

THE PREVAILING SYSTEM OF LAND TENURE

What Is Right About It and What Is Wrong About It

"The Gods of the Hills are not the Gods of the Valleys."

Ethen Allen

Albany, 1st June, 1770

In the preceding chapter I have tried to show the importance of land to society; how land, with all its areas, substances, and forces, is necessary to any new migration of people in affording to them the area in which to live and the means for supporting life; and how, in spite of popular ignorance, land is just as important to society now as at any earlier time. In this chapter I shall describe the manner in which land is held as property, and its good and bad phases.

In the Pilgrim Colony of Plymouth, during the first two growing seasons, the land on which crops, principally corn, were grown was worked by all the people as a common project. The elders and others with an urgent sense of responsibility, themselves working too, directed all to exert themselves to the utmost in the common task of raising enough food to keep alive and become solvent. All shared alike according to the needs for immediate consumption, for trade with the Indians, for the payments of debts to the "London adventurers," and for the purchase of supplies from "home." This was a socialistic arrangement, obviously; each person was supposed to work as hard as he could; the results of the work were, in effect, pooled, and then divided equally or according to needs as these were judged by those elected to authoritative positions under terms of the "Mayflower Compact."

But the equal division of products among those who had exerted themselves with unequal conscientiousness led to much dissatisfaction. So in the spring of 1623 the crop lands were divided into separate parcels and cultivated by the different settlers and their families, each producing all he could and, except for some contributions to the common stock, keeping all he produced. This resulted in greater justice and greater production, for, in Governor Bradford's own words, it "made all hands very industrious." (No doubt, in any age, coming face to face with necessity on one's own is a greater stimulus to productive action and the development of personal powers than any system of discipline or coercion exercised by elders, the owners of slave-operated plantations, or directors of collective farms.)

In this way the private holding and cultivation (though not yet free and clear ownership) of land began in America.

A century and a half later, as already described, land was being granted to individual settlers -- or in whole townships to groups of "original proprietors" who in turn sold farms to settlers -- by the king of England as represented by his provincial

governors. And still another century later, the United States government was dividing the public lands into counties, townships, sections and farms, and selling these to settlers for very nominal prices. Land holdings have been bought and sold, divided or merged, by private parties according to their own private dealings, ever since. Although today some land is held by the people as a whole, in highway rights of way, public squares, cemeteries, reservations, parks, forests, and institutional grounds, yet the great bulk of the land of the country is in private holdings. No land now lies unclaimed.

The individual tenure of land for individual use is both natural and right. It is conducive to the stability of individual lives and rights and of the life of communities, and to the assurance to all people of the results of their labors. It tends to assure that improvements made upon land can be enjoyed for a long time by those thus expending their efforts, such assurance being the natural incentive to make improvements. Improvements are of various kinds: clearing, draining, leveling, fencing, or fertilizing; rendering land traversable by roads; the erection and servicing of buildings and industrial works. The hope of relative permanence of tenure of land and its improvements encourages this work; but the prospects of primitive tribesmen, tenants or share-croppers, lease-holders, or collective farm workers do not encourage the making of improvements. Although it is true that many improvements, in fact many spectacular skyscrapers, are built on leased land, yet in these exceptional cases it is evident that the bargaining power of the parties to such leases were sufficiently equal, or other factors were such, that the lease-holders have obtained terms practically as favorable as the outright purchase of the land.

Again I say that private holding of land for use by individuals or groups, is natural, expedient, and right. It is one of the essentials in the foundation of the American ideals of freedom and independence.

But there is a broad realm of landholding which, though it is to be expected under present, unjust laws, customs, traditions and beliefs, is, nevertheless, most emphatically not expedient and not right. I refer to the holding of land for purposes of speculation and monopoly.

The growth of land values due to the growth and progress of society was mentioned at the end of the preceding chapter.

The prospects for the increase of land values and prices in any particular area large or small can be fairly well judged by any mature person who puts his mind on it. He may judge by the following list of elements of progress:

THE ELEMENTS OF
SOCIAL AND ECONOMIC PROGRESS

The building of a new sidewalk, street, subway, highway, super-highway, railroad, inland waterway, or airport -- or improvements in any of these -- such as to better the communication of this area, both within itself and between this area and all others;

The growth of population and its need for more area for dwelling;

The coming of postal service, electricity and the telephone;

The increase of commercial activity or service, such as manufacturing, warehousing, storing and retailing of goods; banking, technical, professional and automotive services;

The increase of public services, such as water and sewer systems, police and fire protection;

The increased use by society of oil, coal, gas, forest products, and minerals of all kinds, found naturally only on certain lands;

The increased desire for recreational areas, at such places as lake shores, and mountain slopes for skiing, easily reached from cities;

The increase of civic and cultural life, and facilities, such as libraries, museums, schools, hospitals, churches, theatres and concert halls.

