

GEORGE'S IDEAS IN DEBATE

Henry George, Emile de Laveleye, and the Issue of Peasant Proprietorship

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ABSTRACT. In Emile de Laveleye's demonstration that communal landholding was universally a characteristic of primitive societies, Henry George saw evidence of a golden age before the development of private ownership of land. Though he agreed with George that unequal access to land was a major cause of the social evil of poverty, de Laveleye did not consider it the sole cause of poverty. Where George would nationalize land rent, de Laveleye would make private ownership more widespread; and he faulted George for giving too little attention to the question of how government would use the revenue from a land tax, and for failing to consider the concentration of capital as a cause of poverty.

I

Introduction

ROBERT ANDELSON timed the first edition of *The Critics of Henry George* to celebrate the centennial of *Progress and Poverty*. The appearance of a second and enlarged edition a quarter of a century later was testimony to the growing interest in reexamining the debates between George and his critics. All who are interested in Henry George and who wish to learn about the reception that his work received can be grateful to Dr. Andelson for bringing together in one set of volumes these critiques of George by significant and influential writers on the land question.

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This paper discusses one of those critics, Emile de Laveleye, a man who studied the land question as carefully as did Henry George, who provided some of the important evidence upon which George based his conclusions, who saw much to praise in George's work, and who was in considerable, though not complete, agreement with George on the importance of the land question to the social problem of poverty. However, de Laveleye differed with George on the solution to the problem and on the roles of capital and government. De Laveleye was an informed and careful critic, and his analysis can contribute to understanding George's proposals and to evaluating their application in the 21st century.

II

Primitive Property

EMILE DE LAVELEYE (1822–1892) was a Belgian scholar and professor of political economy at the University of Liege. He was a contemporary of Henry George, and his major work was, like George's, a study of the land question. His most famous book, *De La propriété et de ses formes primitives*, was published in 1873. The English translation by G. R. L. Marriott appeared in 1878, with the title *Primitive Property*. It is an investigation, across all the continents, of the early forms of property in land. The two men were familiar with each other's work. In *Progress and Poverty* George quoted from *Primitive Property*¹ and from an important paper that de Laveleye had given at London's Cobden Club.² Within a year of the publication of *Progress and Poverty*, de Laveleye had written a review of that book, and in 1882 he wrote a 21-page critique in the *Contemporary Review*. Both men explored the relationship between the distribution of land and the social evil of poverty. Both were convinced that the root of that evil was to be found in humanity's unequal access to land.

De Laveleye's studies led him to conclude that the form of private property familiar to us today is a recent development, that in every society's past the soil was held in common by communities bound by kinship. A characteristic of this communal land holding was that the period of time for which an individual had exclusive use of a plot of

land was limited, usually to a few years, at the end of which time land was redistributed among the members of the commune. But:

notwithstanding the periodic partition of lands, it is always to the advantage of the cultivator to till it well, as he alone takes the harvest, be it good or bad. This practice, therefore, strange as it appears, does not prevent the usufructuaries giving the soil good manure and proper dressings. (1878: 30)

A parallel passage from *Progress and Poverty* illustrates how fully George and de Laveleye agree that private property in land is not a necessary condition for production. All that is necessary is the right to the fruits of one's labor.

What is necessary for the use of land is not its private ownership, but the security of improvements. It is not necessary to say to a man, "this land is yours," in order to induce him to cultivate or improve it. It is only necessary to say to him, "whatever your labor or capital produces on this land shall be yours." Give a man security that he may reap and he will sow The ownership of land has nothing to do with it. (1992: Book VIII, Ch 1:398)

As the Russian *mir* testified, communal holding of land had not completely disappeared by the late 19th century. De Laveleye wrote that:

