

CHAPTER III.

RECENT ATTACKS UPON LANDED PROPERTY.

As stated in the opening chapter, I shall not, in this connection, take note of works which attack property in general, but shall confine myself to those writers who admit property in the products of labor, of which they deem the individual appropriation of land to be an invasion.

MILL.

The later essays and speeches of Mr. Stuart Mill, dealing with the land, are well known to students of economics.

In 1870 Mr. Mill became President of the Land Tenure Reform Association.

As its title indicates, and as its published programme announced, the purpose of the Association was to secure a reform, and not the abolition, of landed property; but inasmuch

as the reform which the Association deemed imperative cut off so much of the incidents of ownership as fairly to raise the question whether enough would be left to make ownership itself thereafter desirable, and, indeed, whether the result would not be to bring the greater part of the land into the hands of the State as owner, through the relinquishment of the land by its former owners, upon the terms contained in the programme of the Association, this movement is fairly to be ranked among the Attacks upon Landed Property made in our day.

Although, as a measure of so-called reform, Mr. Mill took up this question so late in life, all the principles, whether of economics or of political equity, to which he appealed at this period, are distinctly laid down in his work of 1848.

“The essential principle of property being to assure to all persons what they have produced by their labor and accumulated by their abstinence, this principle cannot apply to what is not the produce of labor, the raw material of the earth. If the land derived its productive power wholly from nature and not at all from industry, or if there were any means of

discriminating what is derived from each source, it not only would not be necessary, but it would be the height of injustice, to let the gift of nature be engrossed by a few. . . .

“But, though land is not the produce of industry, most of its valuable qualities are so. Labor is not only requisite for using, but almost equally so for fashioning, the instrument. In many cases, even when cleared, its productiveness is wholly the effect of labor and art. . . .

“These are the reasons which form the justification, in an economical point of view, of property in land. It is seen that they are only valid in so far as the proprietor of land is its improver. . . .

“When the sacredness of property is talked of, it should always be remembered that this sacredness does not belong in the same degree to landed property. No man made the land. It is the original inheritance of the whole species. Public reasons exist for its being appropriated. But if those reasons lost their force, the thing would be unjust. . . .

“Landed property is felt, even by those most tenacious of its rights, to be a different thing from other property; and where the bulk of the

community have been disinherited of their share of it, and it has become the exclusive attribute of a small minority, men have generally tried to reconcile it, at least in theory, to their sense of justice, by endeavoring to attach duties to it, and erecting it into a sort of magistracy, either moral or legal. But if the State is at liberty to treat the possessors of land as public functionaries, it is only going one step further to say that it is at liberty to discard them. The claim of the land-owners to the land is altogether subordinate to the general policy of the State. The principle of property gives them no right to the land, but only a right to compensation for whatever portion of their interest in land it may be the policy of the State to deprive them of. *To that their claim is indefeasible.*"

In 1870, as stated, Mr. Mill had so far advanced in his views regarding the private ownership of land, that he became President of the Land Tenure Reform Association, one of whose proposed objects was: "To claim for the benefit of the State the Interception by Taxation of the Future Unearned Increase of the Rent of Land (so far as the same can be ascertained), or a great part of that increase,

which is continually taking place, without any effort or outlay by the proprietors, merely through the growth of population and wealth; reserving to owners the option of relinquishing their property to the State at the market value which it may have acquired at the time when this principle may be adopted by the Legislature."

This project was advocated by Mr. Mill in arguments of which the following paragraphs contain the essence: —

"There are some things, which, if allowed to be articles of commerce at all, cannot be prevented from being monopolized articles. On all such the State has an acknowledged right to limit the profits. . . . Now, land is one of these natural monopolies. The demand for it in every prosperous country is constantly rising, while the land itself is susceptible of but little increase. All such articles, when indispensable to human existence, tend irresistibly to rise in price, with the progress of wealth and population. The rise of the value of land and of the incomes of land-owners during the present century has been enormous. Part of it, undoubtedly, has been due to agricultural improvements and the expenditure of capital on the

soil. Much of it, however, is merely the result of the increased demand for agricultural products and for building land, and would have taken place even though no money had been laid out in increasing the productive powers of the soil. Such outlay, moreover, as there has been, was made, in a great proportion of cases, not by the landlord, but by the tenant,¹ who may or may not have been indemnified by a temporary enjoyment of the profits; but, sooner or later, the increased return produced by the tenant's capital, has become an unearned addition to the income of the landlord.

“The Society are of opinion that, in allowing the land to become private property, the State ought to have reserved to itself this accession of income; and that lapse of time does not extinguish this right, whatever claim to compensation it may establish in favor of the land-owners. . . .

“The Society do not propose to disturb the land-owners in their past acquisitions; but they assert the right of the State to all such accessions in the future.

“Whatever value the land may have acquired at the time when the principle they

¹ See *ante*, pp. 84, 85.

contend for shall obtain the assent of Parliament, they do not propose to interfere with. If, rather than submit to be specially taxed on the future increase of his rent, the land-owner prefer to relinquish his land to the State, the Society are willing that the State should pay for it at its selling value.

“In this manner, that increase of wealth which now flows into the coffers of private persons from the mere progress of society, and not from their own merits or sacrifices, will be gradually, and in an increasing proportion, diverted from them to the nation as a whole, from whose collective exertions and sacrifices it really proceeds.” For the carrying out of this scheme, Mr. Mill says: “A valuation of all the land in the country would be made in the first instance, and a registration established of subsequent improvements made by the landlord.”

Looking at this statement of principles in the light of our previous discussions, what do we find here asserted ?

1st. There is the fullest recognition of Ricardo's law of rent. It is asserted, in direct contradiction of Messrs. Carey and Bastiat, that the rental or selling price of land, in general,

consists of two elements, — one being the owner's compensation for the capital invested in improvements, whether above or below the surface; the other being a remuneration exacted for the use of a natural agent of production, the inherent properties of the soil.

2d. It is asserted that the actual amount of wealth, if not the share of the aggregate product of land, labor, and capital, thus going, as economic rent, to the landlord, is not only of enormous importance in the existing state of society, but tends strongly to increase with increase of wealth and population.

This view of the present and prospective consequence of rent, in the distribution of wealth, which differs *toto cœlo* from that of M. Leroy-Beaulieu, leads Mr. Mill to inquire into the nature of the claim of the land-owner, with the result which we have read.

That individual ownership of land is of comparatively recent institution, the soil having formerly been deemed the common possession of cultivating communities, held together by a real or constructive tie of kinship; that, even when the private ownership of land was instituted, rights of property were coupled with political and military duties and fiscal obliga-

tions, which constituted no inconsiderable compensation to the community for the loss of its interest in the land; and, finally, that these political and military duties and fiscal obligations have been thrown off by the land-owning class, through the exertion of their superior power and influence in the formation of public policies and in the enactment of laws, without any adequate commutation thereof, — these things appear to me too well established to admit of question. From the point of view of political equity, I know of no answer which can successfully be made to Mr. Mill's argument. In my judgment it stands, on that side, inexpugnable.

