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Land Tenure

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IN A society in which social well-being and economic prosperity is to be achieved through the application of agrarian and distributist principles, the population must consist mainly of families living in the country, and operating individually their own homesteads. But since the ultimate aim of such a society is to free mankind morally, economically, and politically, a system of land tenure based upon compulsory attachment of the population to the land, as was the case with serfdom under the feudal régime, is excluded. The system of land tenure in such a society must therefore be one which furnishes the opportunity to every family to acquire land and to establish a homestead. The almost universal impulse to establish homes, especially when encouraged by appropriate social and educational leadership, can then be relied upon to reverse the present trend toward a population consisting mainly of tenants, actual and virtual.

The present system of land tenure — which is based upon the legal theory of freehold ownership of land modified by the right of the owners to lease and to mortgage their land and of the taxing powers and of mortgagees to foreclose the land — offers such an opportunity in appearance, but denies it in practice. A century of trial of the present system in this country is the proof of the statement. The present system has not made America a nation of home owners. The

present system has made America a nation of land speculators. Since the establishment of the republic, and in spite of the fact that up to the last twenty-five years good land could be secured under the Homestead Law by any family, the proportion of land owners to the total population has steadily declined. The principal institution responsible for this, in my opinion, has been land speculation. The aftermath of every boom in land has been the shifting of ownership, actual and virtual, from individual families to banks, insurance companies, land companies and other absentee land owners.

In 1914 the farming plant of the nation — land, buildings, livestock and equipment — had a value of \$48,000,000,000. By 1919, during the boom years following the war, it had risen to \$79,000,000,000. Everybody bought land. Farmers apparently became rich (like the general public which speculated in corporate securities), *not* from the income from their farms but from the rise in the value of their land and the additional land which they purchased by mortgaging the land which they originally owned. Today this plant is worth in dollars about \$45,000,000,000. The rise of \$31,000,000,000 during the boom, operating upon the universal tendency of the American people to get-rich-quick and to get something-for-nothing, led nearly every farmer to mortgage his land in order to speculate in this rise. The subsequent fall of \$34,000,000,000 led to wholesale foreclosure not only of the new purchases but of the land originally owned. No wonder there was an agricultural crisis. No wonder irate farmers began to mob the judges and sheriffs who were foreclosing their farms. No



wonder the demand for agricultural relief was answered with moratoriums forbidding foreclosures and government farm and land credit agencies.

These reactions to the crisis well illustrate the American public's disinclination to study first principles. The part which the combination of land speculation and the present system of land tenure played in producing the crisis was overlooked. Yet the whole history of American farm and home ownership has been a record of these alternate speculative booms and years of depression followed by foreclosures during the period of liquidation. No agrarian society can be maintained under the conditions which have produced this record. Even if one were to be established by a revolutionary redistribution of land, without any change in the present system of land tenure it would only be a question of time until the conditions of absentee-ownership, farm tenantry, mortgage exploitation, and urban concentration of the population such as exist at present again developed.

The question which must, in my opinion, be answered by those interested in the agrarian, distributists, and homestead movements is what sort of system of land tenure would furnish the population of the nation an opportunity to acquire homesteads and prevent their losing them.

My own answer to this question begins with an acceptance of certain basic ideas upon the land question which were first expressed in their fullness by Henry George in his "Progress and Poverty." Land, George pointed out, ought not to be considered capital. Land differs from all other kinds of property because it is a gift of nature. It is unlike property such as build-

ings, machinery, agricultural and manufactured commodities which are produced by the labor of men. Its value — as distinguished from the improvements made in or upon it — is due either to its utility as a natural resource — its fertility, its timber, its coal, oil, etc. — or to the demand for it created by its location. Neither of these values, George made clear, was individually created by the owners of land. When not gifts of nature, they were produced by the activities of the entire community.

It is the tragedy of American society that we have used our land, not to establish a nation of independent home owners, but to indulge, in gigantic speculations in real estate.

