The American Land Question

BY JOSEPH R. STROMBERG

In 1934 in the depths of the Great Depression, Southern agrarian (and historian) Frank Owsley called for an *American* land reform. He suggested that "unemployed or underemployed families be staked to a homestead, even subsidized, to remain on the land and produce."

This proposal was not really all that shocking: Such a program would have been consistent enough with the advertised purpose of certain phases of American land policy from 1776 on. American governments handed out land (however acquired) for over a century to veterans, settlers, land speculators, railroads, timber corporations, mining companies, and other parties. (I'll give you three guesses which groups made out the best). Governments did so as a source of revenue, for geostrategic reasons, to win favor with voters, or to reward a small class of typically American operators who flat-out *deserved* to be rich.

The Homestead Act was an exception to the usual process for handing out land.
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In a new, revolutionary, and republican society, there was of course much talk about widespread property as the bulwark of republican freedom. But the talk was so general that Federalists and Republicans could share it, while leaving themselves plenty of room in which to create a small class of owners of a disproportionate amount of the public domain. Overall—from the founding land speculators down to 1893, when the frontier allegedly ran out—American land policy resembled in both theory and practice the kind of "privatization" we see under mercantilist Republican administrations. One landmark in the process was *Johnson and Graham's Lessee v. William M'Intosh* (1823). Here, Chief Justice John Marshall undertook to write a long essay on the received theory of how property previously stolen by European kings or their agents is best conveyed. As was his wont, Marshall proved entirely too much, in as clear a case of Albert Jay Nock's "copper riveting" of narrowly focused property rights as we could want. (See my "Albert Jay Nock and Alternative History," *The Freeman*, November 2008, www.tinyurl.com/c67q7j.)

Southern agrarian Andrew Lytle noted that from the settler's point of view the whole frontier process represented an attempt to get away from would-be aristocrats and other aspiring land monopolists. Consistent republican ideologists like Thomas Skidmore and George H. Evans agitated from the 1820s into the 1840s in favor of giving homesteaders first claim on the territories. Generally speaking, other claimants prevailed, while the politics of slavery and antislavery further complicated the matter. In the bigger picture, the Homestead Act of 1862 was the exception rather than the rule, as Paul W. Gates showed in a noteworthy 1936 paper ("The Homestead Law in an Incongruous Land System," *American Historical Review*).

I cannot discuss here what an ideal policy based on "mixing one's labor" with resources might have looked like. Suffice it to say that sales of thousands and tens of thousands of acres to individuals, land companies, and corporations were not especially consistent with any

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genuine republican ideal. The disappearance of most of the best land in California into the hands of a half-dozen individuals in a few decades comes to mind. But large-scale buyers had mixed their money with federal land officers, and that no doubt counts for something.

Meanwhile, the judiciary—state and federal—busily remodeled the common law and shifted the burdens of industrialization onto third parties, extensively modifying the older law of nuisance. Harry Scheiber finds that "law was often, if not to say usually, mobilized to provide effective subsidies and immunities to heavily-capitalized special interests [under] either 'instrumentalist' or 'formalist' doctrine." Even existing doctrines of "public rights" and eminent domain came to serve business interests. Finally, federal judges' discovery in the 1880s of corporate "personhood" in the Fourteenth Amendment perfected the Federalist Party's original mercantilist program. All these changes importantly influenced just who would benefit from the American State-system of land tenure (to use Nock's phrase) and its attendant modes of preemption and exploitation.

Land and Independence

Many writers have seen a special relationship between land-ownership and personal independence. And here we hit on what is perhaps the truest insight of republican theory—one taken up by many classical liberals. Briefly, this holds that a broad "middle class" of property owners is essential to the maintenance of free societies. The point is as old as Aristotle. On the negative side, in decrying the social effects of England's fabled land monopoly, radical liberals like Percy Bysshe Shelley, Thomas Paine, Thomas Hodgskin, and John Bright implicitly affirmed the republican axiom.

A typical nineteenth-century American "self-help" book aimed at young men did not say, "Get a job working for wages within an increasingly intricate division of labor so as to enjoy a greater variety of consumer goods." Instead, it said, "Get yourself a competency"—a vision fraught with republican implications suitably modernized. Working for wages, if one did it at all, was a temporary stage—to be endured while learning a skill or trade and abandoned later in favor of real or potential independence. This independence, derided in our time as "illusory," left one free (within limits) not just from state interference but also from nineteenth-century employers. And if independence *is* illusory in our time, it is at least partly because the political activities of well-connected elites long since removed the preconditions of independence deliberately and systematically.

