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Source: *The American Journal of Economics and Sociology*, Apr., 1982, Vol. 41, No. 2 (Apr., 1982), pp. 183-195

Published by: American Journal of Economics and Sociology, Inc.

Stable URL: <https://www.jstor.org/stable/3486194>

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A Property Rights Paradox: *George and Rothbard on the Conservation of Environmental Resources*

By BRUCE YANDLE*

ABSTRACT. *Murray N. Rothbard* is recognized as one of the most articulate modern critics of *Henry George's land value tax*. A leading *libertarian* thinker, Rothbard condemns George's recommendation that *government* act to affect private transactions in land, arguing that such interventions infringe on previously defined *private property rights*. However, Rothbard's social system has no explicit mechanism for accommodating the emergence of tradeable property rights to newly recognized *environmental resources*. In effect, Rothbard calls for *controls* on such resources—no trading. Henry George, on the other hand, provides for the evolution of new property rights and their emergence into *private markets*. The paradox here is that George's solution to the property rights question might accommodate the social yearnings of one of his most severe critics, Murray N. Rothbard.

I

Introduction

FEW LITERARY EFFORTS in economics have passed the market test as successfully as those of Henry George.¹ Indeed, for a time the entire world seemed moved by George's evangelistic style and his powerful idea—the land value tax. However, along with the success of his published works came criticism, both early and late.² Among the more dedicated critics of George's ideas are some of the most acclaimed spokesmen of the private enterprise market system.³ And within that group, Murray N. Rothbard is recognized for his efforts to put the notion of the single land tax in its final resting place.⁴ Rothbard's criticisms of George are important for two reasons. First, Rothbard is an archetype libertarian, a leading American exponent of that philosophy. Furthermore, Rothbard is recognized—even by his critics—as a consistent logician who does not compromise in his effort to apply ultimate free-market principles to economic problems.

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American Journal of Economics and Sociology, Vol. 41, No. 2 (April, 1982).

0002-9246/82/020183-13\$00.75/0

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In a way, however, it might seem curious that Rothbard has devoted such energy to his analysis of George's ideas. After all, George was more than a shade libertarian himself. He espoused many free market principles, was eager to remove the burden of taxes from the productive effort of workers and capitalists, and was deeply interested in limiting the scope of government.⁵ But with all this, George's central premise, his starting point, placed him irretrievably outside the strict libertarian camp. His proposal that government tax away Ricardian rents gave government an economically active function, and narrowed the space for a libertarian accord.

In the light of that difference, Rothbard's criticism of George's principle goes far beyond a minor clashing of academic swords, an endeavor by one scholar to set straight another's arguments. Indeed, Rothbard's effort may be described best as one philosopher's rebuttal of a counter-philosophy, one utopian writer's struggle to supplant another's utopian ideas.

Yet with all their differences, Henry George and Murray N. Rothbard may share more than a utopian label and a concern for reducing the overall scope of government. Indeed, a paradoxical agreement may be found buried among their disagreements: A particular application of George's prescription may be necessary for the operation of Rothbard's libertarian society.

This article first sketches the utopian ideas of George and Rothbard. It then focuses on the role of the proprietor of natural resources as seen by the two. There the central controversy is described as dealing with the role of government in defining and protecting property rights. And it is at that point that the paradox is described. Rothbard's most significant criticism of George's theory relates to the long-run implications of the single tax. But Rothbard may have some trouble with the long run himself. His discussion of natural resources leaves out the long run. He provides no basis in his system for the entry of newly recognized environmental resources into the market system.

II

Two Utopian Views

HENRY GEORGE LIFTS for examination a world with less strife, less poverty, greater opportunity for reward to productive people, as well as a society with limited, albeit institutionalized, government. The Georgian world holds forth the vision of greater welfare, even a higher morality. The promise awaits one simple action—the application of a single land tax, which would take Ricardian rents and convert them to a single source of government revenue. As contemplated by George, the single tax would not touch productive decisions. In other words, economic growth would not be thwarted, but rather supported by the proposed change in taxation.