It is from the point of view, however, of political expediency — using that term in its largest sense, to include consideration of the economic effects of the proposed change — that the programme of the Land Tenure Reform Association must be approved or condemned. Mr. Mill himself, in his work of 1848, professed, as in the paragraphs which have been quoted, amenability to this rule; nor do I understand him as seeking, in his later publications on the land question, to escape therefrom. On the contrary, while the primal motive of

the proposed reform is to secure a more equitable apportionment of the products of land, capital, and labor, he argues not only that the change will, in the first instance, bring no shock to production, but that, instead of diminishing in any direction the impulse towards the creation of values, it will, in its ultimate result, secure a more harmonious distribution, a wiser consumption, and by consequence, in the next economic generation, an increased production of wealth.

What, then, should be said of Mr. Mill's proposition, as a scheme of practical reform ?

In the first place, we note that, in saving the rights of existing property-holders, Mr. Mill, in common honesty, relinquishes the claim of the community upon all that increase in the rental or selling price of land which shall have accompanied the increase of population and the development of industry, up to the time when the scheme shall be definitely adopted by legal authority. Of all the probable mischief attributable to what Mr. Mill regards as an ill-advised surrender of land to individuals, a large part possibly, not improbably the larger part, has already been irreparably done. It is, then,

only to future increase in the value of land that this scheme would apply. Such a limitation of its scope would not only greatly reduce the benefits to be derived by the State, benefits for the sake of which great perils are to be risked, but would wholly deprive the scheme of all significance whatever, for good at least, in many communities where rent has already reached its maximum and tends rather to decline than to increase, under the severity of competition from newer or more fortunate lands.

But, secondly, governments could not under this scheme realize by any means the whole even of the future increase of rents. This is admitted by Mr. Mill, in his defence of the programme of the Land Tenure Reform Association. "A large margin," he says, "should be allowed for possible miscalculation." Yet such an allowance would by just so much diminish the inducement for the State to assert its rights to the lands now held by individuals. And that this margin must, as Mr. Mill says, be large, that it must be very large indeed, I think we shall see, if we take into consideration the difficulties which attend the valuation of improvements effected in the soil. I

endeavored in the last chapter to convey an impression of the difficulties attending this valuation.¹ Here we have Mr. Carey declaring that there is not a county, a township, a town, or a city in the United States of his day, which was worth what it had cost to produce it. Here we have a statistician of eminence, like M. Leroy-Beaulieu, prepared to prove that the present rental of land in England, France, or Belgium constitutes no more than a fair interest on the investment made by the owners.

I trust I showed to the reader's satisfaction that a mistaken principle underlies all computations of "the cost of producing farms;" and that many, if not most, agricultural improvements are made in the expectation of an increase of the produce, the enjoyment of which for a term of years, greater or less, answers both for interest on the investment and for the principal of the investment itself; but how improvements should be classified for this purpose, what should be the term of years for any one class of investments, how the first cost should be computed, how the State should check and prove the owner's accounts of work

¹ See *ante*, pp. 80-82.

done, how secure that the work charged should be real, effective work, such as would be given to the planting and harvesting of the annual crop, of which the State would take no account, — it must appear, on the first suggestion, that these questions would involve infinite perplexity,¹ with one of two results certain to ensue: either, with just and fair-minded assessors, the State would, in the readjustment of values for the purposes of Mr. Mill's scheme, lose every time and at every point, since the assessors could not know the facts upon which to base a confident decision, while the owner would be in a position to represent the circumstances in such a way as always to leave a balance in his own favor; or else, with assessors not anxiously desirous to do right, perhaps even disposed to assert the interests of the State to extremity, owners would, in great numbers, avail themselves of their right to relinquish their lands to the State, at its first registered valuation, with consequences which we shall consider hereafter.

3d. But we have not yet enumerated all

¹ On the difficulty of distinguishing and classifying agricultural improvements, see Mr. Newmarch's paper, in the *Journal of the Statistical Society*, for 1871, p. 488.

the difficulties which would attend the execution of this system of "Nationalizing the Land."

Were every change of value in land, throughout the most extensive community, certain to be in the direction of a rise, some estates rising perhaps rapidly, others slowly, and others not at all, but none losing any part of their present value with the lapse of time, all the perplexities we have indicated would be encountered by the State in asserting for itself the benefits of the "unearned increment of land."

But a further and a still greater difficulty would stand in the way of this scheme, namely, the fact of declining values in landed property.

That the amount going to the owner of the soil in rent has, taking all progressive countries together, risen greatly through the past generation, the past century, the past three centuries, or five, seems too clear to require proof. That it is still rising, I believe, in spite of M. Leroy-Beaulieu's attempted disproof. That it is likely, most likely, to rise through a considerable future, though no one can conjecture how fast or how far, I entertain no doubt. But this general rise of rents has always been in

the past, and is morally certain to be in the future, accompanied by the phenomenon of values falling over considerable areas. This is seen on every hand, even throughout flourishing communities.

Now it is evident, beyond challenge or question by any honest man, that in a readjustment of the relations of land, made primarily to meet the demands of political equity, the State, if it will claim the benefit of all gain resulting from general causes affecting the numbers and productive power of the community, and thus due neither to the merits nor to the sacrifices of owners, is bound to make good all losses resulting from a decline of demand due to causes which are of a general nature, and are thus attributable to no fault or neglect on the part of owners. If he who remains, in name, the proprietor of land is not to be allowed to reap any gain not brought about by his own exertions, he has a good claim to be saved harmless from loss which no effort of his could have averted. Heads, I win; tails, you lose, is no fair game; it is not a game at which the State can in safety or decency play with its own citizens.

4th. And now we have to note still another source of loss to the State in its effort to re-

sume the virtual ownership of land, namely, that, in appraising the losses to owners occurring in the case of depreciating property, the State would be bound to allow "a large margin for miscalculation," corresponding to that adopted in the valuation of property rising in value. This would constitute another deduction from the theoretical advantages of this project.

Whether, after the State had indemnified all owners of depreciating property, after it had conceded all the deductions which might be necessary to prevent large bodies of land from coming upon its hands, at the official valuation, there would be enough left, as a source of revenue, to make it worth while to undertake a measure so revolutionary and perilous in its nature, may well be doubted.

That, in the event the public interest in the matter of landed property were to be asserted in such a way as to bring large numbers of estates into the hands of public officials, the treasury paying the owners therefor the original registered valuation, the State could so manage such properties, either by occupation, by rental, or by sale, as to get its money back, even without interest, even after much delay and great

fiscal embarrassment, what man, who knows anything of the history of State property, believes?