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One key (but not the only one) to this much-sought-after independence was access to land, a theme taken up by Catholic writers Hilaire Belloc and G. K. Chesterton in early twentieth-century England. Sociologist Robert Nisbet commented that never, after reading Belloc, did he "imagine that there could be genuine individual liberty apart from individual ownership of property." In any case, as historian Christopher Lasch put it, "Americans took it as axiomatic that freedom had to rest on the broad distribution of property ownership." Perhaps Americans were wrong to believe such a thing. But let us examine the matter a bit more.

This American axiom receives support from those political economists who believed that the land/labor ratio importantly determines social structure. Edward Gibbon Wakefield somewhat gave the game away in the 1830s by opposing easy access to land in Australia, lest potential wage-earners try for self-sufficiency before spending "enough" years working for others. Marx chided Wakefield for letting this "bourgeois secret" out and was in turn chided by Franz Oppenheimer, Achille Loria, and Nock for not learning the right lesson from Wakefield's recommendations on rigging the market.

H. J. Nieboer argued (1900) that where resources are "open," few will work for big enterprises, and the latter

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will (if they can) institute some form of slavery. Evsey Domar writes (1970) that one never finds "free land, free peasants, and non-working owners" together. Why? Because where political leverage allows, aspiring lords and (literal) rent-seekers will eliminate the free land, the free peasants, or both.

Colonial Policies

With this theorem in view, let us survey some colonial evidence. Enterprisers in colonies have always wanted regular supplies of cheap labor for their projects. Although there is no evidence in favor of a "right" to such a thing, these prospective employers were never discouraged. Aided by colonial administrators with the same assumptions, they gradually overcame native economic independence. Land was the key, and neither the colonizers nor the natives doubted it. No matter how hard natives worked on their holdings, colonialists decried their "idleness"—and their uncivilized failure to work for wages.

We may therefore give the overworked English Enclosures time off (for now) and look at some other cases. Consider the Japanese colonial administrator in Okinawa who complained in 1899 that the typical Okinawan held land and therefore had low expenses and few wants. For these reasons, the native saw "no need to undertake any other business, nor to save money." Since native lands were held informally, they could not be capitalized. Such people and properties did little for the great cause of development and, shortly, the Japanese government (!) denounced Okinawans' customary arrangements as "feudal" and set out to modernize the island. American occupation later perfected this anti-agrarian revolution. Doubtless, however, much "employment" was created in the post-World War II Okinawan service economy dominated by the U.S. military.

The Japanese government saw Okinawans' land ownership as an impediment to modernization.
Okinawa Soba [flickr.com]

Turning to English colonies in the Caribbean and Africa, we find comparable phenomena. England abolished slavery in the colonies in the 1830s. (Never mind that, as historian Eric Foner comments, "Through a regressive tax system, the British working classes paid the bill for abolition.") By this time, English policymakers had embraced Adam Smith's view that positive incentives motivated labor better than fear of starvation or draconian punishments did. But an ocean made all the difference, Foner observes, and new peasantries made up of former slaves were "seen in London, as in the Caribbean, as a threat not simply to the economic well-being of the islands, but to civilization itself." John Stuart Mill's famous defense of peasant proprietors "did not extend to the blacks of the Caribbean; their desire to escape plantation labor and acquire land was perceived as incorrigible idleness."

And so Britain's former slave colonies put vagrancy and other laws to work and crafted taxes aimed at restricting "the freedmen's access to land." As Foner puts it, "Taxation has always been the state's weapon of last resort in the effort to promote market relations within peasant societies"—that is, to force people *into* markets in which they were not eager to participate. In Kenya the problem was one of "dispossessing a peasantry with a preexisting stake in the soil," but colonial legislation proved up to the task. Foner concludes that in "the Caribbean and southern and eastern Africa . . . the free market [was] conspicuous by its absence"—its workings restricted "as far as possible" in the interest of the well-off and powerful.

Historian Colin Bundy has studied the economic rise and political-economic fall of a class of independent African farmers in the Eastern Cape Colony and other parts of South Africa. Various Cape Location Acts (1869, 1876, and 1884) sought to lessen "the numbers

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of 'idle squatters' (i.e., rent-paying tenants economically active on their own behalf) on white-owned lands." Such peasant farming "conferred . . . a degree of economic 'independence': an ability to withhold, if he so preferred, his labour from white landowners or other employers." Further: "Both the farmer and the mine-owner perceived . . . the need to apply extra-economic pressures . . . to break down the peasant's 'independence,' increase his wants, and to induce him to part more abundantly with his labour, but at no increased price." In their view, "Africans had no right to continue as self-sufficient and independent farmers if this conflicted with white interests."

