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The Menace of Nationalization

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THE federal government owns at least one-third of the total area of the United States and possessions. Unless this continuing acquisition stops, it may, within another generation or two, own the greater part. It now controls 48 per cent of California, 75 per cent of Arizona and 87 per cent of Nevada.

Some Georgists might assume that this is what Georgism stands for. Actually, however, it is most disturbing for this amounts to land nationalization. Henry George was opposed to the nationalization of the land and stated quite explicitly in *A Perplexed Philosopher*: "I am not even a land nationalizationist, as the English and German and Australian land nationalizationists well know. I have never advocated the taking of land by the state or the holding of land by the state, further than needed for public use; still less the working of land by the state."¹

With land nationalization comes a tendency for the state to work the land because the government cannot seem to prevent itself from improving land with some type of enterprise,

¹ *A Perplexed Philosopher*, p. 70

which it then operates. This is socialism. The government operates today 700 different enterprises in competition with private business. It is now the biggest producer of electricity, the biggest insurer and the biggest banker. The list of industrial activities in which it leads is sickeningly long. It has been estimated that 20 per cent of the nation's industrial capacity is on land controlled by the federal government. Probably much of this has come about indirectly through the issuance of bonds—a process which George inveighed against. The government continually issues bonds to make up its deficits, so the net result is that at least some of the land is, in effect, purchased by bonds.

You will recall that George's solution was "to make land common property."² What is meant by this? In the abstract it means that all men are equally entitled to any portion of the land, but does it mean that some governmental unit owns it, or does nobody own it?

He does say in *Protection or Free Trade* that "all we have to do is to
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² *Progress and Poverty*, p. 328

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treat the land as the joint property of the whole people, just as a railway is treated as the joint property of several owners."³ This apparently would place the government in charge of the railway's management. Title would rest with the people but the government would manage the land, not, of course, in the socialistic sense, but it would rent the land to the highest bidders.

At any rate it is quite clear that George did not advocate federal control of land to the extent where the government is in the position of being the biggest landowner in a nation of landowners. The land is not held merely in order to bring about an orderly disposal of it to the citizens, as seems to have been the sense in which it was held before the 20th century. At that time, when the government disposed of land it did so primarily on the basis of incentive. Land was given for the building of transcontinental railroads, and to homesteaders for a nominal fee to encourage settlement. It could hardly be said that the government sold land, merely that rules were set up for the utilization of the people's common property. Probably the best analogy is that it controlled the land much as the nations control the seas. The nations do not claim ownership of the oceans but make rules for their use.

Today, however, the federal government controls its land just about as a private owner does. It may permit or forbid entrance by the general public, and when it sells land, it usually does so at the going market rate. This does not mean that it will not treat the land at times as it did before the 20th century, for it sometimes does. However, by and large, the land is now not so much the public's domain

as it is the private property of the federal government.

To some it may be a matter of indifference whether the land is the government's property or whether it is the common property of the people. Probably this is based on the assumption that the government is *the people*. Government is, however, a group of individuals who have control of the coercive power of a nation. From a practical standpoint, a government consists of the politicians and the bureaucrats, who may or may not have been placed in power by the electorate.

One of the dangers therefore, of permitting the land to belong to government, is that eventually a subtle change in feeling may arise whereby it is felt that the land belongs solely to the top echelon. Ultimately, this echelon may seize the land as its private property, especially after socialistic operations result in negligible production. The rationale would be that production would improve under their private ownership. This may sound far fetched today, but Henry George himself indicated in *Progress and Poverty* the gradual transition of the property of Great Britain to private hands when feudalism ended. Not only were the commons enclosed and appropriated to individual ownership, but "the great estates of the church, which were essentially common property devoted to a public purpose (were) diverted from that trust to enrich individuals," and the "crown lands . . . mostly passed into private possessions, and for the support of the royal family and all the petty princelings who marry into it."⁴

This whole question is very tricky and yet it is important, for where it is improperly understood, one can easily drift into socialism, as Bernard Shaw did. Certainly the last thing desired is for the federal government to col-

³ *Protection or Free Trade*, p. 280

⁴ *Progress and Poverty*, p. 380

lect the nation's economic rent. Economic rent should be collected by the agency which is closest to the people—the borough, town or city. Only then can the people maintain effective control. If the federal government collects the rent, it will merely ape the sheiks who control the oil bearing lands of the Near East—squander it to keep the politicians and bureaucrats in power.

With the government controlling

so much of the land, it is growing into a Frankenstein which neither the individual citizens nor the states which gave it birth can control. Georgists should be the first to denounce the nationalization of land by the federal government for this constitutes a menace to individual freedom and is definitely not in accord with Georgist principles. The land belongs to the people and not to the government!

HELP HARTFORD CELEBRATE

Hartford planners are completing the pleasant details of the 17th annual conference of the Henry George School at the Statler-Hilton July 12-16. To insure ample spaces for social relaxation the hosts have arranged an informal dinner and reception for the opening day, Wednesday, June 12th; and Friday afternoon will be spent at an ocean beach following a shore luncheon.

Among the principal speakers will be E. C. Harwood of the American Institute for Economic Research, Great Barrington, Massachusetts, whose topic at the Saturday banquet will be "The American Crisis of the 1960's." Nathan Hillman will also speak on the banquet program in commemoration of the 25th anniversary of the Hartford extension.

Friday evening Steven Cord of New York will report on "Henry George and His Critics," and Glenn Hoover of Oakland, a well-known Georgist, will discuss "Frontiers New and Old." A former New York faculty member, Andrew P. Christianson, will preside at this meeting.

On Thursday, in response to numerous requests, W. Wylie Young (see HGN April, p. 1) will speak in detail about legislative progress in Pennsylvania, and Henry Cramer will bring welcome news of the Incentive Taxation movement in California. A panel discussion on money with Mitchell S. Lurio and Harry Gunnison Brown will be the feature on Thursday afternoon.

There will be the usual practical and helpful round table talks on current Henry George School activities, special reports from Georgist organizations, and a few interesting unscheduled events for those who are seasoned conference guests and know how to enjoy this wholesome interchange, to which they look forward year after year.

A complete conference program will be sent to all HGN subscribers to enable them to make reservations promptly.