Rothbard's utopia, on the other hand, recognizes no central authority. His "government" consists of private courts and police who protect property rights. As a market phenomenon, the court system must be termed economically neutral. There are no taxes or aggression against property of any form. Rothbard's society is pristine in a *laissez faire* sense. Thus, the attainment of his ideal world seems far more difficult than the restructuring of taxes called for by George.⁶

Nonetheless, utopian dreams should not be constrained by present realities. And Rothbard accommodates the imagination by drawing pictures of unfettered freedom where individuals pursue their own self-interest, each person caring for himself and his charges as the individual interprets those needs. Fee simple, absolute, property rights are the keystone of the system.⁷ Property rights to land and all other commodities seem to attain their prescribed status when claiming, holding, and protecting property rights offer the prospect of net gain to the property rights seeker. Just how those property seeking efforts become translated into legally enforceable contracts is not described, however.

As with George, Rothbard's vision of a better world draws on the work of economic philosophers who came before him. Seen through his words are the ideas of Adam Smith, Spencer, Von Mises, Knight, Hayek, Simons, and Friedman.⁸ But Rothbard carries the free market philosophy to the limit. Property rights ultimately mean freedom; therefore, property rights must be supported, not eroded by a central authority. Still, no theory is offered to explain just how a new property right enters the social system. If the property rights producer is a monopolist, we need some explanation of his anticipated behavior.

While George's theory of the single land tax addressed his fear of an ultimate monopolist, the holder of rights to unimproved natural resources, Rothbard's utopian society has no theoretical quarrel with monopolists. When they emerge, monopolies will either be transient, shoved aside by competitive forces, or evidence that they are the cost-beneficial alternative to any other organization of production. In other words, monopoly rents or Ricardian rents are viewed by Rothbard as a legitimate reward for superior management of property rights.

Since Rothbard bases his world on an implicit efficiency criterion revealed in voluntary market transactions, it follows that social welfare is unambiguously at a maximum. Put differently, a mandated rearrangement of the status quo would bring an ambiguous outcome. The change could be for better or for worse, but only a mind reader would know for sure.

Since George focused his arguments for change on the behavior of the proprietor of natural agents, Rothbard had to focus his attack in the same

direction.⁹ But, whereas George describes a world wherein newly recognized scarcities may enter, Rothbard seems to analyze a world of known scarcities.

III

The Proprietor of Natural Agents

HENRY GEORGE'S CONCERN over the land monopolist was based on his observations of the behavior of land speculators. He lived at a time and place where land speculators were indeed visible. Huge parcels of land had been granted to railroad promoters. Cities, towns, and hamlets blossomed forth in the path formed by cross-continental railroads. No doubt, it appeared that the stroke of fate had opened Croesus' purse, at least for the lucky. George condemned what he perceived as a purely arbitrary distribution of wealth based on speculation. And the fact that the same controversy still rages forth when windfall profits are mentioned, suggests how difficult it is to assign a legitimate economic function to the activity of buying resources and holding them for sale to future generations. In George's day, the future "generations" came quickly, almost overnight. But what he perceived as Ricardian rent, produced by the random actions of society, may have been the result of linkages formed between individual rent seekers and their agents—politicians seeking to do good for themselves by moving goods for others.¹⁰

As George pointed out many times, land was there; its site was valuable with or without the proprietor's contribution. To extract such gains by taxation hardly seemed harmful. Furthermore, to replace other burdensome taxes with levies on such windfalls—a proposal with a certain modern ring—surely seemed beneficial. But while those passive speculators were hardly worth a social payment, George identified land proprietors of another stripe. Some ventured out into new territories, staked claims, held and subdivided land, and gave up income until civilization caught up with them and recognized their foresight. These were entitled to a return on their effort. To take their income as if it were an unearned increment would be contrary to the natural order. Somehow the two groups of proprietors would have to be distinguished, and the gains of only the former taken for society.

