Owner, worker, giver, thief

Ian Hopton reflects on the origin and basis of ownership, and argues that the future for society lies in the elimination of illegitimate property

WEALTH AND power derive mainly through ownership. Economic power is exercised through the possession of property—taken as all forms of material wealth, including money. The extent of our possessions provide a measure of our economic power. The economic power of governments is dependent on their ability to extract, through taxation, a proportion of the nation's wealth to finance their schemes. But not all property, and so not all such power, is legitimate.

Whether property is legitimate or illegitimate is determined by its means of acquisition—through either *work*, *gift* or *theft*. Legitimate ownership arises from work or gift; illegitimate ownership from theft. It is necessary to agree definitions of what is 'work' or 'gift' or 'theft': we are dependent on definitions for the continuing conduct of our everyday affairs.

Perhaps the plainest means of acquiring property is through *work*. Work I would define as conditional on that activity leading to a result that is *socially beneficial*. We of course have to go on to define what is meant by 'socially beneficial'; but the fact remains that the necessity for agreed definitions is important. This is demonstrated for example in the fine distinction that is made between tax *avoidance* and tax *evasion*, between legality and illegality. It is something that is argued back and forth by lawyers and accountants striving to interpret ever-changing government legislation, until a settlement is finally agreed. It is often just a matter of degree, and many business practices employ lawyers simply to keep them within the law.

Thus it may be that the distinction between legitimate work and illegitimate activity will depend on a similar consensus view. In this sense the fraudster, who may expend great effort, skill and diligence in their activities does not 'work'. Equally the failure of an enterprise may not be due to lack of work. Many factors may be involved, not least of which is luck. It may perhaps be a matter of incompetence. But incompetence, although unfortunate, is not illegal. We must often accept an honest intention of usefulness.

Initially, of course, the purpose of work is to benefit the individual. Very few of us work for the benefit of others: we do it for ourselves. But if this work is conducted within the legal constraints and ethical standards imposed by society, then it is also of benefit to society. In doing legitimate work for ourselves we work for society, and this form of work merits reward in the form of material wealth or its substitute money.

The acquisition of property by *gift* would generally appear to be fairly straightforward, except where the gift is of high value—as with bequests in a will. Society would appear to set a limit to the amount of wealth that may be passed on to one's friends or family before suffering a deduction for tax. It is as though there is a stigma attached to the acquisition of property other than through work, and society demonstrates this by imposing a tax on the inheritance of wealth that has not been earned. Conversely, gifts to charities are viewed with approval and consequently merit an additional contribution from society in the form of tax relief.

There is one form of acquisition that does not readily fall within the category of gift, and that is when something of value is found or discovered. If this is of small value, or is something that cannot be identified as another's property, then the social custom allows that the item may become the legitimate property of the finder (see box below). If however there is some evidence of identity or personal value to another, the retention of the item would be seen as a form of theft.

Where *theft* is concerned a definition is far more problematic and requires much sensitive investigation, for it raises questions of basic morality. We are forced to examine our own beliefs and the generally accepted notions related to property.

As we have said, wealth and power are derived through ownership—and historically this has always been so. We see that no matter how hard an individual of modest means might work, the resultant increase in their overall wealth may be insignificant in comparison with the increase arising from a slight adjustment in the affairs of a rich man. Whether such adjustment can be described as *work* is extremely difficult to determine. The rich would of course say yes it can, for they may devote a great deal of their time and effort to just such activity: and it is quite apparent that in the rarified world of international finance such adjustments can gain or lose millions of pounds within seconds for the fortunate or hapless owners of funds. In our judgment as to whether such activity is *work*, we must rely mainly on the adjective 'useful'. We cannot deny the exercise of great skill, even of courage—but whether such large scale financial manipulations are useful we may perhaps leave open to question. It is certainly an established part of economic life which there appears no collective will to change at the present time: too many of us benefit from it.

All individuals are desirous of profit or gain, and the above example is used to illustrate that—in the pursuit of gain—production of artefacts cannot compete with the manipulation of wealth. (Wealth being measured in terms of possession, either of actual or monetary property.) It seems obvious that it is more advantageous to be rich: and having achieved that desirable state, to expend no little effort in maintaining it. Again, whether such effort can be described as work is questionable, for its usefulness is of benefit only to the rich—the owners of excessive wealth. The question being posed here is whether ownership so achieved is legitimate or illegitimate.