Slavophiles boast of these [communal] institutions as peculiar to their race, and assert that they must secure its supremacy, by preserving it from the social struggles which are destined to prove fatal to all Western States. Now, however, it can be proved,—and we shall here endeavour to prove,—that these communities have existed among nations most distinct from one another,—in Germany and ancient Italy, in Peru and China, in Mexico and India, among the Scandinavians and the Arabs—with precisely similar characteristics. When this institution is found among all nations, in all climates, we can see in it a necessary phase of social development and a kind of universal law presiding over the evolutions of forms of landed property. (1878: 2–3)

When Roy Douglas wrote a chapter on de Laveleye in *The Critics of Henry George*, he titled him "A Critic Ripe for Conversion." These passages from the two authors illustrate why Douglas and other writers might have thought de Laveleye almost a full Georgist. Certainly, George and de Laveleye agreed on the *importance* of the land question. And de Laveleye's view of the consequences that must befall a society that did not solve the land problem is no less apocalyptic than anything George wrote.

The destiny of modern democracies is already written in the history of ancient democracies. It was the struggle between the rich and the poor which destroyed them, just as it will destroy our liberties, unless we guard against this danger. The ancient legislations did not fail to recognize the fundamental truth, so constantly repeated by Aristotle, that liberty and democracy cannot exist without equality of conditions. (1882: 804)

In all of this, de Laveleye appears to be a sharer in the Georgist creed, but what he says next explains why Douglas describes him as in *need* of conversion:

To prevent insurrections and revolutions, it is therefore necessary that every citizen should have some property. . . . Montesquieu, summing up the doctrines of the ancients, reiterates again and again that equality of property is the only basis of democracy. (1882: 805)

Douglas and other writers, such as Barker, express surprise that de Laveleye, who is so right about the question, should be so wrong about the answer. How could a scholar so much in agreement with George on the nature of the problem be so misguided as regards the nature of the solution? Part of the explanation is that George and de Laveleye drew significantly different lessons from the latter's survey of primitive societies. In Book VII, Ch. 4, George wrote:

the investigations of such men as Sir Henry Maine, Emile de Laveleye, Professor Nasse of Bonn, and others, into the growth of institutions, prove that wherever human society has formed, the common right of men to the use of the earth has been recognized, and that nowhere has unrestricted individual ownership been freely adopted. (1892: 370)

George sees the disturbance of these primitive arrangements as the great injustice and the source of all social evil, but de Laveleye calls the primitive property arrangements "a phase of social development." A few years later, in *"Progress and Poverty: A Criticism,"* he would write:

but if private property has gradually everywhere replaced collective possession, it must present some advantages, and indeed so soon as improved culture necessitated the employment of capital on land, private and perpetual property became the natural and necessary reward of those labours. (1882: 798)

To the Georgist, this is heresy.

III

Peasant Proprietors

THOUGH DE LAVELEYE agreed with George that the cultivator does not require permanent property in the land in order to have an incentive to *till* the soil, he might require it as an incentive for long-term investment:

What periodic partition does prevent, in great measure, is permanent and costly improvement, which a temporary possessor will not execute, as another would reap the profits. It is in this respect that the village community is evidently inferior to individual property. In all western Europe we have to admire the marvels accomplished by private ownership: while, in Russia, agriculture abides by the processes of two thousand years ago. (1878: 30)

De Laveleye saw communal holding of property as *only one phase* in the development of society, to be succeeded by private property when the latter system becomes the more efficient of the two. One of the developments that will bring this about is the addition of significant capital to agriculture, lengthening the time necessary for the tiller to harvest the fruits of his or her improvements to the soil. Of course, if the value of the improvements can be separated from the value of the land, then it is possible for the tiller to have private ownership of the one without private ownership of the other. In the time of George and de Laveleye such an arrangement was well known in part of Ireland. There, the "Ulster Custom," enjoyed by Protestant tenants in the north, recognized the tenant's rights to fair rent, fixity of tenure, and free sale of improvements. The reform begun by Prime Minister William Gladstone's Irish Land Bill, which de Laveleye praised, was an extension of these "Three Fs" to the rest of the country. In practice, recognition of these tenants' rights created a system of "dual ownership," effectively giving the tenant occupancy in perpetuity, as long as the rent was paid, and the power to sell that right of occupancy. The landlord retained the legal title and the right to receive a rent, but the tenant could appeal that rent if he considered it unfair, and the land courts did regularly reduce rents. The dual ownership system in Ireland lasted only a short time, for Gladstone's reform also made provisions for

