CHAPTER III

THE ARGUMENTS AGAINST PRIVATE LANDOWNERSHIP

If land were not privately owned there would be no receiving of rent by individuals. Therefore, the morality of the landlord's share of the national product is intimately related to, and is usually treated in connection with, the morality of private ownership.

Substantially all the opponents of private property in land to-day are either Socialists or disciples of Henry George. In the view of the former, land as well as the other means of production should be owned and managed by the State. Although they are more numerous than the Georgeites, their attack upon private landownership is less conspicuous and less formidable than the propaganda carried on by the Henry George men. The Socialists give most of their attention to the artificial instruments of production, dealing with land only incidentally, implicitly, or occasionally. The followers of Henry George, commonly known as Single Taxers or Single Tax men, defend the private ownership of artificial capital, or capital in the strict economic sense, but desire that the control of the community over the natural means of production should be so far extended as to appropriate all economic rent. Their criticism of private ownership is not only more prominent than that made by the Socialists, but is based to a much great extent upon ethical considerations.

Arguments by Socialists

Indeed, the orthodox or Marxian Socialists are logically debarred by their social philosophy from passing a strictly

moral judgment upon property in land. For their theory of economic determinism, or historical materialism, involves the belief that private landownership, like all other social institutions, is a *necessary product* of economic forces and processes. Hence it is neither morally good nor morally bad. Since neither its existence nor its continuance depends upon the human will, it is entirely devoid of moral quality. It is as unmoral as the succession of the seasons, or the movement of the tides. And it will disappear through the inevitable processes of economic evolution. As expressed by Engels: "The growing perception that existing social institutions are unreasonable and unjust, that reason has become unreason, and right wrong, is only proof that in the modes of production and exchange changes have taken place with which the social order, adapted to earlier economic conditions, is no longer in keeping." [1]

Frequently, however, the individual Socialist forgets this materialistic theory, and falls back upon his common sense, and his innate conceptions of right and wrong, of free will and responsibility. Instead of regarding the existing land system as a mere product of blind economic forces, he often denounces it as morally wrong and unjust. His contentions may be reduced to two propositions: The proprietor who takes rent from a cultivator robs the producer of a part of his product; and no one has a right to take for his exclusive use that which is the natural heritage and means of support for all the people. Referring to the receipt of 35,000,000 pounds a year in rent by 8,000 British landlords, Hyndman and Morris exclaim: "Yet in the face of all this a certain school still contend that there is no class robbery." [2] Since the claim that the laborer has a right to the full product of his labor applies to capital as well as to land, it can be more conveniently considered when we come to treat of the income of the capitalist. With regard to the second contention, the following statement by Robert

[1] "Socialism: Utopian and Scientific," p. 45; Chicago, 1900.
[2] "A Summary of the Principles of Socialism," p. 23; London, 1899.

Blatchford may be taken as fairly representative of Socialist thought: "The earth belongs to the people. . . . So that he who possesses land possesses that to which he has no right, and he who invests his savings in land becomes the purchaser of stolen property." [1] Inasmuch as this argument is substantially the same as one of the fundamental contentions in the system of Henry George, it will be discussed in connection with the latter in the pages immediately following.

Henry George's Attack on the Title of First Occupancy

Every concrete right, whether to land or to artificial goods, is based upon some contingent fact or ground, called a title. By reason of some title a man is justified in appropriating a particular farm, house, or hat. When he becomes the proprietor of a thing that has hitherto been ownerless, his title is said to be original; when he acquires an article from some previous owner, his title is said to be derived. As an endless series of proprietors is impossible, every derived title must be traceable ultimately to some original title. Among the derived titles the most important are contract, inheritance, and prescription. The original title is either first occupancy or labor. The prevailing view among the defenders of private landownership has always been that the original title is not labor, but first occupancy. If this title be not valid every derived title is worthless, and no man has a true right to the land that he calls his own. Henry George's attack upon the title of first occupancy is an important link in his argument against private property in land.

"Priority of occupation give exclusive and perpetual title to the surface of a globe in which, in the order of nature, countless generations succeed each other! . . . Has the first comer at a banquet the right to turn back all the chairs, and claim that none of the other guests shall partake of the food provided, except as they make terms

[1] "Socialism: A Reply to the Pope's Encyclical," p. 4; London, 1899.

with him? Does the first man who presents a ticket at the door of a theater, and passes in, acquire by his priority the right to shut the doors and have the performance go on for him alone? . . . And to this manifest absurdity does the recognition of the individual right to land come when carried to its ultimate that any human being, could he concentrate in himself the individual rights to the land of any country, could expel therefrom all the rest of the inhabitants; and could he concentrate the individual rights to the whole surface of the globe, he alone of all the teeming population of the earth would have the right to live." [1]

