

CHAPTER II.

ATTACKS UPON THE DOCTRINE OF RENT.

I SHALL not attempt even to name all those writers who have, at one time or another, from one quarter or another, assailed the economic doctrine of rent, as it was stated and illustrated in the last chapter. I shall ask the reader's attention to the arguments of but three writers, M. Bastiat, Mr. Henry C. Carey, of our own country, and M. Leroy-Beaulieu, the present editor of the "Economiste Français" and the successor of Michel Chevalier, as professor of political economy in the Collège de France.

BASTIAT.

It may be assumed that the reader is familiar with the essays and popular tracts of that ingenious and eloquent socio-economical writer, Frédéric Bastiat. His argument against the accepted doctrine of rent will be found in

chapters viii. and ix. of his "Harmonies of Political Economy."

Bastiat's argument against the doctrine of rent is supplemental to his attempted demonstration of the proposition that, not the gifts of nature, such as are found in soil and climate, not even the high mental or muscular endowments of individuals, but human efforts, are the creative cause of value.

Bastiat wrote especially in opposition to the communistic orators and pamphleteers of his day, that is, of the period of the Revolution of 1848. He wrote with a strong political intention, and discussed economical principles always with a side glance at the existing social situation. Could he have satisfactorily demonstrated the proposition just stated, it is evident he would have achieved an easy triumph over his antagonists. Wealth, the substance of which value is the attribute, would be found only in the hands of those who had created it; than which what could be more reasonable and righteous?

But against the view that human effort is the sole and sufficient creative cause of value, Bastiat found arrayed not only the compact opinion of all economists of reputation, but also

a great number and variety of familiar instances in which the possession of value is seen to be either irrespective of, or altogether out of proportion to, the human effort bestowed.

Blocked thus in his attempted progress in this direction, Bastiat broke through a passage for himself, and secured at least a seeming and temporary triumph by introducing into the discussion of value the equivocal word "service."¹

Now the word "service" may signify either personal exertions made in another's behalf, or acts, not necessarily onerous, by which another person is served or benefited. In other words, service may mean either the *taking of pains* by a person rendering the service, or the *saving of pains* to the person receiving the service.

This equivocal word admirably suited Bastiat's controversial exigencies. It was easy enough to prove that value depended upon service, in the sense of *saving pains* to the person purchasing, because, clearly, no one would purchase an article unless pains were saved to him thereby, — that is, unless he obtained the article with less pains to himself, with less of effort and

¹ On Bastiat's use of this word, Professor Cairnes has commented with great and not undeserved severity. See his *Essay on Bastiat*.

sacrifice, than would be necessary in producing it for himself. On the other hand, Bastiat, having thus established his proposition that value originates in service, and that the quantum of value is proportional to the quantum of service, turned about to his popular constituency only to use this juggling word, "service," in the sense of the *taking of pains* by the person selling. If a man, he would ask, only gets for his product that which is proportioned to the exertions he has made, what more could be asked? Who will challenge the equity of such an exchange?

It seems astonishing that a mere *équivoque*, like that which runs through Bastiat's whole theory of value, should have completely imposed on American economists, one of the most meritorious of whom has written: "I had scarcely read a dozen pages in that remarkable book when, closing it and giving myself to an hour's reflection, the field of political economy, in all its outlines and landmarks, lay before my mind, just as it does to-day. . . . From that hour political economy has been to me a new science." And this author elsewhere attributes especial influence over his mind to Bastiat's views on Value and Land, on each of

which the witty, subtile, eloquent Frenchman was about as far wrong as it is possible for an eloquent, subtile, and witty Frenchman to be.

At home, certainly, Bastiat never took rank as a constructive economist, though nowhere were the delicacy of the wit and the pungency of the satire with which he discussed many false and dangerous social and industrial theories so fully appreciated or so highly relished as in his native country.

But while, as a serious contribution to the theory of value, Bastiat's conception of economic "services" — which, as we have said, in some places he defines as the saving of pains to the person receiving, as distinguished from the taking of pains by the person rendering, so that the term in this use becomes almost equivalent to the ordinary meaning of the word "demand" — is utterly without significance, it is perhaps even more surprising that his writings on this theme should have had the slightest degree even of present popular influence in quieting disaffection regarding the rights of property. For let it be conceded that value is exactly according to the "service" rendered, that is, the pains saved to the person receiving the service, has not the *prolétaire* wit

enough, when that wit is quickened by the sense of wrong or the feeling of hardship, to ask, Ah! but how comes it that this man is in a position to render me so easily a service which I must repay at so great a cost to me?

It is indeed true that the man who sells me anything renders me, in one sense, a service. I should not buy that thing unless I wanted it; unless it were more useful to me than that I part with in exchange for it. That I buy of this person, and not of another, is a proof, or at least creates a strong presumption, that I buy at a lower price, or with a smaller expenditure of time and trouble in purchasing, or think I do so, than if I had bought of another. So far he has rendered me a service. Yet, if there is to be question respecting the equitableness of existing social arrangements, it is still possible, and reasonable as well, for me to go behind the situation, in which it is admitted there is a fair and free exchange of equivalent "services," and inquire how it happened that the two parties came severally into the positions in which that exchange finds them.

A receiver of stolen goods sells me something that I stand greatly in need of, at a very low

price. Strictly as between him and me, as trading persons, he doubtless renders me a service, the full equivalent of the money I pay to him; but as between society and him, and even between him and me as a member of society, there is an account still open that has to be adjusted.

A highwayman points a pistol at my head, but offers to spare me if I shall give him \$500, which I proceed to do with the greatest alacrity. In sparing my life he renders me the highest possible service, one for which I would gladly, were it needful, pay many times \$500. Indeed, on no equal payment during my life do I so much felicitate myself. Still the question will arise, How came the highwayman to be in a position to do me such a vital service, and, after all, what right has he to what was my \$500?

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

should I not have the whole produce of my ten-acre lot without deduction, although I freely confess that I would rather submit to the deduction than not have it at all; in other words, that a service, in Bastiat's sense, has been received by me.

It will appear that while Bastiat uses the fact of service rendered as, of itself, sufficiently establishing the equitableness of property, the capability of rendering a service, in the extended use which at times he gives to that term, may reside in a man by virtue of possessions most inequitably or even iniquitously obtained or retained. Yet Bastiat was so far satisfied with his demonstration of what seemed to him the perfect and indefeasible harmony of property and justice, that, addressing the owners of property, he exclaims: "You have not intercepted the gifts of God. You have received them gratuitously, it is true, at the hands of nature; but you have also gratuitously transferred them to your brethren without receiving anything. They have also acted in the same way towards you; and the only things which have been reciprocally compensated are physical and intellectual efforts, toils undergone, dangers braved, skill exercised,

privations submitted to, pains taken, services rendered and received ;” and he states, with especial emphasis and distinctness, the proposition that “Every man enjoys gratuitously all the utilities furnished or created by nature, on condition of taking the trouble to appropriate them, or of returning an equivalent service to those who render him the service of taking that trouble for him.”

“Taking the trouble to appropriate them,” is good. One can imagine the sardonic smile with which Mr. Jay Gould would receive and accept the congratulations of the eloquent optimist, upon the benefits he had conferred upon mankind by “taking the trouble to appropriate” the utilities furnished or created by nature to the extent of a cool hundred millions.

