Chapter Four

I

After conquest and confiscation have been effected, and the State set up, its first concern is with the land. The State assumes the right of eminent domain over its territorial basis, whereby every landholder becomes in theory a tenant of the State. In its capacity as ultimate landlord, the State distributes the land among its beneficiaries on its own terms. A point to be observed in passing is that by the State-system of land-tenure each original transaction confers two distinct monopolies, entirely different in their nature, inasmuch as one concerns the right to labour-made property, and the other concerns the right to purely law-made property. The one is a monopoly of the use-value of land; and the other, a monopoly of the economic rent of land. The first gives the right to keep other persons from using the land in question, or trespassing on it, and the right to exclusive possession of values accruing from the application of labour to it; values, that is, which are produced by exercise of the economic means upon the particular property in question. Monopoly of economic rent, on the other hand, gives the exclusive right to values accruing from the desire of other persons to possess that property; values which take their rise irrespective of any exercise of the economic means on the part of the holder.[1]

Economic rent arises When, for whatsoever reason, two or more persons compete for the possession of a piece of land, and it increases directly according to the number of persons competing. The whole of Manhattan Island was bought originally by a handful of Hollanders from a handful of Indians for twenty-four dollars' worth of trinkets. The subsequent "rise in land-values," as we call it, was brought about by the steady influx of population and the consequent high competition for portions of the island's surface; and these ensuing values were monopolized by the holders. They grew to an enormous size, and the holders profited accordingly; the Astor, Wendel, and Trinity Church estates have always served as classical examples for study of the State-system of land-tenure.

Bearing in mind that the State is the organization of the political means - that its primary intention is to enable the economic exploitation of one class by another - we see that it has always acted on the principle already cited, that expropriation must precede exploitation. There is no other way to make the political means effective. The first postulate of fundamental economics is that man is a land-animal, deriving his subsistence wholly from the land.[2] His entire wealth is produced by the application of labour and capital to land; no form of wealth known to man can be produced in any other way. Hence, if his free access to land be shut off by legal preemption, he can apply his labour and capital only with the landholder's consent, and on the landholder's terms; in other words, it is at this point, and. this point only, that exploitation becomes practicable.[3] Therefore the first concern of the State must be invariably, as we find it invariably is, with its policy of land-tenure.

I state these elementary matters as briefly as I can; the reader may easily find a full exposition of them elsewhere.[4] I am here concerned only to show why the State system of landtenure came into being, and why its maintenance is necessary to the State's existence. If this system were broken up, obviously the reason for the State's

existence would disappear, and the State itself would disappear with it.[5] With this in mind, it is interesting to observe that although all our public policies would seem to be in process of exhaustive review, no publicist has anything to say about the State system of land-tenure. This is no doubt the best evidence of its importance.[6]

Under the feudal State there was no great amount of tragic in land. When William, for example, set up the Norman State in England after conquest and confiscation in 1066-76, his associate banditti, among whom he parceled out the confiscated territory, did nothing to speak of in the way of developing their holdings, and did not contemplate gain from the increment of rental-values. In fact, economic rent hardly existed; their fellow-beneficiaries were not in the market to any great extent, and the dispossessed population did not represent any economic demand. The feudal regime was a regime of status, under which landed estates yielded hardly any rental-value, and only a moderate use-value, but carried an enormous insignia-value. Land was regarded more as a badge of nobility than as an active asset; its possession marked a man as belonging to the exploiting class, and the size of his holdings seems to have counted for more than the number of his exploitable dependents.[7] The encroachments of the merchant-State, however, brought about a change in these circumstances. The importance of rental-values was recognized, and speculative trading in land became general.

Hence, in a study of the merchant-Stale as it appeared full-blown in America, it is a point of utmost consequence to remember that from the time of the first colonial settlement to the present day, America has been regarded as a practically limitless field for speculation in rental-values.[8] One may say at a safe venture that every colonial enterpriser and proprietor after Raleigh's time understood economic rent and the conditions necessary to enhance it. The Swedish, Dutch and British trading-companies understood this; Endicott and Winthrop, of the autonomous merchant-State on the Bay, understood it; so did Penn and the Calverts; so did the Carolinian proprietors, to whom Charles II granted a lordly belt of territory south of Virginia, reaching from the Atlantic to the Pacific; and, as we have seen, Roger Williams and Clarke understood it perfectly. Indeed, land-speculation may be put down as the first major industry established in colonial America. Professor Sakolski calls attention to the fact that it was flourishing in the South before the commercial importance of either negroes or tobacco was recognized. These two staples came fully into their own about 1670 - tobacco perhaps a little earlier, but not much - and before that, England and Europe had been well covered by a lively propaganda of Southern landholders, advertising for settlers.[9]

Mr. Sakolski makes it clear that very few original enterprisers in American rental-values ever got much profit out of their ventures. This is worth remarking here as enforcing the point that what gives rise to economic rent is the presence of a population engaged in a settled exercise of the economic means, or as we commonly put it, "working for a living" - or again, in technical terms, applying labour and capital to natural resources for the production of wealth. It was no doubt a very fine dignified thing for Carteret, Berkeley, and their associate nobility to be the owners of a province as large as the Carolinas, but if no population were settled there, producing wealth by exercise of the economic means, obviously not a foot of it would bear a pennyworth of rental-value, and the proprietors' chance of exercising the political means would therefore be precisely nil. Proprietors who made the most profitable

exercise of the political means have been those - or rather, speaking strictly, the heirs of those - like the Brevoorts, Wendels, Whitneys, Astors, and Goelets, who owned land in an actual or prospective urban centre, and held it as an investment rather than for speculation.

