

LAND NATIONALIZATION.

by

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### I. Introduction.

1. The evils of the unequal distribution of wealth.

a. the terrible poverty of some classes.

b. the immense wealth of other classes.

2. Definition of Land Nationalization as a suggested remedy.

### II. Reasons for belief in its efficiency are:-

1. The increase in the proportion of rent to total production as population increases.

a. by appropriating this rent other taxes which burden production might be remitted.

b. by preventing speculation rent would be kept near the true economic rent and not infringe on the shares of labor and capital.

2. It would free many people of a more or less unpleasant dependence on others for an opportunity to labor.

3. The probability of bringing in a high degree of general comfort such as exists in countries where the owner and cultivator of the land are the same.

4. The removal of temptations incident to the existence of a class living in wasteful luxury.

### III. Reasons for doubting the efficiency of Land Nationalization

1. The effect of increasing population on rent.

2. Influence of monopolies in trade and transportation on distribution.

3. Difficulties in administration.

a. the difficulty of equitably determining the true economic rent.

b. uncertain knowledge of the extent to which rent

would take the place of other taxes.

c. opportunities for corruption and favoritism.

d. the length of time required to get the system into operation.

#### IV. Conclusion:

1. The justice of private ownership.

a. a study of the development of the present system of land tenure.

2. The real support of Land Nationalization merely the dream or wish of an idealist.

#### Bibliography.

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At no time in the history of the world has the product of human industry been so great as at the present. The fullest cooperation ever known and the ingenious machinery to be found in all branches of production applied to the almost limitless extent of natural resources make the work of the laborer more effective than ever before. Not only is production greater but the facilities for exchange were never so good as now. The most widely separated peoples have become neighbors commercially. Under such circumstances it is but natural that we should expect to find the misery and destitution so common among the lower classes during the middle ages, giving way to universal comfort.

But this is not the case. The poor have not become independent with the increase in the effectiveness of their labor. The squalor and misery in some of our cities today is so great that it seems impossible that a worse state ever existed. In these places twelve and fourteen hours of labor in a room where sunlight never strikes and fresh air is almost unknown for the smallest pittance which will keep them in existence is the daily lot of many. Many others while not so toil-burdened nor so poorly paid are unable to make any provision whatever for sickness or old age. To such as these the increase in their productive power seems a mockery and they look with envy and bitterness on that class so distinctively modern, a product of the last century, the class whose wealth is measured by millions.

The possessors of these colossal fortunes are, many of them, men who seem to have nothing to do but spend the wealth they have secured. They build grand palaces such as the despots of olden times with the wealthy <sup>of</sup> empires behind <sup>them</sup> never equaled in

magnificence:they have servants in greater numbers than ancient war barons had vassals:merely to outdo their fellows they give feasts whose cost makes the banquet of Cleopatra, where she drank dissolved pearls, seem cheap.

Such wasteful extravagance is productive of nothing but evil results. The man who is unable to attain a competence, even though industrious and frugal and the one who can barely eke out an existence, both feel envious and bitter toward the ones who waste what would mean independence and comfort to them. This bitterness in many instances leads to a hatred of anyone who happens to be in more comfortable circumstances, the acts of a few being charged against a class. Sometimes in the more extreme cases dishonesty and criminal offenses have been traced directly to the feeling of unjust treatment caused by the unequal distribution of wealth. The idea that such great inequality is unjust has led many men to try and devise some scheme whereby the fruits of production might be more equitably distributed. One such scheme is called Land Nationalization.

The advocates of this system see in it a remedy for nearly all our social evils, for if once all men were made comfortable and no one could obtain such quantities of wealth as are now wasted, all temptation to commit crime would be removed and there would be no more necessity for prisons and almshouses. Were each man to receive all he produced all forms of production would receive a new impetus and everything would move toward the highest that man can hope to attain.

The means by which the supporters of this system would bring all these things to pass is some method or other of securing to the common government the full amount of the true

economic rent of all land. There have been two methods suggested by which this end might be attained. One of these is the total confiscation of land, the proprietors to be reimbursed for the improvements on the land and during their lives for the annual rent, then the government to let the land to whomsoever needed it, giving preference to the present occupiers. The other method is to determine the economic rent of the land and assess it as a tax against the present owners of the land.

The arguments given in support of the two methods are essentially the same, and are given in the following paragraphs.

As population increases and the margin of cultivation is forced downward unless a large amount of the lower grade land is suddenly brought into use the rise in rent causes rent to increase in proportion to the amount of wealth produced, as well as in absolute value. Since the population is steadily increasing rent will in time become greater than any other factor in distribution. When this becomes the case many will receive much more than their fair share of wealth, because the payment of rent is not a reward for something done or saved but a payment for the use of natural resources which belong to the whole people. Hence if the state takes rent as a tax or as a rent it is merely claiming what by right is due it. This, of course, would afford the state considerable income from a source from which at present it derives very little. This being the case the taxes now levied on various forms of productive industry might be taken off, thus stimulating the production of wealth for the workers.

