

CHAPTER XI

ANCIENT LAND GRANTS, FEUDALISM, AND THE MOSAIC SYSTEM.

It is impossible to justify, on the grounds of equity, the origin of large landed possessions; that is, possessions which are large in relation to the number of persons holding them. In early days the population was very small, but the earth was as large as it is now, and therefore there was plenty for everyone; but even then it could never be justified that a man should claim as his own a vast area which he did not and could not use. How could he claim that a neutral and unused territory should lie between him and his neighbours all round? Or, if it did so lie, how could he lay any stronger claim to it than his neighbours could? Or, again, how could he and they together object to a new-comer settling himself between them upon land which he found unused? That such monopolies *have arisen* is *primâ facie* evidence of force or fraud having been used in originating them.

But it is a matter of history, and it forms a very significant commentary upon *modern* land systems, that when government and administration began to shape themselves in feudal times, there was still no pretence to land *owning*. It was land *holding*, and the tenure depended upon the performance of *service*.

The barons held districts under the king, the head of the State and the embodiment of the people's rights, and in return they owed him service. The people, of different degrees, held sections of these districts under the barons, and owed them service. The defence of each district, and thus of the whole kingdom, was secured, while judicial and other executive services were performed, in return for the use of the land.

Come down to modern times and take a broad survey, a momentary glance, without going into small details. Imagine the resurrection, from these old times, of a man of inquiring mind, and suppose him to interview one of average knowledge and experience to-day.

He asks: "Who represent the barons today in England?"

Ans.: "The peers of the realm and the landed proprietors who have purchased land from them."

Q.: "Do they still maintain the defence of the country, administer justice, and perform the executive duties?"

A.: "No."

Q.: "Then, I suppose they have given up to the Crown the revenues of the estates which they hold?"

A.: "Oh, no! they retain these, and the revenues have immensely increased."

Q.: "But how are defence and public services maintained?"

A.: "By taxes upon all the people."

Q.: "Then, if the people are taxed for these purposes, they have surely been freed from service to landholders in return for the lands which they hold?"

A.: "Oh, no! they have not. They pay ground rent now instead of the former personal services to the landowners."

Q.: "Did you say *owners*?"

A.: "Yes; the former *landholders* are now *owners*."

Q.: "Do you mean to say that they have obtained absolute *possession*, while they have got rid of the conditions of service?"

A.: "Yes, that is the case. They have transferred their burdens to the shoulders of the people, and have transformed their *tenure* into *possession*."

Q.: "*Who* do you mean when you say, '*they* have transferred' '*they* have transformed'?"

A.: "Well, you must know that the landowners were the only legislators until very recently, and that they still hold a preponderating power in the legislature, and maintain this by extra votes in virtue of their ownership of land."

Q.: "Then, am I to understand that the tenants, as they are now called, pay *rent* for the ground they use, and that they also pay *taxes* for public service?"

A.: "Yes, that is so; but that is not the worst of it, for while the tenants *pay both*, the owners *receive the rents* and only *pay taxes*. To sum the matter up—

The landholders turned themselves into owners, while they evaded the services which they used to perform;

The landlords retain to themselves the services of the tenants, while, at the same time, they saddle them with a share of the taxes, which they have imposed to support the evaded services;

And, finally, the landlords still monopolise the legislative power on the plea that they have a greater stake in the country than the landless people. They succeed by this device in preventing effective examination into and reform of the system."

Q.: "But surely the owners pay a very large share of the taxes?"

A.: "Yes: but they don't pay anything like their *fair* share. As far as their lands are concerned, they have permitted no re-valuation of land for national taxes since the year 1798; so that they don't now pay the same levy per £ of value as they considered equitable at that date. The increase in value caused by the great inventions, the growth of population, and the vast strides in production during this century, has therefore contributed practically nothing extra. They have also received exorbitant compensation for railways and other public works, which, instead of injuring them, have vastly increased the value of their land."

Q.: "Then, some of these men must be immensely wealthy, for I see swarms of people and vast evidences of production where only a few scattered homesteads existed in my day. These must all be paying *rent*, as you call it, to the *owner* of the land?"

A.: "Yes, certainly; and they also pay what are called 'royalties' in return for permission to work the coal and metallic ores which exist under the surface, and which were hardly touched or even known in your day."

Q.: "Well, this astonishes me beyond measure. I understood that the country had immensely developed in freedom, in education, and in wealth, but I see numbers living in a very miserable condition and looking as anxious as if they were hunted by unseen enemies. I PAGE

20 begin now to understand the reason of all this. Are none of you trying to alter this obvious injustice, and to give something like an equal chance to all?"

A.: "Yes, there is an earnest minority who say that "ground rent is the true source of public revenue,' and who believe that, if all was used for this purpose, it would do a great deal to improve matters. They are confident, at any rate, that it is a reform which is *fundamental* to all others, and that, being such, it is the most important one that can be attempted. They would restore the old principle in a new form."

