

## PART TWO

### FREE LAND

#### INTRODUCTION

#### **Free Land, fundamental condition for peace**

Conference held in Zürich on 5<sup>th</sup> July 1917

*For men their fellow men to treat  
As men, eternally bound,  
Let them believe in the pious earth,  
Their motherly common ground.  
Schiller*

Peace among citizens and among nations responds to one same spirit and has a common cause. Between healthy States, i.e. States enjoying domestic peace, war cannot break out. On the contrary, peace will not set foot between States where the class struggle rages. Whoever then desires international peace, let him know that he will not get it except from the Altar of Peace standing among the citizens of the same nation. Domestic peace acts as the core of international peace. Whoever offers peace domestically, will find it intact in the offertory box of international peace. As things are, it will no longer be necessary to worry about peace among nations if we do all we can to secure domestic peace, offering to it whatever is necessary.

Long before the beginning of this war<sup>1</sup> some predicted that it would have degenerated into a universal civil war among citizens, and that it would have ended there. The term “degenerated,” though, is not the right one. An international conflict does not degenerate into a domestic one. It is the other way round. The domestic conflict that burrows into the entrails of civilized peoples, also known as class struggle, unable to result into an open rush for power, vents itself, “degenerates” into war. International war is one of the clearest signs of stratification into classes, of the struggle between one class and another, and of domestic economic war.

In all civilized countries, the cause of the going conditions of domestic war is economic. Artificial and anti-natural legal instruments have institutionalized a stratification of society equivalent to a state of war. Ancient conflicts and slave raids have succeeded in creating nothing more than just that condition of violence admired by all as “social order.” This is but the coming into being of a working class serving as a sink into which to unload all the ups and downs of life! The splitting of a people into a few rentiers and a many that must live like beasts of burden, is against nature, and can be maintained only by exercising brute power over bodies and souls. Violence cannot but generate further violence, eventually breaking into war.

Order makes possible not only an economy, but also peace. Spiritual differences cannot seriously disturb peace. Even the so-called Wars of Religion had economic motives behind them.<sup>2</sup> Neither race nor language would unleash a war were it not for reasons of life survival. It is enough to say that it is unthinkable artificially to convince two groups of people to don different uniforms so as to distinguish between friend and foe in hand-to-hand combat.

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<sup>1</sup> [1914-1918.]

<sup>2</sup> [Hilaire Belloc (1870-1953) would maintain the same thesis about the same time as Gesell. Land-grabbing was the main motive behind the so-called “Reformation” conflicts.]

The economic institutions able to split a people into different classes and leading it to civil war are, in all civilized societies, what they have always been: the landlordism and metallic money (or its paper counterpart). Both are extremely ancient institutions, splitting a society into two and destroying its fabric. They caused the ruin of the ancient States, and will do the same with our culture if we fail to put things right and get rid of them. For as long as we do not put a full stop to both institutions either by attempting some innovation or by revolution, no peace will be possible, domestic or international. The much touted “great” French Revolution has shown it abundantly. Despite popular representation, despite the so-called democracy, the process of disintegration into social classes has proceeded in crescendo, and it is today perhaps nowhere further along the road than there. Once upon a time it was Church and State that sucked the blood of the poor.<sup>3</sup> Today, rentiers have taken their place. The [French] upheaval left intact just the two institutions that act as basis for the splitting of society into classes: private property in land and traditional metallic money, both inherited from the ancient world. Private property in land, with the inseparable proletariat resulting from it, is incompatible with a true democracy. It is true that a kingdom is but the last consequence of private property of land. Inevitably, the landlord does all he can to attain power, for he believes that only political power can protect him from the rebel impatience of the masses. Our traditional money, together with landlordism, works in the same direction, by demanding interest as a condition to go to work. The entire economy of a people is thus conditioned by the payment of an interest that corrodes society, splits it into classes and destroys social peace. There has never been true peace ever since the introduction of freehold land and precious-metal money as a means of exchange of the product of labor. For as long as we insist in making use of these two barbarous State institutions there will never be peace, within or without. A state of war is the sole possibility between rentiers and workers.

Peace is a great undertaking. The means to attain it must be proportionate to the greatness of the aim. We are getting nothing but disappointment. Peace does not demand human sacrifice. It demands an exceptional “monetary sacrifice!” Its victims would be sweet privilege, fondness for prejudice, ultra nationalism and pleasant idleness. As things are now, once we sacrifice all we can to the greed that passes for peace, to the point of not being able to sacrifice more, large groups of people in all lands begin to cry: better war than peace! What also happens today is that those who lose all they have in the wake of a financial crash immediately go and commit suicide.

The error of pacifists, with the exception of the early Christians, is to have miscalculated the dimensions of the task, consequently underestimating the means necessary to attain their aim. That’s why one sees them act as if peace could be bought in a supermarket. Let us give a close look at the thing, for we are ready to trade our greed for generosity. First place goes to vegetarians and teetotalers, who shout: war is a sickness of the spirit, arising from a sickness of the body. It is the result of eating meat, tobacco, and getting syphilis. Give up alcohol and you shall become as prudent as serpents, give up flesh eating and you shall become as peaceful as lambs.

There is quite a bit of truth in all that, but such small sacrifices will not give us peace. There was war long before people let themselves be corrupted by alcohol and tobacco. Note also that men can “improve” not only by vegetarianism and teetotalism, but also by protracted selection (Moses absolved the sin of the fathers after four

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<sup>3</sup> Neither Church nor State did that for as long as the first used the rent of land to shoulder the social services and the second the expenses of defence and administration. When their extra duties were abandoned but the privileges retained, the unjust situation described by Gesell began.

generations). Another question is whether the destroying power of war does not progress more than does human nature helped by superior education, or also whether war always succeeds in getting the upper hand in competition with education!

Another sure means to attain the aim is a birth strike. No births = no soldiers = no war. It is absolutely infallible. And who would enjoy the blessing of such peace? Only the children of the strike-breakers would. The others would sacrifice themselves for their sake!

Others yet propose conscientious objection. It is also infallible, provided all do it. We could do a lot, were we all heroes. But where are the heroes? Many centuries have given us only one Arnold von Winkelried, only one Giordano Bruno, only one Hus.<sup>4</sup> Those who appeal to such sense of sacrifice expects people to renounce the survival instinct, which is fortunately much stronger than the desire for peace. It is that very instinct that makes us peaceful.

Another group shouts: Let every State deposit a certain sum in gold somewhere as guarantee of peace. As soon as a nation mobilizes, it forfeits the deposit! How nice that is, simple and above all cheap!

Next are those who propose to give the monopoly of war materiel to a given State. No gunpowder = no war. It would also be an infallible means. And how easy it would be for a warmonger to hoard the entire stock of engines of war and enslave all his disarmed neighbors!

That is the peace question in as many opinions as there are heads.

The warmonger answers these questions univocally. The enemy ought to be struck down, and with a foot on his breast he's got to be asked whether he wants to make peace. With such methods peace remains what the warmongers really want: a new bone of contention instead of the old one. The winner is satisfied, the vanquished thinks of revenge. A good day he suddenly starts a quarrel and attacks the enemy. If he succeeds, the roles change and the bone of contention is as fresh and unchanged as before. Peace concluded on such conditions is always a temporary affair. It leads to nothing more than an increase in warring power so as to attain military superiority, with concomitant pride on the winner's side. Pride comes before the fall, so that military superiority does not remain steady for long, much less forever. Armed peace is by nature unattainable.

Those who favor such peace by military supremacy are the politicians who are content with calling peace what is no more than a period of tranquility. The party system rests on such delicate balance: while nobody knows what to do with victory, no one has the courage of disturbing this kind of peace. Or so say the politicians. And for as long as the balance of power is not disturbed, the angel of war does not sleep, as Buridan's ass did not sleep before the two sheaves of hay.<sup>5</sup>

There are also statesmen who think that the balance of power is the supreme art of measuring. They imagine to have attained that balance if the borders of their country have not suffered any shrinking.

But the balance of power has nothing to do with mensuration. Often the power of a State is in inverse proportion to the size of its territory. What matters for military power, independent of territorial size, may not have physical dimensions. Population increase, social conditions, war technology, economic resources, briefly all that makes defense effective, is in a state of flux. How much greater is British military power

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<sup>4</sup> [Arnold was a Swiss hero at the battle of Sempach (1386). Legend has it that he offered himself as a target for the lances of the Habsburg knights, thus allowing the infantry from the cantons of Uri, Schwyz and Unterwalden to defeat the cavalry and obtain Swiss independence. Both Hus and Bruno died at the stake: the first at Constance in 1415 and the second in Rome in 1600.

<sup>5</sup> Jean Buridan was Rector of the University of Paris from 1327-58. This sophism is wrongly attributed to him.

since the introduction of the submarine! Even if statesmen were able to attain a perfect balance of power as they have imagined from the beginning, there no guarantee whatever that such domestic peace (!) could not be upset by a thousand other causes. A decrease in the birthrate would be enough to upset the balance. Or that the struggle against infant mortality was more successful in one country than in the other. Pharaoh tried to attain that balance by ordering the drowning of the children of Abraham. To attain a balance of power between Germany and France with such methods, one would have either to apply Pharaoh's methods to Germany, or get France to attain a birth rate similar to her neighbor's. The fact is that population, by itself, is no more important than territorial dimensions. Not rarely, military power is inversely proportional to numbers. What counts is at times quality, the use made of the armed forces. Drunkenness and teetotalism can be enough to upset any balance of power. For ten years, alcohol prevented the Russian revolution from succeeding; for the past three years abstinence has handed power to the revolutionaries. If the politicians of one country admit alcohol consumption, they ought to convince all the neighboring countries to do the same, pain an upsetting of the balance of power.

It is futile to try to complete the catalogue of examples. The foregoing clearly shows the direction taken by all these diplomats of peace.

The advocates of disarmament propose a similar peace. They maintain that a balance of power is possible, provided that everybody lays down arms. They aver that 100 disarmed men are no stronger than ten. Militarily a disarmed man is worth nil. Power resides in weapons, and excessive militarization causes war. Naturally they do not go so far as proposing to disarm the forces of law and order. Perhaps they think that disarmament is unnecessary to maintain domestic "peace." This concession to disarmament sounds suspicious. How many Army Corps would a Conference on Disarmament have to grant the Czar?<sup>6</sup>

From the request for disarmament as a guarantee of peace one can perfectly see another issue, but as hard to crack as a soldier's skull. Disarmament is not worth more than that of a potential enemy. The sword of one must be slightly less blunt than that of the other to be of any use. In the Peasants' War in Germany<sup>7</sup> the flails of the peasants beat against the armor of the knights. At the Paris Commune cobblestones were the only weapon.<sup>8</sup> Cain clobbered his brother with a stick, and Heracles in his cot strangled the two boa snakes with his bare hands.

How can one speak of disarmament in such circumstances? Italian police forbids pocketknives, so as to turn disarmament into a reality. Should we also forbid the possession of flails? Of hunting weapons? Very well: let all weapons be forbidden. Soldiers who choke each other with bare hands in hand-to-hand combat after having run out of ammunition are, after all, "disarmed." Faustus decides the question in the last line. Were the most total disarmament attained, with not a single weapon of war, the field would be ready for the most terrible of all battles: hand-to-hand as at Teutoburg,<sup>9</sup> Lechfeld<sup>10</sup> and Sempach.<sup>11</sup>

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<sup>6</sup> Wilson's 1918 Peace Program read: "Reduction of the armed forces down to the dimensions that guarantee domestic security according to need. Would that Wilson's predecessors had done that! He would have entered the war without an army!"

<sup>7</sup> [1523-1525. Instigated by Luther and followers, tens of thousands of peasants took the field against the landlords. Defeated at Frankenhausen, a terrible retaliation hit them hard. There were some 100 000 casualties between the fallen in battle and those executed after it.]

<sup>8</sup> [1871. General Galliffet, who suppressed the revolt, is accused to this day of having sent 20 000 insurgents to the firing squad. Privately he declared that the figure had two zeroes too many.]

<sup>9</sup> [In 9 AD, under Augustus, Arminius (Hermann) and his irregular troops destroyed Quintilius Varus' three legions.]

<sup>10</sup> [In 955 AD Emperor Otto I with a Bohemian contingent defeated an army of Magyar invaders.]

<sup>11</sup> [See Note 4.]

Haven't we also seen how fast a maker of violin bows retools his factory for war production? Every piece of military ordnance in the field, down to its smallest components, comes from civilian production lines. Even shortly after war broke out, shiploads of ammunition freshly produced in America were reaching the war market! What is disarmament then? I don't see the meaning of it.

In the struggle against England, Germany's actual weapons are her plough and her manure. Wheat is a weapon, guano is a weapon, and sheep are weapons. Nitrate fills bombs and fertilizes fields! If all the technical schools were to close for the sake of disarmament, how on earth would one know how to extract nitrate<sup>12</sup> from the air for both agriculture and war? The crucibles of the dye industry churn out explosives as much as colorings for Easter eggs. It depends on whether one opens faucet A or B.

Yes, say the French, that's how overall disarmament could hit those treacherous Germans. They have iron and coal, they have a powerful industry, and they have everything necessary to arm rapidly. But what about those people who buy arms abroad in peace time for their possible use in case of war? What do they think about the disarmament question? How would they arm, once disarmed? What would happen to a disarmed Russia or France? The Germans, with their huge industry, would arm in the wink of an eye, getting ready against invading Russians and French armed only in nightcap and flails!

Man comes into the world armed. In the beginning he had to fight against natural enemies like cave bears and tigers until, thanks to superior weapons, he felt stronger. He continues to do so with his equals, both sides armed. Intellectual development and schooling exist for the sake of arming. Disarmament is absurd.

It would be better not to say that we arm for the sake of peace. The futility of disarmament is no proof of the truth of the saying, "If you want peace, prepare for war." If in any case we were to disarm, the enormous sums saved would go into the pockets of a newly enriched class of 100 000 rentiers. It wouldn't do much damage, but neither would it be of much use. Peace has nothing to do either with arming or with disarming.

Another type of peace spoken of, especially in the US, is the peace of the Police State. Taft's<sup>13</sup> Confederation for the imposition of peace!

Taft is right in his modest demands for peace. Doesn't this forced peace remind him of the silence that reigns in the States, where the police prevents the malcontents from rebelling? The Taftian ideal about attaining domestic peace is already put into practice. Pinkerton's battalions<sup>14</sup>, hatched in Taft's lofty thoughts, are perhaps the means to ensure popular peace by the use of the police force. We shall see, in America, where there is so much desire for peace, whether the working class will soon rise against the capitalistic kraken. Very well, Mr Taft, should Pinkerton's battalions not be enough, would the league for the enforcement of Peace<sup>15</sup> be enough to bring the exploited, seditious workers to heel? Such a mutual support against domestic unrest was mooted at the time of the "Holy Alliance" Treaty.<sup>16</sup>

One of the most popular suggestions for the promotion of international peace, impatiently expected by the pacifists, is peace founded on international law.

In the opinion of all pacifists, international law cannot but bring salutary effects, making us all somewhat safe from attacks. It is not at all clear what type of safety it is. But it is believed that it will succeed, in a given time, to form some sort of

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<sup>12</sup> [The correct term is nitrogen, distilled from liquid air since 1895.]

<sup>13</sup> [William Howard Taft, 27<sup>th</sup> President of the US.]

