Locke and George on Original Acquisition March 2024

The ownership of natural resources, particularly land, is of the utmost importance for understanding many economic and social problems our world faces today. Many developed countries are undergoing housing crises. The ratio of the median home price to the median income has risen for decades. This means that many people have to spend a greater percentage of their incomes on housing, burdened by real estate debt. Others are forced to rent or live with family members: one third of Americans between 18 and 34 live with their parents, a share that is higher in almost all European countries, and over half in many.[[1]](#footnote-1) High housing prices contribute to the financialization of the economy, prevent family formation, and divert capital from more productive uses.[[2]](#footnote-2)

There are even more pernicious systemic consequences of high housing prices. The housing market, especially in the United States, is one with a history of exclusion. Many of the best neighborhoods legally barred African Americans until well into the 1950s and 1960s. Some of the effects of this institutionalized racism persist today.[[3]](#footnote-3) The failure of the most productive and dynamic cities to add more housing has prevented people from moving there to pursue better opportunities, creating a sizable drag on the entire country’s GDP.[[4]](#footnote-4) Housing is most importantly a key driver of wealth inequality. Piketty (2014) found that inequality has been increasing since the second world war because labor’s share of output has been decreasing relative to that of capital, and that real estate constitutes the majority of the capital stock in wealthy countries. But subsequent research found that Piketty underestimated the role of housing in inequality—one paper found that higher prices for real estate account for all of the increase in inequality that has been seen in rich countries in living memory.[[5]](#footnote-5) Real estate has two components: land and a structure. The fundamental cause of the problems I identified above is land, not structures. Structures slowly depreciate because of use and exposure to the elements, so the increase in housing prices is ultimately due to increases in land prices.

Land is thus at the center of a lot of problems involving distributive justice. But its role in the theory of distributive justice has been either seriously misunderstood, or entirely neglected. It has been entirely neglected by patterned theorists, like Rawlsians, prioritarians, and egalitarians, who typically do not draw a distinction between unproduced wealth (land) and produced wealth (buildings and other physical capital), and instead view society’s wealth as a homogenous distributive category. The distinctive importance of land has been seriously misunderstood by the other main approach to distributive justice: the historical theories developed by libertarian philosophers like Nozick and Locke.

My aim in this paper is to identify and correct the central error at the heart of historical theories of distributive justice. A historical theory of justice has two parts: a theory of original acquisition and a theory of exchange. The former shows how individuals can generate entitlements to previously unowned natural resources, and the later shows how individuals can transfer existing entitlements among themselves. I develop the latter theory in a companion paper,[[6]](#footnote-6) and focus on the former here. Lockeans argue that we become entitled to natural resources by improving them. But the value of an improved natural resource decomposes into the value of the improvement and the value of the resource *in situ*. The central error is that Lockeans have failed to understand that the value of natural resources is entirely extrinsic and created by the community at large, not by the person who owns or improves the resource. As such, natural resource wealth should be enjoyed by the entire community, not by the individual who improved the resource. The most Locke’s labor mixing argument establishes is that laborers are entitled to the value of the improvements that their labor creates. Full ownership of improved natural resources does not follow from the self-ownership of the improver, as Locke thought. On the contrary, full ownership of natural resources is inconsistent with the self-ownership of non-owners.

I will illuminate this central mistake by putting the Lockean tradition into conversation with the writings of Henry George, whose main idea was that governments should socialize the value of natural resources but not improvements made to natural resources. George was one of the most influential Americans of the 19th century, though he has been all but forgotten by contemporary social theorists. At the turn of the century, his economic thought had influence around the world, leading to political movements and institutional change in some US states, the United Kingdom, Ireland, Hong Kong, Australia, Singapore, Norway, South Korea and other countries. Some American cities, like Detroit, are revisiting Georgist ideas as solutions to their problems today.[[7]](#footnote-7)

Here is how the paper will proceed. First, I will review Locke’s theory of original acquisition and situate the view in its historical context. Then, I will explain why the key “labor mixing” argument fails. Locke could not have seen the flaw in this argument because identifying it requires analytical tools developed a century later. Third, I discuss George’s efficiency- and justice-based arguments for rejecting private ownership of land.In the fourth section, I develop a historical view of original acquisition based on self-ownership, avoiding the central error previously identified. In the fifth section, I discuss an objection from the luck egalitarian. I conclude by showing how my approach would solve the social problems that I identified above.

1. Mixing Labor with Natural Resources

The original state of ownership, according to Locke, is that each person owns themselves (§27), and everything that is not a human person is owned in common by everyone (§25). Locke’s *First Treatise of Government* argues, against Robert Filmer’s *Patriarcha*, for both of these claims. I am happy to grant Locke’s arguments against Filmer—common ownership of the world and sole ownership of oneself is a reasonable place to begin. The first claim embodies a liberal respect for individual autonomy: no one can be born as a slave to anyone else. The second claim, for Locke, has a theological basis: God gave the world to everyone in common. If one rejects this theological claim, one should, at least, think that the world is initially unowned by anyone. How could someone start out with a claim to a part of nature just in virtue of who they are, before they do anything or before anything is gifted to them?

Locke develops an argument purporting to show how something commonly owned can become privately owned, without the consent of all of the common owners. The argument takes place in two stages. The first is the *argument from eating* (§26-28).[[8]](#footnote-8) When something is eaten, it becomes part of us, and we become entitled to the eaten thing because as self-owners, we own all of our parts (§26). Therefore, there must be some mechanism by which unowned objects can come to be owned.[[9]](#footnote-9) The second stage is the *argument from labor mixing*. Does appropriation occur when we digest, or when we eat, or when we prepare, or when we transport, or when we first gather? To Locke, “labour put a distinction between [the gathered item] and common” (§28). When someone mixed his labor with an object in common, he “joined” his labor to the thing, and thereby makes it his property (§27). Since all men are self-owners, a man is entitled to “the labor of his body, and the work of his hands.”[[10]](#footnote-10) Ownership of natural resources follows from self-ownership. This is clear when the world literally becomes a part of the self through digestion (the argument from eating), but it also holds, for Locke, when part of the self is affixed to a worldly object when one labors upon that object (the argument from labor mixing).

Once labor has been identified as the mechanism grounding appropriation, Locke extends his account beyond things that are eaten. We do not eat and digest land itself, so land does not eventually become part of us like the fruits of the land do. Yet, the labor mixing mechanism operates here too. When we improve the land for cultivation (by digging canals, adding fertilizer, tilling, etc.) we mix our labor with it. Since we own our labor, we then come to own the bit of what was previously commons that our labor is mixed with.

There are two provisos in Locke’s account. First, in appropriating something from the commons, one must not let anything be wasted (§31, 38).[[11]](#footnote-11) Second, there must be “enough and as good” left for others after one appropriates. This condition holds for both land (§33-37) and the fruits of the land (§27). Locke mentions this proviso very early in the account, in only the third paragraph: “For this labour being the unquestionable property of the labourer, no man but he can have a right to what that is once joined to, at least where there is enough and as good left in common for others” (§28).

There are plenty of questions to be raised about the key mechanism in Locke’s account: labor mixing. Nozick famously observed (1973, 175) that the proportion of labor in the mix seems to matter: if I dump a can of tomato juice that I own into the ocean, I do not come to thereby own the ocean, even though my labor is mixed with the tomato juice (because I own it) which is then mixed with the entire ocean. So perhaps the labor mixing must be *direct*. The labor particles attached to the tomato soup cannot bond with the water molecules in the ocean, as it were. This is a fundamental law of proprietary chemistry: the part of the commons you mix your labor with must be small enough to absorb the quantity of labor you mixed with it.[[12]](#footnote-12) Unfortunately, neither Locke nor Nozick works out the laws of proprietary chemistry with any precision.