Bundy observes that "Social engineering on this scale took time and effort, but the incentives were powerful." By way of a "one man one lot" rule under the Glenn Grey Act of 1894, legislators sought to keep African farming within "certain acceptable bounds." (Here, finally, was a use for John Locke's famous "proviso" about leaving enough resources for others!) Evictions increased after the Anglo-Boer War (1899-1903). Rents rose (Enclosure defenders, take note), and former tenants stayed on as laborers. Tax pressure on African farmers increased. This "employers' offensive" from 1890 to 1913 ended successfully in the South African Natives Land Act of 1913, which effectively outlawed the practices under which a particular African peasantry had shown much success.

Colonial policies in Africa aimed to proletarianize independent peasants by leaving them no option but to work for Boers and Brits.

One supposes, in standard libertarian fashion, that agricultural *employment* increased thereafter along with land values. But that was the whole point: to *proletarianize* independent peasants by leaving them no option but to work for wages for Boers and Brits on farms, in mines, and elsewhere. Whether more "employment" was good in itself seems unclear. We can, at least, impute the outcome back to specific political intentions and levers. So much for the colonies, then—and all this without even mentioning the two greatest monuments to England's defense of free markets: Ireland and India.

Telescopic Land Reform

Colonial bureaucrats and employers saw a definite connection between small-scale landownership and independence, and resolved to cut that independence short. By now we begin to see that "the subsidy of history"—to use Kevin Carson's useful term—has been very large indeed (*The Freeman*, June 2008, www.tinyurl.com/d3yyqu). A number of libertarians have understood the problem at hand in pretty much these terms. They have tended, however, to dwell on instances *far away* from our own shores, writing about land reform in Latin America, South Africa, Asia, and other places. In the mid-1970s Murray Rothbard, Roy Childs, and others addressed the matter.

Rothbard wrote that "free-market economists . . . go to Asia and Latin America and urge the people to adopt the free market and private property rights" while ignoring "the suppression of the genuine private property of the peasants by the exactions of quasi-feudal landlords. . . ." In this vacuum, only the local communists appeared to support "the peasants' struggle for their property. . . ." And so libertarians "allowed themselves to become supporters of feudal landlords and land monopolists in the name of 'private property.'"

Decades earlier, that very conservative German liberal economist Wilhelm Röpke wrote that German history would have gone better had Prussia undergone "a radical agrarian reform breaking up the great estates and putting peasant farms in their place." He adds: "Influential Social Democratic leaders opposed the transformation of the great estates in Prussia into peasant holdings . . . as a 'retrograde step.'" Röpke called for freeing Germany from "agrarian and industrial feudalism" and the ills "of proletarization, of concentration and overorganization, of the agglomeration of industrial power and the destruction of the individuality of labor. . . ." In his view, the typical proletarianized worker or clerk wanted "a small house of his own with a garden and a goat shed, an undisturbed family life without training courses, mass meetings, processions, and political flag

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days; dignity and pleasure in his work, an independent if modest existence. . . .”

Why Go Abroad?

For Enclosure-like pressures on small-holders closer to home, we need look no farther than states like Kentucky, where courts vigorously enforced the full feudal rigor of the “broad form deed,” thereby ensuring the strip mining of many a mountaineer out of productive existence down to the early 1990s. With the system so long stacked in favor of big landholders and bankers, well subsidized by history, one begins to understand the popularity of those New Deal programs that promoted individual home ownership.

Economist Michael Perelman has confirmed a direct relationship between rural labor without independent means of support and the applied politics of English classical economists. The latter preached a great gospel of “work,” mainly for others, who *ought to be* doing this work. Except for a narrow class of Dissenting Protestant factory owners, those most vigorously espousing this gospel were not themselves noted for doing a lot of work. Together, however, owners and economists said in effect, “Work *for us*, join the armed forces, or emigrate, ye doughty Angles, Saxons, Jutes, and Scots.” And emigrate they did, leaving us with an American folk wisdom in which old times in England, Scotland, and Ireland were not that great. (This folk memory may have at least as much heuristic value as latter-day econometric claims that *everyone* became better off in the new division of labor.)

And so we return to Henry George’s problem: How did Americans manage as a society to seize so much land, incur whatever moral guilt goes with the seizures, and then not bloody have any of it? The chief mechanism was precisely the political means to wealth that Oppenheimer and Nock analyzed. The reason *Brisco County Jr.*’s “Robber Barons” struck the right note is that there were such individuals. California was a laboratory case, as George well knew, of the successful primitive accumulation of land by a microscopically small class of state-made men. As with ontogeny and phylogeny, Western accumulation recapitulated Eastern accumulation. From such causes arose the famous “end” of the frontier circa 1893. But open land did not so much disappear naturally as succumb to preemption. And then, with perfect timing, the conservation movement put enormous quantities of land beyond the reach of actual settlers.