Of course, George set down two alternative ways to accomplish this. A tax would be applied to the site value of land, or the unimproved component of land could be taken periodically and auctioned to the highest bidder. Though questions surrounding the administrative task associated with the assessment of land or the auction process have been fodder for many academic discussions, George leaves us with a proposed policy for dealing with a perceived problem.

While George's ideas always seem to be discussed in terms of agricultural or urban land, it is clear that he thought in terms of all natural resources. And because of his foresight in generalizing his theory, it is possible to apply his policy to newly recognized environmental scarcities.¹¹

Perhaps the case for such things as water quality, air, sound, and solar rights is more easily seen. Once scarcity takes hold, as it seems to have done for these assets in this century, government could consider George's alternative prescription, declare its ownership of the scarce natural resource, auction property rights to the highest bidder, and from that point, let the market function.¹² Indeed, this is precisely what the U.S. Environmental Protection Agency has proposed for certain defined increments of scarce air quality in the U.S.¹³ Because of the possibilities for dealing with newly recognized scarce natural resources, George's utopian plan could be termed "long run" in a property rights sense.

But did George overlook something? Was his plan workable in the short run? Rothbard takes George to task, both short and long. First, consider the two proprietors described earlier. Rothbard argues that both proprietors perform a socially beneficial function. The ardent speculator searches the market for the highest bid, uses this information, and provides future benefits at minimum cost. If speculator profits were taxed away, speculators, and their services, might go away. Still, George's tax was not intended to exhaust completely the speculator's profit. In his model, some positive incremental gain could be left so that speculation might continue.

There is yet another problem. Rothbard argues that extreme—100 percent—taxation (which is not, after all, what George advocated) would nationalize land. That is, private agents would lose their incentives to be tax collectors, try to sell out, and then eventually forfeit their land for taxes owed. These tendencies, according to Rothbard, would lead to a gradual conversion of land ownership to government. Having left us with that possibility, Rothbard doesn't ask the next question: How would government behave, if it were a monopoly supplier of land, and if rent were its sole source of revenue? Would government seek to maximize its revenue? Would government seek to expand its land base by aggression, if the added cost of that action was less than the expected gain in rent? How would such tax-maximizing behavior be controlled?

Rothbard does leave us with other points to ponder, however. He suggests, for example, that a true single land tax would cause the price of all building sites to become uniform. Thus, he asserts the market would lose its ability

to ration on the basis of locational advantage. But such an outcome could occur only if the locational rents were identical or if the land proprietors had no incentive to collect sufficient rent to pay their taxes. In the latter instance, default caused by excessive taxation would throw the land in the lap of government. Then, pricing would depend on government's incentive to gain revenue. Thus, Rothbard seems to be describing a long-run collapse of the Georgian system; not an inherent weakness in the short-run theory.¹⁴

George's theory appears most robust in the face of Rothbard's short-run criticisms. Granting some assumption about perfect assessment of Ricardian rents, production could proceed unaltered with those rents removed from a static world. It is the longer production run that suffers in George's theory, or perhaps the notion that there are no Ricardian rents in the longer run that makes the land value tax a dubious source for national revenue. It is not that a land value tax, having been instituted for a time, would fail to produce revenues, but that the long-run production period will be altered by the short-run tax and hence cause growth to occur in a biased fashion. If that bias led to a suboptimal combination of factors, the forces of international competition could gradually cut away the taxing society's productive edge. Tax revenues would then decline, eventually to zero.

The presence of any institutionalized rigidity causes severe problems for the ultimate libertarian. And Rothbard, no doubt, sees the single land tax as a permanent monkey wrench in the gears of the economic process.¹⁵ While some who count resources in terms of acres, tons, and pounds would see situations where supply curves are perfectly inelastic, others, who count supply in terms of human action, observe a much more elastic situation.

