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What shall it be:—Private
Ownership or Common Ownership?

ARE WE *Heading Toward Statism?*

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ON HIS return from Russia Eric A. Johnston, President of the U. S. Chamber of Commerce, emphatically declared that the Russian people have not changed their ideas about property ownership. Consultations with Russians of all classes—from peasants and factory workers to professional men and commissars—convinced him that the Soviet system is still popular with the people. Their ideal—ownership by the State of farms and factories, tools and businesses—will apparently never be harmonized with our notions of private ownership of land and the means of production.

Wendell Willkie, in *One World*, and Joseph E. Davies, in *Mission to Moscow*, give the impression that the Soviet system is not fully understood by the masses of the Russian people, and therefore that it is apt, sooner or later, to lose its fanatical hold upon them. These writers, along with press commentators, lead the casual American reader to think that Russia is beginning to see the light and to appreciate some of the advantages of the capitalistic program.

Would that this were so! But since this trend is more fancied than real, why not face the issue and examine

why a nation so progressive as the Russians are proving to be is still—after twenty years of experience—devoted to the ideal of government ownership of property, while we still cling to the “private property” ideology? The Russians are firm in the belief that theirs is the correct view, and with one accord are ready to tell us why. We, on the other hand, profess the virtues of our capitalistic system, but fail utterly to agree, as between capitalists and laborers, on the righteousness of property ownership. From the standpoint of experience, we point with pride to our achievements in this war under a capitalistic regime. We explain that no other nation can compete with us in production because no other country has the traditions of private enterprise, the assortment of tools, or the accumulations of working capital. Instead of slow and unwieldy, our democratic capitalistic program has been speedy and marvelously efficient. Our production system, we believe, should be the envy of the entire world.

And yet, within our own borders those who would wreck our private ownership program are daily growing in power. A few years ago such radi-

cals were ostracized from political society, even driven from the country as dangerous aliens; today they sit in high places and demand obeisance from the very men who have made us a great industrial nation.

Is it that our concept of property rights is changing? Are so-called human rights merely superseding property rights? Or are property rights disappearing altogether? Are we rapidly drifting toward State ownership of everything? Are the communists and socialists right, and the private ownership advocates wrong?

Perhaps what we need for a fuller appreciation of the danger in this situation is a reminder of how humanity has suffered down through the ages because of failure to examine into and resolve similarly confusing situations. Many thousands died needlessly in the Crusades of the Middle Ages and gained nothing because they were deluded into thinking that possession of the body of Christ was more important than being possessed by the spirit of Christ. The Revolutionary war was forced upon us because England was deluded into the belief that the power to tax was a traditional governmental right rather than a limited privilege accorded government by consent of the people. Our bloody Civil war was due to the failure of the slaveholders to distinguish between the propriety of private ownership of the tools of production and the products of labor, on one hand, and ownership of the body of the slave, on the other.

AND TODAY we are facing new national and international crises simply because we refuse to differentiate between the propriety of ownership of the products of labor and ownership of the gifts of Nature. We lump everything together and designate as *property* all that the law permits us to acquire. Land, buildings, tools, and all other evidences of wealth have come to be called *private property*. We own them, use them, rent them, buy and sell them. It's a simple system and therefore doubly dangerous. It was simple for the Southern slaveholder to consider the Negro as his chattel, but it was a horrible mistake. It is simple, too, for the Russians today to claim that land, buildings, tools and all other evidences of wealth are *common property*—that no individual should hold title to them—that they must be owned collectively by the government, as representing the people.

But are not the communists just as wrong in their precepts as were the Southern slaveholders in their beliefs? Both failed to distinguish between the two classes of property. We can, however, appreciate the Russians' enthusiasm for common ownership of land. For generations the lands of Russia were so monopolized by the royalists and their henchmen, and the masses suffered so severely for want of direct access to the soil that they now abhor the thought that land might ever again be privately owned and monopolized. They know that land is the gift of the Creator and as such belongs to all His children—not merely to one

generation for parceling out or renting as it sees fit to succeeding generations. Is it any wonder that the Russians have gone overboard in their idea of common property ownership?

Just as mistaken notions of private property rights made slaves of the American Negro, the ideology of the Russians—because of its confusion and failure to assure the individual worker the rewards of his efforts—will some day result in the enslavement of all the Russian people. Call it Communism, Fascism, Nazism, Statism or just plain Bureaucracy, when the State denies property rights to the individual or fails to differentiate between ownership of natural resources and ownership of tools and wealth, sooner or later a greater and greater proportion of a man's earnings are taken to pay the cost of government. Finally, as in Italy and Germany, foreign conquests become necessary to feed the ever growing governmental octopus. In Italy, even after the recent overthrow of the House of Savoy and the formation of a people's government, the Commissioner of Law, Count Carlo Sforza, declared "it is more important to protect the individual from the State than to protect the State from the individual."

Is it not significant that in Ohio, where the state employs 25,000 persons, the federal government employs 90,000? And that Massachusetts has 21,000 state employees as against 129,000 on the federal payroll? This situation holds in so many states that

Senator Byrd of Virginia declares: "Our federal government now has more persons on the taxpayers' payroll than the combined total of all the forty-eight states, plus all the employees of all the country's county and municipal governments." All are sustained by the confiscation of private property.