2. Labor Mixing does not Establish Ownership of Natural Resources

I will not identify the laws of proprietary chemistry, either. I will instead focus on a more fundamental problem for the labor mixing argument. The most this argument establishes is that we are entitled to the economic value of the improvements we make to natural resources; it does not establish that we can come to have full ownership of natural resources themselves.

It takes two analytical tools, the development of which both post-date Locke, to see this point clearly. The first is thinking of property as a bundle of rights. When you have ownership of something, your ownership consists in the rights to use, to control, to exclude, to gift, to dispose of, to the economic value of, etc. Scholars did not begin to think of property as a bundle until the 20th century, where it is clearly laid out for the first time in the work of Hohfeld (1917). If property is a bundle of rights, then these rights can be disaggregated. The three constituents of property rights that we will be concerned with here are rights to the economic value of improvements, rights to the economic value of natural resources, and rights to use resources.

Consider the difference between the apple I have just picked and the apple remaining on the tree in the commons. The “improvement” I added to the apple is the fact that the apple is in my hand rather than the tree. Improvements and the resources they improve are generally separable only in thought, but not reality.[[13]](#footnote-13) It is not possible to take my apple away from me without taking the labor attached to the apple away too, since the labor is just an aspect of the improved resource. Locke states that “every man has a property in his own person…The labour of his body and the work of his hands we may say are properly his” (§27). It follows directly from the self-ownership thesis (as Locke conceives it) that we are entitled to the economic value of the improvements we create. But it does not follow from the self-ownership thesis that we are entitled to the economic value of the resources we labor upon. The physical inseparability of improvements and resources obscures this fact. If we could separate the improvement and the resource, the labor mixing argument gives us no reason why it would not be permissible to leave the laborer with their improvement and use the resource for some other purpose. There are econometric techniques that allow us to separate the *value* of an improved natural resource into the value of the improvements and the value of the resource itself, in a variety of domains from mining to property tax assessment.[[14]](#footnote-14) The labor mixing argument provides us with no reason that would block the community from imposing a tax to recover the economic value of the resource itself, and leave the laborer with the value of the improvement. The inseparability of improvements and resources explains why it would be wrong for someone to take the resource I improved—because they would take my improvement and violate my self-ownership. As such, it explains why labor generates for the improver a *provisional* right to use the improved resource. But it does not justify the laborer in appropriating the value of the resource itself.

Locke was aware of the distinction between the economic value of natural resources and the economic value of improvements. There are both textual and biographical grounds for this claim. Locke emphasizes (§40) that improvements typically constitute 90% or more of the value of land, which shows clearly that he grasps the conceptual distinction at issue. He also emphasizes that land is often so worthless that it could be had for free (§36). And Locke would have been keenly aware of the economics of land given his long-standing and substantial involvement with the leading land speculation syndicate of the late 17th century: the Lords Proprietors, led by his long-time patron and employer, the Earl of Shaftesbury.[[15]](#footnote-15) Locke acted as a secretary, and perhaps, as a strategic advisor to this syndicate, which had been given a grant of all of lands in the Carolinas for aiding in the restoration of Charles II. He was responsible for developing the grand model for settlement of the Carolinas and drawing up the *Fundamental Constitutions of the Carolinas*, which enshrined slavery and established a feudal system in the new world with the Proprietors at the top. Locke played a role in organizing efforts to populate the new colony with free settlers, indentured servants and enslaved Africans, mainly by trying to persuade wealthy sugar planters in the Caribbean to move their households and enslaved laborers to the Carolinas.[[16]](#footnote-16) Locke would have understood that the primary obstacle to the financial success of this venture was not securing the rights to the land itself, but rather “improving” the land by peopling it with workers, both free and enslaved, so that the Proprietors could collect a portion of their agricultural production as rent. For this reason, a headright system was instituted that compensated any planter who brought a worker, free or enslaved, to Carolina.

Why, given that Locke had both a theoretical and a practical grasp of the distinction between the value of improvements and the value of natural resources, did he fail to see that labor mixing is not sufficient to generate an entitlement to the value of a natural resource? My conjecture is that there is a second discovery that post-dates Locke which, if he were aware of it, would have enabled him to see the flaw in his thinking. That discovery is the law of rent, which plays a central role in Ricardo’s (1817) *Principles of Political Economy and Taxation*, and the earliest hint of which occurs in Smith’s (1776) *Wealth of Nations*.[[17]](#footnote-17) The law of rent is closely connected to Locke’s second proviso, as we will soon see.

The term “rent” in this context means economic rent: the value paid to the owner of a natural resource for its use in production. If you rent your home or apartment, only part of your rent is “rent” in this sense. Part of your payment pays for the building, but another part pays for the land. The law of rent determines how much rent a natural resource can command in each period. Since the value of a natural resource is the sum of the rents it receives in each period—with rents in later periods being discounted at a constant capitalization rate—the law of rent also determines the value of natural resources. The law says that the rent for a resource is the difference between the productivity of that resource and the productivity of the resource at the margin of production, that is, the productivity of the best resource that is freely available for use. I will now explicate this law using agricultural land as the example. The law also applies to urban land, the most valuable natural resource today.

Not all land is of the same quality: some parcels will produce more than others if the same amount of labor is applied to both. Locke recognized this, for his proviso states that there must be enough *and as good* left for others. Suppose that land comes in just two different qualities: when a unit of labor is applied, the A land produces 10 units and the B land produces 6 units. Suppose that all of the A land has been claimed, but some B land is still available. Here, B land is the margin of production. Consider a worker who could work on either A land owned by someone else or on B land that is freely available. The worker could earn 6 units by working the B land, so the owner of a parcel of A land could charge up to 4 units of rent to attract the worker to work on the A land. Thus, the rent for use of the A land is 4 units, the difference in productivity between the A land and the margin of production. The B land yields no rent because the difference between its productivity and the margin of production is zero.[[18]](#footnote-18)

The law of rent is tightly connected to Locke’s proviso, but in a way that Locke would not have been able to see given the state of the economic sciences at his time. If less than all of the A parcels have been claimed, there is enough and as good left for future appropriators. In addition, A parcels receive no rent, since the difference in productivity between them and the margin of production (other A parcels), is zero. Since they command no rent, they have no economic value, by the valuation formula for natural resources stated above. Hence, when there are more A parcels to be appropriated (i.e., when there is enough and as good), the economic value of the A parcels themselves is *zero*. But when all of the A parcels are taken, future appropriators are not left with enough and as good; instead, there is land remaining, but it is worse than the land already appropriated. And when all of the A parcels are taken, the A parcels will start to yield a rent of 4. As such, they will have a value several times as large—how large, exactly, depends on the rate at which the rents are capitalized.

We have just drawn out the connection between the law of rent and the proviso: when there is enough and as good, no one pays rent, and the economic value of all natural resources is zero. When there is not enough and as good, users of resources must pay rent,[[19]](#footnote-19) and land more productive than land at the margin of production has a positive value.