When it is known that all increase in rent will go to the common government, the speculation in land which forces the margin of cultivation below its normal limit would at once cease, since it could no longer be profitable. The raising of this

artificial depression would increase the share of labor greatly and that of capital to some extent, for where cultivation is below the true margin the difference between this and the one in use must be paid from the shares of labor and capital. As no one cares to save capital unless he gets a reasonable interest for its use the share of capital is but little affected, but labor, which must have employment whether properly recompensed or not, is the sufferer by this false depression of the margin of cultivation.

If no income beyond interest on the capital invested in improvements could be obtained from land, the large estates would be broken up and opened to the use of those who can use it best. Few would care to own or hold more land than enough for personal use. The parceling of the large holdings and the opening of speculative lands would make it possible for many people by becoming landholders to free themselves of the whims of employers and unions for an opportunity to labor.

Experience has shown that the best cultivation of the land is that where each cultivator controls the ground on which he labors. The increase in the number of small holders which the removal of land from the class of speculations and investments would bring about would thus be a step toward that form of occupancy which is most conducive to comfort and happiness. The Swiss are proverbially a thrifty and well-to-do people, and here every family is on a plot of ground which in many instances has been passed from father to son for generations. In some portions of France the same conditions prevail and here too, a high degree of general comfort is found. The people are strong, busy and happy, and though none are rich, yet none are poor.

Another thing which would tend to increase the contentment and happiness of the people if rent went to swell the income of the nation instead of individuals is the fact that the profligates who by their display of luxury embitter their fellowmen would no longer have the income which enabled them to command without an effort the labor of thousands. Since people are generally content with what they have until they see someone with more, if those who have been causing envy and discontent by their lavish display are brought to the same level as their fellows, happiness will be more general.

Briefly stated these are the arguments presented by those who see in this idea the thing necessary to prevent the owners of land becoming the virtual owners of the people who live on the land.

The arguments against it by those who see nothing in it to modify existing evils and think it a fruitful source of evil in itself will be briefly given in the following paragraphs.

That rent is the means by which so many obtain more than a proportionate share of the wealth produced is by no means clearly demonstrated. In the case of the largest fortunes it appears to be a factor of very little importance. Almost without exception the greatest fortunes have been builded by men who by some means or other secured a monopoly of some form of exchange or transportation. The monopoly of railroads has probably been the most fruitful source of unjust gains. Many times after securing a large fortune from this source the monopoly of some natural resource has been acquired and exploited mercilessly. The most successful examples of this sort of fortune building are the monopolies of oil and steel, and these are of such a nature that the system of Land Nationalization could scarcely be applied

to them, as will be shown later.

The claim that increasing population will increase rent, while true of agricultural lands is not always true of other lands. Where the greater number makes possible economies and uses before impossible the increase in population may expend itself in more complex processes without causing land of a lower grade to be brought into use. In a case like this rent would be unaffected since it is the excess produced by the best over the poorest land used for the same purpose.

The proposal to ease production of the burden of tax now imposed on it is open to two very serious objections. The first of these is the meagre knowledge we have of the actual amount of rent. Of course rent as it is spoken of in business is very different from economic rent, though the latter must come to be known by deducting the interest on the value of improvements from commercial rent. As there are no accurate figures to be obtained on the totals of rent even in a single district, it follows that estimates of the value of economic rent must be purely speculative and as such can hardly be taken as a basis on which to figure for the remission of taxes. The other objection is the length of time it would take to get the system into operation. Of course this would not be so serious an objection if the rent was to be collected as a tax, as it would if the nation was to take over the title to the land. In either case, however, before attempting the practical operation of the system it would be necessary to collect information in a much more complete manner and from sources of more difficult accessibility than that of our present census. At the present time the compilation of the statistics of the census requires five years after they have been taken and the same force is kept working

for the next five years to prepare for the succeeding census. In an age when development is proceeding as rapidly as in the present it is highly probable that by the time such statistics could be got into usable form they would be so completely out of date as to be unsuited to the purpose.

The difficulty of determining equitably the rent due from different grounds would be no easy thing to overcome. The standard to be used does not seem quite clear in some cases. If a sandbar whose agricultural value in any state of society would be nothing is taken by a skillful farmer and by the application of manures and fertilizers transformed into a fertile field as good as any nature has made, what would be his tax? Will he pay the same taxes as a man who occupies a piece of ground of equal fertility but which required no investment to render it so? If he is not taxed the same amount will not the fact that his improvements are perpetual and immovable give him practically a fee simple of the land? Yet if the state should not allow him the full return of his investment it would violate the right of a man to the fruits of his labor.

