by Michael Hudson

THE PRIVATIZATION OF LAND
How it all began

The Henry George School of New York sponsored the International Colloquium on Privatization at New York University. The conference was organized by the school's Research Director, ***Dr. Michael Hudson****, author of this essay, and Prof. Baruch Levine of New York University's Skirball Department of Hebrew and Judaic Studies. Participants represented each major period and geographic region of antiquity. The colloquium papers will be published at the end of the year by Harvard University's Peabody Museum.*

SCHOLARS from Russia, Germany, Italy, Israel, Canada and the United States gathered in New York last November for a colloquium on the origins of privatization in the Ancient Near East and the Classical World. The US scholars were from Harvard and the University of Illinois.

Leading archaeologists, cuneiformists and philologists traced the dynamics of privatization from 3500 to 500 BC, from Bronze Age Mesopotamia through Biblical, classical Greek and Roman times.

In his essay, Dr. Hudson argues that the forces unleashed in Mesopotamia 5000 years ago must be clearly understood if we are to solve contemporary problems like private poverty and public indebtedness.

POTS and statues do not tell much about social institutions that produced them. Bronze Age written records are laconic, consisting mainly of abbreviated notes (largely receipts and internal accounts from the public temples and palaces) that take for granted the economic context.

The colloquium was important because its participants were willing to compare their various data and venture a plausible context for just what kinds of societies produced the artefacts dug up or the tablets recording resource flows within the temples, palaces and private households.

Their findings challenged many now-orthodox economic assumptions. There was general agreement that from Bronze Age Mesopotamia down through biblical times in the Levant, classical Greece and Rome, each society progressed through broadly similar (but by no means identical) experiences as they commercialized their economic life. The "wild card" proved to be how they handled interest-bearing debt, and the limits they placed on debt bondage and forfeiture of the land to foreclosing creditors.

In antiquity, as today, debt was the major economic lever of privatization. But whereas today's privatizations stem mainly from public debt pressures that encourage governments to sell lands and forests, mineral resources and public utilities, there were no public debts in antiquity.

Temples and the palace typically were creditors, especially in Bronze Age Mesopotamia. However, private debts with the land pledged as collateral led to its forfeiture for arrears. Personal indebtedness was the catalyst for transferring subsistence lands to absentee owners, in epochs when the outright sale or alienation of land was prohibited for more than just a temporary period.

ECONOMISTS have long been notorious for taking private property as an elemental and original institution in human experience. This assumption is a carry-over of the Social Contract theories of John Locke and Adam Smith.

In these theories no role is played by the idea of land originally held by communal groupings and allocated to members who bore a military liability and other public obligations attached to the land. Whatever does not belong to the palaces and temples is deemed "private" ipso facto. Yet the idea of private property as it is understood in modern times developed relatively late.

"In the beginning," Sumer's temples (and in time the palaces) were the major profit-seeking entities (and even more, rent and interest recipients). The non-public communal sector functioned mainly on a subsistence basis. Indeed, all the basic elements of modern enterprise, including such basic practices as charging land-rent and interest, developing standardized production runs, lot sizes, weights and measures, and monetary standards of exchange were innovated by the Sumerian temples in the fourth and third millennia BC.

Accordingly, one riddle that we addressed was why entrepreneurial techniques were first developed by public institutions, above all by the Sumerian temples, rather than within private households. Why was there public enterprise to be privatized in the first place, rather than autonomous private enterprise to be taxed or otherwise made subject to social overrides? If private enterprise is an inherently superior mode of organization, why did civilization take the seeming detour represented by the Sumerian temples and, later, the palaces? The fact that the first commercially organized enterprise is found in Sumer's temples as early as the fourth millennium BC indicates that the state is not inherently antithetical to private property. It seems that public enterprise was needed as a catalyst.