Probably the oldest and most venerated form of ownership is that of property in land. Throughout history the ownership of land has bestowed great power and privilege on the owner, and it continues to do so to the present day, albeit in a more disguised form. But, actually, property in land is probably the most blatant act of theft perpetrated by society on itself. It is stated in this way deliberately; for the whole of society is culpable.

Very few question the validity of property in land. Even the dispossessed, mostly, believe that such a concept is legitimate. But a little serious thought shows that legitimate ownership of land is impossible. (In the sense used here the term 'land' must also encompass all the natural resources of the planet; the oil and minerals in the ground, the natural forests, the fish in the sea. None of this may legitimately be 'owned'.) How did land come into ownership? The land was there before human societies existed and will no doubt still be there when we and all our works are gone. It could only have become possessed by theft. We are the trustees of the land: if we claim ownership we break that trust.

There is no question that all individuals need land, but this applies—more or less *equally*—to *all* of us, if simply to exist. Even farmers who cultivate and husband the land can have no right of ownership: they have the right to security of tenure and the product of their husbandry: they have a right to sell the value of its fertility for which they have worked, perhaps at a great profit. But by so-doing they are selling the product of their work and that of their forbears; they are not selling the land the value of which legitimately belongs to all of us. Farmers are, as we all are, no more than custodians.

This is an example of the difficult distinction that must be made between legitimate and illegitimate property. It is a distinction which has become blurred over time and eventually lost—to the great advantage of landlords and land speculators who have been able to amass great fortunes through land transactions and rents on the spurious claim of ownership. The origins of their 'ownership' must have begun with appropriation either by guile or by force, and no amount of subsequent legal ratification can alter that fact.

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Another important factor in the exercise of power through ownership is in the area of shareholding—a cornerstone of the capitalist system. The injustices that arose from absentee ownership of land in the 18th and 19th centuries are perhaps reflected again in the current system of share ownership, where whole industries are owned by shareholders who are largely indifferent towards or ignorant of the nature of the industry they own. Their sole interest is that the return on their shareholding should be profitable. As with the absentee landowners of the past, this represents a form of power without responsibility. However the system is now entrench
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There is an interesting variant on 'found property' where national heritages are concerned. Ancient monuments, such as Stonehenge or the Pyramids, are now seen as national treasures that generate enormous revenues through tourism. But their value in that respect was only realised through the advent of archeology as a subject of study after the Renaissance in Europe. For a long time prior to that they had no value other than as curiosities or quarries for building-stone. Arguably they could be seen as gifts from our ancestors. The same applies to the artefacts from treasure trove which, with the development of the metal detector and the underwater robot, has now become quite a lucrative industry. The reward allowed to the treasure hunters arises from the work done in the process of detection and recovery: the artefacts themselves still remain a gift to society from past generations.

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activity is not work and the private benefit that arises from it, whether as property or money, is illegitimate. What is legal and what is illegal has to be spelt out, and the legislators have to be two steps ahead of the sharp practitioners, instead of three steps behind as at present.

Where the social good is concerned, there is economic activity that is individually and socially beneficial and there is other activity that is individually beneficial but socially damaging. Those, therefore, who gain a living from the latter (and it is often a good living)

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which results neither from work nor gift must be engaged in a form of theft.

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The main cause of poverty in the contemporary world is the growth and maintenance of ownership in large powerful concentrations that take from society more than they give. It is a form of theft for it is not gained in isolation from the rest of society but by virtue of its very existence.

All real wealth is produced through the application of real work and those who have an excess of wealth who have not gained it through their own work have gained it through the work of others. In this sense the act of theft is gradual and insidious but no less real. We see the gradual transition from legitimate to illegitimate property, legitimate to illegitimate power. The primary cause of poverty is an economic system that promotes those selfish motivations that result in excessive concentrations of wealth and illegitimate ownership. In simple terms the fundamental cause of poverty is greed.

