LAND & LIBERTY

since 1894

magazine of The Henry George Foundation

Issue 1253 Winter 2020/21

The Forward-Looking Viewpoint

Ω

Andrew Purves
The Planning System and The Question of Health

Ω

Joseph Milne
Economics and The Long View Ethic

Ω

Duncan Pickard
A Geopolitical Plan For Economic Recovery

“

The ownership of land is the great fundamental fact which ultimately determines the social, the political, and consequently the intellectual and moral condition of a people. And it must be so...

LAND&LIBERTY

No 1253 Winter 2020/21

PO Box 6408, London, W1A 3GY
+44 (0) 800 048 8537
editor@landandliberty.net

Editor
Joseph Milne

Managing Editor
Jesper Raundall Christensen

Graphics and Production
Jesper Raundall Christensen

Publisher *Henry George Foundation*

To receive Land&Liberty or support the work of the Henry George Foundation contact us at the address above.

Land&Liberty is produced by the Henry George Foundation and printed by Premier Print Group on 100% recycled paper.

ISSN 0023-7574

HENRY GEORGE FOUNDATION

The Henry George Foundation is an independent economic and social justice think tank and public education group with offices in London and members throughout the UK. The Foundation deals in cutting-edge ideas, exploring and promoting principles for a just and prosperous society and a healthy environment.

The Henry George Foundation of Great Britain is a company limited by guarantee, registered in England, no. 00956714, and a charity registered in England under the Charities Act 1960, no. 259194.

www.HenryGeorgeFoundation.org

www.landandliberty.net
follow us on Twitter @landandliberty

message from the honorary president

In considering the just distribution of wealth Henry George identified the *economic rent* of land as being entirely due to the community as a whole while the 'earnings of labour and capital' were due entirely to those individuals who provided the labour and capital responsible for wealth's production. If either the community or an individual takes from what is due to the other, they commit theft. Under current circumstances I suspect such theft is not so easily avoided by the simple act of replacing existing taxes on production with a tax on land value i.e. LVT.

The economic rent of land is a natural phenomenon that arises whenever two or more people compete for exclusive occupation of the same place for the same period of time. It represents the additional value attributed to a location compared with marginal locations where land bearing no rent is available to all. In contrast, the phenomenon of monopoly rent of land is man-made, and in the UK it is associated with full land enclosure whereby landlords were enabled to impose exorbitant rent charges - even at the margin. With the primary division of all produced wealth between the earnings of labour and capital on the one hand and the rent of land on the other the inevitable impact of an exorbitant monopoly rent is to unjustly reduce the general level of earnings to their barest minimum. As Covid 19 is showing business rent demands that are unrelated to the earnings of that business destroys them.

While the pecuniary interests of monarchs and parliamentarians over hundreds of years past caused land enclosure, they no longer fully explain why no land to live, or earn a living on, is available rent free. Today necessary government regulations regarding the permitted use of land and aimed at protecting the environment and the overall quality of our lives mean that naturally free land at the margin is no longer an option. So, while the only identifiable land rent is monopoly rent and this is taxed through LVT that part of the real earnings of labour and capital currently enjoyed by private rentiers will simply pass into the public exchequer - even after all current taxes on employment, production and trade are abolished!

A solution may lie with how the government uses the excess tax it collects and/or how the government regulates or manages land use.

In considering how the redistribution of tax revenue element might work it should be noted that as earnings are already at a minimum level, current taxes must already be coming from monopoly rent. The value added by employed labour and capital must be at least equal to their cost - otherwise they would not be employed. But, as we now well know, UK taxes currently double employment costs! i.e. the suppliers of labour and capital are only able to purchase goods and services to the value of approximately 50% of their employment costs with their earnings. So, the government could pay an amount equal to the taxes currently levied (directly and indirectly) on their employment to every economically active person and firm - it might be called 'an economically active reward'. An additional sum equal to the currently untaxed monopoly rent at the margin would also need to be paid to all. The application of LVT together with land use and planning regulations might then be able to ensure that all land is used (or not) in accordance the interest of the whole nation and all its people.

I would welcome a better solution!

David Triggs
Honorary President
Henry George Foundation

henrygeorgefoundation@
googlemail.com

CONTENTS

issue
1253
WINTER 2020/21

Regulars

Cover Story

Cover Photograph
Pixabay

Features

letter from the editor

Georgists interested in ecology and the environment will be acutely aware of how the economic realm is never included in the ecosystem. Often it is portrayed as an unwelcome intrusion into nature. This is hardly surprising since economists generally regard 'nature' merely as a source of materials for production. Land is now lumped in with capital and thus removed even further from 'nature' than in George's time. Yet the urgent task of responding to climate change demonstrates that our economy is not outside nature at all.

Nevertheless, environments also tend to regard our human economy as outside nature, as an interfering foreign element. Seen in this divided way campaigners demand reforms in production that cease harming the environment. In itself, that is a reasonable demand. But it does not address the economy itself as part of nature, as much a part of the ecosystem as the oceans, the mountains or the forests. Viewed as part of the ecosystem it begins to become clear that it is the injustices *within* our human economy that cause the harm inflicted on the environment. The poverty, inequalities, exploitations, injustices within the economy are the inward cause of destruction of the environment. Since the human economy is out of harmony with itself it is out of harmony with nature at large. Unlike in ancient societies, we do not regard the human economy as a living organism. We conceive it abstractly, as financialised, represented on computer scenarios, ever seeking efficiencies, and thus dissociating it from the living systems of nature. Human beings themselves might as well be robots since they are also 'economically abstracted' into quantitative units of labour and consumption.

This dissociation of the human economy from nature has been with us for three hundred years, or since the idea arose that human society was an artificial construct, and therefore outside nature. In ancient times human society was always regarded as part of the great, ever renewing cosmic order. The seasons of nature were the seasons of society. In medieval times human society was seen by analogy with various living organisms. The economic activity was not separated from the activity of society as a whole. Work was seen as a contribution to the well-being of all, giving each person a station of dignity within the whole. All served all. And because the economy was seen as meeting the natural needs without excess, rest from work was valued more than the endless pursuit of wealth. Henry George remarks that the average family living off the land could manage perfectly well working only three days a week.

All this changed when property in land was turned from a 'legal' entitlement to a 'natural' entitlement. According to ancient natural law all land is common property, and any modification of this was a matter of 'positive' law only, and positive law in property can be suspended when necessity arises and law reverts to the natural law. Thus property was a pragmatic arrangement for convenience. But all this changed when the claim on property, specifically on land, became regarded as part of natural law, when the human person was defined as a property owning being. This new idea not only changes the entire economy, it changes the whole relationship of the human species with nature. And nature itself ceases to be 'nature' and becomes property. Indeed, the human person takes ownership of himself as though he were his own slave master, and puts himself on the market as labour.

So the break with natural law through proprietorial rights in land came with proprietorial rights in persons. Both become legal entities subject to positive law. So there is a direct correspondence between the internal relations of human economy and the external relation with nature at large. And in both realms exploitation in entirely new forms becomes possible. The environmental harm which inevitably follows corresponds with the social harm within society itself. They are inextricably bound together.

Unfortunately few Georgists yet see this connection between economic injustice and environmental abuse. Although it is argued that the land is a commons, it is generally taken to be a 'location' and a 'resource' for production, with little thought given to it as our habitat along with all other species. Yet the economic and social injustices that arise through land monopoly, where the land and the community are both exploited, also accounts for the excessive extraction, bad farming methods, deforestation and pollution which the environmentalists observe. Our modern industrial society lives in a false relationship with the land, and the consequences of that effect the land itself, not only society.

However, since environmentalists themselves do not generally understand that land and other monopolies lie at the root of this false relationship, they can only propose measures that restrain the effects of the abuse of land, such as tax incentives. Georgists make similar proposals, seeking to solve the environmental crisis through fiscal measures. But fiscal measures of various kinds have been in operation for decades already and the large monopolies simply build them into their cost structures and so pass them on to their customers, usually falling heaviest on the poor.