<sup>14</sup> [Private police force, named after the famous American detective Allan Pinkerton (1819-1894)].

<sup>15</sup> [In English in the original]

<sup>16</sup> [Not a well defined treaty instigated by Czar Alexander I in 1815. Its aim was to restore Christian principles in countries devastated by the Napoleonic wars. It did not last.]

inviolable sanctuary dedicated to some sort of idol, and no one would be allowed to break into it.

This international law ought to be inspired by “justice,” morality and freedom. But if “international justice” means “State morality,” there is no talk of it now. It is believed to be self-evident that justice ought to be a thing, an object, so that all would see the same thing. Suppose that all the 500 million British subjects had an opinion about the permissibility of submarine warfare altogether different from that of 70 million Germans. Suppose further that the latter based their opinion on the lack of understanding of the question by one of the two parties, or that their conscience did not permit them to think otherwise. Let us assume then that this thing called “justice” existed truly, and were always and everywhere the same, in London, Berlin, yesterday, today and tomorrow. Let us accept that its makeup were so stable, tangible and with such characteristics, that all the plutocrats and pacifists of our class-ridden States adopted it without more ado, and that they thought they could construct a peace between a State and another on such basis. What in the world would entitle us to expect that much? The last war perhaps? Do the thoughts and feelings of the people take precedence over war? Does this delicate sense of justice actually reign in our dear class-ridden States? Is the soul of these States nothing but love and justice? Can the public life of the class-ridden States be likened to a high school of justice and philanthropy? Does policy practiced in the name of the people, truly bear such meaning? Do the young officials sent to the Colonial service overseas to the South West,<sup>17</sup> to the Congo, to India, come home as sensible administrators of justice? Does the ongoing class struggle, that every now and then bursts between workers and their employers, cause a popular increase of the sense of justice and love of neighbor?

Our plutocrats contemplate without batting an eyelid the massive infant mortality in New York, Berlin, London and Paris, which in Germany alone accounts for 300 000 deaths yearly, and that consumes more human beings than the going war, and more than the Armenian slaughter did.<sup>18</sup> They know very well why the greater numbers of these infants end up buried in mass graves. The deprivations of their mothers do not allow them to look after their children as they should. Deprivation, and in the United States, where 100 000 millionaires have nothing better to do than to enjoy the good life! Did just one of these plutocrats grow indignant before such spectacle? Should we presume that such a love of justice exists among such men as to cause them to grow indignant and incensed before the mutual slaughter of peoples in Turkey? Or that they, like crows disguised as birds of prey, should come from everywhere to help? Whoever intends to exercise such brand of justice, let him first put it into practice at home, in a community of the same people. Were we to attain peace within one same State, a deep, authentic peace among citizens, if the class-ridden State were to be brought down and destroyed, only then we could to dedicate ourselves to wider conquests in the domain of justice, while getting along well with foreigners on the same land. For as long as this does not happen, the only thing we can do is to eliminate as much as possible whatever can cause friction up to becoming a bone of contention between peoples.

Very well, I can hear the pacifists object, that’s what we want. With international law we want to eliminate precisely every bone of contention. That’s why we direct our efforts towards expanding and safeguarding international law. The right to self determination by the peoples must be absolute, like sovereignty.

I say that the rights of the people, the masses, are already high, too high. The rights of the masses will never be limited enough. What ought to be expanded is the

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<sup>17</sup> He refers to South West Africa, former German colony, today Namibia.

<sup>18</sup> 1915. It was the first genocide of the 20<sup>th</sup> century.

rights of the human race. If the people make a bad use of the rights they already enjoy, they will make a worse use of additional rights bestowed on them. No, we are not on the right track. The rights of the people ought to be restricted. The more a people trades within a given territory and under the same State sovereignty, the more that right ought to be abolished. International law is war; human rights are peace. International law is usually dubbed progress. History teaches the opposite. The right of the strongest, of the masses, came first, misnamed international law. The right of the human person developed a long time after that. Progress proceeds from the rights of the masses to those of the individual person.

A community is always of an inferior quality in respect of its parts. One gains nothing in transferring the responsibility of actions and omissions to the masses; in a community, an individual is worse treated than in a one-to-one relation. Swift said it: "I have always hated States and communities. I love individuals." Therefore we ought to grant more rights to the individual person than to a people. Should one make ill use of such rights, even minimally, he would be fully responsible. International laws and the rights of the masses can only be construed at the expense of humanity. The rights of one such entity can only be introduced as an injustice to another, much as freedom for one group is slavery for another. Only the rights of humanity are here an exception. Every one of the innumerable rights is exercised in exchange for another.<sup>19</sup> In international law this "other" is individual man. The stronger we make peoples through international law, the weaker we make all individual humans. All efforts towards bringing about international peace will be counterproductive.

The quintessence of every international law is State sovereignty over the territory occupied by a given people. This sovereignty has arbitrarily shrunk the world; so much, in fact, as to make it hungry, thirsty and shivering with cold.

According to this international law God gave the earth not to the children of men as the Bible says, but to peoples. And look at how various peoples abuse such right to sovereignty when they judge it insufficient! Look at America! Did Columbus discover it for the North Americans? Obviously not: he discovered it for humankind, at least for his compatriots. And today's Americans refuse entry to Columbus' compatriots with the pretext that they are illiterate or that they do not have enough money in their pocket! Americans reject also lepers, gypsies, the blind, the lame and the elderly, backing such decision precisely with State reasons of international law like self-determination, which today are slated to be expanded. "America for Americans," they say contemptuously. Then they go further and say, "America for the American race," thus excluding from their land the chief stock of humankind, the Mongols. And all this in the name of international law, of State sovereignty.<sup>20</sup> And we are supposed to cultivate such a depraved law for the sake of peace and to protect ourselves from oppression! Let us try to see clearly. American race policy is today directed against the Europeans, but tomorrow it could be its Black component, the Afro-Americans, that get the upper hand!

By making use of the slogan "America for the Americans" they erect tariff barriers all around the region that Columbus discovered for humanity, chasing away the Europeans from that market with extremely high custom tariffs. Today they hit imports; tomorrow will be exports. The Europeans will have to face the possibility that the whole earth would one day become a completely Americanized region, at least of the size of the United States. The European peoples will never remain

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<sup>19</sup> The expression is not a happy one. It would be better to say that to every right there corresponds a duty, which is in the essence of social life.

<sup>20</sup> The policy has changed completely since WWII. Evidently by "Mongols" Gesell means the Sino-Tibetan peoples. Chinese and Mongols are two different groups. One would have to know a little of their history to talk correctly.

indifferent before the globe being painted as a region altogether like America. For them the economic loss of a region of such a size would be as much as if it sank into the sea.

Up to now the Europeans have let things be; but that's what they do against all other peoples. Like the Americans, thus shouts every good-for-nothing rascal of every nation clumped together under a tyranny: "Our soil, our exclusive property! We run it on the principle of national sovereignty, guaranteed by international law, at our arbitrary discretion." And so the Australians deny entry to the Japanese, even though Australia is hardly occupied and the Japanese hardly know where to send their excess population.<sup>21</sup> And so land was being bought in Prussia's Polish regions, to rent it out to non-Polish people! This is what is meant by "International Law!" Let therefore those people with too many mouths to feed read in the Bible what Pharaoh did to the [Hebrew] infants! Let the Mongols drown their babies!" That is what American, Prussian and Australian humanitarians say!<sup>22</sup>

As remarked above, Mongols, Europeans and Africans have put up with such treatment up to now. But for how long more? Does ever-accelerating American rearmament aim at counterbalancing military power, or has as its end the imposition of a racial policy?<sup>23</sup>

How to avoid such huge, absurd collision? It is truly ridiculous to think that such confrontations, hatched in the interest of American sovereignty, could be solved by appealing to promises made on the basis of a single international law. On the contrary, such confrontations would reach such an extent, and would incubate such deep hatred between peoples, that hardly any attention would be paid to international law. One good day the Mongol will knock at the ivory tower with his iron-mailed fist. On the basis of the same international law that we foster today, he will force the white race to back up towards the Atlantic.<sup>24</sup>

From the point of view of nations and their States such strife has no solution. Racial policy does not let itself be locked in by States, boundaries or laws. It is the private affair of every single human. The only people that for thousands of years have followed a racial policy are the Jews. They have no land of their own, and know no State sovereignty.<sup>25</sup> To prevent every possibility of war we ought to look at things from another viewpoint, and with deeper understanding. Let us fall back to the constituent unit of all States, the human being. What we ought to promote is not the law of nations, but the rights of man. The starting point of every human right is "He who gave the earth to the children of men." He did not give it to the Americans or to the Mongols; He gave it to humans, humankind. He gave it even to the illiterate. We ought to start with an unconditional point of view: either the earth belongs to all and sundry, and therefore there is no room for national sovereignty, or we acknowledge the right of one nation over a given territory with all its consequences. This means war, the plague of discord into which all conflicts end up. There is no middle way.

Moses, Attila or Garibaldi, before leading their compatriots into wider territories, looked beyond the borders, and saw little used land. They felt attracted by

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<sup>21</sup> ["Excess population" is hardly the word to employ for a country with some 350 people/km<sup>2</sup> like Japan.]

<sup>22</sup> [Who would have ever told Gesell that what he suggested rhetorically would actually come true within the same century in which he wrote!]

<sup>23</sup> [The paragraph is prophetic. This very policy was revealed in a document leaked from Mr Henry Kissinger's office in 1973.]

<sup>24</sup> [Another prophetic paragraph. China is doing exactly that with her newly found economic power. So are the Muslims. They are taking over Europe with their higher birth rate, having entered it on the wings of "minority rights" acknowledged by international law.]

<sup>25</sup> This is no longer true since 1948, date of the foundation of the State of Israel. But it is hardly a peaceful occupation.]



it, and got rid of everyone who stood in their way with the pretext of the rights of peoples and like pieces of paper.<sup>26</sup> National sovereignty stands out against human rights, and in this war humanity must win against all nations and their rights.

Let us have a look now at national sovereignty from another point of view, also guaranteed by international law: mineral resources, coal for instance. We shall immediately see how hopeless a peace between peoples based on international law is. For as long as the Americans venture to block their borders against the poorest of the poor, for the sake of their racial policy which at the moment does not affect us [Europeans], we feel the affront of such action inflicted on humankind, but don't take it so personally as to feel indignant about it. We say: "Let those hit by such policy feel indignant: the Chinese, the blind, the lame, the illiterate. Let them get for themselves a Garibaldi who gives them the strength to overthrow the American borders. It's no business of ours thick-skinned pachyderms. But the moment we hear that England and Germany have agreed to slap on coal an export duty that doubles or trebles its transport costs, and when the inhabitants of coal-less countries like Switzerland must shiver through the winter in unheated rooms,<sup>27</sup> then we pay attention to the Chinese, the illiterate, the elderly, and cry with them: "Is all this right? Is it part and parcel of international law? Won't it be a case of bad use of sovereignty and of the right to self-determination? Is this the much touted freedom of the seas? What is the use of the so-called International Law, a paper-peace between peoples that means cold and hunger for us? We enjoy the freedom over the sea, but not that over coal, without which the other one is meaningless. British and German sovereignty over coal resources must be looked into in depth. Humankind, all the peoples, every human being ought to enjoy public sovereignty over coal, on which we today depend as we depend on the sun and the air. We shall talk like that for as long as we shiver, for as long as we personally must suffer the consequences of State sovereignty and international law.

There is no such thing as the right of nations, or of State sovereignty, or of the masses, over the soil and its resources. International law cannot lay hands on anything except what human hands make. The moment we grant rights to peoples that exceed those of the individual human being, such rights transmogrify into war. All men, down to the last single individual, have the same inalienable right over the whole globe. Every restriction of this right means power, war. I repeat: if peace among peoples is wanted, let this be the first declaration: the earth belongs to all human beings without exception, and down with the rights of masses and of the State that usurp this primary right!

The foregoing example about natural resources is enough for what I wanted to show. Every single raw material plays the same part as coal does in the life of humanity. An export tariff on American cotton, for instance, would have the same deadly effect for the half million German textile workers as an export tariff on coal would for the Italian, Spanish or Swiss industries. Coal has shown two things:

- The impossibility of obtaining universal peace based on international law;
- The notable part that the earth and its natural resources play in the mutual relations between nations.

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<sup>26</sup> [As regards Moses or Attila Gesell might have been right. But he did not do his homework as regards Garibaldi. He invaded a peaceful kingdom of Naples, where 9 million people lived and worked, to transform it into a territory of land grabbers. Emigration followed, instant and massive, almost overnight.]

<sup>27</sup> It has happened in the meantime. For a ton of coal, which costs the Germans 175 Marks, the Swiss have to pay 190 francs, i.e. ten times more. [Today in Europe no one uses coal for heating. Natural gas does the job in a much cleaner way.]

The expansion of the rights over the soil and to self-determination to the masses and to the State is what robs the nations of their sense of security in exchange for a legal fiction, and brings unrest to their souls. International law is indissolubly linked to the possibility that a given people may lose the sources of raw materials: and this is what pushes responsible statesmen, entrepreneurs and even union representatives towards ideas of prepotence.<sup>28</sup> They say: we must reckon that the British Commonwealth, the United States and central Europe may one day, with the pretext of State security, deprive us of enormous sources of raw materials. Each one of them on its own can look for the possibility to develop by exerting sovereignty over our people. Those states that aspire to world domination have already decided to play a greater role, by means of straightforward plunder, of profit at all costs and of lust for power. I am convinced that the moment when English, German and American entrepreneurs and workers are no longer able to get raw material and markets in any other way, they will enthusiastically launch themselves into an orgy of colonial plunder, and above all will not avoid having to expand their borders.

The expansion of the so-called people's sovereignty, and international law, over the earth and its resources, inevitably convert the globe into a bone of contention, and everyone wants it whole, claiming that he needs it. And since this bone of contention makes mutual understanding, reasoning, mutual love and humane treatment impossible, every State gets worked up with land laws, with thirst for power, oppression, lie and fraud, which in our class-ridden State based on the property of land exudes from all pores. Those who were brought up under lords and knights, or as idle gentlemen, or proletarians, have a poisoned mind, with which they sit at the negotiating table between States, hindering every possible mutual understanding from the very beginning. In such spirit, the smallest pinprick becomes a dangerous injury. To become convinced of it, let us take a close look at the leading theories about the basis of the State and its management.

Rousseau used to say: the first man that planted a fence-post on the ground and said, "This land is mine," and found fools who believed him, laid the ground for the modern State.

He went on saying that establishing the exclusive property over the land appeases the State spirit, since that first planting of fence posts introduces the rent of land as the very soul of the State. The State grows on fence posts, like the beanstalk on the pole and the ivy on walls. A twisted pole will sustain a twisted beanstalk. Pull it out, and the stalk lacks protection and collapses. With a healthy land law the life of the people will also be healthy, as will the State. If this law is an overflow of power, the State will stand upright by means of power. This is just what Rousseau said.

