

XIII. LIBERATION ECONOMICS: HENRY GEORGE AND NATURAL RESOURCES MANAGEMENT

- “Walk lightly in the spring; Mother Earth is pregnant.” Kiowa
“We are made from Mother Earth and we go back to Mother Earth” Shenandoah
“Mother Nature is always there to care for her own.” Kiowa
“When man moves away from nature his heart becomes hard.” Lakota
“You already possess everything to become great.” Crow
“Not westward, but eastward seek the coming of the light.” Dakota
“The only things that need the protection of men are the things of men, not the things of the spirit.” Crow
“If a man is to do something more than human, he must have more than human power.” Tribe unknown
“Sing your death song and die like a hero going home.” Shawnee
“To go on a vision quest is to go into the presence of a great mystery.” Lakota
“We are all one child, spinning through Mother Sky.” Shawnee

Henry George, [1839-1897] both in his understanding of economic and social problems as well as in his proposed solutions, was so far ahead of his time that it makes little sense to treat him in chronological order. As he says in the preface to the first edition of his major work, *Progress and Poverty*:

“What I done in this book, ..., is to unite the truth perceived by the school of Smith and Ricardo to the truth perceived by the schools of Proudhon and Lassalle: to show that laissez-faire (in its full true meaning) opens the way to a realization of the noble dreams of socialism ...”.

Little wonder that as his economic vision spans the entire range of the spectrum of the “worldly philosophers” from the most conservative to the most liberal his teaching attracted a very diverse following. Not ironically the two most Georgist of American presidents, the 26th and the 28th represent these extremes as well to the point that one would hold them mutually exclusive if Henry George had not shown us that they encompass two ends of the same endeavor. Even in their own personalities these democratic leaders encompass tendencies which in lesser souls would be all but incompatible. Theodore Roosevelt was a Republican social-Darwinist in foreign relations (“Speak softly but carry a big stick.”) who nevertheless instituted some of the most progressive legislation on the domestic scale. He pushed through the first anti-trust laws to remedy the now all too obvious ills of an unchecked industrial growth and he became the first and perhaps most nature-conservationist of presidents. While there is nothing in his foreign policy that is founded on Georgist economics the principles of his domestic agendas are entirely indebted to the “Prophet of San Francisco”. Woodrow Wilson on the other hand implements with his 14 point program a platform that may go beyond the wildest dreams of even the most daring Georgist

while on the other hand on the domestic front as an intrinsic “liberal” he set in motion legislation that led to the most prohibitive of US amendments: the Prohibition. In recognition of George’s strong influence in the presidential politics of the first two decades of the Twentieth Century this era is rightly called the Era of Progressism regardless of the personal antagonism of its political protagonists. Indeed George does base himself firmly on the achievements of the classical economists Smith and Ricardo while never losing sight of the “nobler dreams” of the utopian socialists Proudhon and Lassalle to institute social justice.

Henry George in clarifying Ricardo’s Law of Rent changed its sense. In expanding upon the doctrines of the Physiocrats he arrived at the central all-overriding economic importance of the management of natural resources and the fact that there may be no economic equity, hence globally speaking no social peace until natural resources are demonopolized and made serviceable through exclusive taxation to those who give them value in the first place: increasing populations. In exploding Malthus theory of overpopulation he reasserted the self-evident truth that every mouth born into this world is born into it with two hands to feed it. In proposing a radical tax reform to do away with speculation on land and natural resources he both liberated the productive forces of industry as well as elevated the just share of the worker in the economic enterprise. In liberating thus both Labor and Capital and in raising them to their true and natural potential he nevertheless created a sane and sensible framework that precludes the despoiling and exploitation of nature. In basing himself firmly on the most classical of all economists he coincidentally became the “mother” of all ecologists, a term that had not been invented in his lifetime as nobody saw as yet the extreme dangers ensuing from a disregard of natural cycles, checks, and balances. In placing a harmonious resources management at the heart of all economic activity, from where it actually should never have been taken away, he returned nature to where it rightfully belongs into the hands of the general public that gives it its most precious value.