tenant purchase of land. These provisions were expanded by subsequent legislation, and within a few decades a population of tenants had become a population of peasant proprietors.

There is a second factor leading to the development of private ownership. The communal landholding described by de Laveleye is kinship based, but in the state of society where most economic transactions occur between strangers, rather than between kin, individual ownership may be more efficient than communal ownership, just as money is more efficient than other forms of promises between strangers.

Thus, while de Laveleye saw the transition from communal to individual ownership as an efficient step in the development of society, George saw it as a decline. Another instance where the two men drew different lessons from the same event is illustrated by George's quotation, in *Progress and Poverty*, of a passage from *Primitive Property* that describes the situation of Flemish farmers, small landowners themselves, who rented out a part of their land.

The tenant, although ground down by the constant rise of rents, lives among his equals, peasants like himself who have tenants whom they use just as the large landholder does his. His father, his brother, perhaps the man himself, possesses something like an acre of land, which he lets at as high a rent as he can get. In the public house peasant proprietors will boast of the high rent they get for their lands, just as they might boast of having sold their pigs or potatoes very dear. Letting at as high a rent as possible comes thus to seem to him quite a matter of course, and he never dreams of finding fault with either the landlords as a class or with property in land. His mind is not likely to dwell on the notion of a caste of domineering landlords, of "bloodthirsty tyrants" fattening on the sweat of impoverished tenants and doing no work themselves; for those who drive the hardest bargains are not the great landowners but his own fellows. Thus, the distribution of a number of small proprietors among the peasantry forms a kind of rampart and safeguard for the holders of large estates, and peasant property may without exaggeration be called the lightning conductor that averts from society dangers which might otherwise lead to violent catastrophes.

The concentration of land in large estates among a small number of families is a sort of provocation of leveling legislation. The position of England, so enviable in many respects, seems to me to be in this respect full of danger for the future. (1992: VI, 1, 326-327)

George then says: "To me, for the very same reason that M. de Laveleye expresses, the position of England seems full of hope." That is, George expects that the extreme concentration of private land ownership in England is so objectionable that it must soon be rejected in favor of social ownership. "An equal distribution of land is impossible, and anything short of that would be only a mitigation, not a cure, and a mitigation that would prevent the adoption of a cure" (1992: VI, 1, 326-327).

But that "mitigation" is precisely the cure that de Laveleye espoused. Referring to this passage in his *Contemporary Review* article, de Laveleye remarks that:

I cannot admit that a more general distribution of land would not ameliorate the condition of agriculturalists. In support of his theory Mr. George does me the honor of quoting what I wrote in the Cobden Club volume . . . that small Flemish [tenant] farmers were far more rack-rented than the tenants of English landlords, even in Ireland; but this, of course, does not apply to small proprietors who have a share in all the advantages that economic progress may bring to the possessors of the soil. (1882: 796)

A few pages before the long passage quoted by George, de Laveleye had written: "As a rule peasant property is an excellent thing wherever the proprietor is himself the cultivator" (1881: 475). Heresy again.

Were "an equal distribution of land" possible, we expect might that George would see it as a means to assure the just distribution of land rent. In the ideal arrangement, the land would be divided among households in such a way that every household would capture the same share of economic rent. In such a society, the total income of a household would consist of wages and rent. To the extent that a household would "exploit" itself by charging a rack rent to its own labor, it would also enrich itself by increasing its rental income. Clearly, the division between rental income and labor income would be meaningless. An analogous situation today is the sole proprietorship, where it makes no difference whether the net income is called the owner's wage or the owner's profit. Either way it is the income of the same person.