The lure of the political means in America, however, gave rise to a state of mind which may profitably be examined. Under the feudal State, living by the political means was enabled only by the accident of birth, or in some special cases by the accident of personal favour. Persons outside these categories of accident had no chance whatsoever to live otherwise than by the economic means. No matter how much they may have wished to exercise the political means, or how greatly they may have envied the privileged few who could exercise it, they were unable to do so; the feudal regime was strictly one of status. Under the merchant-State, on the contrary, the political means was open to anyone, irrespective of birth or position, who had the sagacity and determination necessary to get at it. In this respect, America appeared as a field of unlimited opportunity. The effect of this was to produce a race of people whose master-concern was to avail themselves of this opportunity. They had but the one spring of action, which was the determination to abandon the economic means as soon as they could, and at any sacrifice of conscience or character, and live by the political means. From the beginning, this determination has been universal, amounting to monolnania.[10] We need not concern ourselves here with the effect upon the general balance of advantage produced by supplanting the feudal State by the merchant-State; we may observe only that certain virtues and integrities were bred by the regime of status, to which the regime of contract appears to be inimical, even destructive. Vestiges of them persist among peoples who have had a long experience of the regime of status, but in America, which has had no such experience, they do not appear. What the compensations for their absence may be, or whether they may be regarded as adequate, I repeat, need not concern us; we remark only the simple fact that they have not struck root in the constitution of the American character at large, and apparently can not do so.

[1] The economic rent of the Trinity Church estate in New York City, for instance, would be as high as it is now, even if the holders had never done a stroke of work on the property. Landowners who are holding a property "for a rise" usually leave it idle, or improve it only to the extent necessary to clear its taxes; the type of building commonly called a "taxpayer" is a familiar sight everywhere. Twenty-five years ago a member of the New York City Tax Commission told me that by careful estimate there was almost enough vacant land within the city limits to feed the population, assuming that all of it were arable and put under intensive cultivation!

[2] As a technical term in economics, land includes all natural resources, earth, air, water, sunshine, timber and minerals in situ, etc. Failure to understand this use of the term has seriously misled some writers, notably Count Tolstoy.

[3] Hence there is actually no such thing as a "labour problem," for no encroachment on the rights of either labour or capital can possibly take place until all natural resources within reach have been preempted. What we call the "problem of the unemployed" is in no sense a problem, but a direct consequence of State created monopoly.

[4] For fairly obvious reasons they have no place in the conventional courses that are followed in our schools and colleges.

[5] The French school of physiocrats, led by Quesnay, du Pont de Nemours, Turgot, Gournay and le Trosne - usually regarded as the founders of the science of political economy - broached the idea of destroying this system by the confiscation of economic rent; and this idea was worked out in detail some years ago in America by Henry George. None of these writers, however, seemed to be aware of

the effect that their plan would produce upon the State itself. Collectivism, on the other hand, proposes immeasurably to strengthen and entrench the State by confiscation of the use-value as well as the rental-value of land, doing away with private proprietorship in either.

[6] If one were not aware of the highly explosive character of this subject, it would be almost incredible that until three years ago, no one has ever presumed to write a history of land-speculation in America. In 1932, the firm of Harpers published an excellent work by Professor Sakolski, under the frivolous catch-penny title of *The Great American Land Bubble*. I do not believe that anyone can have a competent understanding of our history or of the character of our people, without hard study of this book. It does not pretend to be more than a preliminary approach to the subject, a sort of path-breaker for the exhaustive treatise which someone, preferably Professor Sakolski himself, should be undertaking; but for what it is, nothing could be better. I am making liberal use of it throughout this section.

[7] Regard for this insignia-value or token-value of land has shown an interesting persistence. The rise of the merchant-State, supplanting the regime of status by the regime of contract, opened the way for men of all sorts and conditions to climb into the exploiting class; and the new recruits have usually shown a hankering for the old distinguishing sign of their having done so, even though the rise in rental values has made the gratification of this desire progressively costly.