In passing, it may be observed that Henry George was not the first distinguished writer to use the illustration drawn from the theater. Cicero, St. Basil, and St. Thomas Aquinas all employed it to refute extravagant conceptions of private ownership. In reply to the foregoing argument of Henry George, we point out: first, that the right of ownership created by first occupancy is not unlimited, either extensively or intensively; and, second, that the historical injustices connected with private ownership have been in only a comparatively slight degree due to the first occupation of very large tracts of land. The right of first occupancy does not involve the right to take a whole region or continent, compelling all subsequent arrivals to become tenants of the first. There seems to be no good reason to think that the first occupant is justified in claiming as his own more land than he can cultivate by his own labor, or with the assistance of those who prefer to be his employees or his tenants rather than independent proprietors. "He has not the right to reserve for himself alone the whole territory, but only that part of it which is really useful to him, which he can make fruitful." [2] Nor is the right of private landownership, on whatever title it may rest, unlimited intensively, that is, in its powers or comprehension. Though a man should have become the rightful

[1] "Progress and Poverty," book vii, ch. i.
[2] "La Propriété Privée, par L. Garriguet, I, 62; Paris, 1903.

owner of all the land in a neighborhood, he would have no moral right to exclude therefrom those persons who could not without extreme inconvenience find a living elsewhere. He would be morally bound to let them cultivate it at a fair rental. The Christian conception of the intensive limitations of private ownership is well exemplified in the action of Pope Clement IV, who permitted strangers to occupy the third part of any estate which the proprietor refused to cultivate himself.[1] Ownership understood as the right to do what one pleases with one's possessions, is due partly to the Roman law, partly to the Code Napoléon, but chiefly to modern theories of individualism and the divorce between economic practice and ethical principle.

In the second place, the abuses which have accompanied private property in land are very rarely traceable to abuses of the right of first occupancy. The men who have possessed too much land, and the men who have used their land as an instrument of social oppression, have scarcely ever been first occupants or the successors thereof through derived titles. This is especially true of modern abuses, and modern legal titles. In the words of Herbert Spencer: "Violence, fraud, the prerogative of force, the claims of superior cunning,—these are the sources to which these titles may be traced. The original deeds were written with the sword, rather than with the pen: not lawyers but soldiers were the conveyancers: blows were the current coin given in payment; and for seals blood was used in preference to wax."[2] Not the appropriation of land which nobody owned, but the forcible and fraudulent seizure of land which had already been occupied, has been one of the main causes of the evils attending upon private landownership. Moreover, in England and all other countries that

[1] Cf. Ardant, "Papes et Paysans," pp. 41, sq.

[2] "Social Statics," chap. ix; 1850. Spencer's retractation, in a later edition of this work, of his earlier views on the right of property in land does not affect the truth of the description quoted in the passage above.

have adopted her legal system, the title of first occupancy could never be utilized by individuals: all unoccupied land was claimed by the Crown or by the State, and transferred thence to private persons or corporations. If some individuals have got possession of too much land through this process, the State, not the title of first occupancy, must bear the blame. This is quite clear in the history of land tenure in the United States and Australasia.

Henry George's attack upon private landownership through the title of first occupancy is therefore ineffective; for he attributes to it qualities that it does not possess, and consequences for which it is not responsible.

His Defense of the Title of Labor

Thinking that he has shattered the title of first occupancy, Henry George undertakes to set up in its place the title of labor. "There can be to the ownership of anything no rightful title which is not derived from the title of the producer, and does not rest on the natural right of the man to himself." [1] The only original title is man's right to the exercise of his own faculties; from this right follows his right to what he produces; now man does not produce land; therefore he cannot have rightful property in land. Of these four propositions the first is a pure assumption, the second is untrue, the third is a truism, and the fourth is as unfounded as the first. Dependently upon God, man has, indeed, a right to himself and to the exercise of his own faculties; but this is a right of action, not of property. By the exercise of this right alone man can never produce anything, never become the owner of anything. He can produce only by exerting his powers upon something outside of himself; that is, upon the goods of external nature. To become the producer and the owner of a product, he must first become the owner of materials. By what title is he to acquire these? In one passage[2]

[1] "Progress and Poverty," loc. cit.
[2] "Open Letter to Pope Leo XIII," page 25 of Vierth's edition.

Henry George seems to think that no title is necessary, and refers to the raw material as an "accident," while the finished product is the "essence," declaring that "the right of private ownership attaches the accident to the essence, and gives the right of ownership to the natural material in which the labor of production is embodied." Now this solution of the difficulty is too simple and arbitrary. Its author would have shrunk from applying it universally; for example, to the case of the shoemaker who produces a pair of shoes out of stolen materials, or the burglar who makes an overcoat more useful (and therefore performs a task of production) by transferring it from a warehouse to his shivering back! Evidently Henry George has in mind only raw material in the strict sense, that which has not yet been separated from the storehouse of nature; for he declares in another place that "the right to the produce of labor cannot be enjoyed without the free use of the opportunities offered by nature." [1] In other words, man's title to the materials upon which he is to exercise his faculties, and of which he is to become the owner by right of production, is the title of gift conferred by nature, or nature's God.