I have said that M. Bastiat’s argument against the economic doctrine of rent is supplemental to his attempted demonstration that all the gifts of nature, of every kind, are absolutely gratuitous. In dealing with the special case of landed property, he still relies upon the potency of the word “services” to establish the righteousness of the institution. “It is,” he says, “rigorously exact to say that the proprietor of

land is, after all, the proprietor only of a value which he has created, of services which he has rendered; and what property can be more legitimate? It is property created at no one's expense, and neither intercepts nor taxes the gifts of God."

The exceptional difficulty, however, of meeting manifest facts regarding the rent of land, and the universal consent of economists that there is, on all but the lowest grade of soils, an excess of produce, a clear surplus, above the cost of production, seemed to require of M. Bastiat that he should here make a distinct and special demonstration of his proposition concerning the relation of services to value. Consequently, we have, in the chapter on Landed Property, a laborious attempt to vindicate that species of property on the ground of natural right, in opposition to the view of nearly all publicists, founded on the current economic doctrine, that private property in land is a privilege conferring unearned advantages upon individuals, only to be justified by the public benefits resulting from the private cultivation and improvement of the soil.

M. Bastiat enters upon his task with zeal and courage. He denounces the statement of

Ricardo, McCulloch, and Senior, of Say, Garnier, and Blanqui, that rent is paid for the use of the original and indestructible powers of the soil, declaring that if rent have this origin, then, indeed, in the language of Proudhon, property is robbery, — a dangerous admission in the land of Frenchmen! M. Bastiat, however, entertains no doubt of his own competency to establish a wholly independent basis for rent, which shall make its payment consist with his glowing theory of the Mutuality of Services.

The main argument of this chapter of the *Economic Harmonies* we shall meet hereafter, in better form, when reviewing Mr. Carey's discussion of the same subject. It is directed to the demonstration of the proposition that the actual value of land does not exceed the accumulated labor that has been spent in giving it value; the inference being that, therefore, nothing but labor can have entered to give land any portion of its value. We shall see how delusive is this mode of demonstration. What is especially noticeable in Bastiat's reasoning is that, in enumerating the forms of human effort which have given value to the land, he does not confine himself to the labors of individual proprietors upon their respective estates,

but is continually adducing the efforts of the community, what M. Leroy-Beaulieu calls "social labor," that is, labor expended in building bridges and roads, labor expended in rearing towns for manufacture and trade which shall furnish a market for the produce of the farms, labor expended in promoting general interests and in preserving the public peace.

Now, so far as it is the labor of the community, social labor, which has given value to the land, the individual proprietor is in possession of wealth which he has not created. That wealth, being in so far due to the exertions of the community, should, on M. Bastiat's principle, be common to all. And thus the outcome of this labored defence of landed property on grounds of natural right is to exhibit the owner of land in the exclusive enjoyment of a value derived from the labor of others!

In a vain effort to avert this conclusion, M. Bastiat falls back upon an argument which may be cited to show the utter incompetence of this brilliant pamphleteer to deal with questions relating to land and its rent.

"There is here," he says, "no injustice, no exception in favor of landed property. No species of labor, from that of the banker to

that of the day laborer, fails to exhibit the same phenomenon. No one fails to see his remuneration improved by the improvement of the society in which his work is carried on. This action and reaction of the prosperity of each upon the prosperity of all, and *vice versa*, is the very law of value. . . . The lawyer, the physician, the professor, the artist, the poet, receive a higher remuneration for an equal amount of labor, in proportion as the town or country in which they belong increases in wealth and prosperity." Now this is specious: it looks solid; but let us touch it with a pin. M. Bastiat here represents the owner of the land as working on it, and deriving increased wealth with the increased prosperity and growing numbers of the community; as, for that matter, do the banker, the lawyer, and the physician. Where, he asks, is the injustice of this?

But suppose the owner of land does *not* cultivate it. Suppose he is himself a banker, lawyer, or physician, and lets his land to be cultivated by others. Do we not find him, then, receiving two shares, instead of one, out of the general increase of wealth,—one, as banker, lawyer, or physician, through his enhanced fees or profits; the other, as landlord,

through the enhancement of the price of agricultural produce? What right has he, on M. Bastiat's principles, as but one man, to more than one share?

But is it said, he receives the second share as the proprietor of the productive power of the labor of the past; had he invested his means — saved by himself, or derived from some frugal ancestor — in other forms of wealth besides land, he would still, under the conditions assumed, receive an equal benefit from the general prosperity? No, no! that will not do. M. Bastiat, if, in his own judgment, he has demonstrated anything, has proven conclusively that the power of the labor of the past to purchase present labor is continuously on the decline. With great emphasis and much iteration he lays down the general proposition that “one of the effects of progress is to diminish the value of all existing instruments.” Under this law, the reward or return to the landlord should, if it be true that land owes its value solely to capitalized labor, continually decline. That it does not decline, is due to the fact established by Ricardo, that, on all but the lowest grade of soils, there is a surplus above the cost of cultivation, which, through

the progress of society and the multiplication of the numbers of the community, tends to increase, and which, so far as economic forces alone are concerned, goes into the hands of the proprietor, as compensation for the use of the natural advantages of the land.

But it is in his "Brother Jonathan" illustration, so often quoted or referred to, that we are made most painfully to realize this gifted writer's incapacity for dealing with questions relating to land. In this somewhat protracted study, he supposes Brother Jonathan, "a laborious water-carrier of New York," to emigrate to Arkansas, where he buys land from the Government at a dollar an acre. This price, however, M. Bastiat tells us, as if anxious to shut himself off from any possible explanation of his subsequent misconceptions, represents only the value of the improvements which Government has already made, of the security it is prepared to afford to occupants, and of the mail facilities it has provided.

M. Bastiat proceeds to represent Brother Jonathan as taking his first crop to market and demanding for it something more than the recompense of his present and former labor, upon the express ground that "English and

French economists had assured him" that, in the character of a proprietor of land, he was entitled to derive a profit from the productive and indestructible powers of the soil. But here he fails, the merchant declining to pay more than the cost of producing the crop.

M. Bastiat next represents Brother Jonathan as negotiating with a would-be cultivator as to the rent of his farm. Again Brother Jonathan claims something for the use of his farm over and above the proper interest of the sum which would be necessary to bring another lot of Arkansas land into as good condition as his own, alleging that he is authorized to do so "according to the principles of Ricardo and Proudhon;" and again he meets with failure, the tenant offering him a rent which only corresponds to interest at current rates, upon the capital actually invested in the soil.

Still, a third time, M. Bastiat depicts Brother Jonathan, when trying not to lease but to sell his farm, encountering the disappointment of the expectations which had been inspired in him by the economists.

"It is needless to say," goes the story, "that no one would give him more for it than it cost himself. In vain he cited Ricardo, and repre-

sented the inherent value of the indestructible powers of the soil. The answer always was, 'There are other lands close by;' and these few words put an extinguisher on his exactions and his illusions."

Now, can one readily believe that a writer so thoroughly honest in purpose as M. Bastiat could so egregiously misrepresent and misstate the doctrine he had chosen to combat?

