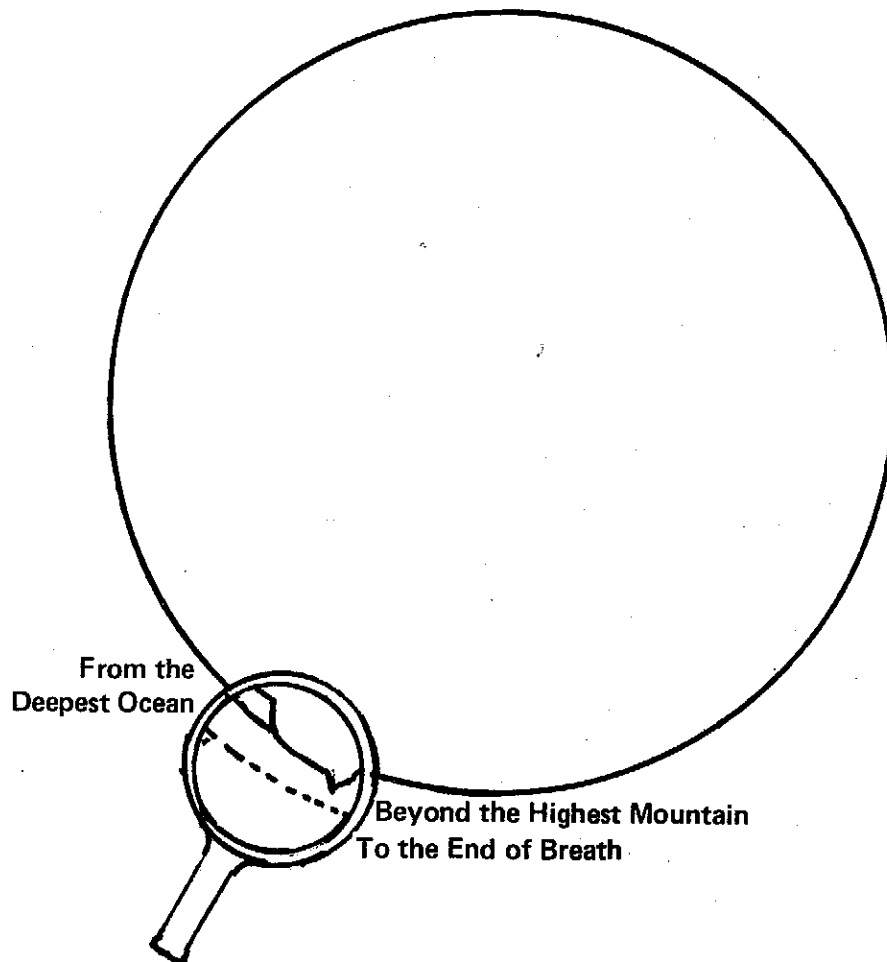


# Of Global Importance

THE BIOSPHERE — RING OF LIFE — MIRROR OF VALUES



**TO EACH THE VALUE CREATED**  
**Site Land Value to Each Society**  
**Plant and Animal Life of World Concern**  
**Extractive Land Value by World Knowledge**

A scientific study of the role of land in history

Chapters 1, 6, 7, 8, 9, 10, and 11 of a  
forthcoming book entitled *The Prime Principle*  
by

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## Foreword and Contents

This booklet includes seven chapters out of twenty-four (or more) in a book to be published, called *The Prime Principle*.

Following is the tentative chapter list. Note that

Chapter 15, "Latifundia in Gitche Gumee," dealing with extractive land values in the Upper Peninsula of Michigan, was published in 1974, along with Chapter 1, "Introducing the Prime Principle."

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In this increasingly complicated world, more and more men and women are becoming specialists in ever-narrower fields. Although present-day academic education supposedly scans all knowledge, it really does not. Many areas are missed entirely. This booklet, as well as my soon-to-be-published book entitled *The Prime Principle*, covers a field that has been missed in nearly all academic education today – Land Economics.

Because of this gap, or shadow in our knowledge, a generalist such as myself can, by using a narrow scanning process within the scientific method, become more knowledgeable in parts of certain specialized fields than the supereducated specialists themselves – that is, in the parts of the shadowland that they have missed. Some of these fields are Economics, Sociology, History, Political Science, Law, Ecology, Government, Anthropology, and Religion.

Not always, but usually, the specialist receives his narrow education in an inductive rather than a deductive manner. That is, he moves up the "pyramid" inductively toward a general principle in his particular field. Each field is loaded with facts, and as the student gathers specialized knowledge, he climbs inductively from each tier to the next more general one until he reaches the top of the pyramid. Along the way, he misses some general principles because of cultural directives: that is, orders from the culture not to look.

But the main reason for the specialist not having complete knowledge even in his own field is that he does not generally make enough use of the scientific method: that is, he does not use to a sufficiently high degree the basic step in the scientific method — making and testing hypotheses.

The hypothesis is a quick way of getting to the top of the pyramid to an assumed principle. Then, moving downward deductively, the scientist can save time by sorting out the facts, retaining only those that he needs.

By making hypotheses about what we think "exists" or about what we think is a repeating natural phenomenon, we narrow our search in one respect, but also enlarge it to cover an infinite universe. Science is like that. It, or rather the natural laws discovered and proved by scientific experiments, work at any place and at any time. Science has no political boundaries, no in-groups, no out-groups.

The first hypothesis I made in my search for a solution to man's socio-economic problems was not quite at the top of the pyramid. It started at the second tier down from the top, derived from Henry George's Single Tax on land values. (Many Single Taxers are still working on that tier, or on just part of that tier.)

From there, I went up one tier to the prime principle at the top of the socio-economic pyramid: "To each the value created." I derived this principle partly from my experiences in industrial engineering, and partly from my belief in Land Value Taxation.

My primary hypothesis was, and is, that all socio-economic action among men and the environment is automatically controlled to the extent that the prime principle is followed, and more specifically on the next lower tier, to the extent that Land Value Taxation is used.

The Chapter list for my book *The Prime Principle* tells the story of the places where I looked for evi-

dence of Land Value Taxation or its absence, and of course indirectly for evidence supporting the prime principle. Like reading a mystery story, I found it fun to search, and thrilling to see the clues appearing in areas where I had never been before. I went to written records, to books, and to the knowledge of specialists. Unknowingly, they had recorded data that I, knowing what to look for, found. And what I found was this: to the extent that Land Value Taxation was followed, the prime principle was served.

But the evidence of the negative effect of very low land value taxes (LVT) and the positive effect of slightly higher LVT does not come just from the United States. It comes from the entire world — not only from today but through time. It comes through the history of civilization's peaks and valleys — from wars for land and land's earnings. It comes from our obsolete and our retained beliefs, our institutions, our cultures. Land is in everything — even within our sacred scrolls and our beloved beliefs.

But if what I claim is true, why have not others drawn the same conclusions from this evidence — from these detailed facts? I have explained one reason: no one has made an hypothesis requiring a world-wide and time-wide search in so many fields of knowledge. And I have hinted at another reason: the Land Cultural Directive. Is man so conditioned that he is afraid to look? It was just a short five hundred years ago that men were afraid of the Inquisition. Today it is not fear of physical punishment but fear of ridicule. Let us consider a statement that Chairman Paul Douglas and three other members of the National Commission on Urban Problems made in their minority report to the Congress and to the President of the United States:

But what has fundamentally held back the spread of the idea has been the relatively wide diffusion of land ownership among the people of the community. We do not have the same concentration of ownership that prevails in Britain with its feudal remnants or in Latin America. Our homestead acts instead diffused the ownership of farm lands except in areas such as California. Some of this is now becoming urban and suburban land with an attendant skyrocketing of values. The intense and praiseworthy desire of families to own their own homes has not only helped to make the original owners more independent but it has also helped

their children and grandchildren to levy tribute on those in future generations who are born into the world without land. And, finally, there are the pervasive land speculators who correctly see these values rising and foresee that an expanding population and a more productive technology will inevitably lead to a heightened bidding for the factor of production whose quantity remains relatively fixed and constant.

There are powerful forces which have operated and will continue to operate against any lucid consideration of the issues involved.

We feel that this pall of silence should not continue and that by speaking out now it is possible that we may generate at least a little added consideration of this crucial and relatively ignored subject.<sup>1</sup>

1. National Commission on Urban Problems, *Building the American City*. Report to the Congress and to the President

Is it possible that there is a Land Cultural Directive which, in effect, says "hear no evil," "see no evil," and "speak no evil" about the land tenure system that we follow? Other cultural directives give us our religious practices—even our food preferences and our hair styles. Today, at a rapidly accelerating pace, we are overturning some of these directives and charting new pathways through the confusions and complexities of life in our modern world. Shouldn't we at least look at the cultural directive that tells us to grab all the land and natural resources we can and make a profit at the expense of our neighbors? Shouldn't we think about it before we condemn future generations to feudalism, exploitation, and poverty? Shouldn't we listen to the voices of history and science? I say we should. Won't you look, think, and listen with me?

of the United States. House Document No. 91-34 (Washington, 1968), page 396.

## 1 Introducing the Prime Principle

Everything in Nature works according to laws. Rational beings alone have the faculty of acting according to The Conception of Laws, that is according to principles, . . .

— Kant

This book presents the hypothesis that only one main, or prime, principle governs all economic interaction. By following this principle rather than opposing it or disregarding it, as we partially do now, all of our socio-economic problems can be solved, including wars, depressions, poverty, unemployment, and all other related subproblems. The prime principle is:

**“TO EACH THE VALUE CREATED”**

How could it be otherwise? If an economic system requires values created by one individual to be given to a non-creator, would not this be an injustice? A continuous imbalance of values not returning to their creators but going to non-creators would result in an increasing pattern of injustice.

Is it not apparent that in individual exchanges of economic values equal values must be exchanged? Is it not also apparent that in transactions between groups and groups, groups and individuals, governments and individuals, all exchanges must be exchanges of equal value? How else can there be economic justice? Is there any other way?

We must not confuse the equality of values required in a just economic exchange with the differences in values created by different individuals,

groups, and governments. Values created vary even for a single individual in his many creations of value. They vary between individuals performing similar tasks. They vary within a group's creation of economic value, and between groups. They vary within a government and among governments. Every creative effort is unique, and most often unequal in value to every other creative effort.

**Economic justice is the exchange of equal values.** In advanced civilizations, goods and services are not exchanged directly. Instead, symbols of value are used. These take the form of money or various sorts of credit vouchers. Economic justice is accomplished in the free marketplace by the use of value symbols in different denominations, just as in early civilization different measures of corn seed were exchanged for goods and services, and even the grains themselves were exchanged for small units of goods and services. In the free marketplace they assured equal exchanges of value.

**The total values created must equal the total values received.** It is an old Euclidean axiom that the whole must equal the sum of the parts. In the case of values, no more and no less can be allocated and distributed than were created. Even if allocation is different from creation, the totals must be the same.

But to have justice, in each individual instance each value created must return to the creator of that value.

**The distribution of values created in the production process.** As the end products or services approach the ultimate consumer, there is a parallel but opposite flow of value symbols back to the creators of the values in the products and services. These values are always created by the three major factors in production—labor, capital, and land—regardless of who owns or controls these factors. Under our economic system, the return flow of value symbols to labor in the form of wages is always less than the values created by labor. This is also true of the return flow of value symbols, as interest, to capital. Landowners, however, receive, as rent, almost all of the values that accrue to land in accordance with natural law.

The values that are not returned to labor and capital are generally given in the form of taxes to a fourth recipient—government; local, state, and national. Government also receives a very small portion of the values accruing to land, by the minute land tax included in our property tax. Ironically enough, government—that is, society—creates the values in land but not those in labor or capital.

In our bookkeeping systems, the flow of values to labor is clear and distinct, but the flow of values to the owners of land and capital is fogged. This is because the recipients of the value symbols are not separated into landowners and capital owners. In fact, the separate recording of the relatively large flow of values to landowners is nearly non-existent.

The ambiguity in speaking of capital and land has given the appearance of unequal exchanges of value between labor and capital, which leads to continuous but unnecessary conflict between these two factors of production. Thus, in today's world of poverty with increasing progress, we have not only this unnecessary conflict between labor and capital, but we also have a condition in which societies—governments—take values from those who created the values, while individuals take values created by society. The prime principle, although followed in many areas of economics, is consistently violated in other areas, causing our economic system to malfunction.

**There are necessary exceptions to the use of the prime principle.** We all recognize the obvious necessity of parents giving economic values to their children,

but we also realize that for the children's best interest that support must be reduced as they reach adulthood. The same exception is recognized for the case of elderly parents and other relatives. These voluntarily given values are only a partial violation of the prime principle.

There is also society's case of the handicapped. Here we give values in the form of welfare to non-creators of value. But at the same time we recognize, without realizing the role of the prime principle, that we degrade the handicapped if no opportunity is given to them to create values too, in order to help pay their own way. Thus, even when we violate the prime principle, we recognize the dignity and the inner felt worth of each individual, and try to the best of our ability to allow the less able to serve too. In any event, we should recognize that welfare is a social problem, and that the economic values carefully distributed in this area must come from socially created values rather than from individually created values.

**The task is complex—the rule simple.** With the tremendous increase in value creation and exchange, the problem of economic interaction is extremely complex. Throughout history, men have searched for simple rules. They have tried many methods, looking for ways of achieving prosperity with justice. The story of the rise and fall of civilizations, of nations, and of cities, both in the past and today, is filled with evidence of our never-ending search for economic justice.

One man who searched for such justice was Han Wen Ti, Emperor of China in the second century B.C. Although China under his rule led the world in prosperity, Han Wen Ti knew that his people deserved a better life. Here is his cry of anguish;

... for many years there have continually been no good harvests. Moreover there have been visitations of floods, droughts, sickness, and epidemics. We have been very much worried because of them. We are ignorant . . . and do not yet understand just what is to blame. We have been thinking: is there some fault in Our way of government or is there some defect in [Our] conduct? Is it that [We] have not obeyed the Way of Heaven or have perhaps not obtained the advantages of Earth, or are the affairs of men in great discord, or have the spirits and divinities been neglected [so that] they have not enjoyed [Our offerings]?

How has this been brought about? Or is it that the salaries of the officials are perhaps too lavish, or that useless activities are perhaps too many? How is it that the people's food is scarce and lacking?

Now when the fields are measured, they have not decreased, and when the population is counted, it has not increased, [so that] the amount of land per person is greater than in ancient times. Yet there is very much too little food; where does the blame for it lie? Is it that Our subjects devote themselves to what is least important, whereby those [persons] who injure agricultures are multiplied? [Is it due to the fact that] they make wine and lees, thereby wasting much grain, and that masses of food are given to . . . domestic animals? I have not yet been able to attain the proper mean between what is immaterial and what is important. Let [this matter] be discussed with the Lieutenant Chancellor, the marquises, the officials. . . . Should there be anything that might be of assistance to Our subjects, let them apply themselves with all their minds and think deeply [about the matter]. Let them not hide anything [from Us].<sup>1</sup>

1. Pan Ku, *The History of the Former Han Dynasty*, Volume One, First Division. Translated by Homer H. Dubs, with Jen T'ai and P'an Lo-chi (Baltimore: Waverly Press, Inc., 1938), pages 261-262.

People today have tremendous advantages over a man like Han Wen Ti, with his tremendous heart and efforts. We can benefit from the thinking of thousands of generations that have preceded us. Also, we have the advantage of being able to use the scientific method in our search for economic justice. We need not search as men enthralled by the beauty and romance of the past. It is so much easier to work as scientists, using man's store of accumulated knowledge to check our hypotheses.

Thus, this book will start with the hypothesis that there is one prime principle in socio-economics. We will search for evidence to support our hypothesis. We will search for evidence that when the prime principle has been followed, civilizations advanced; and that when the prime principle was disregarded, civilizations crumbled.

The amount of evidence in support of our hypothesis is astonishing—evidence from history, as well as statistics and facts from today's world.

However, presenting evidence to support our hypothesis does not complete the scientific method. The evidence merely makes the hypothesis highly probable. In addition, this book makes predictions based on this probability. For more conclusive proof, more facts must be gathered to check these predictions. Man's hope of progress toward economic justice should be high, for already the leaders of the conflicting economic systems in our world are approaching an expression of the prime principle.



## 6 The Unearned Increment in Land Values

Suppose that there is a kind of income which constantly tends to increase, without any exertion or sacrifice on the part of the owners . . . It would be no violation of the principles on which private property is grounded, if the State should appropriate this increase of wealth, or part of it, as it arises.<sup>3</sup>

— John Stuart Mill

The unearned increment in land values, first given that name two hundred years ago by David Ricardo, is a phenomenon accepted by all modern economists. Generally, economists recognize the fact that land values, separate from the value of the improvements, are made by society alone. The major part of this usually continuous rise in land values goes, in the United States, to landowners. A small part, in effect, goes to local governments in the form of a low, yearly land tax, as part of the property tax.

**Do unearned values do harm to our economy?** We seem to think so when government takes a stand against wage increases, defending that stand on the basis that wage increases not based on increased productivity are inflationary. Our 1972 wage controls were based on this premise. Samuelson says that successive rounds of general wage increases beyond the increase of productivity are inflationary.<sup>1</sup> He also calls the “wage-push” (both union and non-union) inflationary.<sup>2</sup>

**Do unearned values in land do harm to our economy?** If they do, we don't seem to know or care about it.

The following quotation comes from the report to Congress and to the President of the United States by the National Commission on Urban Problems:

Between 1956 and 1966, the market value of privately owned land in the United States approximately doubled. Careful estimates for “ordinary taxable real estate” indicate a rise in land value from \$269 billion to approximately \$523 billion during that decade. The 10-year growth in land value amounted to more than \$5,000 per American family. This indicates an average annual rate of increase of 6.9 percent, or somewhat more than the 6 percent rate of increase in gross national product. During the same 10-year interval, there was an annual rise of 1 percent in the index of wholesale commodity prices, and of 1.8 percent in the consumer price index.<sup>3</sup>

Thus, in that ten-year period the unearned increase in land values of 6.9 percent per year surpassed the 6 percent increase per year in production by .9 percent. In addition, the 1.8 percent inflation

1. Paul A. Samuelson. *Economics*, 8th edition (New York: McGraw-Hill, 1970), page 138.

2. Samuelson, page 807.

3. National Commission on Urban Problems. *Building the American City—Report of the National Commission on Urban Problems to the Congress and to the President of the United States*, House Document No. 91-34:1968, page 384.

per year overcame and cut into the unearned increment to land owners by .9 percent.

Whenever any factor of our economy receives values it does not produce, all others suffer a loss. The prime principle is violated. Injustice is done. In the decade between 1956 and 1966, over \$250 billion went, unearned, to landowners. The loss occurred to labor and capital. The benefits of increased production of 6 percent per year went to landowners, not to the creators of the increase—labor and capital.

**The total rise in money wages (not real wages) is less than the rise in land values.** In the same decade between 1956 and 1966, according to United States government figures, compensation paid to employees went from \$224.5 billion to \$435.7 billion,<sup>4</sup> a gain in money wages, not real wages, of \$211.2 billion. This figure is less than the \$250 billion gained by the non-productive landlords. Moreover, only part of this \$211.2 billion is what Samuelson would call an inflationary wage-push based on non-productivity.

Furthermore, the gross national product rose during the same decade by \$345.3 billion. Whatever both union and non-union non-productive wage increases were, they might be compared with the sum of the gain in gross national product plus the unearned land values. Of the total gain in money values of approximately \$600 billion in that decade (gain in land value plus gain in G.N.P.), the total unearned increment in land values was 42 percent. Guessing labor's unearned money increases as half of the wage increases, labor's non-productive increase figures at 18 percent.

**IF LABOR'S UNEARNED INCREASES ARE IMPORTANT, THE UNEARNED INCREMENT IN LAND VALUES IS MORE THAN TWICE AS IMPORTANT.**

**Is there additional harm from unearned increases in land values?** There is indeed. Before the days of continuing debt cancellation (Keynesian economics), increasing land values preceded every depression and recession. Increasing land values, with growth of population and society's use of the three economic amplifiers, caused the land charge in goods and services to rise higher and higher. Higher land prices and higher land charges take land out of use and slow production. This was the cause of every depression, a condition that is now relieved by con-

tinuous debt cancellation in our practice of Keynesian economics.

**Some people see value-stealing in the unearned increment in land values.** John C. Lincoln was the founder of the Lincoln Electric Company of Cleveland, Ohio, which pays the highest industrial wage in the world. (See chapter 4.) Lincoln evidently did not visualize in concrete form our prime principle: "To each according to the value he creates," but he certainly practiced it. Rather, he followed the eighth commandment with rare courage and understanding. He not only followed this philosophy by not stealing values from his employees, but he also saw the much greater need of this understanding throughout the nation. He saw the enormous amount of constant stealing that was occurring in the private collection and retention of socially created land values and land earnings. He believed this was the basic cause of economic distress. He labeled it stealing in a booklet called "Stop Legal Stealing," in which he advocated heavy land value taxation—in fact, a single tax on land. Before he died, John C. Lincoln had given over a million dollars to the Henry George School of Social Science in New York. He also started a foundation to "teach, expound, and propagate the ideas set forth in Henry George's book *Progress and Poverty*."

**Most people cannot see value-stealing in the unearned increment in land values.** History records the fact that most of our early leaders speculated in land and had no qualms about doing so. Today we are just beginning to realize that land speculation causes the best land in our cities, in the suburbs, and in urban areas to be kept out of its best use. Most of us cannot see any difference in investing our hard-earned savings in purchasing land or in backing some courageous inventor to make use of the economic amplifiers, as men have done in developing Xerox or I.B.M.

We have referred previously to the report of the National Commission on Urban Problems. In that same report, the problem of discussing the unearned increment in land values was left to a minority of four members who were strong in their advocacy of a heavier land value tax. These four (Chairman Paul H. Douglas, former senator, and three others), however, were trapped by timidity, unable to call a spade a spade. Here is a quote from the report:

The owners of the land received these enormous gains without strain or effort on their

4. U.S. Bureau of the Census, *Statistical Abstract of the United States*, 1968, 89th edition. (Washington, D.C.), page 312.

part. They owned a relatively scarce and limited asset which acquired more and more value as population grew and as the gross national product increased. The progress of society created these values; the owners of the land received them.