Nevertheless this title is applicable only to those goods that exist in unlimited abundance, not to those parts of the natural bounty that are scarce and possess economic value. A general assumption by producers that they were entitled to take possession of the gifts of nature indiscriminately would mean industrial anarchy and civil war. Hence Henry George tells us that the individual should pay rent to "the community to satisfy the equal rights of all other members of the community." [2] Inasmuch as the individual must pay this price before he begins to produce, his right to the use of natural opportunities is not "free," nor does his labor alone constitute a title to that part of them that he utilizes in production. Consequently labor does not

[1] "Progress and Poverty," loc. cit.
[2] "Progress and Poverty," loc. cit.

create a right to the concrete product. It merely gives the producer a right to the value that he adds to the raw material. His right to the raw material itself, to the elements that he withdraws from the common store, and fashions into a product, say, wheat, lumber, or steel, does not originate in the title of labor but in the title of contract. This is the contract by which in exchange for rent paid to the community he is authorized to utilize these materials. Until he has made this contract he has manifestly no full right to the product into which natural forces as well as his own labor have entered. According to Henry George's own statements, therefore, the right to the product does not spring from labor alone, but from labor plus compensation to the community. Since the contract by which the prospective user agrees to pay this compensation or rent must precede his application of labor, it instead of labor is the original title. Since the contract is made with a particular community for the use of a particular piece of land, the title that it conveys must derive ultimately from the occupation of that land by that community,—or some previous community of which the present one is the legal heir. So far as economically valuable materials are concerned, therefore, the logic of Henry George's principles leads inevitably to the conclusion that the original title of ownership is first occupancy.

Even in the case of economically free goods, the original title of ownership is occupancy. Henry George declares that the traveler who has filled his vessels at a free-for-all spring owns the water when he has carried it into a desert, by the title of labor.[1] Nevertheless, in its original place this water belonged either to the community or to nobody. In the former supposition it can become the property of the traveler only through an explicit or implicit gift from the community; and it is this contract, not labor, that constitutes his title to the water. If we assume that the spring was ownerless, we see that the labor of carrying a portion

[1] "Open Letter to Pope Leo XIII," loc. cit.

of it into the desert still lacks the qualifications of a title; for the abstracted water must have belonged to him before he began the journey. It must have been his from the moment that he separated it from the spring. Otherwise he had no right to take it away. His labor of transporting it gave him a right to the utility thus added to the water, but not a right to the water when it first found a local habitation in his vessels. Nor was the labor of transferring it from the spring into his vessels the true title; for labor alone cannot create a right to the material upon which it is exerted, as we see in the case of stolen objects. If it be contended that labor together with the natural right to use the ownerless goods of nature have all the elements of a valid title, the assertion must be rejected as unprecise and inadequate. The right to use ownerless goods is a general and abstract right that requires to become specific and concrete through some title. In the case of water it is a right to water in general, to some water, but not a right to a definite portion of the water in this particular spring. The required and sufficient title here is that of apprehension, occupation, the act of separating a portion from the natural reservoir. Therefore, it is first occupancy as exemplified in mere seizure of an ownerless good, not labor in the sense of productive activity, nor labor in the sense of painful exertion, that constitutes the precise title whereby the man acquires a right to the water that he has put into his cup or barrel. Mere seizure is a sufficient title in all such cases as that which we are now considering simply because it is a reasonable method of determining and specifying ownership. There is no need whatever of having recourse to the concept of labor to justify this kind of property right. In the present case, indeed, the acts of apprehension and of productive labor (the labor of dipping the water into a vessel *is* productive inasmuch as the water is more useful there than in the spring) are the same physically, but they are distinct logically and ethically. One is mere occupation, while the other is production;

and ownership of a thing must precede, in morals if not in time, the expenditure upon it of productive labor.

"The theory which bases the right of property on labor really depends in the ultimate resort on the right of possession and the fact that it is socially expedient, and is therefore upheld by the laws of society. Grotius, discussing this in the old Roman days, pointed out that since nothing can be made except out of pre-existing matter, acquisition by means of labor depends, ultimately, on possession by means of occupation." [1]

Since man's right to his faculties does not of itself give him a right to exercise them upon material objects, productive labor cannot of itself give him a right to the product therefrom created, nor constitute the original title of ownership. Since labor is not the original title to property, it is not the only possible title to property in land. Hence the fact that labor does not produce land, has no bearing on the question of private landownership.

In passing it may be observed that Henry George implicitly admitted that the argument from the labor title was not of itself sufficient to disprove the right of private property in land. Considering the objection, "if private property in land be not just, then private property in the products of land is not just, as the material of these products is taken from the land," he replied that the latter form of ownership "is in reality a mere right of temporary possession," since the raw material in the products sooner or later returns to the "reservoirs provided for all . . . and thus the ownership of them by one works no injury to others." [2] But private ownership of land, he continued, shuts out others from the very reservoirs. Here we have a complete abandonment of the principle which underlies the labor argument. Instead of trying to show from the nature of the situation that there is a logical difference between the two kinds of ownership, he shifts his ground

[1] Whittaker, op. cit., p. 32.
[2] "Open Letter," loc. cit.

to a consideration of consequences. He makes the title of social utility instead of the title of labor the distinguishing and decisive consideration. As we shall see later, he is wrong even on this ground; for the fundamental justification of private landownership is precisely the fact that it is the system of land tenure most conducive to human welfare. At present we merely call attention to the breakdown in his own hands of the labor argument.