It is of the very essence of the Ricardian law of rent that there is a body of no-rent lands which, by reason of their low fertility or their distance from market, only return the cost of cultivation, leaving no surplus¹ whatever to go

¹ Adam Smith says: "The most desert moors in Norway and Scotland produce some sort of pasture for cattle, of which the milk and the increase are always more than sufficient, not only to maintain all the labor necessary for tending them and to pay the ordinary profit to the farmer or owner of the herd or flock, but to afford some small rent to the landlord."

Ricardo doubts this, believing that "in every country, from the rudest to the most refined, there is land of such a quality that it cannot yield a produce more than sufficiently valuable to replace the stock employed upon it, together with the profits ordinary and usual in that country."

Ricardo is probably right, though the matter is of no consequence, any way, inasmuch as the rent of Scottish or Norwegian "desert moors" is so small, per acre, as to constitute the economical minimum.

to the proprietor of the land as rent. You can only make an intelligible statement of Ricardo's doctrine by starting with the existence of no-rent lands, since the Ricardian formula measures rent upwards from the no-rent line.

Yet here M. Bastiat sends Brother Jonathan out to Arkansas, — a region which forty years ago stood in the relation to the markets of the world in which Montana and Idaho now stand, — a region where, by his own supposition, uncultivated and unappropriated lands lie on every side; and here, in this very position, on lands which are precisely the no-rent lands of the Ricardian formula, he makes Brother Jonathan claim a price for his produce above the cost of production, on the ground that the English and French economists have assured him that he is entitled to it on account of the original and indestructible properties of the soil. Again, he makes Brother Jonathan claim a rent above the interest of his investment, upon the authority of "Ricardo and Proudhon," and still again makes the Arkansas settler claim, for the same reason, a selling price in excess of the value of his improvements; and all this, while the simple, unmistakable fact is that, according to the doctrine which he is misrepresenting, the lands

in question bear neither rent nor price, aside from the condition of an actual investment of capital, and the produce raised thereon must be sold to repay only the cost of production. Such is M. Bastiat's contribution to the philosophy of land and its rent!

CAREY.

The economic doctrine of rent encountered a more formidable antagonist in Mr. Henry C. Carey, of Philadelphia, who in his work entitled "Political Economy," published in 1837, attacked Ricardo with arguments which he subsequently elaborated in his work entitled "The Past, Present, and Future," published in 1848. I shall quote indiscriminately from Mr. Carey's two works, the only difference between the author's views, as developed in the interval of the two publications, being, as stated by himself,¹ that in 1837 he was convinced that the theory of Ricardo was "not universally true," while, at the later date, he felt assured that it was "universally false."

Let us proceed to test the validity of arguments which lead to a conclusion so momentous.

¹ In the "Unity of Law."

Mr. Carey's first argument is founded on a "comparison of the cost and value of existing landed capital," to use his own phraseology; and will be found in the chapter of that title in his "Political Economy," and in his chapter, "Man and Land," in the work of 1848.

"There is not," he asserts, "throughout the United States, a county, township, town, or city, that would sell for cost; or one whose rents are equal to the interest upon the labor and capital expended."¹ And he elsewhere draws what he regards as the logical inference from this alleged fact: "If we show that the land heretofore appropriated is not only not worth as much labor as it has cost to produce it in its present condition, but that it could not be reproduced by the labor that its present value would purchase, it will be obvious to the reader that its whole value is due to that which has been applied to its improvement."²

Now, it appears to me that not only is this not "obvious," but that something very like an Irish bull is contained in this demonstration of a great "law" by which the harmony of all human interests is proposed to be established.

¹ Past, Present, and Future, p. 60.

² Political Economy, vol. i. p. 102.

The trouble with Mr. Carey's argument is its superabundance of proof. The effect is much the same as that which sometimes results from the superabundance of powder in charging a gun.

Had Mr. Carey been able to show that, in any case taken, a county, township, town, or city was worth exactly as much in labor as it had cost, the coincidence of amounts could at least have suggested, if it did not create a proper presumption to that effect, that the labor expended was the cause of the value existing; but when Mr. Carey, with a view to proving his very important proposition, asserts that any farm and any collection of farms has cost more, often far more, than it is worth, he simply affords another instance of that

“Vaulting ambition which o'erleaps itself,
And falls on the other side.”

Suppose the present value of a piece of land to be represented by 100 units, while the value of the labor it has cost to “produce” the farms found thereon, is represented by 125. . Now, says Mr. Carey, inasmuch as the land is not worth more than 100, while the labor invested in it was worth 125, it is clear that nothing but the labor has entered to give value to the land!

But how so? What has become of the 25 which was in excess of the 100? Lost, says Mr. Carey, since, "as labor is improved in its quality by the aid of improved instruments, all previously accumulated capital tends to fall below its cost, in labor."¹

Ah! but if that 25 can be lost and has been lost, how can you show that another 25 has not been lost, and still another 25, through the operation of the same cause? How can you prove that the 100 of the present value of the land is due, in any part whatever, to the 125 of the value of the labor in the past?

John Smith's barn has been broken into, over night, by a burglar who sawed a hole through the door to effect his entrance. Mr. Henry Carey, in the interest of justice, appears next morning among the excited throng of neighbors, and produces a board taken from James Brown's woodshed, which, though not corresponding to the guilty hole in size or shape, is yet *large enough*, as he explains, to allow just such a piece to be cut out of it, thus conclusively proving James Brown to have been the robber of John Smith's barn!

Mr. Ricardo, upon a statement of reasons

¹ Political Economy, vol. i. p. 35.

which in their cogency and vigor, exact an almost painful assent from every well-ordered mind, demonstrates that the value, at any time, of any piece of improved land is made up of two elements, — one representing, in capitalized form, the sum of its natural advantages, for productive purposes, over the least favored piece of land (whether less favored by reason of natural infertility, difficulty of cultivation, or distance) contributing to the supply of the same market at the same time; the other representing the present advantages, for productive purposes, acquired by the land in view, through applications of labor and capital in the past.

Mr. Carey, having established statistically, to his own satisfaction, that the value of the labor and capital so applied exceeds, even greatly exceeds, the present value of all cultivated lands, deems that he has demonstrated that the first element of Ricardo cannot enter at all into the value of such lands. How, indeed, can it, when there is no room for it, when the subject is already full and *more than full*?¹

¹ Let me reproduce Mr. Carey's words, already quoted: "There is not, throughout the United States, a county, township, town, or city that would sell for cost; or one whose rents are equal to the interest upon the labor and capital expended."

More than full: ah, there is the rub! Nothing can be more than full, and if there is a surplus in the value of the labor and capital applied to the land, above the present value of the land itself, it follows inevitably that some of that labor and capital have, so far as the present value of the land is concerned, been lost; but if so much has been lost, why not more? and if more, why may not Mr. Ricardo's first element enter, after all?

And this is the vaunted refutation of Ricardo's law of rent!

An argument that breaks down thus, under the slightest strain of hostile pressure, cannot be worth further notice on its own account; yet we may find matter of not a little economical interest in following out the question here raised, as to the relation between what Mr. Carey calls the cost of producing farms and the value of farms when "produced."