If our economy were brought into harmony with nature, then human production would enhance nature rather than deplete it. That is how nature herself works. Plant the seed and it multiplies. The same law is present in the division of labour. Effort produces a surplus. When wealth is lawfully exchanged it is mutually beneficial. But this natural law of nature is interrupted by land monopoly where nature is put to inappropriate, inefficient and unjust use, and where any natural surplus is misappropriated. It is a vicious circle that ends up depleting nature rather than enhancing it. It obscures the natural duties of caring for the land and for future life on earth. It is a great tragedy that the common cause of poverty, of pandemics and global warming is simply through ignoring the laws of nature. A just economy and a natural economy are one and the same thing. There is an opportunity here for Georgists to connect the laws of economics with the modern discoveries of ecology. As Joseph Stiglitz says, 'we as citizens have the right to make sure that that money serves a dual purpose – not only the purpose of bringing the economy back, [but] back in a way that is more consistent with the vision that we want of the post-pandemic economy and society. And that means a more equal society, and a much greener economy.'

*

Joseph Milne
editor@landandliberty.net

Andrew Purves

Andrew Purves holds a Masters in Spatial Planning from 2018. Currently working on his PhD research project: Economic rent, and public revenue from land values in Singapore

THE PLANNING SYSTEM AND THE QUESTION OF HEALTH

The Planning System in the United Kingdom continues to be a political football, as it tries to fulfil a number of competing and conflicting objectives. Given that Planning is now a devolved power, I will focus primarily on Planning in England, although the tensions in some of these broad themes can also be seen in the constituent nations of the United Kingdom. Planning sits within the Ministry for Housing Communities and Local Government; there have been four Ministers in charge over the last five years – the current incumbent is Robert Jenrick.

The origins of planning as a formal discipline of government in the modern era grew in the late nineteenth century to ameliorate the challenges of rapid urbanisation, in particular the control of disease, provision of roads and utilities, public parks and the separation of functions within our towns and cities, and was largely controlled by local municipalities in an uncontentious way.

However, the tensions have existed for centuries; who owns land, and who determines how it can be used has profound effects on a nation's wealth and levels of inequality in society. This debate came into the sphere of Planning in 1947. At heart, planning is at least partly tasked with regulating the public interest in land, against the private interest.

DEVELOPMENT RIGHTS

With the 1947 Town & Country Planning Act, and the nationalisation of all development rights, a new arena for conflict was born. Today, the two most contentious issues remain the same: first: the speed and extent of development, crystallised in the arguments over how many houses to build, and where – (anywhere, but not in my back yard, or in the green belt); second: how much should developers pay for those development rights – now referred to under the umbrella term of 'value capture' which I shall address in the following sections, before returning to the original issue dealt with by early Planning regulations: The issue of health.

Until 1947, owners of land were largely free to use and develop land as they wished; if the local authority needed land for public services, or transport infrastructure, it could negotiate adequate compensation with the owner upon purchase. By the late 19th century, the idea of compulsory purchase of land in the public interest had been largely resolved after the travails of acquiring land for canals and railways. Otherwise, owners were able to take advantage of commercial opportunities as they saw fit, and the immediate pre-war decades saw a sudden urban sprawl, aided by the arrival of the motor car, as well as extensions to urban transport systems. The potential loss of agricultural land prompted the formation of various committees to examine the question of development control, and in the case of urban land, the Uthwatt report on Compensation and Betterment of 1942 recommended the national purchase of development rights (estimated at a cost of £300m) and the introduction of betterment levies to capture any uplift in value thereafter. This was taken up in 1947 with the nationalisation of development rights, although their purchase was dropped and the levies abandoned in 1951, after a change of government. Three further attempts at introducing development charges were made by successive Labour governments, but ultimately they failed and were repealed.

Since 1990, developers honour the 1947 Act with the payment of Section 106 'planning obligations' when permission is granted. This provision – to pay for the public service infrastructure that comes with development: schools, roads, social care facilities, for example is now accepted by all political parties. In 2010, an optional alternative at fixed rates set by local authorities was introduced: the Community Infrastructure Levy, or CIL. Although the current regime is considered a success by most commentators, raising £4.8bn in 2007/08, (Crook et al., 2016) this constituted less than 1% of total government revenue for that year, a paltry sum compared to the uplift in land values over time. The current government's White Paper proposed further reform of the infrastructure levy, recommending a flat rate based on completed gross development values, which could be set regionally; this would replace section 106, forcing all authorities to adopt the levy, and move the incidence of the charge to the completion of the project.

BUILD MORE

The conservative party have led the way in criticising the planning system, saying it is too slow, complex, bureaucratic, discretionary rather than rules based. David Cameron famously vowed to 'get the planners off our backs' in one of his early conference speeches. The purpose of the White Paper is to finish the job. The main belief, is that, as a result of the planning regulations, not enough housing is built: this is backed up by some academic research, particularly by Paul Cheshire (Cheshire, 2009) at the LSE, who suggests that the system imposes a 'tax' on development, as a result of its complexity and uncertainty.

While this narrative is about building more, it is based on the assumption that house prices are a function of supply and demand; the high price of housing is a consequence of insufficient supply, so the underlying aim is to bring down the price of housing by increasing supply.

Others, such as Danny Dorling (Dorling, 2015) refute this, pointing out that the UK has never had so much living space per head of the population – it is simply unevenly distributed – both between socio economic groups and between generations; it should also be said that over 90% of planning applications are granted with few changes, while permissions have been given for over 900,000 houses which are not yet built – most of these project are to be found in the South East.

Nonetheless, the Letwin review concluded that major developers were not deliberately 'landbanking' or controlling the price of housing by drip feeding construction and release to the market. There has always been a suspicion that the Conservative Party is close to the big house builders, and some argue that the 'Help to buy' scheme, which offers a subsidy to first time buyers on newly built homes has only served to increase house prices, and deliver large profits to the few companies who dominate the sector. Ryan-Collins (Ryan-Collins et al., 2017) and others, however, dismantle the supply/demand function determining house prices, and show how the monopolistic nature of location, together with the easy availability of credit since financial deregulation in 1986 have driven prices up.

Previous legislation, such as the 2012 National Planning Policy Framework, NPPF, dramatically reduced the volume of planning legislation, and introduced the concept of an assumption in favour of sustainable development, as well as the new concept: 'permitted development' such as the automatic right to convert office space to residential, without the need for permission. The new White Paper, published in 2020, aims to go further, classifying all land as being in an area designated for Growth, Renewal or Protection. Growth means a green light for development, Renewal areas require some development, but in a considered way, while Protection means forget it: especially if you are in the Green Belt.

However, in order to promote the benefits of development for communities, the coalition government also introduced a Localism Act in 2011, allowing interested parties to develop Neighbourhood Plans, which would then be incorporated into their respective Local Plans. The idea was, by giving people a say in development, they would come to see the benefits.

Inevitably, these provisions proved popular in communities with high numbers of educated professionals with time on their hands to promote their own interests. Localism, conceived to persuade communities of the benefits, did not lead to a bonanza for developers. The White Paper therefore seeks to limit the public's right to comment on planning applications, restricting their contribution to plan making and design codes; if the recommendations were to become law, planning would once again become more centralised, and the power to promote development would shift back to the private sector.

So far, the White Paper has suffered a significant reversal in its aspirations, in particular, a concerted campaign by Conservative back bench MPs in rural and green belt constituencies challenged the algorithm that was to be used to allow more houses in regions where demand is apparently high, or where population is expected to grow: particularly those in the South East. The algorithm will be changed to shift more new homes to the North, as well as more incentives given to make use of brownfield (previously developed) land.

In addition, a promise has now been made to ensure minimum space standards for office to residential conversions, given the evidence from research (Ferm et al., 2020) showing that homes with as little as 16sqm have been offered to the market – less space than that created by laying a standard football goal on the ground – and half the amount required for a home subject to normal planning rules. The new space standard for permitted development conversions will be enacted sometime this year, under separate legislation.