Any person able to read this far must know the effect all these elements of human progress and achievement have had in increasing the values and prices of land. Whether in use at present, or lying vacant and idle, lands will increase in value and price through the effects of all these listed elements of the progress of society.

It is essential to note that the increase in land value and price is not due to anything the owners, only as such, have done.

Owners of land may have never removed a tree or a rock; they may have never altered in any way the original, unimproved state of Nature in which land is found; they may not reside in the region at all; they may have never even seen their land! Yet their land will, by value and price, reflect the growth of society just as much as will nearby lands in intensive use. Land values are attributable to society, not to individual owners. Test this proposition for yourself. Have a real estate agent show you some good vacant lot or acreage he has listed and tell you the price.

pretend incredulity at such a price for land with nothing on it. When he will enlighten you, naming the advantages of all the public and private services and progressive activities passing, surrounding, or near to the land, and note: every one of them will be factors of value conferred, not by the owner -- the land is unimproved, remember -- but by society.

Since, by long established custom and law, increases in land value accrue to the land and become the property of title holders; and further, since increase, not decrease, is the general trend everywhere, assured by the expectation of progress, land is therefore the object of speculative investment. This is a universal tendency found throughout the civilized world and over the whole period of written history. It has tended toward societies made up of a relatively well-to-do but small, land-owning class, and a relatively poor, but large, landless, or tenant, class - a condition in which the land on which all must live becomes the property and special advantage of a few, well expressed in these words:

"It is a well provisioned ship, this on which we sail through space. If the bread and beef above decks seem to grow scarce, we but open a hatch and there is a new supply, of which before we never dreamed. And very great command over the services of others comes to those who as the hatches are opened are permitted to say, 'This is mine!'"*.

Land monopoly by the rich and powerful dominated the economies of the ancient and medieval worlds and was the basis of great fortunes and mass poverty. It was an essential element of the feudal system, the manorial system, and of colonialism. Land speculation tends toward monopoly; and though we in this country may have nothing like monopoly's ancient manifestations, still it has conditioned our economy up to the present time and bids fair to continue indefinitely.

Though the speculative holding of land affects adversely every phase of our economy and every area of our country, just at present its effects are most strikingly visible around our cities in what is called "urban sprawl." This is the unnecessarily extensive, disadvantageous spreading out of city or suburban growth, depriving dwellers of the advantages of the compactness of convenient, well-planned cities, destroying the natural unspoiled beauty of the rural countryside, putting society to the expense of maintaining streets, roads, walks, sewer and water pipes and other utilities and services past the vast, idle, unsightly areas

Henry George

still held out of use that separate the widely dispersed areas actually put to use, and subjecting society to the expense, lost time and monotony of constantly travelling long, extra distances past idle areas.

It would be pointless and unfair to blame land speculators personally for their practices. They only do what law and convention allow and what economics prompts them to do. If there is an opportunity to acquire today some object whose holding-costs nowhere near equal its probable gain in value, with the chance of selling it later at a profit, what sensible person would not avail himself of it? Of course all land is taxed to some extent, and that does constitute a holding-cost. But the amount by which the growth of land value will exceed the accumulating taxes is an amount usually much greater than the interest, at average rates, on the initial investment; and this accounts for land being, most everywhere, and especially in areas seen to be in the path of progress perhaps the favorite object of "investment."

Even federal tax policies, regarding income derived from the profitable sale of lands that have increased in value during one's ownership as a capital gain, are such as to tax that income at lower rate than income derived as wages earned by working! Of course this further enhances the incentive in people to hoard land not to use it.

No, we cannot blame deliberate speculators for doing what they do. And they are not different in kind from all other land owners who, regardless of why or when they acquired land, nor how much they may have of it that they will never use, will think twice before selling any at a price they might readily get today if, by holding it a while longer, they might get more. I have known hundreds of people these statements apply to. What they do is of course against the interests of society, and yet, with the exception of the type usually associated with notorious, crooked dealing -- lots, say, in Florida, sold only by mail, reached only by boat - they are in the main good people personally, meaning no harm. Simply put: "They know not what they do".

It is true that in some cases land speculation proved of no profit, perhaps even of great loss, to the owner. Occasionally the decay of a community has caused values to fall below the original cost plus the accumulated taxes, and the owner could hold on no longer. A very common occurrence is the death of the owner of extensive lands he could not or would not use but which he held in futile, often greedy possession "to the last", only to learn too late that "You can't take it with you". But society had been the loser nonetheless, even though he had gained nothing.

