of projects are proposed to ameliorate his lot.

One party advocates protection, another the lightening and equalising of taxation, another cheapness of labour by assisted immigration (making the labourer the scapegoat), another pins its faith on railways, and so on.

Of these proposals some are good, some bad ; but their effects, whichever way they tend, will not, except for the moment, affect the farmers' profit one way or the other.

Let us suppose protection to be the true policy, and raising the price of some particular article by a duty, say meat, see what the result would be.

The rise of price in meat will produce two opposite effects. It will immediately injure one class of farmers and benefit another. Those who by reason of distance from market, unsuitability of their land for grazing, or its still greater suitability for something else, do not fatten stock, notwithstanding the rise in price (and these will be a very large number), will suffer a distinct appreciable loss in increased household expenses and increased cost of feeding their men, without any advantage to set off ; while those on the other hand, with land specially adapted for grazing, who already made a profit by it, will make a larger profit still ; and those on land passably suited for it, who formerly made their profit by something else, may, perhaps, change their system, and make their profit by grazing instead of by those other things.

But the point is, that after the first start neither those who gain nor those who lose will be any the better or the worse off for their gain or loss, because at the first renewal of their lease they will transfer the gain or loss to their landlords.

For so long as all the land of the country is in the hands of

a comparatively few, so that there are more farmers wanting farms than there are farms for them to have, so long will competition force land values up to their maximum, and rent will mean to the farmer the utmost that he can see his way to giving for the land rather than go without it and let another take his place.

But for the very reason that competition is thus already at its full stretch, it cannot be stretched any farther, and those farmers whose narrow margin of profit is trenched on by their increased expenses consequent on the rise in meat will insist on having that margin restored, and they will be able to carry their point ; for they were already giving full value for their farms, and their farms (since they produce no more and yet cost more to work) are now worth less, less not only to the present occupants, but to anyone else who might want to take their place ; therefore, the landlords cannot play off one against another, and so must accept reduction.

Conversely, where profits on land already profitable for grazing have been increased by the duty, those lands will have become just so much more valuable, and will fetch so much more rent.

So, if you make a railway to every farmer's door, you would simply make the land more valuable. Compare those districts that have railways with those that have none. In the former you will see a greater population ; probably more cultivation, certainly higher rents, but no higher farm profits ; for where the carcass is, there will the eagles be gathered together ; where returns are high, thither will competitors flock. There may be no actual bidding against each other among the applicants, but this is only because the landlord will kindly take that trouble off their hands. He will put up the rent as high as he thinks he can—too high at first, perhaps—if so, his vacant farm will soon cause him to correct his error ; but whatever the process, the result will be the same.

So, if by assisted immigration, you reduce the cost of labour by half, or if by mechanical inventions you enable the farmer to do with half the number of men (which would come to much the same thing to him), you would be simply reducing the cost of working the land, and so increasing the return to be got out of the land, and so increasing the value of land, and so raising rents.

One after another labour-saving appliances have been introduced within the last 20 years; double-furrow ploughs, reapers and binders, horse rakes, steam threshers, without improving the condition of the farmer in the least. Never have there been so many aids and appliances to industry as there are now, and never has the struggle of the farmer been more severe.

So if you lightened taxation, or even abolished it altogether, it would make no difference to the farmer, beyond the moment. At present some leases stipulate that the landlord shall pay all rates; others that the tenant shall pay them; others again that each shall pay half, but it is all a mere adjustment of rent. The more taxes the less rent, and *vice versa*.

If the farmer pays more rent it is because he has to pay less taxes, and whether this is owing to the landlord paying them, or to there being none to pay, makes not the least difference to the farmer.

So if nature herself instead of the mere instruments of production were improved; if the soil were suddenly doubled in fertility; if the sun could be got to shine and the rain to fall exactly when and where it was wanted; if all weeds and plagues were abolished, it would come to the same thing, and for the same reasons.

The Press is continually preaching that the fault of things all lies with the farmer. He should be more industrious or more provident, he should know something about chemistry,

he should buy the best appliances, and use the most advanced methods. It is very good advice in its way, perhaps, but it does not touch the question in the least.

If you passed every farmer through a technical college, if by a network of meteorological stations and commercial agencies you supplied him every day with a forecast of the weather, and the state of the markets, if you supplied him gratis with all the best machinery, if you trained him in habits of industry and economy, foresight and skill, till you made him as much superior to what he now is as a steam thresher is superior to a flail, you would enormously increase his efficiency no doubt, but you would not add one farthing to his profits. The whole benefit would go as before to the landlord, and for the same reasons. You would not have eased the pressure of competition, but only have put it into the power of every competitor to offer more. Still as before, rent would mean the utmost the farmer could be forced to bid for the land rather than go without it.

Granting that there are many things that swallow up much of the surplus that would otherwise come to the farmer; heavy taxes, injudicious laws, bad roads, scarce labour; all these matter nothing (as a great writer says) so long as behind them stands something which swallows all that is left. So long as that something stands waiting with open mouth, abolishing any of these only leaves so much more for it to swallow.

Some people shrink from these conclusions saying, "It is a hard doctrine" (as if truths could be dodged by shrinking from them).

Others say that the remedy is the fixing of a fair rent.

But what is meant by a fair rent?

If Brown objects to his present rent of £100, saying it is too high, and should be reduced to £80, and yet Jones is standing by prepared to give £100, why should the rent be reduced?

Why should Jones be forbidden to have what he is ready to give £100 for, in order that Brown should have it for £80? It is fair neither to Jones nor to the landlord, whatever it may be to Brown.

What would Brown think if Jones objected to pay the 5s. for his wheat that he had agreed to pay, saying it ought to be reduced to 4s., when Smith is standing by ready to give 5s.?

In the open market a "fair price" has no meaning. Hudibras' saying still holds good that "The value of a thing is just as much as it will bring."

There is a remedy for this evil, and a very simple one, but it is not the fixing of a fair rent.

"But," it will be said, "all farmers are not tenants. Many own the land they occupy." True; but all that this proves is, not that the preceding remarks are incorrect, but that there is a certain class to whom they do not apply. For the present we will let the exception go for what it is worth. What I shall undertake to show by and by is that it is worth nothing.

But we shall have to present one or two other considerations at some length before we are prepared to deal fully with this. For the present we will let it stand over, only remarking that in farming tenants are the rule, occupying owners the exception, and that the exceptions grow steadily fewer year by year. Not only in Tasmania, but in all the other colonies, in the United States, and wherever, in short, land is recognised as absolute private property, the divorce between occupation and ownership is proceeding apace, and the very institution which was designed to secure to the producer the full fruits of his labour is becoming the means by which he is compelled to surrender them to another.
