

## Financing Planet Management: Sovereignty, World Order and the Earth Rights Imperative

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We have reached the deplorable circumstance where in large measure a very powerful few are in possession of the earth's resources, the land and all its riches, and all the franchises and other privileges that yield a return. These monopolistic positions are kept by a handful of men who are maintained virtually without taxation . . . we are yielding up sovereignty.

- Agnes de Mille (1905-1993)

Heaven has its reasons, Earth has its resources, and Man has his political order, thus forming with the first two a triad. But he would err if he failed to respect the ground rules of this triad and infringed on the other two.

- Xun Quang Xunzi, 3rd century.

**D**efining the parameters of sovereignty is a key component of the world order dialogue as it struggles to reach consensus regarding the boundaries and prerogatives of power.

Sovereignty is the status of a person or group of persons having supreme and independent political authority. In dealing with the concept of sovereignty, we are dealing with the reality of power. It is a power over territory, over land and water, oil and minerals, as well as those life forms that have miraculously emerged out of the mud of the earth.

The kings and queens of Europe, Africa, and Asia were sovereigns. They reigned supreme and were thought to be divine. They descended from those having the strongest might and force to prevail over territory. The larger and richer the territory they could hold under their power and authority, the higher their status. They were both feared and courted by other humans.

These were the dominators who ruled the land and made the rules. Their rules became law. Their territorial law was that of *dominium* -- the legalization of control over lands originally obtained by conquest and plunder. All real estate was the royal estate. Might made right, as the rules of power became the laws of the land.

Peter Hansen, executive director of the Independent Commission on Global Governance, has stated:

The United Nations cannot by the nature of things, have the formal attributes of sovereignty, which has been defined around a territory, around a (specific) population, because centralized control of a sovereign body with a given territory and population, is not the same thing as a sovereign U.N. To assume that it would be is not a very meaningful way, in my opinion, to define the subject. (World Peace News, November 1993)

But it seems to me that the U.N. has in fact been defined around a given territory, that territory being the planet as a whole, as well as a specific population, which is all the planet's people. The issue here is not that of populations and boundary lines, but of the demarcation of power and control over the earth that is the foremost "formal attribute of sovereignty" to be debated.

To speak of enforceable world law is to speak of world power. A world legislature would have the power to make the laws of the land and to make the rules for the territory of the earth. And this is what concerns me, because we have not yet discussed the rules of territorial control and ownership in sufficient detail.

**Consider these realities:**

**Fact:** A U.N. study of 83 countries showed that less than 5% of rural landowners control three-quarters of the land.

**Fact:** The most pressing cause of the abject poverty which millions of people in the world endure is that a mere 2.5% of landowners with more than 100 hectares control nearly three-quarters of all the land in the world, with the top 0.23% controlling over half.<sup>1</sup>

**Fact:** At best, a generous interpretation would suggest that about 3% of the population owns 95% of the privately held land in the U.S.<sup>2</sup>

**Fact:** According to a 1985 government report, 2% of landowners hold 60% of the arable land in Brazil while close to 70% of rural households have little or none. Just 342 farm properties in Brazil cover 183,397 square miles—an area larger than California.<sup>3</sup>

Before a global authority, be it a reformed United Nations or a federal world government, can be trusted to wield power benignly, the problem of the current undemocratic control of the earth must be addressed. Innumerable battles and wars have been fought, and many are currently in progress, over territorial control. The fair and peaceful resolution of such conflicts requires a deep consideration of ethical principles regarding land tenure.

Dr. I.G. Patel, Independent Commission on Global Governance member, governor of the Reserve Bank of India, and former director of the London School of Economics stated:

We cannot talk (sensibly) about what kind of global government we want until

- (1) Agreement is reached on how to deal with the causes of international problems and
- (2) If we are going to have governance or government we will have to do something about poverty.<sup>4</sup>

Dr. Patel is correct in his perception that the world order movement has not dealt sufficiently with these issues. While there is a fair amount of unanimity regarding the basic outline of a democratic global political structure, i.e., the need for a democratically elected legislature, a world judiciary to interpret and apply world laws, and an executive to administer and enforce the laws, there has not yet been sufficient thought applied to the consideration of root causes of poverty and international conflict.

The problem is that democracy has not "grounded" itself. We have not yet extended democratic principles down to the ownership and control of the earth. Democratic government as presently constituted, and democratic world government as currently proposed, ungrounded and unembedded in equal rights to the earth, cannot create the world of peace and justice that we seek.