[8] If our geographical development had been determined in a natural way, by the demands of use instead of the demands of speculation, our western frontier would not yet be anywhere near the Mississippi River. Rhode Island is the most thickly-populated member of the Union, yet one may drive from one end of it to the other on one of its "through" highways, and see hardly a sign of human occupancy. All discussions of "over-population" from Malthus down, are based on the premise of legal occupancy instead of actual occupancy, and are therefore utterly incompetent and worthless. Oppenheimer's calculation, made in 1912, to which I have already referred, shows that if legal occupation were abolished, every family of five persons could possess nearly twenty acres of land, and still leave about two-thirds of the planet unoccupied. Henry George's examination of Malthus's theory of population is well known, or at least, easily available. It is perhaps worth mention in passing that exaggerated rental-values are responsible for the perennial troubles of the American single-crop farmer. Curiously, one finds this fact set forth in the report of a farm-survey, published by the Department of Agriculture about fifty years ago.

[9] Mr. Chinard, professor in the Faculty of Literature at Johns Hopkins, has lately published a translation of a little book, hardly more than a pamphlet, written in 1686 by the Huguenot refugee Durand, giving a description of Virginia for the information of his fellow-exiles. It strikes a modern reader as being very favourable to Virginia, and one is amused to read that the landholders who had entertained Durand with an eye to business, thought he had not laid it on half thick enough, and were much disgusted. The book is delightfully interesting, and well worth owning.

[10] It was the ground of Chevalier's observation that Americans had "the morale of an army on the march," and of his equally notable observations on the supreme rule of expediency in America.

II

It was said at the time, I believe, that the actual causes of the colonial revolution of 1776 would never be known. The causes assigned by our schoolbooks may be dismissed as trivial; the various partisan and propagandist views of that struggle and its origins may be put down as incompetent. Great evidential value may be attached to the long line of adverse commercial legislation laid down by the British State from 1651 onward, especially to that portion of it which was enacted after the merchant-State established itself firmly in England in consequence of the events of 1688. This legislation included the Navigation Acts, the Trade Acts, acts regulating the colonial currency, the act of l752 regulating the process of levy and distress, and the procedures leading up to the establishment of the Board of Trade in 1686.[11] These directly affected the industrial and commercial interests in the

colonies, though just how seriously is perhaps an open question-enough at any rate, beyond doubt, to provoke deep resentment.

Over and above these, however, if the reader will put himself back into the ruling passion of the time, he will at once appreciate the import of two matters which have for some reason escaped the attention of historians. The first of these is the attempt of the British State to limit the exercise of the political means in respect of rental-values.[12] In 1763 it forbade the colonists to take up lands lying westward of the source any river flowing through the Atlantic seaboard. The dead-line thus established ran so as to cut off from preemption about half of Pennsylvania and half of Virginia and every thing to the west thereof. This was serious. With the mania for speculation running as high as it did, with the consciousness of opportunity, real or fancied, having become so ,acute and so general, this ruling affected everybody. One can get some idea of its effect by imagining the state of mind of our people at large if stock gambling had suddenly been outlawed at the beginning of the last great boom in Wall Street a few years ago.

For by this time the colonists had begun to be faintly aware of the illimitable resources of the country lying westward; they had learned just enough about them to fire their imagination and their avarice to a white heat. The seaboard had been pretty well taken up, the freeholding farmer had been pushed back farther and farther, population was coming in steadily, the maritime towns were growing. Under these conditions, "western lands" had become a centre of attraction. Rental-values depended on population, the population was bound to expand, and the one general direction in which it could expand was westward, where lay an immense and incalculably rich domain waiting for preemption. What could be more natural than that the colonists should itch to get their hands on this territory, and exploit it for themselves alone, and on their. own terms, without risk of arbitrary interference by the British State? - and this of necessity meant political independence. It takes no great stress of imagination to see that anyone in those circumstances would have felt that way, and that colonial resentment against the arbitrary limitation which the edict of 1763 put upon the exercise of the political means must therefore have been great.

The actual state of land-speculation during the colonial period will give a fair idea of the probabilities in the case. Most of it was done on the company-system; a number of adventurers would unite, secure a grant of land, survey it, and then sell it off as speedily as they could. Their aim was a quick turnover; they did not, as a rule, contemplate holding the land, much less settling it - in short, their ventures were a pure gamble in rental-values.[13] Among these pre-Revolutionary enterprises was the Ohio Company, formed in 1748 with a grant of half a million acres; the Loyal Company, which like the Ohio Company, was composed of Virginians; the Transylvania, the Vandalia, Scioto, Indiana, Wabash, Illinois, Susquehanna, and others whose holdings were smaller.[14] It is interesting to observe the names of persons concerned in these undertakings; one can not escape the significance of this connection in view of their attitude towards the revolution, and their subsequent career as statesmen and patriots. For example, aside from his individual ventures, General Washington was a member of the Ohio Company, and a prime mover in organizing the Mississippi Company. He also conceived the scheme of the Potomac Company, which was designed to raise the rental-value of western holdings by affording an outlet for their produce by canal arid portage to the Potomac River, and thence to the seaboard.

This enterprise determined the establishment of the national capital in its present most ineligible situation, for the proposed terminus of the canal was at that point. Washington picked up some lots in the city that bears his name, but in common with other early speculators, he did not make much money out of them; they were appraised at about $20,000 when he died.

