10

From chaos to cosmos

AN ORDERLY society is not, by itself, sufficient to satisfy human needs. Tyrants have a knack for enforcing order, but they exact a price that many people would rather not pay. Most of us expect the rules that establish Order to be synchronised with the principles of Justice.

The concept of justice receives legal affirmation in all societies, including those (such as Brazil) that employ policemen who shoot children in the ghettoes. Why is there often a yawning gap between theory and practice? Because the political philosophy is not tied into legal principles that a citizen can enforce in the courts.

In the Georgist paradigm, the right of every man, woman and child to an equal share in the benefits that they collectively create, in the community, constitutes the moral basis for society. Land, whether viewed as given by God or just treated as a free gift of nature, is deemed to be the sacred inheritance of each generation; passed on in as good a state as it was found by the last occupants of Earth, a rich legacy for the further evolution of the individual in society.

Capitalism lacks that moral basis, for its emphasis on self-interest, and the rights of the individual, are not properly balanced by the collective rights of the community. Justice, therefore, was something that reformers had to struggle to graft onto the outer skin of the system, for it had not been built into the foundations.

The scope for the eventual improvement of the condition of the disadvantaged in 19th century society did exist. Desperate circumstances forced governments to pile one set of remedial laws on top of another. But these were not designed to alter the foundations of capitalism; merely - much to the chagrin of Marxists - to prevent its early eclipse by communism.

But the result has been a fossilisation of the 19th century system in 20th century garb. The price has been a heavy one. To finance the alleviation of individual deprivation and social despoliation, the burden of taxation had to be increased year after year. The three classes - landowners, workers and capitalists - struggled over compensation for the negative influences generated by the system's intrinsic flaw.

The dyke was constantly springing leaks. Instead of building a new wall, to avoid being engulfed by the seas, governments kept calling for more boys to plug their fingers in the holes.

There was going to come a time when citizens had to sit back, take stock, and start to unravel the whole mess. That time seems to have come, for the weight of the state has become intolerable. In Britain, government spent 46% of gross national income in 1993, one measure of the erosion of the freedom of the individual; it is also a measure of the incapacity of the market economy - as presently constituted - to deliver services direct to the citizens without the intervention of the bureaucratic apparatus.

The welfare state, the 20th century's valiant attempt to offset the shortcomings of capitalism, is now struggling to maintain its financial commitments, and the poor, old and sick are the first victims of plans to prune public spending. The financial crisis in the public sector comes at a time not only when the integrity of the markets has been undermined by the business cycle; the moral basis of capitalism itself is also being roundly condemned by the keepers of our collective consciences, from the Pope[74] to sundry protestant bishops.

Capitalism still has its champions, including a former British chancellor of the exchequer,[75] but most people know that something is seriously wrong. Unfortunately, because the source of the stresses is not correctly identified, there is no debate about the fundamental reforms that would correct the system - by, for example, abolishing involuntary unemployment.[76] Where did it go wrong?

Constitutional foundations

The trouble originated with the constitutions on which the modern nation-state was built. The statesmen who drafted the fine words - more often than not, rallying calls to revolution - failed to match the rhetoric with the practical principles. Constitutions can, of course, be amended; but in the

process, a heavy price is paid, as we can see in the case of the American Constitution.

The Founding Fathers were intoxicated with high ideals, by notions of the Rights of Man. In the course of their deliberations, however, they made two fatal mistakes, both of them the result of prejudice over property rights.

The first error was one of commission. In the Preamble to the Constitution, the Founding Fathers declared their goals to be a "perfect Union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves..."

Fine, reassuring words, except for the black slave who (in Article 1, Section 3) was counted as three-fifths of a white man. In this "land of the free", half-a-million Americans had to die in a civil war before that prejudice on property rights was expunged from the Constitution.

The second error was one of apparent omission. The Founding Fathers - most of them large landowners, a good proportion of their leaders active land speculators[77] - failed to articulate a philosophy on property that matched the words about equality and social justice. How do we account for this?