Someone once classified incomes into three divisions: earnings, findings, and stealings. This enormous increase in land values is most certainly not a stealing, and we want to make it crystal clear that we do not regard it as such. Men of the purest character have shared in these gains without loss of virtue. But if these gains are not a stealing, they are also most certainly not an earning. They are instead almost pure finding. The increase of more than \$250 billion (in 10 years) in the value of the land was not caused by the labor or abstinence of its owners. It was instead an unearned increment.<sup>5</sup>

Note that in the wording great care was taken not to offend individuals who have received "findings" in land values created by society. Such "findings" are not as yet recognized by our laws as "stealings." But the whole commission did understand that land values are socially made, as their recommendations indicated:

The Commission recommends that the President direct the Treasury Department to undertake promptly an intensive study of means by which Federal taxation might be used to recoup for public purposes a materially increased portion of increases in land value . . . that the State governments vigorously explore the desirability and feasibility of placing new or differentially higher taxes upon land values or land-value increments.<sup>6</sup>

Thus, although timid in its statements, the entire commission used the word "recoup," indicating that we should return to society a larger portion of the increases in land value. We can read into these rec-

5. National Commission on Urban Problems, page 395.

6. National Commission on Urban Problems, page 394.

ommendations an advocacy of the prime principle—giving to society "for public purposes" the values that society has created. The following chapters will show the importance of land and the beneficial effects of giving some of society's values, mirrored in land values, back to society.

*Fortune* magazine for July, 1973, published a splendid article, "Land: The Boom That Really Hurts," by Max Ways. Mr. Ways points out in the article, and in an excellent chart, that in the last 15 years land rose in price 7 percent per year while the consumer price index rose only 2.7 percent per year. Unfortunately the article mistakenly gives inflationary characteristics to the unearned increment in land values while in reality the boom in land prices is deflationary.

Our history of panics and depressions shows land prices following rather than leading both prosperous times and recessions. For instance, the 1929 start of the Great Depression almost immediately reduced employment and production, but land prices did not immediately fall. In fact, they were held up by hope of recovery and the lowering of property taxes. In spite of scattered individual losses of land possession, land prices did not bottom out until 1936, at which time they started up again as employment and production increased.

Now, under Keynesian economics, with a continuous expansion of our actual and near money supply, the land boom of necessity requires us to inflate our money supply to avoid the previous "normal" decline or "deflation," where, as in the depression, less money bought more goods and services. To avoid the "normal" condition of high land prices and high land rent from prosperous times causing land to be taken out of production, we increase the numerical value of everything else by built-in, ever-increasing inflation. Thus, since land prices lag behind economic activity, we constantly cancel and void our debt structure of which land mortgages are a basic part.

Thus it should be noted that the land boom is in reality deflationary and the inflation which follows it is caused by our secondary and opposite defensive action.

## 7 The Role of Land in Wars

"Nothing was left for the peasant; he owned neither earth nor water nor fire, nor even the air he breathed. . . . Suffering came to him from all quarters—from man, from nature, from himself. . . . Then, when his sufferings grew unbearable, Jacques Bonhomme rose in revolt. Behind him lay centuries of fear and resignation, his shoulders had been hardened by blows, his heart was so broken that he did not realise his degradation. He could be beaten for a long time, famished, robbed of all his possessions without being driven out of his shell of caution. . . . He could go on thus until one last injustice, one last pang made him suddenly leap at the throat of his masters like a tamed animal that had been maddened by overbeating. Again and again, century after century, the same desperate uprising took place. . . .

—Emile Zola

**Land is important.** Is it not obvious that land is important? Everything is made of it, and made on it. Life was born on the land. Life dies on the land and returns to the land. If we do not use the land, we die. To the extent that we use it and do not abuse it, we live and our children's children will live. Who can deny that land is important?

**The source of power.** Very early in the development of civilization man discovered that by owning land he could, in effect, own his fellow man—if not in actual fact as a slave, certainly in part as a vassal. The injustice of this condition has always disturbed man, or at least some men. History records constant agitation to bring about changes in systems of land tenure by force, resulting in small and sometimes successful, but only temporary reforms. One scholar has counted more than sixteen hundred peasant revolts in medieval and modern times. All of these revolts had the land problem as their fundamental cause.

As we measure human values, these reforms for justice were ineffective and therefore minor. The real importance of land was constantly recognized and made use of by the strong; for, good or bad, the importance of land is a fact of human life. The strong have repeatedly protected "their" land by force, and they have repeatedly used force to gain control over the land of others.

Throughout history, there have been ruling dynasties that controlled particular areas of land—some large, some small. In *An Encyclopedia of World History*, compiled and edited by William L. Langer, you can find a list of nearly one hundred genealogical tables of ruling families, just for the period since Christ.<sup>1</sup> This number does not include the rulers of numerous small kingdoms and fiefdoms during this period. Also, of course, it does not include any of the countless major and minor kingdoms and fiefdoms that existed in the millennia before Christ.

These genealogical tables provide some evidence of the power over people that accrues to the control of land. They show the attempt of man to glorify himself and to change the color of his blood from red to blue. They show how systems of land tenure by force enabled ruling families to carry on their lines under "divine" guidance as lords of the manor.

Our own nation's Founding Fathers rejected the idea of blue blood. Article I, Section 9 of the Constitution says: "No title of nobility shall be granted by the United States. . . ." The elimination of a noble class did not, however, eliminate a landed class. Our history, both before and after the Constitution

1. William L. Langer, ed., *Encyclopedia of World History* (Boston: Houghton Mifflin Co., 1948), page xxxi.

became law, records the existence of land barons. It also records the stealing of land from the Indians. In only a few cases was there any attempt to recompense the Indians for their lands.

Our Lady of Liberty symbolizes our rejection of the titled glory that has accompanied the control of land throughout most of the world's history: "Keep, ancient lands, your storied pomp. . . . Give me your tired, your poor, your huddled masses yearning to breathe free. . . ." But these words cannot undo our history—our history of power through land control.

**Land titles.** In our country, title to land is guaranteed by the document called the abstract. All such documents legalize the criminal acts of the past—the seizing of land by force or fraud. We cannot, of course, change what has gone before. But we should look at land in a new light. We should consider carefully the importance of land and treat our exchanges of land honestly and justly.

**Land and war.** Can we say that all wars are fought over land? Certainly there have been a tremendous number of wars in which land was obviously the major or the only cause. Perhaps we should say that there is a land element in all wars, even in those few that seem to have other causes. Let us examine some of these possible exceptions.

**The Crusades.** Can we consider the Crusades as wars over land? Let us examine some quotations from H. G. Wells:

"Gregory VII had been prevented by his struggle over the investitures from any effectual answer to the first appeal from Byzantium; but he had left a worthy successor in Urban II (1087-1099); and when the letter of Alexius came to hand, Urban seized at once upon the opportunity it afforded for drawing together all the thoughts and forces of western Europe into one passion and purpose. Thereby he might hope to end the private warfare that prevailed, and find a proper outlet for the immense energy of the Normans. He saw, too, an opportunity of thrusting Byzantine power and Church aside, and extending the influence of the Latin Church over Syria, Palestine, and Egypt. The envoys of Alexius were heard at a church council, hastily summoned at Piazenza (Placentia), and next year (1095) at Clermont, Urban held a second great council, in which all the slowly gathered strength of the Church was organized for a universal war propaganda

against the Moslems. Private war, all war among Christians, was to cease until the infidel had been swept back and the site of the Holy Sepulchre was again in Christian hands."<sup>2</sup>

"From the very first this flaming enthusiasm was mixed with baser elements. There was the cold and calculated scheme of the free and ambitious Latin church to subdue and replace the emperor-ruled Byzantine Church; there was the freebooting instinct of the Normans, who were tearing Italy to pieces, which turned readily enough to a new and richer world of plunder. . . ."<sup>3</sup>

"We have dealt thus lengthily with the First Crusade, because it displays completely the quality of these expeditions. The reality of the struggle between the Latin and the Byzantine system became more and more nakedly apparent."<sup>4</sup>

Thus, according to H. G. Wells, the Crusades themselves were wars of rivalry between different religious groups for the conquest of land.

**The Holy Wars of the Moslems.** These wars, too, supposedly religious, were wars of conquest. The lands conquered covered the southern border of the Mediterranean Sea; the Iberian Peninsula, up to the mountainous division between Spain and France; and parts of the Balkan regions. In Asia, the conquered lands extended eastward all the way into India and China. The Moslem Holy Wars were clearly wars over land.

**The American Civil War.** Just as religion has been the reason claimed for many wars that were really wars over land, slavery was the emotional reason claimed as the cause of the American Civil War. But there was a very strong element of land involved in this war, partially tied to the institution of slavery. Every time a territory wanted to be admitted into the Union as a state, there was a quarrel between the South and the North as to whether this land should come in as a slave or a free state. The South had its own land tenure system, with enormous one-crop plantations and an agricultural economy, while the

2. H. G. Wells, *The Outline of History* (New York: Macmillan Co., 1921), page 638.

3. Wells, page 640.

4. Wells, page 644.

North had more diversified farming and a basically industrial economy. There was a fundamental conflict between the North and the South in terms of economic power. The compromises of 1820 and 1850, as well as various other narrowly averted clashes, were all related to the question of slavery, but they also involved the question of economic dominance of landowners in the South.

The struggle localized in Kansas, where for a time there were two governments—one government of a slave state and the other government of a free state. I quote from *The Growth of the American Republic*, volume 1, by Morison, Commager, and Leuchtenberg:

“Most of the settlers who came to Kansas went there to build a new life and live in peace, not to agitate the slavery question. When blood was shed, it was often not over the freedman, but in a dispute about land titles, for there was no legal way a settler could register and protect his land claim until the federal government opened its first land office in 1856.”<sup>5</sup>

The American Civil War is not a clear-cut example of land as a basic cause of war. However, the South did have its own feudalistic slave economy based on a land tenure system that the landowners wanted to preserve. And these landowners did want equal political power in the United States Senate, and they did not want more free states than slave states in the Union.

**The Indian Civil War.** One of the greatest religious wars of all time occurred shortly after the end of World War II, while Britain was considering and planning for the independence of India. The people in the two widely separated Pakistani provinces were mainly Moslems, but there were also many Hindus. Similarly, in the rest of India the Moslems were in a minority compared to the Hindus. There were mass migrations of Moslems to the Pakistani areas and of Hindus out of these areas. It is not to the credit of Britain that possibly over five million people were allowed to be killed in the resultant conflict. But behind this emotional conflict over differences of religion was the basic conflict over ownership of land. Three years after most of this terrible

5. Samuel Eliot Morison, Henry Steele Commager, and William E. Leuchtenberg, *The Growth of the American Republic*, volume 1 (New York: Oxford University Press, 1969), page 589.

bloodshed was over, Prime Minister Nehru of India and Premier Liaquat Ali Khan of the new nation of Pakistan made an agreement on certain principles. One of these was that the rights of ownership in both removable property and real estate left behind by refugees should be safeguarded. Provided a refugee returned by the end of a year, he was supposed to be able to reclaim his property from the current holder. This agreement was, however, far easier to put into writing than to enforce. Land fell into other hands, and many of the original owners were not able to go back to reclaim their land.

The great “religious” war between India’s Hindus and Moslems was certainly, at least in part, a war over land.

**The Pakistani Civil War.** In the new, divided country of Pakistan, there was a feudalistic land tenure system that created an elitist landowning class. Some attempts at land reform were made, but these were generally unsuccessful. In West Pakistan, twenty-two families owned most of the land and most of the wealth. Poverty among the working class in this part of the country was serious indeed, but the situation was far worse in East Pakistan. There, conditions were aggravated by the higher density of population, and also by the fact that much of the land was held by absentee owners. Some of these were Hindus now living in India who were pressuring the Indian government to help them regain the lands in East Pakistan that they had previously owned. Many of the other absentee owners of land in East Pakistan lived in West Pakistan.

Eventually, early in 1972, the conflict between East and West Pakistan erupted into war. This war, which resulted in East Pakistan becoming the independent nation of Bangladesh, was clearly a war over land.

**War in Northern Ireland.** In Northern Ireland, supposedly intelligent and religious people are killing one another in a “religious” war. It would seem that this really is a religious war and a stupid one at that. One people, of one race, of one general background, believing in the same God, are killing one another, apparently over religious differences caused by the divorce of an English king (Henry VIII) hundreds of years ago. Is it possible that this war, which makes blasphemy out of Christian beliefs, is in reality a war over land? Let us examine the historical facts.

Under the rule of Queen Elizabeth I and James I of England, there were large confiscations of parts

of Ulster, and settlements were established with Presbyterian Scotch colonists. They formed a Protestant community that was necessarily in permanent conflict not only with the Roman Catholic population in the remainder of Ireland, but also with the landless Roman Catholics remaining in their own part of Ireland. This stealing of land hundreds of years ago—this isolation of the Roman Catholics from the Protestants in the “ghettos” of Northern Ireland, has caused the current problem. It is a land problem. The civil rights of the Catholics in Belfast have been disregarded. The Catholics have disregarded the teachings of their religion, as have the Protestants, and this has resulted in war—war that can only be resolved by resolving the land problem.

**Other recent wars.** World War II was fought over land for the supposed need for living space: Ger-

many for “Lebensraum,” and Japan to gain land for a supposedly overpopulated nation. Today, after utter defeat, West Germany and Japan are more prosperous than ever before.

The Israeli-Arab conflict is obviously over land. The conflicts in Southeast Asia are over land. The land tenure system of the French in Indochina, continued by South Vietnam’s landowners, is oppressive. Land reform, promised many times by South Vietnam’s regimes, and pushed by the United States, never occurred.

And so it goes in history—in today’s history and the history to come, as well as in past history—that all wars have a land element in them, and the blood that has been spilled on land should be considered, as Adam Smith said, “The rent of land from human blood.”

## 8 Land Tenure Systems

"Order gives each thing view." — Shakespeare

**What is land?** It is self-evident that throughout history man and his civilizations have required the use of air, water, and land. In economics, the term "land" includes all three of these natural resources. In fact, land in the economic sense covers all of the natural universe outside man and his improvements. Thus, not only the actual land on our planet, but also its oceans, rivers, lakes, and seas are considered land. The earth's atmosphere is land. And even the entire electromagnetic spectrum—from visible light through our television channels to the longest radio waves—is included in the economic definition of land as all the natural opportunities open to man.

In this book we are deeply concerned with man and the land—especially with the ways in which various civilizations have allocated land for use. In general, we might say that there are only two main types of land use:

1. the temporary or nomadic type of land use
2. the more or less permanent type of land use

For our present purposes, we need not discuss examples of nomadic land use in any great detail. At this time in history, we have not seen any civiliza-

tions that continued to develop under this type of land use. The Eskimos, the marauding tribes of Asia, and possibly some of the North American Indian tribes provide examples of mobile cultures whose development remained at a standstill. We can scarcely imagine people in our own time living as a piratical army moving from place to place over the earth in aircraft or ships, spreading "civilization." Perhaps we can imagine a future time in which such an army might move through space, plundering the planets and spreading earth's technology. We will assume that such a method of spreading "civilization" is not likely in the near future.

Instead, let us examine in detail some examples of the permanent type of land use—the type that has led to the highest civilizations, where people, or at least some people, can expect to hold land more or less permanently.

**Land tenure systems.** All civilizations have, among other things, some arrangement that guarantees a degree of permanence in the use of land by the people—whether in groups or as individuals. We call such an arrangement a landholding or land tenure



system. It is an essential part of every civilization. No civilization has ever existed without some kind of system to regulate the holding of land.

The chart below attempts to classify all the different kinds of land tenure systems found in the world's civilizations. Since there has never been a civilization without a land tenure system, it should be possible to use the chart as a reference to the land tenure systems in all civilizations.

**Classifications of land tenure systems.** There are two main types of land tenure systems:

1. hierarchical
2. non-hierarchical




The word "hierarchical" here refers not to any political organization but to a landholding system arranged in tiers: first the prime owner, then lower tiers of subordinate owners, sub-sub owners, sub-sub-sub owners, and so on down the line. Often, of course, as in certain feudalistic societies, the landowners hold the same relative tier positions in the political organization.

In the non-hierarchical type of land tenure system, there is a complete absence of organization in tiers. However, political organization in tiers may, and often does, accompany a non-hierarchical land tenure system. Both the United States and the Soviet Union provide examples of the non-hierarchical type of land tenure system combined with a political tier system.

**Hierarchical land tenure systems.** There are two kinds of hierarchical land tenure systems. In one of these, land rent is always collected. In the other, land rent does not exist and is not collected.

Feudalism is, of course, the hierarchical land tenure system in which land rent is always collected. It is an "in-line" tier system of land ownership and control.

As far as we know, the Inca Empire of ancient Peru is the only case in history of a hierarchical land tenure system in which land rent does not exist and is not collected. It is startling to find that the Inca Empire had the tiers of land control and

Chart 8-A						
CLASSIFICATION OF LAND TENURE SYSTEMS						
CONDITIONS	HIERARCHICAL			NON-HIERARCHICAL		
	Land Rent		No Land Rent	Land Rent		No Land Rent
	Individual 	Church 	Inca State Church 	Individual Owners Few	Individual Owners Many	State Land Ownership
<b>FREE MARKET:</b>						
In Goods	Yes	Yes	For most goods	Yes	Yes	Some
In Land Leases	Some	No	No	Some	Yes	No
In Land Sales	Little	No	No	Some	Yes	No
<b>LAND TAXES</b>	No	No	No	No	Some	No
<b>FORCED LABOR</b> (or payment in lieu of)	Yes	Some	Yes	Little	No	No
<b>INCOME TAXES</b>	No	No	No	No	Yes	Yes
<b>POVERTY</b>	For most	For most	No	For most	For few	Some
<b>PROSPERITY</b>	For few	For few	For few	For few	For most	Some
<b>LABEL</b>	Feudalism	Feudalism	Inca	Free enterprise with Latifundia	Free enterprise without Latifundia	Marxism

ownership found in feudalism, but without any land rent being collected.

**Feudalism.** Usually, if not always, feudalistic land tenure systems included a free market in goods and a partially free market in land leases. Land rent was usually paid in produce. In addition, there was a "tax" in the form of service, military or otherwise.

The 1911 *Encyclopaedia Britannica* called feudalism "confusion roughly organized . . . ;" but "underlying the apparent confusion of fact and practice were certain fundamental principles and relationships which were alike everywhere, and which really gave shape to everything feudal, no matter what its form might be. The chief of these are the following: the relation of vassal and lord; the principle that every holder of the land is a tenant and not an owner, until the highest rank is reached . . . ;" and "government was usually sustained by the scanty feudal payments. . . ."

Thus, in feudalism the lowest tier in the land tenure system was occupied by the serf, or villein. He paid for his "holding" in produce, in the exchange medium of his society if there was one, and in services. If the land he held was sold, the serf remained with the land. He was not a slave, for he could not be sold apart from the land he held.

The next higher tiers in the feudalistic land tenure system were occupied by specialists in such things as crafts or war. The specialists served the lords and overlords who were the landholders in the tiers above them. A tenant could sell his holding to another, with the overlord's permission, and the overlord could sell as a package his landholdings and tenants. And so the tiers rose—from the serfs and the specialists, the lords and the overlords—to the prime owner in the topmost tier, usually the King or the Church, or both together.

The Temple or the Church and its priesthood have accompanied every civilization. H. G. Wells, in his *Outline of History*, refers to the unconscious struggle between the two systems of control, the Temple and the palace. Sometimes there was no controversy, but rather a partnership between the ultimate landowner and the representatives of God (or the gods), each with their separate system of land tenure. Sometimes the King was "divine" and the head of both Church and State. Often the Church held vast properties from which were collected fees—from land, or separately from tithes. Either alone or in cooperation with the prime land-

owner, the Church had a tier system of land tenure from which it collected rent.

**Troubles under feudalism.** Under feudalism there was always trouble—either from without or from within. A successful society always attracted not only piratical raiders who plundered for wealth, but also invaders who wanted to take over the entire system. In addition, a successful feudalistic ruler had constant competition from those who occupied the next lower tier in the land tenure system.

As if these two kinds of trouble did not keep the ruler busy enough, he often went out on pirate raids of his own, or on expeditions to extend his holdings. After civilization entered the Ages of Metal, the most profitable gains for the least effort were the mines that produced the valuable metal ores.

**Fractured feudalism.** After a serious defeat, either from the outside or the inside, a society with a hierarchical land tenure system often split into competitive states or city-states—sometimes only two, sometimes several, and sometimes many. As the civilization declined, the land tenure system divided into many municipalities, each retaining its tier system, but with the previous lesser actors now playing leading roles, since it was now their land and they could call the tune. When death came naturally to such a segmented society, it came alone, apart from other civilizations. It came to a society weakened by poverty, without much exchange of skills, and which had already lost much of its population by emigration to nomadic lands.

This repeated pattern of the breaking down of the political structure of feudalism, with the resultant splitting of geographical areas, has been aptly termed "fractured feudalism." It has occurred in all of the civilizations with hierarchical land tenure systems throughout the history of our planet. But the amazing thing in this process was that the "chromosomes" and "genes" of the system were still retained in each of the fragments! The tier system remained intact. If the story seems familiar, it's because it happened so often; only the names were different each time.

**Consolidation.** The reverse of splitting a society under a feudalistic hierarchical land tenure system is the continued consolidation of small areas into larger areas, the end result being the formation of nations or empires. Consolidation may occur politically to a greater degree and more loosely in the tiers of the land tenure system. In general, prosper-

ity often follows consolidation, partly because of the greater efficiency that results when there is a wider exchange of skills and goods.

**The Incas.** The Inca Empire had a most unusual land tenure system. Like feudalism, this system was hierarchical. Unlike feudalism, this system did not provide for the collection of land rent. The prime owner of the land was the emperor, or "Inca." The Inca was the head of both the State and the Church, each of which had its own tier system of landholdings.