Exit the observant and inquiring stranger, with the observation: "Yes, I see it all. The landowners have devised this system, have continued to work it, and are still maintaining it by keeping the political power. They have reaped whatever has been gained by it, while the landless people don't see through the trick that has been played upon them; and if they did the power to alter it is not yet sufficiently in their hands. They have stood to lose all along. I wonder they don't wake up. But perhaps they will before long."

A few paragraphs may not be out of place for the purpose of referring to the origin of some large holdings in England. Many of these were conferred by the Sovereign or Parliament upon soldiers and statesmen, who were considered to have rendered conspicuous services to the

country. Single Taxers object, on principle, to the *form* which these rewards have taken. If a man has rendered exceptional services to the community, let it, by all means, reward him, but let it do so out of the produce of its labour, and not out of that which has cost it no exertion. By giving parts of the land of the country to its benefactors the community of those days gave what it did not produce, and has thereby entailed upon its descendants the burden of continuing to reward the successors of the old-time benefactors. These successors have not often emulated the deeds of their ancestors, and have not therefore earned a title to any reward; but, strange to say, they are generally receiving many times more than the income of their predecessors. This increased income represents an increased burden upon the present generation, paid in the form of ground rent.

Perpetual money pensions are surely monstrous enough, and sufficiently indefensible, but what can be said in favour of the plan of granting the ground rent of a territory for all time as the income of one family? It is certainly a very cheap way in which contemporaries can indulge their desire to pat one another on the back if they can relegate the payment to their successors. It was very simple for the Chancellor of those days to sign a *parchment title* instead of parting with the solid *coin* of the treasury. He probably saw no further than the immediate and obvious convenience, and did not realise the future effects. How should he? To credit him with such foresight is to set his intelligence far above that of the statesmen of the present generation, for only a very small minority of them grasp, even yet, the significance of the position.

While it could never be equitable, yet there would not be so much objection to these grants of land, free from the obligation of making an annual payment to the community, if sufficient convenient land was still left available for the rest of the community on the same terms. If *one* may have land without any annual charge, why not *all*? It is of no avail to plead long custom for the denial, if justice cannot be invoked in its defence. If the practice is not equitable now, when was it

equitable? Did it lose its equitableness gradually or suddenly? When and why was the reasonable condition of service removed? An Answer will be welcome from the champions of the present system, if they can set the facts in a different light.

While the feudal system required service as the condition of holding land, a much more ancient one, the Mosaic, to which further allusion will be made, was based on universal family inheritance. Provision was made in the first place to give every family an inheritance, and in the second to prevent any from ever becoming landless by forbidding any present holder to grant a lease beyond the next jubilee year, a maximum period of fifty years. Single Taxers would be satisfied with the re-enactment of either of these *principles*, with such modification of details as would suit our modern methods of life and of industry. They claim that their principle of action conforms to the *intention* underlying both of these systems. While it is based upon these sound principles of former days, it affords all the elasticity necessary to the complicated subdivision of labour in modern times. It would not, on the one hand, exact *personal service*, or, on the other, *divide the land* amongst all the families, which were the methods respectively adopted in the two systems named, but it would devote the ground rental value of all the land to public uses. By this means alone is it possible to assure to every man the full result of his own exertions.

CHAPTER XII.

THE EXISTING CENTRAL FAULT IS "PRIVATE" MONOPOLISATION OF GROUND RENT.

IN examining the present system it is important, as a preliminary, to take notice of a certain *preference* which is shown by mankind, and of a special *limitation* which is imposed upon them. Both of these appear likely to continue in the future, whatever laws we may make for the purpose of determining our social relations. These facts must be taken into account by us if we would frame our regulations successfully.

The *preference* which is exhibited for the most part by men in all ages is to come together in communities rather than to isolate themselves. The *limitation* is that the area of the earth is a fixed quantity, while our nice has been, and appears likely to continue to be, an ever increasing one.

An advantage which has always been observed to result from the clustering of individuals is that it has, by rendering combined action possible, led to a greater increase of mutual conveniences and to a larger accumulation of wealth than were possible without it. A consequence of these two facts is that certain portions of the earth's surface are continually sought after with an increasing eagerness, and this is especially noticeable with regard to certain centres in the territory of the English-speaking nations.

