

A COLONIST'S PLEA FOR LAND NATIONALISATION.

THE UNEARNED INCREMENT: ITS NATURE.

LET us begin by taking the increment in its simplest and clearest form.

Suppose I buy Government land at £1 per acre, and quietly holding on while roads are being pushed forward, settlement extending, and land values rising, refuse offer after offer till the price reaches £2, when I sell out. Of these £2, one I have acquired by direct purchase; £1 worth of money for £1 worth of land; but the other I have done nothing to acquire.

It is not interest on the purchase-money, for interest is payment for the *use* of capital, and comes out of the use. Who would expect interest on money tied up in an old rag? There has been no use here.

It is not compensation for risk, for the land could not disappear or deteriorate, and was sure to be wanted.

It may be quite right, for all that, that I should have it. That is not the point at present. The point at present is simply to explain the term, and to show not only what it directly means, but what it indirectly implies, for it implies a great deal—much more than most people have any idea of.

I have neither done anything to create this increase of value, nor rendered any service in return for it. If a sovereign were suddenly to drop into my pocket from the sky, it would not be more completely unearned.

But it has not only been unearned. If that were all, it would be no great matter. If, like the sovereign, it had dropped from the sky, then, though I might be undeservedly the richer, nobody else would be the poorer. My gain would be a clear addition to the sum total of human wealth, out of which others besides myself would, in one way or another, derive benefit; and, whether or no, whatever benefits one without injuring another is fair subject for congratulation.

But it has not only been unearned; it has been drawn from the earnings of others. My gain is others' loss.

If I sell goods or perform work for another, then no matter how high I may charge for the goods or the work, I am rendering goods for goods, service for service, earnings for earnings. What I offer is my labour, or the fruits of it, and as the public are free to get the same goods or services elsewhere if my terms don't suit, or to go without them, the fact of their accepting my terms shows that the thing I offer is, under the circumstances, worth the money.

But in the case of this unearned increment on land, there is no pretence of any exchange. I offer for it neither labour nor the produce of labour. All I do is to place my hand on a certain portion of the earth's surface and say, "No one shall use this without paying me for the mere permission to use it." I am rendering no more service in return for this extra pound, either to the purchaser or to society, than if I had acquired exclusive title to the air, and charged people for permission to breathe. And if, instead of selling my land for an additional pound, I let it at a proportionately additional rent, the principle would be the same.

The increase of value in my land has arisen from the execution of public works and increase of population, causing an increased demand for the land; in other words, it has arisen from the national progress; and I, so far from aiding in this progress, have actually hindered it, by keeping my property

locked up, and so forcing on intending producers to inferior or less accessible lands ; and by holding so much land back have helped to make land so much scarcer, and, therefore, so much dearer, and so have helped to increase the tribute which industry has to pay to monopoly for the mere privilege of exerting itself.

I have employed my land not as an instrument of production, but as a means of extortion. I have bought it, not to use, but to prevent other people from using it without my purchased leave ; not to earn anything by it, but to obtain the power of demanding the earnings of others.

Suppose certain parties, knowing that a road would shortly be made into a particular region, bought from Government the privilege of placing bars across the road (when made) and forbidding anybody to pass until he had paid toll ; toll, not (as under the old State tolls) to pay for the maintenance of the road, but toll for the mere permission to pass along the road. Everyone would recognise that this toll was pure blackmail and not earnings, and the obstructors mere parasites licensed to prey upon the public. But where is the difference between blocking the road and blocking the land that the road leads to ? Where is the difference between levying blackmail on the transport of goods, and levying it on their production ?

But it will be said, "It was with real earnings that I bought the right to demand this payment."

True. But the point is that whether I bought it or stole it, the thing I have bought or stolen is the privilege of levying blackmail upon industry ; of demanding something and giving nothing in return ; of laying my hand on the earth's surface and saying to all and sundry, "Give me of the produce of your labour or be off with you ; so much a year if I choose to let it ; so much in a lump sum if I prefer to sell it." Whichever of the two forms the demand assumes, it is called by political economists "rent," and by that name I shall henceforth call

it, because that is the accepted name, and because there is no other compact and handy term by which to express it; but it is not to be confounded with rent in the legal and commercial sense, which includes interest on the cost of improvements. The rent I shall mean is economic rent only; the price charged for the mere use of the land as such, either without any improvements or apart from them: I shall mean "ground rent" in short.

The economist tells us that all rent is differential only. Owing to the competition amongst landlords for tenants, there can be no such thing as a monopoly or forced rents.

All the facts are dead against this theory. I give three typical examples:

(a) In West Ireland, where landlords own large areas apiece, all equally good, or rather equally bad, but only a small part of each occupied (not appreciably better than the rest), the rents are higher in proportion to productiveness of the land than in England where the land is put to comparatively full use. But is there any competition amongst the Irish landlords, each with his vast unoccupied area, for the over-rented tenants of his neighbour? On the contrary there is a practical informal Trades Union amongst them to keep up rents. So far from offering easier terms to tempt other tenants on to their own unoccupied lands, which are bringing them in nothing, they do not even abate one farthing of their own extortionate rents, except from occasional generosity or the obvious impossibility of the tenant paying the higher rate.