Professor Emile de Laveleye has indeed, in this connection, referred to the experience of the early Village Communities of Europe as proof that successful cultivation without abuse of the soil is possible under collective ownership. But consider the vast differences in the conditions! The agriculture of those days was wonderfully simple and rude. The communities were small, highly localized, thoroughly integrated bodies. Each man cultivated his temporary allotment under the eyes of his real or constructive kinsmen, subject to their daily and hourly criticism and control. Anything like abuse of the soil or neglect of the punctilious prescriptions relating to the enjoyment of the common property was a direct invasion of the rights of every other member of the community, who was in a position to know it and to resent it. Could the five hundred thousand residents of Manchester, the five million residents of London, exert any corresponding control of their individual interests in the farms of Kent, Hampshire, Lincoln, and the Lothians? When, as by Mr. Mill's scheme, you make the

unit of possession, not a village or a parish, but a nation; when the actual cultivators become but a fraction of the community, the remaining members knowing little and caring less about the cultivation of the soil; when, instead of a population spread evenly over the land, you gather half the subjects of the realm into cities and towns; when, moreover, the crops cultivated become numerous, and the methods of cultivation infinitely various and complicated, — then the conditions which made the occupation of the soil in common even tolerable disappear. Indeed, Sir Henry Maine has shown reason for believing that, even with the simple agriculture of those early days, even under the very limited demands then made upon the soil, the organization of society into village communities was ineffective for productive purposes; and that it was from its lack of adaptation to the wants of an increasing population, that it was replaced by autocratically governed manorial groups of cultivators.

The objection to common ownership of land, which arises from the liability to abuse and waste, disappears, of course, when building-lands and town sites are brought under consideration; and so greatly is the problem simplified

that Dr. Adolph Wagner, the illustrious Professor of Political Economy in the University of Berlin, has proposed that the municipalities should purchase all town property,¹ in order to realize therefrom the progressive increase of values.

I shall, however, assume that the disadvantages of the State or of a municipality turning itself into a great real-estate company will be sufficiently obvious not to require any extended discussion. Think what the civil service of a city like Boston, a State like Massachusetts, a nation like the United States, would become, if, instead of an annual pay-roll of a half million, or two millions, or thirty millions, the control and manipulation of income to the amount of tens or hundreds of millions, of wealth to the amount of hundreds or thousands of millions, were to become the object of political intrigue, the spoil of political victory!

¹ It is perhaps worth noting, that Professor Wagner's scheme, if practicable, would fail to satisfy all the equities of the case, since the growth of towns and cities is largely due to the "exertions and sacrifices" of the rural communities by which they are surrounded, and which would have a strong claim to be admitted to a participation in the "un-earned increment of land" situated in the towns and cities to which they thus contribute.

The beginning of our national career found us in possession of a vast public domain, on which our earlier financiers looked as an important fiscal resource. A wiser policy, however, prevailed; and although that original domain has been multiplied fourfold as the result of war or purchase, it has been almost as rapidly reduced by alienations, all wise and patriotic statesmen agreeing, with almost perfect unanimity, that no fiscal advantage that might accrue from holding the public lands as a source of revenue could be weighed against the interests to be secured by those lands becoming the individual property of actual cultivators.

That a nation which deliberately adopted the policy of selling at a minimum price, and even of giving away to actual settlers, the lands which were already unqualifiedly public property, and which has never hesitated for a moment in the pursuit of this policy, men of all classes and all parties agreeing thereto with substantial unanimity, should undertake a scheme that at least borders upon confiscation, for the purpose of bringing under the control of the treasury lands which had become a private possession before the nation had an existence,

is so unlikely that we need not waste time in arraying arguments against the proposition.

GEORGE.

We come now to the work of Mr. Henry George, entitled "Progress and Poverty," to which allusion was made in our opening chapter.

Mr. George's attack upon Landed Property is twofold, — from the side of natural rights, and from the side of the economic interests of society.

Let those who feel competent to the task answer Mr. George's eloquent plea in behalf of the natural and inalienable right of all individual members of the human race indiscriminately to enter and enjoy at will each and every lot and parcel of land upon the globe, and every building which may have been or may hereafter be erected thereupon.¹ I profess no qualifications for the work, never having lived in a state of nature myself, but having

¹ "There is on earth no power which can rightfully make a grant of exclusive ownership in land. . . . Let the parchments be ever so many, or possession ever so long, natural justice can recognize no right in one man to the possession and enjoyment of land, that is not equally the right of all his fellows." — *Progress and Poverty*.

resided all my life in communities more or less civilized. In my humble judgment, only considerations of political expediency or of political equity are pertinent to discussions relating to the arrangements of human society. I shall therefore, venture to apply to Mr. George's assertions and proposals regarding the occupation of the land purely economic tests, just as if all this fine talk about the rights of man¹ had been left out of his book. And this subjection of the question of the ownership of land to economic principles is, after all, not something to which Mr. George can consistently make objection: for he claims to write as an economist; he professes to be able to give a strictly economic reason for the faith that is in him; he founds his system upon the economic doctrine of rent, as he understands it; and he is severe upon writers who have preceded him, on

¹ "Though his titles have been acquiesced in by generation after generation, to the landed estates of the Duke of Westminster the poorest child that is born in London to-day has just as much right as has his eldest son. Though the sovereign people of the State of New York consent to the landed possessions of the Astors, the puniest infant that comes wailing into the world, in the squalidest room of the most miserable tenement house, becomes at that moment seized of an equal right with the millionnaires." — *Progress and Poverty*.

account of their slips and lapses in the application of economic principles. First and foremost, Mr. George is, if he knows himself, an economist.

Let us, then, proceed to consider "Progress and Poverty," on this side.

In the first place, it will not be needful¹ to enter into the arguments by which Mr. George seeks to establish the proposition that "wages are produced by the labor for which they are paid." Were this proposition false, we could

¹ Neither needful nor desirable. Nearly all of Mr. George's assailants have wasted their strength and breath in attacking the proposition expressed in the text, or in discussing the arguments Mr. George puts forward in refutation of the Malthusian doctrine of population. Witness the labored articles in the January number of the Edinburgh and of the Quarterly Review. The fact is, neither Mr. George's view regarding the origin of wages nor his anti-Malthusianism is, in the slightest degree, of the essence of his doctrine. By placing these in his front, and procuring his enemies to assault them, Mr. George has evaded a direct attack upon his vital point, namely, his position regarding the importance of rent as a factor in the distribution of wealth. To reach this it is not necessary to cross the quagmire into which Mr. George has drawn his heedless assailants, who have been completely "blown" before they reached the position upon which alone his system stands. Any one who will avoid this error may raid Mr. George's camp to his heart's content.

concede him all the benefit to be derived from its use, and still disprove the main positions of his book; but the proposition that "wages are produced by the labor for which they are paid," contains much truth, although the author's attempts to disparage the importance of the contributions to current production made by capital accumulated in the past involve a fearful straining of economic facts and economic conditions.¹ So far, however, as this proposition contains any truth, it is not, in the least degree, original with Mr. George. Professor Stanley Jevons in 1871 announced the doctrine that "the wages of a working man are ultimately coincident with what he produces, after the deduction of rent, taxes, and the interest of

¹ As, for example, when in treating the function of capital in production, he says, "Accumulated wealth seems to play just about such a part in relation to the social organism as accumulated nutriment does to the physical organism," and adds, in illustration, "Some accumulated wealth is necessary, and to a certain extent it may be drawn upon in exigencies; but the wealth produced by past generations can no more account for the consumption of the present, than the dinners he ate last year can supply a man with present strength." This work abounds in statements of an equal degree of extravagance, and doubtless herein lies the secret of the attraction it exerts upon ill-balanced minds.

capital," while in my own work of 1876 it was said that "wages are, in any philosophical view of the subject, paid out of the product of present industry, and hence production furnishes the true measure of wages."¹

Nor is it necessary to take time, as many of Mr. George's critics have done, for a discussion of Mr. George's attempted refutation of Malthus's doctrine of population. Here, again, we might concede to this writer all he claims, true or false, without giving him ground on which to establish the subsequent truly monstrous propositions of his book. There is absolutely nothing original in Mr. George's attack on Malthusianism, — the doctrine, namely, that population strongly tends to increase to its own hurt; and we should use time that might be more profitably employed, were we to recite the threadbare arguments of the opponents of that doctrine for no other reason than that Mr. George has chosen to make them a preface to his doctrine of rent.