It appears to land reformers generally that this preference and this limitation have been largely overlooked by the people, and either overlooked, or intentionally ignored, by their legislators. The result of overlooking such important facts has been most disastrous. If mankind had not desired to congregate in tribes and nations, and to form villages, towns, and cities, but if, on the contrary, they had reared their flocks and tilled the ground at a distance from each other, land would scarcely for ages yet have acquired any annual value. Near neighbourhood

enables each one to exchange his day's produce with whatever he desires of his neighbours' day's produce, with less loss of time than if they were widely separated. Hence one of the advantages of living in "neighbour-row," and hence the willingness of each to pay more for such a location than for a remote one. The landlord enjoys this advantage as fully as any of his neighbours do, but he contributes nothing to his neighbours in return for it. On the other hand, he and his class, by inheritance or by purchase *amongst themselves*, reap all the payment which their landless neighbours are willing to make for the advantages of neighbourhood. They traffic in the needs and desires of their fellows, and make them no return, but simply take payment to stand aside. It is owing to the advantageous experience acquired by association that labour has come to be so much subdivided into departments. It is pretty certain that the increase of production per head, which has by these means been achieved, has led to the Anglo-Saxon race multiplying as fast as it has done during this century. Finally, it is undoubtedly due to these several facts that ground rent has advanced so rapidly in England and her colonies.

The central fault of the present system must unhesitatingly be affirmed to be the *private* monopolisation of this ground rent. The desires and necessities of mankind have offered a tempting bait to capitalists to move in advance of settlement, and to forestall the chances of their fellows. No system of land tenure, no free sale of land, no peasant proprietorship, no village settlement scheme, no "eternal" leases or State farms, no improvement conditions, or any method of regulation can possibly be effective as long as the owning of land carries with it the ground rent — and its future growth — as the perquisite of the owner. As long as any nation is prepared to allow this unconditioned traffic in its birthright — a traffic possible only to those who have the means at hand — so long will they entail upon themselves and their posterity the disabilities under which we have long suffered, and which grow more acute as population becomes denser.

When considered in the light of the preceding paragraph, the recent action of the New Zealand Parliament in granting leases for 999 years

at a rental of 4 percent per annum upon the *present* selling value of the land, without any periodical *revaluation*, appears to be most extraordinary. This hands over to the lessee and his heirs, for *ten centuries* to come, the future possible growth of the ground rent of his leasehold. Additional roads may pass some of these holdings, railroads may form junctions near them, a village, a township, or a city may be formed alongside or upon them, and there is not a line *in* the Land Act to prevent these *thirty generations* of holders from reaping this unearned annual increment. A better scheme for granting privilege, a surer way of creating monopolists out of a chance selection from amongst these "eternal" leaseholders, could not well be conceived. They are not even compelled to *buy* the privilege; it is *given* to them. Yet this has been done by the political party which is the one most advanced in its ideas of land reform!

CHAPTER XIII.

PRODUCTION IS STUNTED, UNJUST DISTRIBUTION AND POVERTY ARE CAUSED, BY THIS CENTRAL FAULT.

IN discussing the evil effects of the monopolisation of ground rent it will be necessary to tabulate the principal features which present themselves when the present land system is examined. Before doing so it may be well to premise that the landlord and tenant phase of the question exhibits the anomalies most strikingly. But Single Taxers do not confine their objections to the absorption of ground rent by landlords only; they object to it, also, though the evils are not so glaring, in the ease of owners who use their lands personally. They contend, also, that it is not merely *individuals* who suffer therefrom, though they certainly bear the brunt of the battle, but that the *community* suffers through them. It is therefore a matter which concerns every man in the country, whether he rents land or not, and it is a matter of great consequence that every intelligent person should inquire into the working of the system. It is often asserted in a taunting way to well-to-do reformers, "Well, you've done very well, in spite of it; *you* have no cause to complain." The answer to this is that a man is a very mean creature, and a very poor patriot, who is content simply to have drawn his own chestnuts out of the fire, but will not look after the interests of his less fortunate neighbours.

But without further preface, the following features may be pointed out as existing in the present system of land ownership:—

1. That the land laws acknowledge the right of individuals to own land which they do not personally use, and that they allow them either to hold it out of use or to let or sell it to others who desire to use it.
2. That working proprietors have to pay more for land owing to the competition of those who hold it for other purposes than personal use.
3. That much land is held entirely out of use by speculators.

4. That much land is let for uses which are below its capabilities while the owner is waiting for a rise in value.
5. That tenants, however long their leases may be, do not cultivate as thoroughly as owners do.
6. That men of small means buy land in the endeavour to escape the disabilities under which tenants labour. That in order to do so, and still to avoid having all their funds locked up in the purchase, they are obliged to borrow upon the security of the land, so as to provide money for working capital.
7. That the ground-rent fund is received by landowners only.
8. That the owners do no more than the rest of the community towards creating this fund.
9. That the ground-rent fund does not remain stationary in progressive countries, but increases in the three following ways:
 - (a) By the constant increase of the area needed by the increasing population.
 - (b) By the increase of competition for the most favoured areas.
 - (c) By the increased demand for land caused by the introduction of improved facilities for the production of wealth.
10. That the selling value rises where the ground rent rises.
11. That the immensely increased power devoted during the present century to production, while it has added to the total amount of wealth, has not raised all the people above poverty, or the bulk of them above a comparatively meagre standard of living.