The Lockean proviso, very clearly, is not satisfied today. All of the land in habitable areas, not just all of the good land, is taken. But Locke believed that the proviso was satisfied even in his own time. We can now easily see that this was just wrong. Private ownership of English land was not problematic, Locke wrote, because the unlanded can go elsewhere: “let him plant in some inland, vacant places of America” (§36). Four observations must be made here. First and foremost, such places were not vacant, but home to indigenous people who would soon be dispossessed. Indeed, Locke litters the chapter with justifications for dispossession of native peoples (e.g., §40-41). What’s more, he helped effect this dispossession in his work with the Lords Proprietors. Locke’s injunction for the unlanded to go to America must be seen as self-serving, at best, given that he was, at the time at which chapter 5 was written, actively trying to recruit a population for his employers’ new colony. Third, land in America was not freely available—most of the land in the Carolinas, for instance, was either sold to settlers by the Lords Proprietors or its users owed them rent. Finally, the availability of free land in America did not satisfy the proviso because it was not as good as the land in England. The unlanded of England had to go to great expense, often indenturing themselves for years, even to reach this land. Once there, its distance from the ultimate consumer market in Europe made the land less valuable.

Locke’s justification for the original acquisition of natural resources is that “in the beginning, all the world was America” (§49). Since America was still “America,” in Locke’s mind at least, the proviso remained satisfied, and hence, private ownership of land remained acceptable. Locke failed to see the obvious fact that his proviso was not satisfied even in his own time. Yet, his belief that it was satisfied served as a dual justification for private property in England and for the English colonial model and its dispossession of indigenous people. (In the next section we will see that there is a tight conceptual connection between slavery and Locke’s views on property, too). Native Americans had no right to the land, on Locke’s view, because they did not improve it through agriculture.[[20]](#footnote-20) And since they had no claim to it, the availability of American land served as a justification for the English private property regime—and its expansion through the enclosure movement back in England.[[21]](#footnote-21)

One struggles to make sense of Locke’s failure to see that the proviso was not satisfied even in his day. Some have chalked this up to his racism and interest in advancing the English colonial project.[[22]](#footnote-22) This explanation may well be correct, but perhaps analytical grounds can also be given. Because he did not understand the law of rent, Locke mistakenly thought that the following two states of affairs are compossible: some land has a positive value and there is enough and as good land left. The law of rent shows that these are not compossible—land’s economic value arises precisely because there is not enough and as good: because demand exceeds supply.

Another way to put this point is that Locke mistakenly thought that the value of land is determined by the land’s natural intrinsic features. This mistake is most clearly on display in §43 where Locke writes that an acre of land in England and an acre of land in America have the same “natural intrinsic value,” and from this infers that any differences in their overall value must be due to differences in the labor applied to them. Locke identified land’s economic value with its productivity. But the law of rent shows that this is a mistake: land’s economic value is not determined by its productivity, but rather, by its scarcity—how much land there is relative to peoples’ demand to use land.[[23]](#footnote-23) This means that land’s value is entirely extrinsic. This is even more apparent in the case of urban land, which we will study in the next section.

In summary, the labor mixing argument does not justify the full suite of rights to natural resources as is typically thought. The labor mixing argument successfully shows that the improver is entitled to the value of their improvements, but fails to show that the improver is entitled to the value of the resource they improve. When the proviso is satisfied the value of the resource is zero, but when it is unsatisfied the value of the resource is positive. Locke mistakenly thought that the proviso was satisfied in his day. Indeed, there has probably never been a time in the history of human civilization when the proviso was satisfied, since proximity to urban agglomerations increases land value. The proviso did not cease to be satisfied when Frederick Jackson Turner proclaimed the closure of the frontier in 1893, but rather, it became unsatisfied when humans settled in Jericho and the other early cities. The question that remains for theorists of distributive justice is this: who is entitled to the value of natural resources?

3. George’s Critique of Appropriation

Henry George has an answer to this question, or at least the beginnings of one. George’s (1879) magnum opus, *Progress and Poverty*, was published immediately after Reconstruction and at the dawn of the Gilded Age. George’s writings, like Marx’s from the other side of the Atlantic, are reactions to the enormous social dislocation caused by the transition from an agricultural economy to industrial, urban capitalism. Both men developed systematic accounts of the pathologies of capitalism and identified remedies. But unlike Marx, George did not look forward to a proletarian revolution which would replace capitalism; rather, like other progressive reformers, he looked forward to a day when morally sensitive and educated people would band together to replace the vestigial institutions that caused capitalism’s pathologies.[[24]](#footnote-24) George’s main idea was that a tax on natural resource rents was both efficient and just, and should replace all other taxes. If a land value tax is set at a level equal to the land’s economic rent, the tax allows the government to socialize all of land’s economic value. George’s writings will serve as the basis of my account, developed in the next section, of who is entitled to natural resource rents. In this section I will present George’s ideas and focus on a couple of his most interesting arguments.

Though he has been widely forgotten by contemporary social theorists, George’s ideas remain popular among economists because taxes on the unimproved value of natural resources are efficient.[[25]](#footnote-25) Economists know that taxation transfers some economic value to the government in the form of taxes collected, but also destroys economic value in the form of deadweight loss caused by the distorted incentives that taxes create. The exception to this general rule is if taxes are placed upon perfectly inelastic factors of production, and natural resources are the only such factor. Perfect inelasticity means that the amount of the activity does not change in response to changes in the tax level. People work less if they are taxed more, save less if interest on their savings is taxed and consume less if their consumption is taxed. These responses all create deadweight loss. But taxes on natural resources do not change the amount of natural resources that exist. Thus, the efficiency-based argument for land value taxation is that only the land value tax merely transfers, but does not destroy, value. Land value taxes, unlike other taxes, allow us to redistribute the economic pie without causing the pie to shrink in so doing. This argument is widely accepted among economists, and since it is not controversial, we will focus instead on George’s justice-based arguments for land value taxation.

Locke and George agree on the two premises that have structured our discussion of original acquisition so far (George 1879, book 7, chapter 1):

1. All property rights are fundamentally derived from the right of self-ownership.
2. All people (initially at least) have equal rights to natural resources.

Of the latter claim, George writes: “The equal right of all men to the use of land is as clear as their equal right to breathe the air – it is a right proclaimed by the fact of their existence. For we cannot suppose that some men have a right to be in this world and others no right.” And of the former he writes “What constitutes the rightful basis of property?...the right of a man to himself, to the use of his own powers, to the enjoyment of the fruits of his own exertions…As a man belongs to himself, so his labor when put in concrete form belongs to him.” Locke and George agree that improvers are entitled to the value of their improvements. Locke thinks that a right to the value of the resource itself follows from this, but George shows that it does not.

George has two arguments for this. The first is relatively simple. If all property rights are fundamentally derived from self-ownership, then private appropriation of natural resource value is impermissible because (A) if a natural resource itself has value, the improver did not create that value; rather (B) the value of natural resources is created by the community, not the appropriator, so the community is entitled to the value of natural resources. Claim (A) is true by definition.

Claim (B) is easiest to see in the case of urban land. An apartment in Manhattan costs about $5,000 to rent and more than half of that figure—we can conservatively say 60%--is payment for the land rather than the building. Why does the owner of the apartment building get to collect $3,000 from the tenant just for the use of a very small parcel of land? Why is the tenant willing to pay for this? George clearly identifies what gives urban land its value (Book 4, chapter 2):

“Here is the heart, the brain, of the vast social organism…Here, if you have anything to sell, is the market; here, if you have anything to buy, is the largest and the choicest stock. Here intellectual activity is gathered into a focus, and here springs that stimulus which is born of the collision of mind with mind. Here are the great libraries, the storehouses and granaries of knowledge, the learned professors, the famous specialists. Here are museums and art galleries, collections of philosophical apparatus, and all things rare, and valuable, and best of their kind. Here come great actors, and orators, and singers, from all over the world. Here, in short, is a center of human life, in all its varied manifestations.”