But the elasticity they observe relates to the incentive system at play in the economic process and the ability of individuals to respond to those incentives. From Rothbard's standpoint, Ricardian rent is an illusion. Policy makers may think they see something; take action to capture that socially useless box of income; gain revenue; but in the process interrupt an ongoing system which, left alone, would have driven past the moment that generated the apparent rents. In other words, while the Georgian tax may indeed work in the short run, it could preclude a more desirable long run, holding constant a defined set of property rights. But George's utopian world contained a mechanism for producing property rights which contains market characteristics, something which Rothbard's system lacks. There is another long run to consider, one which has to do with the emergence of new property rights. George's system balances opportunity costs. Rothbard's sees but one opportunity.

IV

The Property Rights Conflict

UPON EXAMINING THE VIEWS held by Henry George and Murray N. Rothbard concerning the role of the proprietor of natural resources, it becomes obvious that their differences derive from the same underlying assumption: Property rights necessary for the functioning of a free market must be protected. A central conflict arises over the question of just what are the necessary rights. In another way, the conflict could be identified as just what will be the rudimentary functions of "government" in the production of property rights.

Rothbard claims that scarce resources are the beginning of, indeed the very reason for, free markets. Furthermore, government could have no more legitimate function than to assure that property rights remain in private hands. But that suggests that Rothbard calls for government action to protect property rights. He does not. Indeed, Rothbard gives much discussion to support the notion that private police agencies would emerge in response to private demand for property protection. But these are static considerations in the sense that ownership patterns are somehow defined. Rothbard leaves us with a problem when newly recognized scarcities are encountered. While he offers a system of private courts to resolve questions of guilt and innocence, he falls short when dealing with problems of newly perceived environmental scarcity.

On the other hand, George contends that free markets are the vehicle for allocating socially necessary rights, those which affect the short-run supply of resources. He sees a property rights system as a means for obtaining both equity and efficiency. Government's only legitimate source of income derives from its taxation of naturally fixed resources, the rents from those resources whose quantity does not respond to human labor.

When compared on this basis, the fundamental difference between the two is clear: George and Rothbard are arguing about government's role in the formation and protection of property rights. Can their views coexist? Is there a way in which George's tax could bring harmony to a Rothbardian world? Is it environmental scarcity that ultimately brings government to that world? Perhaps there is a paradox.

V

The Paradox

THE PARADOX FOUND in the contradictory worlds of George and Rothbard is this: Henry George's ideas could be implemented in a Rothbardian world,

and that world might applaud them. Recall that in its ultimate form Rothbard's society would have a complete distribution of existing property rights. A system of private courts and police would provide competitive protection of rights. Disputes would be settled in the courts. This system, Rothbard's "government," would rely on user charges for all revenues. Since all scarce property would be held privately, Rothbard's citizens would be free to enter into any voluntary transaction, paying all owners for the use of resources offered in the market. The apparent utopia would be in place.

But what happens when newly recognized scarcities—unspecified elements in contracts—begin to infringe on the utopia? Take the example of the diminution of "free" environmental goods—sunlight, silence, smell, sight, and water and air quality. How would the rights to these "non-produced" qualities be determined? Would downstream owners always dominate upstream dischargers? Would doctors always dominate candy makers whose machinery caused the physicians' floor to vibrate? Would the courts determine rules of liability—case by case—and leave the Coasian market to determine an optimal allocation of the new found scarcity?¹⁶ And wouldn't such an approach have wealth effects, not unlike a single land tax?

Rothbard answered these questions directly in a piece titled "The Great Ecology Issue: Conservation in the Free Market."¹⁷ He starts in the direction of property rights formation by saying:

This brings us to the area where the environmentalists indeed have their strongest case, but a case which they do not really understand: The whole field of *pollution*: of air, water, food (pesticides), noise. Of course, there is a grave problem of the befouling of our air and of water resources. But the root of the problem does not lie in capitalistic greed, or modern technology, or in private property and the free market; on the contrary, it lies, once again, in the fact that government has failed to supply or protect the rights of private property.