The Founding Fathers treated John Locke as their philosophical guide, but not without equivocation. For Locke had insisted, in his *Treatise on Government*, that every person had the right to "life, liberty and estate" - estate being the word that was used, at that time, for land. Now that declaration - *everyone*, argued Locke, had the natural right to life, liberty and land - was awkward. For if the Constitution was to be enforceable at law, any man or woman could claim, as a constitutional right, a piece of American real estate; which might have threatened the basis on which the Founding Fathers laid claim to large tracts of land in the New World.

So how was this problem resolved? In the Declaration of Independence, the Founding Fathers edited the key phrase. They abandoned the word "estate". Now, the phrase became "Life, Liberty and the Pursuit of Happiness".

> We hold these Truths to be self-evident, that all Men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the Pursuit of Happiness.

Every American was equal (apart from slaves, who were three-fifths of

a white man); and every American could claim the constitutional right to the pursuit of happiness, so long as he did not also claim the constitutional right to the piece of land that he needed to sustain his life!

It is not surprising, therefore, that the Constitution, as originally enacted, was silent on property rights. As a result, the law-makers in Washington were free to develop a system of public finance that shifted taxation away from land, and on to labour and capital. And today, on the streets of America, people - many of them children - are paying with their lives for that constitutional error.[78] The victims do not know that, for many of them, the source of their fate can be traced back to the misappropriation of public revenue by private individuals; Henry George is not required reading in the schools of America.

Is this an unfair assessment of the American Constitution? The record is clear enough. James Madison, one of the Founding Fathers, was emphatic about their ulterior motives. He wrote that

> In England, at this day, if elections were open to all classes of people, the property of landed proprietors would be unsure...Landholders ought to have a share in the government, to support these invaluable interests...They ought to be so constituted as to protect the minority of the opulent against the majority.[79]

Madison voiced a general concern among those who sought to establish the rules that would guide life in the "land of the free". He realised that the unequal distribution of property was the most serious cause of social division, and he wanted to alert others to the risk that the landless people - who were in the majority - might use government to redistribute property. Thus: "To secure...private rights against the danger of such a faction...is then the great object..."[80]

The contemporary significance of these reflections is evident. In Russia, the constitution prepared by Boris Yeltsin, which was endorsed by the slimmest of majorities in a referendum in December 1993, was ill-conceived. This was to be expected, for the President had imported his economic philosophy from Harvard University and Washington, DC. Unless the Russian people fill the void that divides their social philosophy from the new constitution, many of them will pay as fatal a price, in terms of deprivation and exploitation, as the crimes that are claiming the lives of

the citizens in the New World.

Philosophy of Public finance

If the principles of the Georgist paradigm were to be enshrined in a new constitution, there could be no question of forcing particular forms of social behaviour on people.

The one principle on which there can be no compromise, however, concerns the nature of public finance: the rent of land (which excludes the undepreciated returns to improvements on the land) belongs to everyone, equally. If this principle were to be enshrined in law, one of the major sources of social discontent would immediately be abolished: resentment towards taxes. For the payment of rent is not a tax, but a payment for benefits that are received by the possessor of land (the tenant does not claim that he is being taxed, when he pays rent to the private landlord!).

This single reform would abolish the chaos that is the result of misaligned economic relationships. In doing so, it would institute a new cosmological order. The rent-as-public-revenue policy would be industrial society's improvement on the practice of Bronze Age kings, whose Clean Slate edicts periodically redeemed people's access-rights to land (a policy that was to find its expression in the Bible's Jubilee Year).[81]

Thus would be created the conditions in which a democratic people would be free to establish whatever kind of post-industrial society they wished for themselves and their children.

The citizen would be liberated: the value that he created, with his labour and capital, he would keep.

The city would flourish: no longer disfigured by the land speculator, who carves up the territory to suit his long-term capital gains.

Politics: consensus rather than conflict would be the overriding dynamic. And the freedom to disagree would be protected by the economic independence that would be enjoyed by every citizen.

Ecology: the natural environment would be lovingly nurtured. Anyone wanting to deplete or pollute would have to pay rent for the privilege, a price that would induce conservation.

