

# Ireland's land problems past, present and future

The Henry George Foundation is holding its conference this year in Dublin. Ireland is seen by many as the spiritual home of land reform. Here **David Smiley** sets out some of the history to the present situation in the 'celtic tiger' of Europe, while in **fresh thinking** Emer O'Siochru explains why land is back on the agenda.

Consider some of the results of rising population. It was Thomas Malthus who showed why wages fell, and it was David Ricardo who showed why the rent paid to landlords rose. Adam Smith had already pointed out that "The landlord reaps where he does not sow". Putting all this together, Alfred Marshall argued that taxing rent would lead to progress, and Henry George showed that such a tax could lead to progress without poverty, and quite independently of demographic change.

So what was it that these giants of economics were saying, how does it explain Ireland's past, and how might it inform Ireland's future? First, what is rent in this context? It is a payment by those who use land, anywhere and for any purpose, made to those who own it. It is not small: the rent of the land of Ireland could be equivalent to a quarter of the value of its national income. Why should it be taxed? There are strong economic reasons. Paul Samuelson, perhaps the most widely read twentieth century economist, said: "Pure land rent is in the nature of a surplus that can be taxed heavily without distorting production incentives or impairing efficiency." No other tax works in that way. There are also strong social reasons for such a tax, reasons connected with poverty, inequality and

housing affordability. Let us now put all this into the context of Ireland's history, but in such a way as to suggest a path to future progress without poverty for the 'Celtic tiger' of the EU.

In agrarian societies such as that of historical Ireland, the wealthy owned the land and lived on its rents. The wealthy were typically the rent-receiving kings, barons and lords and, in some periods of history, also the church, in the form of rent-receiving monasteries and the comfortable "glebes" and "livings" described, for example, in the novels of Anthony Trollope. Rents were paid as a proportion of wages, a portion of produce such as a tithe, or as an obligation to fight for the landlord. As an example of the first, of the shilling and sixpence per day paid for casual work in Connemara, one shilling was withheld in rent. As an example of the second, Colin Clark found that rents in populous agrarian societies tended towards fifty percent of produce, paid to a landlord for actually doing very little. As an example of the third, land holdings, and therefore rent, could be increased by seizure, by landlord turned warlord, leading to one description of European history as "a series of dynastic squabbles over real estate."

For our purposes here we start in 1155 when Pope Adrian IV "granted and donated Ireland to the illustrious king of England, Henry II, to be held by him and his successors." A later Henry, the VIII, anxious to maintain his family's landed inheritance through a male heir, helped create a new branch of Christendom in order to achieve this. In 1541 he then declared himself king of Ireland allowing him, as head of the Church of England, to seize some wealthy Irish monasteries. To deal with some bad reactions to this, particularly in Ulster, his daughter Elizabeth I installed "plantations" of English and Scottish settlers, evicting the locals into wretched conditions of semi-slavery. In the 1641 uprising some 2000 of these settlers were killed. This led to Cromwell's retaliatory massacres, the seizure of the best 25 percent of Ireland's land for his soldiers, and the displacement of surplus population to the relatively infertile West. The huge wealth shifts in the form of transfers of wealth are not documented, but no doubt Ricardo could have calculated them using his law of rent.

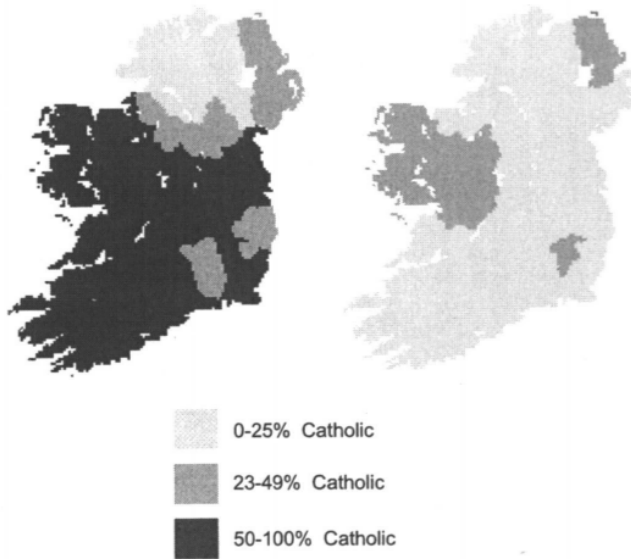
Fifty years after Cromwell's rampage came the battle of the Boyne. Though a turning point in Irish history, its origins had nothing to do with Ireland and everything to do with