To sum up the entire discussion on the original title of ownership: Henry George's attack upon first occupancy is futile because based upon an exaggerated conception of the scope of private landownership, and upon a false assumption concerning the responsibility of that title for the historical evils of the system. His attempt to substitute labor as the original title is likewise unsuccessful, since labor can give a right only to the utility added to natural materials, not to the materials themselves. Ownership of the latter reaches back finally to occupation. Whence it follows that the title to an artificial thing, such as a hat or coat, water taken from a spring, a fish drawn from the sea, is a joint or twofold title; namely, occupation and labor. Where the product embodies scarce and economically valuable raw material, occupation is usually prior to labor in time; in *all* cases it is prior to labor logically and ethically. Since labor is not the original title, its absence in the case of land does not leave that form of property unjustified. The title of first occupancy remains. In a word, the one original title of all property, natural and artificial, is first occupancy.

The other arguments of Henry George against private landownership are based upon the assumed right of all mankind to land and land values, and on the contention that this right is violated by the present system of tenure.

The Right of All Men to the Bounty of the Earth

"The equal right of all men to the use of land is as clear as their equal right to breathe the air—it is a right

proclaimed by the fact of their existence. For we cannot suppose that some men have a right to be in the world, and others no right.

"If we are here by the equal permission of the Creator, we are all here with an equal title to the enjoyment of his bounty—with an equal right to the use of all that nature so impartially offers. . . . There is in nature no such thing as a fee simple in land. There is on earth no power which can rightfully make a grant of exclusive ownership of land. If all existing men were to grant away their equal rights, they could not grant away the rights of those who follow them. For what are we but tenants for a day? Have we made the earth that we should determine the rights of those who after us shall tenant it in their turn?" [1]

The right to use the goods of nature for the support of life is certainly a fundamental natural right; and it is substantially equal in all persons. It arises, on the one hand, from man's intrinsic worth, his essential needs, and his final destiny; and, on the other hand, from the fact that nature's bounty has been placed by God at the disposal of all His children indiscriminately. But this is a general and abstract right. What does it imply specifically and in the concrete? In the first place, it includes the actual and continuous use of some land; for a man cannot support life unless he is permitted to occupy some portion of the earth for the purposes of working, and eating, and sleeping. Secondly, it means that in time of extreme need, and when more orderly methods are not available, a man has the right to seize sufficient goods, natural or produced, public or private, to support life. So much is admitted and taught by all Catholic authorities, and probably by all other authorities. Furthermore, the abstract right in question seems very clearly to include the concrete right to obtain on reasonable conditions at least the requisites of a decent livelihood; for example, by direct access to a piece of land, or in return for a reasonable amount of useful labor. All

[1] "Progress and Poverty," book vii, ch. i.

of these particular rights are equally valid in all persons, owing to the essential equality of all persons.

Does the equal right to use the bounty of nature include the right to equal *shares* of land, or land values, or land advantages? Since the resources of nature have been given to all men in general, and since human nature is specifically and juridically equal in all, have not all persons the right to share equally in these resources? Suppose that some philanthropist hands over to one hundred persons an uninhabited island, on condition that they shall divide it among themselves with absolute justice. Are they not obliged to divide it equally? On what ground can any person claim or be awarded a larger share than his fellows? None is of greater intrinsic worth than another, nor has any one made efforts, or sacrifices, or products which will entitle him to exceptional treatment. The correct principle of distribution would seem to be absolute equality, except in so far as it may be modified on account of varying needs, and varying capacities for social service. In any just distribution account must be taken of differences in needs and capacities; for it is not just to treat men as equal in those respects in which they are unequal, nor is it fair to deprive the community of those social benefits which can be obtained only by giving exceptional rewards for exceptional services. The same amount of food allotted to two persons might leave one hungry and the other sated; the same amount of land assigned to two persons might tempt the one to wastefulness and discourage the other. To be sure, the factor of exceptional capacity should not figure in the distribution until all persons had received that measure of natural goods which was in each case sufficient for a decent livelihood. For the fundamental justification of any distribution is to be sought in human needs; and among human needs the most deserving and the most urgent are those which must be satisfied as a prerequisite to right and reasonable life.

Now it is true that private ownership of land has no-

where realized this principle of proportional equality and proportional justice. No such result is possible in a system that, in addition to other difficulties, would be required to make a new distribution at every birth and at every death. Private ownership of land can never bring about ideal justice in distribution. Nevertheless it is not necessarily out of harmony with the demands of *practical* justice. A community that lacks either the knowledge or the power to establish the ideal system is not guilty of actual injustice because of this failure. In such a situation the proportionally equal rights of all men to the bounty of nature are not actual rights. They are conditional, or hypothetical, or suspended. At best they have no more moral validity than the right of a creditor to a loan that, owing to the untimely death of the debtor, he can never recover. In both cases it is misleading to talk of injustice; for this term always implies that some person or community is guilty of some action which could have been avoided. The system of private landownership is not, indeed, perfect; but this is not exceptional in a world where the ideal is never attained, and all things are imperfect. Henry George declares that "there is on earth no power which can rightfully make a grant of exclusive ownership in land"; but what would he have a community do which has never heard of his system? Introduce some crude form of communism, or refrain from using the land at all, and permit the people to starve to death in the interests of ideal justice? Evidently such a community must make grants of exclusive ownership, and these will be as valid in reason and in morals as any other act that is subject to human limitations which are at the time irremovable.