### The Crack in the Liberty Bell

To fully grasp the nature of the severe limitations in the current ideology of the world government movement, it is necessary to follow the thread of the democratic ideal back to its fundamental tenets. Pondering the problem of persistent poverty within a democratic system of government, Richard Noyes, New Hampshire State Representative and editor of *Now the Synthesis: Capitalism, Socialism, and the New Social Contract*, identifies the current land tenure system as "the one great imperfection, the snag on which freedom catches."

Noyes shows us that the "Age of Reason gave us a thesis with flaws." John Locke's Second Treatise on Civil Government, the political bible of the founding fathers, held that "The great and chief end of men's uniting into commonwealths, and putting themselves under government is the preservation of their property." The central understanding was that only through the guarantee of property rights, one's own body included, could the individual really be free.

In further defining property rights, Locke stated that "every man has a 'property' in his own 'person'", so that anything a man has "removed from the common state," anything with which he has "mixed his own labor," is rightfully his own. The securing of this right was to be the main duty of a democratic government.

Locke also affirmed "God hath given the world to men in common." But the trouble lies with Locke's Second Proviso regarding property. Locke maintained that it was correct for the individual in a state of nature to mix his labor with land and so call it (produced wealth) his own "since there was still enough (land) and as good left, and more than the yet unprovided could use."

In the Second Proviso the reasoning of the primary mentor of the founding fathers was faulty and limited. Locke failed to perceive the consequences for democracy of a time when so few humans would come to control so much of the earth, to the exclusion of the vast majority. Nor could he have known how the forces of an industrial economy could drive land values to such highs, to the benefit of landowners rather than wage earners.

The property-in-land problem, insufficiently scrutinized by John Locke and the founding fathers, is the crack in the Liberty Bell. It is the root dilemma of democracy. Life and liberty without land rights breeds unhappiness, unemployment, and wage slavery.

Adam Smith was of no more help than John Locke when it came to solving the land problem. Although initially he made clear distinctions among land, labor, and capital, he soon began using the terms capital and land as synonymous factors. Consequently, mainstream economists have treated land as essentially no more than a subset of capital in their own two-factor (capital and labor) macroeconomics. This is why they have failed to understand the grave problem of the maldistribution of wealth that has grown out of the fact that a minuscule percentage of the world's people have come to control and consume the vast majority of the earth's land and natural resources.

### **The Common Heritage Principle and Public Finance**

The resolution of the dilemma of democracy can be found in a three-factor (land, labor, capital) macroeconomic approach. The products resulting from the interaction of land and labor are rightfully held as individual private property, while land (which term includes all natural resources) is recognized as the common heritage.

Once the human right to the earth is firmly established in the minds and policies of a democratic majority, land will no longer be taken by the few from the many either by the force of military might or by the mechanisms of the market. The market's ability to place value, combined with the efficiency of money as an exchange medium, results in a range of prices for land sites and natural resources. Those who simply "own" earth resources, contribute nothing as such to the productive process. Yet under the current private property ethic, they are in an advantageous position of power and can extract the ransom of what economists call "ground rent" from both labor and productive capital.

But if we now apply the common heritage principle to land, then it follows that ground rent, which is a measure of natural resource value, must be treated as

"common property." The next step which three-factor economists take is to link this insight with the public finance system. Voila! The policy imperative becomes clear. A way to affirm the equal right of all to the common heritage is to collect the ground rent for the benefit of the community as a whole, a policy frequently referred to as "land value taxation."

Confiscatory taxes on labor and productive capital should gradually be removed, as the value of earth resources becomes the proper source of funding for the community as a whole. The "common wealth" finances the commonwealth.

Three-factor economists thus advocate a practical policy that will solve the problem of Locke's Second Proviso, which falsely assumed no limitation to natural resources. Democracy can now be established on the firm foundation of equal rights to the earth, our common heritage.

While this perspective is newly emerging, it is not new. No less a figure than Tom Paine stated, "Men did not make the earth. . . It is the value of the improvement only, and not the earth itself, that is individual property. . . Every proprietor owes to the community a ground rent for the land which he holds." Where does that leave us in our consideration of the world order movement, the concept of "sovereignty," and the need for financing the activities of the U.N. or any other global body?

### **The New Democratic Covenant**

Clearly, the mandate of a benevolent yet powerful sovereign global governmental body must be to protect the property rights of the bodies of individuals as well as the products of their labor (private property), as well as to protect and to fairly share our common body Mother Earth. This is the new territorial imperative, the new democratic covenant, and the higher synthesis resolving what has been the difficult and too-often-destructive dialectic of left versus right.