The following indictments may be brought against the system which exhibits the foregoing peculiarities. Take, first, its influence in retarding the *production* of conveniences and wealth:—

1. The community is injured by the prevention of any production upon land held by speculators out of use and by the letting of other lands for inferior uses.
2. The interests of working proprietors are injured by landlords and speculators—neither of whom personally use the land they secure—competing with them in purchasing land, and so raising the prices and reducing the area of their choice.
3. The community is injured in the case of every working proprietor by the extent to which the productions which he could otherwise offer it are reduced through the purchase of his land crippling his

powers. The reason of this crippling is that the retention of this capital would have enabled him to effect more improvements, and to cultivate more extensively and economically than he can now do. The community is also injured by the same hindrance preventing many men from ever becoming working proprietors.

4. The community is injured in the case of tenants by the extent to which their total production is reduced by the necessity imposed upon them of paying taxes. This cripples their *power* of making such improvements to the Land as would bring it into the most favourable condition for large production.
5. The community is injured in the case of tenants by the fact that the limited term for which they can obtain land, coupled with the uncertainty as to what rent may be demanded for a renewal, *indisposes* them to make such improvements as are still within their *power* to make.
6. The community is injured in the same way by the fact that the poor chance which a tenant has to realise the value of his unexhausted improvements at the end of the term acts as a *further deterrent*.

These six indictments assert that a *reduction* is caused by the action of the present system in the *production* of conveniences and of wealth. This is not a small charge to bring against it, and it is one that has proved sufficient to condemn many a method of production, and to cause it to give way to a more expeditious plan. Men are continually contriving means for increasing the rate of production and for reducing the amount of waste of material involved. Costly machinery is bought without stint, and the most competent overseers are engaged at high salaries. The desire to *increase* the supply of conveniences, and the storing up of wealth, is so strong and so universal that it may be described as an "instinctive" one. Let not those who speak so energetically about the "instinctive" desire of a "freehold" overlook this *other* desire. Single Taxers do not ignore *either* of them, and herein they claim to be consistent in their demands.

But the charge of *cramping production* is not by any means the only one brought against the present system, nor is it the most *serious*. The

most serious charge is that it effects an artificial and unjust *distribution* of all that is produced.

The comparison between the two charges may be made clear by using an illustration. Let it be supposed that mankind had been accustomed to enjoy, on the average, a bowl of milk every day, and that after a time a set of rulers arose who decreed that a change should be made: the change to be that, for the future, a smaller number of cows should be kept, so that each individual should only have on the average three-quarters of a bowlful per day. This would run entirely counter to the general wish to *increase* supplies, and would be justly regarded as a *retrograde* step. Still, there would be some consolation in the fact that all were to be reduced alike, and that no *invidious distinction* was to be drawn.

But suppose that the next step taken by the rulers was to issue another decree in *favour* of a certain *minority* of their subjects. Suppose that they commanded that the *majority* of their subjects should henceforth allow their three-quarter bowls of milk to stand until the cream had risen to the surface; that they should then skim off the cream and deliver it to the *minority* of their fellows, who were to be *favoured*. This would affect the *distribution* amongst mankind of the reduced quantity of the good things, by allowing some to retain the cream on their own bowls, and to receive that also which rose to the surface of the bowls of the majority. The second decree would be essentially an *invidious* one, and would therefore result in much greater heart-burnings than the former one did. The first would *reduce* the production, while the second would *distribute* the reduced produce unjustly.

It may be fairly claimed by Single Taxers that this illustration is parallel, in every important respect, to the operation of the existing system of landownership, which they condemn. It will shortly be shown that *historically* it is parallel, seeing that the system is a comparatively *modern* one, devised by rulers, and not applicable to a community of *brethren*. It is universally admitted, as has been pointed out, that the tenancy system causes the methods of production to be less efficient than they are where the *user* is the *owner*. It is also self-evident that the

landlord does not produce that which he receives from the tenant as rent; that the tenant would produce just as much if the owner had no existence; that it therefore follows that an unjust distribution takes place when the *landlord*, who does not produce it, receives the ground-rent fund instead of the *community*, whose presence creates it.

It will, however, be pointed out by the upholders of the present system that this illustration does not run on all fours with the principle which enables landowners to receive ground rent from their tenants; that the analogy assumes that rulers have *arbitrarily* selected certain favourites to enjoy the free use of the land which they actually occupy, and to receive ground rent from the rest of their countrymen. It will be pointed out that the illustration is at fault, inasmuch as it ignores the fact that the minority have become lawfully possessed of the land. That, this being so, it follows legally, and as a matter of course, that they should enjoy the *free* use of what they *occupy*, and also that they should be allowed to *charge a rent* for what they *lend* to their tenants.