1st. To begin with, all the statements which are made regarding the amount so invested in any country or district are based on comparatively little information. The statistical data are few and meagre, even for making estimates. Accomplished statisticians, long accustomed to

deal with computations relating to agriculture, like Mr. Frederick Purdy, Mr. Robert Giffen, Professor Thorold Rogers, or Sir James Caird, would scarcely presume to claim even approximate accuracy for any estimates they might make regarding the amount of labor involved in bringing even a limited agricultural region into its present state of productiveness.

2d. Again, wholly in addition to the difficulty encountered in estimating the amount of labor involved in bringing a district to its present state of productiveness, would be the difficulty of computing the money value of that labor. While some great works of improvement are effected by bodies of hired laborers working through the year or through the agricultural season, most farm improvements are effected in the off season, when the wages of hired labor are very low, — perhaps only one half what they would be at another period of the year; and probably the greater part are effected by the labor of the owner or occupier of the land and his family, in fragments of the day which would not otherwise be utilized, or in portions of the year when little or nothing of the current work of the farm can be done. In a word, much, very much, of the agri-

cultural improvements of a country like the United States, at least, represents no cost at all, in the sense that if the labor power exerted had not been expended in this way, it would not have been put to any economic use.

3d. It goes almost without saying that the element of interest can properly be introduced into such computations only in respect to a very small proportion of the agricultural investments of capital.

In general, where capital is applied to agriculture, it is in the expectation of an immediate improvement of the productive power of the land, the annual increase of the produce being relied upon to furnish at least the annual interest upon the investment, so that, speaking broadly, in any comparison between the cost and the value of landed property, only the first cost of the improvements effected should be set against the ultimate value added thereby.

There are cases, of course, where capital is applied to the land in the view alone of a distant increase of value. Here, within moderate limits of time, the inclusion of interest in the computation is not unreasonable. But even here, and even within comparatively brief

periods, the application of the principle of geometric progression in the form of compound interest is of very doubtful propriety. Geometrical increase is rarely attained and never long maintained in things human. Contemplating an actual instance of geometrical increase within the field of industry, the most unreasonable expectation which can be formed concerning it, is that it will continue. That it should continue long, is not so much unlikely as impossible.

Sir Archibald Alison, in his discussion of the British Sinking Fund, states that "a penny laid out at compound interest at the birth of our Saviour would in the year 1775 have amounted to a solid mass of gold eighteen hundred times the whole weight of the globe."

So, doubtless, it might be shown that the value of Adam's first day's work in the Garden, properly compounded during six thousand years, would amount to more than the present value of all the lands of the world, and consequently that all the work that has been done since, in bringing the soil under cultivation, has merely been thrown away!

The incredibility of geometric increase through any considerable period of time can-

not be too strongly impressed upon the student of economics. The produce of a single acre of wheat, sown over and over, for fourteen years, would cover all the solid land on this planet. The spawn of certain fish would suffice in even fewer years, if reproduction went on in geometrical progression, to fill to the brim the basin of every pond, lake, river, sea, and ocean.

Hence we see the utter inconsequence of computations relating to human affairs into which compound interest is allowed to enter, except in strict subordination to common-sense. Probably there is no way in which a man can so quickly and so conclusively show himself unfit to be listened to, as by appealing to geometrical progression for the proof of an economical or social theory.

4th. But the consideration of greatest importance in computing the cost of "producing" farms is that, in general, agricultural improvements are compensated, and are expected to be compensated, in great measure, upon the principle of those annuities in which a certain number of annual payments both yield due interest on the purchase money and extinguish the capital itself, as when a man for \$1,000 (on

which the normal interest would be \$50 or \$60) purchases the right to receive \$120 a year for a certain term, with no claim on the principal thereafter.

Now, is this so, or is it not? Let us satisfy our minds on this point; for if the proposition just now stated is correct, it disposes effectually of the argument against the economic doctrine of rent derived from the fact of expenditures in "producing" farms.

That this proposition is correct is, I think, proved conclusively by the fact that there are few classes of improvements known to agriculture which a tenant for 33 years will not make at his own expense, notwithstanding the certainty that he will cease to enjoy the benefit of them at the expiry of his lease. Even a very much shorter period of enjoyment, as 21 years, or, as so commonly in Scotland, 19 years, may give the tenant time enough to get back the value of the most expensive improvements, if judiciously made.

Do not the several considerations adduced, and especially the last, take away all the force of this labored argument against the doctrine of rent?

Indeed, I must say that it appears to me

that the proper effect of the facts relating to the extent of land improvements in the past, instead of impairing the validity of the general body of orthodox economic doctrines, is really, when properly understood, to confirm them. Political economists have been wont to allege that two elements enter into the rental or the selling price of land,—one, rent proper, being compensation for the original and indestructible properties of the soil; the other, interest, being compensation for capital invested. Of these two, the economists have been wont to allege that the first, rent proper, tends to increase with the general advance of wealth and prosperity; the other, interest on landed improvements, like all forms of interest, tends to diminish under the same conditions.

Now, of the two elements thus entering into nominal rents, one, *we know*, is there, and we have something like a measure of its amount. If, of two fields equally near the market and equally accessible to cultivation, one will yield 30 bushels of wheat per acre to the same application of labor and capital which from the other will produce but 20, then there is a normal rent of 10 bushels an acre for the more fertile as compared with the less fertile field;

and any American would consider the proprietor as little better than a fool if, in leasing the former field, he did not get something near that amount of rent for it. In the same way, if, of two equally fertile fields, each producing 30 bushels to the acre, one is situated close by the market, while the other lies at a distance so great that the cost of transportation consumes one third the produce, then, again, there will be a normal rent of 10 bushels per acre for the nearer as compared with the more distant field; and any American would have his own opinion of a landlord who, in leasing such a field, should not get pretty nearly that price for the advantages of its location. In some degree, greater or less according to the character and institutions of the people concerned, law, or custom, or personal good feeling may enter to cause some portion of the normal rent of land to be remitted by landlord to tenant;¹ but none the less truly is it a fact, constant, certain, inexpugnable, that real rent, strictly economic rent, does enter into the actual rent or selling price of land in every community where self-interest is even the general principle which governs human actions.

¹ See pp. 48-51.

Now, as it is a fact beyond question or cavil, that rents, composed of these two elements, in one or another proportion, have increased greatly and almost steadily in nearly all civilized communities throughout the past seventy-five years, at the least, the more the cavillers at Ricardo's doctrine adduce to show the magnitude of the amounts of labor and capital which have been in the past expended upon land, the more, as it strikes me, do they afford corroboration of the view of the economists that it is the tendency of interest to fall with the general advance of wealth and prosperity.

But Mr. Carey was not satisfied with one refutation of Ricardo's law. He attempted and, to the satisfaction of his disciples, achieved, a second demonstration of its falsity. That this subsidiary argument against the doctrine of rent should have been for a moment admitted; that, indeed, it was not exploded at once amid general ridicule, — affords a striking proof of the weakness and vagueness with which economic questions, especially those affecting the land, have been discussed. It is a great pity, from the point of view of one who enjoys controversy, that Mr. Ricardo had not lived long

enough to deal with this audacious assailant of his law of rent. A very pretty case of dissection was lost through Mr. Ricardo's untimely death. I give Mr. Carey's argument in his own language.

"It will," he says,¹ "be perceived that the whole system is based upon the assertion of the existence of a single fact, namely, that, in the commencement of cultivation, when population is small and land consequently abundant, the soils capable of yielding the largest return to any given quantity of labor alone are cultivated.