Patrick Henry was an inveterate and voracious engrosser of land lying beyond the deadline set by the British State; later he was heavily involved in the affairs of one of the notorious Yazoo companies operating in Georgia. He seems to have been most unscrupulous. His company's holdings in Georgia, amounting to more than ten million acres, were to be paid for in Georgia scrip, which was much depreciated. Henry bought up all these certificates that he could get his hands on, at ten cents on the dollar, and made a great profit on them by their rise in value when Hamilton put through his measure for having the central government assume the debts they represented. Undoubtedly it was this trait of unrestrained avarice which earned him the dislike of Mr. Jefferson, who said, rather contemptuously, that he was "insatiable in money.[15]

Benjamin Franklin's thrifty mind turned cordially to the project of the Vandalia Company, and he acted successfully as promoter for it in England in 1766. Timothy Pickering, who was Secretary of State under Washington and John Adams, went on record in 1796 that "all I am now worth was gained by speculations in land." Silas Deane, emissary of the Continental Congress to France, was interested in the Illinois and Wabash Companies, as was Robert Morris, who managed the revolution's finances; as was also James Wilson, who became a justice of the Supreme Court and a mighty man in post-revolutionary land-grabbing. Wolcott of Connecticut, and Stiles, president of Yale College, held stock in the Susquehanna Company; so did Peletiah Webster, Ethan Allen, and Jonathan Trumbull, the "Brother Jonathan," whose name was long a sobriquet for the typical American, and is still sometimes so used. James Duane, the first mayor of New York City, carried on some quite considerable speculative undertakings; and however indisposed one may feel towards entertaining the fact, so did the "Father of the Revolution" himself-Samuel Adams.

A mere common-sense view of the situation would indicate that the British State's interference with a free exercise of the political means was at least as great an incitement to revolution as its interference, through the Navigation Acts, and the Trade Acts, with a free exercise of the economic means. In the nature of things it would be a greater incitement, both because it affected a more numerous class of persons, and because speculation in land-values represented much easier money. Allied with this is the second matter which seems to me deserving of notice, and which has never been properly reckoned with, as far as I know, in studies of the period.

It would seem the most natural thing in the world for the colonists to perceive that independence would not only give freer access to this one mode of the political means, but that it would also open access to other modes which the colonial status made unavailable. The merchant-State existed in the royal provinces complete in structure, but not in function; it did not give access to all the modes of economic exploitation. The advantages of a State which should be wholly autonomous in this respect must have been clear to the colonists, and must have moved them strongly towards the project of establishing one.

Again, it is purely a common-sense view of the circumstances that leads to this conclusion. The merchant-State in England had emerged triumphant from conflict, and the colonists had plenty of chance to see what it could do in the way of distributing the various means of economic exploitation, and its methods of doing it. For instance, certain English concerns were in the carrying trade between England and America, for which other English concerns built ships. Americans could compete in both these lines of business. If they did so, the carrying-charges would be regulated by the terms of this competition; if not, they would be regulated by monopoly, or, in our historic phrase, they could be set as high as the traffic would bear. English carriers and shipbuilders made common cause, approached the State and asked it to intervene, which it did by forbidding the colonists to ship goods on any but English-built and English-operated ships. Since freight-charges are a factor in prices, the effect of this intervention was to enable British ship owners to pocket the difference between monopoly-rates and competitive rates; to enable them, that is, to exploit the consumer by employing the political means.[16] Similar interventions were made at the instance of cutlers, nail makers, hatters, steel makers, etc.

These interventions took the form of simple prohibition. Another mode of intervention appeared in the customs-duties laid by the British State on foreign sugar and molasses.[17] We all now know pretty well, probably, that the primary reason for a tariff is that it enables the exploitation of the domestic consumer by a process indistinguishable from sheer robbery.[18] All the reasons regularly assigned are debatable; this one is not, hence propagandists and lobbyists never mention it. The colonists were well aware of this reason, and the best evidence that they were aware of it is that long before the Union was established, the merchant-enterprisers and industrialists were ready and waiting to set upon the new-formed administration with an organized demand for a tariff.

It is clear that, while in the nature of things, the British State's interventions upon the economic means would stir up great resentment among the interests directly concerned, they would have another effect fully as significant, if not more so, in causing those interests to look favourably on the idea of political independence. They could hardly have helped seeing the positive, as well as the negative, advantage that would accrue from setting up a State of their own, which they might bend to their own purposes. It takes no great amount of imagination to reconstruct the vision that appeared before them of a merchant-State clothed with full powers of intervention and discrimination, a State which should first and last "help business," and which should be administered either by mere agents or by persons easily manageable, if not by persons of actual interests like to their own. It is hardly presumable that the colonists generally were not intelligent enough to see this vision, or that they were not resolute enough to risk the chance of realizing it when the time could be made ripe; as it was, the time was ripened almost before it was ready.[19] We can discern a distinct line of common purpose uniting the interests of the merchant-enterpriser with those of the actual or potential speculator in rental-values - uniting the Hancocks, Gores, Otises, with the Henrys, Lees, Wolcotts, Trumbulls - and leading directly towards the goal of political independence.