Perhaps more significant for the long term rebalancing of the economy, development and integration of the regions, was the abandonment of a Regional Spatial Strategy RSS for England in 2010. Part of the original thinking was to bring together public and private interests in regional development agencies with public funding to create 'competitive cities', an idea promoted by urban planners such as Richard Florida, who introduced the concept of creativity to drive growth (Florida, 2005), and Ed Gleaser, who emphasised the importance of an educated workforce (Glaeser, 2012) to attract innovative firms.

A regional approach is commonplace in many European Countries such as Germany and The Netherlands, where planning appears to work well from any cursory visit to those countries will demonstrate. Legislation was introduced by the Blair Government for local authorities to develop an RSS, requiring a 'duty to co-operate' with their neighbours, and adopt regional plans – all this was swept away in 2010 – leaving a voluntary network of privately funded bodies to do the heavy lifting, albeit, George Osborne as Chancellor provided much hot air to promote the creation of a Northern Powerhouse.

In some cases, metropolitan authorities did respond to the opportunity to come together as a Combined Authority (Manchester, and Birmingham) under elected Mayors, although the same effort was rejected by the electorate in Newcastle/ Sunderland. There is some evidence that this strategy has worked to promote the interests of these cities over the interests of London, but continues to leave a vast amount of rural areas in neglect.

VALUE CAPTURE AND THE PROPERTY OWNING DEMOCRACY

It is generally accepted, that as populations in an area grow, and development takes place, land values rise. The English pioneers of planning such as Ebenezer Howard and Abercrombie, conceived the Garden City concept partly as a means to construct New Towns using this mechanism – land is purchased at agricultural value, investment is made in infrastructure by the development authority, and then sold to developers at a price to cover this cost – the system has been largely abandoned here. While the first iterations were privately sponsored, for example at Letchworth or Welwyn Garden City; after the Second World War, many New Towns were built on this principle such as Stevenage, Harlow and Milton Keynes by government sponsored development corporations.

This explains why many recent attempts to build more new towns have largely failed: For example at Ebbsfleet in Kent. Governments are unwilling to invest, and have tried to deliver the infrastructure necessary for any new development to succeed through the market mechanism, except that they expect the market agents to put up the money for infrastructure first.

The mechanism described above is the same, but suffers from a lack of trust, as well as the failure to ensure that local authorities can purchase land slated for development at its existing use value – it is no longer possible to fund infrastructure development from the uplift in value. A reform of the 1961 Compulsory Purchase Act would be necessary to rectify this problem. Meanwhile, it continues to be used to fund and promote urban expansion in many European Countries, and is advocated as a means to fund public investment for developing countries around the world (Falk, 2020).

The journey of England's relationship to land, and how the public interest has been trumped by the private interest is well told by Michael Tichelar in his history of the failure of land reform in the 20th century (Tichelar, 2019). Following the Liberal attempt to introduce a comprehensive land value tax, the Labour party put more emphasis on nationalisation, the public house building programme and the planning system to promote the public interest.

However, during the century, land as a source of wealth was no longer derived from rental income from agriculture, but urban residential land for the property owner, as well as the financial institutions that make this possible. "A strong property-owning ideology" page 13 has been developed by right leaning think tanks, and tax changes have enhanced the value available to owners. Part of this process was facilitated by a major transfer of land, from large tenanted estates to smaller owner occupiers, especially in urban areas – a new alliance was forged to bolster the conservative vote; as Tichelar says:

The spread of owner-occupation after the war also created a significant block of middle and working class property holders in urban areas, owning both the house and the land on which it was built. This constituted a powerful electoral interest group which would have in practice opposed any attacks on the principle of private ownership". (p. 16)

Furthermore, having built up a significant public land holding through programmes such as the Municipal farms of the 1930s, nationalisation of industries with considerable land holdings in the 1940s and 1950s, together with the council house building, when this ideology was given free expression in the 1980s by Thatcher's government, the potential to increase small scale property ownership was enhanced – the property owning democracy was given true expression.

Subsequent governments, adopted a strategy of selling 'surplus land' in public ownership, land previously used by nationalised industries, reducing the public estate over the next 40 years from 30% to only 12% of the total land area (Christophers, 2018). This interest group, the new property owners, having enjoyed extensive capital gains and tax breaks, pulled up the drawbridge, and form the backbone of the anti-development movement in sensitive areas.

By the time Labour returned to power in 1997, many of their policies aligned more closely with those introduced by the Tories over the previous 18 years, any attempt to interfere in the land market was expressed as seeking to encourage 'comprehensive planning' which was replaced by the notion of 'positive planning' (supporting market actors) so that the role of the state and local authorities in place making was much reduced. Future support for housing would be through the benefits system, rather than direct local authority building for social rent.

By the time Blair became leader, the role of the market was fully accepted, and relatively soon after, the Clause 4 commitment to public ownership of the means of production was dropped by the party.

In response to ever rising land/house prices, the Labour party commissioned Kate Barker to report – initially she was critical of developers for maintaining slow build out rates, in order to keep prices high – but the final report was more restrained, and the concrete proposal to increase the collection of betterment was the 'planning gain supplement' seen to be a simpler mechanism to existing section 106 agreements, as well as previous attempts to tax development.

In the end, the government rejected this proposal, but indicated that the solution was to lift planning restrictions, in order to increase housing supply – a refrain that was constantly heard from conservatives both in opposition and back in government in 2010.

The object of radical policies of land reform had shifted by the mid 1960's from the aristocratic landowner, to the property speculator, and by the 21st century, the rapacious, gentrifying, land banking developer. The existence of a private market in land, able to capture any uplift in value, "exercised a very negative influence on the ability of the state to intervene effectively in the redevelopment of land for public purposes." (p. 155)

There was a constant fear of intervention, which might disrupt the supply of land, as well as an ignorance of how the land market really worked, which inhibited effective reform. Instead of the visionary post war role of Planning to create modern spaces and efficiency/economic development, planning became a negative, controlling force – one which the developers had to negotiate (section 106/CIL fees) and build into their calculations to maximise their profit. House prices continued to rise. There were no winners!

The reduction, or abandonment of space standards, the 'regeneration' projects which involved wholesale removal of communities and demolition of estates such as the Heygate in Elephant & Castle followed; of the 1,200 or so flats once owned by the Council, the majority of residents have been forced to move out of London – up to 70 miles in some cases; even the displaced private leaseholders were unable to afford flats in the new Elephant Park development, of which only 82 are available at 'social rents' out of more than 2000 sold at market prices. It emerged that Lambeth Council, who sold the Heygate to Lend Lease, an Australian property company, spent more in removing tenants and assisting the redevelopment than the £50m it had received from the sale of the land.

The latest private sector scandal to unfold is yet to be fully exposed: The Grenfell enquiry has so far shown how manufacturers and suppliers of insulation products for high rise buildings were able to fabricate test results to claim their products met the required safety standards.

This tragedy clearly illustrates how far local authorities through planning de-regulation and building control light, have been prevented from serving the public interest.

The end result of this? Millions of ordinary leaseholders in these new housing developments are now, essentially, unable to sell, until safety can be guaranteed with the removal of the flammable cladding.

In conclusion Tichelar notes:

This book has argued that the primary cause of this failure (to reform land) was the ideological difference between the two main governing parties on the question of right to land and wider issues relating to the role of property and the meaning of freedom in a democratic society. (p. 206) *Finance capitalism has certainly taken the place of the aristocratic landowner as the enemy of progressive politics.* (p. 207)

The ideological battle found in Tichelar's book was played out during the 1970s, and had been largely abandoned by New Labour in the 1990s.

On this topic, we are left with a question – will the financial speculator cause enough opposition and opprobrium to inspire a new generation of land reformers?

One factor would suggest that such an outcome may be possible. After an ever increasing percentage of the population becoming owner occupiers during the last sixty years, the balance has begun to move the other way. This is especially true for London, where now less than 50% of the populations own their own homes, and doubly so for those under 40 years of age.

This exact constituency might begin to reverse the tide, and force a change in ideology to recognise the need not only for better standards of housing, but a more rational understanding of the forces causing high house prices. At least the topic of wealth taxes are back on the political agenda, with the recent publication of a report from the Wealth Tax Commission.

A RETURN TO HEALTH?