Anticipating a proposal that government somehow establish environmental rights and accommodate the emergence of markets for those rights—as happened with land—the reader is in for a disappointment. Instead, Rothbard jumps track and proposes an environmentally pure solution:

The remedy is simply to enjoin anyone from injecting pollutants into the air, and therefore invading the rights of persons and property. Period.

The discussion preceding and following these quotations emphasizes that pollution should not occur. Period. That is, zero pollution appears to be the optimal level. For example, Rothbard states:

Surely every man's private property should be enough for us to obtain injunctions preventing . . . pollution from taking place.

And,

If there were full private property rights in the rivers, for example, the owners would not permit their pollution.

But when discussing noise, Rothbard adds:

Noise too is an invasion of private property, for noise is the creation of sound waves which invade and bombard the property of persons and others. Here too, injunctions to prohibit excessive noise would spur the development and installation of anti-noise devices.

The reader is left with a clear impression that some fixed amount of pollution, zero, and noise, not "excessive," is the appropriate level. But just how excessive noise and pollution is defined, measured, and monitored is left to our imagination. In any case, the repeated reference to the use of legal injunctions prohibiting pollution seems to suggest that transferable rights to pollute and make noise would not emerge in Rothbard's world. Indeed, he seems to suggest that absolute rights to environmental purity would induce technological change to renew the environment if for some reason pollution inadvertently slipped in.

To apply Rothbard's solution after pollution was recognized, for example, when smog first appeared over Los Angeles in 1948, would be the equivalent of taxing away the location value of sites which previously used the environment in the production of other goods. Rothbard's solution sounds Georgian, but it is Henry George taken to an extreme.

Henry George, facing the same environmental problem, might apply his prescription. When conflicts arise over the right to environmental use, government could identify the allowable level of pollution and announce an auction, selling off the rights to the highest bidder.¹⁸ The revenue resulting—though it might approach zero—would be rent, and could be used by government as any other revenue, exactly as George proposed. The resulting owners could then buy and sell the legally defined environmental rights along with any other property rights defined and protected by government. As a result, the total level of pollution would be controlled, just as the total level of residential building sites is controlled in some urban markets. George's proposal allows for rights to be transferred, for markets to work, once rights are defined and their use monitored. Rothbard allows no transferability, no markets for environmental use.

It is this paradox that links George to Rothbard. If controversies are not handled in a Georgian way, the Rothbardian utopia might be doomed to regulation by a court system made permanently large as it enforced an endless maze of injunctions. The controversy ends where it began: What should be the treatment of natural resources, those God-given resources that do not

respond to human productivity? A normative question always leads to a normative answer. Henry George called for controlled market solutions. Rothbard called for controls.¹⁹

Notes

1. Commenting on the impact of *Progress and Poverty*, and noting that the book outsold any previous work in political economy, S. Bruchey tells us that ". . . over two million copies of [George's] book were sold in America alone . . ." (See, S. Bruchey, "The Twice 'Forgotten' Man: Henry George," *American Journal of Economics and Sociology*, Vol. 31, No. 2, (April 1972), p. 114.)

2. For a comprehensive discussion of George's critics, see, *Critics of Henry George: A Centenary Appraisal of Their Strictures on Progress and Poverty*, ed. by Robert V. Andelson, (Madison, N.J.: Fairleigh Dickinson Univ. Press, 1979).

3. For example, see: Frank H. Knight, "The Fallacies in the 'Single Tax,'" *The Freeman*, August 10, 1953, pp. 809–11 and "Three Lectures on *Progress and Poverty* by Alfred Marshall," *Journal of Law & Economics*, Vol. 12, No. 1 (April 1969), pp. 217–26. With respect to the last reference, it is interesting that Marshall supported George's position on the single land tax for new countries, and suggested that the usufruct of land be sold for 100 years and resold again and again for the same period. (See, "Three Lectures . . .", p. 205.) Another noted spokesman for free markets, F. A. Hayek, after offering a thoroughgoing criticism of George's "scheme for the socialization of land," writes: ". . . if it were possible to distinguish clearly between the value of the 'permanent and inderstructible powers of the soil' . . . and the value . . . due to . . . improvement, . . . the argument for [the single tax's] adoption would be very strong." (See: F. A. Hayek, *The Constitution of Liberty*, Chicago: University of Chicago Press, 1960, pp. 352–53. I am indebted to Professor Robert Andelson for calling this to my attention.)