How the spirit of power and of exploitation can arise from the spirit of the fence post can be verified by asking ourselves how truly such fence posts can protect against the blows of the dispossessed masses of the people acting as a battering ram. It is obvious that brute force here is useless. The brute power is the power of the masses, the privilege of the oppressed and disinherited. No, the fence must be protected with a better type of power: deception, the power of authority, the worship of the idol of the law, and when everything is in its place, there you have the modern State. The landlord grabs power, and builds the State and its juridical idols on the foundation of compulsory schooling and compulsory worship for the youth, according to the principle "there's nothing like starting young." It is the landlord who establishes what ought to be learned, suppressed, or kept secret. The control of State and church has always taken first place in the statecraft of farsighted leaders. The professor, the

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<sup>28</sup> That's why Lassalle, Liebknecht and Bebel were not in principle opposed to custom duties (Sozialdemokratie und Zollpolitik. M. Erzberger, Volksverein-Verlag, München-Gladbach 1908)

clergyman, the historian, swears before the fence post that he will do his duty. He who refuses starves, if fed up is burned or banished to Siberia. Thus has the fence post resisted all attacks, including that of the great French Revolution, down to our own day. It is a first class educational masterpiece. How is it possible, we ask in our confusion, that individuals should buy and sell land as if it was merchandise, land that belongs to the whole of humankind like air and water?<sup>29</sup> How is it possible that the dispossessed should tolerate this terrible arrogance, which uproots and degrades them, even for 24 hours? The fence post does it!

It has not been a natural point of arrival. The truth has simply been perverted: by the bureaucracy, in school, in church. By misusing religious feelings, poor children have so often and so insistently been pounded with the sentence “Give to Caesar what is Caesar’s,” that the laws have been transformed into an idol, to be worshipped by people from afar. The riddle is made clear: the fence post must be protected against all possible rebellion. The masses of the people, under the incantations of school and church, have never been given, by their natural leaders, the indication to knock over the invulnerable sanctuary of the fence post.

Let us not take this matter lightly. It is of the greatest import to have clear ideas about the spirit that guides the modern State. What can one do with a people led from above with a bad use of the most sacred sentiments; when religion, science, art, and the natural inclination towards social life are misused in the interests of power? What would happen to a child, were someone to tell him, “God gave the earth to mankind, but excluded your father, who however is an excellent man, and that all this has happened in accordance with a just, sacred and inviolable law?” I think that no child would stand such nonsense.

The sense of social justice, instilled in the youth by means of such blasphemy, produce a tension, the more devastating, the keener the children’s sense of social justice. The moment the child is told that his father has no right to the land, and that he is a miserable proletarian, his spirit is broken –he will no longer see the difference between justice and injustice. He will have to live in sorrow.

Men brought up to act in this way, together with their suffering workmates, are the same from whom we expect to act with reason and peace-loving sentiments, sorting out all the bones of contention that popular sovereignty throws on their working desks daily, not to say hourly! For such a thing to be possible, one would have to exude love of peace. And let us not forget the side-effects of the right of private property of the land: the constant agitations of the class-ridden State, the political struggles that ruin the convictions even of the most interested parties, wage disputes, strikes and lockouts, clashes with the police, the Pinkerton Battalions etc. Only then shall we arrive at the conclusion that for as long as the land laws are not repealed, it will be impossible that in any State should arise the true spirit of generosity and freedom of which no trace can be seen in international negotiations.

Let me resume and repeat: the so-called popular sovereignty of the masses, and the State to which they belong, with the attached absolute right to the land and its natural resources, builds up the powder-keg of war. Its detonator is the broken spirit at the basis of the class-ridden State arising from the private property of the land. Such conditions do cultivate such spirit, and will always do so. Peace is incompatible with the property of land, national as well as private, and it is useless to speak of peace for as long as such ancient, barbarous institution is not completely uprooted from the face of the earth.

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<sup>29</sup> It is the same question asked by Chief Seattle of the Suquamish tribe, circa 1854: “How can you buy or sell the sky, the warmth of the land? The idea is strange to us. If we do not own the freshness of the air and the sparkle of the water, how can you buy them?”

Many good ideas get shattered in the clash with the practical difficulties of bringing about the project. Dreams clash against reality. But for what regards Free Land there is no such fear. The praxis is simplicity itself. One can divide it into two steps without difficulty.

*First: In all the States that intend to establish a peaceful alliance, the right of private property on land is abolished. From that moment land belongs to the people as a whole. The right of cultivation will be assured by means of rent contracts by public auction.*

*Second: Anyone may take part in the auction, whatever his place of birth, the language spoken, the vices practiced, the crimes committed, the diseases that may afflict him, briefly anyone who looks like a human being. The sums gathered as rent are distributed to women and children, also without discrimination whatever. (See chapter 1 below).*

The above steps towards Free Land are also steps towards world peace! And what peace! It does not seek to eliminate imperialistic noble enterprises with hypocritical talk; it does not brand them as barbarous or immoral; simply it brings them peace. The high aim of every healthy, sane human being, the universal kingdom, will be a reality.

The first step attacks the class State at the root. The guilt, the original evil, gets atoned for and wiped out. Peace reigns over the home, the municipality and the people. Nobody can henceforth enjoy the numberless privileges originating from the development of the "State," that modern idol, propping up such soulless machine by means of science, religion and school. This organism, the State, no longer stands by itself; no longer daily grows new claws with which to grab the remaining free men. The survival instinct of such machine is stamped out, for it can stand only if propped up. Nobody can speak anymore of an "ideal" State, of State enterprises, of the soul of the State and of the divine State! Much as the ivy twine striving to attain the summit collapses into a small heap on removing its prop, so will the idol that grows into State socialism, intertwining with and consuming everything like the ivy,<sup>30</sup> shrink into an unassuming servant that sweeps the streets, delivers mail, cleans railway carriages, keeps chimneys, sewers and drains clean, controls epidemics, keeps criminal elements under surveillance, and takes care of everything we intend to entrust him with, cheaper and better than any shoeshine boy. That's where every grand discourse about the functions of the State ends. The aims of humankind are thus unified where each of them can find success: in the breast of every human.

The first stage takes care also of the interests of agriculture, which suffered from the creation of custom-area limits at the origin of the dreadful ideas and behavior of the trading State enclosed therein. (Monetary problems stemming from free trade will be completely solved by Free Money.)

The first stage leads by itself to free trade, showing that the Alsatian, Serbian, Polish, Moroccan, Gibraltar, Irish, etc., questions, have no reason to be for any person of common sense. Customs officials, down to the last of them, will no longer have to stop those poor mugs who under cover of darkness or of mist try to smuggle better and cheaper goods from one side of the border to the other. And those who draw immediate pecuniary advantages from the slightest political or economic trouble caused by borders and fences would disappear without trace. To build up peace it is

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<sup>30</sup> Walter Rathenau: Die Neue Wirtschaft, S. Fischer Verlag, Berlin.

not enough to bring down border posts. They stay as they were before the war. Let them be, as monuments to discord and to war. They would acquire the same meaning as the marks between a province and another within Germany: a purely administrative affair. Free Land simplifies enormously a problem that by itself has no reason to be. The first step, then, will render such artificial borders ineffective. Natural borders like languages, races, mountains, watercourses, etc, stay as they are, for it is impossible to assert that they have ever led to war. The only remaining one that can survive in practice, the juridical border, will slowly die of a slow death wish. The laws of the various peoples, in fact, will become more and more similar by the day, since their radius of action, expanding, would amalgamate with that of the neighboring country, rendering differences more and more indistinct. There is no juridical border where the laws of the two neighbors are the same, just as two water drops become one on touching each other. Let the majority of States then copy constitutions and laws from each other! And it would become much easier to grasp such legal texts.<sup>31</sup> The purifying effect of Free Land would erase borders to invisibility, even without removing border posts!

With the second step, all bones of contention created by State sovereignty over the natural resources (coal, oil, potash, cotton monopoly and the like) would also disappear without trace. It is not only fascinating, but also amusing, to follow the traces of the effects of the disappearing of such bones of contention caused by taking the second step. This is not the place to go into details, not even to list them. The field of possible research here would be immense. Everything will occur from the grassroots upwards, automatically, not according to university political science lectures.

It's enough to mention here that when one people makes use of its natural resources to practice extortion against another by means of a monopoly of potash, or of cotton, will at once pay a penalty for it: it will attract work-shy people from the whole world to settle where they can gain something from the distribution of monopolies. All bums, loafers and gypsies try at once to settle wherever the natural resources of a country get loaded with rent before sending them abroad. The Gypsies will no longer be the only ones to rejoice when the price of potash, coal or cotton increases, delving into the Stock-Exchange lists with eager interest! But there is no monopoly of natural resources in a Free Land State. We have enough domestic loafers; we have no need to import more of such from abroad. Since the same things would happen in other States, but for other raw materials, it is clear that natural resources would no longer act as bones of contention. The liberalness introduced with steps One and Two brings natural resources automatically under the domination of the entire world. Thus it paralyses the power that such resources place in the exploiting hands of usury today.

It would be an error to think that after the cleansing of the earth operated by Free Land, all the territories would be invaded by all kinds of people, perhaps undesirable ones. We can say that whereas today millions of people restlessly wander here and there to look for work, this would no longer be the case after the cleansing by Free Land. On the contrary. In truth it is not wanderlust that prods the migrant worker to forsake family, friends, homeland and church to go down a Pennsylvania coal mine. The motive power here is bare necessity. The best proof is the massive return of Italian migrants. Necessity chases them out, and love of homeland brings them back. Such need would disappear with Free Land. The moment when density of

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<sup>31</sup> To re-conquer the provinces that Germany lost in the war, and conquer the rest of the world, the only thing she has to do is to give example by solving the Social Question: every territory that copied her laws would de facto become part of the Reich.

population became excessive somewhere, the surplus would go wherever there was space, and not chased away by force of arms, but with plow, oxen and sheep; no longer exploited by the greed of the rentier, but as men enjoying equal rights, wherever their sovereign will dictated them. Free Land acts as a universal safety valve; with Free Land humanity spreads free and agile over the whole surface of the earth.

Free Land opens for us vistas over a depraved world, altogether different from that of State, or private, sovereignty over the land. Free Land entails a shift of paradigm in our understanding of things. Scarcely a doctrine having to do with national politics or economics would not be shattered. Free Land leaves nothing intact.

To conclude, let me observe that no people need wait for two States to reach an agreement to implement the institution of Free Land. The people that decided to cleanse itself first, would give an example, by getting rid of domestic warfare and sterile political strife. It would confer on itself the power to carry out work of real value before the eyes of the whole world. It would attract attention exclusively on the basis of its splendor. Victorious, as all that is authentic and good, Free Land would conquer the world all by itself.

## Chapter 1.

### THE MEANING OF “FREE LAND”

1. Competition among men can be equitable and in accordance with its high purpose only if all special private or public rights over land are abolished.
2. All men without exception have an equal right to the earth without distinction of race, religion, culture, and body constitution. Everyone therefore must be allowed to move wherever heart, will, or health, prompt him to go, there to enjoy the same right to the land as the natives. No private individual, no State, no society may retain any kind of privilege over the land. For we all are natives of the Earth.
3. The idea of Free Land admits of no qualification. It is absolute. In relation to the Earth there are no rights of nations, no prerogatives of sovereigns, no rights of self-determination by States. Sovereignty over the earth rests with people, not with nations. Hence no nation has the right to erect boundaries and to levy import duties. Free Land means that the earth is to be conceived globally, without import or export of goods. Hence Free-Land also implies universal free trade and complete elimination of all tariff boundaries. National boundaries must become simply administrative ones, such as, for instance, the inter-cantonal boundaries of Switzerland.
4. It follows that such expressions as "English coal", "German potash", "American oil" and so forth are to be understood in a geographical sense only. For everyone, no matter to what race he may belong has the same right to English coal, German potash and American oil.
5. The land is leased to cultivators by public auction, at which every inhabitant of the globe, without exception, can compete.
6. The rent so received accrues to the public treasury and is distributed monthly to mothers according to the number of young children, in equal shares per child. No mother, no matter where she comes from, is to be excluded from such distribution.
7. Land is parceled entirely according to the needs of the cultivators: small lots for small families, large lots for large families, larger tracts for communistic, anarchistic, social-democratic colonies, co-operative societies, or religious communities.
8. Any nation, State, race, language-community, religious body or economic organization seeking to restrict Free Land in any way is to be outlawed.
9. Present landowners are to receive full compensation, in the form of government securities, for the loss of their rents.

## 2. FREE LAND FINANCE

The State is to purchase all rights to private property in land: agricultural land, forests, building sites, mines, gravel-pits, waterpower. And the State is to pay for what it purchases, i.e. it compensates the landowners.

The purchase-price is based on the rent, actual or potential, of each piece of land. The rent thus calculated is then capitalized<sup>32</sup> at the mortgage rate of interest, and this amount is paid to the landowners in interest-bearing State securities; not one penny more or less.

But how can the State pay interest on such tremendous sums? The State pays with the rent of the land, which, of course, now flows into the public treasury. This revenue is equal to the amount of interest to be paid, not one penny more or less, since the debt is simply the rent of the land capitalized.

Suppose an annual rent of the land amounting to one billion.<sup>33</sup> Compensation paid by the State, at 4% interest, amounts to 25 billion, the sum that would yield one billion at 4% interest. The sum paid out equals the sum received.

Such large figures need cause no alarm, for the size of the debt is measured by the size of the credit.<sup>34</sup> In itself nothing is great or small. Before the war France was burdened with a national debt of 35 billion Francs and as much again for private mortgages. She was however piling up billions upon billions in foreign State securities. The capacity of the reservoir is great. It would be the same with the debt resulting from buying off the land. The immense debt would be balanced by an equally immense credit. It would therefore be quite superfluous to calculate these sums in advance. An amount of 100 billion would be as good as one of 500. For State finances the entry would be transitory. Billions troop through the public treasury without leaving a trace. Is a banker alarmed when entrusted with a fortune? Is the President of the Reichsbank alarmed at the sums, however great, passing through his inkpot? Not at all. He sleeps as soundly as the director of the Bank of Heligoland.<sup>35</sup> Has the debt of Prussia become more oppressive since buying the railways and paying for them with State securities?

It may indeed be objected that the State would incur a risk in buying off the land, since rents are determined by fluctuating economic factors (tariffs, freights, wages, currency-standards), whereas the rate of interest on debt, like the debt itself, is fixed on paper.

Such a risk exists, and strangely enough it is the landowners who make use of it as an argument against nationalization. For how have the landowners always protected themselves against the shrinkage of rent? Have they not always, in such cases, appealed to the State for help, shifting the whole burden of their loss on the very State that they are now so anxious to protect from risk? They omit of course to mention that where there is a risk there is usually also a chance for profit; while intending to transfer the risk to the State, they also intend to claim the whole of the profit for themselves. With regard to the private ownership of land, the State has up to now been playing the part of a loser in a lottery. The winning numbers have always gone to the landowners, the blanks to the State. When rents increase, the beneficiaries never propose to restore to the State what they have received from it in times of need.

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<sup>32</sup> Capitalisation of rent means calculation of the sum of money yielding interest equal to the rent.

<sup>33</sup> Billion: Throughout this book, in accordance with American (and French) usage, the word "billion" denotes "one thousand millions". The equivalent German word is "milliard".

<sup>34</sup> At the present moment, indeed (November 1919) there is practically nothing left to redeem. The German debt for war reparations, equivalent to a first mortgage, will claim the greater part of German rents. Already a large German estate can be bought for the price of a few acres of Swiss land.

<sup>35</sup> Heligoland is a rock sticking out of the North Sea. Gesell ironizes.