The importance of land, as described in Chapter VI, is in its use by people for living and working. It is not a legitimate object

ject of commerce. Trading in land is not a part of productive enterprise. Since land, in contrast with capital, is not the product of labor, no one needs to be paid for it in order to bring it into existence; it is in existence already. Speculation in land tends to withhold it from use, pricing it out of reach of those productive people whose labor is necessary in the support of society.

As population increases, and as progress finds uses for new products and areas of land, additional increments of all classes of land, not heretofore in use, would naturally be brought into use. And in this country there is plenty of land for several times our present population. But all unused land, especially that lying in the general path of progress, is held at speculative prices, creating a seeming or artificial scarcity of land available so that the growing and productive elements of society can advance, if at all, on to new lands, only under the burden of inflated land prices.

The accompanying chart shows the general form of the build-up of economic society. I do not at this date claim accuracy for the figures on the percentage of the population working in the different levels. But the diagramatic idea of society as a pyramid, built up layer on layer, is valid. The most basic and important elements of society are shown at the bottom, working on land, constituting the foundation of all society; the most recently developed, least essential elements are shown at the top. Looked at from the standpoint of the history of a developing society, or from that of society at any given moment, the general form and content of the chart have, I think, a clear, symbolic validity. The dotted line on the right, labeled "Suggestion of Increments to the Population," indicates a normal expansion of activity taking place on all levels at once.

Whatever would restrict the free expansion of new people on new increments of land brought into use, as land speculation does, would tend to force all new increments of population into all other levels -- levels of activity not requiring individuals to acquire land. And indeed that is the case; except in those professions requiring long training and great fortitude and hard work, there is great over-production and over-staffing, great fear of unemployment and often resistance to technological progress. Those unable to acquire land or natural opportunity, so as to be self-reliant, simply have to work for, or accept terms offered by, those who do own land.

Many people are so conditioned by these facts, so resigned to them, never seeming to think of overcoming the difficulties of buying land and starting new increments of independent enterprise, that they do indeed appear not to wish they could own land -- for business or home ownership. I think the truth is that many simply

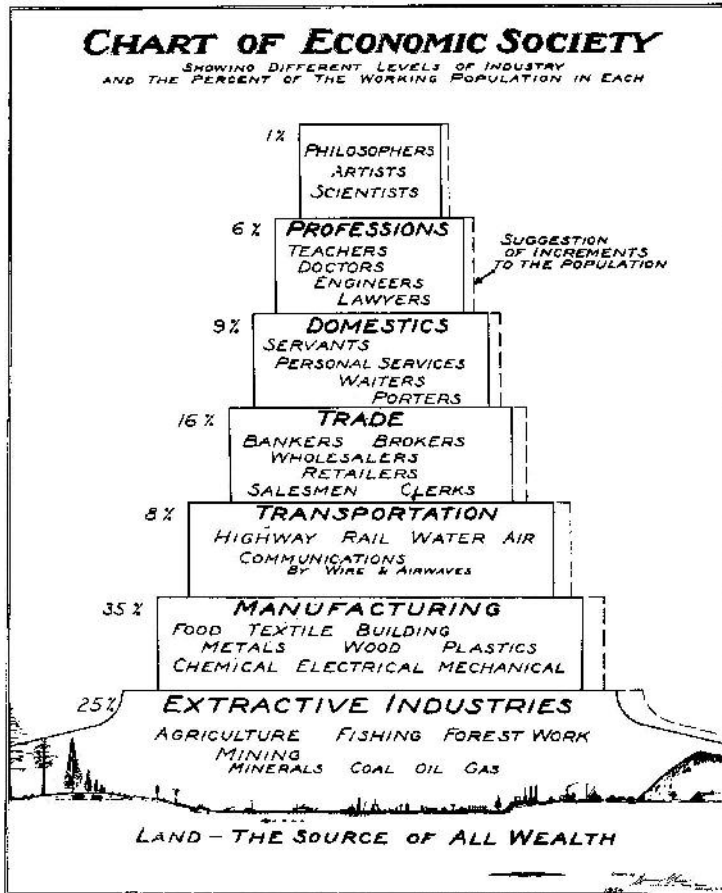
have no hope of an independent life and so do not try to attain but are much like the dog mentioned on an old record I once had

"My dog never eats meat", says his master.

"That's strange," says a visitor. "I never heard of such a dog. What's the reason he doesn't eat meat?"

"We don't give him any".