Anyone should be able to clearly see that nothing that the landlord himself does can affect how much people are willing to pay to use his land, though the landlord can affect how much people are willing to pay to use his building. Rather, the value of urban land is determined by the rest of the community. In particular, land’s value is determined by its proximity to other things of value: job opportunities, leisure activities, restaurants, the arts, social and romantic opportunities, and many more. In short, the land value of our Manhattan apartment is due entirely to the fact that it is in the heart of a metropolitan area of 20 million people that is the center of many important industries and home to many important institutions. The land is valuable because of the positive externalities produced by all of these other people and their activities, not anything the landowner *does*. And if the right to property springs only from the right of the producer to what they produce, it is clear that the landowner has no right to collect payments for the use of land, the value of which he is in no way responsible for. It is instead the community that has the right to collect these payments, because the community produced the land’s value. Economic rents for natural resources are caused by the fact that demand for that resource exceeds its supply, which is fixed by nature. Demand for urban land is so high because urban land affords access to the positive externalities due to the productive activities of everyone in the city.

George’s second, and more profound, argument is that our equal rights to natural resources (premise 2) actually follows from our self-ownership (premise 1) (book 7, chapter 1):

“This right of ownership that springs from labor excludes the possibility of any other right of ownership. If a man be rightfully entitled to the produce of his labor, then no one can be rightfully entitled to the ownership of anything which is not the produce of his labor…If production give to the producer the right to exclusive possession and enjoyment, there can rightfully be no exclusive possession and enjoyment of anything not the production of labor, and the recognition of private property in land is a wrong. For the right to the produce of labor cannot be enjoyed without the right to the free use of the opportunities offered by nature, and to admit the right of property in these is to deny the right of property in the produce of labor. When non-producers can claim as rent a portion of the wealth created by producers, the right of the producers to the fruits of their labor is to that extent denied.”

This is an argument for the conditional claim: if natural resources were privately owned, then people would not fully enjoy the fruits of their labor, and hence, would not have full self-ownership. The argument is based on a metaphysical claim about the nature of production—production requires both natural resources and labor. Production just is the alteration of natural resources by labor.[[26]](#footnote-26) It follows from this that labor cannot occur unless there are natural resources to labor upon. And if these resources are owned by others rather than freely available, labor cannot occur unless permission has been granted by the resource owner. For this reason, the natural resource owner is able to appropriate part of what is produced by the laborer by charging them for access to the natural resource. The laborer will have to pay for this access from the value that their labor adds to the natural resource. Therefore, if we think that laborers are entitled to everything that they create, then we cannot also think that natural resources can be privately owned. The value of labor and the very right of self-ownership, are completely useless without access to natural resources.

This is a point that Locke should have seen, since it is just the inverse of the *argument from eating*. We have to interact with the external world to eat and to work. But if permission to eat and work can be granted or denied by another party, we are at the mercy of that other party for our survival. This dependence allows the owners of the world to appropriate part of what we produce—by charging rent for use of natural materials that we must use in production and consumption. The self cannot exist in a vacuum; its continued existence is physically dependent on the world. Therefore, free access to what George calls “natural opportunities” is a necessary condition for self-ownership. If the natural opportunities are enclosed or appropriated in Lockean fashion, this is inconsistent with peoples’ self-ownership.

The next chapter (Book 7, Chapter 2) takes the argument one step further. George proposes a thought experiment, which I quote in full:

“Place one hundred men on an island from which there is no escape, and whether you make one of these men the absolute owner of the other ninety-nine, or the absolute owner of the soil of the island, will make no difference either to him or to them. In the one case, as the other, the one will be the absolute master of the ninety-nine—his power extending even to life and death, for simply to refuse them permission to live upon the island would be to force them into the sea.”

In this thought experiment, George observes that ownership of an essential element of survival, land, gives the land-holder equal power over the non-land-holder to the power the slave-holder has over the enslaved. George uses this thought experiment to argue that if slavery is unjust, then private ownership of natural resources is unjust too. Both involve, according to George, the illegitimate ability of one person to appropriate the fruits of another’s labor. Both violate the laws of just distribution as a result. The thought experiment is not just an abstract philosopher’s trick. Rather, George is writing two years after the end of reconstruction and comments extensively on the failure of emancipation to truly free formerly enslaved people given that there was no land reform in the South concurrent with emancipation. George concludes: “It is the ownership of the soil that everywhere gives the ownership of the men that live upon it.” This ownership is not the full ownership of chattel slavery; it is partial and it is determined by how much of their income individuals have to pay to rent the natural resources they need to work and live.

This argument bears a striking similarity to Nozick’s (1973, 169-174) argument that taxation is morally on a par with forced labor. If some entity can take five hours’ worth of your wages each week, then that entity effectively has a claim to five hours of your time. If you work 40 hours a week, then the entity owns 12.5% of you, according to Nozick. Nothing about Nozick’s argument turns on the entity in question being the state. If a landlord can take five hours’ worth of your wages each week for use of his land, then the landlord effectively has a claim to five hours of your time, and thus, owns 12.5% of you. You can leave the country to avoid paying taxes, but if all of the other countries that you might go to also levy taxes, then your staying in your current country cannot be interpreted as meaningful consent to the taxation. Likewise, if every rental unit available in someone’s city requires paying five hours of your wages to rent land, then your staying in your current apartment cannot be interpreted as meaningful consent. The exact same reply to the hypothetical consent objection is available in both the tax case and the rent case. In both cases, an entity can appropriate some of your earnings and hence partially owns you. Citizens and tenants can pick their owners by emigrating or moving, but this fact is of little normative significance given that all of the other options are ones in which they pay taxes and rent, respectively. Nozick uses this argument to attack patterned theories: they are unacceptable because people must be partially enslaved to realize the favored pattern. But he does not realize that the argument is damning for Lockean historical theories too: they are unacceptable because people must be partially enslaved to protect the land claims of the original appropriators. If taxation is morally on a par with forced labor, then rent is too. Both patterned and Lockean-historical theories are inconsistent with self-ownership.

Taxes and rent are analogous in other respects, too. The owner of a natural resource can extract rent from the users of that resource just as the sovereign can extract taxes from the citizens. Both can charge people for use of their territories. Ownership of natural resources, when it is certified and protected by the state, is a kind of overlapping or delegated sovereignty. States exercise sovereignty over a geographic territory, and have the power to exclude others from that territory. Landowners exercise quasi-sovereign powers over their landholdings: they have the power to exclude from their territories just like the state does. The right to exclude entails the right to forcibly remove, which landowners have too. The powers of deportation and the powers of eviction are variants of the same power: the power to exclude and forcibly remove from a physical space. Landowners share in the state’s monopoly over the legitimate use of force in a territory.[[27]](#footnote-27) The wrong of eviction and displacement due to gentrification should be thought of as analogous to the wrong of removal of a people from a territory.[[28]](#footnote-28)

We can now clearly see how the Locke-Nozick theory of property gets things exactly backwards. The original promise of the theory was that private property secures the improvements that were made when the improver mixed their labor with a natural resource. Lockean property rights were supposed to secure the right of the laborer to what they produce, thereby protecting their self-ownership and incentivizing laborers to produce more. And they serve this function perfectly *when the proviso is satisfied*. But when the proviso is unsatisfied—when natural resources themselves gain value independent of their improvements because of their scarcity relative to how much people want to use them—Lockean property rights are *just the opposite* of what is required to secure to laborers what they produce. Indeed, their function is to allow natural resource owners to appropriate value that is produced by others, in addition to securing the value of the improvements that the owner created. We need a property rights system that can both secure to the improver the value of their improvements, while returning the socially created value of natural resources to the community. I will now propose such a system.