Single Taxers will freely admit that the foregoing illustration *does* assume that rulers have arbitrarily selected a minority of their subjects to hold a special privilege. They are prepared, moreover, to prove that it is a *correct* assumption, and that *arbitrary selection* is the origin of landownership as it now exists. The proof will not be dealt with under this heading, which is devoted to exposing the faults, and not to proving the injustice, of the system.

To leave the illustration, and to explain further some of the faults of the system, it may be admitted that no system could be devised which would, in a community, enable a *penniless* man to start any use of land on his own account. He must necessarily first save enough to enable him to procure certain appliances or materials, such as implements, buildings, seed, etc., in addition to the supplies of food which would keep him alive, and in a condition fit for vigorous work, until his operations would bring in a return. It is therefore necessary that a man who has no means should begin by working for another, and saving part of his wages, until he has got together the necessary capital.

But what is alleged, in the first place, against the present system, is that this initial stage is rendered much *more difficult* of attainment than is at all necessary, by making it impossible for the wage-earner to obtain the full value of his labour.

The next objection is that the man who has mounted this first rung of the ladder is met by another great difficulty. He has to climb a high wall, erected by monopolists round all available land, before he can make a start to securely and efficiently produce or distribute anything on his own account. He is restricted to three alternatives as a preliminary to being able to do this. He must either (1) continue to work for someone else until he has saved enough to buy a piece of land outright; or (2) work on until he has saved enough to buy it with the help of a loan; or (3) he must rent a piece.

To summarise this position as it appears to intending land users, it will be found that the only opportunity open to the man who has not saved anything towards buying land is to rent a piece and to suffer the uncertainties of a tenancy. The next better opportunity is to the man who has saved a little, and is thus able to buy land by paying part and borrowing the remainder. The best chance of all is to buy the land outright, and this is possible only to the man who has sufficient capital for the purpose. All three of these alternatives entail upon a man certain disabilities before he can attain the initial purpose of obtaining permission to work on his own account. At the same time, he suffers, under each condition, from the imposition of existing *taxes*. It would be for the general good that all should be able to get *access to land* without any expenditure of capital. There can be no objection to the payment of ground rent by all, provided that it shall go to form the *public* revenue, and that it shall not be accompanied by any of the uncertainties attaching to *tenancy*. It would also be immensely for the general good that everyone should be relieved from *taxation*. The saving thus effected would be mostly devoted to improvements, and this would result in the increased efficiency of all productive operations.

Before a student of the Land Question can understand the very detrimental effect which its anomalies produce in the economic

conditions of a people, he must grasp the fact that these effects are cumulative in their action. It has been shown that the annual saving to the tenant class produced by the Single Tax *régime* would consist of the taxes which would be remitted to them. In New Zealand this would amount to their proportion of about £2,500,000 annually, which must be a very large sum even for one year. But when it is considered that the first year's saving would be followed annually by a similar amount, and that nearly all of it would probably be devoted by the tenants to improvements, it is more easy to imagine what the steady, solid, and secure addition to the spending and saving power of this section of the people would amount to as time went on. In the first place, note that this large annual sum would be *left with the tenants*, instead of, as now, being taken from them. In the second place, the use which they would make of the bulk of it, in devoting it to improvements, would have the effect of adding to the efficiency and profitableness of their operations. This would result in an annual profit, which would amount to another substantial gain to the tenants, and this item would also increase cumulatively.

That part, also, which they chose to expend in increasing their comforts would be larger than that expended by its present recipients, seeing that the latter are so few in number. What is here meant, is that it may be safely assumed that *ten* men possessing £150 a year each will spend far more in clothing and other manufactured articles, and several times more in food and actual necessities of life, than *one* man with £1,500 a year. This increase would have the effect of stimulating all these businesses, and therefore of offering more employment.

If the foregoing is at all a correct forecast of the results of the change, it will not require much effort of imagination to trace the general sluggishness of demand, the deficiency of employment, and the lack of purchasing power, also the *periodical* lower dips which occur, and which we call "commercial crises," to the action of the system which now renders such a diversion of funds from the tenants possible.

But, in order to render complete the chain of reasoning which connects the private monopolisation of ground rent with the prevalence of

poverty, another point must be explained. In the absence of such an explanation, it may be plausibly stated that if the evil was really as serious as it has been represented, then landowners would be the only wealthy people, and no fortunes could be made in commerce or in manufactures. The existence of large fortunes in these departments might therefore be said to give the lie to such statements.

The two considerations which are overlooked in this reasoning are the following: In the first place, men are very diverse in their capacity, ability, shrewdness, and thriftiness. They are, consequently, capable of producing very different results compared with one another, even in cases where their respective opportunities may be nearly similar. The most capable men may make a great success under conditions where the medium ones can just obtain a fair living, and where the weakest will fail to make ends meet.