In former times the landowners were able to help themselves by aggravating the conditions of slavery or serfdom. When slavery could no longer be maintained, they forced the State to help them by restricting freedom of movement, which depressed wages below their natural level. And when such methods became dangerous, they requested the State to come to their aid with the bimetallic swindle, i.e. to sacrifice the currency-standard. The resulting shameless inflation thus lifted from the indebted landowners the burden of their debt at the expense of the rest of the population.<sup>36</sup> When this attempt failed through the opposition of the other class of receivers of unearned income, namely the bondholders, and nothing more could be gained by force, the landowners changed tactics and whined for sympathy. To justify their demand for protective duties on agricultural produce they called attention to the "plight of agriculture". To protect and increase rents, the masses were to pay a higher price for bread. Thus it has always been the State, the people, who have taken upon themselves the risks connected with landed property. A risk borne by so broad and powerful a class as the landowners is in practice equivalent to a risk borne by the public treasury. After buying off the land, the only change would be that the State now took a risk, but also took the chance of making a profit.

From the point of view of economic life as a whole, there is no risk whatever in shrinking rents; from this standpoint, indeed, even their disappearance would be no loss. The taxpayer, who at present is forced to deduct taxes as well as rent from the fruits of his labor, could easily bear larger taxes if relieved of the burden of rent. The tax paying capacity of the people is always in inverse ratio to the power of the landlords.<sup>37</sup>

At first nobody would gain or lose by the redemption of the land. The former landowner would receive as interest from the State what he used to receive as rent from his landed property. The State, through its ownership of the land, would receive rent equal to the interest on State securities.

The net gain to the State would begin to accrue only with the gradual amortization of the debt through the currency reform to be discussed later.

With this reform the rate of interest (both on money-capital and on real capital) would within a short time sink to the lowest point allowed by international market conditions. An international application of the reform would reduce basic interest to zero.

It will therefore be prudent to grant the holders of the land-nationalization bonds only as much interest as necessary to maintain the parity of these securities. For the price of securities at a fixed rate of interest must respond to the fluctuations of the market rate of interest. If, therefore, the price of the State-securities is to remain stable, the rate of interest must be adjustable. It must rise and fall with the market rate of interest on capital, this being the only way to protect such State securities against speculators. And it will certainly be in the public interest to protect a capital of 50 to 75 billion against the raids of speculators, especially since many of these securities will be in the hands of persons without financial experience.

We propose to introduce monetary reform simultaneously with buying off the land. Its effect would be to reduce the market rate of interest, and with it the rate of interest on the nationalization securities. Reduction will be automatic, from 5 to 4, 3, 2, 1, - and finally 0%.

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<sup>36</sup> Readers yet unfamiliar with the problems of currency will understand this sentence later on.

<sup>37</sup> Rent on French land fell by 22.25% in 1908-1912, as compared with 1879-81; the price of land fell by 32.6%. In 1879-1881 a hectare cost 1830 francs; in 1908-1912 it cost only 1244 francs.

Financial analysis of land nationalization:

The rents of a country amount annually to, say,	\$ 10 billion
With interest at 5%, the State pays the landowners an indemnity of	200 billion
Or, with interest at 4%, an indemnity of	250 billion
The interest to be paid on 200 billions at 5% is	10 billion
If the market rate of interest falls to 4%, the interest on the 200 billion must be reduced to	8 billion
Whereas the rents at first remain stationary at	10 billion
Thus the finances of the land-nationalization show an annual credit balance of	2 billion

This balance will be used to cancel part of the debt. The sum on which interest is to be paid, will be reduced by the same amount, whereas the rents continue to flow, undiminished, into the public treasury. This annual surplus will increase in proportion to the decreasing general rate of interest, and, on interest falling to 0%, will finally equal the full amount of the rent. These amounts will also, it is true, decline with the fall of interest, though not to the same extent. (See Part I, Chapter 14.)

With such a development, the whole of the debt arising from buying off the land would be completely cancelled in less than 20 years.

It may be mentioned that the present exceptionally high interest rate on the war loans, if adopted as capitalization rate, would be particularly favorable towards buying off the land, for the higher the rate of interest, the smaller is the capital sum to be paid as indemnity to the landowners. For every \$1000 of rent the indemnity to be paid to the landowners would be:

at 5% = \$20,000 capital

at 4% = \$25,000 capital

at 3% = \$33,333 capital

I shall leave it for others to decide whether to shorten still further the transition period for adjustment granted to the beneficiaries of rent. The means will not be lacking. The effects of the monetary reform proposed in Part IV of this book are far-reaching. The reform would allow economic life to develop freely. It would give full scope to modern means of production, which in the hands of highly skilled workers are capable of a greatly increased output. It would also put an end to economic crises and work stoppages. The tax paying capacity of the people would increase enormously. If therefore it is desired to make use of these forces for a more rapid cancelling of the State debts, the term indicated above can be greatly reduced.

### 3. FREE LAND IN PRACTICE

After the land has been bought out it will be divided according to the requirements of agriculture, housing and industry, and leased by public auction, for terms of 1, 5, 10 years, or for life, to the highest bidders. The leaseholders will be given certain guarantees for the stability of the economic factors upon which they base their offer, so that they cannot be crushed by their contract. One such guarantee could be a minimum price for agricultural products; another, the currency being matched to these prices; another, the reduction of rent in case of a general rise in wages. In short, as the purpose of the reform is not to harass the farmer, but, on the contrary, to create and maintain a flourishing state of agriculture and a healthy farming class, everything possible will be done to bring the yield of the soil and farm-  
rent into permanent agreement.

Experience has repeatedly shown that it is possible to nationalize agricultural land. Such nationalization converts the whole agricultural land of the country into leasehold farms held from the State. Such leasehold farms, both private and public already exist in every part of Germany. Nationalization will universalize an already existing institution.

Leasehold tenure has been objected to on the grounds that tenants are more inclined to impoverish the soil than are the present owners, who have a personal interest in keeping the soil in good condition. The leaseholder, it is said, squeezes everything out of the soil and then moves on.

This is about the only objection that can be made against leasehold tenure. In no other respect is there any difference between tenants and owners, at least in so far as agriculture is concerned. For both pursue the same object, namely to obtain the highest yield with the minimum of labor.

That farming methods tending to exhaust the soil are by no means a peculiarity of leaseholders may be seen in America. Some wheat farmers there exploit their soil to complete exhaustion.<sup>38</sup> Wheat farms so exhausted can be bought by the hundreds for peanuts. In Prussia, on the other hand, State farms are said to be model farms. These farms are worked by leaseholders.

But in any case soil exhaustion by tenants can easily be prevented, either by leasing the farm for life, or by introducing clauses in the contract that render soil exhaustion impossible.

If a leaseholder exhausts the soil, the fault invariably lies with the proprietor, who allows the farmer to adopt exploiting methods simply to obtain a higher rent himself for a few years. In this case it is not the tenant but the landowner who is guilty of exhausting the soil. Sometimes the proprietor consents to a short-term lease only because he does not wish, through a longer lease, to lose the chance of a favorable sale. Under such conditions he will not, of course, find tenants willing to improve the soil. Clearly the evil is not leasehold tenure, but the private ownership of land.

If the landlord wishes to make soil exhaustion impossible, he can draw up the contract accordingly. If the contract binds the farmer to keep enough cattle so as to consume the fodder grown on the farm, and it is forbidden to sell hay or straw or farmyard manure, this clause alone is sufficient to protect the soil.

If, moreover, the farmer is given secure life tenure if he so desires, with a prior right of tenancy for his widow or children, there is no fear of his exhausting the soil, unless indeed the rent be too high, so that he has no interest in extending his contract. In such a case, however, the above-mentioned clause would be enough to prevent soil

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<sup>38</sup> Add to this that the grain thus produced was dumped on the European markets, ruining small and medium-sized farmers and forcing them to emigrate.

exhaustion. Similar clauses could be devised to meet other conditions. There are soils unsuitable for cattle breeding, but very suitable, say, for wheat growing. In such cases the contract could bind the farmer to return to the fields, in the form of artificial fertilizers, what he abstracts from them through the sale of the wheat.

Let us mention also that since the discovery of artificial fertilizers, soil exhaustion is no longer such a grave problem as it was when the only method of restoring fertility to the soil was to let it lie fallow. Formerly it took a lifetime to restore an exhausted field; now artificial manure restores fertility rather promptly.<sup>39</sup>

The condition of Ireland is pointed to as a warning against careless farming by tenants, but let me remind readers of the most important feature of nationalization of the land, namely that rents will no longer enrich private individuals but flow into the public treasury whence they will be restored to the people in the form of reduced taxes, endowment of motherhood, widows' pensions and so forth. If the rents that the absentee landlords, year in, year out for 300 years, extracted from Ireland to spend in idleness elsewhere had been left to the Irish people, the conditions of that country would be very different.<sup>40</sup>

Other examples, such as the Russian "Mir" and the German commonage have been brought forward as warnings against leasehold farming. But here again, as in Ireland, the comparison with nationalization is improper. In the "Mir" the land gets re-distributed regularly every few years, when by deaths and births the number of members of the commune has changed; so that no one ever remains in possession of the same piece of land for long. If a member of the Mir improves the soil, he has to share the benefit with the whole Mir, so that personal gain is small. This system inevitably leads to negligent cultivation, to exhaustion of the soil and impoverishment of the whole community.

The Mir is neither communism nor individualism; it has the disadvantages of both and the advantages of neither. If the Russian peasants farmed their land jointly after the fashion of the Mennonites, the common interest would teach them to do what the landowner does for the improvement of the soil. And if they reject communism they must accept the consequences and adopt thoroughgoing individualism.

It is the same with the German commons. Many are generally reputed to be in wretched conditions. The mistake here is that short tenures encourage rapacious methods of farming. It almost looks as if the village councils were bent on discrediting common property in order to pave the way for dividing it up. This plan has successfully been carried out in the past. If the suspicion is well founded, the poor condition of the common lands should be attributed to the system of private ownership, for it is the hope of converting the commonages into private property that causes their neglect. If proposals to divide up the commons were made punishable under the law, and the land were declared the inalienable property of the common, this deplorable state of affairs would be quickly remedied.

What the farmer really needs is the assurance that whatever money and labor he expends on improving the soil will benefit him directly and personally, and the rent-contract must be devised to give him this assurance - as it easily can be.

There are most important land improvements, however, that cannot be undertaken without infringing the principle of private ownership of the land. How, for instance, is a landlord going to construct a road to his fields across the property of a neighbor who may well be his enemy? How do we construct a railway line, or a canal,

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<sup>39</sup> [With artificial fertilizers the danger is the killing of the microflora of the soil, which depresses the quality of crops and renders their consumers liable to all kinds of diseases.]

<sup>40</sup> [When the blight destroyed the Irish potato crop in 1830-1840, the Irish farms were exporting grain, but whoever wanted grain had to pay, and the tenants had no money. Ireland never recovered from the loss of population, from 8 down to 3.5 million.]

through the private property of 1000 individuals? Clearly the principle of division of property and of private ownership of land must always give way to legal expropriation. No private individual may construct dykes as a protection against floods along coasts and rivers. The same is true of the drainage of wetlands, where the plan must ignore boundary lines and be adapted solely to the lie of the land. In Switzerland 75,000 acres of land were drained by diverting the river Aar into the Lake of Biel. The enterprise required the co-operation of four cantons. In this case the private proprietors could have done nothing whatever, and cantonal ownership had also to be disregarded. In the correction of the course of the Upper Rhine even the principle of Swiss national sovereignty was not enough; for the undertaking could be carried through only by an agreement with Austria. How is the private owner on the Nile to get water for irrigation? Is the principle of private ownership to be extended to forestation, on which the climate, the condition of the watercourses, navigation, and the health of the whole people depend? Even the food supply of the population cannot safely be left to the private proprietor. In Scotland, for instance, a few landlords, protected by the laws of private property, depopulated a whole area, burning down the villages with their churches, simply to turn it into a game preserve. The same thing happens with the great German landed proprietors who, under pretext of anxiety about the food supply of the people, demand protective duties that increase the price of the people's bread. The principle of private ownership of land is incompatible with the interests of hunting and fishing, or the protection of wild birds. And the incapacity of private property to fight pests such as cockchafers and locusts has been seen in Argentina, where each proprietor confined his efforts to driving the locusts off his fields into those of his neighbor - with the result that these insects multiplied and for three years in succession completely destroyed the wheat crop.

Only when the State disregarded private property and had the locusts destroyed wherever they were found, did they disappear. It is much the same in Germany with regard to fighting pests. What for instance can the individual proprietor of a vineyard do against the plant louse *Phylloxera*?

Private ownership fails wherever individual selfishness fails. That usually happens with the question of improving or protecting the land. If we were to believe the German Agrarian Party, the principle of private property in land would have to be abandoned, since "the plight of agriculture" (meaning the plight of the receivers of rent) of which they complain, can only, according to them, be removed by the forcible interference of the State, acting through protective duties. Therefore the private owner, according to the landowners themselves, can do nothing for the plight of agriculture.

Private ownership through right of succession necessarily leads to dividing the land or to mortgaging it. Exceptions are rare, limited to the case of an only child.

The division of land leads to fragmented farms producing general poverty. Mortgaging them makes the landowners so dependent on currency policy, interest, wages, freight charges and protective duties that in practice scarcely anything remains of private property in land. What we have today is not private ownership of land, but the politics of it.

Let us suppose that agricultural prices fell badly owing to one of the frequent blunders in currency policy, such as the introduction of the gold standard.<sup>41</sup> How is the farmer to raise the interest for his mortgage? And if he does not pay the interest, what happens to his right of property? How is he to protect himself except by influencing legislation? That would allow him to regulate the currency, and

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<sup>41</sup> Say "dollar standard" today and the argument stands even now.

consequently the burden of his mortgage, according to his desire. And if the rate of interest rises, how is he to escape the auctioneer's hammer?

The landowner is forced to cling to legislation. Unless he takes an active part in politics, and controls currency, import duties and railway freight charges, he is lost. What would become of landowners without the army? If the Yellow Peril became a reality and a man without property found Mongolian rule more irksome than Prussian discipline, he could down his tools and migrate, with his wife, children and a bundle of clothes. That is what he can do, if he is prepared to abandon his landed property.

Thus private ownership of land can be maintained only with the aid of politics, being itself a product of politics. It may be said that private ownership of land is the embodiment of politics. Without politics there can be no private ownership of land, and without private ownership of land there can be no politics. After buying off the land, politics would become a thing of the past.

Following nationalization of the land, agriculture would lose all connection with politics. Just as even today leasehold farmers as such have no immediate interest in currency, import duties, wages interest, freight-rates, construction of canals, extermination of pests; that is, they have no interest in the "great" - and sordid - problems of contemporary politics, simply because in the terms of their leases the influence of all these factors is already allowed for; so, after nationalization, all farmers will watch the proceedings of Parliament without excitement. They would know that every political measure affecting the lease will be reflected in its terms. If import-duties are introduced to protect agriculture, the farmer knows that he will have to pay a higher farm-rent for this protection; hence he is indifferent to the proposed duties.

With the land nationalized, the prices of farm produce may, without injury to the public interest, become so high that it will pay to cultivate sand dunes and boulder-strewn mountain slopes; even wheat grown in flower pots could be made profitable. But the cultivators of fertile soil would not derive any advantage from the higher prices, since their leases would also rise. Patriots who are anxious about the provisioning of their country in wartime should study this remarkable aspect of land nationalization.