What is original in Mr. George's work is the enormous importance assigned to rent as an

¹ The same doctrine was contained in an article by the present writer in the *North American Review* of January, 1875, and in an Address at Amherst College in 1874.

element in the distribution of wealth. Here Mr. George's admirers may rightfully claim for him all the credit of first discovery. No other writer, so far as I am aware, ever attributed to rent anything approaching the same degree of importance.

We have seen Mr. Mill, weighed down by a sense of the injustice of allowing the large annual increment of the land to pass, unearned, to the landlord, propose that the State should assert the right of the community, as a whole, to this body of wealth; but Mr. Mill never dreamed of advancing the theory that rent necessarily, in the progress of society, *absorbs the entire gain in productive power, and even more than that gain*, leaving the laboring classes actually worse off by reason of every successive improvement in the arts or in the social order.¹

¹ Mr. Mill does, indeed, assert that the working classes have failed to reap the greater part of the gain which should have accrued to them from the improvements and inventions of the past century; but he attributes this mainly to their own improvidence, ignorance, or heedlessness, or to the undue increase of population, or to social and legal wrongs, outside the tenure of land. Mr. George asserts that the private ownership of land deprives the laboring class of all share whatsoever in the fruits of social progress, altogether irrespective of increase of numbers, or of any failure to meet

On the other hand, we have heard M. Leroy-Beaulieu, an economist and statistician of eminence, declare that rent — real, economic rent, as distinguished from the returns made to capital invested in the soil — has actually ceased to be a factor in the distribution of wealth, has already sunk to an economic minimum, and will soon disappear altogether.

If I may resort to a somewhat unpleasant physiological illustration, M. Leroy-Beaulieu declares that rent is no more than the merest mole upon the industrial body; Mr. Mill regards it as an open sore, a real, appreciable, and considerable drain upon the vitality of the state, which should be checked by stringent surgery and cautery. Mr. George looks upon rent as a cancerous evil, which, growing by what it feeds upon, draws into itself all the vital forces of the community, extending its deadly influence further and further every day, every day drawing nearer and nearer to the seat of life, with only one possible result, and that in no distant future.

Reduce rent, as an element in the distributive requirements of a true competition. He declares that this inheres, naturally, necessarily, and inevitably, in the economic conditions of the private ownership of the soil.

tion of wealth, to the importance assigned it by M. Leroy-Beaulieu, and Mr. George's practical proposals would become simply ridiculous ; and probably Mr. George himself would see them to be so.

Reduce rent, as an element in the distribution of wealth, to the importance assigned it by Mr. Mill, and Mr. George's work would be emptied of all novel significance. It would remain merely a passionate tract in advocacy of the proposals for nationalizing the land which were put forth by Mr. Mill and the Land Reform Tenure Association in 1870.

Here, then, right here, in the highly magnified importance assigned to rent as a factor in the distribution of wealth, we find all there is of Mr. George's work which has either originality or novelty. This is literally all the new matter there is in the book, in the view of any economic investigator. But this is Mr. George's own, in every sense of the term. If Mr. George is right here, he has discovered a principle of supreme importance, the neglect of which should put every professional economist to the blush.

Let us, then, confine ourselves to this view of the subject.

In stating and discussing the views of Mr.

George, I shall seek to exercise the utmost fairness. I shall, as far as possible, give him the benefit of his own forms of expression, even at the expense of much space. I shall sometimes quote two, three, or even more statements of the same principle, in order that it may appear that I am not taking a controversial advantage of any inadvertence or extravagance in expression. This is the more desirable, since some of Mr. George's assertions are so astonishing that a few repetitions really assist one in rising to the height of the occasion. I shall, however, take the liberty to introduce italics into my quotations from Mr. George, at my own discretion.

In the first place, I remark, negatively, that Mr. George does not attack property in general. He does not rail at capital, or impeach its claim to recompense. On the contrary, he vigorously asserts the "natural right" of the producer to the fruits of his exertions and sacrifices, whether he be laborer or capitalist; and it is partly because, as he esteems it, private property in land constitutes an invasion of property in the product of labor, that he would bring about the state ownership, or common ownership, of land.

In the second place, and also negatively, Mr. George is not an opponent of the Ricardian doctrine. The law of rent is, he says, "correctly apprehended by the current political economy."

Indeed, so far is he from being an opponent of the Ricardian doctrine, that it is in the unheard-of and unthought-of extension which he gives to the scope of the principle of rent, that the essence of his teaching consists.

Let us now proceed to state Mr. George's position affirmatively. As we have agreed, for the purposes of the present discussion,¹ to concede the sufficiency of his refutation of the doctrine of Malthus, we will, for simplicity, follow Mr. George only through his analysis of the effects of rent acting upon stationary populations.

This cannot fail to receive his assent, since he declares that "land, being held as private property, would produce in a stationary population all the effects attributed by the Malthusian doctrine to pressure of population."

What, then, is Mr. George's position? Just

¹ Only for the sake of the discussion. The writer is a thorough believer in the validity of the doctrine of Malthus as restated by Mr. Mill.

this: "*Irrespective of the increase of population, the effect of improvements in methods of production and exchange is to increase rent.*" The proof of this proposition is as follows, in his own words:—

“Demand is not a fixed quantity that increases only as population increases. In each individual it rises with *his* power of getting the things demanded. . . .

“The amount of wealth produced is nowhere commensurate with the desire for wealth; and desire mounts with every additional opportunity for gratification.

“This being the case, the effect of labor-saving improvements will be to increase the production of wealth. Now, for the production of wealth, two things are required, labor and land. Therefore the effect of labor-saving improvements will be to extend the demand for land, and wherever the limit of the quality of land in use is reached, to bring into cultivation lands of less natural productiveness, or to extend cultivation on the same lands to a point of lower natural productiveness. And thus, while the primary effect of labor-saving improvements is to increase the power of labor, the secondary effect is to extend cultivation, and, where this

lowers the margin of cultivation, to increase rent. . . .

“Thus, where land is entirely appropriated, as in England, or where it is either appropriated or is capable of appropriation as rapidly as it is needed for use, as in the United States, the ultimate effect of labor-saving machinery or improvements is to increase rent, without increasing wages or interest.

“It is important that this be fully understood, for it shows that effects attributed by current theories to increase of population are really due to the progress of invention, and explains the otherwise perplexing fact that labor-saving machinery everywhere fails to benefit laborers.”