In the second place, it will be admitted that the amount of ground rent paid by one and all does not vary according to the *strength* of the payers. The landlord will not let his land for any less rent to the weak man, nor can he succeed in getting any more from the strong man. If all men were weak, it is self-evident that landlords could not get as much as they do now, and if all men were strong they could get more. *Rent*, then, is determined by the *average* power of men to pay. Thus the ground-rental conditions under which all tenants work are very nearly *similar*.

The combined effect of these two considerations—the inequality of strength in tenants and the approximate equality of the ground rent charge to all—is that which would be expected: the *strong* make fortunes, the *medium* make a living, and the *weak* go to the wall.

But it may be pointed out that these two considerations would remain the same under Single Tax conditions. Admitted; but the *two advantages* already alluded to would come into play in *favour* of all tenants, as the *reverse conditions* now act *against* them. They would be entirely relieved from *taxes* and *rates*, and, in addition, would in most

cases be freed from the *uncertainties* incident to *tenancy* through becoming owners after the selling value of land was killed. These two conditions now act *cumulatively* against tenants, so that the effect of their removal would be very great.

But *do* the weak really go to the wall? Yes. They cannot maintain the pace which competition sets up as the standard. They fail to pay their rent, and consequently get into debt; each step they take downwards decreases their power of recovery; by-and-by the crisis is reached, and they have to fall out of the rank of tenants. The next thing is to offer their services to someone for wages, and in doing so they begin to compete with the wage-earners.

The investigation must now follow them into this class. It is not difficult to show that the same considerations which determine the struggle of the tenants largely influence that of the wage-earners. The more capable ones get the superior situations. Many men, in certain trades, judging truly that union is strength, combine together and present a united front to competition. This involves a levy from their wages to maintain the organisation, and practically necessitates a uniform wage; but it undoubtedly assists their *average* position. The old saying, "The de'il tak the hindmost," is very appropriate to the condition of the less capable ones and those who don't combine. The margin above bare subsistence is so small with even the most capable wage-earners, that it is not surprising that those who are weak, those who are unsupported by combination, those who suffer from sickness or other misfortune, or have an extra large family, fall into debt, Income hopeless, possibly take to dissipation, and end in poverty. If this is so with the *men*, what chance is there for *widows and orphans*? Does the chain of connection between poverty and the private monopolisation of ground rent need any more links to complete it? Surely not!

CHAPTER XIV.

LABOUR VERSUS CAPITAL IS AN INCORRECT DESCRIPTION OF THE ISSUE.

It is important to look at a most singular misapprehension which has taken hold of the public mind, and perhaps especially of wage-earners. It is distinctly traceable to the confusion of thought which PAGE 30

is mainly responsible for the continued existence of the present land-system. The confusion alluded to is that which classes land and the products of industry together. Wherever this confusion exists in any man's brain, It is quite natural that he should look at the use of capital applied to the purchase of land in just the same way as its use applied to carrying on any industry. In this way the present land system is responsible for a very mischievous reflex influence upon industrial life, and has led to a great amount of misdirected antagonism between employers and wage-earners of every variety.

The land system has permitted certain capital to forestall industry, to curtail its operations, and to take toll from it; and by these means to bring the use of *all capital*, though applied to widely different purposes, under suspicion and discredit. This result is not to be wondered at, for even political economists have missed or concealed the true issue. There is no wonder, therefore, that wage-earners generally think that it is the capital which conducts the industries in which they are employed which grinds down their pay. But if the producing and employing capitalist could be made, for the time being, invisible, so that they could see past him to the land-owning capitalist in the background, they would see the true author of their troubles. There are two very significant differences between the nature of the operations of these capitalists which lie on the very surface, and which supply a hint of deeper differences. The *land-owning capitalist derives his income* from many men, who are *poorer than himself*.

The *employing* capitalist *supplies an income* to a number of men *poorer than himself*. The *land-owning* capitalist shuts the gate upon Nature's storehouse of materials, and *denies access* until his terms are conceded. The *employing* capitalist first makes his own terms with the *land-owning* one, and afterwards invests and risks a part of his savings in the plant and machinery necessary to his enterprise; thus giving "hostages to fortune." When this is done, he *offers wages* to men in exchange for their labour. Then there is a great difference between the operation of competition upon the two. From the moment the employer starts his business, he is open to the assaults of competition from rivals who may commence. The result of competition upon him will be to reduce his profits. But what will another effect of the starting of a rival employer be? It will create an increased demand for land, and consequently swell the ground-rent fund. As land is a fixed quantity, another factory will increase the value of another site. The increase of enterprise therefore produces two opposite effects—it *reduces* the *employer's* profits, but *increases* the landlord's ground rent Wage-earners always rejoice at the starting of a new industry, but no person who earns his living can be pleased to see land bought up by speculators or landlords.

