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Land in Thomas Paine's Lifetime
By Jeffery J. Smith

Thomas Paine's career parallels that of land: once prominent, now overlooked and misunderstood. Yet claiming the land of others is the main driver in history. In Paine's time ...

In England, nobles enclosed common land for the run of their sheep. Common farmers lost land and income. Some left for the factories in cities, others left for the colonies.

Colonials, who owned land individually, filled up land of Indians, who did something like own but as tribes, and with the sense they belonged to the land more than it belonged to them.

In the colonies, employers paid employees more than back in England. Employers had to. Otherwise, immigrants resettled out West. For a while, everyone prospered in the colonies.

War Time Speculators Bleed the Treasury

In their Continental Congress, men who espoused 'those who own the country should rule it' dominated. They chose the richest man and biggest landowner to head the rebel army. In the previous war, officer George Washington spent much of his time on duty surveying and claiming the best lands in the West—of course without reimbursing anyone already living there.

With a big bag of gold from France, Congress made the second richest man in the colonies, Robert Morris, president of their newly created bank, Morris made his partners trustees, they lent themselves the gold, then used it to buy the bank. They not only paid themselves hefty salaries and stock dividends, they also printed so much currency, it inflated the price of land, which made speculators even wealthier.

Robert Morris persuaded Ben Franklin to invest in one of his land speculation schemes out West. Ben lost all his money. It was only dear friends who saved his hide in old age. Later, Morris himself lost every cent he had in one of his schemes, but he lacked the friends to rescue him and died in abject poverty.

Near the war's end, the rich met in secret to replace The Constitution. The old one financed government with a tax on land, the new one didn't. Land taxation deters land speculation, removing the motive to become a landlord or absentee owner.

That tax is a key plank in physiocracy, which was all the rage back then. Thomas Paine and Thomas Jefferson were physiocrats. They expanded the reform to include a dividend paid to the populace from the recovered rental revenue. Once burned, twice shy, Ben Franklin became a physiocrat.

The leading thinkers in France originated the idea. The French Finance Minister proposed to tax land. To get it passed, the king ordered the Estates General to meet for the first time since 1614. The non noble members—the new middle class—asked the nobility (large landowners) to give up their power of veto. They refused so the rest of the delegates met separately, calling it the National Assembly. Them asserting themselves snowballed into revolution. The French Republic funded 80% of its budget with ground rents that had for centuries been captured by nobles.

Major European monarchs attacked the land-taxing republic. When rebels executed the king, those monarchs grew more fierce. Yet a century earlier when England executed their king, other monarchs did nothing. The English rebels did not tax the rent of land.

Peace Time Speculation Gouges Citizens

The party of Washington, Adams, and Hamilton—the Federalists—edged America toward feudalism. Worse than putting Morris in charge of the bank, they cheated citizens directly by expanding absentee ownership. Of course,

buying land is much less bloody than invading land, but as a legalism it's open to manipulation.

The ruling Federalists refused to honor the scrip with which they'd paid soldiers, told them (now back to farming) to sell it. Cronies of the Party bought it for pennies on the dollar, then government redeemed it at full face value. Farmers who depended on their army pay had to sell land to make ends meet. Speculators snapped it up at rock bottom prices.

To pay the debt run up by redeeming scrip, the Federalist government levied a new tax on whiskey. Comparing it to the British tax on tea, the corn farmers protested. They could not ship their corn to Eastern cities—it'd rot on the way—they could only ship distilled corn whiskey.

Farmers suggested instead a tax on land. The state's founder William Penn had proposed taxing land. It was the first tax his colony passed. It didn't last as population swelled.

Farmers knew they'd not pay much of a land tax. Land value is much higher in cities than countrysides, so rich city dwellers would bear most of the levy. Knowing that too, the Federalist government drafted an army. Washington and Hamilton led it—over twice as big as any put into the field against the British—to squash the Whiskey Rebellion.

Occupying western Pennsylvania, the conscripts spent their pay on whiskey and victuals. The money poured into local pockets, mainly the rebellious farmers'. No longer cash-poor, they spent the fresh specie on more land, driving up its value. Much of it was owned by Washington. George at least pardoned the rebel leaders whom Hamilton tried to execute as a lesson to the plebes.

Holy Antidote To Slavery & Penury

As the few grabbed more and more land, driving up its price and rent, the regular Americans who'd been prospering, some began to know poverty. Having

to rent land in the country or a location in the city is not far different from slavery. As Schopenhauer said, “Whether I own the bird or the cage, it’s the same thing.”

As some religious claimed The Bible defended slavery, so did a British bishop claim poverty is divine. He opined, God in his wisdom made rich and poor.

Thomas Paine disagreed. No, God made us able to see His design and its remedy for poverty, the theme of his ultimate book, *Agrarian Justice*. As economics rules politics, it’s his most crucial, if least popular, work. If people have a right to life, they must have a right to land, else they can not live.

Paine recapitulated physiocracy. Society must not let politicians tax to their hearts’ content but rather have government recover the value of land—values that society generates. Our public trustees would then pay the collected funds as dividends to citizens, so all could flourish. Having to pay “land dues” discourages speculation while spurring landowners to build.

This physiocracy peaked in Paine’s time with the French Republic. Since then, most governments—beholden to their ruling elites—shied away from this anti-penury, pro-development policy. Yet on occasion, some did employ the reform—Denmark, Australia, New Zealand, Taiwan, California, US port districts, *et al.* Wherever tried, to the degree tried, public recovery of socially generated site values worked and worked well. More nations would use it if only history were a more compelling teacher. But that’d take non-winners writing the history books.