4. See: Murray N. Rothbard, "The Single Tax: Economic and Moral Implications," Special Essay Series, The Foundation for Economic Education, Inc., 1957 and "A Reply to Geogist Criticisms," (same publisher), July 1957. Also see selected sections in *Power and Market: Government and the Economy* (Menlo Park, Calif.: Institute for Humane Studies, Inc., 1970) and *For a New Liberty* (New York: Macmillan Company, 1973), esp., pp. 33–37.

5. It is not difficult to cast George in the libertarian mold, one accepted by many of his supporters. Consider his statement: "It is not the business of government to make men virtuous or religious, or to preserve the fool from the consequence of his own folly. Government should be repressive no further than is necessary to secure liberty by protecting the equal rights of each from aggression on the part of others, and the moment governmental prohibitions extend beyond this line they are in danger of defeating the very ends they are intended to save." (See: Henry George, *Social Problems*, New York: Doubleday & McClure Company, 1901, p. 237.) On the other hand, Henry George was credited by the Fabian socialists as having implicitly assisted in the furtherance of the notions of Karl Marx. In the introduction to the English edition of *Capital*, a background statement prepared by the editor included this statement about the social forces that seemed supportive of Marx's ideas: "The first light had dawned with Henry George's *Progress and Poverty*. Effectively attacking the Malthusianism which the crisis revived, he pointed to one foe—land monopoly. Half his arguments were long ago familiar to Cobbett and the Chartists, his "cure," the land-tax, was derived from a far different era and could never, as Engels said, suffice 'for the greatest industrial country in the world.' But by insisting on a feature of the existing property system as a root of evil to be destroyed he liberated thousands of minds from

the superstition of an iron, immutable order of things—from the prison-house ideology of man powerless to change the world. Himself no socialist, he opened the gate to socialism.” (See: Karl Marx, *Capital*, New York: International Publishers, 1947, Appendix V, p. 848.)

6. In a way, even though George’s proposal for a single tax is seen by some as misguided policy, the differences between George and Rothbard may be those found between a pure ideologue and one who seeks to apply the same ideology within the context of a recognized institutional setting. Rothbard is a purist, a point recognized widely and noted by William F. Buckley, when he wrote: “. . . we can read with more than mere amusement Dr. Murray Rothbard’s suggestion that lighthouses be sold to private tenants who will chase down the light beam in speed boats and collect a dollar from the storm-tossed ship whose path it illuminates. . . . [M]any dogmas are liberating because the damage they do when abused cannot compare with damage that might have been done had whole peoples not felt their inhibiting influence.” (See: *American Conservative Thought in the Twentieth Century*, edited by William F. Buckley, Jr., New York: Bobbs-Merrill Company, Inc., 1970, p. xxiii.) Buckley goes on to add: “But Dr. Rothbard and his merry anarchists wish to *live* their fanatical antistatism, and the result is a collision between the basic policies they urge and those urged by conservatives who recognize that the State sometimes is the necessary instrument of our proximate deliverance.” (*ibid.*)

7. In his argument against George’s notions, Rothbard states: “The central core of the libertarian creed, then, is to establish the absolute right to private property of every man: First, in his own body, and second, in the previously unused natural resources which he first transforms by his labor. These two axioms, the right of self-ownership and the right of ‘homestead’ establish the complete set of principles of the libertarian system.” (See: Murray N. Rothbard, *For a New Liberty*, *op. cit.*, p. 40.)