"That fact exists, or it does not. If it has no existence, the system falls to the ground. *That it does not exist, that it never has existed in any country whatsoever, and that it is contrary to the nature of things that it should have existed, or can exist, we propose now to show.*

"We shall commence," he says, "our examination with the United States. Their first settlement is recent; and, the work being still in progress, we can readily trace the settler and mark his course of operation. If we find him invariably occupying the high and thin lands requiring little clearing and no drainage, those which can yield but a small return to labor,

¹ Past, Present, and Future, p. 23.

and as invariably travelling down the hills and clearing and draining the lower and richer lands, as population and wealth increase, then will the theory we have offered be confirmed by practice, — American practice, at least.

“If, however, we can thence follow him into Mexico and through South America, into Britain, and through France, Germany, Italy, Greece, and Egypt, into Asia and Australia, and show that such has been his invariable course of action, then may it be believed that when population is small and land consequently abundant, the work of cultivation is, and always must be, commenced upon the poorer soils; that, with the growth of population and wealth, other soils, yielding a larger return to labor, are always brought into activity, with a constantly increasing return to the labor expended upon them.”

I will not say, with Roscher, that Mr. Carey's lengthy exposition is “rank with inexact science and unhistorical history.” It does not matter a particle, so far as the validity of Ricardo's doctrine is concerned, whether Mr. Carey has correctly apprehended or grossly misapprehended the facts of human history, in the respect under consideration.

Let it be conceded that the order of settlement in all new countries is that which Mr. Carey has indicated,—the new-comers taking up light, dry, sandy soils, which will yield a quick return to the labor of the colonists, aided by their scanty capitals; and that it is only when wealth has been in some measure accumulated, after the first severe struggle to maintain existence, that deeper and richer, but cold and wet soils are opened, the forests cleared, the swamps, rich with the vegetable mould of centuries, drained. What, pray, does all this prove, so far as the doctrine under consideration is concerned? It is absolutely indifferent to the matter at issue.

It is true that Ricardo assumed, for the purpose of illustrating his doctrine, that the soils first cultivated, within any considerable country, were those most productive. It also appears from the context, that Mr. Ricardo really supposed that this was the historical order of occupation. Yet the economic law of rent has reference alone to the lands under cultivation *at the same time*; and would have precisely as much validity if everything which Mr. Carey has contended for, regarding the actual order of settlement and cultivation, were conceded,

as if the hypothesis of Ricardo had been historically accurate.

Thus, let us revert for a moment to the illustration offered, in the preceding chapter, of the origin of rent. We there assumed the existence of four tracts of different degrees of fertility, with population so increasing as to send cultivation down from the 24-bushel tract to the 22-bushel tract, thence down to the 20-bushel tract, and so on; showing how rent emerged at the first descent of cultivation, and how rents were readjusted at every rise or fall of the margin, or, as I prefer to call it, the lower limit, of cultivation. But the operation of the principle of self-interest in dealing with the land would be precisely the same, if, instead of a community, small at first, growing slowly in numbers and thus coming to occupy the four tracts successively, we were to suppose that a tribe numerous enough to require the cultivation of all four tracts at once, were to move upon the land. It would still be true that any member of the tribe could as well afford to pay 6 bushels rent for the 24-bushel tract as occupy a lot of the 18-bushel land for nothing, or cultivate a portion of the 22-bushel tract at a rent of 4 bushels. All the incidents we have described

would occur upon one hypothesis exactly as upon the other.

But you will ask: Is it really possible that Mr. Carey could have made so great a blunder? Is there not some mistake about this? Are you fairly representing him?

I answer: I have represented Mr. Carey with perfect fairness; have repeated his own words, and commented upon them in the very meaning which a hundred repetitions show that Mr. Carey intended they should bear.

The fact is, while Mr. Carey claimed to have, by this argument, refuted Ricardo's law of rent, and while that claim has been echoed from every side by his admirers, what Mr. Carey is here attacking is not Ricardo's law of rent, at all, but a deduction, true or false, from Ricardo's law of rent taken in conjunction with Malthus's law of population.

Mr. Malthus attempted to prove, positively, that mankind will increase, even to their own hurt. Mr. Ricardo showed, purely hypothetically, what must happen if by increase of population cultivation be driven down to inferior soils.

Hereupon the economists, generally, who accept the doctrines both of Ricardo and of Mal-

- thus, have asserted that there is, in all communities, a practically irresistible tendency to an increase of population which will surely drive cultivation down to lower and still lower soils, with the result of a smaller and still smaller per capita product, yielding a scantier and still scantier subsistence to the members of the community. But this is not Ricardo's law of rent, which would hold true of a community slowly diminishing in numbers from generation to generation (contrary to Malthus's law of population), and, by consequence, withdrawing, little by little, from the worst lands under cultivation, and thus increasing the per capita product.

I have said that the complete establishment of Carey's historical order would not affect the validity of Ricardo's law of rent; and that, therefore, one might, for argument's sake, concede the accuracy of the narrative concerning the early settlement of Europe, Asia, and America, which occupies so large a portion of Mr. Carey's treatises, without surrendering even an outwork of the Ricardian doctrine.

But while the historical order of settlement is thus of no consequence as affecting the eco-

conomic law of rent, it must be admitted that very important economic consequences would follow the establishment of Mr. Carey's proposition that "the work of cultivation is and always must be commenced upon the poorer soils; that, with the growth of population and wealth, other soils yielding a larger return to labor are *always* brought into activity;" or, as he elsewhere expresses it, that the settler *invariably* travels down the hills, clearing and draining the lower and richer lands, as population and wealth increase.

Now, as we are about to hold Mr. Carey accountable for this sweeping proposition, let there be no question that these expressions fairly represent the general drift of his argument. Of this, no one familiar with his voluminous writings will entertain a doubt. Mr. Carey asserts not only the unreality, but the impossibility, of the assumed fact that the increase of population sends cultivation down to inferior soils, in terms no less strong than these: It does not exist; it never has existed in any country whatsoever; it is contrary to the nature of things that it should have existed or can exist.

What are the economic consequences which,

as we have said, would follow the establishment of Mr. Carey's proposition? These: that, instead of the increase of population lowering the margin of cultivation, and thus enhancing the aggregate body of rents,¹ it would be shown to have the effect, by stimulating the cultivation of better lands, to throw out the poorer (the first cultivated soils), and thus to raise the lower limit of cultivation, and thus at once to diminish the share of the produce going as rent to the landlord, and to increase the average produce, per capita, of the community. Rents will still be determined by the Ricardian formula; but the importance of rent as a factor in the distribution of wealth will be diminished.

In view of the importance of these consequences, let us proceed to examine Mr. Carey's sweeping assertions regarding the actual order of settlement and occupation, for the purposes of agriculture. Let us see whether this history be indeed historical or not.

In the first place, we note that Mr. Carey's detailed accounts relate, in the main, either to the settlement and cultivation of countries in ages when military necessities were a con-

¹ See pp. 53-55.

trolling force, or else to the very earliest stages of settlement and cultivation of the land, under circumstances which make the needs of immediate subsistence peculiarly urgent, as in the new States of the American Union, eighty, sixty, forty years ago.