With a tenth of the money now thrown into the lap of rentiers through import duties on wheat, Germany could have converted all her moors, heaths and wastelands into fertile soil.

The railway and canal freight charges, and the politics connected therewith, will not concern the leaseholder any more than they would concern the ordinary citizen. For changes in freight charges benefiting him would be cancelled out by the increase in his lease.

With nationalization of the land, politics would, in short, cease to interest the farmer personally. He would be concerned only with legislation for the common weal, with objective politics. Objective politics is, however, no longer politics as now understood, but applied science.

It may be objected here that if farmers were able to secure long term or lifelong leases, they would still be affected by legislation and tempted to seek private advantage at the expense of the common weal. The objection is sustained, but does it not apply with greater force to the existing private ownership of land, which allows the benefits of legislation to be converted into hard cash in the selling price of the land, as may be seen from the present high price of land resulting from protective duties? After nationalization of the land, however, the taint of politics may be altogether removed by reserving to the State, in the case of lifetime contracts, the right to have leases re-adjusted from time to time, just as is now done with the land rates. (In the case of short-term contracts the farmer himself adjusts the rent by publicly

auctioning the lease.) For if the farmer knows that all the advantages to be expected from politics were converted to a higher rent for the public revenue department, he would give up any attempt at influencing legislation.

Allowing for all these circumstances, we may sketch a lease contract under the regime of land nationalization:

## NOTICE

The lease of the farmstead known as "The Chalk Farm" is to be publicly auctioned. The auction will take place on St. Martin's Day, the lease to be granted to the highest bidder.

The farm is estimated to occupy one man in full work. The house and stables are in good repair. Rent hitherto 500. The soil is of the fifth quality, the climate suitable for strong constitutions only.

### Terms and obligations of the contract

The lessee undertakes:

- To sell neither fodder nor stable manure. He must keep sufficient farm animals to consume the entire crop of hay and straw.
- To restore to the soil, in the form of chemical fertilizers, the minerals extracted from it by the sale of grain; for every ton of grain 100 kg of basic slag or equivalent.
- To keep the farm buildings in good repair.
- To pay the rent in advance or give security for its payment.

The lessor (State Land-Department) undertakes:

- Not to give the lessee quit notice for as long as he fulfils his commitments.
- To grant priority rights of tenancy to the widow and direct heirs of the tenant in the form of a 10% rebate on the highest bid at the auction.
- To contract out at any time at the lessee's request on payment by him of a fine equal to one third of the annual rent.
- Not to alter the freight-charges for grain within the duration of the contract.
- To draft accurate wage statistics and, in the case of life-lease, to reduce the rent if wages rise, and to raise it if wages fall.
- To construct any new buildings that may prove to be necessary, in return for a rent increase equal to the interest on the capital outlay, plus depreciation, etc.
- To insure the lessee, free of charge, against accident, sickness, hail, floods, cattle-disease, fire, Phylloxera and other pests.

The crucial question for the practicability of land nationalization is this: Will tenants be forthcoming on the above conditions? Let us suppose that there were but few, competition at the auctions being slight. What would the result be? The amount bidden would be low; it would be in fact less than the real rent, and farmers would make correspondingly higher profits. But must not these higher profits act as a stimulus to farmers who had held back because of inability to appreciate the new conditions, consequently deciding to await the verdict of experience?

It is therefore fairly certain that after a short experimental period, competition at the lease auctions would raise farm rents to the level of the highest rent the land can

bear. The risk of tenure under the new conditions would almost disappear, because the net fruits of labor could not possibly fall below the average wage. The farmer would always be assured a fair wage for his personal labor. Over and above that, he would have the advantage of liberty, independence and freedom of movement.

Let it be further remarked that after nationalization a farmer would have to be appointed in every locality to supervise the execution of lease contracts. In every province and district an illustrated list of the farms to be let would be published annually, containing information that farmers require about the size and location of the farms, crops, prices of farm produce, buildings, previous rent, schools, climate, game and hunting grounds, social conditions etc. Since the purpose of nationalization is not to exploit farmers, great care would be taken to inform lessees about both the advantages and disadvantages of the farmsteads - whereas at present the landowner never mentions the disadvantages. Many of them, such as damp farmhouses, night frosts, etc. are concealed and can be discovered by the tenant only by indirect inquiry.

The following summarizes the effects of nationalization of agricultural land:

- Abolition of private profit from rent;
- Consequent elimination of what is called "agricultural distress", of protective-duties and politics as known today.
- Abolition of private ownership of land, hence elimination of mortgages, of subdivision of the land and of family quarrels after inheritance.
- No landlords, no land serfs, but general equality instead.
- No landed property, and therefore complete freedom of movement and settlement, with all its beneficial consequences for the health, character, religion, culture, happiness and joy of life of mankind.

In mining, nationalization of the land is even simpler than in agriculture. Instead of leasing the mines, the State would invite employers and co-operative societies to tender for working the mine and accept the lowest tender per ton of output. The State could then sell the output to the highest bidder. The difference between the two prices is rent, and goes into the public treasury.

The simple method described can be applied where fixed machinery is unnecessary; as for example in the case of peat, moors, brown-coal deposits, gravel, clay, sand pits, quarries, certain type of oilfields, etc. The system is presently adopted in State forests, where it has long been found satisfactory. The administration of the forest agrees with the workers in public contract on the wage to be paid for a cubic meter of timber, the lowest bidder securing the contract.

The timber is felled and trimmed into piles of certain standard dimensions and then sold by public auction. Fraud is almost impossible, because buyers at once complain if given short measure. It would be the same in surface mining. Buyers would supervise the work at the pits. The workers could, if they wished, co-operate, thus dispensing with the services of an employer (such system they would have yet to learn), because no capital worth mentioning is required. The pit belongs to the State, each worker needing only the working tools.

In coal pits, as in deep mining generally, the matter is more complicated, as plant is required. There are, however, several solutions, all workable.

- The State provides the plant. It insures the workers against accidents, and for the rest proceeds as above, i.e. the extracting of the mineral is given by contract to the individual workers. This method is in general use in private and State-owned mines.



- The State provides the plant, as above, but gives a contract for the working of the mine to co-operative societies. This system is not, as far as I know, in use at present. Its introduction would be advantageous for communistic workers, for they would thereby learn to govern themselves.
- The State leaves both the working of the mine and the provision of the plant to co-operative societies, paying the society a contract price to be fixed by competing for the output, which it sells to the highest bidder as in the first and second systems.
- A fourth system: let the workers also sell the output cannot be recommended, because the selling price would depend on too many factors.

For large mines with thousands of workers the first system would probably be the best; for medium-sized mines, the second system; and for the smallest mines, the third system.

The difference between selling price and running costs would be paid into the public treasury as rent.

Two systems could be used for the sale of mining produce:

1. A fixed price year in year out. It would work wherever production can be increased indefinitely, so that a demand from the fixed price can at all times be satisfied. Uniform quality of the products is an essential condition.
2. Public auction could be adopted for products of uneven quality and limited output. No possible increase of demand could be satisfied.

If the products were sold at a fixed price and an increased demand at such price could not always be satisfied, speculation would come into play. Where the quality is not uniform, sale by public auction is the only way of avoiding complaints.

Waterpower is a peculiar product of the land. In some regions it is already of great importance, and is destined to become even more important with the progress of technology. For the larger power stations supplying towns with light and with energy for tramways, municipal enterprise would be simplest, especially as the running of such power stations offers few difficulties. In the case of lesser waterpower used directly for industries such as flour- and sawmills, the sale of power at a uniform price, to be adjusted to the price of coal, would be more practical.<sup>42</sup>

The difficulties of nationalizing town land are somewhat greater, if it is desired to exclude arbitrariness and nevertheless secure the full rent for the State. If we are satisfied with a moderately efficient solution, the leasehold system existing in the greater part of London could be adopted. This system secures the land for the tenant, for any use he likes, for a term of 50 to 70 years (in London 99 years), the annual rent being fixed in advance for the whole term of the lease. The rights of the tenant are negotiable and inheritable; hence buildings erected on the land are saleable. Thus if in the course of time (in 100 years a lot may change) ground-rents rise, the tenant is the gainer; and the gains – as in London - may be very large. If, on the other hand, ground rents fall, the tenant must bear the loss, which may also be very large. As buildings erected on the land serve as pledges for the payment of rent, the tenant cannot escape the loss. The full rent of the house serves as security for the landlord.

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<sup>42</sup> [It would be very desirable that all sources of energy were sold in terms of stable units like the kilowatt-hour, the kilo-joule or equivalent. It has never been done, whether out of negligence, impracticability or malevolence is not up to me to say. Gesell could not foresee the global attack on all sources of energy starting in the 1990s by private monopolies. After “privatization” they increase prices by as much as 450%.]

But cities, as the history of Babylon, Rome and Venice teaches us, are subject to historical vicissitudes, for little is needed to sap their vitality. The discovery of the sea-route to India brought Venice, Genoa and Nuremberg low, deflecting the traffic to Lisbon; but the opening of the Suez Canal resurrected Genoa. The same is likely to happen with Constantinople after the opening of the Baghdad railway.<sup>43</sup>

Furthermore, let us recall that our present currency laws offer no guarantee that currency policy may not any day be directed, at the bidding of the creditor class, towards a general fall of prices such as occurred in 1873 when silver was demonetized. The possibility always exists that gold, in turn, may also be demonetized, and the supply of money then reduced so as to cause a general fall in prices of say 50%, by which the fortunes of private and public creditors doubled at the expense of the debtor class. In Austria this was done with paper money, in India with silver, so why should not the same trick be played with gold?<sup>44</sup>

Thus there is not the slightest guarantee that ground rents will be maintained during the whole term of the contract at the level when the lease was signed. The influence of politics and of a thousand economic circumstances - to which must be added the probability that after nationalization of the land the present tendency of the population to concentrate in towns may be reversed - make long-term leases exceedingly risky. For that risk the lease-giver, in the present case the State, must pay in the form of a reduced rent.

Another question is, what becomes of the buildings after the expiry of the lease? If the buildings fall to the State without compensation, the lessee will take care, when building his house, not to make it last longer than the term of the lease, so that in the majority of cases the buildings will have to be pulled down on lapsing to the State. To a certain extent it is an advantage that houses are not built for eternity, since every time they are rebuilt new technical improvements can be incorporated;<sup>45</sup> but the disadvantages are far weightier, as may be seen in the case of the French railways. The land occupied by these railways was leased to private railway companies for 99 years with the condition that at the expiry of the lease the whole should lapse to the State without compensation. The result is that construction and maintenance have been adapted to this clause. The State is not to inherit more than can be helped; it is to come into possession of the railways *in articulo mortis*, so to speak, of scrap-iron and debris. It is in consequence of this short-sighted contract that the French railways give such an impression of neglect - even now, long before the expiry of the contracts. The same thing would happen if building sites were let on condition that on expiry of the lease the buildings lapsed to the State.

A somewhat better plan would have the buildings valued and paid for by the State. But on what principle? There are two possibilities:

1. Valuation according to usefulness (building plan, layout).
2. Valuation according to building costs.

If compensation were determined simply by building costs and state of repair, the State would have to pay dear for many a useless, bungled building only fit to be pulled down. The developers would make short-term, ill-considered plans, knowing that, whatever the result; the State must pay the cost. If on the other hand building costs were left out of account and valuation based on other considerations, the

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<sup>43</sup> [It was a project of Kaiser Wilhelm, finished off only after WW II by independent Syria and Iraq.]

<sup>44</sup> [The whole paragraph is prophetic. Gold was demonetized in two steps: on 25<sup>th</sup> September 1931 by British Prime Minister Ramsey MacDonald, and on 15<sup>th</sup> August 1971 by US President Nixon. The dollar took the place of gold, but is losing hegemony in respect of the Euro since 1999.]

<sup>45</sup> [This principle is in force in Japan, where an urban construction has a mean duration of 17 years.]

building plans would have to be submitted for approval to the State, meaning bureaucracy, favoritism and red tape.

The best method would seem to me the following: to lease the building sites for an indefinite period; at a rent, however, not fixed in advance and immutable, but adjusted to the varying of ground rents, to be undertaken by the State at regular intervals, say, of 3, 5, or 10 years. Thus the developer's risk in connection with the ground rent would be reduced almost to nil, while the State would collect the full rent without concern for the buildings. The entire responsibility for the best use of the site would rest with the interested party, namely the developer. Exactitude in calculating ground rent and consequently the precise amounts to be paid for the leases cannot, of course, be expected, but it would certainly be possible to adjust the amount from time to time so as neither to unduly favor enterprise nor to defraud the State.

In order to calculate the ground rent for the different parts of a city the State could itself build a tenement house in every quarter of the city. The building plan would be devised with a view to securing the highest possible rent. From the yield of the building, interest on the building capital (as long as interest exists), maintenance, depreciation, fire-insurance etc. would be deducted. What remained would be the ground rent for all other buildings located in the same street or in an equivalent locality.

Not even by this method, however, could ground rent be calculated with exactitude, since a great deal would depend on the building plans of the normal tenement house. Extra care would be necessary, therefore, in devising such plans. But in any case the developers would never have reasons to complain, since shortcomings in the normal tenement would result in a reduced yield of rent, and this deficit would affect the calculation of ground rent, lowering it for all sites.

Such plan would give developers a direct personal stake in keeping their houses in good repair and in devising thorough building plans; for every advantage of their houses over the standard would be to their profit.

Finally, let me mention that as the overriding factor in the calculation of the ground rent in the rent of buildings is the rate of interest on the building capital, it will be necessary to determine in advance, that is, before the contract is signed, by what method the rate of interest is to be computed. In the calculation of ground rent it makes a vast difference whether the interest on the building capital is 4, 3.5, or 3%.

Suppose, for example, that the capital for a building scheme is 100,000, the house rent 10,000, and the rate of interest 4%. The interest on the building capital is then 4000. The ground rent, i.e. the rent to be paid on the lease, is 6000. But if the rate of interest is 3 %, only 3,000 would be deducted from the rent of the house, so that ground rent would be raised to 7,000. It is a difference that, if not founded on an incontestable, contractual basis, would cause a chorus of complaints. A fall in the rate of interest from 4% to 3% would make a difference of at least 20 million marks in the calculation of the ground rent for the city of Berlin today. It is therefore clear that the rate of interest upon which the calculation is based may not be arbitrary.

In the next part of this book, on monetary reform, there is a full discussion on the computation of pure interest on capital, to which I refer the reader. Here I suggest, quite independently of the other discussion, that the average dividend of all home industry shares quoted on the Stock Exchange should be calculated at the same rate of interest as for building capital. In this way building capital would be assured the same average yield as industrial capital, the building industry would in consequence be freed from all risk and would attract a large bulk of capital, to the benefit of the tenants. For everyone desiring a safe investment would invest in houses, which would always yield the average dividend.

This rate of interest would, of course, be used only for calculating the ground rent of the normal tenement house.

Normal tenement house on an area of 500 square yards yields	10,000
Building capital, less the usual amount written off for depreciation	100,000
Average dividend on industrial shares is 3.5 %. The interest on capital to be deducted from the rent therefore amounts to	3,500,
Leaving for ground-rent	6,500
or 13 per square yard.	

Without taking into account modifications, finally to be determined only by experience, we therefore obtain the following broad outline of a lease contract between the State and the developer.

