

The Moral Basis of Ownership

How does one get the right to own anything? Most people's intuitive answer would be that ownership in our society is a right which comes from producing something. And, economically speaking, since exchange is part of the production process, exchanging the products of one's labor (i.e., wages) for something is essentially the same as producing it oneself. Most people see this as perfectly fine as long as our things are legal to own and are purchased in a legitimate manner.

Such as - perhaps - the land that one has saved up for years, to purchase in a legitimate manner? But: it is not possible to produce land. We can improve land; we can build things on land; we can take entrepreneurial risks in putting it on the market or not - but we cannot produce the location. The title to a piece of land - even if it has been in private hands for a thousand years - did not originally come from production.

Most of modern-day economics glosses over or ignores this fundamental distinction, and so has little to say about the moral basis of ownership. But for Henry George the moral basis of ownership is clear: we have the absolute right to own what we produce, and no right at all to claim title to natural opportunities.

However, some students will want to go into the question more deeply. What is the moral basis of this seemingly inviolate right to keep what we produce? In fact, only people like Georgists and Libertarians hold this right to be inviolate; modern societies compromise it quite a lot. U.S. citizens work until mid-April, on the average, to pay their tax burdens. Most people accept, if grudgingly, the responsibility for paying public expenses out of the wealth that individuals have created. (They believe in taxation according to the principle of "ability to pay"). How else, they ask, can greed be reined in and an equitable distribution maintained?

It is true that letting everyone keep what they produce may allow some inequality of income in society. There are differences in people's innate capacities, and in the advantages they start out with in the world. For example, most people would agree that an honest storekeeper provides the community with a useful service and deserves to profit from the endeavor. However, the storekeeper (who may have inherited the business) will pay employees only as much as the prevailing labor market demands. And,

like it or not, IQ scores (which are thought to measure some form of innate mental ability)

tend to correlate strongly with earning power. Such apparent compromises to "equal opportunity" lead people to deny the justice of "just keeping what we produce."

The only alternative, however, seems to be the famous dictum of Marx, "From each according to ability, to each according to need." Here, the community has the right to all surplus and individuals have the right to have their needs met, even if their own production is insufficient to meet them.

Outlandish? Unthinkable? Well, no, it's quite thinkable, apparently. Compelled by a seemingly intractable boom-and-bust business cycle, as well as massive concentrations of wealth and deep poverty, modern liberal democracies have already gone quite a ways in the direction of socialism - for pragmatic reasons.

Such pragmatism has engendered resentment, however. Voters in the United States responded to Reagan's promise of tax cuts, and rejected Bush when his "read my lips" promise proved false! But can't this be attributed to mere selfishness and greed? After all, this is the lowest-taxed of the world's industrial nations. Everybody has to pay for the community's needs. Nevertheless, taxpayers are resentful. They don't understand why the community's needs must place such a huge burden on productive workers, while certain "fat cats" just seem to get richer and richer!

What a paradox! If we all have the right to own what we produce - our wages and interest - how can we quibble with the fact that those "fat cats" have produced more? Do we not all aspire to that level?

Some readers of Henry George's *Science of Political Economy* will have already seen the fallacy in all this. There are, after all, two distinct kinds of value. In the economic system currently practiced, we cannot assume that someone who receives income has produced the entire value of that income. This is because our system allows people to collect values from obligation. No one who collects the rent of land, or the income from monopoly privileges, produces that wealth himself. It is this conflation of legitimate wages and interest with rent and monopoly returns that complicates our perception of the moral basis of ownership.

The fundamental right to own what we produce with our own labor is based on our right to live, and to make our own living. Furthermore, we strive to accomplish more in our work that simply to feed ourselves; we also hope, in our work, to

make positive contributions to our community. But - those kinds of satisfaction can quickly erode, if we feel that we're being taken advantage of!

Much of the satisfaction that workers might have in their work is obviated by the competition for scarce jobs which pushes wages down. Spiritual satisfaction in one's work is a motivator, but it is hard to sustain, to say the least, when we watch others get rich without working. So, to equalize things, it seems necessary to impose a progressive tax on those who produce more, thus infringing on their fundamental right of ownership...around and around it goes.

The right of owning what one produces has a concomitant responsibility - because production cannot be accomplished without land. If we do not own what we have not produced - the earth - then it is incumbent on producers to pay the community for the privilege of using it. And, if we own what we produce, it follows that we also bear responsibility for what we destroy in the process. If these two responsibilities were enforced, it would become possible to have a "capitalist" system that is not "inherently exploitative".

"Rich" and "poor" are relative things. A person may be considered dirt-poor in the United States and yet own a car, a TV, and two pairs of shoes - signs of opulence in other nations. Justice does not require that every worker be paid a lot; justice requires that workers not be paid a pittance while their fellows, who work less, live in luxury. More to the point; justice requires people who are willing and able to work not be denied the opportunity when useful resources are being held idle by their "owners". Henry George shows us that the former situation is, indeed, a consequence of the latter.

In the end, society has four options regarding property rights: 1) *private ownership of everything*; 2) *community owns the natural opportunities; individuals own the wealth they have created*; 3) *community owns all means of production and all surplus, wealth is doled out on the basis of need*; 4) *some mixture of the above*.

Henry George makes the case for a consistently moral basis of ownership: option #2. The other arrangements deny the legitimate rights of the community (#1), of individuals (#3), or, in the pragmatic rationale for modern "mixed economies" (#4), of both. Can we expect sanity from an economic system whose basic assumptions are so muddled?

- Lindy Davies