The Inca's chief State administrators were members of the nobility—that is, relatives of the Inca. Lesser administrators included former enemy rulers who had been captured, or more often persuaded to join the victorious ruling class. On a still lower level were the warriors of the land.

The State lands were divided into four provinces, with an administrator from the nobility over each. Each of these provinces was further divided into sections or departments with ten thousand inhabitants. The Inca and his State administrators held large amounts of land that were allocated to them permanently and personally. This was also true of the lands that were held by the High Priest, the lesser priests, and other officials who occupied the various tiers of the Church hierarchy. The remainder of the land in the Empire was allocated to the people for agricultural use. The people did not own their land as individuals, however. Every year, the land was redivided on a per capita basis, each family receiving enough land to raise sufficient food to keep itself comfortably fed. Thus a large family, with presumably greater needs, received more land for its use than a smaller family.

**The Inca economic system.** Let us digress briefly from our discussion of the various land tenure systems to explore certain aspects of the Inca Empire. As previously mentioned, the Inca system of land tenure appears to be unique in history, and for this reason it is especially interesting to observe this system in operation.

In addition to owning all of the land in the Empire, the Inca also owned all of the capital—that is, all of the wealth used to produce more wealth. The State built and owned all of the roads, bridges, irrigation canals, and other improvements made to the land. The State lands (as opposed to the Church lands and the land allocated to the people) were used to support the Inca's court and the army. Sur-

plus production from both the State and the Church land were stocked in regular storehouses along the many roads. These storehouses served two purposes: first, they supplied the troops that protected the frontiers; and second, they served as a safety feature to insure the people of abundant food supplies in time of drought or other calamity.

The vast majority of the people in the Inca Empire were, of course, commoners. These people were the tillers of the soil. Every year they worked, first on the lands that were held by the Church; then on the land allotments of the aged, the sick, the widows, and the soldiers in service; then for themselves on their own allotted land; and last of all they worked on the government's land—that is, the lands of the Inca and his State administrators. The common people also had to serve time working on the roads or in the army.

The commoner in the Inca Empire could not change his social station in life, nor could he become rich. On the other hand, no commoner was poor. Everyone was secure and everyone was well fed. Food from the government storehouses was distributed liberally to any families that failed to make a living on their own. Wool from government-owned animals—llamas and alpacas—was distributed to the people, as were many other State supplies, for further processing in the homes of the people. Goods were bartered on special days at government-designated marketplaces.

It is clear that the Inca Empire provided for the common people, at least in part, a welfare state. The Marxist principle: "From each according to his abilities; to each according to his needs," applied, not to the members of the State or the Church hierarchy, but only to the common people. The commoner paid no taxes on the goods he produced nor on his allotted piece of land. The fruits of his labor on his own land were inviolably his. Even the soldiers of the Inca's army, constantly on the move along the roads, never touched the person or the property of the commoner. For perhaps the first time on this planet a society existed in which there was no poverty, no hunger.

The Inca Empire flourished for at least four hundred years before the Spanish Conquest of Peru in 1523. The achievements of this civilization are astonishing, especially considering its isolation from the rest of the world. Also, the people were handicapped by the fact that much of their land was

made up of mountains and barren deserts. Even so, Peru was perhaps the best-governed "country" in the world. Its roads, bridges, aqueducts, and huge public buildings demonstrate engineering skills of the highest order. Copper and gold ornaments and woolen textiles show tremendous artistic talent. Apparently, the people of the Inca Empire accomplished these things without using the wheel and without the use of a written language. They used the quipu, a system of knotted strings, as a memory aid in keeping records. We may well ask why the Inca Empire was so successful. This question will be considered again later.

**Non-hierarchical land tenure systems.** There are two main divisions in this category—one system in which land rent is collected, and one in which it is not. Both of these systems were born of feudalism. In fact, except possibly for the Inca Empire, every one of the world's civilizations has passed through one or more periods of feudalism, during which land rent was collected.

**Free enterprise, with and without latifundia.** The land tenure systems that prevail in the so-called free world provide for the collection of land rent. These may be further divided into two types. In one of these, which we generally call free enterprise, there are many landowners. In the other type, which we may call free enterprise with latifundia, there are only a few landowners. (The term latifundia, meaning too much land in the hands of too few people,

was first used by the Gracchus brothers of ancient Rome, in the second century B.C.) These systems are in some ways still tied to the feudal system of land tenure and the feudal legal system. In the countries where there is free enterprise without latifundia, such as the United States and Canada, there are many landowners, with but little concentration of land in the hands of a few. In the Latin American countries, where free enterprise is accompanied by latifundia, almost all of the land is concentrated in but a few hands.

**Marxism.** Although Marx and Engels advocated, in the 1848 *Communist Manifesto*, that the state should take all rents, the actual practice in Marxist countries has practically killed the free market in land and land leases. Thus, the measurement and collection of land rent is nil. Marxist land-use planning must, of necessity, rely not on the free marketplace but on the planner's judgment of the highest and best land use, which may be based partially if not entirely on pre-Marxist empirical factors. There is no tier system of land tenure in the Marxist countries, but there are political tiers, just as there is a political hierarchy in the countries where there is private ownership of land. All of the present-day Marxist nations have continually fought against the private ownership of land, but most have compromised somewhat, with some cooperative ownership of agricultural land or ownership of individual plots for personal use.

## BENEFITS OF THE VARIOUS LAND TENURE SYSTEMS

A civilization's growth comes with stability in a definite location, directly from the three amplifiers of society: benefits of nature, division of labor, and capital. These benefits accrue to the people in a society from the margin up. They are distributed non-uniformly in every type of land tenure system. Early systems spread the benefits thinly to the large populace and heavily to the very small controlling group, with no middle group. When these early systems were operating successfully, they helped to develop increasing culture in the controlling group, some of which filtered downward, bringing a better life to the common people.

**Benefits in hierarchical land tenure systems.** The earliest land tenure systems were probably all hierarchical. The civilizations that developed under these systems expanded in territory and culture as the

people received a larger and larger share of the society's economic benefits. The early hierarchical land tenure systems were far from perfect, and their separation of the very rich from the very poor resulted in much injustice. But all in all, the social order created a far better place for the individual to live in than raw nature did.

Feudalism (hierarchical land tenure systems with a free marketplace and payment of land rent to a central government in the topmost tier) provides incentives to the best use of land and also to the development of culture. Egypt and Babylon are early examples. Their peak periods of abundant harvests coincided with a growth in culture. Of course, strictly speaking, the Egyptian and Babylonian systems did not benefit all of the people, since many of them were slaves. In general, feudalism at its best

gave small benefits to the majority of the people, and at its worst resulted in dire poverty.

In a hierarchical land tenure system in which land rents are not collected, control of the common people by the ruling class is more absolute. In the case of the Inca Empire, a certain amount of economic justice resulted from the yearly redistribution of land to the people. (See page 41.) However, the people were forced to spend some of their time working on State and Church lands. In return, economic security was guaranteed by the State. On the whole, the system was an economic success, in spite of the lack of freedom and the low cultural level for the majority of the people.

**Benefits in non-hierarchical land tenure systems.** The non-hierarchical land tenure systems have all descended either directly or indirectly from feudalism.

## MALEFITS OF THE VARIOUS LAND TENURE SYSTEMS

Although a land tenure system is an essential part of every civilization, all past and present land tenure systems have economic injustices ranging from serious to not-so-serious. These economic injustices are caused by the breaking of the prime principle. That is, the gains resulting from the social amplifiers are taken by non-creators of those values.

**Malefits in hierarchical land tenure systems.** Let us consider the two divisions of this category separately. First, let's look at feudalism—the hierarchical system of land tenure with a free marketplace and payment of land rent to a central government in the topmost tier. This system, from a national feudal state like ancient Egypt to the small fiefdoms of fractured feudalism, resulted in terrible economic injustice. In the worst form of feudalism, the serf, the peasant, or the tenant was practically a slave; in its best form, a few members from the lower tiers served competently in trade and exchange. It was not acceptable to steal things in a feudalistic society, but it was acceptable to steal values. The controllers who occupied the tiers of the land tenure system collected land rent from the majority—land rent that was socially created by the entire society. There was a tremendous difference in prosperity for the few and for the many.

As we look back on it, the hierarchical land tenure system of the Inca Empire, in which land rent was not collected, seems the best in the world at

In the non-hierarchical systems in which land rents are collected, the three economic amplifiers of society are reflected directly in land values and in land rent. Thus, the major part of the gains made by the society accrue to individual landowners. Under free enterprise without latifundia, these owners are many; under latifundia, they are few. The results of such systems range from relatively high prosperity to dire poverty, and from a large middle class to a very small one, as the State collects some of the land rent in the form of land value taxes.

The non-hierarchical land tenure system in which land rents are not collected (Marxism) is much younger. However, it somewhat resembles the hierarchical system of the Inca Empire, in which land rents also were not collected. The results are predictably similar. There is little poverty. The people have security but lack freedom.

that time. Presumably land was distributed fairly by the controller, and each person's production on his allotted land was his own. But as a malefit of this system, each individual had to supply labor to the controller; in return, he had not only security of his own produce, but also a share from the State warehouses whenever it was needed. The commoner's forced labor and his fixed social station in life were his chains. His infinite desires were not met by the fixed supply of resources and goods available to him. He served the State well, himself and his peers less well.

**Malefits of non-hierarchical land tenure systems.** The land tenure systems in this category, unlike feudalism and the Inca system, vary greatly in results. Let us examine the two main subdivisions of this category separately.

First, let's consider the non-hierarchical systems in which land rent is collected. In these systems, all of the socio-economic amplifiers are reflected in land values, and the distribution of these values to the creators in different countries ranges widely—from next to nothing to an unmeasured high. Personal income per capita in the nations with this type of land tenure system varies in proportion as much as one to fifty. The fact explaining these vast differences consistently is the amount of land rent returned to society in the form of land taxes. In the vast majority of these nations, the people are

very poor; they live under economic injustice, with a separation between the few rich and the many poor, with no middle class. In the richer nations there is a huge middle class. There is some poverty, but not always dire poverty, in all the nations in this subdivision. There is less culture or technical progress in the nations where there is latifundia; there is much more when land ownership is broader, varying directly with the land value taxes collected. Land value taxes have never been high enough (up to full land rent) in any nation to make more than a dent in poverty and economic injustice.

As previously noted, the type of non-hierarchical land tenure system in which land rent is not collected is of relatively recent origin. This system, which we call Marxism, has lost the natural measure of the three socio-economic amplifiers, for it does not have a free market in land. And again, a free

market in land gives land parcels different values, directly reflecting the gains from those amplifiers. Consequently, with no land value measurement, this type of land tenure system has to rely on specialists in administration to allocate land usage wisely, and to insure all possible gain to the State, prior to later distribution—a monumental task. In fact, there is an unanswered question as to whether or not a comparatively few well-trained specialists with high social motives, in a Marxist society that is functioning well, can allocate land use better than millions of untrained and inexperienced people, operating from selfish motives, bidding against each other in a free market. It may be that the Marxist system is handicapped by two factors: the limited knowledge and the degree of purpose of the administration compared with the millions of ideas and the unlimited and varied desires of the people.

### SPECIAL PROBLEMS OF LAND TENURE SYSTEMS

**Counteraction to latifundia.** History records repeated examples of actions that people have taken in opposition to latifundia—the condition in which there are only a few owners of land in a non-hierarchical land tenure system. These actions, which may be grouped under the following five headings, have sometimes occurred separately and sometimes in combination.

1. Emigration
2. Expanding the frontier
3. Revolution
4. Collection of land value taxes
5. Cancellation of debts and/or inflation

Let's examine some examples of each of these types of counteraction.

**1. Emigration.** The most obvious example of emigration as a response to an oppressive land tenure system was the flight of people from Europe to the northern part of the Western Hemisphere during the sixteenth, seventeenth, and eighteenth centuries. Feudalism had disappeared in much of Europe, only to be replaced by a system of latifundia. (The Europeans who settled the southern part of the New World during the early years of this same period were mainly would-be oppressors. They had lost control of their lands to the nobles in the higher tiers of a waning feudalistic system that was shifting into latifundia.)

**2. Expanding the frontier.** Within certain countries, such as ancient India and China, the advancement of the frontier into forested areas provided an escape for the people. To the degree that latifundia has existed in the United States and Canada, the expansion of the frontier has occurred as a repeating pattern in these countries also.

**3. Revolution.** The many aimless revolts against latifundia have almost never succeeded. This is because the pattern repeats itself. The oppressed, when victorious, become the new oppressors, the system remaining the same. There is, however, one important exception—China.

China had partially eliminated feudalism in the early centuries before Christ. A non-hierarchical land tenure system was set up, with a hierarchical political administration. This system functioned well sometimes, and sometimes very loosely, but it was always threatened by the possibility of a return to feudalism. After this early breaking away from feudalism, latifundia became more and more dominant. The final revolt came in the twentieth century, from a non-hierarchical land tenure system in which land rent was collected, to a collectivist Marxist system in which the State owns the land and in which no land rent is collected.

Note: Russia is not mentioned in this section on opposition to latifundia because she went directly

from a feudalistic system, through revolution, to Marxism.

Emigration, expansion of the frontier, and revolution did not in general give benefits to the people who opposed latifundia—they were escapes from it. The remaining two types of opposing action, however, were of benefit to the people, when and to the degree that they were applied to the prevailing non-hierarchical land tenure systems.

4. The collection of land value taxes. To the degree that they are used, land value taxes give back to society some of the gains made from the three socio-economic amplifiers.

- a. They tend to prevent the accumulation of too much land in the hands of too few persons, in that it becomes expensive to hold land out of use. Thus, a middle class emerges.
- b. They discourage other taxes on production, such as forced labor (corvee), income taxes, or taxes on capital goods. That is, land value tax collection reduces the need of other taxes.

The vast majority of countries with non-hierarchical land tenure systems in which land rent is privately collected are not growing. They have little or no responsibility of a new frontier, and virtually no land value taxes. A few, some with a rapidly disappearing frontier but all with a land value tax in some degree, are expanding not only in culture and prosperity, but also in economic justice.

Thus we find some areas in the world rapidly developing their culture and economic justice and others holding still, if not declining into a greater gap between the rich and the poor.

5. Cancellation of debts and/or inflation. Another successful method of reducing the power of latifundia is the cancellation of debts, which today is camouflaged within Keynesian economics. Fixed-amount contracts on land rents and land purchases lag behind the required continuously increasing inflation. Landowners as a whole receive contracted rents and prices, while land values rise from inflation and from normal, continuous social amplifiers. But the real value of land and rents is kept to a lower increase by, in effect, continuous fixed-debt cancellation, which cuts into the power of latifundia.

As will be shown in the chapter on land and law, we have inherited our English legal system through the land tenure system. Keynesian economics not only breaks the prime principle when it is used, but it also breaks the spirit of the law by, in effect, breaking contracts that deal with value.

**The Marxist land tenure system.** The Marxist nations have a non-hierarchical land tenure system in which there is no free market in land and no collection of land rent. In the early twentieth century, this new social order emerged in a violent upheaval directly out of the feudalism of Russia. After the revolution, Communist Russia under Lenin attempted to follow the principles of Karl Marx. Almost immediately, however, the *Communist Manifesto* of 1848 was disregarded in two ways, resulting in two “errors.” First, as a political expedient land was given to the landless peasants, thus creating a new land-owning class. The second was really a technical error: the Communist Party eliminated the free market in land, and without a free market, all measurement of land values and land rent was lost. As a result, the Soviet Union has no “natural” way of following with any degree of accuracy the Manifesto’s directive “to take the rent of land for public use.”

Stalin “corrected” the first error in land reform by having the State use force to take back the agricultural lands. Millions of people were murdered in the process. The second error left no way of measuring the gains from the three socio-economic amplifiers. In contrast, the gains from the amplifiers in a free market society are measured in the value of each parcel of land. The elimination of the free market leaves the possibility of measuring only the gains in one huge parcel of land—the entire nation.

Similar actions have occurred in all the satellite countries of Europe and in China, but with less bloodshed and more compromise. In Poland and even more so in East Germany, larger amounts of agricultural land are in private hands than are under State ownership. Even Yugoslavia has some privately owned land. It has been found necessary for many Marxist nations to depart from the strict directives of the Manifesto.

The Marxist nations have eliminated some of the stealing of values by individuals from society via land. The Marxist (or Communist) nations are far better off with their brand of non-hierarchical land tenure systems than they were under feudalism. Since it has no direct collection of values from land, the Marxist land tenure system must necessarily collect values from the remaining two factors of production, capital and labor. Let’s examine the system with respect to these two factors.

**Capital under the Marxist system.** It has been pointed out previously that when all the capital is owned by the state each item of capital must pay its own way.

That is the optimum in the allocation of values for producing capital. The collection of values must, of necessity, follow the prime principle: "To each according to the value created."

Thus, when all the capital is state-owned and the prime principle is followed, diligent administration is required. This administration would have to be done by people with high social concern, who would receive wages based on the efficiency of the administration. The comparison between state-owned capital and privately owned capital boils down to a comparison of efficiency.

In theory, administrative problems on small items of capital are more difficult under Marxism than under free enterprise, while the problems on large items of capital should be about equal in the two systems. In practice, state-owned enterprises in nations with free enterprise systems often prove very inefficient in operation. The only advantage in efficiency results from the avoidance of duplication.

It would seem that each system might well compromise in order to have efficient administration of capital: larger items of capital owned by the state and smaller items owned by private concerns. The ultimate aim of each system, in the case of capital, is the same: "To give to each item of capital according to the value it creates."

**Labor under the Marxist system.** The Marxist type of land tenure system was originally founded on the principle: "From each according to his abilities; to each according to his needs." We have seen (in Chapter 1) that in practice this principle has been compromised, by necessity, in the direction of the prime principle: "To each according to the value created."

The original Marxist principle results in economic injustice in that it opposes five of the most basic truths about man:

1. Man's desires are unlimited.

2. Man seeks to gratify his desires with the least effort.
3. All men are different in their desires, both in kind and in quantity.
4. All men are different in functional ability—in drive, in kind, and in speed.
5. Each man owns his own body.

The chief economic injustice of the original tenet of Marxism comes from the technical mistake of assuming that man's needs are equal and limited. Consequently, all economic transactions based on the original Marxist principle are unjust.

The change in the Soviet Constitution to read "to each according to his work," the use of incentives in Marxist nations, and the differentiation of wage classifications show a definite drift toward economic justice—toward the prime principle. To the degree that labor, or individuals, receive the values they create, the Marxist land tenure system will have justice.

Today, with the transition toward the prime principle still incomplete, there is considerable economic injustice in non-hierarchical land tenure systems (Marxist) in which no land rent is collected. As of 1965, the per capita income in the nations under this kind of land tenure system stood roughly in the middle of all nations; out of 144 nations listed, they ranged in rank from 20 down to 119.

The facts are that while twenty nations with non-hierarchical land tenure systems under which land rent and land taxes are collected rank higher than those not collecting land rent, there is a tremendous number of nations ranking equal to and below the Marxist nations. The facts indicate that the economic injustice in non-rent-collecting nations is less than in most of the poorer nations. Marxism is not good enough, but it is far better than many present systems with latifundia, and better than feudalism.



## 9 Land and Law

"The flesh of the land I have made rejoice: the resident people I have made secure; I have not suffered them to be afraid. . . . That the strong may not oppress the weak; that the orphan and the widow may be counseled . . . to proclaim the law of the land: to guide the procedure of the land, and to sustain the feeble, I have written my precious words upon my pillar, and before my image as king of justice I have placed it. . . .

— Hammurabi

I establish Law and Justice in the land.

— Hammurabi

(Approximately 2100 B.C.)

It has been shown that every civilization has had a land tenure system. The power of the land tenure system affected economic life, political life, and even religious life. Man was subjectively involved in land tenure systems, from which his rules for living in society evolved. Unlike the physical sciences, in which man eventually became amazingly objective, man's rules and laws were dictated by the controllers of the land tenure systems—with rationalization after the fact instead of reason before.

Although there have been some creative leaders in the history of law, the law was not created objectively from knowledge about mankind, but from and for the expedient needs of the controllers. Thus, law is based on precedent, on similar past circumstances. In general, the lawmakers have not been creators from fact and reason, but rationalizers of the best of past successful judgments.

Consequently, the law has in some ways served civilization well and in other ways very badly. Our inherited laws contain much that is good, but they also contain many irrational contradictions. On the one hand, modern law promotes economic justice, and on the other hand protects economic injustice. A brief history of land and law will illustrate the law's subjectivity to some men, and its lack of objectivity to all men.

**Egypt.** The law in ancient Egypt was the decision of the Pharaoh. There was a free market, and there were written contracts. There was punishment for the stealing of things. The land tenure system was feudal. The Pharaohs of the different dynasties were not aware of the stealing of values through the land tenure system. However, they did, in one way, unknowingly and with some success apply the prime principle. The priests—the "scientists" of the day

and also landowners—measured the rich land along the Nile, calculated the overflow periods, and assessed all the land according to its productivity. The land taxes went to the Pharaoh, the Church, and the lesser nobles to run their establishments and the State. Contracts for the selling and renting of land were written in hieroglyphics. The three R's started here—reading, writing, and 'rithmetic.

**The Fertile Crescent.** Similarly situated in a lush environment, fed by two rivers rather than one, were the cities, nations, and empires that began about 3500 B.C. in the Fertile Crescent—places with names such as Sumer, Kish, Mesopotamia, Assyria, Babylon, Persia. The civilizations of the Fertile Crescent had inherited their feudal land tenure systems from earlier times. These civilizations had laws and contracts written on clay tablets in cuneiform (wedge-shaped) characters. Almost every legal transaction was in writing. Hundreds of tablets have survived.