That George didn’t by a long haul fit into the category of the chickenchested bifocaled anemic clerk who can’t cut maternal or paternal apron strings and cringes under the punishing glance of his superiors may be easily ascertained perhaps with no story better than the following:

“Having reached the Golden State [of California], Mr. George found himself out of commission. Owing to the Panic of 1857, he had not been able to qualify in his trade; and being far from home, among strangers, only a boy [he was 18], and without mother or father near to advise him, and his only money being the few dollars he had saved from his pay during the voyage of the [cargo ship] *Shubrick*,

the outlook for the future was anything but a bright one. Just then (the latter part of 1858), rumor came to San Francisco of the discovery of gold at Fraser River, in the upper part of the British possessions in the Far Northwest. The mines were said to be 'placer digging' (surface mining), and were supposed to be fabulously rich. Stories poured into San Francisco of men who washed out from \$ 10 to \$ 50 to the 'pan', and who had made independent fortunes in a month (people did not reckon fortunes by the millions of dollars in those days, but by the thousands). Our young hero naturally concluded that what other men had done he could do; so he went to try his luck in the Fraser River country. Everything looked bright to Mr. George until his arrival at Victoria, Vancouver Island, when a wet blanket was thrown upon his hopes. He found the English village full of Fraser Miners, a few of whom had made money, but the most of them were, to use a western phrase, "dead broke". But Mr. George determined to push ahead, and within a few days of his arrival at Victoria he found himself at the mouth of the Fraser River. Had he known then of the hardships he would have to encounter, and the disappointment at the end of his journey, it is more than likely he would have turned back. He and his companions procured provisions, a canoe and a couple of Indians, and started on the voyage up the river for the 'diggings'.

The New York *Truth* remarks, that it can compare the Fraser River to nothing, unless it be a steep hill; in fact, no traveler ever saw the mountain he would not a thousand times rather climb than paddle up the Fraser. Some days a canoe might make ten miles; but, as a rule, four miles was a big day's work. The river is a grand continuation of cascades or cataracts; it is full of eddies and swift currents. Twenty times in five miles travelers have to beach their canoe, lift it on their shoulders and stagger with it over boulders. Constant watchfulness was necessary to keep the canoe from being upset in the eddies; and never a day would pass without the canoe being upset two or three, and sometimes half-a-dozen times. Then would come the grand scrambling and diving into the water to save the provisions, blankets, and camp equipment, for be it remembered, that at the head of the Fraser, flour was worth a dollar and a half a pound, and bacon about twice that amount. Mr. George and his companions, had about the same experience as fell to the lot of nearly all who rushed to that region in search of gold. And what was their reward at the end of the journey? They found, as thousands had found, that the gold diggings were limited to a very small district; that instead of being the fabulously rich mining districts it was reported to be in San Francisco, it was not above the average placer diggings. Occasionally a miner struck a nugget, but that was all. The greatest disadvantage was that the mines could only be worked a few months in the year, on account of the severity of the winter and the heavy snowfalls. Mr. George and his disheartened companions sadly turned their backs upon what they had hoped would be their omega, and sought once more the

milder climate of California. But Mr. George was not a man to be easily discouraged. It was the era of mining discoveries, and it was not long before he was again ready to tempt the fickle goddess. He went to all the fashionable rushes for gold and silver in those days and met with the usual 'miner's luck.'"³⁰

No luck would be the more accurate way to describe young Henry George's endeavors in California. Nevertheless we as his posterity may call ourselves extremely lucky. Had George struck a rich vein he would most likely have retired to the Bahamas – "People seek to satisfy their desires with the least exertion" – put up his feet and sipped Martinis the rest of his days or whatever else was fashionable then and we would have gotten deprived of a unique body of work in 'mundane philosophy' and a unique way to assure natural wealth as a matter of course for all who care to acquire it.

From his wild and desperado years to identify his true calling – we have seen Max Weber talk about that concept in his book on the origin of the "Protestant work ethics" – there was only a small step, although George might not have realized it at the time! The night is always darkest in the small hours before dawn:

"Finally, he obtained employment in a printing office in San Francisco, and by this means found an opportunity to complete his trade as a printer. About the year 1861 he obtained a situation as compositor in the office of the *Alta California*, at that time one of the leading papers of the Pacific Coast. Though working at 'the case', Mr. George kept himself posted in the events of the day, political and otherwise. He wrote anonymous letters to the paper on which he was employed, and had the great satisfaction of sometimes 'setting up' a portion of the matter he himself had written. Often his letters were published as leading editorials. During this time the publishers of the *Alta* were ignorant of the name and occupation of the author. Mr. George afterwards took a situation as compositor on the San Francisco *Times*. He still continued his letter writing, anonymously, but sent his letters to the paper on which he was employed. He dealt with novel topics, and often saw, as in the *Alta*, his letters published as editorials. Dr. Gunn, the editor of the *Times*, became curious to know the author of these letters. He set inquiries on foot, but without success. At last an idea struck him. These letters were always dropped into the box at the foot of the stairs leading up to the editorial rooms; and at this box Dr. Gunn set a watch. Whenever a note was dropped in, the box was opened immediately by the person on watch and the handwriting of the address was closely scanned, to see if there was any resemblance between it and the handwriting they were in search of.

³⁰ Henry Rose, *Henry George: A Biographical Sketch*, 1884, in: *HG – Collected Journalistic Writings – Vol. I 1860 – 1879*, ed. By Kenneth Wenzler, p. 240-241

Finally, one afternoon Mr. George came along on his way to his work. He stopped at the door, dropped a letter into the box, and went upstairs to the composing room. The person on guard opened the box, took out the letter, and saw it was addressed in the handwriting he had been looking for. He darted up the stairs and reached Mr. George as the latter was opening the door to the composing room. He gave him a long look, passed by him, and went into the editorial room, where he handed the letter to the doctor, saying at the same time that the man who had dropped it into the box was at that moment in the composing room. Dr. Gunn immediately rose from his chair and, beckoning the man to follow him, opened a door and stepped into the composing room. The man pointed out Mr. George, who was standing in one of the 'alleys' taking off his coat, as the person who had put the letter in the box. The doctor went over to Mr. George, showed him the letter, and asked if that was his handwriting. Mr. George pleaded guilty. 'Then young man,' said the doctor, 'you must not fool away any more of your time as a compositor. I have a place for you in the editorial room.' This 'place' Mr. George accepted.³¹

This brings us back to our distinction between backbone and spine.

And the fact that Dr. Gunn here recognized this very moment that unmistakably the young anonymous letter-writer had the right stuff "of which dreams are made of" which never the less translate into reality.³²

It may be well to conclude the chapter on Henry George with the verdict of another revolutionary of modern thought, Albert Einstein:

"Men like Henry George are rare, unfortunately. One cannot imagine a more beautiful combination of intellectual keenness, artistic form, and fervent love of justice."

As those who are not aware of their history are condemned to repeat it, George in knowing his economic history full well he is inviting us to exceed it and proceed with him from the dismal daily predicaments of diminishing returns, higher unemployment, and the dangerous global depletion of natural resources to the detriment of us all and all the more so the generations of our children and grandchildren to the equilibrated management of natural resources and Liberation Economics.

³¹ . Wenzer, op. cit. the following pages 241 and 242

³² . Steven Cord analyzed this distinction in an entire book *Henry George – Dreamer or Realist*, Univ. of Pennsylvania Press, 1965, which rightfully became one of the early classics of Georgist commentaries

Liberation Economics - Selected Timeline/Events:

1472	Leonardo paints his Baptism of Christ
1484	Albrecht Duerer's first self-portrait
1492	Columbus discovers the New World
1516	Thomas More publishes Utopia Erasmus publishes his critical New Testament edition
1517	Luther nails his 95 thesis onto the portal of the church of Wittenberg
1525	Anabaptist peasant uprising, Thomas Muentzer is slain
1571	39 articles of faith of the Church of England
1573	Edict of Prague proclaiming religious tolerance
1621	Francis Bacon publishes Novum Organum
1637	Descartes publishes his Discourse on Method
1662	Locke's Essays on the Laws of Nature
1689	Locke's Two Treatises on Government
1751-72	Publication of the French Encyclopedie, 28 vol., edited by Denis Diderot, among the contributors were: d'Alambert, Helvetius, Holbach, Necker, Quesnay, Rousseau, Turgot, Voltaire
1752	Hume's Economic Essays
1758	Quesnay's Economic Tables
1767	Turgot's Reflections on the Genesis & Distribution of Wealth
1774-76	Turgot's tenure as French Minister of Finance
1775	April 19, Lexington & Concord: "the first shot of the American revolutionary wars"
1776	Thomas Paine publishes Common Sense US Declaration of Independence Adam Smith's Wealth of Nations Jeremy Bentham Fragments on Government
1789-93.1	French Revolution
1795	Kant's Perpetual Peace which inspires W. Wilson to found the League of Nations
1804	Napoleon's coronation
1807	Hegel's Phenomenology of the Spirit
1848	Revolution in Europe I Karl Marx' Communist Manifesto
1860-65	US Civil War
1865	April 14: Lincoln assassination
1867	Karl Marx' Das Kapital
1880	Henry George's Progress & Poverty
1900-1920	The Progressive Era carried largely by Theodore Roosevelt, Woodrow Wilson & his Undersecretary Louis F. Post
1917	Russian Revolution
1918	Revolution in Europe II, Versailles Peace Conference
1919	Wilson's 14 points
1920-22	Russian Civil War
1920s	Sri Aurobindo's The Human Cycle, Ideal of Human Unity, War & Self-Determination
1929	Wall Street Stock Market Crash
1936	Keynes' General Theory
1941	December 7: Pearl Harbor
1944	June 6: D-Day
1945	August: Hiroshima & Nagasaki
1947	August 15: Liberation of India
1963	November 22: JFK assassination
1967	Martin Luther King & Robert Kennedy assassinations
1968	February 28: Foundation of Auroville, a city experiment in international living
1989	Fall of the Iron Curtain
2001	9/11