Of course, the world is not described by this ideal arrangement, nor is everyone engaged in agriculture or extractive industries. In the

developed countries, the majority of the population is urban, and in the developing countries, the proportion of the population that lives in urban areas is steadily increasing. Absolute equality of ownership in land is, as George said, an impossibility, but is it possible to have the ownership of land distributed in such a way that the resulting distribution of rental income would reach some acceptable level of equality? And can the acceptable level of equality be something less than perfect equality?

Henry George explicitly argued that the answer to both questions is "no." But the equality of ownership espoused by de Laveleye would be only a means to an end. The purpose of equality of ownership would be to assure that everyone would receive an equal share of rent. It is equality of rental income, not equality of ownership, that is the objective. But the land tax itself would also be only a means to an end. The choice between private and social ownership should be based on which is the better instrument for achieving equal sharing in rent.

George wrote less about de Laveleye than de Laveleye wrote about George. In a letter dated February 17, 1880, George wrote to Dr. Taylor:

I got yesterday the first European notice of our book. It is in the Parisian "Review Scientifique" signed by Emile de Laveleye. I got Phil Roach to translate it for me. It is first class—says the book has instructed him and led him to think, indorses substantially the whole programme; says the chapter on Decline of Civilization is worthy of being added to "DeTocqueville's immortal work, etc."³ (Barker 1955: 331)

Certainly, there was much in *Progress and Poverty* that de Laveleye approved, and there was much that he praised in his long commentary on the book in 1882, but there were significant disagreements as well. Charles Albo Barker summarizes the 1982 critique:

This time the Belgian scholar shifted the weight of his comment away from the earlier degree of approval; he made a pretty evenly balanced series of observations *pro* and *con*. The socialist in him found many faults with George's pro-capitalist ideas; with the book's justification of interest and other rewards to Investment, with what Laveleye called George's exaggeration of the increment of land values (even in California), and with his under appreciation of the profits taken in mining lands by reason of capital

monopoly (apart from site monopolization) . . . and he repeated his original counter-proposition, that the best land reform would be lease tenures from the state. (Barker 1955: 385)

IV

The Role of Government

PUTTING ASIDE the matters on which George and de Laveleye agree, and the less significant of the items on which they disagree, there are three essential matters on which their opinions diverge. These are the role of government; the question of whether unequal access to land is the *sole* cause of social misery; and the growing importance of capital—the last two of these matters being sides of the same coin. De Laveleye is a supporter of a tax on land, but he does not consider it a panacea:

While willing to admit the advantages of the tax-rent, which Mr. George so ably explains, I do not see in it the complete solution of the social problem. In the first place Mr. George does not sufficiently consider the important question as to what use the revenue thus placed at the disposal of the state would be put to . . . If the revenues be expended fruitlessly by the state the situation becomes worse instead of better. (1882: 800)

Douglas contends that George provided a sufficient rejoinder to this objection in such sections as Book VI, Ch. 4, though George's discussion of government in a land tax regime is mostly a listing of what government will no longer need to do.⁴ George assumed that rent properly collected would be rent properly distributed, and he stated his confidence that if all rent were to be collected by government, then government would provide its services in such a way that all persons would be equal sharers in these benefits. His confidence in the ability of government to achieve a just distribution of land tax revenue is in strong contradiction of his general disparagement of government motives and actions. In Book VI, Ch. 1, Section I, he explains why greater economy in government and reduction of government expenditures, though it would reduce the tax burden on those who live by their labor, would not improve their lot. And in Section VI of that chapter he argues against increased government interference in the economy, in other words, socialism, as contrary to the individual liberty that is essential for the life and development of society.