The main conclusion, however, towards which these observations tend, is that one general frame of mind existed among the colonists with reference to the nature and primary function of the State. This frame of mind was not peculiar to them; they

shared it with the beneficiaries of the merchant-State in England, and with those of the feudal State as far back as the State's history can be traced. Voltaire, surveying the debris of the feudal State, said that in essence the State is "a device for taking money out of one set of pockets and putting it into another." The beneficiaries of the feudal State had precisely this view, and they bequeathed it unchanged and unmodified to the actual and potential beneficiaries of the merchant-State. The colonists regarded the State as primarily an instrument whereby one might help oneself and hurt others, that is to say, first and foremost they regarded it as the organization of the political means. No other view of the State was ever held in colonial America. Romance and poetry were brought to bear on the subject in the customary way; glamorous myths about it were propagated with the customary intent; but when all came to all, nowhere in colonial America were actual practical relations with the State ever determined by any other view than this.[20]

[11] For a most admirable discussion of these measures and their consequences, cf. Beard, *op. cit.*, vol. I, p. 191-220.

[12] In principle, this had been done before; for example, some of the early royal land-grants reserved mineral-rights and timber-rights to the Crown. The Dutch State reserved the right to furs and pelts. Actually, however, these restrictions did not amount to much, and were not felt as a general grievance, for these resources had been but little explored.

[13] There were a few exceptions, but not many; notably in the case of the Wadsworth properties in Western New York, which were held as an investment and leased out on a rental-basis. In one, at least, of General Washington's operations, it appears that he also had this method in view. In 1773 he published an advertisement in a Baltimore newspaper, stating that he had secured a grant of about twenty thousand acres on the Ohio and Kanawha rivers, which he proposed to open to settlers on a rental-basis.

[14] Sakolski, *op. cit.*, ch. I.

[15] It is an odd fact that among the most eminent names of the period, almost the only ones unconnected with land-grabbing or land-jobbing, are those of the two great antagonists, Thomas Jefferson and Alexander Hamilton. Mr. Jefferson had a gentleman's distaste for profiting by any form of the political means; he never even went so far as to patent one of his many useful inventions. Hamilton seems to have cared nothing for money. His measures made many rich, but he never sought anything from them for himself. In general, he appears to have had few scruples, yet amidst the riot of greed and rascality which he did most to promote, he walked worthily. Even his professional fees as a lawyer were absurdly small, and he remained quite poor, all his life.

[16] Raw colonial exports were processed in England, and re-exported to the colonies at prices enhanced in this way, thus making the political means effective on the colonists both going and coming.

[17] Beard, *op. cit.*, vol. I, p. 195, cites the observation current in England at the time, that seventy-three members of the Parliament that imposed this tariff were interested in West Indian sugar-plantations.

[18] It must be observed, however, that free trade is impracticable so long as land is kept out of free competition with industry in the labour-market. Discussions of the rival policies of free trade and protection invariably leave this limitation out of account, and are therefore nugatory. Holland and England, commonly spoken of as free-trade countries, were never really such; they had only so much freedom of trade as was consistent with their special economic requirements. American free-traders of the last century, such as Sumner and Godkin, were not really free traders; they were never able - or willing - to entertain the crucial question why, if free trade is a good thing, the conditions of labour were no better in free-trade England than, for instance, in protectionist Germany, but were in fact worse. The answer is, of course, that England had no unpreempted land to absorb displaced labour, or to stand in continuous competition with industry for labour.

[19] The immense amount of labour involved in getting the revolution going, and keeping it going, is nor as yet exactly a commonplace of American history, but it has begun to be pretty well understood, and the various myths about it have been exploded by the researches of disinterested historians.

[20] The influence of this view upon the rise of nationalism and the maintenance of the national spirit in the modern world, now that the merchant-State has so generally superseded the feudal State, may be perceived at once. I do not think it has ever been thoroughly discussed, or that the sentiment of patriotism has ever been thoroughly examined for traces of this view, though one might suppose that such a work would be extremely useful.

III

The charter of the American revolution was the Declaration of Independence, which took its stand on the double thesis of "unalienable" natural rights and popular sovereignty. We have seen that these doctrines were theoretically, or as politicians say, "in principle," congenial to the spirit of the English merchant enterpriser, and we may see that in the nature of things they would be even more agreeable to the spirit of all classes in American society. A thin and scattered population with a whole wide world before it, with a vast territory full of rich resources which anyone might take a hand at preempting and exploiting, would be strongly on the side of natural rights, as the colonists were from the beginning; and political independence would confirm it in that position. These circumstances would stiffen the American merchant-enterpriser, agrarian, forestaller and industrialist alike in a jealous, uncompromising, and assertive economic individualism.