Evidently some social blocks had to be overcome by creating the techniques of commercial enterprise - rent-yielding land, interest-bearing debt, account-keeping and production planning - to generate economic surpluses at least nominally for the community at large (in Sumer's case, the city-temple) rather than for purely personal gain. This community-wide social purpose is what seems to have made the pursuit of private gain socially acceptable, whereas in traditionally organized chiefdoms it was considered "bad manners" to take a surplus for oneself.

Sumerian cities needed to generate exports to obtain foreign metals, stone and other raw materials not found in local river-deposited soils. The city-temples solved this problem by putting widows and orphans, the sick and infirm to work in temple weaving workshops and other public welfare/workfare hierarchies.

Every early society ended up by privatizing its land, industry and credit systems. But some societies did this in ways that protected traditional social values of equity and freedom; others, such as Rome, did it in such a way as to polarize and indeed, pauperize its society.

THREE types of landed property emerged in southern Mesopotamia's cradle of enterprise: communal land (periodically re-allocated according to widespread custom); temple land endowments, sanctified and inalienable; and palace lands, acquired either by royal conquest or direct purchase (and often given to relatives or other supporters).

Of these three categories of land, "private" property (alienable, subject to market sale without being subject to repurchase rights by the sellers, their relatives or neighbours) emerged within the palace sector. From here it gradually proliferated through the public bureaucracy, among royal collectors and the Babylonian damgar "merchants". However, it took many centuries for communal sanctions to be dissolved so as to make land alienable, forfeitable for debt, and marketable, with the new appropriator able to use it as he wished, free of royal or local communal oversight.

Modern advocates of private enterprise argue that gain-seeking individuals manage resources more efficiently than do public agencies. No such economic rationale was developed to support antiquity's property transfers. No one suggested turning over wealth to the rich to manage in society's interest. Just the opposite: for century after century the acquisition of land by public officials or merchants was reversed repeatedly and indeed, almost regularly, by royal Clean Slates. These cancelled personal debts (including back taxes) and returned the land to its traditional holders.

Rulers sought to maintain a free land-tenured body of citizens to serve in the infantry and provide corvée labour services. Loss of land rights would have meant a loss of citizenship and military rank. Hence, rulers had an interest in avoiding social polarization between large landholders and uprooted landless individuals. Clean Slates also deterred the consolidation of a wealthy aristocracy as economic rivals to the palace.

In Roman times the Stoics denounced personal gain-seeking, hoping to return to what they imagined to have been a Golden Age - the Bronze Age - of social altruism. But by late antiquity the memory of royal Clean Slates to restore economic order and equity had faded. The rich themselves were Stoics. They tended to preach in favour of a return to a broader distribution of land and economic self-reliance, but they did not actively back this in practice.

Pliny claimed that the vast latifundia estates had ruined Italy, much as Isaiah a half-millennium earlier had decried the great landlords "who add house to house and join field to field, till no space is left and you live alone in the land." But as Christianity became the "political correctness" of the day, it removed the Judaic Jubilee Year from its original Near Eastern context, postponing it until the Day of Judgment. This effectively turned the Pentateuch's core of debt and land-tenure legislation into a utopian, even otherworldly ideal.

Did history have a choice?

Why were the warnings of Isaiah and Pliny not heeded? Was there another way to go? Did history have a choice? The answers are to be found more in the forces of social power than in a reasoned economic rationale.

Throughout antiquity, social efficiency was defined more in political and military than in economic terms. Land traditionally was supposed to be used to support a self-sufficient citizenry which originally comprised the armed forces and supplied public labour services. Yet from Bronze Age Babylonia through the Roman empire, privatization led to fiscal, economic and military collapse as local subsistence lands were cut away by outsiders (creditors, royal collectors, war chieftains and merchants).

Babylonian scribal exercises illustrated how rapidly debts mounted out at the customary 20% commercial interest rate, doubling in five years, quadrupling each decade, and multiplying 64 times every 30 years. Rulers such as Hammurapi who lived long enough to celebrate their 30th anniversary on the throne proclaimed new Clean Slates, as they did at the first New Year festival after they took the throne (and when circumstances warranted it at other times).