There are several suggestive facts which may be placed in parallel columns to show how completely these different uses of capital contrast with each Other in their effects upon the interests of wage-earners and of the community:

CAPITAL USED IN EMPLOYING LABOUR	CAPITAL INVESTED IN LAND VALUES
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|---|--|
| <ol style="list-style-type: none"> 1. Transforms raw materials into useful articles. 2. Causes competition for the purchase of labour, and therefore tends to raise wages. 3. Reduces the price of commodities to all consumers, of whom wage-earners form the most numerous section, and that which spends the largest percentage of its income upon commodities. | <ol style="list-style-type: none"> 1. Demands a toll for granting access to raw materials. 2. By increasing the price of land retards the operations of capital applied to production, and therefore reduces the demand for labour. 3. By retarding the operations of producing capitalists checks the reduction of price to consumers. |
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4. Makes many useful operations possible which, from their magnitude, could not be carried on without its aid.
4. Does not assist a solitary useful or profitable operation, but throws hindrances in their way.
5. Makes it more costly and difficult for wage-earners to secure building sites.
6. Causes all the losses detailed in the six items forming "the indictment of the system" at page 24.

The true inference to draw from these facts is that the issue commonly spoken of as "*Labour versus Capital*" is incorrectly described. The term which would accurately describe it is the following:—"*Labour, and the capital which is used in employing it, versus capital invested in land values.*"

Both the wages of labour and the profit earned by capital applied to employing labour are reduced by the exaction, the uncertainty, and other hindrances caused by capital being invested in land values.

CHAPTER XV.

THE EXISTENCE OF UNOCCUPIED LAND DOES NOT NEUTRALISE THE FAULT.

THERE are some who are prepared to admit that a good deal of what has been here said about the injustice of the present land system would be true if it were applied only to England and some of the older countries, but they deny that it is at all applicable to New Zealand. They assert that there are so many differences between the respective land systems, and that there are such large areas of Crown and native lands still unoccupied, and so much land which the owners would be only too glad to sell at less than it cost them ten or twenty years ago, that there is no chance of the shoe pinching the people here. The contention is that these vacant lands act as a safety-valve to prevent the monopolisation principle from doing harm.

If looked at superficially this contention appears to be feasible; but as it is incorrect its feasibility makes it the more dangerous, and it must be examined with the greater care. It is another of those statements which contains a half truth, and to this it owes its power for mischief. The true part of it is the obvious fact that much unappropriated land exists and is waiting to be occupied; that parts of it are from time to time taken up, and that it will act as a safety-valve to relieve undue congestion of population within the parts at present occupied. This is not denied by Single Taxers, but they assert that mere room to *exist* and mere permission to *occupy* is not everything, and won't satisfy them. They reject *toleration* with disdain, as men having respect for their manhood are bound to do. They contend for just and equal opportunities. They don't desire or expect equality amongst *men*, but the removal of legal inequality of *opportunity*. They don't ask for *equal division* of property; but, on the contrary, they object to *any division* at all. They complain that there *is* division now, that there is no *need* for it, that it is *unjust*, and should be *abolished*. They object to the *drone* joining in the division with the *workers*.

But if these lands provide "room," and if "permission to occupy" is not refused, in what respect do they fail to act as "safety-valves?" The answer is that they wholly fail to offer any *better conditions of occupation* than those provided by the lands already settled. The reason of this failure is that the new lands are to be settled *on the same unjust condition* as those already settled. That condition is that the owners will secure the *private* enjoyment of the ground-rent fund in perpetuity. This fund will not be devoted to *public* purposes on the new land, any more than it now is on the old. It will go into the owners' private pockets in both alike. Working proprietors, tenants, and wage-earners will be subject to similar disabilities in both areas. Competition will act in both under precisely similar conditions, and will regulate ground rent and selling price to the advantage of the drone and to the disadvantage of the worker. The fact is that the price or rent demanded for the unoccupied land is *relatively* as high as that asked for the occupied. That is to say, that the price of both is so regulated by competition that there is no greater *margin of advantage* left to the user in one locality than in the other. The landless man may as well, in these circumstances, stay where he is as go further afield, to take up land which offers only a *delusive* appearance of cheapness. Low price is not synonymous with cheapness in land or anything else; *suitability* is a factor in determining cheapness.

These being the facts of the case, of what account, in this question, are the Crown and native lands and the private estates which are for sale? So far from mitigating the evils of the system they rather tend to bolster them up. They are, as it were, reserve battalions resting out of action for the present, but similarly armed and trained, and prepared as soon as needed to fight on the same lines, *for* the same power and *against* the same victims, and to perpetuate the imposition of the same injurious yoke, as are the advanced troops. These lands cannot, if this be a true description, act in the way which they are popularly supposed to do—as effective safety-valves to the disabilities suffered by the landless people within the occupied area.

This assertion will not, however, be taken for granted, and it will appear to many to be so extraordinary that it will be necessary to justify it with some care. To make such a statement may, indeed, seem to draw a large draft on even the *patience* of the upholders of the present system.