Degrees of economic justice and injustice continued together under the changing governments. Early in the land of Sumer a king named Urukagina headed a popular movement to relieve the abuses of the land tenure system. He cut land rent, cut the privileges of the Church, and reformed all kinds of abuses. The laws in Sumer were written down early, but not until about 1750 B.C. were they grouped and rewritten logically. This was done under the rule of Hammurabi, King of Babylon. The Hammurabi Code was not intended as a tool of reform, although Hammurabi believed he had established righteousness in his land. In reality, he stabilized the existing order, the old land tenure system, which still provided feudal holdings for the king and his nobles, as well as for the tiers in the Church hierarchy. However, by now there was also individual land tenure, with the buying and selling of land. There was both public and private collection of land rent. The public collection was in the form of land taxes paid to the king and his tiers; the private collection by individual owners who remitted part of the collection to the State.

Industry and commerce were extensive. There were canals, and through them, transport within the country. There was also trade with foreign lands. There was a postal system, and a busy free market.

There was also inequality among three classes of society—three strata. At the topmost level was the amelu—the patrician with ancestral landholdings and

full civil rights. Belonging to this class were the upper tiers of the land tenure system—the king and his nobles. But it also included other wealthy landowners, professionals, and craftsmen. At the next lower level was the muskinu, a freeman who probably owned no land. At the lowest level was the ardu, the slave, often a foreigner who had been taken as a prisoner of war.<sup>1</sup>

Although the law of Hammurabi was rigid and cruel, it still held out for justice. Hammurabi believed that the “oppressed who had a lawsuit . . . shall find his right” in the Code.<sup>2</sup> There were judges throughout the land, and there was a legal system. There was even some adherence to the prime principle. But, the entire system of law was designed to protect the existing land tenure system, including the contractual arrangements within it.

**Israel.** The Covenant Code of the Bible, which appears in Exodus 22, is similar to the Code of Hammurabi in its references to justice in punishment, decreeing “an eye for an eye.” The eighth commandment, “Thou shalt not steal,” and some of the other Ten Commandments in the Bible are also similar to standards in Hammurabi's Code. But the Bible, with its commandments and injunctions, went further in one sense, suggesting periodic changes in land tenure. For example, in Leviticus 25 it is commanded that lands be returned to their “original” owners every fiftieth year, called the Jubilee.

**Athens—600 B.C.** One man searching for the prime principle broke it as he used it. This was Solon. A respecter of law and justice, he broke the law to have justice. History is not clear as to what extremes Solon went when he was elected archon. Some say he cancelled all debts; others say he cancelled only some debts—those that mortgaged the person and the land of the debtor; and still others say he lightened the burden of the debtors by reducing the interest rate and inflating the currency.

The landless Athenians were helped in any event by the actions of Solon. We know that he inflated the currency. We know that he lightened the burdens resulting from the land tenure system. His po-

1. *Encyclopaedia Britannica*, 11th Edition, 1911, s.v. Babylonian Law.

2. William Seagle, *Men of Law*. (New York: Macmillan Co., 1947), pages 13-30.

ems refer to his actions to free the land for the people, but they do not tell exactly how he did this.<sup>3</sup>

For possibly the first time in history, laws governing contracts in land were abrogated by both inflation and decree—what Keynesian economics does today. In both cases, the purpose is good. Both cases illustrate the fact that expediency is always with us.

**Other places.** Throughout the world there were laws against the stealing of things from the in-group. The rules and laws we have had in the past, and have now, are rooted within every civilization in the land tenure system. The roots are old and deep. Man has never had the ability or the power to change the rules on stealing to benefit all men. The eighth commandment still stands as a monument to mighty thinkers of the past. Its power comes from the decent respect of all men for the law.

This commandment was not intended to serve economic justice by aiding the poor or the oppressed; it was to preserve the gains of the oppressors and insure their continuity. It was to aid those with property, not those who had none. There was no prohibition against the stealing of values. In fact, it was condoned. All early civilizations (except the Inca) sanctioned, in degree, the stealing by individual landlords, feudal landowners, and the Church—and the stealing by the State of economic values produced by the tillers of the soil, the tenants, the peasants, and the slaves.

The rule against the stealing of “things” was also observed 4500 miles away from Egypt and the Fertile Crescent, in China. One writer of the Taoist school, Chuang-Chou, later wrote: “The fact is, while a small thief, who steals a fishing hook will be punished by death, those who steal countries become kings and dukes.”<sup>4</sup> This was written about 300 B.C.

About the same time, practical written rules for public administration were written down in India. This code of law, called the Arthashastra, provided definite punishment for the stealing of things, and at the same time included rules on how to successfully steal enemy kingdoms.

**Roman law and land tenure.** Some day historians may be able to show that the Roman Empire owed its long days of glory to three important circumstances: first, the accidental, but almost continuous inflation of its exchange medium through its debasement of the currency; second, its constant successful search for mineral wealth on the empire’s edges; and third, the small, rare land taxes in the early days of the Republic, and later, direct land value taxes, still later changed to heavier indirect taxes.<sup>5</sup> The pressures from the land tenure system and from land debts constantly erupted at home, as has been previously pointed out. The Licinian Rogations—the cancellation of interest payments on debts, including land debts—were repeated again and again. More direct efforts at land reform, such as those of the Gracchus brothers, were repulsed.

The debasing of the currency was an exception to the otherwise excellent administration of the Roman Empire and of Roman law. Time and time again, almost always for reasons of greed, the administration would plug silver coins with iron, wash copper coins with gilt, and palm off on its citizens thinly disguised counterfeits of honest coin.<sup>6</sup> The practice of debasing the currency was carried on throughout the history of Rome’s administration.

Thus, on the one hand Roman law protected land contracts, while legislation negated them, and “dishonest” monetary practices broke the spirit of the law and justice both, possible in the long run by expediency, serving justice by accident.

**English feudalism.** Most lawyers but few others are aware that the legal system in the United States has evolved from English feudalism, not only in the terminology, the court structure, and the laws, but also in the very principle of attempting to obtain justice under inequality. We would like to think that our legal system is the best in the world, and that it gives “liberty and justice for all.” It probably is the best, but it still fails to give justice for all. We are still unequal before the law. We honor our inheritance in the letter and close our hearts and minds to the corruptive spirit.

3. Seagle, page 39.

4. Dun Jen Li, ed. *The Essence of Chinese Civilization*. (Princeton: D. Van Nostrand Co., 1967), page 20.

5. Harold Mattingly. *Roman Imperial Civilisation*. (London: Edward Arnold, 1957), page 185.

6. Elgin Groseclose. *Money and Man*. (New York: Frederick Ungar Publishing Co., 1961), page 35.

The following examples will serve to show the relationship between feudal law and modern terminology. They are taken from *Webster's New Collegiate Dictionary*.

attorn: (a) Feudal Law — To turn or transfer homage and service to another as lord.

(b) Modern Law — To agree to become tenant to another as owner or landlord.

beneficiary: Holding, or held by feudal tenure. In law, the person designated to receive the income of a trust estate. . . .

court: (9) Attention directed to a person in power; homage.

(10) Law (a) the place where justice is administered.

court baron: Eng. Law — the court, usually that of a manor, in which a lord exercised his private jurisdiction.

fief: Law — a feudal estate, a fee.

fealty: 1. Fidelity of a feudal tenant or vassal to his lord. See FIDELITY.

homage: Feudal Law — (1) A ceremony by which a man acknowledges himself the vassal of a lord. (3) Respect or reverential regard. Syn. See HONOR.

honor: 3 (a) A mark of respect, as a title.

**The court structure.** The court itself was the manor house: its lord was the judge and the bailiff was the representative of the lord (now the chief magistrate in various English towns); the constable was the keeper of the royal castle; the jury, in some cases such as crimes of the people, consisted of the assembled people.

**Our definition of justice is based on feudal inequality.**

Let's see what the classic *Webster's International*, Second Edition, has to say about justice:

justice: Administration of the law; the establishment or determination of rights according to the rules of law or equity.

The principle of rectitude and just dealing of men with each other; also, conformity to it; integrity; rectitude; — one of the cardinal virtues.

Syn.— justice, equity. In ordinary usage (for legal distinctions see defs.) Justice implies the strict and judicial rendering

what is due; equity emphasizes rather the idea of fairness or evenhanded impartiality; as, "Justice is grave, decorous, and in its punishments rather seems to submit to necessity rather than make a choice," (Burke): "The plain confidence of an honest servant in the equity of a discerning master" (id). Cf. Honesty, rectitude, fair.

Perhaps it is only coincidence that our accepted standard gives an example of the use of the word equity in a master-servant relationship—certainly a relationship of inequality. But perhaps in the use of the word equity we have a rationalization of our entire land-tenure-based legal system.

**Our law is divided into two main parts.** Our law is divided into two main classifications: private wrongs and public wrongs. Private wrongs are further subdivided into two parts. However, the classifications of law are generally vague; there are no clear-cut boundaries. Let's examine some of Webster's definitions:

wrongs: Law — a violation of legal rights of another; an invasion of right to the damage of the party who suffers it; est., a tort. Legally, private wrongs are civil injuries, immediately affecting individuals; public wrongs are crimes and misdemeanors which affect the community. Syn.—See INJUSTICE.

injustice: Want of justice; violation of right or rights of another or others; inequality; wrong; unfairness; imposition. An unjust act or deed; a wrong.

**Private wrongs.** The definition says that: "Legally, private wrongs are civil injuries, immediately affecting individuals." This should be read two or three times, for it seems to be reversed in logic. Private wrongs are not what we usually call crimes, which most often affect individuals, such as stealing, assault, etc. Private wrongs are not taken care of by ordinary law enforcement. They require civil suit in a civil court. The public prosecutor and the police are not interested and have no responsibility concerning private wrongs, which are not crimes even though they "immediately affect individuals."

**Subdivisions of private wrongs.** There are two main subdivisions of private wrongs—contracts and torts. Any disputes over contracts, unless covered by a

specific "criminal" law, are matters for civil suit. They are no concern whatsoever of public law administrators. Torts are all private wrongs except those involving contracts; again, they are no concern whatsoever of the public law administrators. Webster defines "tort" as follows:

tort: Law — a wrongful act, not including a breach of contract or trust, which results in injury to another's person, property, reputation or the like, and for which the injured party is entitled to compensation.

**Public wrongs.** Again, think about the name of this classification. Webster defines public wrongs as crimes and misdemeanors which affect the community. Again, one would first think by this definition that a public wrong would be an act against the whole community, or at least against a large section of it. This reasoning is incorrect, however, because public wrongs are most usually individual acts against individuals, private acts against private persons. They are called public wrongs; that is, they are crimes and misdemeanors because they used to be against the authority of the public administrator—the lord of the manor, the lord of the land. It was his self-appointed responsibility to see that there was order in his land, and it was to his advantage to have these individually committed crimes settled in open court, judged by a jury of the people. The judge gladly relinquished this part of his authority and responsibility to the people so that they might gain respect for the law. Thus, public wrongs are now crimes against the law of the people, against the law of the land.

**Private wrongs—history.** As we have seen, there is also an inconsistency in the definition of private wrongs, and there is a similar explanation deriving from the feudal origins of the law. Private wrongs were contractual problems or arrangements or damages which, in feudal days, were unconditionally and completely under the control of the lord of the land. He would not risk having his arrangements with his tenants, or any other similar arrangements, judged in open court. This area was his business, and his business was the land tenure system, land rent contracts, land rent. He was not about to have the people—his tenants, his peasants—judge as a jury his omnipotence and his fairness. His reputation and his honor could be carried over from his direction of the people's judgment of their acts against them-

selves—stealing of personal property, assault against the person, etc. The law was just.

It is hard to believe that this difference has carried over from feudal times to modern times in our law—but it has, in fact as well as in spirit.

**It's against the law to steal a television set, but it's not against the law to steal a home.** In early fall, 1972, a large corporation in a small community in Michigan removed from the State Highway right-of-way, without permission, an apparently forgotten historic memorial marker, consisting of an eight-ton boulder and a bronze plaque, and moved it one quarter of a mile to a new location in front of their new display building, where it was embedded in a concrete slab.

Outside of the emotional upheaval, the most interesting thing to come out of this bizarre event was the opinion of the county prosecutor's office that no crime had been committed, but that if need be, at the insistence of the State of Michigan, the prosecutor would institute civil suit to recover damages. This seemingly apparent loophole in our law was explained as follows.

It is a crime to steal personal property—that is, anything not permanently attached to the land. This is stealing. But the monument, which was in the ground, is considered part of the land, and being part of the land is not covered by criminal law (public wrong). If an empty house, fastened to the ground, is taken, no crime is committed, and any recompense must be recovered through civil suit. This goes for an outhouse, a barn, sand and gravel, etc. The State Highway regularly sues in civil court to get paid for stolen gravel. Larceny covers only movable, unattached-to-the-land property.

This unusual aspect of our law is, again, traced back to the land tenure system of feudalism, when the lord of the land "allowed" the stealing of personal property to be settled in open court as a crime, but anything concerning "his" land was his business, and he would settle land problems, contracts, etc. his own way—that is, privately.

One can't help but comment on the huge number of law students who have let this incongruity in justice go by in what some men would like to consider a "science" of law. This is one illustration of the tremendous power of the land cultural directive.

**The land cultural directive.** The example given above illustrates the power of the past tradition of land tenure over reasonable change. Human society does

not have genes and chromosomes, but it does have cultural directives which act with similar power. The power of the land cultural directive will be illustrated more fully.

**The assessment of land.** The property tax in forty-six of the states of the United States is really three taxes: a tax on personal property, a tax on structures, and a tax on land. All fifty states have a tax on structures and on land values, but four states do not tax personal property. The property tax is generally a local tax—township, village, city, county, and school district. Throughout the nation there are unbelievable differences in assessment practices, in tax rates, and in taxes, not only between political subdivisions, both major and minor, but also between land and buildings. There is, in addition, wholesale cheating on assessments, some on buildings, and considerably more on land.

In some states, the larger political units have developed more uniformity of assessment procedures. Some states make a stab at a sample method of equalizing assessments, which is slightly less unfair than would be the case without it. Counties try the same method, under state authority, using smaller units. Cities generally try harder to assess uniformly. But far and wide throughout the nation, the system of assessments is a legal mess.

Generally, large, established owners of outlying land are given monetary advantages over city and suburban homeowners holding small land parcels. Even the supposedly well-supervised political subdivisions have horrible inequities. One very conservative township in Michigan, whose ruling political party decries huge welfare payments and government waste, "gives" unpublicized special "welfare" benefits to the owners of vacant land at the expense of homeowners. County reports from the equalization department and the comptroller's office show that the owners of vacant land are subsidized by homeowners by an amount that is more than the township's entire tax contribution to county welfare. The very people who philosophically decry relief payments to the needy are being supported, in effect, by over-taxed homeowners, due to illegal low land assessments and consequent too-low taxes. This condition is not an exception. It is general throughout the nation.

In the Grand Rapids, Michigan, area, a statistical study and report put out by the Grand Valley College showed that the condition existed even in the

areas of the county with the best assessment systems. Professors at the University of Michigan and Wayne State University have reported that assessment practices in the eastern part of the state approached scandalous proportions. Yet the state of Michigan is perhaps more progressive in land assessment practices than the nation as a whole.

**Nationwide underassessment of land — the condoned crime.** The losses due to underassessment of land are enormous. The following information comes from *Building the American City* (Report of the National Commission on Urban Problems, House Document No. 91-34), Chapter 6: "The Need for New Approaches to Land Value Taxation," page 385.

Basic Figures from the Report. "About 40 percent of the total market value of 'ordinary real estate' in 1966 was traceable to land and about 60 percent to structures."

It is important to understand that;

1. Real estate does not include personal property—it is land and structures.
2. The term market value is not the same as assessed value, which, for both land and structures in different ratios, is generally illegally far too low.

Following is another quotation from the Report, page 385:

"If, in the assessment of property, land values were appraised [as the law requires] at the same proportion of current market worth as structural value, then about four-tenths of all the yield of the property tax from real estate might be attributed to the land. But this condition is not generally found; a materially lower level of valuation often applies to land than to structures. Probably, nationwide, the bias averages about 3 to 2 against structural values. On this basis, it can be estimated that only about 30 (rather than 40) percent of all property tax revenue from realty [land and structures] is based upon the land-value component of ordinary real estate. With allowance for the yield from personal property and State-assessed property, the land-value part of the entire official tax base supplies only about 23 percent of all property tax yields, or about 10 percent of State and local revenue from all types of taxes. This still involves a very large sum—\$6.4 billion in 1966. . . ."

If we analyze these statements we get:

Real Property Taxes collected in 1966		
Land	\$ 6.4 billion	30%
Structures	\$14.9 billion	70%
Total	\$21.3 billion	100%

If, however, the uniformity requirement were followed, in order to obtain the same tax take, real property taxes should have been collected in 1966 in the following proportions:

Land	\$ 8.5 billion	40%
Structures	\$12.8 billion	60%
Total	\$21.3 billion	100%

IN 1966, AT LEAST \$2.1 BILLION WAS ILLEGALLY TAKEN FROM THE OWNERS OF STRUCTURES AND "GIVEN" TO OWNERS OF UNDERASSESSED LAND. Most of the owners of structures are homeowners. Their property, consisting of land and structures, is usually assessed uniformly. This means that the homeowners of this nation were illegally forced to subsidize the owners of underassessed land by \$2.1 billion in 1966. It is much more today. Most of the underassessed land consists of vacant land in rural and suburban areas and poorly used land in urban areas, such as slums. The National Commission points out, on page 386 of *Building the American City*:

"Assuming as we do, that uniformity of assessment is a major object in property taxation (it is the law of the land), the widespread effective discrimination between land and structural values is another example of the need for major change in present assessment arrangements and practices."

**Was the \$2.1 billion subsidy a public wrong or a private wrong?** My own non-legal opinion is that this subsidy, and all similar subsidies, are public wrongs—that is, crimes. The crime is malfeasance, which Webster defines as: "The doing of an act which a person ought not to do, an illegal deed,—often used in misconduct." It is also, and perhaps more often, misfeasance: "The doing wrongfully and injuriously of an act which one might do in a lawful manner."

There are probably tens of thousands of assessing officials in this country, respected members of their communities, who are continually guilty of these crimes, which are punishable by fine and/or imprisonment, as provided by their state's criminal code.

**Why is land underassessed by "good" men?** It is not for personal monetary gain. It is usually for the same reason, and one other, that some embezzlers give their loot to the needy, or for building up their self-image in the eyes of their neighbors. The other reason is the terrible power of the land cultural directive.

Here's what *Building the American City* says about this on page 396, in a section of the book prepared as a minority report:

"But what has fundamentally held back the spread of the idea has been the relatively wide diffusion of land ownership among the people of the community. We do not have the same concentration of ownership that prevails in Britain with its feudal remnants or in Latin America. Our homestead acts instead diffused the ownership of farm lands except in areas such as California. Some of this is now becoming urban and suburban land with an attendant skyrocketing of values. The intense and praiseworthy desire of families to own their own homes has not only helped to make the original owners more independent but it has also helped their children and grandchildren to levy tribute on those in future generations who are born into the world without land. And, finally, there are pervasive land speculators who correctly see these values rising and foresee that an expanding population and a more productive technology will inevitably lead to a heightened bidding for the factor of production whose quantity remains relatively fixed and constant.

"There are powerful forces which have operated and will continue to operate against any lucid consideration of the issues involved. We feel that this pall of silence should not continue and that by speaking out now it is possible that we may generate at least a little added consideration of this crucial and relatively ignored subject."

From the same section of *Building the American City*, I quote the following, page 398:

"We are becoming properly aware of the need for land reform in the countrysides of Asia and Latin America. There is an even greater need for land reform in the cities and suburbs all over the world—our own country included. This is not to be obtained by a subdivision of the land, which is possible in farming, but not in crowded cities and suburbs, but rather by

society asserting the right to the differential rents and values which the forces of fertility and productivity create.

“So we wish to raise our voices, feeble as they may be, to speak to the intelligence and conscience of mankind.”

This section of the Report, entitled “Supplementary Views on the Taxation of Land Values,” is signed by Paul H. Douglas, Coleman Woodbury, Jeh Johnson, and Ezra Ehrenkrantz.

#### **THERE IS A LAND CULTURAL DIRECTIVE!**

**Are crimes against property important?** We think so. We are constantly stirring ourselves up to correct the rising crime rate. In the year 1965, all recognized crimes against property, including theft, robbery, burglary, larceny, embezzlement, forgery, arson, and vandalism was \$4 billion. In other words, the unrecognized crime discussed above—this illegal transfer of \$2.1 billion from the creators of values

in structures to non-creators of values in land — amounted to over 50% of the recognized crimes against property. This unrecognized crime, this condoned crime, is important.

Thus, because of the land cultural directive passed down from our feudal past, we look the other way when our laws regarding land assessment are broken.

**The condoned crime and the prime principle.** The prime principle calls for a land value tax equal to the total socially created income from all land values. The 1966 land tax, according to page 386 of the Commission Report, was 1.24% of land values, while it should have been at least 6% of the value before taxes—the current interest rate—to conform with the prime principle. So not only does the present law conform but slightly to the prime principle, but we even break this congruency, small as it is. We break both the prime principle and the already too-weak law.



## 10 How to Tell a Land Tax When You See One

That in which every man is interested, is every man's duty to support: and any burden which falls equally on all men, and from which every man is to receive an equal benefit, is consistent with the most perfect ideas of liberty.

— Thomas Paine

Before we examine the history of land value taxation in civilizations, in nations, and in the states of our own country, we must make clear exactly which taxes are land value taxes. Of course, most land value taxes are included under the label "land taxes" or "property taxes." But calling a tax a land tax does not always make it a land value tax; and some taxes under other names are really land value taxes. Another difficulty in exploring land value taxation is the fact that available statistics may be misleading. For example, the government of Japan publishes a beautiful little English-language booklet filled with statistics. This booklet shows no land taxes at all in Japan. The *United Nations Statistical Yearbook* also shows no land taxes in Japan. But memory tells us there must be land taxes in Japan, put into effect during MacArthur's occupation of Japan as part of his land reform program. There are land value taxes in Japan, but they are included in local property taxes. *The Statesman's Yearbook* gives figures for large local property taxes.