1. The State grants the developer a hereditary lease of the building site at 12 Claudius Street.
2. Ground rent is calculated on the basis of the estimated ground rent of the normal rented house located in the same street.
3. The ground rent of this normal rented house is the rent obtained by public auction of the lease of the house, minus so much per cent for depreciation, repairs and insurance, and minus interest on the building capital.
4. For the calculation of ground rent, the rate of interest on the building capital will be considered equal to that of the average annual dividend industrial shares quoted on the Berlin Stock-Exchange.

#### 4. EFFECTS OF LAND NATIONALISATION

In order to see the effects of land nationalization it would not be necessary to wait until the redemption and burning of the last certificate of nationalization. The first effects would appear on the very day of the decree of expropriation, and in Parliament, at the level of politics.

Like the builders of Babel, parliamentarians will suddenly cease to recognize each other. They will go home transformed men, with new and higher aims. The thing they had stood for up to now, which they upheld or attacked, for the sake of which they launched into a thousand weighty or frivolous arguments, would no longer exist. By a stroke of magic the reeking battlefield of political strife would be converted into a peaceful graveyard. Private individuals could now derive no advantage from rent, and what was Parliament but a Stock-Exchange where bears and bulls growled and bellowed over the rise and fall of rent? One who took part in its debates dubbed Parliament "A betting-den for higher tariffs". It is a fact that of late parliamentary proceedings have almost exclusively been, directly or indirectly, about rent of land.

Rent on land is the starting point for all legislation initiated by Government; it is the axis about which the thoughts of the party in power consciously or unconsciously revolve, in Germany or elsewhere. If rent on land is safe, all is well.

The long, sordid debates on the wheat-duties turned upon rent on land. All the difficulties in connection with the German commercial treaties were created by landed interests. During the protracted deliberations about the German Midland Canal<sup>46</sup> it was the opposition of the landowners that had to be overcome. All the small natural liberties that we enjoy today, such as freedom of movement and settlement, the abolition of slavery and serfdom, had to be won from the landlords by force of arms, for the landlords used powder and shot to defend their interests. The long and murderous civil war in the United States was simply a struggle against landlords.<sup>47</sup> The opposition to every kind of progress proceeds from the landlords; if it depended on them, freedom of movement and settlement and universal suffrage would long since have been sacrificed for the benefit of rent on land. Schools, universities and the Church were from the outset subordinated to the landowners' interests.

With land nationalization all these troubles would instantly disappear. Agricultural politics would melt like snow in the sun of soil liberation. With the abolition of private property in land every private pecuniary interest in politics would vanish into thin air. No one would be able to make use of Parliament to fill his pockets. And politics no longer inspired by private interests, but by solicitude for the common weal is not really politics but, as remarked above, applied science. The representatives of the people would go deeply into the affairs of State, now obliged to adopt methods of work ruling out passion, and to examine sober matters soberly with the help of expert knowledge and statistics.

Not only landlord politics, but also the politics of their opponents would become superfluous. What were Socialists, Liberals, Democrats etc. delegated to the Reichstag for? To protect the interests of the people against the predatory instincts of the landlords. But defenders become superfluous when aggressors disappear. The whole Liberal Party program would be realized as a matter of course with the

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<sup>46</sup> [Begun 1905, finished 1938. It is 321km long, and allows the navigation of 1000 ton barges.]

<sup>47</sup> [History books obscure this fact by highlighting slavery. Lincoln made use of slavery as his battle horse from 1863, when the Union army was not faring too well. Secession had started because Lincoln's victory at the elections of 1860 threatened the slave-owning landlords with the loss of their free market supported by Great Britain. Few books mention the fact that the Czar sent two fleets of the Russian Navy to San Francisco and New York to prevent Great Britain from taking part in the conflict.]

liberation of the land. Nobody would think of questioning or criticizing this program or even of examining it, for everybody is a liberal at heart. What was reaction, what was the Conservative Party program? It was no more than rent on land.<sup>48</sup>

With land nationalization even the reactionary landowners of yesteryear would think liberal and progressive. They are men like the rest of us, neither better nor worse; they are keen on their interests, like the rest of us. They are not a race apart. They used to be united merely by their common material interest, which was, however, a bond of great strength. With land nationalization the land-owning class would get merged into the great mass of the people. Even the squires of yesterday would become democrats, for what is a squire without land? Landed property and aristocracy are one and the same thing. You can read, in the face of an aristocrat, not only how many acres of land he owns, but also the amount of his rent.

What function would then party politicians perform? Everything would become very simple and natural when rent on land no longer stands in the way of every innovation. "Open the road to progress" was the slogan of liberalism, and now the road would really be open. Legislation would nowhere clash with private interests. Liquid capital would indeed continue to exist, even increased by many billions through the conversion of landed capital into liquid capital (State securities). But liquid capital, transferable from one country to another, is international and subject to laws quite different from those of landed capital. Politics can render no service to liquid capital. (This proposition will be more fully explained and substantiated when we come to study the theory of interest). Liquid capital, moreover, being subject to the competition of foreign countries, must be on the alert for progress in every direction, thus being inevitably forced into the path of liberty.

With the abolition of private property in land the political antagonism of town and country would cease, jointly striving now for the same aims. If, for instance, agriculture were for any reason placed in a privileged position, workers would desert industry for agriculture. By competing at the public auctions of leases they would force up farm-rents, until the special privilege of agriculture again disappeared, and the equilibrium between the fruits of labor in industry and agriculture restored. Special privileges attaching to industrial work would disappear in the same manner. Land would be at everyone's disposal on equal terms.

After land nationalization the interests of agriculture and industry could never clash again. They would for the first time be amalgamated into a homogeneous economic and political entity, an overwhelming, solid block of people capable of attaining anything together, and against whom nothing could prevail.

It would lead us too far to discuss in detail all the effects of land nationalization in politics. The foregoing general discussion suffices to show that with land nationalization party politics, or indeed politics of any kind in the present sense of the word would disappear; for politics as we know it and rent on land are the same kettle of fish. Parliament would not indeed become superfluous, but it would be called upon to solve very different problems - problems from which the private interests of individuals were wholly excluded in the scientific sessions held. Instead of sending to Parliament representatives called upon to decide a great number of heterogeneous questions, in the end coming to assume competence in everything, we should elect experts for each special question. Each question would thus be settled expertly and scientifically. What is demanded of an M.P. today? He must pronounce on army and navy, on school and religion, arts and sciences, medicine (like compulsory

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<sup>48</sup> [This is still true. No Labour Party, despite more or less solemn promises, has ever been able to suppress the Lords, which exist to protect the vested interests of landlords since Henry VIII's expropriation of church property in 1541.]

vaccination), commerce, railways, post-office, game laws, agriculture, and what have you. Our omniscient representatives must even decide matters of currency policy (for example the introduction of the gold standard), although 99% of them have not the faintest notion of what money is, or of what it ought to be. Is it fair to blame these harried persons for not possessing expert knowledge about anything?<sup>49</sup>

Their very character would change no less than their politics. Jacks-of-all-trades would vanish with land nationalization. The people would choose as representatives experts with legislative powers confined to one single issue. After settling that issue their power would come to an end.

Land nationalization would affect social conditions no less profoundly than politics, again from the moment expropriation was decreed. The awareness that all, men and women, had now an equal right to their native soil, would inspire them with pride, expressed in their looks. Everyone would hold up their heads, including State employees, who don't do that now. They would all know that they had a safe refuge in the soil, a faithful mother offering protection to those in adversity. For the land would be at everyone's disposal, on equal terms for all, rich or poor, man or woman, able and willing to cultivate the soil.

Here it will probably be objected that even now there is no lack of opportunity for renting and cultivating the soil. But let us not forget that the rent of land now goes into the pockets of private persons, and that consequently everyone has to work cruelly hard to earn a living. After nationalization the rent of land would go to the public treasury, benefiting everyone directly in the form of State services. The work necessary to earn a living would be reduced; it will suffice to cultivate six or seven acres instead of ten, so that many an official whose health suffers in the city air would be able to earn his bread as a farmer.<sup>50</sup> This development will of course be still more marked when, following the monetary reform to be described later, interest on capital disappeared. Four acres would then be enough where today ten are barely enough.

This economic strength coupled to economic independence would of course change the whole relationship of man to man; manners, customs, speech and character would become freer and nobler.

After the abolition of private ownership of rent, and still more after the abolition of interest on capital, every healthy woman would be able to earn her living and her children's in agriculture. If three acres instead of ten sufficed for this purpose, a woman's strength would suffice where today a man's is required. And would not the return of woman to agriculture be the happiest solution to the problem of "feminism"?<sup>51</sup>

The German movement "Free Land-Free money" (Physiocracy) has proposed paying mothers a share of the national rent for their services in rearing their children, equivalent to the use of the soil by primitive woman. It is proposed to pay such

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<sup>49</sup> The State could, and should, be completely relieved of the burden of State schools, State Church, State universities and many other such institutions forced upon it by the landlords for the purpose of diverting the attention of the people from the real bone of contention. [Note also how Gesell's solution comes very close to the Corporate State fostered by the dictators of yesteryear. In 1943 the Irish Government spent £40,000 on a White Paper on the system, but party and landed interests buried it.]

<sup>50</sup> [This condition prevailed in the High Middle Ages, when the feudal lords shouldered the expenses of administration and defence out of the rent of land. People worked far less than today. As late as the 14<sup>th</sup> century the tenant worked four weeks for the produce to convey to his lord; another 14 weeks were enough for the needs of the whole family, and 10 weeks more provided the extras: beer, ham etc. The 150 remaining days were spent on leisure, which ranged from building cathedrals and sacred monuments, to making and decorating objects of common use that today are on show in museums.]

<sup>51</sup> [Gesell may be forgiven for not having foreseen the turn that feminism would take by the end of the 20<sup>th</sup> century.]

mothers' salaries from the rent of land, in opposition to Henry George's<sup>52</sup> proposal to use rent on land for taxation rebates.<sup>53</sup>

There is much to recommend this proposal. In the first place rent is ultimately the creation of mothers, since it is they who create the population that gives rise to rent. On the principle of "*suum cuique*"<sup>54</sup> mothers have undoubtedly the strongest claim to the rent of land. And we are led to the same conclusion if we compare primitive woman who, like a queen, commands all the gifts of nature about her, to the poverty-stricken women of our proletariat. The comparison shows that among us rent on land is stolen from the mothers. Among the primitive peoples of Asia, Africa and America there is no mother as utterly deprived of natural resources as the proletarian women of Europe. Primitive woman owns her whole surroundings. She takes wood for her fire where she finds it, and builds herself a hut where she chooses. Her hens, geese, goats and cows feed around the hut. Her dog guards the cradle. One boy takes trout from the brook; in the garden the older children sow and reap, others come back from the forest with firewood and berries; the eldest son brings in the deer he has killed on the mountain. And in the place of all these natural gifts we have enthroned the obese, inert, ignoble figure of the rentier. To imagine the plight of a pregnant proletarian woman, with nothing from nature around her on which she can lay her child, is to realize that if with our present economic system we cannot do without boundaries and rents, these rents belong by right to mothers.

According to calculations (with necessarily incomplete data), about 12 monthly could be distributed out of the rent of land for every child below the age of 15. With this support, and relief from the present tribute paid to interest, every woman would be able to bring up her children in the country without being forced to depend on the financial support of a man. Economic considerations could no longer crush the spirit out of women. In sexual matters her inclinations, wishes and instincts would decide. A woman would then be free to consider the mental, physical and race-improving qualities, and not merely the wallet, of her mate. Women would thus recover the great right of natural selection in choosing their mates, vastly more important for them than the illusory right of choosing their political representatives.

With nationalization of the land everyone would have at one's disposal the whole land of the country, and when nationalization becomes universal, the land of the whole world. Compared to that, today's kings are beggars. Every newborn babe, legitimate or not, would have 195,550,000 square-miles, 125,792 million acres of land at its disposal. And everyone would have the right to move freely and settle anywhere; no one would be bound to the soil like a plant. Those whose native air does not agree with them, who dislike the society in which they are placed, or who for any other reason desire a change of abode, may cancel their lease-contract and move on. In this way the German peasants who, as in the times of serfdom, cling to the soil and have never seen further than their church-towers, would be set in motion and get acquainted with new customs, new methods of work, new thoughts. The different peoples will come to know each other and see that no people is any better than any

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<sup>52</sup> [1839-1897. Henry George belonged to the generation before Gesell's. His *Progress and Poverty* (1879) has sold more copies than all of Marx's works put together. Yet Economics faculties, largely financed by landlords and usurers at their service, continue to ignore him.]

<sup>53</sup> [There is not much difference between the two proposals. In the first, the amount would go to mothers before going to the public coffers. In the second it would be the other way around, provided State policy agreed to pay mothers for their work, which is not only the hardest, but also the most important for a society. It can be verified in those nations where women have been forced to abandon doing domestic work free of charge for more attractive tasks outside the home, well paid but not very useful. The result is that population growth is below replacement levels. It is a question of time before those nations disappear from the face of the earth.]

<sup>54</sup> [In Latin in the original.]



other, that the social life hitherto created by all of them is vicious and discreditable. And since men as a rule are more ashamed of their vices among strangers than at home among friends and relations, it may be expected that social intercourse with strangers will purify and ennoble their morals.

Land nationalization affects the depths of human nature, transmuting and remolding it. A spirit of submission still lingers among men from the period of serfdom (among masters no less than among serfs) simply because private property in land, the foundation of slavery, still exists. This slavish spirit will finally disappear with the disappearance of landed property. Man will again stand erect just like a young fir-tree, which, relieved from the weight of snow, swings back vigorously to its natural poise. "Man is free even though born in fetters", says Schiller.<sup>55</sup> Man adapts to every influence, and every gain during the process of adaptation is transmitted to the next generation. But servility cannot be inherited, so that the disappearance of private property in land will leave no scar in the moral tissue of the slaves.

From the economically-founded, and therefore genuine, deep-rooted liberty resulting from land nationalization we are justified in expecting the fruits of civilization we had formerly –and vainly- looked for. Political peace within our borders will be reflected abroad, as inner peace of the soul is reflected in the human face. The peremptory, vulgar tone, inevitable with social relations perverted by rent on land, is transferred to political life, poisoning our relations with other nations. The never-ending conflict of interests resulting from the private ownership of land has accustomed us to see an enemy in every neighbor and in every neighboring nation, whom we must be prepared to oppose by force of arms if necessary. For nations do not at present face one another as humans and brethren, but as landlords. If private ownership of land is abolished in two neighboring countries, the only possible cause of strife between them disappears. Instead of envious land grabbers we shall then be people with nothing to lose and everything to gain from mutual intercourse, namely the enrichment of our professional activity, our religion, art, manner of thinking, morality and legislation. When the land is nationalized, no private individual will derive any profit from higher rents. If such is also the case in neighboring countries, there will be no one to derive any advantage from import duties at present embittering international relations, creating dissension, instigating defensive measures and causing such confusion that the nations are driven to war to preserve their status. With land nationalization, and still more with the monetary reform to be described later, free trade would be a matter of course. And if free trade is allowed to expand and gather force for a few decades, men will come to understand how intimately the welfare of the nations is bound up with it.<sup>56</sup> The whole people will then take anxious care to cultivate friendly relations with neighboring countries; families will begin to have ties of kinship across the border, friendship between artists, scholars, scientists, workmen, merchants and religious leaders will form the peoples of the world into a league of nations which time and common interests will consolidate. Without private property in rent there can be no war, because there will be no customs barriers. Land nationalization means universal free trade and peace.