8. While the noted philosophical ideas are present, Rothbard carefully distinguishes his own views from those of other “conservative,” “laissez faire,” or “free market” economists. Undoubtedly, the noted individuals might do the same, given the opportunity. (See: Murray N. Rothbard, *For a New Liberty*, *op. cit.*, pp. 12–20.) Though not noted as economists, other highly recognized libertarian predecessors to Rothbard include: Benjamin R. Tucker, Josiah Warren and Max Stirner.

9. Neither Rothbard nor George uses the term “proprietor of natural agents,” but that description of the landowner’s function would rest comfortably in their discussions. The term was used by Nassau Senior, who was perhaps the first economist to describe specifically the use of environmental inputs in the production process. (See: Nassau Senior, *Political Economy*, New York: Augustus M. Kelley, Inc., 1938, p. 92.) It might be noted that J. B. Say assumed implicitly the same approach to the management of natural resources. In fact, he anticipated accurately the present solar age by describing the possibilities and need for the assignment of property rights to the sun’s rays. (See: J. B. Say, *Political Economy*, New York: Augustus M. Kelley, Inc., 1964, p. 360.)

10. On this point, see: George J. Stigler, “The Theory of Economic Regulation,” *Bell Journal of Economics and Management Science*, Vol. 2, Spring 1971, pp. 3–21 and Sam Peltzman, “Toward A More General Theory of Regulation,” *Journal of Law & Economics*, Vol. 19, August 1976, pp. 211–240. More recent work carries farther the notion of rent-seeking behavior on the part of economic agents in the political process. On this, see: M. T. Maloney and R. E. McCormick, “An Economic Theory of Environmental Quality Regulation,” Working Paper Series No. GPB 79–15, Graduate School of Management, University of Rochester, November 1979.

11. That George included all natural resources in the term "land" is clear. He states: "The equal right of all men to the use of land is clear as their equal right to breathe the air—it is a right proclaimed by the fact of their existence." (See: *Progress and Poverty*, New York: Robert Schalkenbach Foundation, p. 338.) In another place, George says: "[The Irish people] must all have the same equal rights to the elements which nature provided for the sustaining of life—to air, to water, and to land." (See: *The Land Question: What it Involves and How Alone it Can Be Settled*, New York: Doubleday Page and Company, 1904, p. 36.) Of course, the notions expressed by George were ancient ones. Other societies had taken steps to institutionalize approaches that ensured access to land, as well as a redistribution of rents. The Jubilee year, which occurred every 50 years was described in the Old Testament as a device for returning all land to the original grantees. As noted there: "The land is mine; for ye are strangers and sojourners with me." (See: Leviticus 25:24.) A statement with similar content attributed to the Indian leader Tecumseh is: "What? Sell land? As well sell air and water. The great spirit gave them in common to all, the air to breathe, the water to drink, and the land to live upon." (From a poster located in the National Visitors Center, Washington, D.C.) John Locke espoused a somewhat similar view. Andelson elaborates on this point and quotes Locke's position: "But inasmuch as land is not a product of human labor, it may legitimately be treated as private property only so long as there is enough, and as good, left in common for others." (See: Robert V. Andelson, "Where Society's Claim Stops: An Evaluation of Seligman's Ethical Critique of Henry George," *American Journal of Economics and Sociology*, June 1968, p. 42. The quote from Locke is taken from his *Second Treatise on Government*, Chapter V, paragraph 27, as noted by Andelson.)

12. Henry George proposed an auction market as an alternative to his land value tax. Replying rhetorically to an obvious question about the practicality of his proposal, he wrote: "How shall we do it? We should satisfy the law of justice, we should meet all economic requirements by at one stroke abolishing all private titles, declaring all land public property, and letting it out to the highest bidders in lots to suit, under such conditions as would sacredly guard the private rights of improvement. Thus, we should secure, in a more complex state of society, the same equality of rights that in a ruder state were secured by equal partitions of the soil, and by giving the use of the land to whoever could produce the most from it, we should secure the greatest production." (See, Henry George, *Progress and Poverty*, *op. cit.*, pp. 403–404.)