4. Constructing a Georgist Theory of Appropriation

I call my view a “Georgist” one because it acknowledges that private appropriation of natural resource rents is fundamentally illegitimate, but I depart from George in a few respects. I will build my account on the sole premise that property rights derive from our right of self-ownership. From this premise, my account will provide an explanation of who gets the following three rights:

1. Rights to the economic value of a natural resource.
2. Rights to the economic value of an improvement.
3. Rights to use a natural resource.

When you mix your labor with some natural resource and improve it, you are entitled to the value of your improvement. This entitlement derives from your self-ownership. To protect this right, you are also entitled to the use rights for the natural resource and its improvements. You are never entitled to the economic value of the natural resource itself, since this is not a result of your effort. When the economic value of the natural resource is zero (i.e., when the proviso is satisfied), no one can challenge your use rights, since there is enough and as good of the natural resource for anyone else who wants to use it.

But when the economic value of the natural resource is positive (i.e., when the proviso is not satisfied), your use right can be challenged. Here, your interest in securing your improvements is in conflict with the community’s interest in securing the value that it created, the value of the natural resource itself. Since it is scarce, other people have competing interests in using the resource that you improved. These interests—the fact that demand to use a resource exceeds the supply of available resources—are the reason why natural resources have economic value in a post-proviso setting. To continue using the resource, you must compensate other community members for depriving them of a resource to which they are equally entitled. You must pay the economic rent of the resource to the community in each period that you continue to use it.

What should happen if you do not pay? By not paying, you forfeit your right to use the resource. But you remain entitled to the value of your improvement. Thus, in order for the community to justly seize the natural resource that you have not paid them to use, they must compensate you for seizing your improvement, since you are entitled to the value of the improvement. Alternatively, the community could place a lien on your improvement to allow you to continue to use the resource while you come up with the rent. But if you continue to fail to compensate other community members for depriving them of a resource to which all community members are equally entitled, and the lien and its interest grow in value to the point that it equals the value of your improvement, then the community has the right to evict you and seize your improvement as well.[[29]](#footnote-29)

The community, not the user, is entitled to collect all natural resource rents. Now we will see how these rents should be distributed. This decomposes into two questions. First, what is the scope of “the community” that is entitled to the natural resource rents? Second, how should the rents be divided among the members of the community? These are really two aspects of the same question: how much of a given natural resource’s rent should each person get?

Perhaps the most straightforward answer is a view I call “Cosmopolitan Egalitarian Georgism” (CEG).[[30]](#footnote-30) According to CEG, all of the natural resource rents in the entire world should be equally distributed among all of the people in the world. If natural resource rents are 8% of global GDP, which is about $105 trillion at the time of writing, this leads to a global GDP per capita of around $13,000, and a global natural resource rent per person of $1,040.[[31]](#footnote-31)

CEG has a certain appeal. If we take seriously and literally the claim that each person is an equal owner of the Earth, then CEG is the only view that would give to each person their due. But the claim that we jointly own the earth, deriving as it does from Locke’s theological premises, should be abandoned with the other incorrect parts of his view. We shouldn’t think that everyone originally jointly owns the Earth, following Locke, but rather, that no one does, following Rousseau.[[32]](#footnote-32)

People contribute unequally to causing a natural resource to have the rent that it does. This fact is the basis of an argument against CEG. I will illustrate this using the example of urban land. Consider the economic rents generated by Manhattan Island, which has a value of perhaps two or three trillion dollars. This means that the annual rent is, let’s say, $300 billion. On CEG, then, each of the Earth’s 8 billion people is entitled to their share of Manhattan’s annual rent--$37.50. Why is Manhattan this valuable? The value is not intrinsic to the island. Manhattan has an economic rent because demand for using space on Manhattan far exceeds the supply of available space—more people want to be on Manhattan than can be accommodated. Everyone wants to use space in Manhattan because it affords access to untold economic opportunities and amenities. Manhattan’s economic rent is due mostly to the productive activities of everyone who lives in the metropolitan area.

But if this is the case, then why should a subsistence farmer who lives on the other side of the planet—someone whose community, let’s suppose, is completely independent from the global economy—receive a check every year for his portion of Manhattan’s economic rent? The initial problem that George highlighted with private ownership of natural resources, recall, was that if those resources command an economic rent, then their owners can appropriate some of the fruits of the labor of others, benefitting from what they do not produce. But CEG suffers from the very same problem. The value of Manhattan is created, overwhelmingly, by the 20 million people who live on Manhattan and in the surrounding metropolitan area. But CEG allows people who did not create Manhattan’s economic rents to appropriate value created by the labor of people living in the NYC metro area. This is not just. The premise that we all have equal ownership of the earth, then, has unexpected and inadequate implications for distributive justice.

The problems with CEG will be inherited by any other egalitarian form of Georgism restricted to a smaller, non-cosmopolitan community. Indeed, the people in the metropolitan area itself do not all contribute equally to producing the economic rents of Manhattan Island. Children and the retired don’t contribute to the productive activities that give land its economic value, and some working adults are more productive than others: someone who lives on the outskirts of the city doing unskilled labor contributes less to the city’s natural resource rents than does a highly skilled knowledge worker in the city center. So, even metropolitan egalitarian Georgism will not work, but it is *closer* to the truth than is CEG.

This leads us to the correct view, which I shall call “proportional Georgism,” or simply “Georgism.”[[33]](#footnote-33) The question of distributive justice arises only when people have competing interests in using the same resource (i.e., when the proviso is unsatisfied): only one person can use the resource, but many want to use it. The actual user of the resource must compensate the other potential users of the resource, in the amount of the resource’s economic rent. And the compensation each potential user receives must be proportional to the magnitude of their interest in using the resource. Egalitarian Georgism is the special case of proportional Georgism where everyone has symmetrical interests.

Some philosophers, still in the grip of positivism, think that we could not possibly measure and compare different peoples’ interests. This is incorrect. One version of this thought is skepticism about the economist’s notion of willingness to pay (demand): given the facts of unjustly unequal distribution of wealth, someone’s willingness to pay for something does not reveal the magnitude of their interests, but rather, is a combination of ability to pay and willingness to pay. This observation is spot on, but irrelevant to the ideal theoretic project engaged in here.

Someone’s interests in using a resource are simply the productive uses that they could put the resource to—something easily observable, measurable and inter-personally comparable. Under a Georgist system, resources will actually be used by the people who can put them to their highest and best use, and actual users will compensate potential users in proportion to how productive their potential use is. Only under this system could every unit of purchasing power in the economy ultimately be trace back to a unit of productivity; producing things of value is the only thing that originally generates entitlements. Inequalities may arise over time, but they will all be due to either inequalities in how productive people are, or inequalities in the proportion of their income each person saves and spends.[[34]](#footnote-34) Each person gets to keep exactly what they produce, and use it as they see fit.

Here is another way to see the virtues of proportional Georgism. People’s productive activities often generate positive externalities. Goods with positive externalities will be undersuppliedby the free market, and one way to correct this is for the government to subsidize them. But another way to correct this is to invent technologies that allow people to internalize the positive externalities that they create, which both (1) incentivizes them to produce more and (2) allows people to enjoy the fruits of their labor that they were entitled to all along. Proportional Georgism is a social technology that internalizes positive externalities at scale. As we discussed above, land gets its economic value entirely from positive externalities, from its proximity to other people and their productive activities. By distributing land’s value to the people who create it, we internalize a positive externality, which has attractive properties from the perspectives of both efficiency and justice.