The effect of such a land reform on war and peace has so far been but superficially studied. It is as yet an unexplored domain, which the German land reformers have never penetrated. There is rich material for a comprehensive work.

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<sup>55</sup> [1759-1805. St Augustine had forestalled him, adding a clause: "A good man, though enslaved, is free; an evil man, though a king, is a slave, and not of one master, but of as many as vices he has."

<sup>56</sup> The free trade mooted by Gesell is the opposite of that of the forces of globalization. Gesell desired it for every human being; the transnational corporations desire it for themselves, and pay slave wages to workers in the so-called "Third World."]

Who will do it? Gustav Simons,<sup>57</sup> Ernst Frankfurth<sup>58</sup> and Paulus Klüpfel,<sup>59</sup> who had prepared themselves thoroughly for it, and were the right men to undertake it, have been carried off by death in the midst of their labors.

I have outlined this great problem in "*Free-Land, Fundamental Condition for Peace*".<sup>60</sup>

With regard to the general law of wages it only remains to be said that after land nationalization and the canceling of the debt contracted for that purpose, all the rent of land will accrue to the wage fund, and the whole of the fruits of labor will then equal the total product of labor minus interest on capital.

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<sup>57</sup> [1861-1914. Died of tuberculosis.]

<sup>58</sup> [Gesell's personal friend. Died 1916.]

<sup>59</sup> Died 1916.

<sup>60</sup> "*Freiland, die ehernen Forderung des Friedens*" (Zürich, 1917) and Gesell's other address on peace: "*Gold und Frieden?*" (Bern, 1916) have been reprinted in all subsequent German editions and in the French edition of *The Natural Economic Order*. [They are both included in this translation.]

## 5. WHAT IS THE CASE FOR LAND NATIONALISATION?

A normal human being would claim the whole of the earth as his/her own. He would see the whole earth, not merely a part of it, as a member or vital organ of his own body. The problem is how to make this vision true for every human.

Dividing the earth is out of the question, since by division every man would get a part only, not the whole he needs. We cannot satisfy the claims of the members of a hungry family to soup by smashing the soup tureen and tossing a fragment to each. Moreover at every birth and burial the partition would have to be made afresh, quite apart from the fact that the plots to be distributed would have to differ in situation, quality, climate, etc., to allow everyone to choose. One would like a plot on a sunny mountain height; another in the neighborhood of a pub. Partition, at present usually by inheritance, takes no account of such wishes, so that the beer-drinker would have to descend daily from his mountain heights to quench his thirst, whereas the outdoor type longing for sunny heights would languish mentally and physically in the air of the valley.

No one is satisfied with a partition that chains men to their birthplace, but, as is usually the case, a permutation of plots is hampered by transfer taxes. Many an owner would like to move elsewhere for health's sake; many another has incurred the enmity of the neighborhood and had better shift his quarters. But their landed property holds them fast.

The transfer tax in many parts of Germany amounts to 1% to 3%; in Alsace to as much as 5%. Adding that landed property is in most cases mortgaged up to 3/4 of its value, we can understand the seriousness of this obstacle; the transfer tax claims 1/5 of the sum received by the seller and 1/5 of the buyer's capital. So if a man changes his abode five times - not excessive really for proper personal development - his whole fortune is absorbed in taxes. And the unearned increment tax advocated by the land reformers, and collected only on transfer, makes matters still worse.

Young farmers thrive in the north; but when a man gets on in years and his blood circulates less vigorously, a temperate climate is often preferable; old people feel happiest in the south. How are we to meet all these and a thousand other wishes by means of partition? A man cannot carry his land about like luggage. Is he to sell his plot and buy another? Ask those who, not having kept a constant eye on the market, have been forced by circumstances to sell their property repeatedly. They have fared like the peasant who took a cow to market and after a series of exchanges brought home a canary bird. The owner of land is forced to wait for a chance to sell and a chance to buy, but while waiting time flies, and in the end he often prefers to give up the advantages he might have obtained from a change of abode. There are farmers who would rather move to the outskirts of the city to enable their gifted children to attend school; others would rather escape from the same outskirts to bring up their children amidst unspoiled nature. Many a good Catholic, forced by inheritance to settle among Protestants, longs to get back to a Catholic neighborhood. Landed property prevents all these satisfactions, converting all men into chained cattle, serfs, slaves of the soil.

On the other hand, many a farmer whose only desire is to cultivate to his dying day the ancestral field ploughed by his forefathers, is evicted by a creditor, a usurer, or the tax-gatherer. The laws of "property" drive him out of his property.

Again, a farmer inherits a tract of his father's land, but to work it is forced to mortgage his "property" up to 90 % of its value to pay the shares of his nine siblings, and is crushed by the burden of the mortgage. A slight rise in wages, a slight decline in rent (which may be brought about simply by a reduction of shipping rates) is enough to make it impossible for him to pay the interest on his mortgage, thus

bringing the whole farm under the hammer. The so-called "agricultural distress" afflicting German landowners was a consequence of debts inevitably contracted on inheriting the land, which is an inevitable concomitant of private ownership of land. The "happy heir" of landed property drudges and calculates, seeks relief through pork-barrel politics, but his property gradually drags him down.

Still more disastrous are the consequences with the earth divided up as collective or communal property, as advocated by the co-operative movement. The sale of a plot is then impossible, so if a man leaves the community he loses his plot. The transfer tax is here replaced by a 100% removal tax. There are communes that not only levy no taxes but also actually distribute ready money. Not to forgo this income many stay on, although climatic, political, religious or social conditions, or the beer or the wages do not satisfy them. Nowhere is there more litigation, quarrelling, manslaughter, wasted lives, than in such wealthy communes. Wages must also be lower in such communes than elsewhere, since liberty to choose a profession according to one's personal inclination, so necessary for success in any calling, is greatly restricted by lack of freedom of movement. Everyone is thrown back upon local industries, and a man who might have made his fortune as an astronomer or a dancer keeps body and soul together as a woodman - simply because he cannot make up his mind to forgo his plot in the common property.

The same disadvantages, magnified and more dangerous, result from the division of the earth among different nations. No one nation is, or can be, satisfied with the area allotted to it, since every nation, just as every individual, needs the whole earth for proper development. And if the area is insufficient, what is more natural than the desire for conquest? But conquest requires military power, and history teaches us that military power decreases with the growth of the territory over which it is distributed; therefore there is not the slightest possibility of uniting all nations by conquest. Conquest, therefore, is usually limited to certain bits and pieces of the earth changing hands from time to time. For what one nation gains by conquest another nation is bound to lose; and as this other nation has the same desire for expansion, it prepares to re-conquer, waiting for the chance to fall on its neighbor.

In this way almost every nation has attempted to obtain possession of the globe by conquest, and always with the same negative result. The sword, like any other tool, gets blunted by use. And what sacrifices are called for in such futile attempts: blood and sweat in streams; piled-up corpses; vast treasures squandered, and all in vain! Today the political map of the world looks as patched and ragged as a beggar's coat. New barriers are erected daily, and each nation guards more jealously than ever the beggar's mess it has inherited.

Is there a reasonable hope that some day a conqueror arises who will unite us? Let us not indulge in pernicious fancies. Partition leads to war, and war results in patchwork. But man needs the whole earth, not merely a patchwork of hostile nations. As long as this fundamental need of every individual and every people remains unsatisfied, there will be war; man against man, people against people, continent against continent. And it should be noted that wars arising from such causes must necessarily have an effect contrary to that intended by the belligerents; for war produces separation not union, diminution not enlargement, chasms not bridges.

It is true that there are people who feel at home in a smoky room, and uncomfortable on a mountaintop. Prussians of the old school, for example, shrank from affiliation with the German Empire,<sup>61</sup> frightened by the new splendor. The partition of the earth has produced a poor-spirited race.

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<sup>61</sup> [The second Reich under the Hohenzollern dynasty, 1871-1918.]

Away then with this foolish puppet-show of armaments, frontiers, tariff-barriers and registers of landed property! Mankind requires something better than broken fragments of the globe. *Suum cuique*<sup>62</sup> that is, to each the whole.

But how can this ideal be realized without communism, without affiliating all nations into one great World-State, without abolishing the national independence of the separate peoples ?

Our answer is: By the Free-Land reform.<sup>63</sup>

With its introduction, all the land within the national boundaries would be made accessible to each inhabitant of the country and proclaimed his property. Does not this proceeding grant everyone the kind of land he longs for and consequently satisfy every desire, indeed every whim? In this way the obstacles in the way of moving would be reduced by the whole extent of the landed property and freedom of movement and settlement would become an economic as well as a legal reality.

Let us delve into the matter more closely. A peasant is working a large farm with his sons on the north German plains. But the sons do not care for farming and go to the city to take up some trade. The farm becomes too large for the peasant whose strength is declining through age and failing health. He would prefer a smaller farm, at the same time making real the dream of his youth: to live in the mountains. He would also like to settle somewhere in the vicinity of Frankfurt, where his sons have settled. For a peasant such a change, at present difficult, is almost impossible.

With Free-Land the case is different. The peasant has no landed property, so he is free to move, like a bird of passage. He has not even to wait for the expiry of his lease, since he may cancel the contract any day by paying a fine. So he sends for the catalogue, regularly issued by each province, of farms to let, marking the farms likely to suit his requirements. There will be no lack of choice. If the average duration of a lease is assumed to be 20 years, one farm out of every twenty would become vacant every year, that is, some 150,000 farms of an average of 25 acres. There would be large farms and small farms, to suit all requirements: on mountains, on plains, on the Rhine, on the Elbe, on the Vistula, in Catholic and in Protestant localities, in Conservative, Liberal, Socialist constituencies, in marshy soils, sandy soils, on the sea-coast, for cattle-breeding, for beetroot growing, in the forest, in foggy regions, on clear streams, in the smoky "Black Country", in the outskirts of cities, near the brewery, the garrison, the bishop, the schools, in French or Polish-speaking territory, for consumptives, for weak hearts, for strong men and for weak ones, for old and young -in short, 150,000 different farms annually to pick and choose from, waiting for him to come and try his luck. Cannot every man then say that he owns the whole of his country? In any case he cannot possess more than one piece of land at a time, for to possess something means to sit on it. Even if he were alone on earth, he could only decide to live in one plot of land.

He must indeed pay farm-rent, but in so doing he is merely returning the rent of the land that is not the product of the soil, but of society ("rent" means "given back"). And a man has a claim on the earth, but not on his fellow men. If, therefore, he restores to society, as rent for his farm, the rent that he collects from society as the prices of his farm products, he simply acts as an accountant or tax gatherer; his right to the soil remains intact. He gives back to society what society has paid him in advance in the price of the products of the soil, over and above his labor. But since the farmer himself is a member of society, he, also, receives his share of the farm rent. So

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<sup>62</sup> [In Latin in the original.]

<sup>63</sup> [It is the likely reason why the promoters of World Government have always opposed Gesell's (and George's) reforms, keeping the teachings of these two geniuses under wraps.]

in reality he pays no rent at all; he merely hands over the rent collected by him, for his account with society to be settled more accurately.

Free-Land completely respects the right of every individual to the whole land of the country. But the whole land of the country is not enough to satisfy a man aware of his own worth. He demands the whole world as his property, as an integral part of his personality.

Free-Land, too, overcomes this difficulty. For let us suppose that Free-Land becomes universal; a supposition by no means unreasonable considering how easily national institutions cross borders and are adopted by the whole world. Suppose, then, that Free-Land be universally introduced, and that immigrants are given equal rights with citizens, as they are at present with regard to most laws. In that case would not every individual have made real his right to possess the whole globe? The whole world from now on would form his absolute property. He might settle wherever he pleased (just as today, but only if he has money), and without expense, since the rent paid for the farm is, as we have seen, not a levy on the soil, but a return for the rent which he levies on society in the price of his products and which is given back to him in the form of State services.

Free-Land, then, would give every man full possession of the whole world, which henceforth would be for him, like his head, his unlimited property. It would grow as part of oneself, and could not be taken away because of an unpaid bill, a mortgage, or a security for a bankrupt friend. He could do as he pleases: drink, gamble, speculate, but his property would be safe. The amount of his landed property would stay the same whether he had to share his heritage with twelve brothers and sisters, or whether he was an only child. Quite independently of character and actions, the earth would remain his property. Should he fail to deliver to society the rent collected in the price of his field products, he would be placed under guardianship, but none the less the earth would remain his property.

Through land nationalization every child would be born much more than a landowner, for every child, legitimate or illegitimate, would hold the globe in his hand, like the Child Jesus of Prague. No matter what the color of a man's skin, black, brown, white or yellow, the earth would belong to him undivided.

Dust thou art and unto dust thou shalt return. It seems little, but beware of underestimating the economic significance of this dust. For dust is part of the earth, and the earth belongs to the landowners. For you to come into being and to grow you need parts of the earth; even a small deficiency of iron in your blood will undermine your health. Without the earth and, if it belongs to landowners, without their permission, no one is permitted to be born. This is no exaggeration. The analysis of your ashes shows a certain percentage of earthy matter that no one can draw out of the air. This earthy matter was at one time in the earth and it has either been bought, or stolen, from a landowner; there is no other possibility.

In Bavaria, permission to marry was made dependent on a certain income. Permission to be born is denied by law to all those who cannot pay for the dust that goes into constructing a frame of bone.

But neither is anyone allowed to die without the landowner's permission. For unto dust thou shalt return, but this dust takes up space on earth, which the landowner may be unwilling to grant. If a man dies somewhere without the landowner's permission, he robs the landowner, so those who are unable to pay for their burial-place go straight to hell. Hence the Spanish saying: He has no place whereon to drop down dead. And the Bible: The Son of Man has nowhere to lay His head.

But between cradle and grave there lies the whole of life, and life, as we know, is a combustion process. The body is a furnace, in which a constant heat must be maintained if the spark of life is not to be extinguished. This warmth we maintain

inwardly by nutrition, outwardly by clothing and shelter. But food, clothing and building materials are products of the earth, and what happens if the owners of the earth refuse us such materials?

Without permission from those who own the earth, then, nobody may eat, be clothed, or live at all.

This, also, is no exaggeration. The Americans deny the Chinese the right to immigrate; the Australians keep all those whose skin is not pure white away from their shores. Even shipwrecked Malayans seeking shelter on the Australian coast have been pitilessly turned away (\*Land Values 1905 p. 138.) And how do our own police deal with those who do not possess the means to buy the products of the earth? You have got nothing, yet you live, therefore you steal. The warmth of your body, a fire maintained with the products of the soil, is evidence of your misdeeds and reason enough for locking you up! That is why traveling journeymen always carry a sum of money that they never touch.

We frequently hear that man has a natural right to the earth. But that is absurd, for it would be just as correct to say that man has a natural right to his limbs. If we talk of rights in this fashion we must also say that a pine-tree has the right to sink its roots in the earth. Can man spend his life in a balloon? The earth belongs to, and is an organic part of, man. We cannot conceive man without the earth any more than without a head or a stomach. The earth is just as much a part, an organ, of man as the head. Where do the digestive organs of man begin and end? They have no beginning and no end, for they are a closed system without beginning or end. The substances that man requires to maintain life are indigestible in their raw state and must go through a preparatory digestive process. This preparatory work is not done by the mouth, but by the plant. It is the plant that collects and processes the raw materials that become nutriment in their further progress through the digestive canal. Plants and the space they occupy are just as much part of man as his mouth, teeth or stomach.