A social renaissance would follow. Society would no longer be disfigured by the logic of the nation-state, which is motivated by territorial aggrandisement along the path of war and destruction and sustained by the

ideologies that are the outgrowths of the capitalist version of industrial society.[82]

The business cycle as we know it, with its frenetic land-led booms and family-wrecking slumps, would be abolished.

This was the prospectus held out by Henry George, over a century ago, and it remains valid. The essential difference, today, from the conditions of the 1880s, is that the people whom Henry George rallied under the banner of social reform were able to flirt with the utopian visions of Marxism. Today, the Marxist paradigm is dead.

As for capitalism, it is one of history's walking wounded. It may not die immediately. But at the same time, capitalism is incapable of healing itself. For if it is to remain faithful to its foundation principles, it must resist root-and-branch reform of the tax-and-tenure system. And yet, the moral bankruptcy of the system must surely encourage demands for a better social order? For how can we continue to preserve a way of life that actively turns honest citizens into criminals. I am thinking of the tax system that encourages people to spend fortunes to avoid the payment of taxes. This is a system that compels people to turn to "illegal" activity, as characterised by the so-called "black economy". In Britain alone, this economy is worth between £36 and £48 billion, according to the Inland Revenue (whose estimate was recorded in the 1993 report of the National Audit Office). Many of the participants in this "illegal" trade turn themselves into outlaws as the only alternative to being consigned to economic inertia - the victims purely and simply of a system of public finance that is self-serving.

But there is now real hope for social evolution. For people are not comfortable with an absence of choice. They will now search for an alternative vision of society to replace Marxism. The Georgist paradigm will need to be tested, if people are to be convinced, postulated against the great tragedies of our time to see if it can perform better than the remedies of capitalism.

Let us return, finally, to the problem of poverty. Worldwide, about 1.1 billion people live in absolute poverty, and about 30% of the world's population faces hunger as a daily reality. What would it take to solve this problem?

In 1993, the International Monetary Fund, representing the rich capitalist nations, was reported to be offering $2 million (£1.36m) to reduce

poverty.[83] This compares with the billions of dollars extended by the IMF every year to governments to be spent on projects that consolidate the power that creates the poverty in the first place. Conventional strategies are no more than cruel band-aids, barely able to cover the wounds, certainly incapable of stemming the loss of blood.

Would the Georgist philosophy fare better? Its advocates argue that nothing short of the transformation of the system of public finance, to reflect a new philosophy of property rights, will unshackle people from the conditions that generate poverty. Which approach can abolish intergenerational poverty - the IMF's hard-faced dispensation of charity, which reflects an attitude that can be traced back to the Victoria era? Or a radical restructuring of society, to liberate every person along the lines proposed by Henry George?[84]

It does not take a genius to work out which is the superior approach, but one genius did comment on the Georgist analysis - Albert Einstein himself. In a letter dated October 8, 1931, Einstein wrote:

> I read the largest part of the book by Henry George with extraordinary interest, and I believe that in the main points the book takes a stand which cannot be fought, especially as far as the cause of poverty is concerned.[85]

But the appropriate remedies will not be instituted unless people insist on a public debate on the philosophy of public finance. Such debate as is sponsored by governments is directed at the "efficiency" of specific taxes - a discussion designed to make life easier for the tax collector rather than the tax payer.

This attitude was well expressed by Kingsley Wood, a British Chancellor of the Exchequer who - in presenting his Budget in 1941 - spoke glowingly of the Englishman's "genius for co-operating with the tax collector"! As for the collection of public revenue from the rent of land - alas, Mr Wood had told the House of Commons, there were administrative difficulties with this fiscal policy. So, once again, he would have to increase the taxes on people's earned incomes. Overcoming the alleged administrative problems was not something with which the government would concern itself: an easy life for the tax collector was what it was all about![86]

Adam Smith, in itemising the canons of taxation that are even today cited with approval by economists and politicians, did not deem it necessary to

highlight norms of social justice. It was, apparently, a privilege to be paying taxes:

> Every tax...is to the person who pays it a badge, not of slavery, but of liberty. It denotes that he is subject to government, indeed, but that, as he has some property, he cannot himself be the property of a master.[87]

By such talk was the freeborn Englishman turned into a slave - by hoodwinking him into believing that he had to pay for the privilege of being governed. By such analysis was he encouraged to bear with pride the loss of his earned income, even while the unearned income - the public revenue, the rent of land - was being siphoned off by those who reserved unto themselves the right to make the laws.