In practice, it will be difficult to precisely identify the contribution each person makes to a natural resource’s rent, as proportional Georgism requires. But luckily, the broad policy implications of egalitarian and proportional Georgism could not be more distinct. Egalitarian Georgism recommends using natural resource rents to fund a universal basic income that is received by each member of the relevant community, be it cosmopolitan, national, or metropolitan. Proportional Georgism recommends using a tax on natural resource rents to replace the revenue that comes from taxes that fall on the other factors of production: labor and capital.[[35]](#footnote-35) These taxes are both inefficient and unjust. Taxing elastic factors of production yields deadweight loss—the destruction of economic value. And taxing what people produce with their labor and with their capital is an affront to their self-ownership for the reasons that Nozick recognized. Eliminating taxes on production would allow people to keep more of what they produce and as such would benefit people in proportion to how much they produce, giving them approximately what they are entitled to according to proportional Georgism. Using land value taxes to replace the revenue from taxes on production is a way to return land value to the entities that created it. Since governments in developed countries collect much more in revenue from taxes on productive factors than they could raise by a land value tax—something that was not true in George’s time when government spending was lower and the main tax was the tariff—we need not devise any other policy instruments to implement proportional Georgism.

In sum, proportional Georgism allows everyone to get what they produce. By eliminating taxes on labor that appropriate hours of work, workers receive everything that they produce. By preventing people from privately appropriating natural resource rents, no individual can receive something that they do not produce. By eliminating taxes on capital gains, savers receive the full reward for their frugality and patience. The ideal of self-ownership is thus fully realized only in a proportional Georgist system. And since people produce more when they get to keep what they produce (no one is entirely altruistic), allowing each person to keep what they produce maximizes the amount of valuable things that get produced. To use George’s description of the effects of such a system:

“Wealth would not only be enormously increased; it would be equally distributed. I do not mean that each individual would get the same amount of wealth. That would not be equal distribution, so long as different individuals have different powers and different desires. But I mean that wealth would be distributed in accordance with the degree in which the industry, skill, knowledge, or prudence of each contributed to the common stock. The great cause which concentrates wealth in the hands of those who do not produce, and takes it from the hands of those who do, would be gone. The inequalities that continued to exist would be those of nature, not the artificial inequalities produced by the denial of natural law. The non-producer would no longer roll in luxury while the producer got but the barest necessities of animal existence” (Book 9, chapter 3).

If the proportional Georgist ideal could be completely realized, each person would get exactly what they are entitled to, which is what they produce—the value they create by laboring.

5. Objection: Why are We Entitled to What We Produce?

I have argued that proportional Georgism is the system of distributive justice that fully realizes the ideal of self-ownership. Some philosophers will think that this is not adequate. What George calls the “inequalities…of nature”—commonly called “natural endowments” in the contemporary literature—would be enjoyed by those who possess them. But what justifies this inequality? Any physical or mental trait that has a genetic component and is hence outside a person’s control is considered a part of their natural endowment. Luck egalitarians think that which natural endowment you get is completely morally arbitrary, and that the economic value of these endowments should be redistributed, giving compensation to those who were unlucky and received a bad endowment and paid for by taxes on those lucky ones who received good endowments.[[36]](#footnote-36) The luck egalitarian model is that an individual’s ability to produce goods of economic value—among other things, like their attractiveness as a partner or how good they are at athletic pursuits—results from a combination of three things: a natural endowment that is genetic in nature, a gifted component that represents the advantages or disadvantages that they got in childhood (or as an adult), and a volitional component that represents the individual’s own effort. I do not have space in this paper to consider the theory of the distributive (in)justice of gifts.[[37]](#footnote-37) Therefore, we will consider only the simplified two-factor luck egalitarian model on which what an individual can produce is the result of a natural endowment and a volitional component.

I suspect that many luck egalitarians do not appreciate just how much of the objectionable inequality in our world is due to unjust human institutions—particularly the private appropriation of all of the earth’s resources—and tend to overestimate the importance of natural advantage as a driver of human inequality. Nevertheless, some natural inequality undoubtedly exists, and I will here focus on providing arguments that luck egalitarians draw inappropriate normative conclusions from this fact.

Luck egalitarians have a number of arguments for their view. The main consideration normally adduced is that no one deserves their natural endowment because nothing one does can influence which natural endowment one has, by definition. People do not produce their own natural endowments, but only produce their volitions that are “mixed” with their natural endowment. Therefore, it would seem that people are not entitled to their natural endowments because they did nothing to deserve them.

When put this way, it can be clearly seen that some of the same considerations that motivate my Georgist arguments against Locke and Nozick can also be used by the luck egalitarian against my Georgist view. The owner of land did nothing to produce the land’s value; that is due to the community as a whole. Georgists conclude from this that natural resource value should be socialized. Likewise, the owner of a natural endowment did nothing to produce that natural endowment’s value, and as such, we should think that the value of the natural endowments should be socialized. People are entitled to the improvements that they make to natural resources but not to natural resource value itself; likewise, people are entitled to the improvements that their will makes to their natural endowment but not to the value of the natural endowment itself.

The luck egalitarian can extend this argument by showing that natural endowments are not only undeserved by the individuals who have them, but their economic value is also, like land’s value, created by the community as a whole.[[38]](#footnote-38) In particular, it is clear that many natural endowments receive their economic value from the division of labor, which enables specialization and the development of the natural endowments. Consider Wilt Chamberlain’s ability to play basketball. This ability decomposes into a natural endowment and a volitional component. Both are necessary to play basketball at his level, but they are only jointly sufficient: someone with his physical features who never practiced would be no good, as would someone with an inferior natural endowment who tried just as hard as Chamberlain. But this analysis misses a third factor: the rest of the community. Chamberlain could not have developed his talents in the first place but for the fact that he was embedded in a society with division of labor which incentivizes people to develop their specific talents because there is a market for specialized skills. Like natural resource rents, the economic value of many natural endowments is created by the community through the system of the division of labor, and not by the individual who has mixed their will with those endowments.[[39]](#footnote-39)

Accordingly, if we could analytically separate Chamberlain’s wages into the part due to his natural endowment and the part due to his volition—as we can analytically separate the value of an improved natural resource into the value of the improvements and the value of the natural resource—the luck egalitarian argument would imply that everyone has an entitlement to an equal share of the economic value of all of the natural endowments. The only portion of Chamberlain’s wages that he is entitled to is the portion due to his volition.

I have just highlighted the similarities between the motivations for Georgism and luck egalitarianism. This analogy, though, is illusory and there are at least four reasons to be skeptical of luck egalitarianism. The first two show that luck egalitarianism is not a stable position. The second two undermine the putative analogy between natural endowments and natural resources. I conclude by showing that all forms of luck egalitarianism are inconsistent with self-ownership, and should be rejected for that reason.

First and most straightforward: luck egalitarianism simply inherits the flaws of egalitarian Georgism. The problem that luck egalitarianism inherits is that not everyone—or more precisely, not everyone’s wills—contributes equally to giving natural endowments their economic value. The people who choose not to participate in the economic system and who contribute very little to the wealth that is created by the division of labor do not contribute as much to giving peoples’ natural endowments their value as do the efforts of someone who fully participates in the economic system. Hence, they are not entitled to an equal share of the natural endowments for the same reason that they are not entitled to an equal share of the natural resource rents. Thus, we should not be luck egalitarians; at best, we should be luck proportionalists. Natural endowments should be redistributed, but everyone should not get an equal share. Rather, everyone should get a share that is proportionate to how much their wills contribute to the creation of the value of the natural endowments. Even though luck proportionalism is a better view than luck egalitarianism, the two views suffer equally from the following problems.

