

CHAPTER IV

PRIVATE OWNERSHIP THE BEST SYSTEM OF LAND TENURE

THE defense of private landownership set forth in the last chapter has been conditional. It has tended to show that the institution is morally lawful so long as no better system is available. As soon as a better system has been discovered, the State and the citizens are undoubtedly under some degree of moral obligation to put it into practice. Hence the important present question is whether this condition or contingency has become a reality. The only proposed and the only possible alternative systems are Socialism and the Single Tax. All other forms of tenure are properly classed as modifications of private ownership, rather than as distinct systems. Consequently the worth, and efficiency, and morality of private ownership can be adequately determined by comparison with the two just mentioned.

The Socialist Proposals Impracticable

As now existing and as commonly understood, private landownership comprises four elements which are not found together in either Socialism or the Single Tax. They are: security of possession combined with the power to transfer and transmit; the use of land combined with the power to let the use to others; the receipt of revenue from improvements in or upon the land; and the receipt of economic rent, the revenue due to the land itself, apart from improvements. In its extreme form, and as formerly understood by the majority of its authoritative expon-

ents, Socialism would take from the individual all of these elements or powers. The State, or the Collectivity, would own and manage all productive land and land-capital, and would receive and distribute the product. Consequently the cultivators of the land would be deprived of even that limited degree of control which is now possessed by the tenant on a rented farm; for the latter, though not a landowner, is the owner of a farming business, and of agricultural instruments of production. Under Socialism the users of the land would not receive the revenue either from improvements or from the land itself. They would be substantially employees of the community, receiving a share of the product according to some plan of distribution established by public authority. Land occupied by dwellings would likewise be owned and managed by the State, although its product, the benefit of its use, would necessarily go in the first instance to the occupier. In return for this benefit he would undoubtedly be required to pay some kind of rent to the State.

Now the majority of persons believe that this system of land tenure would be inferior to private ownership, both as regards individual welfare and social welfare. The reasons for this belief will be given in detail in the chapter on "The Socialist Scheme of Industry." For the present it will be sufficient to point out in a summary way that Socialism would be unable to organize and carry on efficiently all agricultural and extractive industries, either under one central direction or under many provincial authorities; that it could not adjust wages and salaries satisfactorily, nor give the individual worker an incentive as effective as the self-interest that goes with private ownership; that it would deprive the worker of a great part of the freedom that he now enjoys in the matters of occupation and residence; that it would leave to the consumer less choice in the demand for the products of land; that it would place all the people in a position of dependence upon a single agency for all these products; and that it would

make all land users, whether as workers or as residents, tenants-at-will on the property of the State.

From the nature of the case, none of the foregoing propositions can be demonstrated mathematically. Nevertheless they are as nearly evident as any other practical conclusions which are based upon our general experience of human nature, its tendencies, and its limitations. At any rate, the burden of proof is upon the advocates of the new system. Until they have assumed and satisfactorily disposed of this burden, we are justified in rejecting their prophecies, and in maintaining the superiority of private ownership.¹

To-day, however, many Socialists, possibly the majority of them in some countries, would reject the extreme form of land socialization discussed in the preceding paragraphs. "The nearest approach which Socialists have made to a *volte face* since Marx, has been in relation to Agrarianism. . . . Marx thought that the advantage of concentrating capital would be felt in agriculture as in other industries; but, in spite of a temporary confirmation of this view by the mammoth farms which sprang up in North America, it now appears very doubtful. . . . Recognition of this has led reformists to substitute a policy of actively assisting the peasants for the orthodox policy of leaving them to succumb to capitalism. Their formula is: 'Collectivize credit, transport, exchange, and all subsidiary manufacture, but individualize culture.' " ² The Belgian Socialist leader, Vandervelde, seems to prefer State ownership and management of the great agricultural industries which require large masses of capital for their efficient operation, such as dairying, distilling and sugar making, together with State ownership of the land thus used. Other lands he would have owned by the State, but cultivated by individuals according to a system of leasing and rent-paying.³

¹ Cf. Chapter xi.

² Ensor, "Modern Socialism," p. xxxi, N. Y., 1904

³ Idem, pp. 213-216.

By a referendum vote the members of the Socialist party in the United States recently amended their platform on land to read as follows: "The Socialist party strives to prevent land from being used for the purpose of exploitation and speculation. It demands the collective possession, control or management of land to whatever extent may be necessary to attain that end. It is not opposed to the occupation and possession of land by those using it in a useful and bona fide manner without exploitation."¹ As to land occupied by dwellings, perhaps the majority of Socialists would now agree with Spargo in the statement that, "so far as the central principle of Socialism is concerned, there is no more reason for denying the right of a man to own his own home than there is to deny him the right to own his hat."²

In so far as the foregoing modifications of Socialist proposals would allow the individual to own the land that he cultivates or occupies, they do not call for further discussion here. In so far as they combine State ownership of land with individual management of cultivation, they are subject to at least all the limitations of the Single Tax. To the latter system we now turn our attention.