But man, unlike a plant, cannot remain satisfied with part of the earth; he needs the whole; every individual needs the whole, undivided, earth. Nations living in valleys or islands, or shut off by tariff-barriers, languish and become extinct. Trading nations, on the other hand, which spice their blood with all the products of the earth, remain vigorous and populate the world. The bodily and spiritual needs of men put down roots in every square foot of the earth's surface, embracing the globe as with the arms of an octopus. Man needs the fruits of the tropics, of the temperate zones and of the north; and for his health he needs the air of the mountains, sea and desert. To stimulate his mind and enrich his experience he needs social intercourse with all the nations of the earth. He even needs the gods of other nations as objects with which to compare his own religion. The whole globe in splendid flight around the sun is a part, an organ, of every individual human being.

How, then, can we suffer individuals confiscate for themselves parts of the earth as their exclusive property, to erect barriers and with the help of watchdogs and trained slaves keep us away from parts of the earth that are in the end parts of ourselves - to tear, as it were, whole limbs from our bodies? Is not such a proceeding equivalent to mutilation?

The reader may be unable to accept this comparison on the ground that amputation of a piece of land causes no loss of blood. Would that it caused no more than ordinary loss of blood! An ordinary wound heals. You lose an ear or a hand; the flow of blood is stanchd and the wound closes. But the wound left in our body by the amputation of a piece of land festers forever; it never closes. At every deadline for the payment of rent, on every Quarter Day, the wound opens and the golden blood gushes forth. Man is bled white and goes staggering forward. The amputation of a piece of

land from our body is the bloodiest of all operations; it leaves a gaping, festering sore that cannot heal unless the stolen limb is grafted on again.

But how? Is not the earth already fragmented, cut up and parceled out? And have not title deeds been drafted that record this parceling and must be respected?

But this is nonsense. For who was it that drew up and signed these title deeds? I myself have never consented to the partition of the earth, to the amputation of my limbs. And what others have done without my consent cannot bind me. For me these documents are scraps of paper. I have never consented to the amputation that makes a cripple of me. Therefore I demand back my stolen property and declare war on whoever withholds part of the earth from me.

"But there, on these faded parchments, stands the signature of your ancestor!" It is true that my name occurs there, but who knows whether the signature was forged or genuine? And even if the signature on the parchment is genuine, I can read between the lines that it was extorted by force, since no one willingly sacrifices one's limbs unless in immediate danger of his life. Only a trapped fox bites off its own leg. Again, is anybody duty-bound to recognize the debts of his forebears? Are children to be held responsible for the sins of their forefathers? Are parents to be allowed to mutilate their children? May a father sell his daughter?

One suspects that our ancestors tumbled away the earth, like the old Germans who staked wives and children for their cup. For only drunken fools sell themselves or their limbs; only drunken fools could have voluntarily signed the documents that gave away the land. If an inhabitant of Mars came among us for the purpose of buying land here to take with him, is it conceivable that he would be allowed to carry off parts of the earth, great or small? Yet it makes no difference whatever to the bulk of the population whether the riches of the earth are carried off to Mars, or whether a landowner takes possession of them. For when the landowner has collected his rent, he leaves nothing behind but waste and desert. If our landowners were to roll up the whole of the arable surface of Germany and carry it off to Mars - it would make no difference to the rest of the population. During a famine in Russia, the landlords living in luxury in Paris exported great quantities of wheat from Russia, until even the Cossacks felt the pinch, and exports had to be prohibited to maintain order.<sup>64</sup>

The signatures in the land register were extorted at the point of the dagger, or procured by fraud or through the brandy bottle. The land register is the criminal record of Sodom and Gomorrah and if landowners, in their turn, were to declare themselves willing to assume responsibility for the actions of their ancestors, they would have to be clapped into prison for fraud and extortion.

Jacob defrauded Esau of his pastures by means of a mess of pottage, when the latter returned famished from the hunt. Are we to give our moral sanction to this transaction by keeping the descendants of Esau from the use of these pastures with the help of the police?

We need not go back, however, to Esau to discover the origin of such title deeds. "The settlement of most countries took place originally by way of conquest, and even in modern times the existing divisions of the land were often changed by the sword."<sup>65</sup>

And how is a country being occupied today, before our eyes? For a bottle of brandy for himself and some finery for his consort, the Herero king sold the land that he had taken from the Hottentots. Millions of acres, which his people used as pasture for their herds! Did he know what he was doing when, befuddled by the fumes of

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<sup>64</sup> [The story is the same as in Ireland, reported above.]

<sup>65</sup> Anton Menger: *Das Recht auf den vollen Arbeitsertrag*.



alcohol, he put the treacherous cross at the foot of the document? Did he know that this document would be kept as a precious relic in a steel safe and guarded day and night by sentinels? Did he know that his whole people would be nailed to that cross; that henceforward he would have to pay rent for each head of cattle - he, his children, his grandchildren, today, tomorrow, forever? He did not know this when he drew on the document the sign of the cross taught him by the missionaries, for how can a man be cheated and defrauded by the sign of Christ? If he had signed the document knowingly he would have been a traitor, deserving to be hanged on the nearest tree. But he did not know, for when practice taught him what the document meant, he took up arms as a "treacherous savage" (in the German press the unhappy natives who were waging their "war of independence" with the only weapons at their disposal, were usually styled incendiaries, thieves, treacherous savages and so forth). Of course it availed the Hereros nothing. They were hunted down, and the few that escaped were driven into the desert to starve. (General Trotha's proclamation).

The land occupied in this manner was then distributed as follows, according to an official report: (\*Deutsche Volksstimme, 20 December 1904.)

	Square Miles
1. German Colonial Company for South West Africa	51,300
2. German Settlement Company	7,600
3. Hanseatic Land, Mining and Commercial Company	3,800
4. Kaoko Land and Mining Company	39,900
5. Southwest Africa Company Ltd.	4,940
6. South Africa Territories Ltd.	4,560
Total	112,100

That is 70 million acres.

What have the six proprietors given for these 70 million acres? A brandy bottle, a mess of pottage. This is what is being done in Africa, in Asia, in Australia.

In South America matters were further simplified: the document with the sign of the cross for a signature was dispensed with. General Roca, afterwards President, was sent out with a horde of soldiers to drive the Indians off the fertile grazing grounds of the Pampas. The majority of the Indians were shot down, the women and children were dragged to the capital as cheap labor, and the remaining ones were hunted across the Rio Negro. The land was then distributed among the soldiers, most of whom hastened to sell their claims for brandy or bright cloth.<sup>66</sup>

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<sup>66</sup> "The Argentine consul general reports that recent sales of large estates in Argentina show clearly how greatly the values of landed property have risen in that country. In Pampa territory Antonio Devoto bought an area of 116 *leguas* with 12 000 heads of horned cattle, 300 000 sheep etc. from the British South American Land Company for 61 million dollars, or about 50 000 dollars a *legua* of 2 500 hectares. - José Guazzone known as the wheat king, bought 5 *leguas* at 200 000 dollars a *legua* in the district of Navaria in the province of Buenos Aires. - The Jewish Colonisation Company bought 40 *leguas*, partly in Piqué, partly in the Pampa Central, for 80.000 dollars a *legua*, which the seller, Federico Leloir had bought in 1879 for 400 dollars a *legua*. - All this land in the Pampa was liberated from the Indians in 1878 and sold publicly in 1879-80 for 400 dollars a *legua*. It is especially suitable for cattle-breeding and its value has meanwhile increased 150 to 200-fold, which is a good index of the prosperity of the country". Hamburger Fremdenblatt, Dec. 22, 1904.

To this we may add that the increase in the price of the land is in reality far greater. The 400 dollars a *legua* were payable in "moneda corriente", which was worth one thirtieth of the present-day

This is how the sacred, inviolable rights of the present owners to what is probably the most fertile soil in the world were acquired. The pasture of millions of sheep, horses, cattle, the land for a great nation coming into existence, is today the private property of a handful of men who obtained it for a few quarts of brandy.

In North America territories quite recently settled were largely uninhabited.<sup>67</sup> Everyone could take as much as he pleased. Every adult, man or woman had a claim to 160 acres of land, so that families with six grown-up children were able to claim 1000 acres. Anyone who agreed to plant a few trees was allowed to claim double the amount, 320 acres. After six years the occupiers were given title deeds, and the land was then saleable. Through the purchase of such homesteads for trifling sums (much could not be asked for something that could be claimed elsewhere for nothing) latifundia of many thousands of acres were formed. Price: A quart of brandy, an unpaid bill, a mess of pottage. In California two Luxembourg farmers, Müller and Lux, today own an estate so large that Prussia could easily be fitted into it. Price: a quart of brandy, a mess of pottage.

The Northern Pacific Railway obtained gratis from the Canadian Government permission to construct the railway, and in addition to this privilege it received as a gift a strip of land 40 miles wide on each side of it. Consider what that means: 40 miles right and left of a line 2000 miles long! Price: Nothing at all!

With the Canadian Pacific it was much the same story. In a pamphlet issued by this company it is stated that "The company took over the construction of 1920 miles, for which it obtained from the Government valuable privileges and liberties and, further, 25 million dollars in money, 25 million acres of land, and 638 miles of railroad already constructed".

Let it not be imagined that the projected railway was to be considered the return for these gifts. The above pamphlet states that the railway is to remain the property of the company. But where, then, it will be asked, is the return for the 25 million acres of land, the 25 million dollars, the 638 miles of railroad already constructed and the valuable privileges? The answer is, a mere bagatelle, namely, the risk attached to the interest on the capital to be paid.

Thus by a stroke of the pen 25 million acres of arable soil in one of the most fertile, most beautiful and healthiest of countries passed into private ownership. No one so much as took the trouble of looking at the land that was to be given away as a gift. Only during the construction of the railway were the extraordinary fertility of the soil, its wealth in minerals, and the beauty of the landscape "discovered". And this happened not in Africa, but in Canada, renowned for its excellent administration.

Such is the origin of private ownership of land at the present day in countries upon which Europe is as dependent as upon its own fields.

Knowing therefore how private ownership of land is established today, need we investigate how it originated yesterday? "Peor es menearlo", as the Spaniards say: Better not to stir it. Are we to inquire of the Church in what colors hell was painted when the dying dame bequeathed her landed property to it? Are we to inquire of the counts, dukes, barons, by what treasonable means they obtained from a weak emperor the transformation into freehold of the land that they only held as wages for military service? Or how they availed themselves of the incursions of marauding neighbors as a welcome opportunity for extorting privileges and landed property from the emperor? "Peor es menearlo". The more you stir it, the more it stinks. Are we to ask

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peso (dollar). So the increase was 30 times 200, that is 6,000-fold. It is said that many of the soldiers sold their shares for boxes of matches (Cajas de fósforos).

<sup>67</sup> [Gesell does not seem well informed. Howard Zinn, in *A people's history of the United States* tells the story of extermination wars waged at the beginning of the 19<sup>th</sup> century against the Red Indians.]

the English landlords how they came by their landed property in Ireland? Pillage, rapine, murder, high treason and legacy hunting: these would be the answers to our queries. Anyone not satisfied with these answers can collect full information about the origin of landed property in the old ballads and drinking songs, and from observation of the pitiful physical and moral decay of the race. He will be convinced that our ancestors were a band of drunkards who tumbled away the heritage of their descendants, careless of the fate of the coming generations. After us the Deluge, was their motto.

Are we, then, to maintain this venerable institution bequeathed to us by these drunken Falstaffs, out of pious veneration of the bottles that were emptied at its origin, or out of gratitude for the degenerate blood and crippled limbs that they have bequeathed?

The deeds of the dead are not the standard for our actions. Every age has its own tasks to accomplish, which demand its whole strength. Dead leaves are swept from the trees by autumn gales; dead moles rot on the field track, the droppings of the grazing herds are carried underground by Nature's scavengers. Nature, in short, takes care that dead matter shall be removed from sight, so that the earth may remain eternally fresh and young. Nature hates mementoes of death. The pallid skeleton of a pine tree never serves as support and ladder for new vegetation; before seeds can germinate, the dead tree must be felled by the storm. In the shadow of old trees young vegetation cannot prosper; but no sooner are they gone than everything begins to grow and flourish.

Let us bury with the dead their title deeds and laws. Let us pile up the registers of landed property as a pyre for the dead. A coffin is too narrow for a bed, and what are our land laws and land registers but coffins in which the corpses of our ancestors lie buried?

Burn, then, such rotting plunder! It is from the ashes, not from the corpse, that the Phoenix arises!

## 6. WHAT FREE-LAND CANNOT DO

Such are the far-reaching consequences of land nationalization; nevertheless, the importance of this reform -great though it is - must not be exaggerated. Free-Land is not, as many are inclined to imagine, a panacea. Henry George was of the opinion that Free-Land would eliminate Interest, Economic Crises and Unemployment.

He did not, indeed, support this belief with the same confidence and wealth of ideas as his main contention. This half-heartedness proves him to have been aware of his lack of clear insight. He had doubts about this part of the theory. But his disciples do not share these doubts.

What with Henry George was not much more than an opinion held without deep conviction became an unquestioned dogma with his disciples. The only exception is Michael Flürscheim; hence his unpopularity with the other land reformers, despite his being the first to revive the idea of land reform in Germany.

Free-Land influences the distribution of the product of labor; unemployment and economic crises, though, are not problems of distribution, but problems of exchange or commerce. Even interest, although it influences the distribution of the product far more powerfully than does rent on land, is merely a problem of exchange, for what determines the amount of interest, namely the ratio in which existing stocks of products are offered in exchange for future ones, is an exchange and nothing but an exchange. With rent, on the other hand, no exchange takes place: the receiver simply pockets the rent without giving anything in return. Rent is part of the harvest, not an exchange, and that is why the study of the problem of rent can offer no basis for the solution of the problem of interest.

The problems of unemployment, economic crises and interest on capital cannot be accounted for unless we examine the conditions under which exchange takes place. Henry George did not undertake this examination, nor have the German land reformers made the attempt; and for this reason they are utterly unable to explain the existence of interest on capital, of economic crises and of unemployment. Henry George's theory of interest on capital, still held, to their confusion, by the German land reformers, is an incredibly crude "theory of fructification", which utterly fails to account for any phenomenon connected with capital-interest or unemployment. And his theory of economic crises (disproportion between the consumption and the incomes of the rich) is equally superficial.

This has been the weak point of the land reform movement up to now. It was asserted that land reform would by itself solve the social problem, but no satisfactory scientific explanation of the most serious drawbacks of our economic system was produced. And the land reformers, besides failing to produce a theoretic explanation, were also unable to suggest practical remedies for the drawbacks of our economic system. The wage earners to whom, also, the land reformers promise salvation, cannot be rescued from their desperate plight solely by land nationalization. They demand the full fruits of labor, that is, the abolition of both rent on land and interest on capital; and they also demand an economic system without crises and unemployment.

This exaggeration of the effect of land nationalization has caused incalculable damage to the whole movement.

We shall now examine the condition under which interest on capital, crises and unemployment come into being, and shall discuss the measures necessary for the removal of these evils. We are thus about to approach what is notoriously the most intricate of all economic problems. The reader need not, however, be alarmed, for the problem has been rendered perplexing only by pseudo-scientific methods of investigation; in reality the facts are rigorously intertwined, and we have only to begin at the right place to discover the connections.