And he concludes, after repeating and further illustrating this view of the effect of productive improvements and inventions, with the following italicized proposition: “Wealth, in all its forms, being the product of labor applied to land, or the products of land, any increase in the power of labor, the demand for wealth being unsatisfied, will be utilized in procuring more wealth, and thus increase the demand for land.” And so, to use his own phrase, labor cannot reap the benefits which advancing civi-

lization brings, because they are "intercepted,"¹ that is, intercepted by rent.

¹ Mr. George draws what he apparently deems a very appalling picture of the conceivable, if not possible, consequences of this subjection of labor and capital to the land. "As," he says, "we can assign no limits to the progress of invention, neither can we assign any limits to the increase of rent, short of the whole produce. For, if labor-saving inventions went on until perfection was attained, and the necessity of labor in the production of wealth was entirely done away with, then everything that the earth could yield could be obtained without labor, and the margin of cultivation would be extended to zero. Wages would be nothing, and interest would be nothing, while rent would take everything. For, the owners of the land being enabled without labor to obtain all the wealth that could be procured from nature, there would be no use for either labor or capital, and no possible way in which either could compel any share of the wealth produced." All this is said seriously, as if it were of some consequence. Yet one cannot help asking: Well, what of it? Why should there be any wages, if there were no labor? What are wages? Mr. George himself defines both labor and wages as follows: "The term 'labor' includes all human exertion in the production of wealth; and wages, being that part of the produce which goes to labor, includes all reward for such exertion."

Very good, as it is very familiar. But if a state of things were reached such as Mr. George contemplates, in which there were no labor, no exertion of human powers or faculties in the production of wealth, why, in the name of equity, should there be any wages, the reward for such exertion?

And if there were no capital, why should there be any interest, the recompense of capital? What is capital? Accord-

That it may not be supposed that I am in any way misrepresenting Mr. George, or omitting any qualification of his propositions, I quote another extended paragraph, in his own words.

“Land being necessary to labor, and being reduced to private ownership, every increase in the productive power of labor but increases rent, — the price that labor must pay for the opportunity to utilize its powers; and thus all the advantages gained by the march of progress go to the owners of land and wages do not increase. Wages cannot increase; for, the greater the earnings of labor, the greater the price that labor must pay out of its earnings for the opportunity to make any earnings at all. The mere laborer has thus no more interest in the general advance of productive power than the Cuban slave has in advance in the price of sugar. And just as an advance in the price of sugar may make the condition of the slave worse, by inducing the master to drive him

ing to Mr. George it is “only a part of wealth, — that part, namely, which is devoted to the aid of production.” But if no wealth were to be devoted to production, as on Mr. George’s supposition, then there would be no capital. If no capital, why any interest ?

harder, so may the condition of the free laborer be positively, as well as relatively, changed for the worse by the increase in the productive power of his labor. For, begotten of the continuous advance of rents, arises a speculative tendency which discounts the effect of future improvements by a still further advance of rent."

The last sentence introduces Mr. George's second count in his arraignment of rent, as the great social criminal.

Please carefully to note the point. The immediate and direct effect of any addition, from whatever source, to the productive power of labor, is to increase rents by just the same amount, so that nothing is left to go either into enhanced wages or enhanced profits, the landlord taking the entire increase, whatever that may be.

But now another force enters, actually to deplete the already starving laborer. This is the speculative advance in land, owing to the expectation of further increments of value at the expense of the community.

"We have," says Mr. George, "hitherto assumed, as is generally assumed in elucidations of the theory of rent, that the *actual margin* of

cultivation always coincides with what may be termed the *necessary margin* of cultivation,—that is to say, we have assumed that cultivation extends to less productive points only as it becomes necessary from the fact that natural opportunities are at the more productive points fully utilized. This, probably, is the case in stationary or very slowly progressing communities; but in rapidly progressing communities, where the swift and steady increase of rent gives confidence to calculations of further increase, it is not the case. In such communities, the confident expectation of increased prices produces, to a greater or less extent, the effects of a combination among land-holders, and tends to the withholding of land from use, in expectation of higher prices, thus forcing the margin of cultivation farther than required by the necessities of production.”

But this is not the end of the mischief attending the private ownership of land. We have now the third and final count in this arraignment. The speculative holding of land, just described, becomes, in turn, the cause of incessant industrial disturbance, and of those great periodic convulsions of production and trade which involve the laboring classes, poor,

inert, and unapt to travel or to change of occupation, in the deepest distress. How can this be? Mr. George is equal to the occasion.

“Production,” he says, in explanation of an assumed industrial crisis, “has somewhere been checked, and this reduction in the supply of some things has shown itself in cessation of demand for others, the check propagating itself through the whole framework of industry and exchange. *Now, the industrial pyramid manifestly rests on the land.*”

“The primary and fundamental occupations, which create a demand for all others, are evidently those which extract wealth from nature, and hence, if we trace from one exchange point to another, and from one occupation to another, this check to production, which shows itself in decreased purchasing power, we must ultimately find it in some obstacle which checks labor in expending itself on land.

“And that obstacle, it is clear, is the speculative advance in rent, or the value of land, which produces the same effects as (in fact, it is) a lock-out of labor and capital by land-owners. This check to production, beginning at the basis of interlaced industry, propagates itself from exchange point to exchange point,

cessation of supply becoming failure of demand, until, so to speak, the whole machine is thrown out of gear, and the spectacle is everywhere presented of labor going to waste while laborers suffer from want."

This concludes Mr. George's arraignment of private property in land. If these successive counts can be sustained, he is fully borne out in his conclusion that "the necessary result of material progress — land being private property — is, *no matter what the increase in population, to force laborers to wages which give but a bare living;*" or, as he elsewhere expresses it, that "material progress does not merely fail to relieve poverty, it actually produces it;" or, again, that, "whatever be the increase of productive power, rent steadily tends to swallow up the gain and *more than the gain;*" or, again, that "the ownership of the land on which and from which a man must live, is virtually the ownership of the man himself, and in acknowledging the right of some individuals to the exclusive use and enjoyment of the earth, we condemn other individuals to slavery, as fully and as completely as though we had formally made them chattels."

To a man who believed but a small fraction

of this, the conclusion which Mr. George announces at the close of the following paragraph would appear irresistible:—

“As long as this institution exists, no increase in productive power can permanently benefit the masses, but, on the contrary, must tend to still further depress their condition. . . . Poverty deepens as wealth increases, and wages are forced down while productive power grows, because *land*, which is the source of all wealth and the field of all labor, is monopolized. To extirpate poverty, to make wages what justice commands they should be, the full earnings of the laborer, we must therefore substitute for the individual ownership of land a common ownership.”

I believe I have presented, in the foregoing extracts, every essential feature of Mr. George's economic system, without suppression or perversion. His practical recommendations for the carrying out of his proposal for the nationalization of the land cannot be politically very important, since matters of this sort are generally left to statesmen, not to economists; and even should the abolition of private property be decreed at the approaching session of Congress, there is too much reason to fear that

Mr. George would not be called in to adjust the details of the scheme. Those recommendations are, however, if not politically important, psychologically interesting, and serve to give an idea as to the kind of person this apostle of a regenerated humanity may be, and as to the sort of society in which he has been bred.