So also with the sister doctrine of popular sovereignty. The colonists had been through a long and vexatious experience of State interventions which limited their use of both the political and economic means. They had also been given plenty of opportunity to see how these interventions had been managed, and how the interested English economic groups which did the managing had profited at their expense. Hence there was no place in their minds for any political theory that disallowed the right of individual self-expression in politics. As their situation tended to make them natural born economic individualists, so also it tended to make them natural-born republicans.

Thus the preamble of the Declaration hit the mark of a cordial unanimity. Its two leading doctrines could easily be interpreted as justifying an unlimited economic pseudo-individualism on the part of the State's beneficiaries, and a judiciously managed exercise of political self-expression by the electorate. Whether or not this were a more free-and-easy interpretation than a strict construction of the doctrines will bear, no doubt it was in effect the interpretation quite commonly put upon them. American history abounds in instances where great principles have, in their common understanding and practical application, been narrowed down to the service of very paltry ends. The preamble, nevertheless, did reflect a general state of mind. However incompetent the understanding of its doctrines may have been, and however interested the motives which prompted that understanding, the general spirit of the people was in their favour.

There was complete unanimity also regarding the nature of the new and independent political institution which the Declaration contemplated as within "the right of the people" to set up. There was a great and memorable dissension about its form, but none about its nature. It should be in essence the mere continuator of the merchant-State already existing. There was no idea of setting up *government*, the purely social institution which should have no other object than, as the Declaration

put it, to secure the natural rights of the individual; or, as Paine put it, which should contemplate nothing beyond the maintenance of freedom and security - the institution which should make no positive interventions of any kind upon the individual, but should confine itself exclusively to such negative interventions as the maintenance of freedom and security might indicate. The idea was to perpetuate an institution of another character entirely, the State, the organization of the political means; and this was accordingly done.

There is no disparagement implied in this observation; for, all questions of motive aside, nothing else was to be expected. No one knew any other kind of political organization. The causes of American complaint were conceived of as due only to interested and culpable maladministration, not to the essentially anti-social nature of the institution administered. Dissatisfaction was directed against administrators, not against the institution itself. Violent dislike of the form of the institution - the monarchical form - was engendered, but no distrust or suspicion of its nature. The character of the State had never been subjected to scrutiny; the cooperation of the *Zeitgeist* [spirit of the time] was needed for that, and it was not yet to be had.[21] One may see here a parallel with the revolutionary movements against the Church in the sixteenth century-and indeed with revolutionary movements in general. They are incited by abuses and misfeasances, more or less specific and always secondary, and are carried on with no idea beyond getting them rectified or avenged, usually by the sacrifice of conspicuous scapegoats. The philosophy of the institution that gives play to these misfeasances is never examined, and hence they recur promptly under another form or other auspices,[22] or else their place is taken by others which are in character precisely like them. Thus the notorious failure of reforming and revolutionary movements in the long-run may as a rule be found due to their incorrigible superficiality.

One mind, indeed, came within reaching distance of the fundamentals of the matter, not by employing the historical method, but by a homespun kind of reasoning, aided by a sound and sensitive instinct. The common view of Mr. Jefferson as a doctrinaire believer in the stark principle of "states' rights" is most incompetent and misleading. He believed in states' rights, assuredly, but he went much farther; states' rights were only an incident in his general system of political organization. He believed that the ultimate political unit, the repository and source of political authority and initiative, should be the smallest unit; not the federal unit, state unit or county unit, but the township, or, as he called it, the "ward." The township, and the township only, should determine the delegation of power upwards to the county, the state, and the federal units.

His system of extreme decentralization is interesting and perhaps worth a moment's examination, because if the idea of *the State* is ever displaced by the idea of *government*, it seems probable that the practical expression of this idea would come out very nearly in that form.[23] There is probably no need to say that the consideration of such a displacement involves a long look ahead, and over a field of view that is cluttered with the debris of a most discouraging number, not of nations alone, but of whole civilizations. Nevertheless it is interesting to remind ourselves that more than a hundred and fifty years ago, one American succeeded in getting below the surface of things, and that he probably, to some degree, anticipated the judgment of an immeasurably distant future.

In February, 1816, Mr. Jefferson wrote a letter to Joseph C. Cabell, in which he expounded the philosophy behind his system of political organization. What is it, he asks, that has "destroyed liberty and the rights of man in every government which has ever existed under the sun? The generalizing and concentrating all cares and powers into one body, no matter whether of the autocrats of Russia or France, or of the aristocrats of a Venetian senate." The secret of freedom will be found in the individual "making himself the depository of the powers respecting himself, so far as he is competent to them, and delegating only what is beyond his competence, by a synthetical process, to higher and higher orders of functionaries, so as to trust fewer and fewer powers in proportion as the trustees become more and more oligarchical." This idea rests on accurate observation, for we are all aware that not only the wisdom of the ordinary man, but also his interest and sentiment, have a very short radius of operation; they can not be stretched over an area of much more than township-size; and it is the acme of absurdity to suppose that any man or any body of men can arbitrarily exercise their wisdom, interest and sentiment over a state-wide or nation-wide area with any kind of success. Therefore the principle must hold that the larger the area of exercise, the fewer and more clearly defined should be the functions exercised. Moreover, "by placing under everyone what his own eye may superintend," there is erected the surest safeguard against usurpation of function. "Where every man is a sharer in the direction of his ward-republic, or of some of the higher ones, and feels that he is a participator in the government of affairs, not merely at an election one day in the year, but every day; ... he will let the heart be torn out of his body sooner than his power wrested from him by a Caesar or a, Bonaparte."