What is land value taxation? It is self-evident that all land that is not free for the taking has value. As pointed out previously, all land values are created by society. Therefore, when we look for land value taxes we are looking for taxes on those values that society gives to land.

**Assessments.** The basis of a land value tax is an assessment of its value or its potential yield. In a free market society land gets its value, not from its present use or non-use, but from what the free market "thinks" is its best use. The actual yield or income attributed to land, separate from its improvements, will be proportionate to a value that in most cases is less than the market value. Few parcels of land are put to their best use, land with newer improvements usually coming closer to the ultimate.

The potential value of land represents a "capital" sum which, multiplied by the current interest rate would give the parcel's potential yield or land rent. The reverse of this process, that is dividing the potential yield by the current interest rate, gives the potential value. This latter process, called capitalization, is widely used to obtain the principal sum from which a regular income issues.

The yield of a parcel of land due to the land alone is called land rent, and is completely a socially created value.

**Potential yield is the ultimate land rent and the ultimate land value tax.** The following list shows the proportion of the ultimate land rent collected as taxes under different systems, in decreasing scale.

1. All land parcels and all land rent — the ultimate. The prime principle is served all the way when the

land value tax collected is all of the potential land rent. That is, society represented by government would collect all of the yearly potential income created by that society. This amount for each parcel of land would be an assessment—a definite figure—a quota.

2. All land parcels and a percentage of the ultimate land rent. The next lower land value tax would be one taxing a percentage, equal for all parcels whether well used, poorly used, or vacant, of either the potential income or potential value. Again, similar to No. 1, this would be calculated in each case to a definite quota.

3. Used land only and a percentage of the ultimate land rent. The next lower land value tax would be one in which all used land but no vacant land is taxed a definite percentage of its potential income or potential value. Again, similar to No. 1, this would be calculated in each case to a definite quota.

4. Used land and non-exempt land, with a percentage of the ultimate land rent. The next lower land value tax would be one in which all land of certain kinds of usage and/or vacant land would be exempt, totally or partially, by direction or differentiation of rates, such as agricultural land. Again, similar to No. 1, the amount would be calculated in each case to a definite quota.

5. A percentage of the land's actual yield in its present use. The next lower land value tax would be one in which all or part of the land parcels in use are taxed as a percent of income. This is a most difficult area to distinguish levels of land value taxes.

5a. Extractive use of land. When irreplaceable material is taken from the earth, such as minerals and oil, society has permanently lost some of the value it created through education, invention, and interaction. According to the prime principle, all of the value of substance in the land belongs to society as does the income from it. A percentage of the extractive material value going to government is a land value tax. Governments that collect royalties from extractive industries are collecting land value taxes. When there are stated minimums in the royalty contract, the land value tax is higher.

5b. Replaceable materials. Some materials taken from the earth are replaceable, such as forests, fish, soil chemicals, etc. Quota taxes, or percentage taxes, on replaceable materials from the land are land value taxes.

5c. A quota tax on the actual income from agri-

cultural land. The next lower land value tax would be a fixed quota tax on the actual income from agricultural land. If the assessment is not a percentage but a fixed quota, then society (the government) is getting back some of the value it has created, and the land operator has the incentive to put the land to its best use for his own selfish gain.

5d. A percentage tax on the actual income from agricultural land. The next lower land value tax (near zero) would be a percentage tax on the actual income (land rent) collected from agricultural land in use. Land rent itself is usually a percentage of the crop. When it is a percentage rather than a definite figure, it discourages to a degree the tenant from producing more. When land rent is a quota the tenant is encouraged to produce more. When the tax is a percentage of the actual income (land rent) it tends to be an income tax on the landowner and/or the tenant. Different from a definite land value tax, this percentage-of-income tax is shifted in degree to a higher price on agricultural products since it is not a tax on land values but a tax on production.

6. Neutral taxes. There is an in-between tax—one that is neither a land value tax that follows the prime principle, nor a negative tax that violates the prime principle. This is a service or use tax on society's production. Like the land value tax, this kind of tax follows the prime principle: "To each according to the value he creates." In modern times, an example of a neutral tax would be the collection of charges or tolls for the use of state-constructed roads, to be used for purposes of construction and/or maintenance. Water and sewage usage charges are other examples of neutral taxes. In ancient times, farmers may have paid the state for irrigation water from dams, dykes, and canals built by the state. Perhaps the citizens of Rome paid taxes on the water that came in through state-constructed aqueducts. These are all examples of neutral taxes, which are not land value taxes but do correspond with our prime principle.

7. Negative taxes—taxes on interaction and production. We have been considering taxes on the values that society gives to land. This kind of taxation returns to society the values it creates—in accordance with our prime principle. It is obvious that if society, through government taxation, takes values it did not create, the prime principle is violated. This occurs when the government collects taxes on economic interaction, on an artist's creation, on

production, or on individuals. The larger the proportion of government expenses being supported by negative taxation of this type, the smaller the proportion of government expenses being supported by land value taxation. Negative taxes include income taxes, imposts, sales taxes, export taxes, stamp taxes, etc.; taxes on production quantities or production values; taxes on articles of wealth, on animals, houses, buildings, wagons, cars, etc.; taxes on persons, such as poll taxes or taxes on family units. The world's nations are cluttered with all these and many more kinds of negative taxes.

**Shifting the land value tax.** The discerning reader might want to check the statement in 5d. about the shifting of taxes other than land value taxes into price, since this statement contradicts, not the general conclusions of authorities but the wording and premises. (See Appendix, Exhibit X-a, "Shifting the Land-Value Tax—What the Economists Say.")

Economists in considering a tax on land rents say that the tax on land rents cannot be shifted. Note the title of the page from *Land and Liberty*, which refers to land-value tax. What the economists are actually labeling is the land rent being collected. They are not saying "potential" land rent or land value. I would guess that they would really mean all land of value according to its potential land rent.

Samuelson refers to competition. Under the same percentage tax of land rent only on land in use, that is on actual rent collected, there would be no new competition. Lipsey confirms this non-competition thought.

The error in logic is made chiefly by Samuelson when he assumes a "naturally fixed supply of land." The facts are that in any one country in the world the amount of land in use varies up and down. It is a fact that in our country there is less land used for farming today than twenty-five years ago both as an absolute quantity and as a per capita amount. Land is not fixed in supply.

The non-shifting function of a land value tax cannot be proved by a fixed supply of land, nor by taxing only actual rent. It can be proved by taxing potential rent, or the market value of each parcel. The reason a tax on potential land rent, or on land value, cannot be shifted to the renter or the consumer is that the tax brings in new competition, and with new competition prices and rents cannot be raised.

Therefore, when all land of value is not taxed, nor land of potential rent, there is no competition

between landowners. Thus, like a sales tax or a purchase tax, everyone shifts the tax forward.

For example, the Portuguese system of taxation is based on the "principle of actual income" — of land and its respective improvements. Thus, agricultural land is levied on an estimated (actual) income at 10%; urban property 12% on taxable income, rent actually paid. Portugal thinks it has land value taxation, but actually has very little.

Other examples are the United Kingdom and the Channel Island of Jersey. Each has a rating system of taxation. The principle behind this system is that: "The rental value of the land shall be the rent at which it might reasonably be expected to rent from year to year if the tenant undertook to pay the usual tenant's rates and if the landlord undertook to pay the cost of repairs, and insurance, and any other expenses to maintain the land in a state to command that rent."

Thus the principle in the United Kingdom and in Jersey is to tax potential rent, or rental value, not only of property rented, but also of property that is owner-tenanted. Jersey does partially exempt agricultural land, the United Kingdom completely. The United Kingdom also exempts vacant land. These and other differences give Jersey a higher land value tax which, we presume, results in a higher per capita income.

**Land value taxes under other names.** The names that reference and data books give to taxes must be examined for possible inclusion of land value taxes. For instance, the property tax in the United States and Canada contains a substantial land value tax, as well as taxes on structures and personal property. When the data descriptions are examined, taxes on wealth and capital in Sweden and certain other countries are found to include land as part of wealth and capital. Taxes on property and income could even include a small land tax. Income from oil or extractive materials going to a government would be a royalty and thus a land value tax. Here is a list of tax names which, upon examination, may be found to include land value taxes:

- Property tax
- Capital tax
- Wealth tax
- Net wealth tax
- Taxes on income and property
- Income from oil, etc.
- Mineral royalties

## 11 Land Taxes in History

"Taxes are what we pay for civilized society."

— Oliver Wendell Holmes, Jr.

"There is nothing new under the sun"

"History repeats itself."

Among the steps in the scientific method are the making of hypotheses, classification, testing, and data gathering. It is the hypothesis in this book that a society or a civilization will flourish to the extent that the prime principle is followed. As part of this hypothesis, it is stated that land value taxation is the best method of giving back to society the values created by that society. Thus, when a society has some form of land value taxation, it would in that respect be following the prime principle, "To each according to the value he creates."

History can provide us with the next three steps of the scientific method, as previously outlined, not as efficiently as an experiment in a laboratory environment, but perhaps just as certainly, because of the large amount of information available—a much larger amount than would be practical or even possible if limited to today's world.

So, we will study five of the world's seven self-starting civilizations: Egypt, Babylon, the Aegean, India, and China. (See chart on opposite page.) We will pass by the Inca civilization, whose very different land tenure system worked so well, since it is described in detail in another chapter. Of the seventh—the Mexico civilization of Central America, Yucatan, and central Mexico—there is little knowledge except that it was advanced, had a free mar-

ketplace, and some writing, not as yet completely deciphered.

From these self-starting civilizations, we will go on into Japan, which gained much from T'ang China. Then we will touch on Greece, Carthage, Rome, Northern Europe, Spain, and Portugal.

The stories of all these civilizations are not congruent, but they are very similar. One thing rings clear—an oppressive land tenure system can be found in every civilization. Its power is enormous, its strength never dying. But when it is changed to conform more with the prime principle, in each case unknowingly, miracles occur. These miracles are recorded in history.

Of the seven self-starting civilizations shown on the chart, only two did not have any communication with other civilizations—the Inca and the Mexico. The Inca civilization thought it was the whole world, and because of the lack of communication, never had the use of iron, the wheel, large beasts of burden, or a written language. In spite of these drawbacks, the Inca civilization is the only one that has ever existed on this planet to have eliminated poverty!

As the other civilizations developed from their isolation at birth, they gained knowledge through communication and trade.

**Chart 11-A**  
**SEVEN SELF-STARTING CIVILIZATIONS**

Name	Approximate Date of Birth	Authority for Date	Authority for Independent Origin	Free Market			Land Tenure in Prosperity	
				In Goods	In Land Leases	In Land Sales	Land Rent	Land Taxes
Egypt	4000 B.C.	Toynbee*	Toynbee*	Yes	Yes	Yes	Yes	Yes
Tigris-Euphrates Valley (Babylon)	3500 B.C.	Toynbee*	Toynbee*	Yes?	Yes	?	Yes	Yes
Aegean-Minoan	3000 B.C.	Toynbee*	Toynbee*	Not known	Yes	Not known	Yes	Yes
India	3000 B.C.	Schulberg**	Toynbee*	Yes	Yes	Slight	Yes	Aśoka 250 B.C. Yes Akbar 1500 A.D. Yes
China	1000 B.C.	Toynbee*	Toynbee*	Yes	Yes	Yes	Yes	Yes
Mexico	1000 B.C.	Leonard***	Leonard***	Yes	Not known	Not known	Not known	Not known
Andean-Peru (Inca)	1000 B.C.	Leonard***	Toynbee*	Yes	No	No	No	No

\*Arnold Toynbee, *A Study of History*, abridged by D. C. Somerwell (New York: Oxford University Press, 1946).  
\*\*Lucille Schulberg, *Historic India*. (New York: Time, Inc., 1968).  
\*\*\*Jonathan Norton Leonard, *Early Japan*. (New York: Time, Inc., 1969).

Note: The Inca civilization was completely independent of all other civilizations outside the area.  
The Mexico civilization, after its birth, received gains and suffered losses from the Maya civilization, but none from the far outside.

## EGYPT

**Egypt and land tenure, land rent, and land value taxes.** Egypt started in isolation, with the sea to the north, the desert and the sea to the east, mountains and jungle to the south, and the desert to the west. Through this isolated land flowed the river Nile, which literally made Egypt an oasis. The river, with its annual flooding and receding, produced a fertile valley that made Egypt a rich agricultural nation. "It determined all real estate values, for the land was divided into that which always received the benefits of flooding, that which sometimes did, and that which never did, and taxes were assessed accordingly."<sup>1</sup> (The emphasis is mine.)

There is additional proof of land value taxation in ancient Egypt in the same source: "There were

land surveys, classifying all acreage according to productivity."<sup>2</sup> Another source states: "To levy taxes the priests therefore needed some way of measuring area,"<sup>3</sup> and "So the priests had to measure each plot of land again and again, year in and year out."<sup>4</sup>

Most of us, even after taking various "survey" courses in ancient history, have not grasped the almost unbelievable extent of commerce, accounting methods, and general organization that existed in ancient Egypt—including the feudalistic, tier system of land tenure.

**Church property and income.** During the twentieth dynasty under Ramses III (about 1200 B.C.), the

1. Leonard Casson, *Ancient Egypt*. (New York: Time, Inc., 1965), page 31.

2. Casson, page 99.

3. Lancelot Hogben, *The Wonderful World of Mathematics*. (Garden City: Garden City Books, 1955), page 16.

4. Hogben, page 17.

temple was in possession of 722,533 acres—about 15% of the amount of land in all of Egypt. This information comes from the Harris Papyrus, as reported in James Henry Breasted's *Classic Ancient Records of Egypt*, Vol. IV. According to Breasted, the total property belonging to the church, from which yearly income was received, may be summarized as follows:<sup>5</sup>

List of the things of the gods and men: gold, silver, real lapis lazuli, real malachite, all real, costly stones, cattle, gardens, lands, galleys, workshops, towns, festal offerings, oblations, 'Books of the Nile God,' and all the things, which King Usermare-Meriamon, L.P.H., the Great God, did for his august father, Amon-Re, King of gods, Atum, lord of the Two Lands of Heliopolis, Re-Harakhte, Ptah, the great, 'South-of-His-Wall,' lord of 'Life-of-the-Two Lands,' and all the gods and goddesses of South and North; while he was king upon earth:

The processional images, statues, and figures of Amon-Re, king of gods:

being 2,756 gods:	heads	113,433
Various cattle		490,386
Lands: stat		1,071,780
Gardens and groves		514
Transports and galleys		88
Towns of Egypt		160
Towns of Syria		9
Total		169

Note that the church in Egypt owned over a million "stats" of land, 160 towns in Egypt, nine towns in Syria, and much personal property, including commercial ships.

**Proof of land rent.** The basic income of the ruling classes of Egypt—the king and his hierarchical structure of nobles, together with the church and its tier system—was land rent. For example, Breasted gives us the yearly income of the temple: "Things exacted, impost of the people and all the self-laborers of the houses, temples, and estates, which he gave to them as their yearly dues."<sup>6</sup> Note the term "self-laborer," a proof that a large part of the yearly income of the temple was land rent.

The itemized list of personal property in the hands of the temple, probably after many exchanges, included various units of goods such as gold, silver, copper, linen, yarn, incense, honey, oil; grain, flax, waterfowl, cattle, geese, cedar, boats, etc. Money was not in existence, so goods were bartered, or payment was made in kind, from the land's yield.

**Proof of a free marketplace in goods.** The *Encyclopaedia Britannica*, 11th edition, states the following: "A unique scene in the tombs of the IVth dynasty . . . shows men and women exchanging commodities against each other, fish, fish hooks, fans, necklaces, etc."<sup>7</sup>

**Proof of a free marketplace in land.** Breasted, in his *Classic Ancient Records of Egypt*, gives the following information about Egypt during the twenty-first dynasty, about 1000 B.C.:

"That which was paid for 50 stat of land, which are in the high district south of Abydos . . . 5 deben of silver. . . . That which is in (not known) of the part which is in Abydos, 50 stat of land; amounting to 5 deben of silver. . . . Total of citizen lands (not known) two places being: the high district south of Abydos, and the high district north of Abydos 100 stat amounting to 10 deben of silver."<sup>8</sup>

The footnote on the same page states: ". . . 50 stat for 5 deben of silver; 10 state (6¼ acres) of land was thus worth 1 deben (1,404 grains) of silver." Thus, land had a price in the free marketplace and was bought and sold.

**Detailed information is not entered here.** The Egyptologists, as well as the Sumerologists and the scholars of ancient Chinese history, I am sure, have by-passed many tens of thousands of records of land transactions, not relating them and related statistics to the cycles of poverty and prosperity. The records of these ancient civilizations abound in numbers measuring areas, values, and people. I hold that the experiences of these and other remarkable civilizations will give us clues and answers to our problems today, as history repeats itself.

Logic points out that heavy land taxes will correlate with the peaks of prosperity, and low land taxes with the valleys of decline—but the research required is for the specialists.

5. James Henry Breasted, *Classic Ancient Records of Egypt*. Vol. IV. (Chicago: University of Chicago Press, 1906), page 192.

6. Breasted, page 193.

7. *Encyclopaedia Britannica*, 11th ed. s.v. Egypt.

8. Breasted, page 331.

**General information from general sources.** We have already shown that Egypt had land rent, land taxes, land sales, and land leases. It also had degrees of consolidation and the fracturing of feudalism. It had pulses of prosperity and poverty.

**Egypt's cycles of prosperity.** Historians have devoted a life-time to the study of Egypt. Egypt was a world in itself, and lasted thrice as long as the Christian era has existed—six thousand years. When one skims for facts dealing with land, land rent, land taxes, and land economics generally, trying to find correlation with prosperity, thousands of interesting digressions become a temptation. They must have been so to historians, also. Land economics data, in general texts, are hard to find; they are even

hard to find in specialized Egyptian records such as Breasted's *Classic Records of Ancient Egypt*. Breasted says, explaining the necessity of excluding some records because of the tremendous number available, "In the selection of documents there has sometimes been difficulty in deciding—all purely religious documents, all science, like mathematics and medicine, and in most cases business documents have been excluded. In the Old Kingdom, however, the last have been included in view of the limited material surviving from that distant age."<sup>9</sup>

The following chart shows the pulses of prosperity and poverty in ancient Egypt, and also the periods of consolidation and fracturing.

**Chart 11-B**

Approximate Date	Economic Conditions	Hierarchical Movement
3200 B.C.	Gain in prosperity	Consolidation of upper and lower Egypt
2686 B.C.	Rising	One chief overlord
2345 B.C.	Decline	Feudal sub-lords gain power
2181 B.C.	Bottom	Dissolution of central power
2160 B.C.	Bottom	Fractured feudalism
2133 B.C.	Rising	Re-consolidation
1991-1786 B.C.	Prosperity	Powerful central overlord
1786-1603 B.C.	Decline	Invasion from outside, new central overlord
1650-1587 B.C.	Rising	Revolution
1567-1320 B.C.	Prosperity	Re-consolidation; powerful central overlord
1320-1200 B.C.	Prosperity	Powerful central overlord
1200-1085 B.C.	Decline	Weakening central overlord; shrinking outer boundaries
1085-945 B.C.	Decline	Fractured feudalism; outside support
950-730 B.C.	Slight rise	Several outsiders become overlords
730-656 B.C.	Level	Outsider becomes central overlord; new invasion from outside
663-525 B.C.	Level	Central overlord
525-404 B.C.	Decline	Invasion; outsider is overlord
404-341 B.C.	Decline	Outsider repelled; then outsiders rule again
332-30 B.C.	Decline	New outsider—Alexander the Great starts new overlords

9. James Henry Breasted, *Classic Records of Ancient Egypt*. Vol. I. (Chicago: University of Chicago Press, 1906), page xii.

**What has been proved.** We have been able to prove the following statements by the data collected:

1. Egypt had cycles of rising and falling prosperity which coincided with consolidation and fracturing of its hierarchical land tenure system.

2. Egypt had a highly organized land tenure system which supported the upper tiers well.

3. The church vied for power for the civic authority as landowners.

**What seems extremely probable.** When consolidation occurred, the exchange of skills and the trading of goods increased, land rent increased, central land taxes increased, and prosperity occurred.

When fracturing occurred, trade dropped off, the exchange of skills dropped, land rent dropped, and central land taxes and fractional land taxes dropped. Land use became much more constricted. New taxes on production were applied by the smaller govern-

mental units, and tariffs were applied between the smaller governmental units.

**What we have not proved.** We have not proved, because not enough evidence is available, that each rise and fall of prosperity in ancient Egypt was caused by increases and decreases in land taxes. The proof should be carried out by others—by professional historians.

**The prime principle was served in ancient Egypt.** Egypt did have land value taxes; some of the values created by society (or nature) were returned to society through, it is true, two hierarchies—king and church. But there was prosperity. In the free market there was equal exchange of values. So, in spite of slavery and serfdom, it was better to live in society than away from it. Some of the values from the three amplifiers of society got back to the people—even though unequally.

## THE CIVILIZATION OF THE TIGRIS-EUPHRATES VALLEY

The world's second self-starting civilization continuously took in culture from other areas by means such as consolidation, conquest, invasion, and trade. The fertile Tigris-Euphrates valley is known by the names of the many cities and mighty empires established there, such as Sumer, Kish, Frech, Mesopotamia, Assyria, Babylon, and Persia. Various dynasties of rulers arose in the city states, in consolidations of states, and in empires. Wars, revolts, invasions, and conquests were repeated over and over again.

The land tenure system in the Tigris-Euphrates valley started with free men as landowners and gradually grew into a feudal system of tiers with a central overlord, the church, and some private individuals owning the land. There was a free marketplace, there was exchange of skills, there was trade—and there were land sales, land taxes, and land rent. There were also other taxes—taxes on production.

Read in summary what H. G. Wells says in his *Outline of History* about serfs, slaves, and social classes in Mesopotamia and Egypt.