(b) The English landlord, as a rule, will not let a small plot of land to the labourer, except for two, three, four, or five times as much as the capitalist farmer is paying for land of the same quality. Even then he refuses to grant the same limited security of tenure that he grants to the farmer, but reserves the right to eject the labourer at short notice (generally a month), and confiscate his growing crops and improvement.

And this, notwithstanding that the labourer offers better security for the rent than does the farmer; for the labourer wants the land for no other purpose but to improve it—to dig, manure, and cultivate it as a garden; to build a house and outbuildings upon it. While the capitalist farmer makes no improvements, but expects the landlord to make them for him.

(c) There are in and around every growing city lots withheld from the builders (checking the natural desired expansion of the city) because the price asked from the builder is prohibitive—the owner knowing that if he cannot get his price this year, he will next, or the year after—before long, at any rate, for the city *must* expand; and meanwhile the land eats nothing, costs him nothing (though at the same time it generally produces little or nothing). But, it is urged, the necessities of owners must often force them to let their land go at a reduced rate.

Even this apparent small mitigation does not help the public. For if A is obliged to sell, B of the same kidney is always ready to buy and to keep up the speculative, extortionate demand.

So I could go on multiplying examples and, consequently, proofs that the alleged competition of landlords for tenants prevents monopolistic rent is a transparent delusion.

The evils of monopoly are not dependent on a given commodity being owned by one person, or a few only. So long as the demanders are more numerous than the suppliers, especially when the article is a necessary of life, and cannot be multiplied in response to demand, like clothes or houses, the game is in the hands of suppliers, and they can ask what they please—within wide limits.

Land is the first necessary of life, being the source from which all necessities proceed; and people, therefore, must have access to it at any price which may be demanded, so long as it is one that they can possibly pay.

It does not avail to say that A, B, or C, this individual or that, need not take land; that HE can do something else. SOMEBODY must take it, or production cease, and the landlord knows this.

There is no land so bad but the occupier can be made to pay a very appreciable, not merely nominal, rent for it if he is practically obliged to take it, as he often is. There is land in Donegal so bad that all recognise that the tenant could not possibly live by it (under existing conditions) even if he had no rent to pay. Yet that land fetches rent; because the peasant being a terrestrial, and not an ærial or marine animal, must have some land to reside on; and he has to go to Scotland in the harvest time to earn a few pounds to make up his deficient subsistence and earn his rent.

However bad the occupancy may be, and incapable of yielding full subsistence, it will not take all the occupier's time to till it. There will be days and weeks when there is no work for him to do upon it—in wet weather—between seedtime and harvest, and again between harvest and seedtime, not to mention hours in the evening; and this TIME the landlord can exact as rent—to dig for him or wait upon him, or (as in the case given) to go elsewhere and earn money for him.

Rent then consists of two distinct elements—monopoly rent or the rent which can be demanded for any land however bad; and differential rent, which represents the differing productiveness or desirability of different pieces of land. Thus if the monopoly rent of 5-bushel land, which just keeps the occupier alive, be 10s., land which yields 10 bushels will pay 10s. plus the value of the five extra bushels, and so on. Differential rent rests upon inherent, natural differences, not upon arbitrary enactments or personal privileges, and it will always correspond to those differences. But monopoly rent is an artificial product—a tribute-levying power arising from unjust laws and privileges that can be abolished.

The fact that it was with real earnings that I bought the land for which I charge rent does not make rent earnings. I may invest earnings in buying a share in a pirate vessel (as a great writer puts it), but the proceeds of piracy are not therefore earnings.

It is the nature of the business whereby I make money, and not the manner in which I got into it, that makes the difference between earnings and appropriation.

Earnings mean taking payment for goods or service rendered ; appropriation means taking something and giving nothing in return ; no matter whether the taking be legal or illegal, or how I acquired the privilege of taking. Anyone can recognise that it is one thing to charge for the fish I caught in the sea, and quite another thing to charge for permission to fish in the sea ; one thing to charge for produce I have raised from the land, and quite another thing to charge for permission to raise produce from land.

“Still I have the right to make this charge.”

I am not disputing that.

If Government, with the full consent of the governed, issued licenses authorising to rob on the highway, the robbers, I suppose, would be justified in acting on their privilege ; but their gains, all the same, would be appropriation and not earnings, no matter how high they paid for their license or how honestly they came by the money to pay for it. And if the public, disgusted with the system, demanded its immediate abolition, the robbers would have a claim to compensation ; but their compensation would have to be assessed, not by the amount of plunder they had expected to make, but by the fee they had paid for their license and the actual loss to which, in one way or another, they had been put by the sudden abolition of a privilege they had honestly paid for.

But it will be said, “Rent is the result of a free contract.”

Is it? The Italian peasant who agrees to pay to the brigand

on the mountain so much a year in consideration of not being robbed makes a contract, but is it a free contract? If he refuses to pay it, the brigand will take his earnings; if the applicant for land refuses to pay rent, the landlord will refuse to let him make any earnings. Where is the great difference between the two cases? There is a contract in each case, and the one is about as free as the other.