No such idea of popular sovereignty, however, appeared in the political organization that was set up in 1789 - far from it. In devising their structure, the American architects followed certain specifications laid down by Harington, Locke and Adam Smith, which might be regarded as a sort of official digest of politics under the merchant-State; indeed, if one wished to be perhaps a little inurbane in describing them - though not actually unjust - one might say that they are the merchant-State's defence mechanism.[24] Harington laid down the all important principle that the basis of politics is economic - that power follows property. Since he was arguing against the feudal concept, he laid stress specifically upon landed property. He was, of course, too early to perceive the bearings of the State-system of land-tenure upon industrial exploitation, and neither he nor Locke perceived any natural distinction to be drawn between law-made property and labour-made property; nor yet did Smith perceive this clearly, although he seems to have had occasional indistinct glimpses of it. According to Harington's theory of economic determinism, the realization of popular sovereignty is a simple matter. Since political power proceeds from land-ownership, a simple diffusion of land-ownership is all that is needed to insure a satisfactory distribution of power.[25] If everybody owns, then everybody rules. "If the people hold three parts in four of the territory," Harington says, "it is plain there can neither be any single person nor nobility able to dispute the government with them. In this case therefore, except force be interposed, they govern themselves."

Locke, writing a half-century later when the revolution of 1688 was over, concerned himself more particularly with the State's positive confiscatory

interventions upon other modes of property-ownership. These had long been frequent and vexatious, and under the Stuarts they had amounted to unconscionable highway-manry [highway robbery]. Locke's idea therefore was to copperrivet such a doctrine of the sacredness of property as would forever put a stop to this sort of thing. Hence, he laid it down that the first business of the State is to maintain the absolute inviolability of general property-rights; the State itself might not violate them, because in so doing it would act against its own primary function. Thus, in Locke's view, the rights of property took precedence even over those of life and liberty; and if ever it came to the pinch, the State must make its choice accordingly.[26]

Thus, while the American architects assented "in principle" to the philosophy of natural rights and popular sovereignty, and found it in a general way highly congenial as a sort of voucher for their self-esteem, their practical interpretation of it left it pretty well hamstrung. They were not especially concerned with consistency; their practical interest in this philosophy stopped short at the point which we have already noted, of its presumptive justification of a ruthless economic pseudo-individualism, and an exercise of political self-expression by the general electorate which should be so managed as to be, in all essential respects, futile. In this they took precise pattern by the English Whig exponents and practitioners of this philosophy. Locke himself, whom we have seen putting the natural rights of property so high above those of life and liberty, was equally discriminating in his view of popular sovereignty. He was no believer in what he called "a numerous democracy," and did not contemplate a political organization that should countenance anything of the kind.[27] The sort of organization he had in mind is reflected in the extraordinary constitution he devised for the royal province of Carolina, which established a basic order of politically inarticulate serfdom. Such an organization as this represented about the best, in a practical way, that the British merchant-State was ever able to do for the doctrine of popular sovereignty.

It was also about the best that the American counterpart of the British merchant-State could do. The sum of the matter is; that while the philosophy of natural rights and popular sovereignty afforded a set of principles upon which all interests could unite, and practically all did unite, with the aim of securing political independence, it did not afford a satisfactory set of principles on which to found the new American State. When political independence was secured, the stark doctrine of the Declaration went into abeyance, with only a distorted simulacrum of its principles surviving. The rights of life and liberty were recognized by a mere constitutional formality left open to eviscerating interpretations, or, where these were for any reason deemed superfluous, to simple executive disregard; and all consideration of the rights attending "the pursuit of happiness" was narrowed down to a plenary acceptance of Locke's doctrine of the preeminent rights of property, with law-made property on an equal footing with labour-made property.

As for popular sovereignty, the new State had to be republican in form, for no other would suit the general temper of the people; and hence, its peculiar task was to preserve the appearance of actual republicanism without the reality. To do this, it took over the apparatus which we have seen the English merchant-State adopting when confronted with a like task - the apparatus of a representative or parliamentary system. Moreover, it improved upon the British model of this apparatus by adding three auxiliary devices which time has proved most effective. These were, first, the

device of the fixed term, which regulates the administration of our system by astronomical rather than political considerations - by the motion of the earth around the sun rather than by political exigency; second, the device of judicial review and interpretation, which, as we have already observed, is a process whereby anything may be made to mean anything; third, the device of requiring legislators to reside in the district they represent, which puts the highest conceivable premium upon pliancy and venality, and is therefore the best mechanism for rapidly building up an immense body of patronage. It may be perceived at once that all these devices tend, of themselves, to work smoothly and harmoniously towards a great centralization of State power, and that their working in this direction may be indefinitely accelerated with the utmost economy of effort.