Perhaps the Single Taxer would admit the force of the foregoing argument. He might insist that the titles given by the State in such conditions were not exclusive grants in the strict sense, but were valid only until a better system could be set up, and the people put in possession of their natural heritage. Let us suppose, then, that a nation

were shown "a more excellent way." Suppose that the people of the United States set about to establish Henry George's system in the way that he himself advocated. They would forthwith impose upon all land an annual tax equivalent to the annual rent. What would be the effect upon private land-incomes, and private land-wealth? Since the first would be handed over to the State in the form of a tax, the second would utterly disappear. For the value of land, like the value of any other economic good, depends upon the utilities that it embodies or produces. Whoever controls these will control the market value of the land itself. No man will pay anything for a revenue-producing property if some one else, for example the State, is forever to take the revenue. The owner of a piece of land which brings him an annual revenue or rent of one hundred dollars, will not find a purchaser for it if the State appropriates the one hundred dollars in the form of a tax that is to be levied year after year for all time. On the assumption that the revenue represents a selling value of two thousand dollars, the private owner will be worth that much less after the introduction of the new system.

Henry George defends this proceeding as emphatically just, and denies the justice of compensating the private owner. In the chapter of "Progress and Poverty" headed "Claim of Land Owners to Compensation" he declares that "private property in land is a bold, bare, enormous wrong, like that of chattel slavery"; and against Mill's statement that land owners have a right to rent and to the selling value of their holdings, he exclaims: "If the land of any country belong to the people of that country, what right, in morality and justice, have the individuals called landowners to the rent? If the land belong to the people, why in the name of morality and justice should the people pay its salable value for their own?" [1]

Here, then, we have the full implication of the Georgean principle that private property in land is essentially unjust.

[1] Cf. chapter entitled "Compensation" in "A Perplexed Philosopher."

It is not merely imperfect,—tolerable while unavoidable. When it can be supplanted by the right system, its inequalities must not continue under another form. If inequalities are continued through the compensation of private owners, individuals are still hindered from enjoying their equal rights to land, and the State becomes guilty of formal and culpable injustice. The titles which the State formerly guaranteed to the private owners did not have in morals the perpetual validity which they professed to have. Since the State is not the owner of the land, it was morally powerless to create or sanction titles of this character. Even if all the citizens at any given time had deliberately transferred the necessary authorization to the State, "they could not," in the words of Henry George, "grant away the right of those who follow them." The individual's right to land is innate and natural, not civil or social. The author of "Progress and Poverty" attributes to the individual's *common* right to land precisely the same absolute character that Father Liberatore predicates of the right to become a *private* land owner.[1] In the view of Henry George the State is merely the trustee of the land, having the duty of distributing its benefits and values so as to make effective the equal rights of all individuals. Consequently, the legal titles of private ownership which it creates or sanctions are valid only so long as nothing better is available. At best such titles have no greater moral force than the title by which an innocent purchaser holds a stolen watch; and the persons who are thereby deprived of their proper shares of land benefits, have the same right to recover them from the existing private owners that the watch-owner has to recover his property from the innocent purchaser. Hence the demand for compensation has no more merit in the one case than in the other.

To the objection that the civil laws of many civilized countries would permit the innocent purchaser of the watch to retain it, provided that sufficient time had elapsed to

[1] Cf. "Principles of Political Economy," 1891, æp. 130.

create a title of prescription, the Single Taxer would reply that the two kinds of goods are not on the same moral basis in all respects. He would contend that the natural heritage of the race is too important for human welfare to fall under the title of prescription, and that it is absolutely inalienable.

To put the matter briefly, then, Henry George contends that the individual's equal right to land is so much superior to the claim of the private owner that the latter must give way, even when it represents an expenditure of money or other valuable goods. The average opponent does not seem to realize the full force of the impression which this theory makes upon the man who overemphasizes the innate rights of men to a share in the gifts of nature. Let us see whether this right has the absolute and overpowering value which is attributed to it by Henry George.