13. The U.S. Environmental Protection Agency proposed that states consider the use of an auction for allocating newly defined units of the environment that could be used for absorbing emissions. For a discussion of this, see: Bruce Yandle, "Buying and Selling for Cleaner Air," *Business*, Vol. 29, No. 2, March–April 1979, pp. 33–36.

14. Lowell Harriss makes a similar point about the effects of 100 percent site value taxation. (See, C. Lowell Harriss, "Rothbard's Anarcho-Capitalistic Critique," *Critics of Henry George: A Centenary Appraisal of Their Structures on Progress and Poverty*, *op. cit.*, pp. 354–370.

15. The reaction is actually stronger than implied. To Rothbard "Taxation is robbery." (See: Murray N. Rothbard, *For a New Liberty*, *op. cit.*, p. 10.)

16. The reference here is to Ronald H. Coase, "The Problem of Social Cost," *Journal of Law & Economics*, Vol. 3, October 1960, pp. 1–44.

17. The piece, Murray N. Rothbard, "The Great Ecology Issue: Conservation in the Free Market," *Economic Viewpoint*, is unfortunately not well identified as to its publisher. However, an advertisement soliciting members by an organization which is listed on the back page suggests the publisher is the Society for Individual Liberty, Philadelphia, Pa. Rothbard relates a similar discussion in *For A New Liberty*. However, in that piece, he also discusses the emergence of

private courts in the libertarian society. His discussion on that topic (pp. 228–43) gives the impression that disputes over environmental use might be settled in such courts. However, in the very next chapter, where he discusses conservation, ecology and growth, Rothbard addresses the pollution problem directly. At that point, he makes clear his position favoring zero pollution: “The remedy against air pollution is therefore crystal clear, and it has nothing to do with multibillion dollar government programs at the expense of the taxpayers which do not even meet the real issue. The remedy is simply for the courts to return to their function of defending person and property rights against invasion, and therefore to enjoin anyone from injecting pollutants into the air. . . . The argument against such an injunctive prohibition against pollution that it would add to the costs of industrial production is as reprehensible as the pre-Civil War argument that the abolition of slavery would add to the costs of growing cotton, and therefore abolition, however morally correct, was ‘impractical.’ For this means that the polluters are able to impose all of the high costs of pollution upon those whose lungs and property rights they have been allowed to invade with impunity.” Rothbard uses the words “injunction against,” “prohibition,” and draws his analogy from “abolition.” Later, he discusses directly the proposal for pollution rights and writes off the idea as an invasion of property. (See, *For A New Liberty*, *op. cit.*, pp. 274–76.)

18. For a discussion of this auction process, see: A. H. Barnett and Bruce Yandle, “Henry George, Property Rights and Environmental Quality,” *American Journal of Economics and Sociology*, Vol. 33, No. 4 (October, 1974), pp. 393–400.

19. The question of how to determine the optimal level of environmental quality, including such problems as how to evaluate future demands, remains unanswered. That is, a theoretical framework exists for dealing with the problem, but the demand revealing mechanism has not been implemented. In this sense, the approaches described by Rothbard and Henry George fall into the category of “second best” solutions to the environmental problem.

Fear of Unemployment Hits Unions

JOB SECURITY IS RAPIDLY EMERGING as the major bargaining issue for U.S. labor unions, according to a Conference Board report. Growing emphasis on job security could radically alter both U.S. labor relations and long-standing U.S. values, the report notes. Based on the views of seven leading U.S. labor authorities, it examines prospects for America’s troubled labor unions during the 1980s.

Unions are clearly stepping up their organizing efforts—especially in the fast-growing Southern and Western states. But they are also attempting to protect past gains by emphasizing job security. Currently, about 25 percent of the non-agricultural U.S. workforce is unionized, down from a peak figure of 35 percent at the end of World War II.

Job security has now become a central issue in the public sector, where funds are being steadily pared back. Observes Edward O’Malley, personnel director and director of the office of labor relations for the Port Authority of