Second, I am very skeptical that there is a line to be drawn between the will and the natural endowment. On an epistemic level, we could never locate such a line, and we could never carry out the envisaged procedure of attributing earnings into one source or the other. Compare this with our ability to analytically separate natural resource value and improvement value, which is improving every day thanks to advances in econometrics. The key source of data that drives this progress is that we can observe the sale price of unimproved natural resources, and we can observe the monetary cost of improving a natural resource. But we cannot observe the wages of people whose natural endowments are completely unimproved by the exercise of willpower, or how much it “costs” to exercise willpower. On a scientific level, it is unlikely that willpower differs from other psychological traits in entirely lacking a genetic basis. Willpower should thus be considered as a part of one’s natural endowment. On a metaphysical level, if determinism is true then one is no more responsible in some deep sense for one’s will than one is for one’s natural endowment, suggesting that exercises of the will do not generate entitlements because they, too, are undeserved. Insofar as we are in the business of naturalizing and causally explaining such traits as height, extroversion, intelligence, etc. and regarding them as part of a natural endowment, at the end of the day, even volition itself must be naturalized too. You no more deserve your ability to work hard than you deserve to be the height that you are. To the luck egalitarians, this would mean that even the products of volition should be socialized and distributed equally. Hence, their view is in danger of collapsing into egalitarianism proper. If they think that you are responsible for the activities of your will in some deep sense, then luck egalitarians should be luck proportionalists. If they do not, then they should just be straight egalitarians.

Third, up to this point, efficiency-based arguments and justice-based arguments have been in lock-step. This is one of the key considerations favoring proportional Georgism—it is a unified theory that can be argued for from deontological or consequentialist premises. *The view does not face an equity-efficiency trade-off*. The efficiency property of proportional Georgism rests on society’s ability to tax natural resources without effecting the overall level of production. This puts resources to their best use, since if someone does not pay the land value tax, their land can be confiscated and given to another who will put it to its best use. Natural endowments, by contrast, are either non-transferable, or very costly to transfer. We can’t chop off Chamberlain’s legs and give them to someone who is willing to work even harder. We can’t extract someone’s extroversion and inject it into the introvert.[[40]](#footnote-40) Hence, there is no efficiency argument for luck egalitarianism. There are no possible institutional arrangements that can move the natural endowments to their highest socially valued use, like natural resources can be moved to their highest value use. Natural endowments are stuck in the bodies in which they originated, and our best hope is to discover institutional arrangements that can incentivize their owners to put them to their highest value use. A tax on natural endowments, unlike a tax on natural resources, will prevent natural endowments from being put to their best use, because their owners will not have an incentive to improve them. The natural resource owner’s incentive to improve exists only against the background of society’s ability to give his resource to someone else who can make better use of it, but society has no such ability to confiscate and redistribute natural endowments without creating adverse incentives to underutilize those endowments. Luck egalitarians must trade off equity (as they conceive it) and efficiency.

Finally, luck egalitarians err in thinking of natural endowments as relevantly similar to natural resources. Luck egalitarians think the relevant similarity is that both are undeserved. They are right that natural endowments are undeserved, and that their economic value is largely due to the division of labor. But they draw the wrong normative conclusion from this fact. They are wrong to think that the person to whom they are naturally attached is not entitled to them. Natural endowments are parts of us and natural resources are not—that is the relevant dissimilarity, and it gives us entitlements to our natural endowments even though they are undeserved. Self-ownership is the basis of all entitlements, not desert. Luck egalitarians like Cohen (1995) do not recognize the importance of this dissimilarity because they do not believe that we are self-owners, or at least, that the normative importance of self-ownership is outweighed by the normative importance of equality.

Other luck egalitarians, like Otsuka (1998), think that self-ownership and equality can be reconciled by distributing natural resource rents in a way that makes up for the inferior natural endowments that some receive. Though his approach is ingenious, Otsuka’s argument ultimately fails. Otsuka’s view is perhaps best conceived as a prioritarian form of Georgism: he thinks that the naturally disadvantaged should get a greater share of natural resource rents in order to make up for their natural disadvantage, so that both (1) the final distribution of welfare will be equal and (2) the self-ownership of the advantaged will not be infringed. The trouble is that (1) and (2) are compatible only on a very weak understanding of self-ownership according to which the self-ownership of the advantaged is respected as long as they have free access to enough natural resources to maintain a subsistence-level standard of living, on Otsuka’s view (1998, 83-86). If they would like to achieve anything more than subsistence, then the advantaged must pay rent to the disadvantaged who own all of the rest of the resources. But self-ownership requires something much more robust than this. Self-ownership requires that one receive everything that one produces, something that is inconsistent with the private appropriation of and the charging of rent for access to the things that one must labor upon. Recall that natural resource rents simply derive from the positive externalities caused by the productive activities of people. The value of natural resources does not appear *ex nihilo*, waiting to be distributed; rather, it exists only because there are more productive uses we can put resources to than there are resources. As such, allocating natural resource rents to the disadvantaged is indirectly a way of compromising the right of the advantaged to what they produce. The only way to protect the self-ownership of everyone is to distribute natural resource rents not only to the disadvantaged, but rather to everyone in proportion to how much of the natural resource rents they are responsible for creating.[[41]](#footnote-41)

6. Conclusion

In this paper I have constructed a historical view of distributive justice that takes as its only premise the fact that people own themselves. Locke and Nozick claimed to derive a system of property rights from the premise of self-ownership, but their failure to understand the nature of natural resource rents caused their systems—which closely resemble the prevailing property regimes in most developed countries—to be *inconsistent* with self-ownership because private appropriation of natural resources allows the owners to extract value from the users of natural resources. I have corrected this error in the standard historical view by holding that no one can privately appropriate natural resource rents. My view allows people to get exactly what their labor produces. This outcome is efficient because it provides people with an incentive to produce because it internalizes positive externalities. And it is just because peoples’ self-ownership entitles them to what they produce.

This view, if implemented, would solve many of our social problems, including the ones I discussed at the start of the paper: the dual housing and inequality crises that are gripping developed countries. The fundamental cause of both of these crises is that we have allowed people to privately appropriate natural resources. Inequality is high and rising because land (and other natural monopolies) is unequally distributed, allowing a small portion of people to profit from the success of the entire economy to a degree that is disproportionate to their contribution to that economy. High and rising land prices means high and rising housing costs, which make it much more difficult for young people to achieve economic security and start a family. And as I noted above, the current property regime is built on a history of exclusion, most importantly the exclusion of African Americans in the mid-20th century which is arguably the main cause of today’s racial wealth gap.

The fact that natural resource rents are distributed according to a Lockean scheme and not a Georgist one is the cause of these problems. The inequities that contributed to the current racial wealth gap would be remediated by taxes on land. Housing would become more affordable because it would become less land-intensive; currently the government taxes both land and improvements through the property tax system, but on the Georgist proposal to only tax land, improvements would be significantly incentivized and much more housing would be developed, making housing more affordable. Property owners’ incentive to prevent new construction would be abolished once their land’s economic value is socialized. And Georgist policies would encourage density in cities, which has important environmental benefits. Georgist policies would at once promote racial, housing, climate and economic justice. They would divide the pie in a more equitable way. But more importantly, they would grow the economic pie by providing people with the right incentives. These factors together make Georgism the best theory of distributive justice.[[42]](#footnote-42)