It would take more time than we have at command, even were the game worth the candle, to go through the history of the settlement of Britain, Italy, Greece, Germany, and other ancient countries, and attempt to analyze the influences which determined the selection of lands for habitation and cultivation. When we contrast the sites of nearly all ancient and mediæval cities, built upon the towering rock, with the utterly indefensible sites of our modern cities, we can well understand that not economical but political and military exigencies may have given a strong preference to high and rugged ground, even for agriculture, in the days of almost universal warfare. The crops, indeed, raised on such ground would neither be so ample, nor obtained with so little effort and sacrifice, as those which might have been raised in the fertile valleys below, but they would have been in a less degree subject to be swept away by the forays of armed bands.

Fortunately, we do not need to enter into an analysis involving so much time and labor, and perplexed by so many uncertainties regarding the facts with which we should have to deal. If the forces which in those days determined population to high and poor soils were exclusively or even predominantly economic forces, we shall not fail to find them operating to control the occupation of new countries in these piping times of general peace. Let us then consider the course of settlement in the United States. Mr. Carey himself expresses his preference for investigation in this field. "Their first settlement," he says, "is recent, and, the work being still in progress, we can readily trace the settler, and mark his course of operation."¹

And, to further narrow the field, let us confine our view to the State of Ohio. This State is as favorable as any to Mr. Carey's theory. "The early settlers," he says, "of Ohio, Indiana, and Illinois uniformly selected the higher grounds, leaving the richer lands for their successors."²

¹ Past, Present, and Future, p. 24.

² Past, Present, and Future, p. 32. Indeed, Ohio affords a much better opportunity for exhibiting the operation of economic forces than either of the other States named, inasmuch as it is more generally wooded, has a greater diversity

Now let us take this case up and push it. If Mr. Carey has justly generalized the facts of the settlement of this great free State, he is entitled to much praise.

The settlement of Ohio may be said to have been in progress all the time between 1802, when its inhabitants were fewer than 50,000, and 1832, when its population had reached 1,000,000; in progress in this sense, that not until the latter date had settlers found their way into every corner and county of the new State beyond the Alleghanies.

Now let it be conceded that throughout this period Mr. Carey's statement regarding the course of occupation holds good, substantially. I say, substantially, because to justify the assertion that the settlers "uniformly" selected the higher grounds would require a vastly greater amount of particular and local knowledge regarding the territory of Ohio than any one man ever possessed.

How much, then, would there be in this fact, admitted for the sake of argument, which should be in contravention of the economic doctrine of

of surface, and a larger proportion of rocky ground, than either Indiana or Illinois, which are purely prairie States, of great uniformity of surface and of soil.

rent? These early settlers of Ohio were, in the first instance, necessarily controlled in their "location" by considerations relating to the transportation of their products and to communication with the settlements they had left behind. Now, advantages of situation, as we have before seen, enter just as fully into the net productiveness of any tract of land, according to Ricardo's doctrine, as advantages arising from superior fertility. Even in illustrating the origin of rent, in our first chapter, we assumed the existence of a very productive tract, situated at so great a distance that it would not be occupied until cultivation had been driven to descend through several successive stages within the territory immediately surrounding the market.

But, secondly, the early settlers of Ohio were largely compelled by the immediate exigencies of pioneer life to do something different from that which would have been the most economical had they possessed an ample store of necessaries and of the utensils and materials of industry. New-comers must needs do, not what they would, but what they can; they must raise a quick crop, by little labor; and it is natural enough that they should generally seek

the side-hill, which is self-drained, and the open country, which does not require clearing, and the thin, dry soil, which gives a speedy, though not a large return.

They still seek that land which will be most productive under the circumstances in which they find themselves placed ; for, as Professor Johnston has well said, that which would be rich land for a rich man may be poor land for a poor man.

But the question I wish now to raise is, whether, when the first exigencies of pioneer life were passed, when some store had been accumulated, when population had become sufficiently dense to allow a reasonable degree of co-operation in labor, when time had been afforded to lay out roads and bridges and to perfect the means of transportation, when the capabilities and resources of the land had become thoroughly known,—whether then it remained true that cultivators in Ohio neglected the best soils for those of an inferior quality ?

If not, the fabric so laboriously reared for assaulting the stronghold of the economists tumbles to the ground, of its own weight. How much does it matter that the people of

Ohio, while they were first spreading loosely over the State, took up lands as Mr. Carey says they did, unless it can be proved, or at least a strong presumption can be established, that they continued to take up poorer soils, in preference to the best? Mr. Carey asserts that the hypothetical order of settlement is "universally false;" that is, it is false as applied not to one but to all stages of the history of any community. As this matter is important, let us formulate it somewhat rigidly.

Let us suppose the possibly cultivable lands of Ohio to form seven distinct grades, 1 to 7, No. 1 being the poorest, No. 7 the richest. Let us divide the economic life of Ohio, beginning in 1802 and ending—when? into seven generations, with continually increasing population.

Now, unless Mr. Carey is grossly mistaken, generation No. 1, the first settlers, will take up lands No. 1, the poorest of all; generation No. 2 will take up lands No. 2, the next to the poorest; generation No. 3 will take up lands No. 3, and so on.

This, or something very like it, must take place, or Mr. Carey's "law" breaks down; for should generation No. 3, say, have the pre-

sumption to take up lands No. 6, and generation No. 4 be thereby encouraged to take up lands No. 7, why then generation No. 5 will perforce be compelled to take up lands No. 5, that is, lands poorer than those which had been brought in by the two generations preceding, while generation No. 6 will be driven to take up lands No. 4, far down on the scale of fertility; and generation No. 7, the flower of civilization, will actually have to "decline upon" lands No. 3, which, according to Mr. Carey, generation No. 3 should, in conscience, have taken up. In other words, we should have cultivation driven down to inferior soils, a state of things respecting which Mr. Carey declares that it not only never has existed in any country whatsoever, but that it is contrary to the nature of things that it should have existed or can exist.

In view of such possible results, what an appalling responsibility rests upon the people of any generation in the matter of not taking up any better land than they ought! In the first place, think what a degree of virtue it requires, that they should deliberately deny themselves the enjoyment of the really best land around them, in order that the coming

generations, with increasing numbers, should have the privilege of first occupying these, as Mr. Carey says they *must* do! Even more remarkable than this, think of the degree of intelligence that is required to point out to the men of any generation just the share of the lands of the State which Mr. Carey's theory will permit them to occupy, they being necessarily ignorant as to what the future population of the State is to be, or through how many generations or centuries the increase of population upon the territory is to be continued!

But let us return to Ohio. We have seen what is required to make Mr. Carey's "historical law" true. How far do the probabilities of the case favor the rigid application of that law throughout the settlement of this State?

We may believe that there were, in Ohio, in 1832, when the population was 1,000,000, about 4,000,000 acres of improved land in farms. By 1850, when the population had risen to 2,000,000, these 4,000,000 acres had become 10,000,000. Did the addition thus made to the enclosed and improved lands of the State include a fair proportion of the best lands within its limits, or were the new lands, also,

thin, dry, sandy soils, only not quite so poor as those brought in between 1802 and 1832, — soils giving little root to grasses or to grain, but raising a small crop easily and quickly? Unless the latter was the case, Mr. Carey's great historical law becomes little better than arrant nonsense.