One is not arguing for the confiscation of wealth or even for equality of result. There is, of course, a case for equality of opportunity—but not for what individuals will make of it. The idea of economic equality has fostered much illusion. The fact is that we devote a great deal of energy striving to be as unequal as we can. In any chosen activity, we are proud of being excellent, not average. Of course our dreams are seldom realised, but that does not alter the basic hope.

It is futile to rail against self-interest, or even greed. They cannot be eliminated by legislation. Attempts to do so in the past have resulted in the imposition of brutal tyrannies which try to compel people to conform to some moral code devised by the rulers. We should concentrate less on the issue of equality, and more on that of justice. It is a great human virtue that we are all able to recognise justice and fairness. In that sense perhaps we are equal. If justice and fairness became the guiding principles in our economic affairs then the issue of equality would resolve itself.

Political economy is not about production and wealth creation, it is about morality: and the first moral law is that the strong owe a duty towards the weak. There are enormous social injustices, even within the prosperous western world, to say nothing of the gross injustice of a half-starving Third World. Of course, remedial activity is constantly being carried out to alleviate the worst consequences of poverty, but it never can get to the root cause of the problem—which is a social and economic world so organised as to facilitate concentrations of excessive wealth and the safe-guarding of illegitimate property.

The major challenge is to face up to the issue of ownership. But this can only be done when the existence of a problem is recognised, especially by the rich and powerful, for only they have the power to effect a peaceful change. Any reform of the situation will require a re-definition of 'work' and of 'ownership', with their attendant rewards and responsibilities.

In the complex world in which we live, gradualism is essential to any reform. The present situation is the result of slow evolution over many centuries. The Gordian knot that we have made for ourselves has to be painstakingly unpicked. The heroic idea of severance at a stroke, favoured by revolutionaries, causes more problems than it solves.

The challenge for society lies in devising a socio-economic system which recognises the difference between legitimate and illegitimate property, between work that is socially beneficial and work that is not, and which incorporates appropriate incentives to promote the former at the expense of the latter. L&L

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The Greenspan years

Ed Dodson is still unsure of Alan Greenspan's legacy. In the second of a three-part article on how the US economy got to where it is today, he takes us through Greenspan's years with George Bush senior and Bill Clinton

By 1989 several regions across the United States were most vulnerable to a serious downturn. Parts of New England had experienced rapid increases in land prices as the region became a new centre for technology research and development. In Hawaii and on the West Coast, Japanese and Korean investors had acquired every type of real estate, outbidding those buyers more concerned with positive cash flows than expectations of flipping properties for quick gains. When the Japanese and Korean land markets collapsed, investors were soon forced to begin selling off property assets in order to raise needed cash. The glut of properties coming on the market accelerated already collapsing property markets in Hawaii and California. Wherever land prices had spiraled upward the most, the collapse in values was the most pronounced.

Economists expressed general concern that a recession was possible but only a very few pointed to the nation's land markets as the primary cause. Under Greenspan's direction, the Fed moved to tighten credit and impose more stringent capital requirements on member banks, resisting political pressure to infuse the economy with an expansion of the money supply. Several increases in the overnight federal-funds rate charged to member banks kept the credit markets in check.

What also happened, according to economist Ravi Batra, is that Japanese investors began to pull their financial reserves out of Japanese institutions and invested in US government securities. This helped to drive down interest rates in the US and stimulated the US recovery. Yet, because nothing had been done to address the structural problems endemic to land market cycles, the seeds of another credit-fueled escalation in land prices, followed in roughly 18 years by another collapse, were firmly planted.

To strengthen US exports, Lloyd Bentsen (Secretary of the Treasury during Clinton's first term as President), pursued strategies to keep the dollar weak despite its renewed attraction as a safe harbour by foreign investors. His successor, Robert Rubin, reversed this strategy on the assumption that a stronger dollar would lower the cost of imports, requiring domestic producers to respond by lowering their prices as well. The longer-term responses of producers determined to protect profit margins were not new. First, they sought to replace workers with new technologies. When this proved insufficient, they looked around for locations where the cost of doing business was sufficiently lower to override the higher costs of shipping goods back into the US market.

A revolution in communications technologies was also well underway. The expansion and increasing use of the internet was explosive, as the co
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