In considering this question, the supremely important fact to be kept in mind is that the natural right to land is not an end in itself. It is not a prerogative that inheres in men, regardless of its purposes or effects. It has validity only in so far as it promotes individual and social welfare. As regards individual welfare, we must bear in mind that this phrase includes the well being of all persons, of those who do as well as of those who do not at present enjoy the benefits of private landownership. Consequently the proposal to restore to the "disinherited" the use of their land rights must be judged by its effects upon the welfare of all persons. If existing landowners are not compensated they are deprived, in varying amounts, of the conditions of material well being to which they have become accustomed, and are thereby subjected to varying degrees of positive inconvenience and hardship. The assertion that this loss would be offset by the moral gain in altruistic feelings and consciousness may be passed over as applying to a different race of beings from those who would be despoiled. The hardship is aggravated considerably by the fact that very many of the dispossessed private

owners have paid the full value of their land out of the earnings of labor or capital, and that all of them have been encouraged by society and the State to regard landed property in precisely the same way as any other kind of property. In the latter respect they are not in the same position as the innocent purchaser of the stolen watch; for they have never been warned by society that the land might have been virtually stolen, or that the supposedly rightful claimants might some day be empowered by the law to recover possession. On the other hand, the persons who own no land under the present system, the persons who are deprived of their "birthright," suffer no such degree of hardship when they are continued in that condition. They are kept out of something which they have never possessed, which they have never hoped to get by any such easy method, and from which they have not been accustomed to derive any benefit. To prolong this condition is not to inflict upon them any new or positive inconvenience. Evidently their welfare and claims in the circumstances are not of the same moral importance as the welfare and claims of persons who would be called upon to suffer the loss of goods already possessed and enjoyed, and acquired with the full sanction of society.

Henry George is fond of comparing the private owner of land with the slave owner, and the landless man with the man enslaved; but there is a world of difference between their respective positions and moral claims. Liberty is immeasurably more important than land, and the hardship suffered by the master when he is compelled to free the slave is immeasurably less than that endured by the slave who is forcibly detained in bondage. Moreover, the moral sense of mankind recognizes that it is in accordance with equity to compensate slave owners when the slaves are legally emancipated. Infinitely stronger is the claim of the landowner to compensation.

If the Georgeite replies that the landless man is at present kept out of something to which he has a right, while

confiscation would take from the private owner something which does not really belong to him, the rejoinder must be that this assertion begs the question. The question is likewise begged when the unreasonable defender of private property declares that the right of the landless is vague and undetermined, and therefore morally inferior to the determinate and specific right of the individual landowner. This is precisely the question to be solved. Does the abstract right of the landless man become a concrete right which is so strong as to justify confiscation? Is his natural right valid against the acquired right of the private proprietor? These questions can be answered intelligently only by applying the test of human welfare, individual and social. To say that land of its very nature is not morally susceptible of private ownership, is to make an easy assertion that may be as easily denied. To interpret man's natural right to land by any other standard than human welfare, is to make of it a fetish, not a thing of reason. Henry George himself seemed to recognize this when he wrote that eloquent but overdrawn and one-sided description of the effects of private ownership in the chapter entitled, "Claim of Landowners to Compensation." [1]

When we say that human welfare is the final determinant of the right to land, we understand this phrase in the widest possible sense. To divide the goods of the idle rich among the deserving poor, might be temporarily beneficial to both these classes, but the more remote and enduring consequences would be individually and socially disastrous. To restore a legacy to persons who had been defrauded of it when very young, would probably cause more hardship to the swindler than the heirs would have suffered had there been no restitution; nevertheless the larger view of human welfare requires that the stolen legacy be restored. When, however, two or three generations have been kept out of their inheritance, the civil law permits the children of the swindler to retain the property

[1] "Progress and Poverty."

by the title of prescription; and for precisely the same reason, human welfare.

The social consequences of the confiscation of rent and land values would be even more injurious than those falling upon the individuals despoiled. Social peace and order would be gravely disturbed by the protests and opposition of the landowners, while the popular conception of property rights, and of the inviolability of property, would be greatly weakened, if not entirely destroyed. The average man would not grasp or seriously consider the Georgean distinction between land and other kinds of property in this connection. He would infer that purchase, or inheritance, or bequests, or any other title having the immemorial sanction of the State, does not create a moral right to movable goods any more than to land. This would be especially likely in the matter of capital. Why should the capitalist, who is no more a worker than the landowner, be permitted to extract revenue from his possessions? In both cases the most significant and practical feature is that one class of men contributes to another class as annual payment for the use of socially necessary productive goods. If rent-confiscation would benefit a large number of people, why not increase the number by confiscating interest? Indeed, the proposal to confiscate rent is so abhorrent to the moral sense of the average man that it could never take place except in conditions of revolution and anarchy. If that day should ever arrive the policy of confiscation would not stop with land.

The Alleged Right of the Community to Land Values

In the foregoing pages we have confined our attention to the Georgean principle which bases men's common right to land and rent upon their common nature, and their common claims to the material gifts of the Creator. Another argument against private ownership takes this form: "Consider what rent is. It does not arise spontaneously from the soil; it is due to nothing that the landowners have

done. It represents a value created by the whole community. . . . But rent, the creation of the whole community, necessarily belongs to the whole community." [1]

Before taking up the main contention in this passage, let us notice two incidental points. If all rent be due to the community by the title of social production, why does Henry George defend at such length the title of birthright? If the latter title does not extend to rent it is restricted to land which is so plentiful as to yield no rent. Since the owners or holders of such land rarely take the trouble to exclude any one from it, the right in question, the inborn right, has not much practical value. Probably, however, the words quoted above ought not to be interpreted as excluding the title of birthright. In that case, the meaning would be that rent belongs to the community by the title of production, as well as by the congenital title.