The original impetus to have a planning system was the health of the nation, particularly in cities. Famously, the origin of a Cholera epidemic in Broad Street in 1854, was traced to a water pump that all local residents were using by the Physician John Snow, and led eventually to public works to ensure clean water was available to all residents.

With the current pandemic, much evidence seemed initially to point to a high death rate amongst certain ethnic groups; however, the cause is now recognised as being related to socio-economic factors rather than ethnicity per se. People living in crowded, multi-generation homes, with inadequate outdoor space, are more susceptible to infection.

Similarly, a link between living close to busy polluted roads and poor health has been well established , not only in scientific articles, but also the Coroner's court. These factors might encourage more local authorities to separate cars from the high street, and restrict the type of car that can be driven in residential areas, offering a far greater role for Planning to restore public health.

The evidence from 'mini-Holland' schemes in Waltham Forest and Kingston, for example indicates that only a heavy intervention scheme encourages a change in behaviour: in terms of people walking or cycling more in their locality.

Will the high cost of dealing with pandemics, which are predicted to increase in the years ahead, prompt governments to invest more heavily in preventive measures such as reduced densities in urban areas, provision of more open space in neighbourhoods, or facilities to allow more people to work closer to, or at home, thus reducing the need for crowded public transport systems. Or could governments go further, and re-examine the role a land value tax could play in re-balancing economic activity towards the regions, and rural constituencies?

Growing interest in promoting a 'foundational economy' rather than one attracting outside investment in a competitive race to the bottom, would suggest that there is some hope.

BIBLIOGRAPHY

Cheshire, P., 2009. *Urban containment, housing affordability and price stability - irreconcilable goals.*

Christophers, B., 2018. *The new enclosure: the appropriation of public land in neoliberal Britain*. Verso, London ; Brooklyn, NY.

Crook, T., Henneberry, J., Whitehead, C.M.E., 2016. *Planning gain: providing infrastructure & affordable housing*. John Wiley & Sons Inc, Chichester, West Sussex ; Hoboken, NJ.

Dorling, D., 2015. *All that is solid: the great housing disaster*. Penguin, London.

Falk, N., 2020. *Applying land value capture tools.*

Ferm, J., Clifford, B., Canelas, P., Livingstone, N., 2020. *Emerging problematics of deregulating the urban: The case of permitted development in England*. Urban Studies 004209802093696. https://doi.org/10.1177/0042098020936966

Florida, R.L., 2005. *Cities and the creative class.* Routledge, New York.

Glaeser, E.L., 2012. *Triumph of the city*. Pan Books, London.

Ryan-Collins, J., Lloyd, T., Macfarlane, L., Muellbauer, J., 2017. *Rethinking the economics of land and housing*. Zed, London.

Tichelar, M., 2019. *The Failure of land reform in twentieth century England, the Triumph of Private Property*. Routledge.

ECONOMICS AND THE *LONG VIEW* ETHIC

In my teens I had a burning question: Is there a lawful order to the universe through which, if we lived by it, there could be Paradise on earth? I had a sense that there was indeed such an order, and that it was the calling of every human being to seek it.

I began to read the philosophers and the mystics East and West and it became clear to me that the order I was seeking had always been known in one way or another. But coming to understand it meant seeing the relationship between reason and ethics. It was at this point I began to see where most of the political and social confusions lay. There were proponents of 'systems' that would make everything good, but which had no ethical foundation. There were proponents of ethical 'principles' which would remedy all ills, but which had no rational foundation. And I see that this same division in thinking is still with us today. One camp is always fighting to change the system. The other camp is ever trying to impose moral values on society.

This split between reason and ethics leaves both in error. Without ethics one cannot understand a good political or economic system, and without reason one cannot understand what is truly lawful or virtuous. All this leads one to see that a good society must harmonise reason and ethics. This involves discovering how the natural state of society is one where the practical life leads to and embodies the common good – a discernment the Greek philosophers called *phronesis*. That is to say, all economic and social activity is seen as serving the whole and not merely the private good. Just as good food serves the health of the whole body, so all natural economic activity serves the good of the whole community.

I am sure most of us have asked why the rational and ethical insights into the order of society that Henry George elaborated in *Progress and Poverty* have not brought about a change in society and removed the curse of poverty. As editor of *Land&Liberty* I confront this question each time we start work on a new issue. Indeed, along with many Georgists, I ask why is George now almost forgotten after being the most widely read economic thinker?

There are no doubt many contributing reasons for this. But what we see before us now in the world are the consequences that George himself foresaw if the land question and the various monopolies were not addressed. The present division between rich and poor, the despoliation of the natural environment, the misuse of money, the rise in criminality, the abuse of technology – all these are the consequences of ignoring the land question and the primacy of the common good.

Nor is the modern commercialisation of society what Adam Smith envisioned with free trade between local enterprises and self-sustaining communities. That world has long gone, and so likewise have the ethical values and Christian ethos that belonged to it and which Adam Smith took for granted. The modern secular society is the result of the split between reason and ethics, and land monopoly and every other monopoly are direct economic consequences of this split. We have slipped inadvertently into a Hobbesian world of the war of all against all. We have allowed ourselves to be defined as consumers instead of makers – very far from how Henry George saw the nature of work. For him, work is naturally socialising because we are naturally a cooperative species. All modes of human exchange are mutually beneficial if not distorted in some way. Work has a natural dignity. If there is no meaning or dignity in the work we do, then something is profoundly wrong and our modern economy must be operating contrary to human nature and the laws of mutual exchange – the law expressed in the mediaeval 'just price' theory.

Another more subtle consequence of the split between reason and ethics is the loss of the sense of citizenship. Individuals no longer see themselves as participants in or contributors to society. On the contrary, they have come to see 'the state' as an enemy of the people, or of the individual.

This idea goes back to the sociological theory of Herbert Spencer who envisioned the individual as autonomous and who ought to be free to pursue their economic desires without any restraints. Government should not interfere with 'freedom of contract' between individuals or between employers and employees. So-called 'freedom of contract' was simply a euphemism for exploitation. Liberty was equated with competition, every man taking advantage of every other. Not only was the land a resource to be plundered, but society itself was such a resource. The strong will survive and prosper and the poor will gradually be eliminated by the process of 'natural evolution'. According to Spencer, charity or government interventions into poverty are contrary to the laws of natural selection.

Joseph Milne in Honorary Lecturer in Religious Studies at the University of Kent and Fellow of the Temenos Academy

As we know, these ideas of Spencer were challenged by Henry George in his *A Perplexed Philosopher*. Herbert Spencer is now largely forgotten, but his atomistic view of society that was so congenial to the rise of Victorian monopolies is still very much with us in modern forms of individualism and identity politics. Spencer's social philosophy wiped out of public sensibility the idea of the common good that had informed medieval social structure and economic thought, and which the early Physiocrats had sought to recover. Spencer laid the foundations of a purely mechanistic sociology where 'justice' was an expression of the struggle for survival. The *meaning* of life was thus reduced to mere survival, while virtue was equated with power. The offspring of his thinking later took the form of 'social Darwinism'. This in turn opened the door to monstrous theories of eugenics, which rose to prominence in the early twentieth century.

I raise these points because the way we conceive the economic activity of our society will be coloured by such conceptions and unspoken values. We cannot separate the economy off from prevailing social values, as though it operated in an ethically neutral vacuum. There is no sphere of human activity outside the range of justice. As Aquinas observed: "Moral acts and human acts are one and the same thing". That was the medieval view. The human being is by definition a moral agent. It is a view that goes back to the Stoic philosophers, to the jurisprudence of Cicero, to Aristotle and to Plato. It is indeed universal, present in the ancient Egyptian conception of Maat, universal justice. Needless to say, justice is the constant call of the Old Testament. And as Henry George himself observes, it is to be found in Buddhism and in Confucius beyond our western civilisation. The ethical sense, the sense of justice, belongs to human nature as such, and can be traced back even to the most ancient or primitive societies – directly contrary to the claims of Herbert Spencer.