There is a popular belief throughout the Eastern States of this Union, that, in the eighteen years covered by this period, —1832–50, — there was an immense amount of "clearing" done in Ohio; and the virtues of the "pioneer's axe" have been celebrated in song and story. Is this all a mistake? Or, if the people of Ohio really did cut down the primeval timber over thousands of square miles, did they, as they ought, take pains to cut down only timber which grew over comparatively poor soils, so as not to interfere with the rights vested in unborn generations by Mr. Carey's "law"?

Imagine Abraham Garfield, after reading Mr. Carey's "Political Economy," going into the woods, with his stalwart sons, axe on shoulder. He stoops down, gathers a sample of the soil, and after a patient examination rises with a sigh, and exclaims: "No, boys, it won't do for

us to cut down this bit of timber. The land underneath is too good for the like of us. The population of the county will not, you know, attain its maximum until 2184, and if we should, now that it is only the year of grace 1847, open this ground for cultivation, those who come after us might be obliged to resort to soils which would not be of as good a quality, and this Mr. Carey assures us can never be. So let us move on. We will strike into that lot across the ridge, where we know the soil is just thin and dry and mean enough for you and me."

Between 1850 and 1880, again, the population of Ohio has increased to 3,000,000, and the number of acres of improved lands has risen to 18,000,000. Are the 8,000,000 acres improved for the first time during this period, all, or substantially all, of a quality next above those previously brought in, but still below the best? Has this added territory embraced lands only a little less thin, a little less shallow, a little less dry, than those occupied in 1850? Has this vast annexation still left the really good lands of the State uncultivated, only to be improved when the population shall reach 5,000,000 or 10,000,000?

I do not care to contest Mr. Carey's theory that the first generation of settlers in any American State have spread themselves loosely over the soil, picking out the spots which offered the greatest facilities for the transportation of produce and for communication with the older settlements, perhaps giving a certain preference to naturally cleared, self-drained land. But that the second generation, in any American State, north of Mason and Dixon's line at least, have shrunk from the real problem of their economic life, have failed to grapple with the obstacles which withstood their acquisition of the richest resources of nature, have neglected to subdue the soil, the best soil they could find, with axe and spade, strenuously, manfully, with incessant toil, with unflinching courage, I, for one, do not believe; and Mr. Carey has not adduced a scintilla of evidence to prove a proposition so contrary to all we have ever learned of the character and life of the Western people. It would require a detailed local knowledge of at least 50,000 farms, including the time and manner in which every field therein came to be enclosed and cultivated, to establish such a proposition regarding the State of Ohio alone. In the absence of any such sta-

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tistical demonstration, common fame and common sense give the flattest contradiction to this monstrous hypothesis.

With this we may leave Mr. Carey's argument against the Ricardian doctrine of rent. The person who denies the truth of the Ricardian law in effect declares that men habitually rent highly fertile and comparatively infertile fields, rich corn lands and mountain pastures, at the same price; that men habitually rent lands near a market at the same price with lands the most distant from the market. If he does not mean to assert this, he does not in the smallest degree traverse the path of Ricardo's majestic argument. If he does mean to assert this, he puts himself on the level of the person who should assert that men habitually sell 2 bushels or 10 bushels of wheat at one and the same price.

In a word, Ricardo's doctrine can no more be impugned than the sun in heaven, and those who mouth at it simply show that they do not know what it was Ricardo taught.

LEROY-BEAULIEU.

The latest attack on the economic doctrine of rent, that of M. Leroy-Beaulieu,¹ need not detain us long.

I say, attack upon the economic doctrine of rent; and yet M. Leroy-Beaulieu does not in terms attack that doctrine. Indeed, this distinguished economist and statistician is not capable of denying the theoretical truth of the doctrine of Ricardo. He admits that the fact of differences in natural advantages, whether of fertility or of situation, among the fields contributing to the supply of the market, *must* leave a surplus above the cost of production in the hands of the cultivators of all but the lowest grade of soils.

M. Leroy-Beaulieu's attack upon the doctrine of rent takes the form, not of questioning its theoretical validity, but of disparaging its present and prospective importance in the distribution of wealth. Did M. Leroy-Beaulieu confine himself to a careful statistical measurement of that part of the rents actually paid by tenants to landlords which is due to the natural advantages of the soil, whether of climate or

¹ *La Répartition des Richesses*. Paris, 1882.

location; and were the effect of his investigation merely to reduce somewhat, or even to reduce very considerably, the importance generally assigned to rent proper as a factor in the distribution of wealth, — I should not presume to speak of him as making an attack upon the Ricardian doctrine. But inasmuch as M. Leroy-Beaulieu, while admitting the theoretical validity of that doctrine, carries his disparagement of its practical importance to such an extreme as to lead him to declare that rent — real economic rent — has ceased to have any significance in the modern distribution of wealth, having already sunk to an economical minimum, and is on the point of disappearing altogether, I conceive that we cannot regard his discussion of the subject as anything less, or anything other, than an attack upon the economic doctrine of rent.

“Subjected,” says this writer, “to an attentive examination, the doctrine of Ricardo appears to us to have, to-day, almost no practical importance.”¹ Elsewhere he says that, of the produce of the soil, it is only a *parcelle infime*² which goes to the proprietor. The English school of economists, he declares, have exagger-

¹ La Répartition des Richesses, p. 103.

² Ibid. p. 113.

ated *singulièrement* the pretended privilege of the rural proprietor; "to speak the truth, it is not even an exaggeration, but a veritable travesty of facts."¹

For the support of his views regarding the narrowness of the influence exerted by rent upon the distribution of wealth, this writer relies chiefly upon the argument derived from what Mr. Carey calls the cost of producing farms. The French economist is not only much more moderate in his assertions than the American economist, whom he follows on this line, but he brings to the discussion a far higher degree of statistical ability, and draws upon a much wider range of statistical data. He does not, indeed, reach any such sweeping conclusion as that there is no township or parish the present value of whose lands would repay the labor which has been expended upon them; yet, after a wide-reaching discussion of all the facts at his command, he issues with this result, that the enhancement of rents in England, France, and Belgium during the last seventy-five years — or, say, since the peace of 1815 — has not amounted to a sum greatly in excess of a fair interest return upon the expenditures

¹ La Répartition des Richesses, pp. 115, 116.

directed towards the improvement of the soil within the same period.

Now, the force of this argument has already been sufficiently discussed while we were dealing with Mr. Carey's attack on Ricardo. I have sought to show that expenditures upon land are, in very large part, made in the expectation that they will be compensated by the increased yield of a comparatively short term of years. It might have been difficult to prove this, were the cultivator of the soil always the proprietor; but when we find by far the greater part of the lands of England, and no inconsiderable part of those of France and Belgium, in the hands of tenants, and when we see that those tenants, holding under leases for 11, 19, 21, or possibly 33 years, as a maximum, freely make, in their own interest, nearly every class of improvements known to agriculture,¹ we have what seems to me a sufficient refutation of the argument by which it is sought to disparage the importance of rent, — real economic rent, — the compensation that is paid for the natural

¹ Even in cities, costly residences, stores, and warehouses are often built upon leased land, to go entire to the proprietor of the soil at the expiry of the lease, the tenant looking to secure his own interest by the profits of occupation during the brief interval.

advantages of the soil, through magnifying the volume of expenditures made for its improvement.