Liberation Economics/Schools of Thought –Selected General Timeline

1300 – 1600	Renaissance – principal exponents: Leonardo da Vinci [April 15, 1452 – 1519] Raphael Santi [April 6, 1483 – 1520] Michelangelo Buonarruti [March 6, 1475 – 1564] Albrecht Duerer [May 21, 1471 –1528]
1516 – 1570s	Reformation – principal exponents: Erasmus [October 26, 1466 – 1536] Thomas More [February 7, 1478 –1535] Martin Luther [November 10, 1483 – 1546] Thomas Muentzer [December 22, 1490 – 1525]
1637 – 1804	Age of Enlightenment – principal exponents: Francis Bacon [January 22, 1561 – 1626] Rene Descartes [March 31, 1596 – 1650] Voltaire [Nov. 21, 1694 – 1778] Immanuel Kant [April 22, 1724 – 1804]
1600 – 1776	Age of Mercantilism - principal exponents: John Locke [August 29, 1632 – 1704] & Jean-Baptiste Colbert [August 29, 1619 – 1683]
1750 – 1800	Age of Physiocracy in France – principal exponents: Francois Quesnay [June 4, 1694 - 1774] & Jacques Robert Turgot [May 10, 1727 – 1781]
1776 – 1929	Age of Classical Economics – principal exponents: David Hume [April 26, 1711 – 1776] Adam Smith [June 5, 1723 – 1790] Thomas Malthus [February 14, 1766 – 1834] David Ricardo [April 19, 1772 – 1823]
1750 – 1900	Romantic Age – principal exponents: Rousseau [June 28, 1712 – 1778] Thoreau [July 12, 1817 – 1862]
1776 – 1865	Economics of the New Frontier – principal exponents: Benjamin Franklin [January 17, 1706 – 1790] Thomas Paine [January 29, 1737 – 1809] Thomas Jefferson [April 13, 1743 – 1825] Alexander Hamilton [January 11, 1755 – 1804]
1800 – 2000	Age of Utilitarianism – principal exponents: Jeremy Bentham [February 15, 1748 – 1832] John Stuart Mill [May 20, 1806 –1873]
1848 – 1989	Age of Socialism – principal exponents: Karl Marx [May 5, 1818 – 1883] Ferdinand Lassalle [April 11, 1825 – 1864]
1889 – present	Technocratic Age – principal exponents: Thorstein Veblen [July 30, 1857 – 1929] Max Weber [April 21, 1864 – 1920]
1936 - present	Demand-Side Economics – principal exponent: John Maynard Keynes [June 5, 1883 – 1945] John Kenneth Galbraith[1908]
1940 – present	Supply-Side Economics/Monetarism – principal exponents: Friedrich von Hayek [1899 – 1992] Milton Friedman [1912]
1880 – present	The Progressive Era/Liberation Economics – principal exponent: Friedrich List [July 28, 1789 – 1846] Henry George [September 2, 1839 – 1897] Franz Oppenheimer [1864 – 1943] Hermann von Berg [March 29, 1933]

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