George communicated with many thousands around the world because he touched upon this innate sense of justice, which belongs to everyone. His own vision was rooted in the Christian sense of goodness that still lived in the hearts of ordinary people, but which had largely been deserted by the intellectuals. This is why George's *Progress and Poverty* struck home for me in my teens. My burning question about the order of things sprang from this universal sense of justice and an intuition that there must be a way of life open to us in accord with universal justice, and that this universal justice was the true foundation of law in society.

George was able to touch this sense in ordinary people and show that reason and ethics belong together. He showed this with great clarity in his economic analysis. The land was not merely a resource to be appropriated and plundered by the strong, nor as a means of appropriating the labour or wages of others. On the contrary, the land was nature's gift to all, not just to human beings but to all creatures. It was the home of all living beings. Therefore our relation with the land is at once economic and ethical. The understanding of the land as the shared basis of human society is the direct expression in nature of what the medieval scholars called the 'common good'. Nature works for the good of the whole. That is the 'natural justice' discernible even at the biological level. It is a principle elaborated by Aristotle, in the Stoic philosophy of law, and in Thomas Aquinas.

In our time we have neither the medieval sense of the common good nor the Christian sense of love of neighbour to call upon in connecting reason with ethics. George could still call upon these, despite the new mechanistic social theories of his times. This leaves us at a great disadvantage. Without a universal ethic to call upon, the examination of economic laws becomes impeded, or those laws become entirely invisible to us. They are completely invisible in neoclassical economics.

In recent times this divorce between reason and ethics has unwittingly crept into expounding George himself through the tendency to reduce his whole vision to the implementation of a land tax. That is to say, to treat the land tax itself merely as fiscal intervention which, by some magic, will bring about economic equity. As George himself understood, the only way the introduction of a land tax can be feasible is when the community understands its lawfulness and justice, and how it ties in with participation in citizenship. There is one natural law always at work in any society: it will be governed by laws corresponding to its prevailing state of understanding. This will be reflected in its own legislation. That itself is a kind of social justice, arising from its own condition. This can change only when the state of understanding of the whole community changes. Only then can good and just laws be enacted. Occasionally such insight does occur, as can be seen in the abolition of slavery and later in the abolition of capital punishment, for example. There can be ethical reform when a society as a whole shares a common insight into justice.

The present crisis of global warming, the loss of species, the pandemic, all spring from ignoring the nature of land and our proper relation with it. Here is how George himself describes the land:

Land—to us the one solid, natural element; our all-producing, all-supporting mother, from whose bosom our very frames are drawn, and to which they return again; our standing-place; our workshop; our granary; our reservoir and substratum and nexus of media and forces; the element from which all we can produce must be drawn; without which we cannot breathe the air or enjoy the light; the element prerequisite to all human life and action. (A Perplexed Philosopher, Part III Chapter VIII)

Here George's conception of land goes all the way back to the ancient philosophers and poets who likewise called the earth the Mother of all living things. The earth as Mother is found in ancient Egypt, in the early Greek poet Hesiod, and in the dialogues of Plato, and as far back as we can go in our knowledge of primitive society. It was the common foundation of community before ever becoming private property. But our modern mechanistic way of thinking has reduced land to an abstract 'resource', a mere 'utility', and even to a 'waste disposal tip', and so paved the way to making it private property, to be abused and disposed of at will. And upon this abuse of land is built the faltering modern notion of individual freedom. But civil freedom and the abuse of land cannot coexist. They are mutually contradictory, and so they display yet another disconnection between reason and ethics.

In his book *In Quest of Justice*, Francis Neilson, a lecturer in the Henry George School in Chicago in the 1940s, argues that justice was the foundation of the earliest communities in China, Persia, Egypt, Babylonia, India, Greece, and Rome. Remarking how modern economists neglect the classical understanding of justice, he writes:

And yet the study of justice inspired the greatest minds of the classical period and those of the early Middle Ages. Today it is sadly neglected by our economists and philosophers; and politicians use the term so frequently that one wonders if they know what it means.

Later, he defines justice as 'Justice is the law of Providence inherent in Nature'. He observes that the 'primitive sense of economic justice, which precludes the possibility of there arising in the community one who would batten upon the labour of others by owning the land' was worldwide. Contrary to Locke's theory that settlements arose through individuals claiming some plot of the common land as their own through labour, the earliest people were already communities holding the land in common, or not regarding it as 'owned' at all but simply nature. Also, contrary to Hobbes, it is the private ownership, which comes later within communities that creates strife, not strife that creates ownership. And as Aristotle observes in his *Politics*, man is by nature a social and political species through constant discourse on justice and injustice. The ancient Greek city, the *polis*, defined itself as the place of speech on justice. The citizen likewise was defined as one able to understand justice and able to act for the good of the whole. Through this sense of justice and its conception of citizenship the Greeks distinguished themselves from barbarians.

Neilson's claim that justice is a providential law inherent in nature is confirmed in the Genesis story of the Flood which Elohim commands prior to any laws being given to man, divine or positive, in the biblical narrative. Lawlessness (*hamas*) was simply a 'violation of the implicit and universal moral laws that make life in society possible'. (Christine Hayes *Divine Law*, p 25) The Old Testament assumes justice is already known to the people, and laws are given only *after* lawlessness and injustice occur. All ancient societies understand man as a moral being, and society itself as a manifestation of justice.

Given Neilson's grounding of Henry George in this ancient tradition of law, community and citizenship, it is surprising to find the Georgist John Sherwin Crosby in his book *The Orthocratic State* dismiss all ancient enquiry into society as 'pre-scientific'. Of the ancient philosophers he writes:

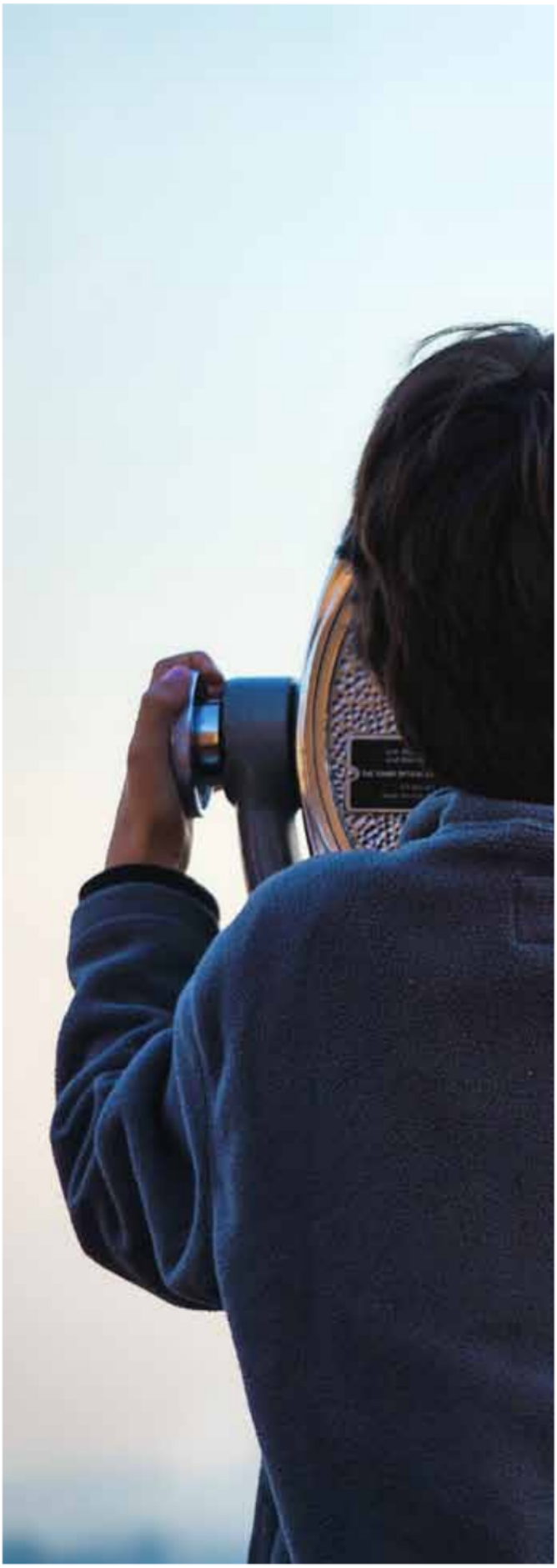
These all agree in holding with Aristotle that justice is the end of political science, and then like him attempt to develop a science from hypotheses as fanciful as was that of the vortices from which early astronomers sought to construct science.