“I do not,” he says, “propose either to purchase or to confiscate private property in land. . . . Let the individuals who now hold it, still retain, if they want to, possession of what they are pleased to call *their* land. Let them continue to call it *their* land. Let them buy and sell and bequeath and devise it. We may safely leave them the shell, if we take the kernel. It is not necessary to confiscate land; it is only necessary to confiscate rent.”

“What I propose,” he exclaims, in a fine glow of enthusiasm, “as the simple yet sovereign remedy, which will raise wages, increase the earnings of capital, extirpate pauperism, abolish poverty, give remunerative employment to whoever wishes it, afford free scope to human powers, lessen crime, elevate morals and taste and intelligence, purify government, and carry civilization to yet nobler heights, is — to appropriate rent by taxation.”

Of course, the present owners of the land — many, perhaps most, of whom have, under the express sanction and encouragement of the State, bought it, perhaps even from the State itself, paying the price into the treasury — will be compensated when their property or the entire value thereof shall thus be “confiscated” for public uses. Mr. George rejects the suggestion with indignation. He even pities Mr. Mill for having had the weakness to admit¹ the landowner’s claim to compensation: “Great as he was, and pure as he was, warm heart and noble mind, he never yet saw the true harmony of economic laws.”

But there are the improvements, urges Mr. George’s reader, which have become blended with and inseparable from the soil. “Very well,” he cheerfully replies; “then the title to the improvements becomes blended with the title to the land, the individual right is lost in the common right. . . . Nature does not proceed from man, but man from nature; and it is into the bosom of nature that he and all his works must return again.” What a thing it is to be a philosopher, and see “the true harmony of economic laws”!

¹ See *ante*, p. 24.

Since such consequences, not only destructive of the established order of industrial society, but subversive also, it would seem, of ordinary honesty, are to be drawn from Mr. George's discovery of the enormous and previously unsuspected importance of rent as a factor in the distribution of wealth, let us somewhat carefully analyze the arguments by which his propositions under this head are established.

Let us take up, in their inverse order, Mr. George's three capital propositions.¹ And, first, how much is there in the view that commercial disturbance and industrial depression are due chiefly to the speculative holding of land?

That land, in its own degree, shares with other species of property in the speculative impulses of exchange, is a matter of course. Everybody knows it; no one ever thought of denying it. Mr. George makes no point against private property in land, however, unless he can show that it is, of all species of property,

¹ I do not insist upon the consideration, though both relevant and important, in this connection, that whereas Mr. George's argument assumes that the rents paid by the members of society are the full economic rents under the Ricardian formula, those rents are, in fact, in most communities, greatly reduced by the operation of the forces indicated on pp. 42-51.

peculiarly the subject of speculative impulses. Now, this is so far from being either self-evident or established by adequate induction, that the contrary is the general opinion of economic writers. Of all species of property, land, especially agricultural land, starts latest and stops earliest in any upward movement of prices, as induced, for instance, by a paper-money inflation, which perhaps affords the best opportunity for the study of purely speculative impulses.

Of course, there are circumstances under which those impulses may especially attack land, and a wild "rig" may be run in the market for this commodity, as, at other times, in the market for government stocks, or mines, or railways, or Dutch tulips, or what not.

A very striking instance of the possibilities of speculation in this direction is afforded by the history of land in California. The opening of the Pacific railways in 1868 aroused the most extravagant expectations of a rise in the value of land. Mr. George says, and perhaps truly, that lots in the outskirts of San Francisco "rose hundreds and thousands per cent," and a period of wild speculation ensued. Mr. George appears to have been profoundly affected by his

observation of this episode. What was purely local and accidental, he has magnified into a universal cause of speculation.

“What,” he remarks, “thus went on in California, went on in every progressive section of the Union;” and this land speculation he makes the primary and principal cause of the panic of 1873.

It is difficult to say what Mr. George, with his peculiar ideas, may regard as the progressive and what as the retrogressive or stationary sections of the Union; but throughout the regions which, between 1868 and 1873, comprised more than two thirds of the accumulated wealth of the country, and did more than three fourths of its trading and more than five sixths of its manufacturing, agricultural land was not the subject of a speculative enhancement of values. On the contrary, the value of farms was, on the whole, depressed relatively to other objects of exchange, throughout the period when the catastrophe of 1873 was preparing.

We now come to Mr. George's second count.

The allegation that the enhancement of the value of land, above what should be regarded as the capitalized value of its present productive or income-yielding power, withdraws large bodies

of land from cultivation, thus driving labor and capital to poorer and more distant soils, in order to secure the needed subsistence of the community can only be characterized, so far as all the agricultural¹ uses of land are concerned, as a baseless assumption, for which not a particle of proper statistical proof can be adduced, and which is directly contrary to the reason of the case.

Because, forsooth, a man is holding a tract of land in the hope of a rise in its value years hence, does that constitute any reason why he should refuse to rent it, this year or next, and get from it what he can, were it no more than enough to pay his taxes and a part of the interest on the money borrowed to "carry" the property?

Every financier knows how difficult it is to secure a loan on the mortgage of unimproved property, at anything approaching the value at which the owner holds it. What is this but testimony to the unwillingness of most men, circumstanced as they find themselves, to put their wealth into forms which imply that there is to be, for a number of years, all outgo

¹ It will be observed that in the extracts quoted it is *cultivation* which is spoken of.

and no income, however great the final profit anticipated? How unreasonable, then, to assume that men owning good productive land will refuse to allow it to be cultivated now, simply because they cannot get for it a rent which corresponds to what they look forward ultimately to realize as its capital price!

Undoubtedly the speculative treatment of building lots does cause a certain amount of city real estate to be held out of use. Nobody needed Mr. George to tell him this; but that the amount of land so reserved is such as seriously to retard the development of population, trade, or manufactures, except in a craze like that which seized the people of San Francisco in 1868, seems highly improbable.

Let us now proceed to deal with Mr. George's main proposition, the proposition to which the others are subsidiary. If this be established, it really does not matter much whether the others be true or not, for the condition of humanity under the grinding pressure of this main force will be about as bad as it could be; while, if this be disproved, Mr. George's whole system must break down ridiculously, leaving it to matter little whether the minor evils attributed to the private ownership of land be found to

have any real existence or not. This it is which constitutes the original feature of Mr. George's book, that upon which the value of his mission as a public teacher depends, that by which he must stand or fall, — the proposition, namely, that, "irrespective of the increase of population, the effect of improvements in methods of production and exchange is to increase rent;" this effect being carried so far that "all the advantages gained by the march of progress go to the owners of land, and wages do not increase," the laboring man having "no more interest in the general advance of productive power than the Cuban slave has in advance in the price of sugar," capital also, in its turn, suffering, and to an equal extent, since, as Mr. George states, the effect of labor-saving machinery or improvements is to increase rent without increasing either wages *or interest*.

Now this is not only false, but ridiculously false, blunder being piled on blunder, to reach a conclusion so monstrous.