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As for those Americans who currently own property, they typically own it after 20 or more years of bank payments. Is land so genuinely scarce that a bank must always be in the middle? This remains our central question. Certainly, nineteenth-century allocations played a lasting role, and later political interventions added to concentrated property ownership.

And what of the promotion of “easy” home ownership in recent years? It is a product of 1) the widespread delusion, in the wake of Lyndon Johnson’s and Richard Nixon’s inflationary financing of the Vietnam War, that real estate constitutes the ultimate inflation hedge, and 2) the specific dynamics of the expansionist fractional-reserve banking under new rules (“deregulation”) increasing moral hazards for bankers.

There is also the unhappy fact of property taxes—our chief surviving feudal due. Fail to pay those, and the state enrolls a new owner on your former property. This reduces somewhat the fact of private property in land.

Independence, Republicanism, and Liberty

Some classical liberals and libertarians downgrade personal independence. Better to participate in the going order and enjoy a wider array of comforts, they say. But socialists and corporate liberals can play the

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same game—and have for over a century. It seems to me that those libertarians who join in this refrain rather willfully misconstrue a very simple point: They hail the joys of the division of labor, the higher degree of civilization (that is, more stuff) to be gained from dependence, interdependence, and sundry trickles of income and utility down and up. But already in 1936, Southern agrarian John Crowe Ransom noticed a flaw in this reasoning, writing, "[I]ncome is not enough, and the distribution of income is not enough. If those blessings sufficed, we might as well come to collectivism at once; for that is probably the quickest way to get them." If greater choice among consumer goods makes up for lost independence, then the case for socialism (or X) would be clinched, provided socialism (or X) *could* deliver the economic goods (where "X" stands for any political ideology offering us the same stuff/independence tradeoff.)

What if proletarianization is not the ideal form of human life? What if a complex division of labor is merely useful or convenient, but not a moral imperative?

I doubt we are necessarily "better off" merely because of *employment*. We need to know more, including why particular sets of choices exist in the first place. Back in the '60s, Selective Service used to "channel" us into the "right" occupations by threatening to draft us. Given the parameters, our choices were "free." If it's that easy, then we are always free, no matter the historical and institutional constraints. Similarly, "To Hell or Connaught" was a choice, and never mind that Oliver Cromwell and his army arbitrarily created this particular prisoner's dilemma. But perhaps I have leapt from choices among goods to choices between ways of life. Why? Let us look into this.

What if proletarianization is not the ideal form of human life? What if a complex division of labor is merely useful or convenient, but not a moral imperative? What if most of us are hirelings, well paid or otherwise, and then we learn what that status amounts to? The post-Marxist socialist André Gorz writes, "Capitalism owes its political stability to the fact that, in return for the dispossession and growing constraints experienced at work, individuals enjoy the possibility of building an *apparently* growing sphere of individual autonomy outside of work." Our interest here is the "autonomy" mentioned, which sounds like a near cousin of "independence." The sentiment seems sound enough, and the partial convergence of Röpke and Gorz is eye-opening.

Now in the view of Quentin Skinner (a modern republican theorist of note), unfreedom arises both from direct, forcible coercion *and* from institutional arrangements that make people dependent, since the latter always contain the possibility (realized or not) of arbitrary interference and coercion. Such discussions usually center on the form of state. Utilitarian liberals like Henry Sidgwick did not care about forms. If the Sublime Porte, Tsar, or King of England leaves us substantially alone, we are "free," and that is that. In Skinner's view, if those worthies *can* on their own motion change their policy of leaving us alone, we are *not* free, no matter what they are doing right now. Freedom requires that we not be menaced by latent unknown powers.

Freedom in this sense is liberty—a shared civic or public good. Like many real public goods it is not provided by the state, indeed the state may be its chief enemy. Law and settled custom may provide this public good, and consumer goods—the people's pottage—do not compensate for abandoning such an order, where it exists. Today, people often work long hours to *buy* some independence. In another time, they *began* with some independence, and then chose how hard to work. Now we see, perhaps, the difference between choices among economic goods and past choices between systems structuring our choices.