The argument must therefore be proceeded with. In doing so, it is obvious that the question of land settlement must be considered in its relation to our needs and desires as human beings. It has already been pointed out, and will be at once admitted, that we are creatures who desire to live in communities rather than in isolated positions. Not only so, but it is observable that wherever communities have been formed the efforts of individuals have been more productive of wealth, comfort, and public convenience: more conducive to the study of art, and the successful pursuit of knowledge. The result of this experience is to strengthen the desire to live together. As long, therefore, as this desire operates and there are no signs of its abatement, but the contrary—it is unnecessary for speculators or landlords to extend their operations much beyond an area of land immediately surrounding the principal aggregations of people. Their closest attention, moreover, is devoted to special localities within this area, where the best natural opportunities exist, or where the people are most active or enterprising. To go much beyond this would be unnecessary, would be prospecting the future too far, and would be working at random and without data. For, be it observed, it is only where population desires, or can be attracted, to settle that there will be an advance in ground rents and consequently in selling values. The skill of the land-operator, therefore, lies in the successful feeling of the pulse of the community, and in the art with which he can attract its members to the localities which he has appropriated. The principal scene of his operations may therefore be appropriately termed "the operator's area."

It is of importance to inquire what, under the foregoing conditions, must be the effect of the offer of unappropriated land to the landless people within the occupied area. The previous statement will be admitted, that these lands are for the present in reserve, and awaiting an addition to the population before they will be required. It will also be admitted that

a price—never mind how large or small—is asked as purchase-money for the freehold. Further, that whenever they come to be sold it is intended that they shall come under the same principle of private ownership which obtains in the occupied parts—viz., that the purchase-money shall secure to the owner the ground-rent fund. Now, the last two facts are those which constitute the "bolstering up" which has been alluded to. These two conditions are practically outside buttresses, which help to sustain the selling price and the toll-taking principle inside the "operator's area." First, as to the selling price inside the occupied area. Manifestly the asking of *any* price, however small, for the purchase of the freehold of outside lands must to that extent keep up the price of the inside lands. Access to these outside lands being impossible without *some payment*, the problem which presents itself to an intending settler is this: "Considering that the conveniences are greater, the access to markets readier, and that many more economies are possible inside the area than outside, *how much more* per acre do they make inside land worth to me than the lowest price for which I can obtain land outside?" Note carefully the form of the question—"how much *more*?"—because that indicates the crux of the problem. Observe that there is no escape from the outside price: it is a minimum below which no land is to be got; it is the foundation, the base line, above which competition acts. The "extra-desirability" measure starts upwards from this level. The outside price, therefore, to that extent bolsters up the selling price within the occupied area. But reduce the price for outside land to nothing, *i.e.*, make selection free there, and the price inside will immediately fall to an extent proportioned to the reduction made.

Or, take an illustration. Two lakes, A and B, are joined by a short channel. It is decided to raise the level of the water by one foot in A. A stream of water is diverted into it until its level is raised a foot. The new supply flows first into A and passes through the channel into B, with the result that the water in both lakes assumes the same level. What is the explanation? It is that water obeys the law of gravitation, and falls to the lowest level which it can reach. It cannot heap itself up higher in A than in B when there is an open channel between the two. Lake A

may be shallow, and B deep, but soundings taken before and after the operation will show an addition of precisely one foot to each lake—to the lesser depth of A and to the greater depth of B, indifferently. For the same reason, although not necessarily to a precisely equal extent, the fixing of any price to the outside lands adds a certain amount to the price of the inside lands. Abolish all price outside, and a proportionate fall will take place inside, just as surely as a subsequent lowering of the water level in lake A would to an equal extent lower that of B. It must be so, because the same land law regulates the two areas of land, just as the law of gravitation acts equally in both lakes. It must be so, further, because there is a free channel of human desire, acting competitively, always leading men to look from one area to the other, just as that between the two lakes facilitates the flow of water to the lower level until they are equalised.

The fact, then, that *any price at all* is asked for the outside lands, coupled with the fact that the ground rents will be secured to those who purchase, makes it impossible that the presence of these lands in the market shall help to remove the disabilities of the landless people within the zone. The conditions upon which they are offered makes them act essentially as buttresses to the system of private monopolisation of ground rent which exists within the zone.

So much for the influence of Crown lands, which have a price set upon them. It will be unnecessary to repeat these arguments in order to show that the other lands, which the opponents of the Single Tax point to—viz., the private estates, which are offered at low prices, and the native lands—must have the same influence as the Crown lands upon the condition of the landless people within the operators' area. Those who consider that the contention with regard to the former lands has been made good will see the fact at once, and as for the rest, they will never admit it.

The result of the foregoing argument is to confirm the statement that the fact of New Zealand possessing unoccupied lands does not at all tend to mitigate the disabilities under which its landless people suffer.