The question of rent for mineral lands would also be a vexing one, for these lands are not as other lands. Each year's use lessens their value and it is impossible to ascertain exactly the amount of this depreciation.

To hope for an equitable arrangement of matters of which so little is known is to hope against reason.

The system which would throw all or nearly all the taxation into a single form would not encourage honesty. At the present time taxes are in a number of forms, and yet the evasion of taxes is an evil of no small importance. Where to escape taxation it would be necessary to dodge only one tax it is

probable the practice would increase greatly. Under the method of government ownership and rental there would be other chances for fraud and bribery. A system of letting to the highest bidder would naturally be used, and if a man wished to secure his neighbors home all that would be necessary would be to outbid him and get the right appraisers appointed to estimate the value of his neighbor's improvements. At the present time the work of boards of appraisers is not such as inspires confidence in the justice of a method which would put more into their hands and there is no reason for believing that a change in the tenure of land would bring about a sudden improvement.

From the preceding paragraphs it will be seen that the things which were supposed to give support to the proposed system are either unwarranted assumptions or are counterbalanced by the possibility of their bringing in worse evils than the ones to be remedied.

The only thing which has not yet been spoken of is the fundamental idea of injustice of the system now in use. Perhaps this can best be answered by a study of the development of the present system of land tenure. In the beginning when hunting and fishing were the means of livelihood ~~of~~ all men the holding in common of all the land was natural. The hunt which must take note of boundaries and artificial separations is not the sort of hunt that can be depended on to yield the certain results which are desirable when the food supply depends on it. For this reason primitive man had no wish to own land. When he found that it was easier to procure food by caring for tame animals than by hunting for wild ones there was still nothing to make division of the land desirable. Later when people gathered together in villages and began the cultivation of small plots of ground the

crudity of implements and the necessity for protection caused them to still retain common ownership of land.

Soon however settlements became larger and more permanent, the methods and implements of cultivation became enough better so that men who found husbandry congenial were able to till plats of ground without the assistance of their neighbors. Further improvements in methods of cultivation made the possession of the land for more than one season desirable in order for the husbandman to get the full return of his labor. As the land for cultivation became scarcer or required more labor to fit it for use, as clearing away timber, removing stones, or work of this sort, the right of possession gradually merged into absolute ownership.

The prosperity of farming communities excited the cupidity of their neighbors with the result that plundering expeditions became frequent. As large communities under a weak central government could offer no effectual resistance to these forays the feudal system was evolved. Under this the central government apportioned the land among those whose prowess in battle had won them recognition. These men were to defend this land from invasion and in return were to receive payments of produce and service from the cultivators of the land who became tenants. It is doubtful if any were sorry to give up their right to the land with the almost certain plunder of their crops for the tenantry of ground where by making payments of part of their labor they could be sure of the enjoyment of the remainder.

The practice of holding tenants to the place where they were born and the exaction of unjust services finally made this system unbearable at the same time it destroyed the benefits which led to its institution. The spread of knowledge and a

growing spirit of cooperation made the continuance of these abuses beyond the power of the barons who held the land. Following this the discovery of America and the difficulty of conquest which led to the strengthening of the central governments by making them of general interest, led to the modification of the feudal system into that of today. At first each man secured a more or less doubtful title to as much land as he desired from some of the stronger governments. Then he secured as much of this land as he could defend from the attempts of other men or nations to take it from him. Later the amount the government would grant a title to, was reduced until near the amount which the labor of one man would cultivate.

Thus it will be seen that the principle which the advocates of Land Nationalization claim as the motive for their crusade is the very one on which private property in land is based. The principle that a man is entitled to the full fruit of his labor was responsible for the first holding of land for more than one season, and as has been shown, for the later development of the system of private ownership of land. The certainty of full possession of what he produced has always been the incentive for man to spend labor on improving the productiveness of land or in securing land to improve.

The march of progress, which is simply increase of productiveness, is due almost entirely to this system. No man of energy and ability would care to exert himself to open new fields of industry and production unless assured that he would receive a reward proportionate to the service rendered. The individual ownership of land is so far the best method that either experience or reason has shown.

That there are injustices being done in the use of land

no one will deny but that it is because of errors in placing the responsibilities of land owners and users, rather than the system of land tenure seems equally difficult of denial.

When an attempt is made to secure the return to a method long since tried and outgrown it should be on some more solid grounds than the hope of bringing about a dream of the distribution of wealth which exists only in dreams and the prophecies of those who believe in them. The support of the idea of Land Nationalization seems no more substantial than such a hope.