Widespread landownership long supported a kind of liberal-republican independence. Perhaps we should reexamine the nexus and ask ourselves how, in Donald Davidson's words, we "let the freehold pass," and whether that was really for the best. FEE

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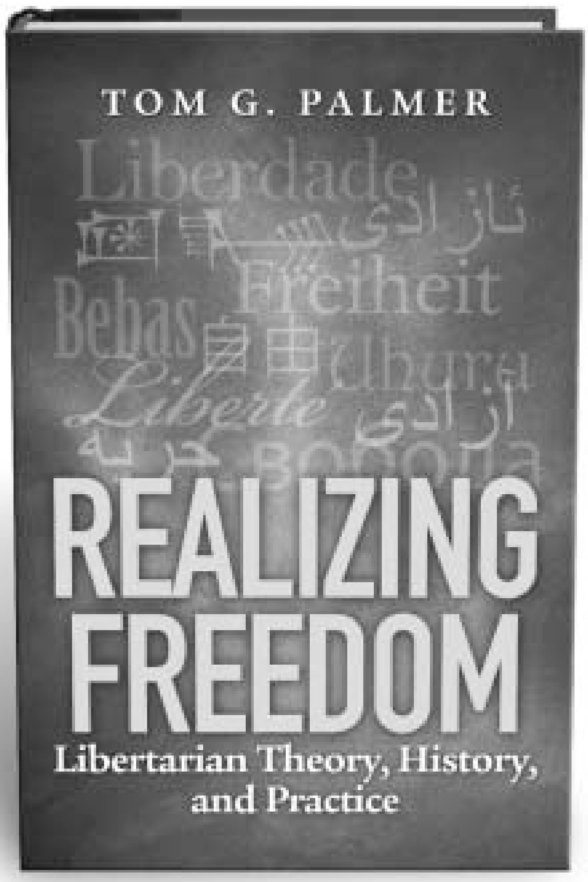

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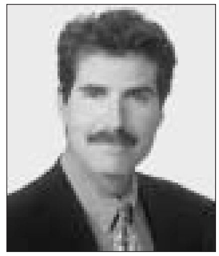

The Fatal Conceit

BY JOHN STOSSEL

We've been rolled again.

Sure, the economy is in bad shape—though the late '70s and early '80s were worse in many ways. But is it true that every economist agrees that massive "stimulus" is the solution?

"A failure to act, and act now, will turn a crisis into a catastrophe," President Obama said.

If someone expresses skepticism, Obama and other political leaders suggest that economists are unanimous in believing that government spending is the only answer.

"We have a consensus that we need a big stimulus package that will jolt the economy back into shape," Obama said.

House Majority Leader Steny Hoyer agreed: "Every economist from right to left, Republican, Democrat, advises that it has to be a very substantial package."

Every penny the government spends will first have to be borrowed from someone in the economy—that is, someone already struggling with the recession's effects. So where's the stimulus?

What Consensus?

It's a lie. There was no consensus. (Anyway, a consensus doesn't mean something is true.) Finding an economist who opposed government spending as a way to fix the economy was easy. More than 350 signed a petition opposing the bill.

"How is it the government is going to be able to spend a dollar in such a way that it generates a dollar or more in value?" asked George Mason University economist Peter Leeson. "A more likely possibility is that a dollar that government takes out of the private sector is a dollar the private sector doesn't have to spend."

Leeson is referring to the "broken-window" fallacy, which comes from Frédéric Bastiat's story about a boy who throws a rock through a shop window. Since the shopkeeper has to buy a new window, some believe the mischief will actually stimulate the local economy. The fallacy lies in overlooking that the shopkeeper would have spent the money some other way if he didn't have to replace the window.

Every penny the government spends will first have to be borrowed from someone in the economy—that is, someone already struggling with the recession's effects on their income, assets, and future planning. So where's the stimulus?

It's also quite a conceit to believe that a few men in power are smart enough to know precisely how to spend trillions of your dollars.

"They're exploiting a minor correction in the economy. . . . Markets go through corrections all the time," Lydia Ortega of San Jose State University told me.

I pointed out that people say this correction is worse—maybe like the Depression.

"But markets need to go through this correction," she said. "What's happening now, what's making it worse, is that people don't know what's going to happen. There's so much uncertainty generated by the government spending."

The more the government does, the more private investors wait.

"Part of the reason that people aren't spending is they don't know what these characters in Washington are going to do," says Howard Baetjer of Towson University.

John Stossel is co-anchor of ABC News' "20/20" and the author of Myths, Lies, and Downright Stupidity: Get Out the Shovel—Why Everything You Know is Wrong, *now in paperback. Copyright 2009 by JFS Productions, Inc. Distributed by Creators Syndicate, Inc.*

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