George's criticism of government extends beyond a condemnation of other taxes, and a selection of passages from Book VIII, Ch. 4 illustrates his contradictory attitude toward government:

Indirect taxes are largely raised from those who pay little or nothing consciously. In the United States the class is rapidly growing who not only feel no interest in taxation, but have no concern in good government.

But it may be asked: "If the tax on land values is so advantageous a mode of raising revenue, how it is that so many other taxes are resorted to in preference by all governments?"

The answer is obvious: The tax on land values is the only tax that does not distribute itself. It falls upon the owners of land, and there is no way in which they can shift the burden upon anyone else. Hence, a large and powerful class is directly interested in keeping down the tax on land values . . .

The ingenuity of statesmen has been exercised in devising schemes of taxation which drain the wages of labor and the earnings of capital as the vampire bat is said to suck the lifeblood of its victim.⁵

Why should so untrustworthy a system of government be entrusted with the stewardship of humanity's patrimony? If legislators design taxes with an eye to their own benefit, will they not design expenditure programs out of the same selfish interest? De Laveleye makes a very modest statement of his reservations when he claims that George "does not sufficiently consider the question as to what use the revenue thus placed at the disposal of the state would be put to" (1882: 800).

Government is much larger now than it was in 1879, and rent-seeking behavior is ubiquitous. Public choice theory only confirms the description of "statesmen" as self-seekers that George expressed in *Progress and Poverty*. De Laveleye proposed the division of power by distributing rent among many self-interested small proprietors. If, instead, the single tax concentrates control of the mighty engine of rent among a handful of those "ingenious statesmen" described by George, how is it to be assured that they will use this power for the common good?

V

The Importance of Capital

GEORGE WROTE that once the rent tax was in place, "of the wealth produced in every community . . . [o]ne part would be distributed in

wages and interest between individual producers, according to the part each had taken in the work of production" and "[i]n a condition of society in which no one need fear poverty, no one would desire great wealth—at least, no one would take the trouble to strive and to strain for it as men do now" (Book IX, Ch. 2). These lines are beautifully utopian, envisioning a world in which, though capital would be important to the production of wealth, no one would wish to accumulate any great amount of it, and thus a world in which accumulation of capital in the hands of a few can never lead to disparities of wealth and poverty:

I come now to the essential part of Mr. George's work. If misery and riches spread simultaneous, the cause, he says, is the defectiveness of the laws with regard to the distribution of property. . . . But I think that Mr. George is wrong in stating that this increase is the sole cause of the inequality of conditions. There is another, no less important,—viz., the constant increase of capital. One of the German "fathers" of scientific Socialism, Rodbertus-Jagetzow, proved beyond a doubt that the share of total production absorbed by capital increases as the means of production are improved, while the relative portion received by wages diminishes The immense fortunes amassed so rapidly in the United States, like those of Mr. Gould and Mr. Vanderbilt, now proverbial, were the results of railway speculation, and not of the greater revenues of value of land. (1882: 793–795)

Roy Douglas takes particular exception to the Gould-Vanderbilt example, arguing that those fortunes were amassed by acquiring land on which to build railroads and state monopolies to prevent competition, that "these fortunes were mainly built, not on the value of capital, but on the value of land, and on the value of state monopoly" (2003: 50). The use of this example recalls de Laveleye's criticizing George, quoted above by Barker, for his "under appreciation of the profits taken in mining lands by reason of capital monopoly (apart from site monopolization)." Perhaps the Gould-Vanderbilt fortunes demonstrated that great fortunes were no longer the result solely of large land holdings.

From his research, de Laveleye had concluded that the primitive mixture of capital and land led to the development of individual ownership. The enormous growth of capital in more recent times, he might have added, makes it impossible to separate the question of land from the question of capital. Though, in some quarters, Henry

George was called a socialist because he espoused the cause of the nationalization of land values, de Laveleye, himself a socialist, described George as a capitalist. He wrote that this matter of capital affected the very basis of George's economic theories, and he faulted George for failing to take account of the large and growing share of income absorbed in the form of interest and dividends. While George argued that the elimination of taxes on labor and capital would encourage the production of wealth, and de Laveleye agreed with this, the latter argued further that unless population is constant, wages would return to their former level and all the benefit would go to the state as an increase in revenue and to capitalists as an increase in interest and deposits.