The second preliminary consideration is that the community does not create *all* land values nor *all* rent. These things are as certainly due to nature as to social action. In no case can they be attributed exclusively to one factor. Land that has no natural qualities or capacities suitable for the satisfaction of human wants will never have value or yield rent, no matter what society does in connection with it: the richest land in the world will likewise remain valueless until it is brought into relation with society, with at least two human beings. If Henry George merely means to say that, without the presence of the community, land will not produce rent, he is stating something that is perfectly obvious, but it is not peculiar to land. Manufactured products would have no value outside of society, yet no one maintains that their value is all created by social action. Although the value of land is always due to both nature and society, for practical purposes we may correctly attribute the value of a particular piece of land predominantly to nature, or predominantly to society. When three tracts, equally distant from a city, and equally

[1] "Progress and Poverty," book vii, ch. iii.

affected by society and its activities, have different values because one is fit only for grazing, while the second produces large crops of wheat, and the third contains a rich coal mine, their relative values are evidently due to nature rather than to society. On the other hand, the varying values of two equally fertile pieces of land unequally distant from a city, must be ascribed primarily to social action. In general, it is probably safe to say that almost all the value of land in cities, and the greater part of the value of land in thickly settled districts, is specifically due to social action rather than to differences in fertility. Nevertheless, it remains true that the value of every piece of land arises partly from nature, and partly from society; but it is impossible to say in what proportion.

Our present concern is with those values and rents which are to be attributed to social action. These cannot be claimed by any person, nor by any community, in virtue of the individual's natural right to the bounty of nature. Since they are not included among the ready made gifts of God, they are no part of man's birthright. If they belong to all the people the title to them must be sought in some historical fact, some fact of experience, some social fact. According to Henry George, the required title is found in production. Socially created land values and rents belong to the community because the community, not the private proprietor, has produced them. Let us see in what sense the community produces the social value of land.

In the first place, this value is produced by the community in two different senses of the word community, namely, as a civil, corporate entity, and as a group of individuals who do not form a moral unit. Under the first head must be placed a great deal of the value of land in cities; for example, that which arises from municipal institutions and improvements, such as fire and police protection, waterworks, sewers, paved streets, and parks. On the other hand, a considerable part of land values both within and without cities is due, not to the community as a civil body,

but to the community as a collection of individuals and groups of individuals. Thus, the erection and maintenance of buildings, the various economic exchanges of goods and labor, the superior opportunities for social intercourse and amusement which characterize a city, make the land of the city and its environs more valuable than land at a distance. While the activities involved in these economic and "social" facts and relations are, indeed, a social not an individual product, they are the product of small, temporary, and shifting groups within the community. They are not the activities of the community as a moral whole. For example, the maintenance of a grocery business implies a series of social relations and agreements between the grocer and his customers; but none of these transactions is participated in by the community acting as a community. Consequently such actions and relations, and the land values to which they give rise are not due to, are not the products of the community as a unit, as a moral body, as an organic entity. What is true of the land values created by the grocery business applies to the values which are due to other economic institutions and relations, as well as to those values which arise out of the purely "social" activities and advantages. If these values are to go to their producers they must be taken, in various proportions, by the different small groups and the various individuals whose actions and transactions have been directly responsible.

To distribute these values among the producers thereof in proportion to the productive contribution of each person is obviously impossible. How can it be known, for example, what portion of the increase in the value of a city's real estate during a given year is due to the merchants, the manufacturers, the railroads, the laborers, the professional classes, or the city as a corporation? The only practical method is for the city or other political unit to act as the representative of all its members, appropriate the increase in value, and distribute it among the citizens in the form

of public services, institutions, and improvements. Assuming that the socially produced value of land ought to go to its social producer rather than to the individual proprietor, this method of public appropriation and disbursement would seem to be the nearest approximation to practical justice that is available.

Is the assumption correct? Do the socially produced land values necessarily belong to the producer? Does not the assumption rest upon a misconception of the moral validity of production as a canon of distribution? Let us examine some of the ways in which values are produced.

The man who converts leather and other suitable raw materials into a pair of shoes, increases the utility of these materials, and in normal market conditions increases their value. In a certain sense he has created value, and he is universally acknowledged to have a right to this product. Similarly the man who increases the value of land by fertilizing, irrigating, or draining it, is conceded the benefit of these improvements by the title of production.

But value may be increased by mere restriction of supply, and by mere increase in demand. If a group of men get control of the existing supply of wheat or cotton, they can artificially raise the price, thereby producing value as effectively as the shoemaker or the farmer. If a syndicate of speculators gets possession of all the land of a certain quality in a community, they can likewise increase its value, produce new value. If a few powerful leaders of fashion decide to adopt a certain style of millinery, their action and example will effect an increase in the demand for and the value of that kind of goods. Yet none of these producers of value are regarded as having a moral right to their product.