Utopian?

Society's crying need is for its institutions to be rebased on a realistic footing.

Is the vision that I have offered a utopian one - outside the realms of practical politics? Some will say so. Such an attempt to dismiss the Georgist paradigm, however, would not work in China and Russia, for whom the legacy of communism has been the chance to create a new society without the ideological interference of the landowning class. And what would happen if China and Russia were to adopt the rent-as-public-revenue policy - a policy that was first offered to them 80 and more years ago by Leo Tolstoy and Sun Yat-sen? Other nations would have two options. Either they would have to abandon the philosophy of free trade, to which they penned their names under the General Agreement on Trade and Tariffs in 1993, and retreat into autarky; or they would have to abandon the present system of taxation.

Why? Because the economic consequences of such a decision by China and Russia, for the exporting nations, would be traumatic. Russia and China, two nations rich in scientific know-how, people and natural resources, would come to dominate the global markets within a decade. This would happen for one simple reason: by not having to carry the burden of taxes on labour and capital, the prices of their manufactured products would be too low for the European and North American nations to compete.

And so we begin to glimpse the reality - that it was communism and

capitalism that were impossible dreams. No sooner did they come into existence, than it was necessary to sustain them by a system of carrot-and-stick.

In the 20th century, the genius of *homo sapiens* was expressed in the discovery of the means to soar beyond Earth's gravity, to begin the odyssey into the heavens. But this was not the dawning of a Brave New World. The astronomic feats of communism and capitalism symbolised the tragedy of rootlessness that had befallen the people of the world. By the millions they died in defence of land that did not belong to them - deceived by the ideology of nationalism. By the million, they starved to death for want of access to the soil - while being admonished as slothful. By the million, they wandered the world for the want of homes of their own - refugees in a world that begrudged them.

If, in the 21st century, there is to be a resolution of the crises that afflict people in their daily lives, it will not be found in an escape into the heavens. Peace and prosperity for everyone will remain beyond our reach until the day we find our way to A Philosophy for a Fair Society.

References

1 The capacity for self-delusion, while frustrating for some, actually helps to sustain a malfunctioning system until the time has come to implement radical changes. For example, our political leaders find it difficult to admit that the economy which they claim to "manage" deprives people of the freedom to work. Who is to take the blame, for example, for the fact that, throughout the years of growth in the 1980s, 12% of US males aged 25-54, and 14.9% of UK prime-age males, were out of work? (Edward Balls, "Missing the unemployment-deregulation link", *The Financial Times*, London, Sept.6, 1993). This record is glossed over by emphasising that many more women were now in employment (albeit in largely low-pay, menial jobs): women were being "emancipated", even while their children were necessarily neglected, deprived of the contact they need with their mothers.

2 The horror in which two 10-year-old English boys battered to death a three-year-old child made headlines around the world, in December 1993; yet we

ignore the routine homicides in the United States, where the killing of children by children is a daily occurrence.

3 The urgency of such a debate is emphasised by the findings of a research project in Britain by the Children's Society. Its report, *Hidden Truths* (1993), revealed that one in seven teenagers in Leeds runs away from home. The report suggests that the police estimate that 100,000 children in Britain become fugitives every year understates the reality.

4 I was able to test this proposition in 1986, at a Press conference in Moscow, when I questioned Abel Aganbegyan, the economic adviser to Mikhail Gorbachev during the crucial early phase of perestroika. It was apparent from his answers that perestroika was an empty concept; the Soviet Union under communism could go nowhere except oblivion. See Fred Harrison, "Post socialism and the Single Tax", in Richard Noyes (editor), *Now the Synthesis: Capitalism, Socialism and the New Social Contract*, London: Shepheard-Walwyn/New York: Holmes & Meier, 1991, pp.82-85.