In antiquity, therefore, the public sector was not the enemy of economic freedom and private enterprise that it is portrayed as being today. Not only did the Sumerian temples innovate most of civilization's entrepreneurial techniques, but rulers preserved widespread economic liberty by periodically annulling the overgrowth of agrarian debt, freeing debt bondmen and restoring to their customary holders lands (and hence, citizenship status) that had been forfeited for debt arrears.

PRIVATIZATION of the land led to absentee ownership and monopolization. Ultimately, they also led to fiscal crises as wealthy landholders managed to avoid taxes by shifting these onto the rest of the population. This economic polarizatiaon was staved off by the tradition of royal Clean Slates, which finds its final expression in the Biblical Jubilee Year of Leviticus (Ch. 25).

What hitherto was a royal act was made the centrepiece of Judaic religion. The Jubilee Year restored the status quo ante by wiping out the overgrowth of agrarian debt, freeing debt bondmen, and restoring subsistence lands to the cultivators who had forfeited them to creditors. Prof. Baruch Levine pointed out that although the Jubilee Year seems to be a post-Exilic phenomenon, it was part of a living tradition extending back thousands of years. Indeed, biblical economic legislation represents the last major repository of Bronze Age Near Eastern practices.

Prof. Maynard Maidman argued that although Nuzi's rulers proclaimed Clean Slates in the 16th and 15th centuries BC, they seem to have been unable to obtain compliance by the large landowners, for private holdings survived intact for time periods spanning such proclamations.

As privatization spread up the Euphrates from Babylonia into less centralized economies, the power of large landholders (often war chieftains) increased. Partly as a result of the ensuing domestic social polarization, societies such as Nuzi collapsed relatively suddenly, their economic and military base hollowed out by privatization of the land leading to fiscal strangulation.

One result was a rural exodus of men uprooted from their land. In 18th century England this rural exodus following the enclosures of the commons provided a key element of the Industrial Revolution, in the form of cheap urban labour. But in archaic times there was little industrial wage labour market. Manual labour in Mesopotamia's temples and palaces was composed of persons who could not make a go of things on the land, mainly because of physical infirmity or the misfortune of having lost their husbands and/or fathers through war, and not been incorporated into the households of relatives. (Skilled craftsmen were formed into company-type unions run by the palace, not by the craftsmen themselves. Hence, labour was not unionized and "privatized" along today's lines.) Much of the displaced labour joined floating vagrant bands of migratory workers, some of whom found work as mercenaries, pressing out of Mesopotamia into the Levant. Thus, the result of rural uprooting was to create a military force more than the industrial labour force found in post-feudal Europe.

The collapse of civilisations

Bearing in mind the manner in which each major ancient society collapsed, the colloquium's participants emphasized how privatization represented more than merely a shift of resources from public to private hands. This shift went hand in hand with economic polarization, fiscal crises, and the inability to field an army of land-tenured soldiers.

Often the process involved civil warfare, such as the overthrowing of landed aristocracies by popular tyrants in 7th century BC Greece, the popular walkout in Judah under Zedekiah c. 590 BC (Jer. 34), contemporary to Solon's cancelling the rural debts and banning debt-slavery in Athens in 594 BC, and the reputed refusal by Romans to fight behind Coriolanus until their debts were annulled or they were promised lands of their own.

"In the beginning," most land was held communally and allocated to citizens as subsistence lands for their self-support. These cultivators in turn owed military and corvée labour services. Gradually, the land was privatized and transformed into property in the modern sense of the term - property immune from social control and periodic redistributions, able to be alienated (either sold or forfeited to creditors for debt arrears) without recourse for the seller, his relatives or neighbours to redeem it.