In the first place, the proposition is contradicted by plain facts of common observation and by unimpeachable testimony of industrial statistics. The laborer has gained in wages through the labor-saving inventions and im-

provements of modern times. Speaking of England, Sir James Caird says: "The laborer's earning power in procuring the staff of life cost him five days' work to pay for a bushel of wheat in 1770, four days' in 1840, and two and a half days' in 1870." So much for bread. "Thirty years ago," says Sir James, "probably not one third of the people of this country consumed animal food more than once a week. Now, nearly all of them eat it in meat or cheese or butter, once a day." The same high authority adds: "The laborer is better lodged than he ever was before." We need no one to tell us that the laborer's power to purchase manufactured articles has increased, since 1770, much more rapidly than his power to purchase agricultural produce, whether animal or vegetable.

To the assertion of Mr. George that even the capitalist gains nothing by inventions and improvements in the agencies of trade or manufactures, because the landlord usurps and absorbs all possible increase of productive power, what better answer can we give than that of Professor Emile de Laveleye, himself a qualified advocate of the state ownership of land?

“Who occupy the pretty houses and villas which are springing up in every direction in all prosperous towns? Certainly, more than two thirds of these occupants are fresh capitalists. The value of capital engaged in industrial enterprise exceeds that of land itself, and *its power of accumulation is far greater than that of ground rents.* The immense fortunes amassed so rapidly in the United States, like those of Mr. Gould and Mr. Vanderbilt, were the results of railway speculation, and not of the greater value of land.

“We see, then, that the increase of profits and of interest takes a much larger proportion of the total value of labor, and is a more general and powerful cause of inequality, than the increase of rent.”¹

So much for industrial statistics and facts of common observation. Let us now turn to the reason of the case. And, first, let us recite Mr. George's own argument. “The effect,” he says, “of labor-saving improvements will be to increase the production of wealth. Now, for the production of wealth, two things are required,—labor and land. *Therefore* the effect of labor-saving improvements will be to extend the demand for land.”

¹ Contemporary Review, November, 1882.

A pretty piece of reasoning this! A monograph by Mr. George upon the significance of the word "therefore" is really a desideratum of systematic logic. Two things are needed for the production of wealth, land and labor; *therefore* an increase of production will increase the demand for land, forsooth! But *why not also for labor*, since both are concerned in production? Was there ever a more senseless blunder? But Mr. George is further in error, even, than would so far appear. He has got the thing exactly wrong. It is not only true that an increased production of wealth *may* involve an enhanced demand for labor as well as for land, but it is also incontestably true that the increased production of wealth rarely if ever causes an increased demand for land without a corresponding demand for labor, while, on the contrary, an increased production of wealth may cause an enormous increase in the demand for labor without enhancing the demand for the products of the soil in any degree whatsoever.

Here is a pound of raw cotton, the production of which makes a certain demand, or drain, upon the land. To that cotton may be applied the labor of one operative for half an hour, worth,

say, 5 cents. Successive demands for the production of wealth may lead to the application of, first, a full hour's labor, then of two hours', then of three, four, or five; finer and finer fabrics being successively produced, until at last the pound of cotton has been wrought into the most exquisite articles. Mr. George says that the whole effect of any increase in the production of wealth is to enhance the demand for land. Here is a large increase of production, twofold, threefold, tenfold, perhaps, with no additional demand, or drain, upon the soil.

But I go further, and assert, without fear of contradiction, that not only is no increase in the demand for land necessarily involved in an increased production of wealth, but that the enhancement of the demand for land, in the progress of society, habitually falls short of the enhancement of the demand for labor, the increase of production taking two great forms,—one which involves no increase whatever in the materials derived from the soil; the other in which the increased demand for land falls short, generally far short, often almost infinitely short, of the increased demand for labor.

Let us look around. I have cited one in-

stance, that of the use made in the mill of a pound of cotton, manufactured successively into fabrics worth, perhaps, 20 cents a pound, then 30, then 50, then \$1.00. This is not an extreme case.

Here is the rude furniture of a laborer's cottage, worth perhaps \$30. The same amount of wood may be made into furniture worth \$200 for the home of the clerk, or into furniture worth \$2,000 for the home of the banker. The steel that would be needed to make a cheap scythe worth 80 cents may be rendered into watch-springs, or surgical or philosophical instruments worth \$100 or \$200. The actual material derived from the soil which would go into a picture by a master, worth thousands, makes a smaller draught upon the productive essences of the soil than a chromo of the Prodigal's Return, sold from a cart for \$2, frame included. These are, of course, extreme cases, taken purposely, with a view to show briefly and graphically the range of values that may be produced in dealing with the same quantity of material drawn from the soil. That range, however, is always great as applied to almost any class of expenditures. A gentleman of means goes to Delmonico's, and pays \$2, \$3, or \$5 for a dinner which makes no

heavier drain upon the productive essences of the soil than a dinner of corned beef and cabbage for which a laborer pays 25 cents. A part of the difference between the prices of the two dinners, to be sure, represents the cost of an expensive business "stand" on Fifth Avenue ; but by far the greater part represents service of one kind or another, at one stage or another, in making the dishes exquisite in appearance and flavor, in serving them neatly and elegantly with all the appliances of taste and fashion. Our gentleman, before dining, had perhaps been measured for a pair of boots, for which he was to pay \$12 or \$15, yet containing no more leather, and so making no more draught upon the productive essences of the soil, in the way of nourishing the animal from which the leather was cut, than the laborer's \$3 pair of "stogies;" he had also ordered a suit of clothes for \$60 or \$75, at his tailor's, no thicker, no warmer, containing no more fibre, than the laborer's \$15 tweeds. In all these cases (and they fairly represent the facts of personal consumption in modern society) the main cause for the excess of value in products of higher price is not the use of a larger quantity of material, involving a greater demand or drain upon the

productive essences of the soil, but the application of *more labor* to the same quantity of material.

In contradiction, then, of Mr. George's proposition that the entire effect of an increase of production is expended in raising rents, neither wages nor the interest of capital deriving any gain whatsoever therefrom, rent indeed absorbing the entire gain, "and more than the gain," we have seen, —

1. That an increase of production *may* enhance the demand for labor equally with the demand for land.

2. That, in fact, in those forms of production which especially characterize modern society, the rate of enhancement of the demand for labor tends to far exceed the rate of enhancement of the demand for land.

3. That an increased demand for the production of wealth may, and in a vast body of instances does, enhance the demand for labor without enhancing the demand for land in any, the slightest degree, the whole effect being expended in the elaboration of the same amount of material.

4. We have now only to show, in the fourth place, that, instead of all improvements and in-

ventions increasing the demand for land, as Mr. George declares, some very extensive classes of improvements and inventions actually operate powerfully, directly, and exclusively in reducing the demand for land, — we have, I say, only to show this, to convict this would-be apostle of a new political economy and a regenerated humanity, of the grossest incompetence for economic reasoning. This it will be easy to do.

By far the larger proportion of all improvements and inventions fall naturally under one or another of three great classes, — first, those which affect manufacturing industry; second, those which affect transportation; third, those which affect the cultivation of the soil.