Henry George suggested, as the expedient by which to re-establish economic opportunity, the taxation of land values to a point at which it would be unprofitable to hold land for a rise in value. Land speculators would then be forced to abandon the withholding of land from use; the masses of people could acquire land for use merely by paying the annual taxes upon it. But this ingenious expedient seems to me only one method — perhaps not even the best — which might be used for the purpose of ending the present monopolization of land by the institutions of finance-capitalism. From a tactical standpoint, the single tax as George proposed it seems to me nearly hopeless: nothing at all can be done until somehow or other a whole state is persuaded to vote in so drastic a reform. From another standpoint, the single tax seems to me inadequate. It would work well in cities where land values are high, but it would work badly in the country where land values are low and where it is

undesirable to impose heavy cash taxes. Cash taxation always tends to force farmers into commercial and industrial farming instead of permitting them to use their land and their labor first of all to produce food, feed, fuel and other products for consumption on their own homesteads. Finally, the single tax is one of those reforms which would have to be put into effect by the political state and the politicians who operate this institution. If history demonstrates anything conclusively, it demonstrates that governments and politicians are the least efficient and the most tyrannical agencies which can be used for purposes of social reform.

A better expedient might be the gradual substitution of leasehold for freehold ownership — the gradual establishment of a system of land tenure in which the present absolute title to land was acquired by either (1) local communities, or (2) land co-operatives, or (3) land authorities somewhat similar to the public authorities which have been established to operate bridges, tunnels, and other public utilities.

There are two questions with regard to this expedient which will naturally occur to every agrarian and distributist who considers this matter. First, could leaseholds furnish the individual family the freedom and security of tenure essential to such a society? And secondly, which of the various land-holding agencies that might be used would be most apt to discharge the trust imposed upon it justly and intelligently?

Leaseholds, in my opinion, can be devised which automatically renew themselves and which give every advantage of freehold ownership without permitting speculation in the rise in the value of land. Freeholders at best are free only to the point at which govern-

ment chooses to exercise its underlying sovereignty over the land through the taxing power. The leasehold system frankly recognizes the existence of this underlying sovereignty. The trustees-agency would collect an annual ground rent from the leaseholders in place of an annual tax with no pretense that the owner has absolute ownership. So long as the leaseholders paid their ground rent, the land is theirs and their children's. Any improvements they made on their land would be their property absolutely, to be transferred and sold if they choose, subject only to the ground rent on the leasehold, just as real estate is bought and sold today subject to the taxes imposed by the state. Such a system would preserve the virtues of individual possession and operation of farms, homes, and all forms of realty, but by explicit stipulation exclude speculation. Land would be freely available upon payment of ground rent to those who do not now own property and who wanted to use or live upon it; ownership could not be acquired and tenure would be unprofitable to those who merely wanted to withhold it from use.

Of the trustee-agencies which I have personally considered, the most desirable in my judgment would be the land-cooperative in which the actual leasing and development of the communities was entrusted to an adult educational institution of the type being established at Suffern, N. Y.

The argument against entrusting this task to municipalities and local communities is that it would be relying upon a present political institution to discharge a task which these institutions have shown no indications that they could discharge effectively. The

argument against the establishment of land-authorities is much the same — it would make the initiation and extension of the program subject to the political state, even though to a lesser degree. But the establishment of land co-operatives utilizing existing or newly established educational institutions for administering the land, involves no political action whatever. It could begin on the very modest scale with which the Suf-fern project has started. It could be initiated on a larger scale in community after community if colleges and universities transferred their present investments in industry to investments in local land and deliberately undertook to furnish leadership in land use as well as instruction in vocational and cultural fields.

In every community in which this system of land-ownership was adopted, a new kind of sovereignty would begin to develop in which the units of society were the leaseholders, and the instruments through which the sovereignty was exercised the trustees of the academy which leased the land, fixed and collected the ground rents, and paid the taxes imposed by the political state. With the political state dependent upon such powerful academies for funds instead of numerous small real estate owners, it would not be so easy for politicians to waste public funds or to dispense special privileges and subsidies. If the trustees of the academies were limited to those qualified by education, the politicians would have to deal with a cultured minority whose wishes would be backed by the power of withholding taxes. And since the various academies would have common problems and common aims, conference and agreement between them would enable them to unite to enforce their views not

only upon municipal and county politicians but also upon state and national officials.

No doubt other agencies for achieving and maintaining a widespread ownership of homesteads from which speculation was excluded can be devised. This one has the great ultimate advantage of experimenting with the Platonic ideal of a society directed by its teachers and philosophers. It would create a new democratic public — land-holders whose suffrage would produce a new power in the state; the trustees representing those who administered land use. And it would have the immediate advantage of gradual initiation, of avoiding a headlong conflict with the Constitution, of continuing universal suffrage for merely political office, and of enabling people to establish homesteads and acquire property immediately.