Inferiority of the Single Tax System

Of the four leading elements of private ownership enumerated above, the Single Tax scheme would comprise all but one. In the words of Henry George himself: "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.* . . . In this way the State may become the universal landlord without calling herself so, and without assuming a

¹ Cited by Spargo, "The Substance of Socialism," p. 88, N. Y., 1909.

² *Idem.* p. 90.

single new function. In form, the ownership of land would remain just as now. No owner of land need be dispossessed, and no restriction need be placed upon the amount of land that any one could hold.”¹

Individuals would, therefore, still enjoy security of possession, the managerial use of land, and the revenue due to improvements. The income arising from the land itself, the economic rent, they would be obliged to hand over as a free gift to the State. As we have seen in a preceding chapter, this confiscation of rent by the State would be pure and simple robbery of the private owner. Suppose, however, that the State were willing to compensate individual proprietors with a sum equal to the present value, or the capitalized rent, of their land. In that case the only difference made to the individual would be that he could no longer invest his money in land nor profit by the increases in land values. While this would deprive some persons of advantages that they now enjoy, it would be beneficial to the majority, and to the community. Since no man would find it profitable to retain control of more land than he could use himself, the number of actual land users would be increased. The land speculator would disappear, together with the opportunity of making and losing fortunes by gambling on the changes in land values. Owing to the removal of taxation from the necessities of life and from industry, consumers would get goods cheaper, and some stimulus would be given to production and employment. Those monopolies which derive their strength from land would become weaker and tend to disappear. We are assuming, what is not true to-day, that the land tax would provide sufficient public revenue.

On the other hand, there would be certain and serious disadvantages. A considerable number of land users might permit their holdings to deteriorate through careless cultivation. To be sure, they would not find this a profitable course if they intended to remain on the land perma-

¹ “Progress and Poverty,” book viii, ch. ii.

nently; but they might prefer to exhaust the best qualities of a farm in a few years, and then retire, or go into some other business, or repeat the wearing-out process on other lands. Thus the community would suffer through the lowered productiveness of its land, and because of the lower rent that it would receive from all subsequent users of the deteriorated tracts. In the second place, the administrative machinery required to levy and collect the rent, and to apportion the different holdings among the competitive bidders, would inevitably involve a vast amount of error, inequality, favoritism, and corruption. For the land tax to be levied and collected would not be, as now, a fraction of the rental value, but the full amount of the annual rent. In the third place, cultivators would not have the inducement to make improvements which arises from the hope of selling both the improvements and the land at a profit, owing to the increased demand for the land. Perhaps the greatest disadvantage of the system would be the instability of tenure, with regard to both productive and residential lands. Owing to misfortunes of various kinds, for example, one or two bad crops, many cultivators would be temporarily unable to pay the full amount of the land tax or rent. It is scarcely conceivable that the State would remit the deficiency, or refuse to turn the land over to other persons on terms more advantageous to itself. Inasmuch as the value and rent of land would be continuously adjusted by competition, the more efficient and more wealthy would frequently supplant the less efficient and the less wealthy, even though the latter had occupied their holdings or their dwellings for a great number of years. Legal security of tenure, though theoretically the same as that enjoyed by the private owner to-day, would be much less effective practically. In this respect land users would be in almost as bad a case as renters are at present.¹

Our conclusion, then, is that private landownership is

¹ Cf. Walker, "Land and Its Rent"; and Seligman, "Essays in Taxation."

certainly better than extreme Socialism, or any form of Socialism which does not concede to the land user all the control that he would have under the Single Tax system, and that it is very probably superior to the latter. In making this comparison and drawing this conclusion, we have in mind private ownership, not at its worst nor as it exists or has existed in any particular country, but private ownership in its essential elements, and with its capacity for modification and improvement. If we were to examine carefully the results of private ownership as it obtained in Ireland for several centuries before the enactment of the recent Land Purchase Act, we should probably be tempted to declare that the most extreme form of agrarian Socialism could scarcely have been productive of more individual and social injury. Certain other countries present almost equally unfavorable conditions of comparison. Failure to note this distinction between the historical and the potential aspects of private landownership has vitiated many otherwise excellent defenses of the institution. It has provoked the retort that almost any plausible change would be an improvement upon private ownership as it has existed in this or that country. But these are not the real alternatives. The practical choice is between private ownership as shown by experience and reason to be capable of improvement, and some untried system which is subject to grave defects, and which at its best would be probably inferior to modified private ownership. An attempt to describe some of these modifications and improvements will be made in a subsequent chapter. In the meantime we content ourselves with the statement that private land ownership is capable of becoming better than Socialism certainly, and probably better than the Single Tax system. Consequently it is justified not merely so long as neither of these schemes is introduced, but as an institution which the State would do well to maintain and improve.