Privatization in feudal Europe often took the form of seizure of lands by individuals through force or legal stealth (as in England's enclosures), but there is little evidence of this in the Bronze Age. There were three major types of privatization, each with its own set of dynamics.

(1) The first real "privatizer" was the palace ruler. Rulers acted in an ambiguous capacity, treating royal property - and even that of the temples, which they took over in time - as their own, giving it to family members and supporters. In this respect "private" property, disposed of at the discretion of its holder, can be said to have started at the top of the social pyramid, in the palace, and spread down through the royal bureaucracy (including damgar "merchants" in Babylonia) to the population at large.

Bronze Age Mesopotamian rulers are found acquiring property mainly by purchase (with tribute money), but royal appropriation of land within the ruler's own community was strictly circumscribed. When the Israelite king Ahab sought to obtain Naboth's vineyard, for instance, he was constrained to operate within the bounds of popular tradiland-rent in particular has had major fiscal consequences. The particular way in which the land has been privatized from one society to the next - and over time in any given society - has shaped the economy's distribution of wealth and income, the pattern of urbanization, freedom or slavery, and ultimately the rise and fall of civilizations and their religious responses to the economic imbalances associated with privatization.

The New York University conference thus outlined the extent to which the history of civilization will have to be rewritten to take account of the cuneiform and related archaeological discoveries made in the past few decades. A foundation was laid for placing the role of privatization of the land and economic enterprise at the centre of a new view of history's broad dynamics, the evolution of economic policy and the economic core of ancient religion.

The New York University symposium has defined a research agenda for the remainder of the decade. It has shown that privatization is more than just a shift in ownership from public to individual holders; it connotes a shift of social costs and other burdens from landlords and creditors onto the shoulders of the population at large.

One question to be addressed is whether today's resource owners and creditors will act differently from those of antiquity. Will they realise that there is a need for them to invest their revenue productively, or will they merely attach this income as interest-bearing debt to property? Will they strip assets in foreclosure proceedings and distress sell-offs rather than investing directly to bring new productive powers into being? Will landlords and creditors ultimately prove more efficient than public agencies in overseeing society's land, natural resources and other means of production? Or will they resist their tax obligations and deepen the fiscal crisis, as they have done so often over the millennia?

* Dr. Hudson is co-author of *A Philosophy for a Fair Society*, London: Shepheard-Walwyn, 1994. **See back page review.**

OBITUARY

Robert Clancy

IT IS with deep regret that we report the death of one of *Land & Liberty's* distinguished contributors, Bob Clancy. The following is the report that appeared in the *New York Times* on February 18:

Robert Clancy, an educator who was director of the Henry George School of Social Science from 1946 to 1970 and founder of the Henry George Institute, died on Feb. 9 in Jackson Heights Hospital in Queens. He was 80 and lived in Jackson Heights. The cause was colon cancer, said George L. Collins, the executive director of the Manhattan school.

Founded in 1932, the school teaches the economic and social philosophy of the 19th century economist and philosopher Henry George, who saw land speculation as the scourge of the time and the cause of poverty and inequality.

George argued that society, not the landowner, was responsible for the increase in land value, and that the increase should be taxed and thereby returned to society. He saw such a levy as the only tax necessary and, thus, was an early proponent of a single tax. George twice ran unsuccessfully for mayor of New York City in the late 1800's.

Mr. Clancy expanded the school's role in adult education and through establishment of the institute set up a worldwide network of correspondence courses in subjects related to George's social and economic concepts. Students from more than 200 countries enrolled in courses. In 1952 he wrote a biography of the founder of the school, "A Seed Was Sown: The Life of Oscar Geiger." He was co-founder and chairman emeritus of the Council of Georgist Organizations, an international association of Georgist schools.

He is survived by a sister, Norma Hempe of Massapequa, L.I.

The Missing Clause in the Bill of Rights
- Land for the People

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Roskilde, Denmark, July 22-29, 1995

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