A properly constituted global authority will seek to further these principles both within and among the current nations. Once the world order movement grasps the importance of the new territorial imperative of equal rights to earth, then it follows that ground rent (land value) should be advocated as the appropriate source of public finance from local to global levels.

### **Examples of Ground Rent Policy**

This taxation approach is not merely theoretical but is being implemented, at least in part, in a number of places. In the United States, enabling legislation in Pennsylvania gives cities the option of shifting their property taxes off of buildings (productive capital) and onto land values only (common heritage). The fifteen cities taxing land values at the higher rate have been experiencing statistically significant economic benefits.

Alaska retained its oil lands as public land, subject to fair leasehold arrangements for use plus a tax on each barrel pumped for market. Assets in the Alaska Permanent Fund are about \$13 billion. There are no state income or sales taxes, and every citizen of Alaska receives an annual dividend of about \$1000 each with an additional \$250 per month to every citizen 65 years or older.<sup>5</sup>

Movements in this direction are underway throughout the world. In the spring of 1993, representatives of eighty Russian cities signed a resolution to reform their public revenue system in this manner.

On the global level, the Law of the Seas, the Moon Treaty, and the treaty now governing Antarctica are all based on the common heritage principle, a principle that now must be extended worldwide to include surface lands, as well as oil and mineral resources.

### **Hatching Many Birds out of One Egg**

As the taxation of land values, essentially a "user fee" system, becomes an integral component of the agenda of planet management, several birds will begin to hatch out of one egg. Simultaneously,

- Land tenure will be based on fairness, not force, thus ameliorating territorial conflict, a root cause of war;
- Land resources can be equitably allocated;
- The economic playing field is leveled;
- A genuinely free market is encouraged;
- The gap between the rich and poor narrows; and
- The necessary collective activities of humanity are properly funded, which include peacekeeping and the restoration and protection of the environment.

### **Common Heritage Funding: Local to Global**

It has been suggested that such a system of finance would be based on principles of subsidiarity in terms of implementation. Clearly delineated governing bodies can collect the ground rent of certain specific types of land resources from the local to the global level.

Thus, cities and counties would draw their funding from the ground rent of surface lands; regional authorities would collect the ground rent of oil and minerals, and global governing agencies would be funded by a percentage from these two levels as well as that of deep sea resources, the electromagnetic spectrum, satellite orbital zones, and other transnational resources.

Democratic rights to the planet can be vested in the people as a whole in a way that can be understood easily and administered practically. The advent of the information revolution combined with the personal computer enables such a system to be moni-

tored by the masses. Who owns what, where, and how much ground rent they pay into the common fund could become the most enlightening computer game on earth.

### A Warning and an Appeal

If we fail to tax land values for the common fund, the concentrated control of earth in the hands of the few will continue unmitigated, thus advancing the conditions of social turmoil which too often burst into flames of hatred, murder, and war.

Marx is in the morgue, and in the West there is a dawning realization that the huge bureaucracies of the welfare state, which confiscate the wages of the middle classes through the income tax in the attempt to provide a safety net (rather than a safe nest!) for the poor, are not only unwieldy but unworkable as well.

I am appealing to my brothers and sisters in the world order/planetary peace and justice movements to deeply consider the fundamental assumptions of the planet/people relationship as it concerns the entire question of land tenure. I trust that this consideration will discard both the power politics of *dominium* as well as the market construct of buying and selling our Mother Earth for private profit.

Currently, certain monetary and debt repayment policies and practices of the World Bank and the International Monetary Fund are strangling the economies and harming the people of many developing nations. This reality relates to the theme of this exposition in a major way.

A significant proportion of the "profit" that has poured into the global banking system in the past several decades was not a product of honest labor, but was in fact a pool of funds generated from the ground rent of oil resources. These funds were loaned to numerous developing countries where they were frequently of benefit to the ruling elite rather than the people as a whole. However, the debt repayments have now fallen upon the middle class and poor citizens who neither voted for nor gained from the borrowed money.

Morally and ethically, a vast amount of the funds of the International Monetary Fund and the World Bank represent a theft from the global commons. Under the common heritage principle, these funds would have been used to benefit the people of the world either by direct dividends or as interest free loans through a revolving loan fund type of system.