But M. Leroy-Beaulieu is not content with the indirect method of establishing the insignificance of rent, — the method, that is, which seeks to show that, of the two elements entering into the compensation for the use of land, rent must be little because interest is so great. He undertakes to establish the same conclusion, directly and affirmatively, by showing that modern facilities of transportation have reduced the tax or toll levied upon the aggregate produce of the land in favor of the proprietor class, to the extent of practically extinguishing rent, — rent proper.

His line of argument is this: Modern facilities of transportation have substituted, for the distinction between cultivated lands as more or less fertile, the distinction between cultivated lands as more or less remote from market. No community is now confined, in obtaining its subsistence, to the lands surrounding it, as was formerly the case in a high degree. The Romans and the Athenians, indeed, brought grain from the Black Sea, Egypt, and Africa; but they would have starved had they depended

for any essential part of their supply upon lands as distant as Australia or America. Any Englishman may now eat the wheat of Minnesota or Dakota; any German may, if Bismarck will let him, eat the hams of Cincinnati or Chicago. Steam navigation has enabled the whole world to resort to the world's best soils, and eat of the produce thereof at the cost of raising it *plus* only the cost of transport, and this cost of transport is steadily diminishing under the force of invention and discovery.

M. Leroy-Beaulieu's discussion of this subject is very interesting, and, except as he deals with questions of degree, is sound and just. The principle he adduces is incontestable. In our statement and illustration of the origin of rent, we purposely placed one of the tracts dealt with at a great distance, and inquired as to the effects of successive reductions in the cost of transportation, not only upon the cultivation of that tract itself, but upon the cultivation of the home tracts, and upon the rentals they would severally bear.

But when M. Leroy-Beaulieu declares that the cost of transportation has already been reduced so low that rent has become nearly if not quite a genuine economic minimum, he

utterly transcends the limits of toleration and deservedly forfeits the confidence of his reader.

Fortunately we need no elaborate or extended argument to prove him hopelessly in the wrong. Turn we to England. Here we find a steady increase in the price of animal food throughout the last thirty or forty years, notwithstanding free trade and improved navigation; that price "rising," as Sir James Caird states, "in a few years from fivepence to sevenpence, ninepence, and even a shilling, a pound."¹

Under any circumstances, Sir James remarks, the English producer has the advantage of at least a penny, in the pound of live meat, arising from the cost and risk of transportation, over his transatlantic competitor, an advantage equal to £4 on an average ox.² "Of this natural advantage nothing can deprive him; and with this he may rest content."

"Fresh meat from America," he continues, "from the costly methods necessary to preserve it, will, on the produce of an acre, cost

¹ The Landed Interest and the Price of Land, pp. 2, 3.

² Mr. Alfred Pell states the average freight of live cattle from America at £7 per head. "I have heard," he writes, "that the price has since been reduced to £5. It was as high as £12 in the first instance, and they have carried cattle, I believe, as low as 50 shillings."

equal to 40 shillings, for transport to this country." Now, 40 shillings an acre is equivalent to the average rent of land in England, — a rent with which, Sir James remarks, the British land-owner may well rest content. In regard to the cereal and other vegetable crops, the same high authority testifies that the cost of transporting from California, the Black Sea, or India, the chief sources of supply, a quantity of wheat equal to the produce of an acre, "is seldom less, and often more than 40 shillings."¹ "Hay and straw," he adds, "are so bulky that they can only bear the cost of carriage from near Continental ports." Certainly this does not look like a statistical minimum. Forty shillings (\$12) an acre is a very pretty rent, neither to be despised by the landlord nor to be neglected by the economist in discussing the distribution of wealth.

And if we inquire how the selling price of land has been affected by modern facilities for transport and intercommunication, we have this remarkable statement from the same writer, certainly the most capable agricultural observer

¹ See, also, the address of Sir James Caird, as President of the Statistical Society, 1881, in the *Journal of the Society*.

in Great Britain, where since 1851 his authority has been undisputed, namely, that the capital wealth of the owners of landed property has been increased, in Great Britain and Ireland, by £331,000,000 in 20 years, "at a cost to them which probably has not exceeded £60,000,000."

Here we have, according to this eminent economist, a net increase of the selling price of the lands of Great Britain and Ireland, after deduction of the cost of improvements, of not less than £270,000,000, or \$1,350,000,000.

It is true that during the five years since Sir James Caird wrote these words, the increasing severity of American competition¹ has very considerably reduced the rental value of the lands of the United Kingdom; but there is no reason to suppose that this effect has proceeded far enough to neutralize the gain of the twenty years preceding, notwithstanding all those improvements in the means and agencies of transport and intercommunication upon which M. Leroy-Beaulieu dwells with so much emphasis and eloquence.

I do not know that I could give a better idea, in a single line, of the strained way in which M. Leroy-Beaulieu pursues his object of

¹ See *ante*, pp. 23-26.

demonstrating that economic rent has ceased to be a factor in the distribution of wealth, than by saying that he seriously refers to the lamentable experiences of Mr. Martin Chuzzlewit, of the late firm of Chuzzlewit and Tapley, Architects and Land Surveyors, as an instance in point to prove the native valuelessness of land and the greatness of the pains and perils which attend its occupation and cultivation! Many a hundred thousand of American agriculturists, who, ten, fifteen, or twenty years ago, "went West," taking up government land under the Homestead Act, who, every year since, have lived with their families on the land, consuming at least twice as much of animal and vegetable food as falls to the lot of the English, French, or German peasant, and whose lands are now worth, through the mere growth of the country, \$10, \$30, or \$50 an acre, could reassure the philanthropic heart of M. Leroy-Beaulieu.

In like manner, this really admirable economist and statistician, turning his eyes upon Europe, disparages the natural advantages of the proprietor of the soil in that region by reference to the pests and plagues which beset the vine, the growing wheat, the fruiting tree.

After dwelling with profound commiseration upon the ravages of the infamous phylloxera, the malignant rotrytis infestans, and the altogether pernicious doriphera, he exclaims, with what some might mistake for bathos: "Were Ricardo to return to earth, would he, in the presence of these evils which afflict the agriculture of the elder communities, still insist that the proprietor of land is a privileged being, the favorite of civilization, who sees his own profits continually increase without his efforts, and who gathers the larger share of the fruits of social progress." ¹

If I might venture to reply for Mr. Ricardo, in his absence, I would say: Were that very clear-sighted and hard-headed person to revisit the glimpses of the moon, and take a survey of modern industrial society, it is probable that, in view of the fact that fair wheat lands are worth \$300 in England, \$50 in Illinois, and \$5 in Dakota, he would still be disposed to hold that the possession of land near the centres of civilization and the marts of trade, if not wholly without drawbacks, is, on the whole, phylloxera, doriphera, and rotrytis infestans to the contrary notwithstanding, a decidedly

¹ La Répartition des Richesses, p. 102.

good thing. With M. Leroy-Beaulieu's vaticinations respecting the advances to be hereafter made in the arts and agencies of transportation, we are not called to concern ourselves. All this may come to pass, and, with Keeley Motor stock at par, rents may sink to zero.