In neither case is anything given in return for the payment received, except permission to work unmolested in a particular place.

"But," it will be said, "in practice the rent of an estate represents real earnings in the shape of improvements made, as well as mere permission to use the land, and how can you separate the two values?"

Not only is it quite possible to separate them, but the thing is often done. In London, for instance, the ground rent and the rent for the house often belong to quite different persons. In Ulster, again, the retiring tenant receives the value of his improvements, while the landlord keeps the value of the land. And in America, I am told, the land and the improvements are assessed separately and taxed separately.

But all this has really nothing to do with the subject in hand. My concern at present is simply to explain the nature of the unearned increment.

Whether the value of land and the value of the improvements can be separated or not, they are quite distinct elements, just as in a glass of grog, the brandy is brandy and the water water, each with its own distinctive properties and effects, notwithstanding their indistinguishable commixture; and he, therefore, who lets land levies blackmail upon industry by charging for something which represents no service at all, none the less that at the same time he charges for something else that does represent service.

No doubt there are many other things besides land in which

a monopoly of the article will enable the possessor to levy something resembling blackmail; but there are points of difference that distinguish them all from the pure and simple appropriation of land monopoly.

The first is that none of them excludes other people from making a living or from making earnings to any extent by other means than the article monopolised.

If by a day's labour or by pure accident I find a diamond, I may ask a price entirely disproportionate to the value of my labour; but then the public need not buy my diamond unless they like. My finding a diamond does not prevent other people from looking for diamonds with as much chance of finding them as I had, and if they don't think they are likely to find any by looking for them they can go without, and be none the worse.

But every piece of land appropriated shuts out so many other people from that land, and as all the land (practically speaking) is appropriated, or in one way or another out of reach of the masses, they are at the mercy of the landholders, and have no choice but either to rent it from them as tenants, or work for them as labourers on the hardest terms to which competition can drive them; which means that the landowner has the power of appropriating the greater part of their earnings in return for the mere permission to them to earn anything.

Or suppose that, instead of finding a diamond, I buy tin, and that next week the price goes up to double—here there is an additional distinction between my gains and the land speculator's; for not only are the public under no compulsion to buy tin (while they are to rent land), and not only does tin represent the results of labour, and so represent earnings (which land does not), but the magnitude of my gain in most cases represents compensation for great risk.

The earnings of farmers and of miners may average the

same, but the farmers' average is made up of pretty equal profits all round, while the miners' average is made up of a few big prizes and many blanks. And what applies to the miner applies also to the speculator in mining products. His occasional large profits represent compensation for great risks, and is thus as much of the nature of insurance as of profit.

No one would think of either mining or speculating in mining products unless the many blanks were compensated by occasional large prizes. They are the necessary inducements to engage in those callings, and therefore fair earnings when they come. Land, however, is not a speculation in this sense (though even if it were, its profits would still be appropriation and not earnings for reasons already given); it is a sure investment in the sense that it is subject to no extraordinary risks: to no more risks, that is, than such as are inseparable from all human enterprise, even the safest.

The value of land, as of everything else, will oscillate within certain limits, and even in some exceptional cases, as in the sudden diversion of traffic, fall for an indefinitely prolonged period; but these occasional or exceptional perturbations are but as the advance and recession of the waves in a flowing tide. The tide still comes in.

In every country which has any enterprise and progress, land values must rise. The movement may be fast or slow, continuous or interrupted, but it is up not down.

There is not a single factor in a nation's progress that does not add to the value of land. Every road improved and railway laid down; every machine invented and process perfected; every opening of new markets; every improvement in fiscal policy, in order and good Government, in the knowledge and skill, in the morals, manners, and even numbers of the people; every conceivable element, in short, that adds to the productiveness of industry adds to the value of land, and increases the

tribute which monopoly can wring from industry, which the man, who merely owns the land, can exact from him who uses it for the mere permission to use it.

This is why the gradual rise of land value or rent (ground rent only, remember), is called the unearned increment.

So far for its nature. Our next consideration will be its magnitude.

THE UNEARNED INCREMENT: ITS MAGNITUDE.

Under the system prevailing all over the civilised world, every country is cut up into square pieces and appropriated by a (comparatively) few owners.

What these owners do with the land is a matter the State concerns itself very little about. Whether they occupy and use it themselves, or let it to a tenant and live in idleness on the fruits of his labour; whether they cultivate it like a garden, making it yield abundant wealth and maintain hundreds of families, or leave it in a state of nature to carry sheep, excluding the whole rising tide of population from the opportunity of developing its boundless resources because the sheep pay *them* rather better; whether they open out the mineral treasures hidden in its depths, or lock them up by demanding such exorbitant royalties that enterprise either will not attempt the work, or attempts and fails; whether they construct factories and build cities upon it, or turn out the whole population and burn down their dwellings (as in the Scottish Highlands), because a foreign millionaire offers them a higher price for the privilege of turning it into a wilderness to shoot deer in than the children of the soil can give for the mere privilege of earning a living; all these things the State regards as matters of

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