These "oil theft loans" made by the world financial institutions should therefore be declared illegal and invalid. In the future, any other money loaned to governments by global financial institutions should be repaid from the ground rent of the indebted nations. Such repayments would therefore fall primarily upon those who are unjustly reaping the benefits of valuable land holdings rather than further burdening the struggling wage earners, small business owners, and the oppressed poor.

Unless a reformed or empowered United Nations or other world government is built firmly upon the principle of equal rights for all to our planet, then both the government and the planet will be controlled by a handful of vested interests. It is up to the intellectual leadership of the world order movement to grapple with this issue NOW - to stop hedging and waiting for the messiah of world government to descend.

Before we purport to know the global governmental recipe for success, let us consider how to make one city succeed. What would it take for the wealth gap between rich and poor to begin to narrow each year instead of widening, for the murder rate to plummet rather than skyrocket, for the schools to become safer rather than scarier?

If the present political structure of democracy were sufficient for the task, then Washington, D.C. would be the New Jerusalem, Philadelphia would truly be a city of brotherly love, and every slice of the Big Apple would taste sweet.

To have peace on earth, we must work to create the conditions for peace in our own towns and cities. If we would revitalize our urban habitats by improving schools and libraries, creating livelihoods and affordable housing, and maintaining safe and beautiful parks and playgrounds, then we must urge our city council members to collect the ground rent of land to finance public services and greatly reduce or eliminate most other forms of taxation.

If the politics of the planet are to be based on fairness rather than on force, then equal rights to earth must become the guiding principle, the sovereign, supreme rule. The fundamental human right that now needs to be affirmed is this:

### The Earth is the Birthright of All People

About the author: Alanna Hartzok co-chaired the Alternative Economic Commission at Conference on Global Governance sponsored by the Association of World Citizens and the Campaign for A More Democratic United Nations (CAMDUN).

Comments on "Financing Planet Management" included in the printed pamphlets follow:

World citizens must be concerned with the growing gap between rich and poor in the world and within democracies. Conventional economics has failed miserably. Alanna Hartzok's application of the common heritage principle to land and 'land value taxation' offers a refreshing new approach.

- Ross Smyth, President, World Government Organization Coalition

Alanna Hartzok has recognized that the earth is the birthright of all peoples and that prevailing notions of state sovereignty must yield to the new thinking that the only real sovereigns are the people. If we are all to live together in peace and dignity,



it must become a reality that the land, the sea, and the air we breathe are a common heritage to serve the basic rights of human kind.

- Dr. Benjamin B. Ferencz, Prosecutor, Nuremberg War Crimes Trial, Adjunct Professor of International Law, Pace University

Alanna Hartzok has given us a fascinating account of the economic necessity of building democracy in human terms from the ground upwards. World governmentals should start their re-think from here.

- Dr. Jeffrey J. Segal, Co-Founder, Campaign for a More Democratic United Nations

I enjoyed reading "Financing Planet Management" and found it to be a valuable contribution to the quest for world government on a democratic basis. We do need to have a politics based on fairness and with the earth as our birthright.

- Leland P. Stewart, Founder, Unity-In-Diversity Council

I'm very much in favor of the ideas proposed in your paper. I agree very much with you that world federalists and world governmentals need to think through the fundamentals of economic justice.

- Jack Yost, United Nations NGO Representative, World Federalist Movement

Your paper is a cogent and convincing reply to the appeal for an economic engine to propel the 'democratic world order', 'global peace and justice', and 'environmentally sustainable development' movements. It is an evocative introduction to a crucial worldwide discussion by citizens locally and opinion-makers internationally and confirms your qualifications to serve as a coordinator for the Campaign for a More Democratic United Nations (CAMDUN).

- Dr. Harry H. Lerner, Co-Founder, CAMDUN

One thing that has troubled me about the world government concept is the fact that our continuing failure to be able to use power wisely at any local level, with which I am familiar, casts doubt on the possibility that we homosapiens would be able to do any better at the highest level.

Your essay correctly isolates land title as the modern day weapon-- the one which has so recently replaced the Achelean 'almond-shaped hand axes' Louis S. B. Leakey found at Olduvia, and the even earlier thigh bones which seem to have bashed in so many skulls. Your essay is calculated to focus the attention of the world peace movement at a critical place.

- Representative Richard Noyes, New Hampshire State House of Representatives

Many organizations that advocate peace, human rights, or alleviation of poverty suggest temporary charitable measures or a future ideal solution to world problems, at once inadequate on one hand and frustrating on the other. Alanna Hartzok in *Financing Planet Management* makes a vital connection for creating world peace and

order. In this concise but insightful narrative, the author has us realize the importance of providing a sound base from which democracy, justice, and equitable opportunity can proceed.