When we turn to what is called the social creation of land values, we find that it takes two forms. It always implies increase of social demand; but the latter may be either purely subjective, reflecting merely the desires and power of the demanders themselves, or it may have an

objective basis connected with the land. In the first case it may be due solely to an increase of population. Within the last few years, agricultural land which is no more fertile nor any better situated with regard to markets or other social advantages than it was thirty years ago, has risen in value because its products have risen in value. Its products have become dearer because population, and therefore demand, have grown faster than agricultural production. Merely by increasing its wants the population has produced land values; but it has obviously no more right to them than have the leaders of fashion to the enhanced value which they have given to feminine headgear. On the other hand, the increased demand for land, and the consequent increase in its value, are frequently attributable specifically to changes connected with the land itself. They are changes which affect its utility rather than its scarcity. The farmer who irrigates desert land increases its utility, as it were, *intrinsically*. The community that establishes a city increases the utility of the land therein and thereabout *extrinsically*. New *relations* are introduced between that land and certain desirable social institutions. Land that was formerly useful only for agriculture becomes profitable for a factory or a store. Through its new external relations, the land acquires new utility; or better, its latent and potential uses have become actual. Now these new relations, these utility-creating and value-creating relations, have been established by society in its corporate capacity through civil institutions and activities, and in its non-corporate capacity through the economic and "social" (in the narrower "society" sense) activities of groups and individuals. In this sense, then, the community has created the increased land values. Has it a strict right to them? a right so rigorous and exact that private appropriation of them is unjust?

As we have just seen, men do not admit that all production of value constitutes a title of ownership. Neither the monopolist who increases value by restricting supply,

nor the pacemakers of fashion who increase value by merely increasing demand, are regarded as possessing a moral right to the value that they have "created." It is increase of utility, and not either actual or virtual increase of scarcity to which men attribute a moral claim. Why do men assign these different ethical qualities to the production of value? Why has the shoemaker a right to the value that he adds to the raw material in making a pair of shoes? What is the precise basis of his right? It cannot be labor merely; for the cotton monopolist has labored in getting his corner on cotton. It cannot be the fact that the shoemaker's labor is socially useful, for a chemist might spend laborious days and nights producing water from its component elements, and find his product a drug on the market. Yet he would have no reasonable ground of complaint. Why, then, is it reasonable for the shoemaker to require, why has he a right to require payment for the utilities that he produces? Because men want to use his products, and because they have no right to require him to serve them without compensation. He is morally and juridically their equal, and has the same right as they to access on reasonable terms to the earth and the earth's possibilities of a livelihood. Being thus equal to his fellows, he is under no obligation to subordinate himself to them by becoming a mere instrument for their welfare. To assume that he is obliged to produce socially useful things without remuneration, is to assume that all these propositions are false; it is to assume that his life and personality and personal development are of no intrinsic importance, and that his pursuit of the essential ends of life has no meaning except in so far as may be conducive to his function as an instrument of production. In a word, the ultimate basis of the producer's right to his product, or its value, is the fact that this is the only way in which he can get his just share of the earth's goods, and of the means of life and personal development. His right to compensation does not rest on the mere fact of value-production.

As a producer of land values, the community is not on the same moral ground with the shoemaker. Its productive action is indirect and extrinsic, instead of direct and intrinsic, and is merely incidental to its principal activities and purposes. Land values are a resultant which do not require the community to devote thereto a single moment of time or a single ounce of effort. The activities of which land values are a resultant have already been remunerated in the price paid to the wage-earner for his labor, the physician for his services, the manufacturer and the merchant for their wares, and the municipal corporation in the form of taxes. On what ground can the community, or any part of it, set up a claim in strict justice to the increased land values? The right of the members of the community to the means of living and self-development is not dependent upon these values. Nor are they treated as instruments to the welfare of the private owners who do get the socially created land values; for they expend neither time nor labor in the interest of the latter directly. Their labor is precisely what it would have been had there been no increase in the value of the land.

Since social production does not constitute a right to land values nor to rent, it affords not a shadow of justification for the confiscation of these things by the community. If social appropriation of socially created land values had been introduced with the first occupation of a piece of land, it might possibly have proved more generally beneficial than the present system. In that case, however, the moral claim of the community to these values would have rested on the fact that they did not belong to anybody by a title of strict justice. They would have been a "res nullius" ("nobody's property") which might fairly have been taken by the community according as they made their appearance. The community could have appropriated them by the title of first occupancy. But there could have been no moral title of social production. When, however, the community or the State failed to take advan-

tage of its opportunity to be the first occupant of these values, when it permitted the individual proprietor to appropriate them, it forfeited its own claim. Ever since it has had no more right to already existing land values than it has to seize the laborer's wages or the capitalist's interest,—no more right than one person has to recover a gift or donation that he has unconditionally bestowed upon another.

To sum up the conclusions of this chapter: The argument against first occupancy is valid only with regard to the abuses of private ownership, not with regard to the institution; the argument based upon the title of labor is the outcome of a faulty analysis, and is inconsistent with other statements of its author; the argument derived from men's equal rights to land merely proves that private ownership does not secure perfect justice, and the proposal to correct this defect by confiscating rent is unjust because it would produce greater evils; and the so-called production of the social values of land confers upon the community no property right whatever.