Further he writes 'Aristotle supposed the State to be "one of the works of nature," and held that the supreme power should be exercised by men of pre-eminent and heroic virtue'. Discounting such an idea, and justice as a 'fanciful hypothesis' for the foundation of society, he then dismisses the social contract theories of Locke and Rousseau and proceeds to develop a theory based on defence, holding this to be a 'scientific' theory of society. But this new 'scientific theory' is not an advance but a reversion to that of Hobbes, grounded in the fear of death and the claim that nature is an endless state of war.

Crosby believes his theory is scientific because he supposes it can be built upon a series of rational deductions. Men must be driven together for mutual protection. Yet all historical evidence denies such a theory, and supports Aristotle's claim that society is both 'one of the works of nature' and its end is to establish justice – justice itself being a law of nature. What is most curious, however, is that Crosby supposes he is building on Henry George's *Progress and Poverty*, while his theory of the emergence of society is nearer to that of Herbert Spencer's new 'social science' than to George. The word 'justice' occurs countless times in *Progress and Poverty* and is clearly the end George seeks to secure. The error of Crosby is that he is committed to reducing society to a mechanical explanation. In this way all the difficulties of ethics can be circumvented. A theory of the state can now be erected which can issue positive laws governing human conduct.

I cite these two twentieth century Georgists who have strikingly opposite views of the nature of society in order to illustrate two contrasting readings of George. Neilson sees George as rooted in an ancient tradition in which society is part of the order of nature and justice a universal principle running through all things. Crosby, on the other hand, sees the emergence of society and law as an artificial construction for the sake of mutual defence and which can be scientifically analysed in the same manner as any physical phenomena. Neilson sees society as embodying universal laws that are directly observable and self-evidently just and which are true guides to ordering all human affairs, from government to economics. Crosby sees society as a phenomena to be subjected to scientific investigation and logical inferences from premises, and laws to be entirely of human devising. The essential difference between them is that Neilson observes society as a member of society, as a participant in the call to justice, while Crosby seeks to observe society as though from outside, as an impartial observer.

It seems to me that Georgists must necessarily chose between two such views. For my part I am with Neilson, and the reason is that the question of the nature of society is a question every human being is called to respond to as an act of citizenship. The question belongs to the ethical sphere because society itself belongs to the ethical sphere. But also, history shows us that society flourishes insofar as it seeks justice, and it finds justice insofar as it conforms to the natural order and truth of things. This is evident all the way from the art of the farmer to the art of government. As Plato and Aristotle observed, nature orders all things in such a manner that when society works in harmony with itself labour produces more than the effort expended. Nature is not only just but also generous. It was this generosity that early societies discovered and why they regarded the earth as sacred. Something of this sacredness of the earth echoes in George's words quoted earlier: 'our all-producing, all-supporting mother, from whose bosom our very frames are drawn, and to which they return again'.



I began by speaking of my burning question in my teens: Is there a lawful order to the universe through which, if we lived by it, there could be Paradise on earth? It is clear to me now that this question arose from an intuition that there is indeed such a lawful order to the universe. This kind of intuition is characteristic of young people, who are naturally optimistic and idealistic. But an intuition like this has to be enquired into and worked out so that it can take form, otherwise it will be lost. This, broadly speaking, is what higher education ought to accomplish. Every human being has an intuition of the order of nature and a sense of justice. We are at once rational and ethical beings. But the prevailing mechanical materialism and individualist values soon smother this sense of order and justice, and the younger generation quickly become disillusioned.

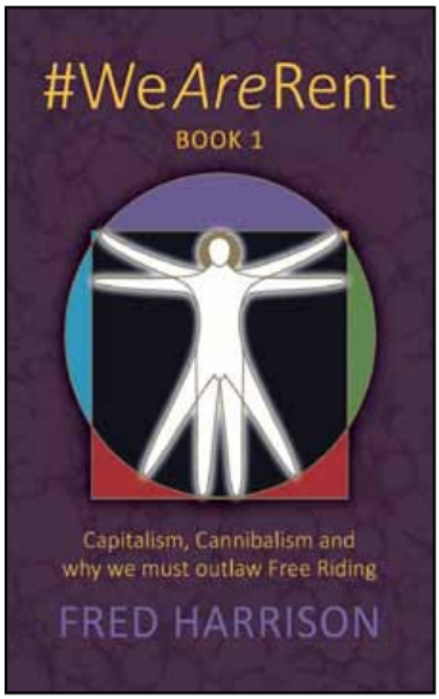
Henry George challenged this thinking of the nineteenth century, which pervaded philosophy and economics. He was familiar with Descartes, Kant and Schopenhauer as well as Darwin and Herbert Spencer, and he found the same failures in each of them: a disconnection between reason and ethics, between empirical observation and justice.

We are confronted with the same problem in our times. We see this as soon as we try to explain Henry George to anyone. People find it hard to see the nature of the land and that our proper relation to it ought to be perfect justice. But we need to be careful here. Land is the earth, Nature, the mother of all life, and so describing it abstractly as an 'economic factor' or as 'location' can easily break the natural connection with it. With this connection broken, there is no point in speaking about fiscal policy reform. It was this tendency towards abstraction that drove economics out of the public domain and into the exclusive possession of experts. We might say that economics itself has been privatised.

The reason that George touched so many ordinary people in his time was because he showed that poverty was the result of injustice, and this injustice was the straightforward consequence of the misappropriation of nature in precisely the same way as slavery was the misappropriation of human beings. At root it was an ethical problem, and he showed how justice, and only justice, could provide a remedy. Without the sense of justice there is no way to build economic insights. And justice, for George, was nothing else than bringing human activity into harmony with the favourable and beneficial order of nature. And he showed further that when human activity was in harmony with nature, there then arose a communal surplus which nature intended to be used for the common good. This surplus is the social equivalent of the ecological surplus arising through nature acting as a unity and for the good of the whole, and is no more private property than land is private property.

And so he showed that only through seeking the common good can the individual good of each citizen be realised. That is the great law of society, or even of civilisation. George saw this as a reflection of the commandment to seek first the kingdom of heaven. And this surely is a great lesson for our time of climate change and environmental destruction. Only by seeking the highest good first, the good of the whole, can individual good be assured. The challenge of our time is to find ways of aligning our economic activity with the creative and benevolent laws of nature. That is the essence of economics. The study of economics is the study of justice. In justice the rational and the ethical converge.

(Talk given at Henry George Foundation Open Day, London 2020)



 # WE ARE RENT
BY FRED HARRISON
Reviewed by Edward J. Dodson

Land Research Trust, 2021
ISBN: 978-0995635197

What follows is a sympathetic summary of the first book from Fred Harrison's new *#WeAreRent* trilogy. For me, an objective review of the trilogy is not practical, as I have for many years agreed with almost all he has written.

One of the great tragedies of our time is that these books are needed at all. What Harrison provides is, to at least some of us, common sense. However, for many others – even those who are well-read or who have a sincere commitment to creating a fair and just world for all – the books will challenge much that they believe to be true about our history. Harrison has surveyed the scientific disciplines for evidence to support his own theory of human cultural evolution and escalating disintegration. His conclusion is that the evidence is plentiful, indeed. He concludes that we are the victims of a spiritual genocide:

In Europe, the process began late in the 15th century. That was long enough in the past for the foundation injustices to be expunged from people's memories. Through a turbulent period of 500 years the free riders systematically worked to curb the critical faculties of rational people. Their crime, the appropriation of the commons, was legitimised and institutionalized as the private ownership of land and Rent. With the passage of that amount of time, what originated as perverse behavior of the rent-seekers, unjust in the eyes of the victims, became accepted as normal. Such a society, therefore, is not aware of its psychotic state.

For nearly a half century, Fred Harrison has been an energetic proponent of the systemic reforms called for by the late nineteenth century American political economist Henry George.