5 This exercise in social criticism is not particularly difficult, as any alert reader of the daily newspaper can testify. Take, for example, the corruption that has been traced right up to the top in Italy and Japan, two democracies with contrasting cultural backgrounds. In both countries, the democratic parties that governed for decades were unceremoniously ditched during elections in 1993. This rejection by the electorate, however, occurred outside the framework of a debate about how to improve the qualitative state of society. Not surprisingly, therefore, the electoral outcome was unstable rule by a multiplicity of parties representing minority interests.

In Italy, in the municipal elections in November 1993, the demise of the Social Democrats exposed the nation to the mercies of just three new parties: the former communist PDS, the fascist Italian Social Movement spearheaded by Alessandra Mussolini, the Duce's granddaughter; and the separatist Northern League. None of these groups could provide Italy with a viable approach to consensus politics or institutional reform.

6 My first attempt at such a critique appears in *The Power in the Land*, London: Shepheard-Walwyn, 1983.

7 The British Green Party is an exception to this observation. But see David Richards, "The Greens and the Tax on Rent", in Noyes, *op. cit.*, pp.160-163.

8 Anthony B. Atkinson and Joseph E. Stiglitz, *Lectures on Public Economics*, London: McGraw Hill, 1980, p.525.

9 The Open Letter is reproduced in Noyes, *op. cit.*, pp. 225-230.

10 Harrison, *op cit.* See also Mason Gaffney and Fred Harrison, *Land Speculation & the Business Cycle*: Shepheard-Walwyn/CIT, London, 1995.

11 James S. Ackerman, *Palladio*, London: Penguin, 1991, p.182.
12 *Ibid.*, p.162.
13 John Kenneth Galbraith, *The Anatomy of Power*, 1984, London: Hamish Hamilton.
14 They did not do so willingly, however. See Roy Douglas, *Land, People & Politics: A History of the Land Question in the United Kingdom, 1878-1952*, London: Allison & Busby, 1976.
15 In Britain, the Left's poverty of philosophy is illustrated, in the post-Thatcher era, in the attempt to define the future of individual welfare in legalistic and income-redistribution terms, rather than the empowerment of the individual through a fluid system of wealth creation. See, for example, Anna Coote (editor), *The Welfare of Citizens*, London: Institute for Public Policy Research/ Rivers Oram Press, 1992.
In America, "progressives" have a similar conceptual problem in the post-Reagan era. Frustratingly, one of them, Gar Alperovitz, comes tantalizingly close to the Georgist paradigm, with this kind of statement: "A public trust to establish community ownership of such wealth (and natural resources) - at the national, regional, state and local levels - could in turn produce a stream of income, part of which might be used by the community as a whole to offset taxes and provide needed services, and part of which might be allocated to provide direct economic stability and security to individuals in the interest of a new structural basis for human liberty and democratic participation" (Gar Alerpovitz, "Beyond Socialism and Capitalism", in Chester Hartman and Pedro Vilanova (editors), *Paradigms Lost: The Post ColdWar Era*, London: Pluto Press, 1992, p.198). In the end, his perceptions on property rights stem from the socialist paradigm. Alperovitz, therefore, like his British counterparts, cannot see beyond legalism, and the need for a system of planning, despite the unambiguous lessons of the Soviet Union.
16 Murray Feshbach and Alfred Friendly Jr., *Ecoside in the USSR*, London: Aurum Press, 1992.
17 Ronald Banks (editor), *Costing the Earth*, London: Shepheard Walwyn, 1989.
18 Steven Cord, *Incentive Taxation*, August 1986, Center for the Study of Economics, Columbia, MD
19 Prof. Gaffney offered this estimate during a seminar in St. Petersburg, January 1993, in answer to a question from the present author. For his definitive judgement, however, see his contribution to Ronald Banks and Kenneth Jupp (eds.). *Private Property and Public finance*, London: Shepheard-Walwyn/CIT, 1995.

20 Ronald Burgess, *Public Revenue Without Taxation*, London: Shepheard Walwyn, 1993. The 50% figure was a personal communication to the present author.