Of these three classes it has always been admitted by economists that the first tends to enhance the demand for land, and thus to raise rents, although not necessarily, or indeed usually, without also enhancing the demand for labor and capital, and thus raising wages and interest. The two remaining classes of improvements and inventions tend directly, and indeed operate exclusively,¹ to reduce the demand for land, leaving, thus, the whole advan-

¹ “Irrespective of the increase of population,” to use Mr. George’s own voluntary qualification.

tage of such improvements and inventions to be acquired by either labor or capital, or, in one proportion or another, by both labor and capital, in enhanced wages or interest.

And, first, of improvements in transportation. I need not waste time in calling to mind the mighty strides which invention has made, during the past fifty years, in this direction, substituting for the sailing vessel of 400 tons, which carried its petty cargo of wheat in forty or sixty days from New York to Liverpool, the steamship of 5,000 tons, which makes the passage in nine days or twelve; substituting for the tedious wagon carriage which in forty or fifty miles, perhaps in twenty or thirty only, ate up the whole value of the freight,¹ carriage by steam cars, drawn on steel rails, which, allowing for transport from Dakota to New York, leaves enough of the value of the freight to pay for the ocean passage and for the support of the producer upon those distant plains. Add the telegraph and the fast mail, for trans-

¹ The enormous and speedily destructive cost of wagon carriage may be seen in the fact, recited by Professor Roscher, that, according to the instructions of the Royal Saxon Commission, the cost of hauling manure is assumed to be 10 per cent higher for a distance of 250 rods, and 20 per cent higher for a distance of 500 rods.

mitting orders and transacting sales, and one will hardly question the assertion that the greatest of all the classes of improvements and inventions effected within the last half-century, has been that which relates to transportation.

Is it the effect of improvements of this class to enhance rents? Absolutely and exclusively the reverse. Whatever quickens and cheapens transport, acts directly in the reduction of rents,¹ and cannot act in any other way, since it throws out of cultivation the poorer lands previously in use for the supply of the market, enabling the better soils at a distance to take their place, thus raising the lower limit, or, as it is called, the "margin" of cultivation, and thus reducing rents.

But, secondly, take the case of agricultural improvements and inventions. Here the effect upon rents is not so simple or direct; but it is not the less certain in the result. The case cannot be better stated than in the language of Mr. Mill, which I will quote at length.

After premising that improved processes of agriculture are of two kinds,—one consisting of those which do not increase the produce, but diminish the labor and expense by which that

¹ See *ante*, pp. 23–26.

produce is obtained, such as the improved construction of tools or the introduction of new instruments which spare manual labor, like the winnowing and threshing machines; the other class consisting of those improvements which enable the land to yield a greater absolute produce without an equivalent increase of labor, such as the disuse of fallows by means of the rotation of crops,—the introduction of new vegetable species, either of a nature to “rest the land,” in alternation, by calling upon the soil for different properties, or of a nature which enables them to afford a greater amount of subsistence for men or animals in proportion to the draught made upon the land,—the introduction of new and more powerful fertilizing agents or a better application of familiar manures,—inventions, too, like subsoil ploughing or tile-draining, etc.,—Mr. Mill says, “BY THE FORMER OF THE TWO KINDS OF IMPROVEMENT, RENT WOULD BE DIMINISHED; BY THE SECOND, IT WOULD BE DIMINISHED STILL MORE.”

The following is Mr. Mill's demonstration of these propositions: “Suppose that the demand for food requires the cultivation of three qualities of land, yielding, on an equal surface, and at an equal expense, 100, 80, and 60 bushels of

wheat. The price of wheat will, on the average, be just sufficient to enable the third quality to be cultivated with the ordinary profit. The first quality, therefore, will yield 40 and the second 20 bushels of extra profit, constituting the rent of the landlord.

“And, first, let an improvement be made, which, without enabling more corn to be grown, enables the same corn to be grown with one fourth less labor. The price of wheat will fall one fourth, and 80 bushels will be sold for the price for which 60 were sold before. But the produce of the land which produces 60 bushels is still required, and, the expenses being as much reduced as the price, the land can still be cultivated with the ordinary profit. The first and second qualities will, therefore, continue to yield a surplus of 40 and 20 bushels, and corn-rent will remain the same as before. But, corn having fallen in price one fourth, the same corn-rent is equivalent to a fourth less of money, and of all other commodities.

“If the improvement is of the other kind, rent will fall in a still greater ratio. Suppose that the amount of produce which the market requires, can be grown not only with a fourth less of labor, but on a fourth less of land.

If all the land already in cultivation continued to be cultivated, it would yield a produce much larger than necessary. Land equivalent to a fourth of the produce must now be abandoned; and as the third quality yielded exactly one fourth (being 60 out of 240), that quality will go out of cultivation. The 240 bushels can now be grown on land of the first and second qualities only; being, on the first, 100 bushels plus one third, or $133\frac{1}{3}$ bushels; on the second, 80 bushels plus one third, or $106\frac{2}{3}$ bushels; together, 240. The second quality of land, instead of the third, is now the lowest, and regulates the price. Instead of 60, it is sufficient if $106\frac{2}{3}$ bushels repay the capital with the ordinary profit. The price of wheat will consequently fall, not in the ratio of 60 to 80, as in the other case, but in the ratio of 60 to $106\frac{2}{3}$. Even this gives an insufficient idea of the degree in which rent will be affected. The whole produce of the second quality of land will now be required to repay the expenses of production. That land, being the worst in cultivation, will pay no rent. And the first quality will only yield the difference between $133\frac{1}{3}$ bushels and $106\frac{2}{3}$, being $26\frac{2}{3}$ bushels instead of 40. The landlords collectively will have lost

33½ out of 60 bushels in corn-rent alone, while the value and price of what is left will have been diminished in the ratio of 60 to 106½.”

Surely there can be no need to pursue the subject. I think we may conclude that we have nothing to learn from Mr. George about either land or rent, but that we may safely go back to our old teachers, Ricardo, Senior, and Mill.

The true economic law of rent was correctly apprehended, fully stated, and clearly illustrated by the great economist who has given his name thereto. The attempts of Messrs. Bastiat¹ and Carey² to overthrow that doctrine have completely failed to shake a single pillar in the majestic structure of Ricardo's argument.

The application of that principle, with however much of laxity or severity,³ to the various grades of soil contributing to the supply of any market, will always make rent a most important element in the distribution of wealth. The labored efforts of M. Leroy-Beaulieu⁴ to disparage rent, by proving that the landlord's share is destined soon to disappear as an element in the distribution of wealth, can com-

¹ See *ante*, pp. 57-75.

² See pp. 75-108.

³ See pp. 42-51.

⁴ See pp. 109-120.

mand little conviction in the face of the fact stated by Sir James Caird, that the cost of importation from the American wheat-fields, in spite of all the vast inventions and discoveries of the past fifty years in the arts of transport, still affords a natural protection to English corn-lands equal, on the average, to 40 shillings an acre.

On the other hand, the extravagant assertions and passionate declamations of Mr. George avail just as little to establish his view of the overwhelming importance of rent, as a factor in the distribution of the joint produce of land, labor, and capital, among the several classes taking part in its production.

The relations of the land to labor and to capital, in the distribution of wealth, are very nearly what we have heretofore been accustomed to consider them to be, — what our old masters taught us they were. Thus far, at least, there has been little to learn from the prophets of a new economic dispensation.