Harrison's body of work in support of this campaign has been continuous and included not only books and articles but hard-hitting videos documenting the history and contemporary efforts exerted to focus our attention onto the problems caused by (as stated in the above quote), "the private ownership of land and Rent". Book 1 of the trilogy *#WeAreRent* comes out of his desire – one more time – to call upon us to take crucial corrective action before we run out of time. His opening statement tells the reader what is ahead:

We no longer have a choice. Humanity has arrived at a crossroads. At stake is our species. To survive we must move beyond the dual between capitalism and socialism. To relaunch onto the evolutionary path into the future we must learn from the hard-won lessons of the past.

With this, Harrison asks us to join him on a journey of discovery into our very distant past and the first appearances of complex social organization within groups. He explains that as the human population increased and began to establish fixed settlements, the most important strengths of the early social groups were consciously and systematically eroded by those who managed to gain and hold power over what others were required to do and how they were permitted to think. This was accomplished, he explains, by the transfer of *rent*: "...the value that remains after deducting the wages of labour and the profits from capital formation and enterprise" from producers to those having the power and authority to take without offering anything in exchange. The eventual result is "depletion of the pillars that support the social structure" and "the collapse of civilization."

The evidence Harrison presents is damaging to the case made by the defenders of either *capitalism* or *socialism* as they argue that just one of these systems is best for humanity. One must look to how early humans once organized to identify the solutions to our modern problems. Even with these facts before us, however, changing our thinking and our behavior is burdened by what Harrison describes as "a culture of cheating that has had five centuries to manipulate our minds and shape our institutions."

A key observation is that even the earliest humans committed their mental and physical energy to production above what was required for biological subsistence, and this surplus production enabled early people to improve their quality of life, an outcome synergistically related to the continuous increase in "the size of the energy-hungry brain". At this stage of group organization -- whether by innate human instinct or by learned behavior – people "were intensely egalitarian". Harrison asks readers to face the fact that the accumulated wisdom of thousands of years was consciously and systematically undermined as hierarchy supplanted cooperative societal norms. The only path to turning back the clock, Harrison argues, is "democratic consent". In this trilogy he will offer his insights into how such consent might be obtained.

To tell the true story of our physical, psychological and cultural evolution, Harrison draws upon the insights of an interdisciplinary

scientific community. Explained to us are the "techniques of accumulation" that separated us from the beasts, aided by very specific changes in the physical characteristics of our distant ancestors. The most important techniques are cooperation and the efficient use of the tools we produce. Working against these techniques were the "selfish interests" of some individuals resulting in "cheating" strategies and the redistribution of wealth from producers to the cheaters. Thus, strongly enforced moral rules were essential to ensure that rent was "shared for the common good" and not appropriated by a privileged few seeking a free ride.

I am confident that *#WeAreRent* will be acknowledged with few challenges by readers of *Land&Liberty* who acquire the books and read them. The content, if studied closely, will add to the intellectual ammunition of those committed to at least trying to educate a public that has managed to complete formal education without ever encountering anything written by Henry George or any of the authors and teachers who have written similarly over the last century and a half.

What George tried to do for political economy during the last quarter of the nineteenth century, Harrison is trying to take a step further by creating a reinvigorated foundation for a unique approach to the study of human behavior and organization. At the end of this first book in the trilogy, Harrison asks:

Have I offered a prima facie case against the power structure that underpins democratic societies? If so, this becomes one starting point for the conversation about the reforms that are needed to establish trust in governance and restore resilience to communities.

Although fully convinced that Harrison had already made the case in his earlier books and articles, Book 1 of the *#WeAreRent* trilogy is a notable accomplishment. Over the last three thousand years or so men and women with unusual insight into the human condition have shared their insights with us and in the process helped to change the course of history. Henry George's book, *Progress and Poverty*, seemed at the time to be one of these rare documents. Millions of copies were sold, read and discussed. As Harrison documents, the lessons continue to be taught to this day if not widely understood or embraced.

Times are very different today. Will Harrison's trilogy find its way onto the list of best-selling nonfiction books? Will the media call upon him to be interviewed on radio and television? The bottom line is that the public reaction to this trilogy must be both quantitatively and qualitatively different from any book bringing forward these insights since Henry George emerged to lead a too short-lived global campaign to end cheating. I am grateful to Fred Harrison for trying.

HGF BRIEFING NOTES

FRIDAY MEETINGS AT MANDEVILLE PLACE

At the Henry George Foundation we steadily and reliably move forward - even as the global pandemic continues to take its toll, and we are again reminded that humans are permanently connected to the sometimes cruel forces of nature.

The Spring Term 2021 Study Programme continues on Fridays; though not at Mandeville Place but instead as online events. The Zoom video conference platform has been picked as the online service of choice for the time being.

The regular separation into both an Afternoon Study Group as well as an Evening Study Group also continues as was the case before the programme went online.

The Afternoon Study Group for the Spring Term looks as follows:

Friday Afternoon 2:30pm to 4:00pm

Reading: *Progress and Poverty*.

Study group led by Tommas Graves.

Access through this link and passcode.

Join Zoom Meeting via link:
https://us02web.zoom.us/j/83880666680

Meeting ID: 838 8066 6680
Passcode: 544247

The corresponding Evening Study Group looks as follows:

Friday Evenings 6:45pm to 8:15pm

Reading: *The Science of Political Economy*.

Study group led by David Triggs.

Access through this link and passcode.

Join Zoom Meeting via link:
https://us02web.zoom.us/j/87944408537

Meeting ID: 879 4440 8537
Passcode: 603155

Duncan Pickard

A GEOPOLITICAL PLAN FOR ECONOMIC RECOVERY

Any plan for recovery after Covid must be based on the fact that the UK economy was in a mess before Covid and that recovery will not occur if the policies which were responsible for causing the mess are retained.

The national budget was in deficit and the national debt was growing. Inequality was increasing, with the rich becoming richer and the poor becoming poorer and they, through poverty, suffered more from Covid because they were less healthy before being infected. Although more people were employed many of them were poorly paid and had no job security. Most young people had no chance of owning a house and many were unable to afford rented accommodation. Funding of education for the young and of care for the elderly was inadequate. The National Health Service was also underfunded.