21 Adam Smith, *The Wealth of Nations*, Bk V, Ch.II, pp.370-371. Page references are to the 1976 edition by Edwin Cannan, The University of Chicago Press.

22 Adam Smith, *The Theory of Moral Sentiments* [1759]; page 304-205 in the edition published by Liberty Classics, Indianapolis, 1969. For a fuller treatment of the moral flaw in Smith's philosophy, see Harrison, *op. cit.*, Ch.2.

23 *The Wealth of Nations*, *op. cit.* p.370.

24 The necessity of this task is illustrated by the work of an international team of distinguished scholars, which was collated in a volume called *The Crisis in Economic Theory* (editors: Daniel Bell and Irving Kristol, New York: Basic Books, 1981). The index lists 19 references to wages, 11 references to profits/interest; and not a single reference to rent. Land does, in fact, make an appearance in the book, but not as a subject worthy of separate treatment. "Wealth, we assume, is land, machinery, goods," wrote one of the editors (Bell, p.59).

25 Howard's book was first published as *Tomorrow: A Peaceful Path to Real Reform* (1898). It was reissued in 1902 as *Garden Cities of Tomorrow*; the revised edition was published in 1985 by Attic Books, Eastbourne.

26 *Ibid.*, pp.xxiv-xxv.

27 *Ibid.* For a recent review of the garden city concept, and an exposition of what the author views as a conspiracy to bury the land-rent issue, see ColinWard, *New Town, Home Town*, London: Calouste Gulbenkian Foundation, 1993. In *A New London* (London: Penguin, 1992, p.xxxii) architects Richard Rogers and Mark Fisher affirm the need to revive the Howard/Habitat plan for reconstituting the modern city on the basis of a reform of the system of public revenue.

28 Conference on Human Settlements, 31 May-11 June, 1976, New York: United Nations, A/CONF. 70/15, p.65.

29 *Op. cit.*, Ch.12.

30 A similar vision was elaborated by architect Frank Lloyd Wright in the United States. He, too, was a devotee of Henry George's land philosophy. Alas, his Broadacres - unlike Howard's Letchworth - was not to leave the drawing board.

31 John Lovelock, *GAIA: A New Look at life on Earth*, Oxford: Oxford University Press, 1982.

32 There are exceptions to this stricture in the voluminous literature on environmental issues. One such is M.D. Young, *Sustainable Investment and Resource Use*, Paris: UNESCO, 1992.

33 See Paul Downing, (Editor), *Poverty and the Bounty of Nature*, another volume in this series.

34 Francis Fukuyama, *The End of History and the Last Man*, London: Hamish Hamilton, 1992.

35 Melville J. Ulmer, "Economic Power and Vested Interests", in K.W. Rothschild (editor), *Power in Economics*, Harmondsworth: Penguin, 1971, p.245.

36 Christopher Lasch, "Family and Authority", in Barry Richards (editor), *Capitalism and Infancy* (1984), London: Free Association Books, p.29.

37 Richard Noyes, "Dialectics and the Millennium: emergence of the Synthesis", in Noyes, *op. cit.*

38 M. Gaffney, "Two Centuries of Economic Thought on Taxation of Land Rents", in Richard W. Lindholm and Arthur D. Lynn, Jr. (editors), *Land Value Taxation*, Madison: University of Wisconsin Press, 1992, and his contribution to this volume.

39 Ludwig von Mises, *Bureaucracy* [1944], New Haven: Yale UP, 1962, p.10. Frederick von Hayek adopts a similar view; the reason why this school of economics did not see the prospect of a qualitative transformation of "capitalism" is that it was locked into the Lockian system of property rights in land. Hayek, for example, informed the present author that the concept of land monopoly did not make sense, given that land was owned by so many people. This revealed a surprisingly superficial understanding of what is meant by land monopoly.

40 Henry George, *Progress and Poverty* [1879], New York: Robert Schalkenbach Foundation, 1979, Bk.X, Ch.3. A close reading of *Progress and Poverty* repays with a rich set of hypotheses, such as the ecological theory of international trade, which Henry George recognised as an inducement to peaceful co-operation and therefore the advancement of civilisation (*ibid*, p.512).