As well as one can put a date to such an event, the surrender at Yorktown marks the sudden and complete disappearance of the Declaration's doctrine from the political consciousness of America. Mr. Jefferson resided in Paris as minister to France from 1784 to 1789. As the time for his return to America drew near, he wrote Colonel Humphreys that he hoped soon "to possess myself anew, by conversation with my countrymen, of their spirit and ideas. I know only the Americans of the year 1784. They tell me this is to be much a stranger to those of 1789." So indeed he found it. Upon arriving in New York and resuming his place in the social life of the country, he was greatly depressed by the discovery that the principles of the Declaration had gone wholly by the board. No one spoke of natural rights and popular sovereignty; it would seem actually that no one had ever heard of them. Quite the contrary; everyone was talking about the pressing need of a strong central coercive authority, able to check the incursions which "the democratic spirit" was likely to incite upon "the men of principle and property." [28] Mr. Jefferson wrote despondently of the contrast of all this with the sort of thing he had been hearing in the France which he had just left "in the first year of her revolution, in the fervour of natural rights and zeal for reformation." In the process of possessing himself anew of the spirit and ideas of his countrymen, he said, "I can not describe the wonder and mortification with which the table-conversations filled me." Clearly, though the Declaration might have been the charter of American independence, it was in no sense the charter of the new American State.

[21] Even now its cooperation seems not to have got very far in English and American professional circles. The latest English exponent of the State, Professor Laski, draws the same set of elaborate distinctions between the State and officialdom that one would look for if he had been writing a hundred and fifty years ago. He appears to regard the State as essentially a social institution, though his observations on this point are by no means clear. Since his conclusions tend towards collectivism, however, the inference seems admissible.

[22] As, for example, when one political party is turned out of office, and another put in.

[23] In fact, the only modification of it that one can foresee as necessary is that the smallest unit should reserve the taxing-power strictly to itself. The larger units should have no power whatever of direct or indirect taxation, but should present their requirements to the townships, to be met by quota. This would tend to reduce the organizations of the larger units to skeleton form, and would operate strongly against their assuming any functions but those assigned them, which under a strictly governmental regime would be very few - for the federal unit, indeed, extremely few. It is interesting to imagine the suppression of every bureaucratic activity in Washington today that has to do with the maintenance and administration of the political means, and see how little would be left. If the State were superseded by government, probably every federal activity could be housed in the Senate Office Building - quite possibly with room to spare.

[24] Harington published the *Oceana* in 1656. Locke's political treatises were published in 1690. Smith's *Inquiry into the Nature and Causes of the Wealth of Nations* appeared in 1776.

[25] This theory, with its corollary that democracy is primarily an economic rather than a political status, is extremely modern. The Physiocrats in France, and Henry George in America, modified Harington's practical proposals by showing that the same results could be obtained by the more convenient method of a local confiscation of economic rent.

[26] Locke held that, in time of war, it was competent for the State to conscript the lives and liberties of its subjects, but not their property. It is interesting to remark the persistence of this view in the practice of the merchant-State at the present time. In the last great collision of competing interests among merchant-States, twenty years ago, the State everywhere intervened at wholesale upon the rights of life and liberty, but was very circumspect towards the rights of property. Since the principle of absolutism was introduced into our constitution by the income-tax amendment, several attempts have been made to reduce the rights of property, in time of war, to an approximately equal footing with those of life and liberty; but so far, without success.

[27] It is worth going through the literature of the late seventeenth and early eighteenth century to see how the words "democracy" and "democrat" appear exclusively as terms of contumely and reprehension. They served this purpose for a long time both in England and America, much as the terms "bolshevism" and "bolshevist" serve us now. They were subsequently taken over to become what Bentham called "impostor-terms," in behalf of the existing economic and political order, as synonymous with a purely nominal republicanism. They are now used regularly in this way to describe the political system of the United States, even by persons who should know better - even, curiously, by persons like Bertrand Russell and Mr. Laski, who have little sympathy with the existing order. One sometimes wonders how our revolutionary forefathers would take it if they could hear some flatulent political thimblerigger [shell game operator] charge them with having founded "the great and glorious democracy of the West."

[28] This curious collocation of attributes belongs to General Henry Knox, Washington's secretary of war, and a busy speculator in land-values. He used it in a letter to Washington, on the occasion of Shays's Rebellion in 1786, in which he made an agonized plea for a strong federal army. In the literature of the period, it is interesting to observe how regularly a moral superiority is associated with the possession of property.