- Hal Sager, Media Producer, Trustee, Common Ground-USA

We are fond of citing history yet refuse to act in accordance with the lessons that are apparent. Past civilizations have collapsed and perished by their own making and by stubborn adherence to their profit and power paradigms. The unchecked depletion and destruction of natural resources and eco-systems, is an old story repeating again and again. In every case where there was the holding of land by the few out of the hands of most, the result was the horror of war or economic collapse.

The nation-state country clubs have not been able to rise from the muck of myopic views and economic illusions. Hartzok drops the veils through which we see economics and courageously calls for a gentle revolution in our relationship to the planet-one that is not only necessary, but also vital to our very survival.

- Mary Rose Kaczorowski, Action Coalition for Global Change, Ten Mile River Association

Hartzok has a firm, intuitive grasp of basic economic and political principles.

- Dr. Mason Gaffney, Professor of Economics, University of California, Riverside



Dr. Harry Lerner, President, Communications Coordination Committee for the United Nations and co-founder of CAMDUN – Campaign for a More Democratic United Nations.

## **Many Great Lawgivers and Economists Have Said Landed Property IS DIFFERENT!**

**Adam Smith** -- Ground rents are a species of revenue which the owner, in many cases, enjoys without care or attention of his own. Ground rents are, therefore, perhaps a species of revenue which can best bear to have a peculiar tax imposed upon them.

**Thomas Jefferson** -- The earth is given as a common stock for men to labor and live on.

**Tom Paine** -- Men did not make the earth... It is the value of the improvement only, and not the earth itself, that is individual property... Every proprietor owes to the community a ground rent for the land which he holds.

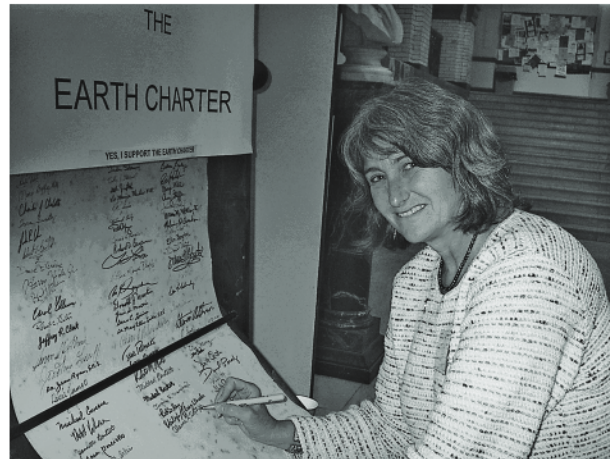
**John Stuart Mill** -- Landlords grow richer in their sleep without working, risking, or economizing. The increase in the value of land, arising as it does from the efforts of an entire community, should belong to the community and not to the individual who might hold title.

**Abraham Lincoln** -- The land, the earth God gave to man for his home, sustenance, and support, should never be the possession of any man, corporation, society, or unfriendly government, any more than the air or water, if as much. An individual, company, or enterprise should hold no more than is required for their home and sustenance. All that is not used should be held for the free use of very family to make homesteads, and to hold them as long as they are so occupied.

**Leo Tolstoy** -- Solving the land question means the solving of all social questions. Possession of land by people who do not use it is immoral-just like the possession of slaves.

**Henry George** -- Our primary social adjustment is a denial of justice. In allowing one man to own the land on which and from which other men must live, we have made them his bondsmen in a degree which increases as material progress goes on. It is this that turns the blessings of material progress into a curse.

**Dr. Sun Yat-Sen** - The [land tax] as the only means of supporting the government is an infinitely just, reasonable, and equitably distributed tax, and on it we will found a new system. The centuries of heavy and irregular taxation for the benefit of the Manchus have shown China the injustice of any other system of taxation.



The author signing the Earth Charter.

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<sup>1</sup> Susan George, *How the Other Half Dies*, Penguin Books, 1976, p. 24

<sup>2</sup> Peter Meyer, "Land Rush-A Survey of America's Land - Who Owns It, Who Controls It, How Much Is Left", *Harpers*, January 1979

<sup>3</sup> Worldwatch Institute, October 1988

<sup>4</sup> World Peace News, November, 1993

<sup>5</sup> For more on the Alaska Permanent Fund go to [www.apfc.org](http://www.apfc.org)