41 Alfred Kuhn, *The Study of Society*, London: Tavistock Publications, 1966.

42 *Ibid.*, p.582. In this statement Kuhn smuggles in a justification for private ownership in terms of the administrative function. But land can be equally well administered by people who do not enjoy ownership rights (tenant farmers, for example).

43 *Ibid.*, p.587.

44 *Ibid.*, p.743.

45 Fred Harrison, "Post-socialism and the Single Tax: a holistic philosophy", in Noyes, *op. cit.*

46 Although Marx called his book *Capital*, the posthumously published Vol.III provided the corrective analysis. In the end, Marx *did* perceive the difference, but the significance of his insights escaped the attention of his adherents. See Fred Harrison, "Gronlund and other Marxists", in Robert V. Andelson, *Critics of Henry George* (1979), Cranbury, NJ: Associated University Presses, pp.206-213.

47 Henry George certainly thought so, 100 years ago. He analysed the prospective failure in terms of the organisational impossibility of commanding an economy to deliver the goods. See Henry George, *The Science of Political Economy* (1898), New York: Robert Schalkenbach Foundation, 1981, pp.394-6. His prediction has proved to be correct.

48 David Redfearn, *Tolstoy: Principles for the New World Order*, London: Shepheard Walwyn, 1992.

49 In Latin America, the vast abundance of vacant or under-used farmland is associated with starvation-level wages. Why? Because the *latifundistas* earn higher rents if they keep land out of use. This forces labourers to migrate to the margins of society - which, in Brazil, is the Amazon basin, where they proceed to wreak ecological havoc in their battle for survival.

50 *Seeds of Plenty, Seeds of Sorrow*, BBC2 television documentary, June 4, 1992.

51 *Ibid.*

52 *Ibid.*

53 It is the failure to comply with the precepts of the Georgist paradigm which permits institutions like the World Bank to finance the wrecking of the environment. For a review of the impact on the rainforests of the World Bank's Tropical Forestry Action Plan, see Susan George, "Managing the Global House: Redefining Economics", in Hartman and Vilamora, *op. cit.*, pp.121-124. Miss George, a passionate critic, alas fails to redefine economics, beyond suggesting the need to return to its classical forms - which is, admittedly, a start in the correct direction.

54 Henry George argued that cooperation and equality dictated severe constraints on the size of the political entity. "...when large bodies come to act together, personal selection becomes more difficult, a blinder obedience becomes necessary and can be enforced, and from the very necessities of warfare when conducted on a large scale absolute power arises." *Progress & Poverty*, op. cit., p.517.

55 Rosalind Miles, *The Women's History of the World* (1988), London: Michael

Joseph.

56 Frederick Engels, *The Origin of the Family, Private Property and the State*; Introduction and Notes by Eleanor Burke Leacock, London: Lawrence & Wishart, 1972, p.120.

57 Barry Richards, "Introduction", *op. cit.*, p.18.

58 Simone de Beauvoir, *The Second Sex* [1949], translated and edited by H.M. Parshley, London: Pan Books, 1988, p.102. This judgement warrants further scrutiny. We need to know, for example, about the status of women in tropical Africa, where societies were largely matrilineal until the change to patrilineality sometime during the past 500 years. *Ancient Civilizations of Africa* (editor: G. Mokhtar), Paris: UNESCO, 1990, p.388.

59 I proposed such a development fund, financed out of the rental value of land, for the former Soviet countries, in Noyes (*op cit*: pp.99-100). The "external diseconomies" of modern methods of production now transcend continents, let alone the territorial borders of nation-states, so nothing short of a global strategy will meet the demands of either ecology or equity.

60 John Hibbs, *Transport without Politics...?* London: IEA Hobart Paper 95, p.56.

61 William Vickrey, "The City as a Firm", in Martin S. Feldstein and Robert P. Inman, *The Economics of Public Services*, London: Macmillan, 1977, p.334.

62 Joseph E. Stiglitz, "The Theory of Local Public Goods", in Feldstein and Inman, *op.cit.*, p.282.

63 They speculated $69,000 in the Whitewater deal, and lost nearly all of it. "All the Pieces Fit to Puzzle", *Time*, January 17, 1994.

