

The Ethics of Land and Liberty

What justifies the ownership of anything? Ethics, governance, and economics are interrelated and can be unified in one system

May 1, 2007

Fred Foldvary, Ph.D.

Economist

What justifies the ownership of anything? All moral justification is based on natural moral law, as expressed by the moral imperative for humanity, the universal ethic. As recognized long ago by the natural-law British philosopher John Locke, every person is morally a complete self-owner. If not, then one is a slave to others. As Locke wrote in his *Second Treatise on Government*, biologically, human beings are equal and independent. Thinking and feeling are individual, and the individualities of all persons have an equal moral standing. All persons have an equal moral worth, and that creates equal natural rights, implemented as equality before the law.

Self-ownership implies complete ownership of one's own labor, the products of labor, and wages, and income derived from saved and invested wages. The ideology of complete self-ownership is libertarianism, the philosophy that advocates liberty in all areas of life. The universal ethic prescribes coercive harm to others as moral evil, as it violates equal self-ownership. In a libertarian world, any act that does not coercively harm others is legally unrestricted and not taxed.

Self-ownership does not extend to land, meaning natural resources. What justifies the ownership of land? Most libertarians and most people believe in the homesteading rule. In his book *The Ethics of Liberty*, , libertarian economist and philosopher Murray Rothbard invokes John Locke, who justified the ownership of material natural resources, such as minerals, water, oil, and wild fruits, from mixing one's labor with land. Thus, says Rothbard , "converting land and its fruits into his property." A person owns "what he uses and transforms."

Based on this, Rothbard prescribes the homesteading rule: a person owns unclaimed land if he occupies and uses it. Rothbard adds that planting a flag at the edge of a continent does not justify a claim; one has to actually use the claimed territory. If the land was previously conquered, and we cannot identify the rightful heirs, then the person in current possession is the first to use it, and is the rightful owner. By this rule, almost all current land titles are proper. Rothbard then says that once one has a moral claim on some territory, one may rent it to others without the owner's having to continue using it himself.

One problem with this is that Rothbard did not say how long this occupation and use has to last. Is it one year, a month, a day? Any time interval would be arbitrary. And what should be the intensity and type of the land use? This is also arbitrary. Another problem is that while material land such as oil can be transformed, space cannot be changed. One can only change the stuff that is located in some space, not the space itself.

The homesteading rule is sensible, but limited. If you enter a theater, you may claim any unused seat. But after the show, you no longer have rightful possession. You may park in any unclaimed space marked on the street, but that does not give you eternal ownership of the parking place. First-come first-served is universally practiced, but that only gives people temporary possession.

John Locke had a condition for homesteading land. In Chapter 5, "On Property," paragraph 27, Locke wrote, "Though the earth, and all inferior creatures, be common to all men, yet every man has a property in his own person: this no body has any right to but himself. The labour of his body, and the work of his hands, we may say, are properly his. Whatsoever then he removes out of the state that nature hath provided, and

hath mixed his labour with, and joined to it something that is his own, and thereby makes it his property. It being by him removed from the common state nature hath placed it in, it hath by this labour something annexed to it, that excludes the common right of other men: for this labour being the unquestionable property of the labourer, no man but he can have a right to what that is once joined to, at least where there is enough, and as good, left in common for others.”

The last phrase, “where there is enough, and as good, left in common for others” has been called the Lockean proviso. One may own a natural resource only if there are portions as good, equal in quality, freely available for others. So then what if all land of equal quality has been claimed? Rothbard did not confront this proviso in the Ethics of Liberty.

The benefit of scarce land is manifested as land rent. Rent is what people bid to use land, and the presence of rent implies that there is no free land of equal quality. Therefore, the homesteader may claim possession of a natural resource, but not the natural rent. Who properly owns the natural rent?

The moral “law of nature” that Locke described derives from human individuality and equality, and equality implies that human beings are entitled to an equal share of the natural rent. The homesteader may take possession conditional on paying rent to the relevant community.

Much of the land rental in developed communities comes not from nature but from the public works and civic services: highways, streets, public transit, security, protection from fires, parks, schooling, and aid to the indigent. If these are provided by private enterprise by contract, then the rentals generated by these works properly go to the provider, just as guests in a hotel pay for the elevator transit from the room charge. So in a libertarian world of complete free enterprise, in fact much of what is called “rent” would be rentals paid to private enterprise.

But in today’s world, government provides most of these public goods, and so a payment of the rentals to government would be justified as paying back the value generated by these works. The rentals generated by the local commerce, aside from public works, could properly be collected and distributed to the local community. But the natural rents of natural resources can have no proper owner other than all humanity in equal shares.

If we apply the Lockean proviso and recognize homesteading as justifying the possession of land but not the ownership of the rent of land by the title holder, then the questions of how much and what type of land use justify ownership do not matter. One may properly possess land so long as one pays the economic land rent to the relevant community, regardless of land use. The economic rent is how much tenants would bid to use the land, regardless of how it is actually used, and regardless of whether it is owner occupied or rented out.

The ethics of liberty must include the ethics of land and rent. The possession of the materials from land is sufficient for market efficiency, since land rent is a surplus not needed to put land to its best use. The ethics of land and liberty are that a person is a complete self-owner and that one may possess natural resources but not their natural rent, which belongs to humanity in equal shares.


The payment of rent can be accomplished with bottom-up multilevel governance. Title holders pay the land rental to their local community, which then sends part of it to the next higher level, and so on to the global level, and then the global association distributes the natural rent in equal per-person shares back down the governing tiers.


Ethics, governance, and economics are thus interrelated and can be unified in one system. Economics and ethics are in harmony, as the morally proper policy of tapping land rent for public revenue is also the most efficient way to finance civic services. Nature provides harmony, so conflict is created when we don't recognize and adhere to natural law.

© Text Copyright 2007 Fred Foldvary, Ph.D. All rights reserved.


What do you think?


1 Response



Upvote


Funny


Love


Surprised


Angry


Sad

0 Comments

 Edward Dodson ▼

E

Start the discussion...

 Share

Best Newest Oldest

Be the first to comment.

Find Out More.

Inside information on economics, society, nature, and technology.

Name

Email

Subscribe

We don't like spam either: you can unsubscribe anytime.

Fred Foldvary, Ph.D.

Economist

FRED E. FOLDVARY, Ph.D., (May 11, 1946 — June 5, 2021) was an economist who wrote weekly editorials for [Progress.org](#) since 1997. Foldvary's commentaries are well respected for their currency, sound logic, wit, and consistent devotion to human freedom. He received his B.A. in economics from the University of California at Berkeley, and his M.A. and Ph.D. in economics from George Mason University. He taught economics at Virginia Tech, John F. Kennedy University, Santa Clara University, and San Jose State University.

Foldvary is the author of *The Soul of Liberty*, *Public Goods and Private Communities*, and *Dictionary of Free Market Economics*. He edited and contributed to *Beyond Neoclassical Economics* and, with Dan Klein, *The Half-Life of Policy Rationales*. Foldvary's areas of research included public finance, governance, ethical philosophy, and land economics.

Foldvary is notably known for going on record in the *American Journal of Economics and Sociology* in 1997 to predict the exact timing of the 2008 economic depression—eleven years before the event occurred. He was able to do so due to his extensive knowledge of the real-estate cycle.

© Copyright 1997-2024, [Progress.org](#). All rights reserved.