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1. Pew (2023) [↑](#footnote-ref-1)
2. Clark (2012), Flynn (2013), Christophers (2018). [↑](#footnote-ref-2)
3. Rothstein (2018). [↑](#footnote-ref-3)
4. Hsieh and Moretti (2019). [↑](#footnote-ref-4)
5. Rognlie (2015). [↑](#footnote-ref-5)
6. [REDACTED] [↑](#footnote-ref-6)
7. The Economist (2023). [↑](#footnote-ref-7)
8. This argument can be run for other essential biological functions, like drinking, breathing and defecating (on the latter see Ephraim 2021). [↑](#footnote-ref-8)
9. For Locke, the consent of all of the other common owners is not required, because it would be impossible to obtain the consent of everyone before eating (§28). [↑](#footnote-ref-9)
10. Locke always uses masculine terms to refer to the appropriator; it is unclear whether he thought that women could appropriate. [↑](#footnote-ref-10)
11. This too has a theological justification, and plays an important account in Locke’s account of the emergence of money. Money is durable whereas the things we trade it for usually spoil. Hence, money can provide people with an incentive and a desire to extract from nature more than they can immediately consume, so long as they can trade the surplus for money before it spoils (§45-50). [↑](#footnote-ref-11)
12. The argument also does not exclude adverse possession: what happens when you mix your labor with something, then I do too, without your knowledge or consent? Does your labor prevent my labor from bonding with the resource? Or does the bond between labor and resource decay over time making adverse possession possible eventually? [↑](#footnote-ref-12)
13. In some cases, it is possible, though prohibitively costly, to separate improvements from land. If I’ve built a house on some land, then it is possible to take the house apart and move it somewhere else. [↑](#footnote-ref-13)
14. The basic idea behind any such methodology is simply to subtract the costs incurred in improving a resource from the observed sale price of the improved resource to get the unimproved resource value as a residual, or to subtract the observed cost of a comparable unimproved resource from the sale price of the improved resource to get the value of the improvements as a residual. [↑](#footnote-ref-14)
15. See Armitage (2004) for an extensive discussion on the relationship between Locke’s work with the Proprietors and chapter 5. [↑](#footnote-ref-15)
16. Locke was also an inaugural shareholder in the Royal African Company, the company that imported more enslaved people to British North America than any other. [↑](#footnote-ref-16)
17. Smith, *Wealth of Nations,* Book 1 chapter 11. [↑](#footnote-ref-17)
18. The law of rent can be used to derive a law of wages too. See George (1879; book 3, chapter 6). [↑](#footnote-ref-18)
19. Economists typically consider people who own the resources they use (like homeowners) as paying an “owners’ imputed rent” to themselves, which reflects the opportunity cost of the resource. So, when there is not enough and as good, even owner-users pay rent. [↑](#footnote-ref-19)
20. Murray (2022), Arneil (1996), Bishop (1997) and Corcoran (2007) discuss Locke and Native Americans. [↑](#footnote-ref-20)
21. Ephraim (2021) discusses Locke and enclosure. [↑](#footnote-ref-21)
22. Bernasconi and Mann (2005). [↑](#footnote-ref-22)
23. George (1879; book 3, chapter 2), explains the point quite well: “I may have very rich land, but it will yield no rent and have no value so long as there is other land as good to be had without cost. But when this other land is appropriated, and the best land to be had for nothing is inferior, either in fertility, situation, or other quality, my land will begin to have a value and yield rent.” [↑](#footnote-ref-23)
24. England (2023) provides a compelling history of George’s influence on the larger progressive movement. [↑](#footnote-ref-24)
25. Some economists have also studied the distributive effects of a land value tax. For a recent treatment see Schwerhoff et al. (2022). [↑](#footnote-ref-25)
26. See *Progress and Poverty*, book 1, esp. chapter 3. See also George’s *The Science of Political Economy*, book 3, chapter 1. [↑](#footnote-ref-26)
27. Indeed, the standard reading of Locke’s account of the state’s emergence views the state’s territorial rights as an amalgamation of the property rights of its landholding citizens, though see van der Vossen (2015) for an alternative reading. [↑](#footnote-ref-27)
28. The issue of exclusion and occupancy rights has been discussed in the literature on territorial rights. See Simmons (2016), Nine (2019), and Stilz (2013) for related discussions. [REDACTED] [↑](#footnote-ref-28)
29. If the value of your improvement is *I* and the rent for the natural resource is *R*, this scheme would allow you to continue to use the resource for *I/R* more years, though you are owed no compensation for your improvement when you are eventually evicted. Our legal system already has something similar to this in the tax foreclosure process. Everyone has to pay property taxes, and if you do not pay your property taxes, the government places a lien on your property and sells the lien to third-party investors. Then, after a period of time specified by law, if you don’t pay off the lien, then you can be evicted from your property by the investor who owns it. The government can evict you for not paying property taxes—a significant limitation that our legal system has already placed on the rights of property owners. My proposal would be very easy to implement because all of the infrastructure that local governments use to collect delinquent property taxes is already in place, with extensive bodies of case law, etc. This infrastructure could be very easily adapted if property taxes shift to land value taxes. [↑](#footnote-ref-29)
30. Steiner (2009) defends this view. Mathias Risse (2012) defends a view he calls “The Common Ownership of the Earth” but this view is substantially different from CEG. See Abizadeh (2013) for a discussion of this. [↑](#footnote-ref-30)
31. The rent share is difficult to estimate because economists typically define natural resource rents in a way that excludes rents on urban and suburban land (including owners’ imputed rent). [REDACTED] report world bank data going back 50 years that shows natural resource rents (excluding urban land) fluctuate between 3 and 5 percent of GDP. Urban land rents are probably at least another 4% of GDP, given that urban land represents more than 25% of the capital stock of advanced countries according to Piketty (2014). [↑](#footnote-ref-31)
32. Rousseau, *Discourse on the Origin of Inequality, Part II*. [↑](#footnote-ref-32)
33. George did not draw the distinction between proportional and egalitarian views that I develop here, though there is more textual support for regarding the George of *Progress and Poverty* as holding a proportional view. [↑](#footnote-ref-33)
34. Indeed, the latter is just a special case of the former—saved and invested resources are used to produce more resources in the next period. Produced capital, on George’s view (1879; book 1, chapter 2), is just a special kind of labor—labor stored up in material form and devoted to production, not consumption. People are entitled to their capital (the portion of their income that they save, and the interest that it earns over time) for the same reason they are entitled to their labor, because capital is labor. [↑](#footnote-ref-34)
35. This is exactly what George proposes in *Progress and Poverty*, discussed extensively in Books 8 and 9. [↑](#footnote-ref-35)
36. Cohen (1995) is often regarded as inaugurating this tradition. [↑](#footnote-ref-36)
37. I am inclined to think that almost all gifts are legitimate from the perspective of distributive justice, so long as (1) the gift was justly acquired by the benefactor and (2) the gift does not make anyone else worse-off. [↑](#footnote-ref-37)
38. See Mulligan (2018) for a related discussion where wages are construed as partially owing to economic rents. [↑](#footnote-ref-38)
39. The reason I qualify this assertion with “many” is because some natural endowments, like having a kidney, are useful whether or not one lives in a society with division of labor. But the economic value of other natural endowments like being in the top .01% of the height distribution is entirely contingent upon the organization of society and the preferences of its other members. [↑](#footnote-ref-39)
40. We can, at great expense, extract someone’s bodily organs like kidneys or eyeballs to give them to those without, something that luck egalitarians favor—e.g., Cohen (1995; 70, 244). [↑](#footnote-ref-40)
41. One can also question Otsuka’s contention that there will be enough natural resource rents so that an equal outcome can be achieved when they are redistributed to the naturally disadvantaged. In order for this to be possible, the sum of the differences between everyone’s natural endowment and the best natural endowment that exists must be less than the sum of the natural resource rents. I see no reason why this should be the case. [↑](#footnote-ref-41)
42. [Acknowledgements REDACTED] [↑](#footnote-ref-42)