“Men paid in liberty for safety, shelter, and regular meals. By imperceptible degrees the common man found the patch he cultivated was not his own; it belonged to the god, and he had to pay a fraction of his produce to the

god. Or the god had given it to the king, who exacted his rent and tax. Or the king had given it to an official, who was the lord of the common man. And sometimes the god or the king or the noble had work to be done, and then the common man had to leave his patch and work for his master.

How far the patch he cultivated was his own was never very clear to him. In ancient Assyria the land seems to have been held as a sort of freehold and the occupier paid taxes; in Babylonia the land was the god's, and he permitted the cultivator to work thereon. In Egypt the temples or Pharaoh-the-god or the nobles under Pharaoh were the owners and rent receivers. But the cultivator was not a slave; he was a peasant, and only bound to the land insofar that there was nothing else for him to do but cultivate, and nowhere else for him to go. He lived in a village or town, and went out to his work. The village, to begin with, was often merely a big household of related people under a patriarch headman, the early town a group of householders under its elders. There was no process of enslavement as civilization grew, but the headmen and leaderly men grew in power and authority, and the common men did not keep pace with them, and fell into a



tradition of dependence and subordination.

On the whole, the common men were probably well content to live under lord or king or god and obey their bidding. It was safer. It was easier. All animals—and man is no exception—begin life as dependents. Most men never shake themselves loose from the desire for leading and protection."<sup>10</sup>

The ebb and flow of the civilization of the Tigris-Euphrates valley varied from small feudal cities and the consolidation of cities into empires to disintegration. Throughout it all there was internal commerce and commerce with distant lands. There was

a free market in goods and in land. There were periods of great injustice, and periods with less injustice and prosperity. Records on clay tablets, written in cuneiform characters, tell a story, like that of Egypt, of an almost unbelievable amount of trade and administrative procedures, together with a carefully worked out legal system. The prime principle was being applied: values were exchanged and contracts involving values were being written. The following chart tabulates the general events to show changes in the land tenure system. The dates and much of the data were taken from Samuel Noah Kramer's *Cradle of Civilization* (New York: Time, Inc., 1969).

Chart 11-C

Approximate Date	Economic Conditions	Events	Hierarchical Movement
3500 B.C.	Rising	Sumerians settle on the Euphrates; temples are built.	Democratic city states begin, run by small land owners.
3000 B.C.	Rising	Art and culture advance.	Feudal system begins; kings of city states; hereditary land tenure system starts.
2750 B.C.	Rising	Contract for land sales in cuneiform writing.	
2500 B.C.	Rising	Continued cultural advance.	Consolidation of city states.
2370 B.C.	Continued prosperity	Land rent 1/7 or 1/8 of crop; city states fight for domination.	Attempts to fracture.
2400 B.C.	Decline	To land taxes are added all kinds of taxes on production and trade; social revolt in the city.	Attempts to consolidate.
2300 B.C.	Rising	State of Lagash Urukagina tax reform removed taxes on production; invasion by city of Umma.	Consolidation with some other states.
2113-2000 B.C.	Decline	Land rent 1/3 of crop.	Central government weakens.
1900 B.C.	Decline	Outside attacks; outside conquerors.	Consolidation.
1800 B.C.	Rise	Hammurabi in power; legal code put in.	
1700 B.C.	Rise	Private ownership of some land; land taxes in law; land tithes to church; land leases.	Feudal system legalized.
1600 B.C.	Static or decline	Invasion.	Foreign domination.
1300 B.C.	Decline	Revolt.	Re-consolidation.
1000 B.C.	Rise	Iron introduced.	Consolidation.
900 B.C.	Rise	Expansion.	Greater territory.
800 B.C.	Good	Continued expansion of territory. Revolt subdued.	More central power.
700 B.C.	Good	More expansion. Babylon rebuilt.	More central power.
600 B.C.	Static	Invasion; foreign conqueror razes Jerusalem—Jews taken to Babylon.	Foreign takeover of feudal system.
500 B.C.	Static or decline	New foreign conquest by Cyrus the Great of Persia.	New takeover of feudal system.

10. H. G. Wells, *The Outline of History*. (New York: Macmillan Co., 1921), pages 197-198.

Thus, history shows us in the world's second self-starting civilization a land tenure system of a hierarchical type—feudalism. We see remarkably prosperous times with land sales, land rent, land leases, and land taxes—with land put into its best use. There was a free marketplace in all goods; in some

land leases, and in some land sales.

We can learn a great deal from the tablets of Sumner. Here, too, the prime principle was unknowingly used. It seems probable that as this principle was used, particularly in the form of land value taxation, prosperity resulted. And vice versa.

## THE AEGEAN-MINOAN CIVILIZATION

The Aegean civilization, also known as Minoan and Mycenaean, was the world's third self-starting civilization. Eventually part of its culture was re-born into the Greek and Roman civilizations, as well as others, and then into our present Western civilization. We have picked up traces of the remarkably advanced Aegean people through Homer's Iliad and Odyssey. The discovery of the ruins of Troy and Mycenae make stories as fantastic as those of Homer. The romance, the art, and the mystery have so engrossed archeologists and historians that they have, it would seem, missed unraveling the economic story—a story that could help us in today's world.

### Did the Aegean civilization use the prime principle?

There is definite evidence that the Aegean civilization unknowingly used the prime principle. It returned to society, through the king and an astonishing bookkeeping system, much of the society-made values to the people. There is also much evidence suggesting incentive pay for labor, as there were quotas for craftsmen. There was abundant foreign trade and also an exchange of skills within the kingdoms.

The chart below and on the opposite page shows the chronology of events in the history of the Aegean civilization.

Chart 11-D

Approximate Date	Place and Event	Economic Activity and/or Conditions	Hierarchical Structure
4000 B.C.	Bronze Age in Crete. <sup>11</sup>		
3000 B.C.	Civilization begins in Crete. <sup>12</sup>		
2300 B.C.	Hieroglyphic writing used in Crete. <sup>13</sup>		
2000 B.C.	Linear A script, Cretan language. <sup>14</sup>		Two kingdoms.
1700 B.C.	New people on Crete. <sup>14</sup>	New palaces built.	
1650 B.C.	Mainland (Greece)	Increasing prosperity. <sup>15</sup>	
1600 B.C.	Crete		Consolidation into one kingdom. <sup>14</sup>
1600 B.C.	Mainland, Greeks arrive; culture from Crete (Minoan). <sup>14</sup>	More trade activity by mainland than by Crete in Aegean area. <sup>14</sup>	
1520 B.C. <sup>16</sup>	Natural disaster—earthquake in Aegean center at Thera; Crete's civilization stopped. <sup>17</sup>	Stopped.	Smashed.
1510 B.C.	Mainland, palaces built. <sup>15</sup>		Kingdoms arise. <sup>15</sup>
1450 B.C.	Mainland.	Prosperity starts. <sup>15</sup>	More kingdoms.

11. William L. Langer, ed. *Encyclopedia of World History*. (Boston: Houghton Mifflin Co., 1948), page 16.

12. Arnold Toynbee, *A Study of History*, abridged by D.C. Somerwell. (New York: Oxford University Press, 1946), Table V.

13. Langer, page 46.

14. Leonard R. Palmer, *Mycenaeans and Minoans*, 2nd edition. (New York: Alfred A. Knopf, 1961), Table.

15. George E. Mylonas, *Mycenae and the Mycenaean Age*. (Princeton: Princeton Press, 1966), page 236.

16. Note conflict of dates—probably same event as second entry for 1450.

1450 B.C.	Destruction of all Cretan cities. Last of Linear A script. <sup>14</sup>		
1400 B.C.	Crete — Use of Linear B script. Overrun by mainlanders (Greeks). <sup>14</sup>	Prosperity starts again.	System taken over.
1300 B.C.	Crete becomes cultural center for mainland. <sup>14</sup>	Prosperity.	Consolidation into one kingdom.
1300 B.C.	Mainland.	Prosperity continues. <sup>15</sup>	Several kingdoms.
1200 B.C.	Mainland (Pylos) Linear B script gives economic information. <sup>18</sup>  Mainland (Pylos) Economic information from Linear B script. <sup>19</sup>	Prosperity continues; land assessed; land taxed; state rationed raw materials. Land measured in value; land allocated; lands taxed; state and church owned land; communal land; private land; land leased; state and church owned animals; planned production.	Highly organized hierarchical land tenure.  Tier system; statistics of palaces and economic transactions.
	Dorian invasion and takeover. <sup>14</sup>	Gradual decline. Record-keeping stopped; foreign trade continued; population dropped; poverty.	Collapse of central power; fragmented.
1125 B.C.	Mainland and Crete collapse; end of civilization. <sup>20</sup>	Poverty.	End.

**Sources of information.** The main sources for information about the Aegean civilization are the Linear B tablets, found on Crete. The evidence seems to indicate that the mainlanders (Greeks) took over the Cretan government and also the writing system that had started in Crete and then spread to the mainland two centuries later. The writings seem to be almost exclusively made for the palaces of the kingdoms, and dealt exclusively with economic activity.<sup>21, 22</sup>

**Land tenure system.** The available documents prove without any doubt that the Aegean civilization had a feudalistic, hierarchical, efficient, and bureaucratic land tenure system.<sup>23</sup> A large number of records dealt with land.<sup>24</sup> The kingdoms in Crete and on the mainland definitely had tier systems of land control.

There were four types of landowners—community, king, church, and private.<sup>25</sup> The king and his hierarchical organization, the church, and the pri-

vate owners leased land to others.<sup>26</sup> The “tenants” paid land rent.<sup>25</sup>

**Measurement of land.** Palmer and Mylonas both say that as a rule the land was measured in terms of seed grain, and that this gave rise to great confusion. I would theorize from these two sources that the measurement was related to the value of the land, or to the rent of the land, compared to the expected production of standardized parcels, whose value could be compared with other parcels, or other things or services.

**Land taxes.** The basic proof of the existence of land taxes is the case of the priestess E-ri-ta, who disputed her tax, and requested exemption, claiming she held the land for the god.<sup>27</sup> This classic case also brings up the “legal” recognition of the power of the commune, for it objected to the exemption. The priestess lost her appeal. The same case is recorded in Palmer’s *Mycenaeans and Minoans*.

17. Spyridon Marinta, “Thera—Key to the Riddle of Minoan,” *National Geographic*, May 1972.

18. Mylonas, pages 204-212.

19. Palmer, pages 21-22, 104-130.

20. Mylonas, page 23.

21. Mylonas, pages 207-208.

22. Palmer, page 114.

23. Palmer, pages 98-99.

24. Mylonas, page 205.

25. Mylonas, page 207.

26. Palmer, page 105.

27. Mylonas, page 206.

The word "assessment" is used unclearly by Palmer and Mylonas, and the word in the original document was probably also unclear. The reader gets the impression that the assessment was a tax quota prior to performance. For example, Mylonas states on page 207 of *Mycenae and the Mycenaean Age*; "The *wanax* [king], exercising supreme authority, was represented everywhere by a number of officials, . . . whose duty it was to see that his orders were carried out, that the assessments were made, allocations of rations and commodities decided, and the dues imposed by the king faultlessly complied with." (The emphasis is mine.)

In the case of land held by the king as chief overlord, it would seem that his subordinates had to assess the production due the king, as a quota, then later collect those "dues." In all events, the king was not only a major landowner—he was also the chief of state, so his land rent return was a tax. There is little doubt that the Aegean civilization had a land tax.

**Other incentives.** We can surmise from the evidence in Palmer and Mylonas that, at least among those working in the tier system under the king, there was an assessment, a pre-production quota due the king, and that this was outside the actual cultivators of the soil or the services and manufacturing industries' personnel.

There were assessments of highly organized and specialized classes of artisans and workers.<sup>28</sup> Mylonas goes on to list examples of seventeen classifications. Assessments were broken down with reference to individuals, seemingly by craft and by talent. Supervisors were assessed higher.<sup>29</sup> Allocations of rations, presumably after the recording of production, were according to social grade and function.<sup>30</sup> Palace administrators were "assessed" higher.

**Allocation.** The king, through his delegated subordinates, was responsible for securing all raw materials for the manufacturing and service industries. These included imported metals such as copper and gold, ivory tusks, and domestic materials such as wool.<sup>31</sup> "The allocations of seed to a variety of peo-

ple recorded on the tablets indicate that land was under cultivation—sufficient to provide for the needs of a large population."<sup>31</sup>

**Rationing and pay checks.** Part of the complex book-keeping system of the palace tiers was the paying out of values in units of wheat, barley, and feed in standard monthly rations. To do this, not only were records kept, but methods of measuring by volume (both dry and wet) and by weight were used.<sup>32</sup>

**Ownership of capital.** The written records of the palace tiers show that some domestic animals, if not all, were owned by the king and the church. Inventories were kept, for instance of sheep and wool.<sup>33</sup> The king evidently owned cattle, as did the church also.<sup>34</sup>

**Foreign trade.** Trade between the Aegean islands and the mainland was under the bureaucratic control of the kings. It is a puzzle to historians what the Aegean civilization exported in order to receive supplies of metals and other materials. "It has always been a puzzle to know what so unproductive a country as Greece had to offer in exchange for the luxury goods for which the remains from the Mycenaean Age offer such striking evidence. Gold and ivory, to mention only the most obvious, must have been procured from abroad."<sup>35</sup> Exports seem to have been pottery, perfumed oil, wine, and art objects made from imported raw materials.<sup>31</sup> Trade increased from 1700 B.C. to 1200 B.C. and covered all areas of the eastern Mediterranean, including Egypt. Pottery from the Aegean civilization, dated about 1700 B.C. has been found in southern France and on the Spanish Mediterranean islands.<sup>36</sup>

A very strong case can be made that "cosmetic art" material was a major export to Egypt and to Mesopotamia. A large number of people in the Aegean area worked on oils, perfumes, and spices.<sup>37</sup> Large quantities of jars have been found, and historians reason that they were used chiefly in the transport of fluids from the Aegean to other areas.

**Was the Aegean civilization self-supporting in necessities?** One historian states: "Whether grain was also one of the commodities imported on a regular basis . . .

28. Mylonas, page 207.

29. Palmer, page 107.

30. Palmer, page 21.

31. Mylonas, page 210.

32. Palmer, pages 122-127.

33. Palmer, pages 115-117.

34. Palmer, page 109.

35. Palmer, pages 112-113.

36. Marint, page 707.

37. Palmer, pages 113-115.

cannot be proved. There is absolutely no evidence corroborating the suggestion. . . .<sup>38</sup> Therefore, it would seem that the Aegean civilization was mighty efficient—self-sustaining in food. The city of Knossos in Crete had a “population approaching 100,000 as the greatest city on European soil at that time.”<sup>39</sup>

**Doom: slow death or catastrophe?** There is a problem concerning the date of the destruction of the civilization on Crete; Palmer puts it at 1450 B.C.<sup>40</sup> and Marinta puts it at 1520 B.C.<sup>41</sup> It is only later, after Crete was apparently rebuilt, that records in Linear B script provide exact dates and information about an efficient system of land tenure. Although the civilization of the Linear A script was lost, the civilization of the Linear B script lived on in prosperity for as long a time or longer than the United States of America has been in existence.

According to Mylonas the decline was gradual. The graves were reduced in number and in wealth. “The people of the area did not enjoy the prosperity of past generations. . . .”<sup>42</sup> Mylonas also quotes professor Emily T. Vermeule: “‘It was not the destructions,’ she maintains, ‘. . . so much as economic deprivations which made it impossible for them to maintain and rebuild in the old manner. . . .’”<sup>42</sup>

Overseas trade did not stop. “Finds from Thebes, Mycenae and Pylos—such as ivories, semi-precious stones, records of agents and condiments—prove that communications were open and commercial

enterprise was active to the end of the LH III B period [1190 B.C.]”<sup>43</sup>

**Decline was internal.** It would seem that just as the consolidation of an efficient bureaucratic hierarchical land tenure system, plus land taxes and possibly incentive pay, built the Aegean civilization from barren soil into a thriving, prosperous civilization, the reverse also occurred. The gradual loss and fracturing of this “enlightened” feudal system caused a reversion to feudal demands for land rents and high tax demands on production, rather than the collection of land taxes or production quotas. The decline of the use of the Linear B script correlates with the loss of control by the king.

**What historians and archaeologists should emphasize.** It is easy to digress as we use the culture and beautiful art forms to tell the story of civilization. Knowledge of material achievement is delightful, but of far greater importance is “Why?” I would suggest that all investigators study land tenure systems both in practice and in theory in all areas prior to their investigations so that they can use the scientific method—following a hypothesis and looking for definite facts to support or disprove. We desperately need, in this poverty-stricken world, in this brink-of-war world, some proof of the “why” of successful civilizations. Evidence taken from history, unbiased, is proof. History is the greatest experiment of all—can we interpret it without rationalization?

## INDIA

The civilization of the land we call India has provided many, many digressions for historians—digressions that have been repeated in other civilizations: violent conflicts, invasions, spiritual philosophy, great men, beauty in art and poetry, and so on. Land tenure systems and their congruency with poverty and prosperity have been neglected.

India has had four peaks of prosperity and cultural advance—three of which are known to have

coincided with heavy land taxes and efficient, hierarchical, bureaucratic administration. Both before and since independence, India has shifted to a generally non-hierarchical form of land tenure system—still retaining the worst of fractured feudalism and the very worst of latifundia.

Let’s look at the chronological story of land tenure systems in India from 3000 B.C. to the present, as shown in the following chart.

38. Mylonas, page 210.

39. Marinta, page 709.

40. Palmer, Table.

41. Marinta, page 702.

42. Mylonas, page 230.

43. Mylonas, page 230.

Chart 11 - E

Approximate Date	Place and/or Event	Economic Activity and/or Conditions	Hierarchical Movement
3000 B.C.	West of Indus Valley—primarily village culture. <sup>44</sup>	Rising	
2500 B.C.	Indus Valley, Harappan culture, Mohenjo-Daro culture, the "lost" civilization; seaports, docks, granaries. <sup>44</sup> Few weapons, <sup>45</sup> Pictographs and seals not yet deciphered; plumbing drainage, water system.	Rising commerce, foreign trade Middle class prosperity ranks with Egypt and Sumer <sup>44</sup>	Unknown Land belonged to priesthood(?) <sup>46</sup>
1750 B.C.	Mohenjo-Daro—art quality diminishing. <sup>47</sup> Harappan—invasion from North by Syrians. <sup>44</sup>	Slow decline <sup>44</sup> Sudden violent death <sup>44</sup>	Civic organization <sup>47</sup> Complex urban culture <sup>44</sup>
1500 B.C.	Vedic Age	Decline	Disorganization of old system. <sup>44</sup> Reorganization, nobles, priests, tenders of cattle, conquered people. <sup>44</sup>
1000 B.C.	Religious writings—Sanskrit; Aryan priests take over; more conquests; other religions grow; Buddha is born.	Decline Static	Kingdoms and conquest <sup>48</sup>
600 B.C.		Rising <sup>49</sup>	Tribal land holding <sup>50</sup>
500 B.C.	Darius of Persia conquers part of northwest India. <sup>48</sup>	Rising	Kingdoms in Indus Valley.
300 B.C.	Alexander conquers edge of northwest India. <sup>51</sup>	Rising	
300 B.C.	Central and northern India—India's first empire, Mauryan—founded by Chandragupta. <sup>52</sup>	Rising	Consolidation
250 B.C.	Further expansion of empire by Asoka. <sup>52</sup> Arthashastra—political and economic and cultural code; land taxes. <sup>53, 54, 55</sup> Land leases, free market. <sup>54, 57</sup> Land assessments. <sup>54</sup> Land sales with permission. <sup>57, 58</sup>	Prosperity <sup>56</sup> Prosperity <sup>54</sup>	Bureaucratic hierarchy <sup>52</sup> Tier administration
182 B.C.	Revolution. <sup>59</sup> Administration. Invasions	Decline Static or decline	Fragmentation into kingdoms. <sup>59</sup> Feudal fracturing
A.D. 300	Invasions	Static	Small kingdoms
A.D. 320	Gupta Empire across northern India—Samudragupta coins	Prosperous <sup>60</sup>	Consolidation <sup>60</sup>
A.D. 410	Land clearing on frontier. <sup>60</sup>		

44. Lucille Schulberg, *Historic India*. (New York: Time, Inc., 1968), pages 32-37.

45. D. D. Kosambi, *Ancient India—A History of Its Culture and Civilization*. (New York: Random House, 1965), page 64.

46. Kosambi, page 69.

47. Kosambi, pages 54-55.

48. Schulberg, Chart, pages 179-181.

49. Kosambi, page 101.

50. Kosambi, page 150.

51. Wells, page 323.

52. Schulberg, pages 75-76.

53. Arthur Llewellyn Basham, *The Wonder that Was India*. (New York: Taplinger Publishing Co., 1968), page 105.

54. Kosambi, pages 152-160.

55. T. N. Ramaswamy, *Essentials of Indian Statecraft—Kautiliya's Arthashastra for Contemporary Readers*. (Bombay: Asia Publishing House), page 82.