John Stuart Mill, Herbert Spencer, Thomas Jefferson, Abraham Lincoln, Thomas Edison, Sun Yat Sen and Winston Churchill, all have recognized that property in land differs from property in all other things. Thomas Paine says: "It is nevertheless true that it is the value of the improvements, and not the earth itself, that is individual property." Blackstone, the father of English law, and the man whom Abraham Lincoln studied by candlelight, says: "Accurately and strictly speaking, there is no foundation in nature or in natural law why a set of words on parchment should convey dominion to land."

And a more recent expression of a similar idea comes from the Malvern Conference of international religious leaders: "The ownership of the great resources of our community vested in the hands of private individuals is a stumbling block, making it harder for the generality of men to live Christian lives."¹

Henry George, America's economist of the people, shows most convincingly that there is both a natural and a moral basis for private ownership of property. To illustrate: A ten-year-old-boy—call him Bill—catches a fish

in a wild stream. Nature released this fish to Bill because he showed enough ingenuity and exercised enough energy to angle it. In accord with natural law, this fish belongs to Bill and no one else has any right or interest in it. Nature possesses other riches—apparently almost illimitable—but she gives them up with some resistance. It is as though she says, "If you want what I have, you must work for it. I recognize no claim to my iron, copper, coal and fish save that obtained by effort." Thus title to property rightly goes with work, and all mortals would recognize this if the facts were put before them as clearly as in the story of Bill's fish.

Benjamin Franklin foresaw the problem we now face when he told the French that the chief resource of America was cheap land, made so by "the vast forests still void of inhabitants and not likely to be occupied in an age to come. Not till the lands are all taken up and there is an excess of people who cannot get land will there be any great poverty in America."² Apparently that time has arrived, for certainly great national poverty has existed in America, as an aftermath of land speculation on an enormous scale.

AS A POSSIBLE forecast of our own future, it is enlightening to compare the present status of land ownership in older countries with that of the United States:

ENGLAND

1932, population 44,790,485. 1/10 of 1% own $\frac{3}{4}$ of all land; 2% own it all; 44,000,000 persons own none.

SCOTLAND

1932, population 4,842,554. 3.6% own all land; 4,668,000 own none.

IRELAND

1932, population 4,390,219. 1.4% own $\frac{3}{4}$ of the land; 4,328,000 own none.

ITALY

1932, population 43,000,000. 4% own $\frac{3}{4}$ of the land; 40,000,000 own none.

POLAND

1932, population 34,000,000. 1/20 of 1% (1,800 persons) own 40% of the land.

GERMANY

1932, population 65,306,000. 400 persons own 1/10 of the land.

SPAIN

1932, population 24,000,000. Before Civil War 1% owned 51.5% of the land.

JAPAN

1936, population 91,793,000. 1½% own 50% of arable land; there are 23,000,000 farm tenants.

MEXICO

1910, 2% own 70% of the land; in State of Morales, 2% own 98% of land.

UNITED STATES

1942, population 135,000,000. 3/5 of 1% of the land carries the business of 65% of the people.

Since it is easier to detect the mistakes of others than to perceive our own, let us analyze the dangerous situation in England. If a landless Englishman—free-born though he

be—wants to start a business, build a house or do anything that requires a piece of land, he must pay one of England's 2 per cent for the privilege of using the ground or living in England; and he can exist only on terms suitable to the real owners of England. Could the institution of chattel slavery take the products of labor more smoothly, easily, or inconspicuously?

THERE ARE TWO main roads to serfdom. One is the Russian way, which refuses to recognize the right of the individual to ownership of any kind of property. The other is a development of the old Roman law as now practiced in many countries, including Germany, England, Italy and the United States. This system fails to differentiate between land and labor as a basis for taxation.

If all land rent—which is the true measure of the value of undisturbed tenure of a piece of land—were taken by government in return for the privilege of exclusive land use, there would be enough governmental income for all legitimate public services. But since this rent is not so taken by taxation in countries following the precedents of Roman law, these governments make up the difference between expenditures and income by confiscating the products of labor and industry. The sales tax, income tax, inventory tax, building tax, and all other taxes—direct and indirect—except the tax on location values, are examples of confiscation by government of the rewards of labor and capital.

Such unjust and illogical taxation results in decreased production, unemployment, business depressions—and finally in vast government spending to create work for millions of distressed people. Such spending, in turn, greatly increases taxation, necessitating further confiscations of the income of the worker—the farmer, the clerk, the industrial laborer, the business man—thus eventually causing deeper and deeper depressions.

What folly for a supposedly enlightened people to allow these conditions to continue! Where is the gain—except for those who feed at the public trough and the small group of monopolists who own most of the land area of the nation? All the rest of our 135 million people are seriously hurt—if not actually ruined—by the recurring economic catastrophies which these conditions engender.

If we want to end periodic depressions; if we want stable and uninterrupted prosperity; if we want full employment at high wages for all who desire to work, it will be necessary for the American people to make a distinction between property rights in the things man produces and the things man cannot produce—between the privilege of land use and the menace of land speculation—and between taxation that encourages production and taxation that strangles production.

REFERENCES

- 1—*Christian Century*, v. 59: p. 106.
- 2—*Van Doren, Carl*, "Benjamin Franklin," p. 704.