the Restoration in England and the Pope's concern over the outcome of Franco-Spanish rivalry. Arising out of this, a Dutch Protestant, supported by the Pope, defeated a Scots Catholic in the battle for what was, essentially, the ownership of the rent of Ireland. The victory of the English Protestant forces resulted in measures to protect existing rents, and to procure further rents, in a period known as the "Ascendancy" of the descendants of Elizabeth's settlers and Cromwell's soldiers. The protection of rent came about from the "Penal Laws" whereby Catholics were forbidden to buy land, practise their religion, or enter the professions. The increase in rent came from further seizures. By 1750 Catholics owned only 15 percent of the land. By 1778 only five percent. As population grew to 8 million rent also grew, not only absolutely but as a proportion of wages, following Ricardo's law of rent, pushing the population further into poverty. Then, when the potato crops failed, living standards were pushed below subsistence. In the great famine of 1845-1851, one million died and one million emigrated. And a further million emigrated in the next five years, carrying a bitterness which survives today in America as well as in Ireland. During the famine, excellent wheat harvests were being exported since there was no local purchasing power. Soup kitchens - and all other temporary palliatives tried then, and in other countries since - probably saved a few lives but, typically of much government and charitable intervention, actually helped to maintain rents by providing

the wherewithal to pay them, a lesson still not learned after fifty years of "developmental" intervention in the third world. Some attempts at rent control were made subsequently, but it was not until the 1890s that Henry George, continuing where David Ricardo and J.S. Mill left off, visited Ireland and explained how a tax on the rent of land could have removed poverty and set Ireland on a path of economic growth.

march provocatively and another gang of thugs to shoot at them. The Nationalist myth of the rapacious English landlord does contain a large grain of truth. Some absentee landlords lived, and some still do, in England. But, even when the battle of the Boyne was fought, the landlords descended from Elizabeth's settlers and Cromwell's soldiers were by then no more English than the rapacious Celt, Viking or Norman landlords who preceded them. The enemy of the peasant was the landlord, regardless of nationality.

Catholic land ownership before and after Cromwell's land seizure



There is nothing which happened in the 19<sup>th</sup> and 20<sup>th</sup> centuries, the agitations of Parnell and of O'Connor, the agitations for Home Rule and for Partition, and all the subsequent problems of Northern Ireland, which cannot be explained by the land expropriations of the 16<sup>th</sup>, 17<sup>th</sup> and 18<sup>th</sup> centuries. That all this could have been prevented by a tax on the rent of land remains obscured by two powerful myths which survive today and continue to maintain a political impasse over Northern Ireland, encouraging one gang of thugs to

The Loyalist myth of the superiority of Protestantism over Catholicism is not susceptible of any kind of proof, and may simply be a justification for a class system of discrimination, a remnant of the land problem, which still persists in Northern Ireland. Another claim, that landlords who evicted their tenants were selfless agents of modernisation, endorses a policy which carried a huge and terrible price tag, and exposes a most unfortunate ignorance of the works of Smith, Ricardo, Mill and George, and of a land taxation system which could have removed poverty while also supplying the revenue for modernisation.

Moving on, what can we learn from all this? I think it is this: that the government collection of the rental value of land, a policy that would have dramatically altered Ireland's history, remains the answer to many of Ireland's modern economic and social problems, masked, as they are today, by the effects of EU intervention and support.