56. R. P. Kangle, trans., *The Kautiliya Arthashastra*, Part II. (Bombay: University of Bombay, 1963), note, page 87.

57. Basham, page 109.

58. Kosambi, page 149.

59. Schulberg, page 80.

60. Kosambi, pages 192-195.

61. Schulberg, page 94.

62. Kosambi, page 137.

63. Kosambi, pages 196-197.

A.D. 500	Gupta Empire, free enterprise. <sup>60</sup> <u>Land taxes whether land cultivated or not.</u> <sup>62</sup> Percentage of yield taxes. <sup>63</sup> Few land sales. <sup>63</sup> Land grants. Land tax exemptions. <sup>63</sup> Feudal privileges. <sup>63</sup>	Prosperity <sup>61</sup>  Decline Decline Decline	Consolidation, bureaucratic
A.D. 600	Cities declined rapidly. <sup>63</sup>	Decline	Fractured empire, many kingdoms <sup>48</sup>
A.D. 700	Arab conquest. <sup>48</sup>	Low	
A.D. 1000	Muslim Turk conquest. <sup>48</sup>	Low	Fractured
A.D. 1200	More conquests. <sup>48</sup>	Low	
A.D. 1300	Conquest of south. <sup>48</sup>	Low	
A.D. 1400	Conquest from north. <sup>48</sup>	Low	
A.D. 1500	Portuguese establish trading colonies; Babur conquers central India and starts Mogul dynasty.	Low	Fractured
A.D. 1556	Akbar expands empire.	Rising	More consolidation
A.D. 1580	Land yield assessments. <u>Land value taxes.</u> <sup>65</sup> Freedom of religion. <sup>64</sup>	"Rich and progressive." <sup>65</sup>	Hierarchical, bureaucratic
A.D. 1580	Northern and central India, <u>land tax</u> ; "Land revenue to Akbar amounted to . . . 16½ millions sterling." <sup>66</sup>	Prosperous	Organized feudalism <sup>66, 67</sup>
A.D. 1605	Akbar dies, "having governed so wisely. . . ." <sup>68</sup> British, Dutch, and French trading companies. <sup>48</sup>		
A.D. 1700	Decline of Mogul Empire begins. <sup>48</sup> "glorious achievements in arts . . . one of the greatest . . . world has ever seen." <sup>69</sup>	Decline <sup>48</sup>	Fracturing begins <sup>66</sup>
A.D. 1739	More conquests from outside (Persia). <sup>70</sup>	Decline	Many kingdoms
A.D. 1751	British beat French. <sup>71</sup>		
A.D. 1786	Cornwallis—civil hierarchy		
A.D. 1793	Land revenue—fixed to past payments—2-3/4 millions sterling to England. <sup>72</sup> Internal rebellion. <sup>73</sup> Revolts—military rule.	Decline	Piratical consolidation of feudalism, bureaucratic <sup>70, 72</sup>
A.D. 1900	Changes in English governors. <sup>74</sup>	Bottom	Piratical feudalistic consolidation
A.D. 1901	Land revenue to British government \$ .14 per capita: 17 million pounds. <sup>75</sup>		
A.D. 1950	India independent from England.	Bottom	Latifundia, some feudalism
A.D. 1956	Union of 15 states and eight centrally administered districts. <sup>76</sup>	Slight rise	Toward centralization
A.D. 1969	24% of rural population landless. 42½% operate less than 5 acres. 48% live in abject poverty. <sup>77</sup> Land rents 50% to 70% of crop. <sup>78</sup> 364 incidents of forcible occupation of land—100,000 to 300,000 acres, West Bengal. <sup>79</sup> Land values up 300 to 500%. <sup>78</sup>	Very low  Very low	Mostly no hierarchical, "latifundia"
A.D. 1970	"violent clashes (West Bengal) between absentee landlords and peasants." <sup>80</sup>		
A.D. 1970	Land revenue (taxes) 1,161 million rupees, 64.4 million pounds (sterling). <sup>81</sup> (Compare to A.D. 1580 under Akbar.) Land (taxes) \$.276 per capita. <sup>82</sup>		Latifundia

64. Kosambi, pages 194-195.

65. Schulberg, pages 162-163.

66. *Britannica*, 11th ed. S.V. India.

67. Wells, page 693.

68. Schulberg, page 177.

69. Schulberg, page 164.

70. *Britannica*, s.v. India.

71. *Britannica*, s.v. India.

72. *Britannica*, s.v. India.

73. H. G. Keene, *History of India*. (Edinburgh: John Grant, 1906), page 236.

74. Keene, pages 410-417.

75. *Britannica*, s.v. India.

76. *Information Please Almanac*, 1969, page 132.

77. W. Ladejinsky, "Ironies of India's Green Revolution," *Foreign Affairs*, July, 1970, page 763.

78. Ladejinsky, page 764.

79. Ladejinsky, page 766.

80. *Grand Rapids Press*, 7-14-70.

81. Letter from the Embassy of India in the United States, dated March 31, 1971.

82. *United Nations Statistical Yearbook*. (New York, 1968).

**The "lost" civilization.** India has had four peaks of economic prosperity. The first of these peaks occurred among the people of the so-called "lost" civilization, which began in the Indus Valley about 3000 B.C. Ruins that have been discovered indicate that two centers of this civilization, Mohenjo-Daro and Harappa, rivaled Sumer and Egypt in prosperity. These cities provided superior urban living, with water and sewage disposal systems. The "lost" civilization seems to have been a middle-class culture, with a complex urban organization. The church probably owned the land. The people possessed a pictographic form of writing for the keeping of simple records, but the pictographs have not yet been deciphered. Weapons were few, and art was not highly developed.

The "lost" civilization ended with the death of Mohenjo-Daro and Harappa, about 1750 B.C.

**The second rise in prosperity.** The peak of India's second rise in prosperity, about 250 B.C., coincided with the consolidation of a hierarchical bureaucracy by the Emperor Asoka. H. G. Wells says of this Emperor:

"For eight and twenty years Asoka worked sanely for the real needs of men. Amidst the tens of thousands of names of monarchs that crowd the columns of history, their majesties and graciousnesses and serenities and royal highnesses and the like, the name Asoka shines, and shines almost alone, a star."<sup>83</sup>

Asoka organized a huge territory into a hierarchical land tenure system. It worked well. He instituted the assessment of land according to expected yield, and he put in land taxes on those assessments. There was a free market in goods, in land leases, and apparently also in land sales. There was tremendous prosperity and cultural development; 250 years before Christ, Asoka put the Golden Rule into political and economic action. He was a religious man, and he was tolerant of all religions. He was one of the few great men of this planet.

**Period of decline.** A half century after Asoka's death came a period of decline, with fragmentation of the Empire by internal revolution and external invasion. Northern India entered a low period of fractured feudalism—the breaking of an empire into many small kingdoms, a process which has occurred all over this planet. There was a loss of central govern-

ment functions, land taxes, and all related operations.

**The third rise in prosperity.** About 650 years after the prosperity of Asoka's Empire—a time interval of internal distress and invasions—a new invader captured almost the same territory, and using the same written rules, consolidated the Empire again under a new dynasty. Under this new dynasty, the Gupta, the Empire again became prosperous. This prosperity lasted for only about two hundred years.

Under the Gupta dynasty India had a free enterprise system. There were two mixed-up land taxes—one for some of the people, based on value whether the land was used or not, and the other based on actual yield.<sup>84</sup> There was a hierarchical bureaucracy with a tier system of land tenure. The Gupta Empire was rich in goods and in culture. Like the young United States, the Gupta Empire had an expanding frontier, giving new lands to the landless.

**Decline.** The decline of the Gupta Empire started internally—with the granting of feudal privileges, exemptions from land taxes, and grants of land. The cities began to decline, the Empire fractured into many small kingdoms—and then came the deluge from outside. Invasion after invasion occurred. Arabs, Turks, and other Muslims entered India. Invaders from various parts of Europe drifted into India's coastal trading posts. Then finally the Mongols took over all of northern India. In about A.D. 1500, Babur founded the Mogul Empire in India and became its first ruler. This empire covered almost the identical area of Asoka's empire, and repeated some of the earlier empire's progressive deeds under a great new leader—Akbar.

**The fourth and last peak of prosperity in India.** According to H. G. Wells:

"Akbar, next perhaps to Asoka, was one of the greatest of Indian monarchs, and one of the few royal figures that approach the stature of great men."<sup>85</sup>

"In all seriousness he devoted himself to the work of peace. Moderate in all pleasures, needing but little sleep and accustomed to divide his time with the utmost accuracy, he found leisure to devote himself to science and art after the completion of his State duties."<sup>86</sup>

84. Kosambi, page 137.

85. Wells, page 693.

86. Wells, page 695.

83. Wells, page 371.



Akbar was a warrior, an athlete, and an egghead. He expanded his empire, consolidated his hierarchical bureaucracy, and made his moral and religious principles practical rules of his state. He put in assessments on land according to yield, and a heavy land tax.<sup>87</sup> The British later measured Akbar's land revenue as equivalent to 16.5 million pounds.<sup>88</sup> His realm was economically prosperous and culturally very advanced.

**Again, decline.** The decline of one of the greatest achievements in prosperity and the arts began less than one hundred years after the death of Akbar. The decline came from within, as a result of fractured feudalism. The great Mogul Empire split into small kingdoms. Invasions occurred and the British took over, beating the French to the spoils.

Cornwallis, still suffering from his defeat by Washington at Yorktown, served as India's governor general between 1786 and 1793. He took over India's system of fractured feudalism and lowered the land taxes far below the level of Akbar's day—to only 2.8 million pounds. He added many other taxes on production and drained India of its riches, much of its wealth going to Britain. It was a practical conquest.

The British takeover of feudalism changed slightly

toward latifundia. This condition still existed after independence in 1950. India was deep in poverty—and still is. India has not learned her lesson from her own history. According to a letter from the Indian Embassy in the United States, dated March 21, 1971, India's land tax is but 4% of her total taxes. This is only 28 cents per capita—and 24% of the rural population are landless; 48% of the people live in abject poverty; and riots for land are common. India is not so much an example of overpopulation as an example of ignorance of history.

**The prime principle was used, and now is not.** Shame should be in the hearts of the present leaders and the people of Egypt, of Iraq, of Iran, and of Greece—not for past glories lost but for the law of human creative interaction used so well in the past and now repulsed. Far greater shame rests on the leaders and the people of India, for they too are ignorant of their past of peace and prosperity, and are defiling the memory of some of the greatest men who ever lived on this earth—Asoka, Akbar, and perhaps Gandhi. What is potentially a lush garden of Eden is now a decaying hell of humanity. The use of science, not ascetic spiritualistic escape is required. Within a generation, the use of the prime principle would make India flourish again.

## CHINA

China's history gives perhaps the clearest, most definite example of the power of land tenure systems. The Chinese rulers, as well as both ancient and modern historians, have all recognized some of the good and much of the bad as China suffered and shifted gradually through local feudalism, central administrative feudalism, a combination of feudalism and latifundia, military land control combined with latifundia, an attempt at democracy but still with latifundia and military control, and finally, in 1948, a clear reversal to a non-hierarchical, Marxist land tenure system.

There is nothing new under the sun. China went through the same cycles of local feudalism, city states, and empires as did Egypt and Babylon, interrupted by periods of fracturing, with internal and external bloodletting over land. Babylon had its latifundia and its code of Hammurabi, but even

with its canals and its commerce it never reached the peak that China did with its greater degree of land value taxation—its unknowing application of the prime principle.

In desperation, in sincerity, and in ruthless selfishness—all at the same time—China's destiny was formed under the dynasties of some strong and some weak leaders. It is the written records, saved from destruction, that give the subjective evidence in enormous detail of China's "glorious" past. It is with almost unbelieving wonder that we read about population counts, land assessments, taxes collected, values, trade, commerce, laws, culture, art, religion, and university-level education. We read about money, about coins of gold, of silver, of copper, of iron (as in Egypt), about the debasement of coins, about inflation, about the printing of paper money, about the forbidding of private property in land, of dividing up the land, of stopping commerce, of encouraging commerce, of taxing just the uncultivated land, of taxing people (poll tax), of disguising land

87. Schulbert, page 163.

88. *Britannica*, s.v. India.

taxes, of embezzling taxes, of poor assessments, of personal property taxes, of income taxes, of equality under the law, of favoritism, of exemption from taxes, of privileges, of the power of the religious hierarchies, of the taxing of the churches, of crime and punishment, of slavery, of toil, and of the land.

The record tells it all—the story of the prime principle and its application in land value taxation. But there are hundreds of experts on China (and other civilizations) who have missed this story. There are two main reasons why these experts have not reported the story of land value taxation in China. First, they had no knowledge of the theory as to what land value taxation can accomplish; and second, they had no way of separating land value taxes from the many “pseudo” land taxes—land taxes mixed in with other taxes, such as poll taxes.

The story of China has recorded the various efforts of emperors and prime ministers who were trying to find the key to prosperity. At times they came very close, as in the period of the “men of Han,” or in 780 in T’ang. But there are powerful forces—stronger than the Chinese Empire at its peak—which resist. These forces include external foreign forces and the internal rebellion of states, but more important, more insidious in action, is that of the landowners who have acted selfishly against the prime principle.

When our selfish ends also conform to a good social end all actions seem splendid. But China gives us evidence of what a taste of the fertile earth gives to the formerly hungry peasant. Even the downtrodden, the slaves, and the serfs are transformed by owning a piece of the earth. First they become hard-working and progressive. Then in fear, wanting security, they treat others as they were treated. All men are like this. In the Nile valley, by the Tigris and the Euphrates, by the Ganges, the Tiber, the Danube, the Volga, and the Yellow River, men have been like this. This is the power of the land tenure cultural directive.

Now China, under Communist rule, has driven the dragon down. Who, in reading China’s history,

would not sympathize and understand? But China has not yet found the prime principle. When it does, there will be a return, not to old tyranny and injustice, but to the unknowing goal millions have died in trying to reach. Someday China will use the prime principle with knowledge and understanding, and those millions who have died will not have died in vain.

Why did Chinese civilization fail? Many historians have asked this question, as did H. G. Wells:

“The urbanity, the culture, and the power of China under the early T’ang rulers are so vivid in contrast with the decay, disorder and the divisions of the western world, as to at once raise some of the most interesting questions in the history of civilization. Why did not China keep this great lead she had won by her rapid return to unity and order? Why does she not to this day dominate the world culturally and politically?

“For a long time she certainly did keep ahead. It is only a thousand years later in the sixteenth and seventeenth centuries that we can say in confidence that the western world began to pull ahead of China. Under the T’ang rule, her greatest period, and again under the artistic but rather decadent Sung Dynasty (960-1279), and again during the period of the cultural Mings (1358-1644), China presented a spectacle of prosperity, happiness and artistic activity far in front of any contemporary state. And seeing that she achieved so much, why did she not achieve more?”<sup>89</sup>

This book answers that question.

The chart on the following pages summarizes China’s economic history.

89. Wells, page 555.

Chart 11 - F

Approximate Date and/or Dynasty	Place and Event	Economic Activity and/or Conditions	Hierarchical Structure
1500 B.C.	Yellow River Valley: capital, palaces, irrigation, animals domesticated, wheel used, stylized picture writing. <sup>90</sup>	Rising <sup>90</sup>	Loosely organized <sup>90</sup>
1300 B.C.	Population: 3.1 million freemen, 1.1 million serfs. Metal coinage. <sup>91</sup>	Rising	Church and state feudalism; 30 dependent states, loose consolidation
1028 B.C.	Rebellion <sup>91</sup>		Fractured feudalism
1000 B.C. Chou	Yellow River Valley: Outsiders conquer; land titles written; <sup>92</sup> land survey for land taxes. <sup>93</sup>	Decline	1000 feudal states, feudal lords, <sup>91</sup> central land power gone
700 B.C.	Ching T'ien "well field" system. <sup>93</sup>	Rising	1/9 or 1/10 land rent to feudal lord includes small L.V.T. Partial consolidation. <sup>91</sup>
722 B.C.	Feudal state of Chi becomes strong; bronze, salt. <sup>91</sup> Constant civil war between warring states.	Prosperous Decline	
551 B.C.	Confucius born—a feudal lord who lost his land.		
536 B.C.	Li Kue; code of laws. <sup>94</sup>		
500 B.C.	14 contending feudal states. <sup>94</sup> In course of wars much land became available. <sup>94</sup> Land sales. <sup>94, 95</sup>	Rising	14 contending feudal states
480-422 B.C.	Change in land tenure; land remained as a safe investment; merchants, iron mine owners bought land. <sup>92</sup>		Land tenure changing from hierarchical to non-hierarchical
400 B.C.	Population 25 million. Investment in land. <sup>94</sup> Cities grow. Lesser nobles and peasants lose their land. <sup>89</sup>	Prosperity Cities prosper and rural areas decline	Merchants buy land; some latifundia. <sup>94</sup>
350 B.C.	Start of "Gentry" class. <sup>96</sup> Large estates, many tenants. Land rent 50% of produce. 100 families. <sup>96</sup>	Rising	Latifundia by former merchants, opposing feudalism. Gentry tier system—in politics and administration; bureaucracy.
221 B.C. Ch'in	Probable end of well-field system; one state conquers all; standardization of everything. <sup>96</sup>	Rising	Consolidation; feudalism shifts toward central administration. <sup>97</sup>
	Abolished well-field system. <sup>97</sup> External expansion. Internal collapse into 18 states. <sup>96</sup> Raised tax per person 30 times. <sup>97</sup>	Decline	Tier system shifts to non-hierarchical. <sup>96</sup> Fractured, non-hierarchical.
221-207 B.C. Shin Hung Ti	Private ownership of land by the peasants extended to the entire country. <sup>98</sup>	Rising	
206 B.C.	Land (value?) taxes.	Rising	Dual system.
203 B.C.	Poll tax—120 standard coins per person. <sup>97</sup>		
195 B.C. Han begins <sup>91</sup>	1/15 of farmer's produce. <sup>97</sup> Poll tax 120 standard coins. <sup>97</sup> End of Liu Pang, alias Kao Ti, Ko Tsu. Land tax on arable land 1/5.		Some feudal states, some central administration (non-hierarchical). <sup>96, 98</sup>

(Continued)

90. Edward H. Schafer, *Ancient China*. (New York: Time Inc., 1967), Chart, pages 184-185.

91. Wolfram Eberhard, *A History of China*. Berkeley and Los Angeles: University of California Press, 1971), pages 20-40.

92. Michael Loewe, *Imperial China*. (New York: Praeger, 1966), pages 124-126.

93. Kenneth Scott Latourette, *The Chinese—Their History*

and Culture. (New York: Macmillan Co., 1966), pages 56-57.

94. Eberhard, pages 50-57.

95. Dun Jen Li, *The Ageless Chinese*, 2nd edition. (New York: Scribner's, 1965), page 63.

96. Eberhard, pages 68-80.

97. Li, *Ageless Chinese*, pages 245-254.

98. Latourette, page 90.

180 B.C. Empress Wu	Brief revival of feudal system. <sup>96</sup>		
178 B.C. Han Wen Ti	For one year reduced land tax on cultivated fields 50%. <sup>99</sup>	Rising	
177 B.C.	For 3 years exempted 2 cities from land tax. Tier of Leu exempt from all taxes. <sup>99</sup>		Some more return to feudal tier
168 B.C.	Exempt farmers this year, ½ land tax and ½ on produce. Grants as incentives given to "respectful cultivators of the field." <sup>99</sup>	Prosperous	
167 B.C.	Han Wen Ti abolished the land tax on cultivated fields only. The tax on other land remained. <sup>100</sup>		
157 B.C.	Han Wen Ti died.		
180-157 B.C.	<u>Summary of Han Wen Ti's rule.</u> Reduced the tax on arable land and revived it at the rate of one part in fifteen. <sup>102</sup> Abolished the tax on cultivated fields only—soon to be revived by his successor. Reduced poll tax from 120 standard coins to 13 per year per person. <sup>104</sup> Inflation—abandonment of restrictions on minting copper coins, in order to prevent deflation. <sup>105</sup> Land taxes reduced to one-thirtieth in produce. <sup>106</sup> "Though the rate of one-thirtieth in produce seems low it was actually higher than the rates (one tenth) prevalent during the three dynasties . . . [people of later ages] did not realize that since the government did not own the land, a rate of one tenth would be equivalent of the nine rate system during the three dynasties (280-220 B.C.). Rate of one thirtieth was only a temporary measure of the Han dynasty." <sup>106</sup> Note: The land tax collected by the central government should not be confused with the separate collection of land rent from tenants by landowners, which varied in times up to one half. For instance, modern economists assume that land rent in the U.S. is equal to the current interest rate times the market value. In 1966 the effective land value tax in the U.S. was about 1.24% (page 386 of the <i>National Report on Urban Problems</i> , House Document No. 91-34). Land was producing to landowners a net of 6%, the current interest rate. This is a total of 7.24%, of which the land value tax share in the U.S. in 1966 was 19.3% or slightly less than 1/5 of the total "produced" by the land. In China, 180-157 B.C., the one-thirtieth (3.33%) has to be compared to the one tenth (10%) total land rent and taxes of the three dynasties.	Prosperity <sup>101</sup> Prosperity <sup>103</sup> Prosperous <sup>105</sup>	

(Continued)

99. Pan Ku, *The History of the Former Han Dynasty*, Volume One, First Division, trans. Homer H. Dubs, with Jen T'ai and P'an Lo-chi. (Baltimore: Waverly Press, Inc., 1938), pages 246-254.