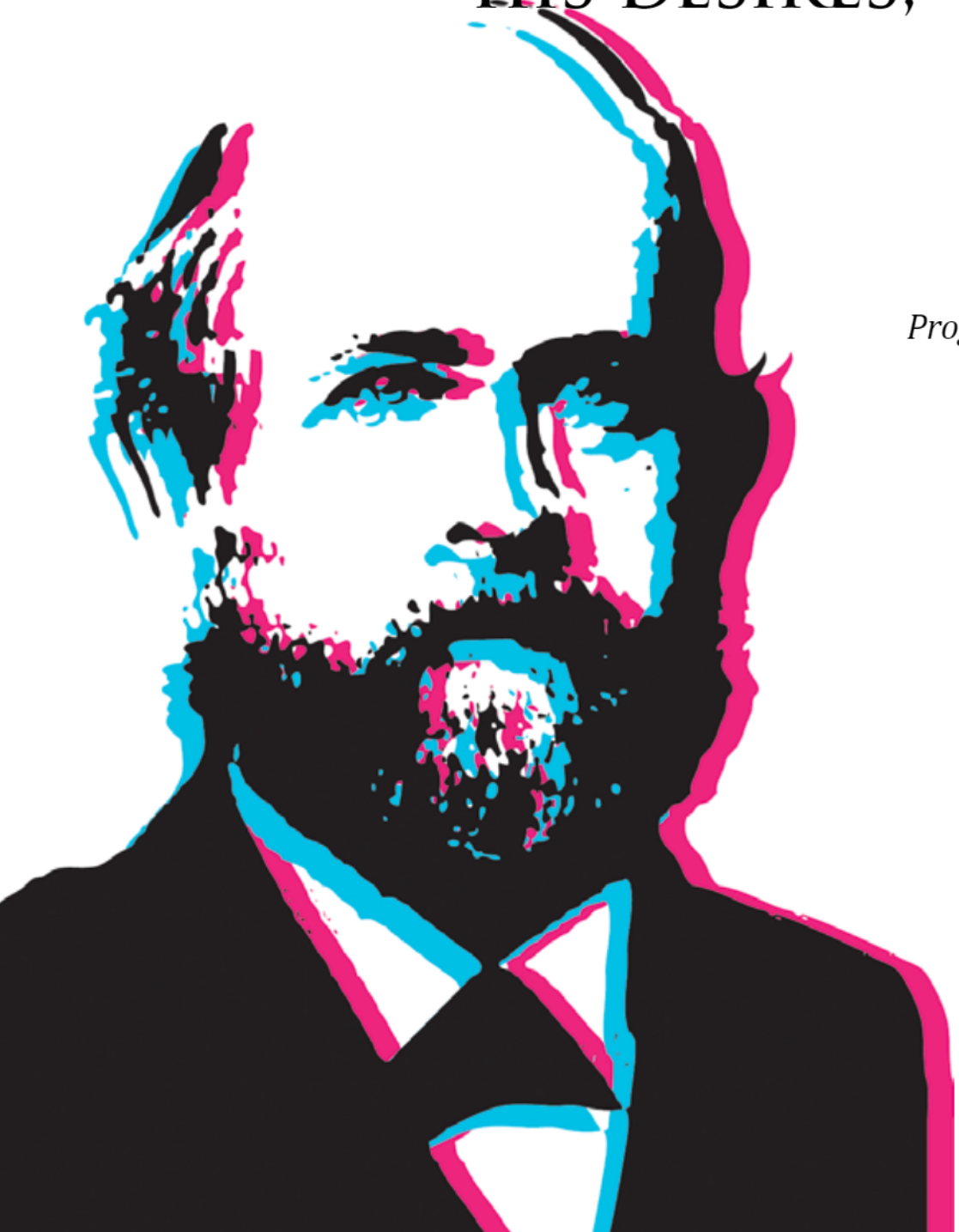
All these failings can be traced to the outdated, overcomplicated and disincentive tax system which has a long history of failure. Continuing with the same and expecting economic recovery is madness. Most politicians and economists refuse to acknowledge that income tax (including National Insurance Contributions) and tax on trade and services (VAT) have large inhibitory effects on employment and trade and fail to see that there is a better way to obtain the funds for the necessary functions of government.

Adam Smith said that the annual rental value of the land is the most suitable source of revenue because it has no inhibitory effect on employment and trade. On the contrary, it stimulates economic activity by allowing the inhibitory taxes to be abolished. Those who claim that the total annual rental value of the land and other natural resources (AGR/LVT) is insufficient to replace existing taxes are wrong. All taxes are at the expense of rent (AGR/LVT). For example, when businesses in enterprise zones were exempted from non-domestic rates the owners of the properties increased their rents.

It is important that the creation of wealth is not inhibited by high rates of taxes when economic recovery is our aim. When the rate of existing taxes on earned incomes reaches about 40%, the amount collected starts to fall because of their inhibitory effects. When the rate of AGR/LVT, which is unearned income to those of us who own landed property, exceeds 40% the amount collected does not fall because the use of land is optimised and employment and trade are stimulated by the removal of harmful taxes.

There is a realistic chance of achieving a budget surplus and paying off the national debt.

...For land is the habitation of man, the storehouse upon which be must draw for all his needs, the material to which his labor must be applied for the supply of all his desires;"



Henry George,
Progress and Poverty 1879

HENRY GEORGE FOUNDATION

To find out more visit
www.henrygeorgefoundation.org
or
www.landandliberty.net

Our Philosophy

HENRY GEORGE FOUNDATION

What is Land&Liberty?

Land&Liberty, a quarterly magazine published by the Henry George Foundation, has chronicled world events for over 100 years. Dedicated to promoting economic justice along lines suggested by the American writer, social reformer and economist Henry George, it offers a unique perspective to stimulate debate on political economy through its reports, analysis and comment.

Who was Henry George and what is special about his ideas?

In 1879 George published one of the best-selling books on political economy ever written, *Progress and Poverty*. By the twentieth century the wisdom he expounded was recognised and supported by many of the world's most respected thinkers including Tolstoy, Einstein, Churchill, Shaw, Huxley, Helen Keller, Woodrow Wilson, Stiglitz, and Friedman. Today, as the world faces environmental and economic crises, we believe George's philosophy is more relevant than ever. But, as George foresaw in *Progress and Poverty*, and is inscribed on his gravestone:

"The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. If that could be, it would never have been obscured."

Today, Henry George is mostly remembered for his recognition that the systems of taxation employed in his day, and which continue to dominate fiscal policy in the UK and throughout the world, are unjust, inefficient and ineffective.

He saw how taxes discourage wealth creation, positive economic activity and employment, and prevent people and nations from realising their full potential. By ignoring property rights they constitute theft and encourage dishonesty and environmental abuse. In short, as a method of raising public revenue, they fail. By offering an alternative, George also showed that taxes are unnecessary.

George realised that some land at particular locations acquired a value that was not due to the actions of any individual or firm but was due to natural influences and the presence, protections and services provided by the whole community. He saw that this value grows as the need for public revenue grows and is sufficient to replace all existing taxes. This could be collected by levying a charge based on land values and is commonly referred to as land value tax or LVT. However, George was clear that this is not actually a tax but is a rental payment individuals and groups need to pay to receive the exclusive use of something of value from the whole community, i.e. the exclusive possession of a common, limited and highly-valued natural resource.

Henry George's ideas were not limited to his proposal to change taxes. His profound body of theory also included issues such as: the difficulties inherent in the study of political economy; the fundamentals of economic value; a proper basis for private and public property, trade, money, credit, banking and the management of monopolies.

Key to 'the truth' that Henry George tried to make clear is that every thing is bound to act in accordance with the laws of its own nature. He saw these laws of nature as operating everywhere, at all times, and throughout a creation that includes man and society, and the worlds of body, mind and spirit. Furthermore, that people and societies can only behave ethically and succeed in their own designs when they are cognisant of, and act in harmony with, those natural laws.

This magazine is free, as are the meetings and classes of its publisher, the Henry George Foundation. However, we rely entirely on charitable donations from members, supporters and friends to survive.

To receive complimentary copies, please send your name and postal address to:

The Henry George Foundation, PO Box 6408, London, W1A 3GY
or email editor@landandliberty.net

To make a donation or to set up a standing order to give us your regular support, please fill in one of the forms below:

My Gift to Help Advance the work of The Henry George Foundation of Great Britain

Please find enclosed cheque for £ _____ Name _____ Address _____

To make a donation by BACS through the telephone or internet please use the following details:
HSBC Bank, Belgravia Branch, Sort Code 40-06-03, Acc. No. 51064320 or by PayPal through our website: www.henrygeorgefoundation.org

If you are a UK tax payer you can make your donation go further by making a Gift Aid Declaration. We get an extra 25p from HM revenue and customs. To make your donation Gift Aid please tick the box and sign below:

☐ Today ☐ In the past four years ☐ In the future I am a UK taxpayer and understand that if I pay less Income Tax and/or Capital Gains Tax than the amount of Gift Aid claimed on all my donations in that tax year it is my responsibility to pay any difference.

Name _____
Address _____
_____
Signature _____
Date _____

*

If you are able to commit to a regular donation through a standing order that would be particularly welcome.

STANDING ORDER: Please complete and send to:
The Henry George Foundation, PO Box 6408 London W1A 3GY (Not to your bank)
To: The Manager (name and address of bank)

_____ Post Code _____

Please pay: The Henry George Foundation of Great Britain A/C 51064320
Sort Code 40-06-03 at HSBC Bank, Belgravia Branch, 333 Vauxhall Bridge Road
on _ _ / _ _ / _ _ (date) and then every succeeding ☐ month ☐ quarter ☐ year
and thereafter until further notice or _ _ / _ _ / _ _ (date) the sum of £ _____

My Account No. _ _ _ _ _ _ _ _ _ _ Sort Code _ _ _ _ _ _ Name of Account Holder _____ Signed _____