In any case, with vast areas of land of every class, in city, suburb, and country, not in use, there is no good reason why all those who do wish to own land should not be easily able to do so



New Hampshire and Vermont, especially the latter, used to be thought of as strongholds of democracy, independence and self-reliance, pockets of a rear-guard resistance to the march of a debilitating modern age of interdependence, stultifying mass-production, monopoly and bureaucratic management of economic life. Calvin Coolidge, Daniel Webster, and even Bernard De Voto, spoke and wrote eloquently of the resolute courage and other unique virtues of the people of those states. Personally, I doubt if they had any more fortitude or brains than did those who peopled the mid-west. But anyhow, the "fight" is fast being drained from them now. The effects of forces tending to render obsolete their small industries and agriculture and quiet way of life are being further enhanced by the rising price of land due to speculation, making more and more hopeless any attempt at independent economic life, putting land out of reach of the coming generations of people who are young, active, perhaps even idealistic and, against some odds, wishing to establish themselves, ready to help to do the work of the world and bless their communities with their new blood, but who are naturally not yet able to pay today's inflated land prices. No matter how satisfactorily that burden on youthful economic activity might seem to be "financed," nevertheless it is there, and it is piled on top of the usual burden of unjust taxes on all industry and the inflated capital costs afflicting new industry and agriculture, all to be described later. Such desirable people are being constantly excluded or driven from the countryside for lack of broad opportunity, gravitating to cities, to live as tenants and to work as dependent employees.

Up at Burlington, Ethan Allen would indeed stand up in his grave, toppling the tall shaft of his monument, and let out a yell if he knew how those "Yorker speculators," literally and figuratively, have gotten in here after all, and helped run up the price of land, creating an artificial scarcity of natural opportunity. And our leaders have been just as little awake to this trend and its effects and how to stop it as if they too had long lain "six feet under."

And in the cities, where the advantages of progress tend to be centered, there especially the price of land reflects not only the value of these advantages, but it reflects also the expectation of still greater progress. This applies to business and residential areas alike. In the latter it should be added that the minute subdivision of land into tiny lots by speculative developers practically assures future depressed and slum conditions and all the social problems associated with them.

All lands bearing valuable resources, regardless of where they are, but if accessible at all, are prime objects of speculative investment and of the tendency to withhold from use for future, higher prices, or are monopolized and used by favored industries based upon them.

Often the rising price of land is "pointed to with pride", and thought of as a good thing, a sign of the progress of a community. Of course in a way it is, but only for the fortunate few who own land in the direct path of the growth of that community, whose land has been made valuable for them by the rest of society.

But the overall effect of high land prices and speculation is to divide society into a smaller and smaller land-owning class and a larger and larger tenant class, tending to make the earth, on which all must live, the property of a few. How far this tendency might go was shown some years ago by a world-wide study, indicating that the land of England was owned by 1.6% of the people; of Germany by 5%; and of this country by 10%. By a recent estimate, most of the land of Peru, South America, with an area of 514,000 square miles and 10,000,000 people, is owned by about 25 families, whose control of most of the jobs there illustrates how the control of land, or natural opportunity, enables a few hundreds to control the lives of millions. And these are only a few examples of the extent and meaning of the concentration of land ownership that exists in varying measure all over the world. Whatever the exact facts and figures may be now, this tendency is not in accord with AMERICAN IDEALS of justice and equality of opportunity.

It should by this time dawn on us that the general restriction in the free and expanding use of land by a growing country, caused by land speculation and inflated price, could not help being a large part of the cause of poverty amid plenty; of our division into rich and poor; of our unemployment and depression; our largely vacant and decaying rural areas, and our over-grown, over-crowded, slum-ridden cities.

Recalling the general symbolism of the chart, I am reminded of a remark once made by Henry George, replying to someone who had spoken of our abundant opportunity. He said: "It is often stated optimistically that there is always plenty of room at the top, but I say the trouble is that there is not enough room at the bottom."

It is reported that in India there are 155,000,000 sacred cows, eating off the scarcity of that poverty-ridden country. During the prime of life they produce milk which is used by the people. But their carcasses wander about, cluttering and obstructing the streets, wasting away only to die of revered old age, made no use of by the people because of religious reasons. We think that is stupid, and make a joke of it.

Now, in this country, our idea of what is sacred is the possession of the value of land -- created by all society -- by individuals, and their right to hold areas of it without limit or restraint, whether they have any use for it or not and regardless of the needs of the rest of society.

Are we in a position to call the Indians stupid?

Before we do, we should put our own house in order, re-examine our best ideals, and see how to implement them by just and expedient laws and customs.

The earth was not created by any of the people, but is indispensable to the lives of all of them alike, so must be recognized as their common heritage. The value of land is created by all people collectively and so should be shared collectively. Wealth is the product of the labor of people engaged in private enterprise, and so should be possessed by its producers.

These are the essentials of public and private rights, and are the economic basis of our ideals.

How to establish these in practice is described in the next chapter.