100. Pan Ku, vol. 1, page 255, including note 4.

101. Pan Ku, vol. 1, page 301.

102. Pan Ku, vol. 1, page 175.

103. Pan Ku, vol. 1, page 219.

104. Dun Jen Li, ed., *The Essence of Chinese Civilization*. (Princeton: Van Nostrand, 1967), page 246.

105. Eberhard, pages 78-79.

106. Li, *Essence of Chinese Civilization*, page 249.

180-157 B.C.	Continuation of Han Wen Ti's rule Confucianist philosopher Tung Chung-Shu (179-104 B.C.) published his book <i>Annals of Spring in Summer</i> , written to support the new rising class of the gentry against feudalism, using the principle of equality before the law. This egalitarian "legalistic" principle was never seriously used against the gentry as China entered into latifundia. <sup>107</sup> Law code added to by Siao Ho and others—9 volumes. <sup>107</sup>	Prosperity	Still a mixture—some feudalism plus tier system of gentry class running administration.
150 B.C.	"Gentry" entering government. Examinations for government positions introduced. <sup>108</sup>	Rising	Gentry vs feudalism
Han Ching Ti 156-141 B.C.	Seven states rebellion.	Continued prosperity	Crushing blow to feudalism. <sup>109</sup>
156 B.C.	Cultivated fields pay half of their former rate (one-thirtieth). <sup>110</sup>		
Han Wu Ti 140-87 B.C.	Divided up the big fiefs. Appointments to government jobs based on ability. <sup>111</sup> Competitive examinations. 5% personal (movable) property tax. Tax on liquor. Increased poll tax. Debasement of currency (inflation). <sup>113</sup>	Decline	Final blow to feudalism. <sup>112</sup>
114 B.C.	Emperor ordered that those common people who informed about incorrect reports concerning the value of personal property would be given one half the value of the confiscated property. <sup>114</sup>	Down	
133 B.C. 104 B.C.	Military operations to protect trade routes. Huge military action on the north and into Korea, then southeast into Canton. Huge expenses. <sup>115</sup>	Economic situation rapidly grew worse <sup>116</sup>	Territorial expansion. Gentry tiers alliances. <sup>116</sup>
140-87 B.C.	<u>Han Wu Ti—Summary</u> Definitely easier to live under Han Wen Ti than under Han Wu Ti—more taxes, inflation, personal property tax under Wu. <sup>117</sup> "Undue demands upon the people by Emperor Wu wrecked the country." <sup>118</sup> Economic collapse under Wu. <sup>119</sup>		
88 B.C.-A.D. 6 Mediocre monarchs		Poor	Internal political conflicts
A.D. 6 (Non-Han)	Wang Mang (Regent)		
A.D. 9-23 Non-Han Wang Man	Politician in power One of the most stirring periods in China's history. <sup>120</sup> All kinds of experiments: demonetized gold, inflation, income tax, land reform, reestablished well-field land tenure system, land tax plus poll tax, land prices zero, nationalized all cultivated land, abolished slavery, rescinded some reforms after two years, o.k. again to buy and sell land and have slaves. <sup>121, 122</sup>  Six government monopolies. <sup>122</sup> Charged for fishing rights. War against the north. <sup>123</sup>  Wang Mang out.	Up slightly	Four degrees of nobility. <sup>121</sup> Attempts to reform land tenure system zero. Struggle for political power. Successful internal revolt by "red eyebrows," by landowners, and peasant landowners.

(Continued)

107. Eberhard, page 80.

108. Eberhard, page 74.

109. Li, *Ageless Chinese*, page 105.

110. Pan Ku, *The History of the Former Han Dynasty*, Volume Two, trans. Homer H. Dubs.

111. Latourette, *The Chinese*, pages 108-109.

112. Li, *Ageless Chinese*, page 105.

113. Ibid, page 112.

114. Pan Ku, vol 2, page 73.

115. Eberhard, pages 86-89.

116. Ibid, pages 90-91.

117. Li, *Ageless Chinese*, page 112.

118. Pan Ku, vol 2, page 12.

119. Ibid, page 301.

120. Eberhard, page 93.

121. Pan Ku, *The History of the Former Han Dynasty*, Volume Three, trans. Homer H. Dubs, with P'an Lo'chi. (Baltimore: Waverly Press, Inc., 1955), pages 516-522.

122. Pan Ku, vol. 3, pages 525-526.

123. Eberhard, pages 94-95.

A.D. 9-50 A.D. 80 on	Internal warfare between generals.	Recovery <sup>125</sup>	Struggle for political power. <sup>125</sup>
A.D. 220 End of Han 202 B.C.-A.D.220 Han	<u>Summary of Han Dynasty</u> One of the longest and greatest periods in Chinese history. <sup>126</sup> Education University Students—30,000. <sup>127</sup> Law code—960 volumes, 17 million words. <sup>128</sup> Experiments in land taxes. Experiments in inflation. Experiments in land tenure.	Generally good, prosperity.	Consolidation; feudalism out; tier system of gentry in; much latifundia.
A.D.220-588	Internal wars between "states." Lack of imperial unity. Highly significant cultural developments. <sup>129</sup>	Averaged static. <sup>129</sup>	Fractured central government. Rival kingdoms.
A.D. 589-617	"The worst tax system was practiced between the Wei and the middle of the T'ang Dynasty." The tax was on households, not on land. <sup>130</sup> Lightening taxes, codifying the laws. Canals built. <sup>132</sup> Rebellion. <sup>132</sup>	Prosperous, A.D.581-600. <sup>125</sup>	Consolidated. <sup>131</sup>
T'ang A.D. 618-906	Internal fighting quelled, A.D. 623. <sup>133</sup> Some land reform. Revival of well-field system. Gentry administrators allowed to lease land. Many taxes, some of them on land. Toward close of 8th century, single tax on land, payable twice a year. <sup>135</sup> From A.D. 386 to T'ang—"land taxes were included in household taxes." <sup>138</sup> "The T'ang dynasty changed this situation." Payment in kind as land tax, payment of silk, floss, and cloth as household tax. <sup>139</sup> Each adult received 100 mou of land on which his land tax was based. <sup>141</sup> "During T'ang there was a transition from fixed head taxes to a system of progressive taxation based on assessment of property." <sup>142</sup> Inflation of banknotes from ninth of tenth century. <sup>143</sup> Poor tax collection caused the imposition of a quota system	Rising  Rising <sup>134</sup>  Most prosperous. <sup>136</sup>  up	Central administration reorganized. Modification of area delegated. <sup>127</sup> Dual administration. Civil vs military.  Unified; military getting more and more control of provincial administration. <sup>137</sup>  Military men begin to build up estates, as do civil administrators. Latifundia (Chuang-yuan) growing. <sup>140</sup> "By ninth century, central government

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124. Eberhard, page 97.

125. Ibid, page 100.

126. Li, *Ageless Chinese*, page 104.

127. Ibid, page 125.

128. Eberhard, page 80.

129. Loewe, page 58.

130. Li, *Essence of Chinese Civilization*, pages 241-248.

131. Eberhard, page 151.

132. Latourette, *The Chinese*, page 180.

133. Eberhard, page 172.

134. Ibid, pages 173-175.

135. Latourette, *The Chinese*, page 213.

136. Ibid, page 215.

137. Eberhard, page 174.

138. Li, *Essence of Chinese Civilization*, page 246.

139. Ibid.

140. Denis Crispin Twitchett, *Financial Administration Under the T'ang Dynasty*. (Cambridge: At the University Press, 1963).

141. Li, *Essence of Chinese Civilization*, pages 246-247.

142. Twitchett, page 24.

143. Loewe, page 195.

	<p>where central government notified local governments of revenue required.<sup>145</sup></p> <p>"Land ownership key to individual power."<sup>146</sup></p> <p>"Land law of early T'ang time."<sup>148</sup></p> <p>Land register—of land and of people.<sup>149</sup></p> <p>In 780 a realistic assessment of land and a land tax on assessments paid twice a year.<sup>150</sup></p>		<p>largely ineffective; a long period of warlordism heralded.<sup>144</sup></p> <p>After 763 the authority of the central government greatly restricted.<sup>147</sup></p>
A.D. 874	Peasant revolt started with help from some merchants—finally crushed in 884 without outside help. <sup>151</sup>	Up	
A.D. 907	<p>End of T'ang.<sup>152</sup></p> <p><u>Summary of T'ang</u></p> <p>Land value taxes used. At one time a single land tax.<sup>153</sup></p>	Down	
A.D. 907-1912	<p>China remained one huge nation during this period, with cycles of waning and strengthening of the central government.</p> <p>Continual lowering of land taxes due to poor central administration.</p> <p>Inflation; increasing latifundia; land speculation.<sup>156</sup></p>	Down	<p>Most prosperous in world up to A.D.1600.<sup>154</sup></p> <p>Consolidation into one nation. Rival dual administration—military vs gentry tiers.<sup>155</sup></p> <p>Gentry were land-owners and stayed in with every tide.<sup>158</sup></p>
1912-1948	<p>Latifundia remained despite land value taxer Sun Yat Sen, who tried to direct China into democracy. The gentry fought any change, military men fought for a new empire as warlords, foreign powers interfered. Sun Yat Sen elected Generalissimo in 1921—of Revolutionary Party. Died in 1925. Chiang Kai Shek promised land reform and made "armistice" with gentry, with no reform action. War with Japan. Meanwhile, Communists grow in strength, as Chiang Kai Shek's corrupt and non-land reform government fails.<sup>159</sup></p>	Gradually lowering, with big decline in 18th century. <sup>157</sup>	<p>Decline<sup>159</sup></p> <p>Complete breakdown of central government's strength. Gentry still in with their system of administration.<sup>159</sup></p>
1948-1973	Land tenure system changed completely to non-hierarchical Marxist system. Land confiscation by government. Experiments with various cooperative and commune agricultural land control.	Slow to rapid increase	<p>Strong central government. Non-hierarchical. No free market in land. No land rent.</p>

144. Loewe, page 62.

145. Loewe, page 206.

146. Twitchett, page 1.

147. Twitchett, page 18.

148. Twitchett, page 3.

149. Twitchett, page 6.

150. Loewe, page 206.

151. Eberhard, page 190.

152. Eberhard, page 191.

153. Latourette, *The Chinese*, page 213.

154. Jacques Ganalt, *Ancient China from the Beginning to the Empire*. (Berkeley and Los Angeles: University of California Press, 1971), page 555.

155. Loewe, page 62.

156. Eberhard, pages 195-303.

157. Eberhard, pages 272-273.

158. Eberhard, page 303.

159. Eberhard, pages 303-327.

Japan is not one of the seven self-starting civilizations. It followed China and tried to copy the economic and land-tenure policies of China during the T'ang dynasty.

Japan, the modern economic miracle, is another example of the high probability that the prime principle with its built-in incentives works wonders. Four times since Japan's written history began, land value taxation has coincided with prosperity: in A.D. 650, 1590, 1870, and 1949.

Japan, like all nations, has seen the tremendous power of the land cultural directive, which three times before in her history weakened and then crushed a rise to prosperity, and even caused her entry into World War II and her subsequent defeat.

This have-not nation, supposedly over-populated, went to war for more land, although not using her land at home profitably. Today, this nation is putting her land to better use—importing coal and iron and exporting steel and manufactured goods. She has relatively high freedom of creative interaction within her boundaries and with the rest of the world. Her educational standards are high. Her work quality

is tops, her work pace excellent, and she is number three in the world in industrial production.

Why?

It is most probable, as the record shows, that the prime principle, "To each according to the value created," is working. It is most probable that the American-style mixed-up local property tax, with the land value tax element within it, plus continuous inflation, is keeping the land tenure system in line to serve people.

Neither the government of Japan nor the Japanese people are aware of the power of the slight land value taxation Japan has—and neither is the United States government. If we had just an inkling of what we did and how we did it for our former enemy, we would certainly do the same for our friends.

So, right before our eyes, is being played the act of the prime principle. We are seeing it happen without any understanding.

Do not the facts speak for themselves?

The accompanying abbreviated chronological chart gives some facts that give weight to the theory.

Chart 11 - G			
Approximate Date and/or Dynasty	Place and Event	Economic Activity and/or Conditions	Hierarchical Structure
645-659	Taikawa, Great Reform. An imported version of T'ang. China's land tenure, organization, and tax system—theory. <sup>160, 161</sup> Agricultural land apportioned according to family. Land valuation and assessment. <sup>162</sup> Possibly land value taxation. <sup>160</sup> Reaction Great numbers of exemptions on redistribution of land. (The power of the land cultural directive.) Influential aristocracy exempted their estates, temples shrines, monasteries—granted exemption into posterity. Private individual appropriated non-arable land, pasture, forests. Large amounts of land given in trust—to others, particularly the rising gentry under the tenure commendation. <sup>163</sup>	Up	Start of consolidation. Theory—bureaucracy: Nation Provinces Districts Townships <sup>160</sup>
	1590 Hideroshi	Military rivalry between sections. <sup>164</sup>	Decline  Prosperity. <sup>164</sup>  Decline

160. Kenneth Scott Latourette, *A Short History of the Far East*, (4th ed.). (New York: Macmillan, 1964), pages 203-204.  
 161. Charles Patrick Fitzgerald, *A Concise History of East Asia*. (New York: Praeger, 1966), page 124.

162. *Britannica*, s.v. Japan.  
 163. Latourette, *Far East*, pages 210-211.  
 164. *Britannica*, s.v. Japan.



1867-1894	Meiji Restoration. Drastic change in tenure system instituted by political pressure from young men. Feudal lords give up fiefs. Former landowners and nobles given income, military given lump sum, land revalued. Land taxes. <sup>165</sup>	Prosperity	Shift from hierarchical toward non-hierarchical.
		Leveling off.	Military get political control. Latifundia. <sup>166</sup>
1945	General MacArthur ordered reform of land tenure system and land redistribution.	Rising	Latifundia shrinks.
1946	Diet agreed. Also put in local property tax similar to United States—tax on land values, structures, and personal property. <sup>167</sup>	Rising	Non-hierarchical land tenure. Loose local control of land value taxes.
	Most sweeping agrarian revolution, almost equal to China. Diet opens up fishing rights from absentee owners.	Rising	
1973	Local land value taxation. <sup>168</sup>	Prosperity	

### THE PIRITICAL PERIOD

Land value taxation occurred in various degrees in various areas in all the recycling of the mighty empires that rose and fell only to rise and fall again. The art and the culture that we admire so much in Greece and Rome were not created entirely by economic values within, but in large part by values stolen or pirated from abroad. It would take far better historians than the world has yet produced to show that the peaks and valleys in short periods of time corresponded to land value taxation, for the entire period in the East and also in the West was loaded with violations not only of the prime principle, but also of the eighth commandment.

Not that ancient Greece didn't have land value taxation. She did. But she bled her Aegean and Mediterranean colonies too. The Persians looted things, land, and land rents. The Phoenicians and the Carthaginians used the land tenure systems of others. Alexander looted a mighty empire of land. Rome earlier had land taxes at home, and got tributes of wheat from the Nile Valley. In Italy, those who were landless and without overseas connections suffered under the land tenure system. Witness the Gracchus

brothers in 133 B.C. — nobles and tribunes who fought for land reform and agrarian law reform against latifundia, in existence then as it is now.

All of the glorious conquerors and traders searched for the metals—gold, silver, copper, tin, and iron. Carthage had its copper mines in Spain. In 1912, Herbert Clark Hoover (an American president-to-be) and his wife wrote of the development of mining law from ancient times as follows: "The Romans were most intensive miners and searchers after metallic wealth already mined. The latter was obviously the objective of most Roman conquests. . . . Thus a map showing the extension of the Empire coincided in an extraordinary manner with metal distribution of Europe, Asia, and of North Africa."<sup>169</sup>

All civilizations pirated others. The churches of all religions have sanctified out-group stealing, not only of goods and land, but also of men. A rare, strange exception was the nation of Spain, which, while destroying two civilizations for gold and land power, never engaged in slave trading, forbidden by its church.

165. Latourette, *Far East*, pages 399-400.

166. Latourette, *Far East*, pages 734-735.

167. *Statesman's Yearbook*, 1963-1964, page 1196.

168. Latourette, *Far East*, pages 734-737.

169. Georgius Agricola, *De Re Metallica*, trans. Herbert Clark Hoover and Lou Henry Hoover. (New York: Dover, 1950), page 83, note.

It was not debauchery that broke up empires; it was the stealing not only of land but also of values. The failure to return values back to the people encouraged revolt. The open display of wealth encouraged looting. Empires fell. Nomads and barbarians rushed the world back into fractured feudalism. The Near East declined from semblances of past glory to poverty-stricken segments of desert fiefs ruled by the sword from tent palaces.

Western Europe declined at first into cities and villages, and then into walled feudal estates. Rebirth started with consolidation into nations as the in-group became larger and the land tenure system became more organized. Pirating of out-group states continued. In some northern European countries such as England, centralized governments took more of the land rent and some was returned as minor benefits to the people—chiefly to landowners.

An internal difference in basic principles was coming about between Northern and Southern Europe—in particular between the resulting winners in the New World looting struggle, that is, between England and Spain-Portugal.

In England, after the Norman Conquest, after the Domesday Book and the Magna Carta, the land tenure system changed to a slight use of the prime principle—a slight form of land value taxation. Part of the land rent that was collected by the sub-nobles and landowners, as well as the land rent from royal lands, went to the king as taxes. And some of the land rent, a tiny bit of it, came back as benefits—hardly any to the landless people but some to the overlords of the land and the individual landowners. A small, cycling, yet gradually increasing land value tax was expanding as was the English legal system. A semblance of justice could be seen, and by the landless, injustice. There were in the 1600's and 1700's a large proportion of England's population in urban centers, unemployed, living in dire poverty, begging, stealing, in prison for debt or crime, existing in squalor. These were the landless people who had fled, as American blacks have done today, from being tenants without a soul of their own to vagrance with a soul.

From Scandinavia—from Norway, Denmark, Sweden, and Finland—thousands came to America, fleeing from the terrible land tenure system in "the old country." In Sweden the wealthier peasants had fought for protection of their land—and power in

the Parliament. They had a Peasants' Party. But there were many others worse off — so badly off that they chose sod houses in the Dakotas, freezing winters in Minnesota, the deep copper and iron mines and the latifundia in the Upper Peninsula of Michigan.

Most of the settlers in the Dakotas and in Minnesota found their own land and became prosperous landowners in freedom. Others—some Norwegians and Finns along with Cornishmen who had been tin miners—made a choice that was only slightly better than the old country, leaving one form of latifundia for another form in Michigan.

In agricultural Minnesota and in the Dakotas, the ownership of land changed the new immigrants within a generation or two. Now they support the land tenure system and accept the socially-made values given to their farmlands as cities approach—but fight against land value taxation.

In Michigan's Upper Peninsula the spirit of rebellion still exists, for success has hardly touched the immigrants who traded serfdom for "serfdom."

A grave hoax has been played in American history. It is recorded that America was colonized by seekers of religious freedom. This is true, but only partially true, and only at first and only in some colonies. The vast majority of immigrants came from the dregs of humanity—the gutter. Then and later the people who came were "The tired, the poor . . . the huddled masses . . . the wretched refuse." They came, many selling parts of their lives as indentured servants, or as tenants on chartered land, to a hope of eventual freedom. It was these people fleeing from the oppression of a crippling land tenure system who populated the Western Hemisphere north of the Rio Grande.

## SUMMARY

Thus, the facts of history give overwhelming support to three things.

1. Land tenure systems played a most important part of every civilization.
2. Attempts to change land tenure systems meet with continuous opposition.
3. Land value taxes, often tried, give prosperity to the degree they are used.

In the next chapter we will deal with land value taxes in the nations of today's world, checking for their effects.

## Exhibit X-a

### Shifting the Land-Value Tax What the Economists Say

#### CLASSICAL ECONOMISTS

ADAM SMITH, *Wealth of Nations*.

A tax upon ground rents would not raise the rents of houses. It would fall altogether upon the owner of the ground rent . . . Whether the tax was to be advanced by the inhabitant or by the owner of the ground would be of little importance. The more the inhabitant was obliged to pay for the tax, the less he would incline to pay for the ground, so that the final payment of the tax would fall altogether on the owners of the ground rent.

DAVID RICARDO, *Principles of Political Economy and Taxation*.

A land tax levied in proportion to the rent of land, and varying with every variation of rent, is in effect a tax on rent: and such a tax will not apply to that land which yields no rent, nor to the produce of that capital which is employed on the land with a view to profit merely and which never pays rent; it will not in any way affect the price of new produce, but will fall wholly on the landlords.

JOHN STUART MILL, *Principles of Political Economy*.

A tax on rent falls wholly on the landlord. There are no means by which he can shift the burden upon anyone else. It does not affect the value or price of produce, for this is determined by the cost of production in the most unfavourable circumstances . . . A tax on rents, therefore, has no effect other than its obvious one. It merely takes so much from the landlord and transfers it to the state.

JOSEPH S. NICHOLSON, Late Professor of Political Economy, Edinburgh University, *Principles of Political Economy*.

It is quite clear that the tax on economic rent cannot be transferred to the consumer of the produce, owing to the competition of the marginal land that pays no rent and therefore no tax, nor to the farmer since competition leaves him ordinary profits . . . Accordingly, a tax that strikes the surplus only, remains where it first falls (namely on the land owner).

E. R. A. SELIGMAN, *Shifting and Incidence of Taxation*.

If land is taxed according to its pure rent, virtually all writers since Ricardo agree that the tax will fall wholly on the land owner, and that it cannot be shifted to any other class whether tenant, farmer, or consumer . . . The point is so universally accepted as to require no further discussion.

#### MODERN ECONOMISTS

PAUL A. SAMUELSON, Professor of Economics, Massachusetts Institute of Technology, *Economics*.

Land rent is in the nature of a surplus which can be taxed heavily *without distorting production incentives* . . .

Suppose that supply and demand create an equilibrium land rent. What would happen if we were to introduce a 50 per cent tax on all land rents? Mind you, we are not taxing buildings or improvements; for that certainly would affect the volume of construction activity. All we are taxing is the yield of the naturally fixed supply of agricultural and urban land sites, assuming that this can somehow be identified.

There has been no shift in the total demand for land; firms are still willing to pay the same amount as before for the same amount of land. Hence, with land fixed in supply, the market price that they pay must therefore still be at the old price. Why? Because the supply has not changed and neither has demand. Because at any higher price than before, some land would have to go without any demanders. Hence, competitive rents could not permanently be raised to land users.

Of course, what the farmer pays and what the landlord receives are now two quite different things . . . The whole of the tax has been shifted backward onto the owners of the factors in inelastic supply! The land owners will not like this. But under competition there is nothing they can do about it, since they cannot alter the total supply and the land must work for whatever it can get.

RICHARD G. LIPSEY, Professor of Economics, University of Essex, *Positive Economics*.

. . . Since the tax is levied on all rents, the relative profitability of different uses will be unaffected and thus there will be no allocative effects. Land will not be forced out of use because land which is very unprofitable will command little rent and so pay little tax. Thus there will be no change in the supply of goods which are produced with the aid of land and, since there is no change in supply, there can be no change in prices. *Thus the tax cannot be passed on to the consumers.* Farmers will be willing to pay just as much (and no more) as they would have offered previously for the use of land. Agricultural prices and rents will be unchanged and the whole of the tax will be borne by the landlord. The net rents earned by the landlords will fall and the sale value of land will fall correspondingly.

There is no way in which landlords can pass the tax on to tenants. The tax will be borne wholly by landlords . . .