VI

Conclusion

DE LAVELEYE concluded his critique of *Progress and Poverty* with these words: "In my opinion there is but one true cure for the social evil: it is individual property generalized and assured to all" (1882: 801). It would be a mistake to interpret the word "property" as meaning only land. For individuals in the developed countries, avoidance of poverty requires access to capital, and especially to human capital. Even in the developing countries, most of the population is no longer engaged in agriculture or extractive industries. As the work of Hernando de Soto has shown, for many people the most important factor in overcoming poverty is not access to land but access to capital.

De Laveleye's critique suggests two tasks for Georgists. The first is an articulation of the role of government. At present, land rent is captured by many individual property owners, some of whom capture very large shares, but most of whom capture modest amounts of rent. Among the latter are individual owners of homes and small businesses. The land rent tax would concentrate all of this economic power in the hands of government. George's explanation of how this would work is not adequate. Among the unanswered questions are the following: Will the federal, state, and local governments each have taxing power? How will land tax revenue be distributed among these levels? If the per capita level of rent is not the same in all regions, is

there to be an equalization mechanism? If land must not, in justice, belong to any individual, may it belong to a group of individuals, to those who live in a particular town or a particular state, or a particular country? If nothing less than an equal distribution of the rent is acceptable, how is this to be accomplished not only within but across political boundaries? George wrote that an equal distribution of property was impossible, and nothing less was acceptable. Is an equal distribution of rent possible, and if it is not, is anything less acceptable? These questions of how rent is to be collected and distributed are crucial to determining how the different governments will determine their expenditures. And then there is the issue raised by George himself, quoted earlier, that government is unreliable, that those in office will use their power to promote their own interests rather than the common good.

The second task suggested by de Laveleye's critique is a further exploration of the importance of capital. De Laveleye's analysis predicts that if rental income were distributed in accordance with George's vision, still poverty would persist because of the concentration of capital income. George did not give this adequate attention in his own analysis, yet it must be resolved by those who seriously propose George's policies in this century.

Notes

1. See George (1992: 371, 374) for direct quotations from *Primitive Property*. George quotes indirectly in a few other places.
2. See George (1992: 325–326).
3. I have not read this review, but perhaps George saw more praise in it than was there, for he was sometimes too ready to perceive acceptance of his ideas where it may not have existed. An example of this may be the value placed on a letter received from British Prime Minister William Gladstone acknowledging receipt of an author's copy of *Progress and Poverty*. "Gladstone, on one of his customary postal cards said (Hawarden, November 11, 1879): 'Accept my best thanks for the copy of your interesting work, which reached me to-day and which I have begun to examine. There is no question which requires a more careful examination than the land question in this and other countries, and I shall set great store on whatever information you may furnish under this head' " (1911: 323). Despite what Henry George or his disciples might choose to believe, this postcard from Gladstone is not evidence that *Progress and Poverty* was having an impact on British policy

making. It is a polite acknowledgment of the receipt of an unrequested book. In his diary, Gladstone described George's book as "impractical." Contrast this with the letter that Gladstone wrote on June 3, 1881, requesting that if the Cobden Club volume were out of print a new edition be published.

4. Nor would standing armies "long remain after the reversion to the old idea that the land of a country is the common right of the people of the country" (1992: 455). Elimination of standing armies assumes that all of a country's neighbors would recognize that the land of Country A belonged exclusively to the people of Country A and that people of Countries B, C, and so forth had no right to use it.

5. This is reminiscent of Karl Marx's statement that capital has a "vampire thirst for the living blood of labour" (quoted in Heilbroner 1999:155).

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