64 In California, for example, which suffered grievously from the riots in Los Angeles in 1992, citizens are so anxious about their welfare - and are resigned to living in a community incapable of enforcing acceptable standards of civic behaviour - that private security guards outnumber policemen.

The cost to society of lawlessness is phenomenal. Firearm injuries alone, for example, cost the US economy over $20 billion a year, according to a study at the University of California at San Francisco (published in *Health Affairs*, January 1994). This includes $1.4 bn in medical costs, $1.6 bn in lost productivity and $17.4 bn in lost productivity due to premature death.

65 Durkheim analysed the role of specialisation in science in the creation of anomie. "...science, parcelled out into a multitude of detailed studies which are not joined together, no longer forms a solidary whole. What best manifests, perhaps, this absence of concert and unity is the theory, so prevalent, that each particular science has an absolute value, and that the scholar ought to devote himself to his special researches without bothering

to inquire whether they serve some purpose and lead anywhere". Emile Durkheim, *The Division of Labor in Society* (1893), New York: Free Press, 1933, p.357.

66 *Ibid.*, p.362.

67 Mark Gallagher, *Rent Seeking and Economic Growth in Africa*, Boulder: Westview Press, 1991.

68 "G7 poverty", *The Financial Times*, London, July 9, 1992.

69 John Llewellyn and Stephen J. Potter, *Economic Policies for the 1990s*, Oxford: Blackwell, 1991.

70 Peter Norman, "Economic Notebook", *The Financial Times*, London, July 6, 1992.

71 P. Jurkovic, "Designing a Tax System to Promote Structural Change", in *The Role of Tax Reform in Central and Eastern European Economies*, Paris: OECD/Centre for Co-operation with European Economies in Transition, 1991, p.48.

72 *Ibid.*, pp.48-49.

73 Jeffrey Sachs, *Poland's Jump to the Market Economy*, Cambridge, Mass.: The MIT Press, 1993, p.5.

74 Jas Gawronski, "States of savagery, seeds of good", *The Guardian*, London, Nov.2, 1993. John Paul II characterised the failure of capitalism in terms of its failure to recognise the significance of the spirit of community, which was a feature of communism. The problems of capitalism stemmed from the emphasis on individualism.

75 Lord Lawson, "A paean of praise to capitalism", *The Financial Times*, London, Sept.4, 1993.

76 The dominant outlook, indeed, was one of pessimism; this was reflected in the view, expressed by a British government minister, that to expect the abolition of unemployment was "fantasy".

77 Daniel M. Friedenberg, *Life, Liberty and the Pursuit of Land*, Buffalo, NY: Prometheus Books, 1992.

78 Over 60 children were murdered on the streets of Chicago alone in the first eleven months of 1993. "Many of the killers, usually with guns, are other children," reports Paul Barker in "Street violence for export?" *The Guardian*, London, Dec.4, 1993.

79 Quoted in Louis Hacker, *Triumph of American Capitalism*, New York: Columbia University Press, 1947, p.187.

80 The Federalist No.73, cited in Charles Beard, *An Economic Interpretation of the Constitution*, New York: Macmillan, 1935, pp.156-158.

81 Michael Hudson, *The Lost Tradition of Biblical Debt Cancellations*, New

York: Henry George School of Social Science, 1993. See also his contribution to *A Philosophy for a Fair Society*, a companion volume in this series.

82 Michael Howard, *The Lessons of History*, Oxford: OUP, 1991.

83 "World Bank aims to halve global hunger", *The Guardian*, London, Nov.30, 1993.

84 The Georgist philosophy is presented in the Latin American context by Robert V. Andelson and James M. Dawsey, *From Wasteland to Promised Land*, Maryknoll, NY: Orbis Books/London: Shepheard Walwyn, 1992.

85 Quoted in *Land and Liberty*, London, March-April 1932, p.35.

86 B.E.V. Sabine, *A History of Income Tax*, London: George Allen & Unwin, 1966, p.199.

87 *Op. cit.*, Bk.V, Ch.II, p.384.