

LAND & LIBERTY

since 1894

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Issue 1251 Summer 2020



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as usual?*

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Bridging The Gap

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*Rent-Extraction, Economic
Injustice, and The Environment:
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Could It Be So Simple?

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COMPARE SOCIETY TO
A BOAT. HER PROGRESS
THROUGH THE WATER WILL
NOT DEPEND UPON THE
EXERTION OF HER CREW,
BUT UPON THE EXERTION
DEVOTED TO PROPELLING
HER...



LAND&LIBERTY

No 1251 Summer 2020

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message from the honorary president

The Henry George Foundation of Great Britain exists in order to promote economic justice along the lines suggested by Henry George. George's works embody both wisdom of the highest order and practical proposals with regard to the socioeconomic arrangements nations might adopt in order to secure the peace, prosperity and happiness of all their citizens.

George's public revenue proposals stem from his recognition of how the growth of population, trade, specialisation and technological development leads, not only to an increase in the production of wealth per capita but to a shift in its distribution. In a simple economy, with little specialisation or trade, most wealth consists of the earnings of those who provide the labour and capital employed. However, in a developed economy, with much specialisation and trade an ever larger fraction of the wealth produced is paid or imputed as rent because people compete for occupancy of the best locations. Since this increase in land value is created by the presence, protections and services provided by the whole community George recognised it as a natural source of public revenue - which grows as the need for public expenditure grows. Sadly, governments throughout the world fail to provide the protections and services their people need, while actually adding to them, because they ignore this undisputed phenomenon.

There are however those who, seeing merit in taxing land value, champion compromise measures that might lead to LVT in time. A current proposal, written by the same team who advocated LVT in their *Commercial Landowner Levy is Fairer Share - The Proportional Property Tax*. This seeks to replace Council Tax and Stamp Duty Land Tax with a fixed rate tax based, not on land value, but the selling price of residential property. If implemented it would substantially reduce the tax paid by the vast majority of households throughout England and increase that of some in London and the South East of England. It would overcome a major fault in Council Tax that requires households living in cheaper areas of the country to pay a much higher proportion of their home's value than those who live where property is more expensive. The proposed rate of 0.48% is set to collect the present nationwide amount and then redistribute it, begging questions regarding local accountability and control.

Council Tax currently represents only around 5% of all taxes UK residents currently pay so the effect any changes to it might have on households throughout the country is bound to be small compared with the effects that would follow a radical reform of taxes people pay based on their employment and purchases. Every economist knows how income tax, National Insurance charges and VAT etc. increase everyone's living costs, and reduce the earnings and job opportunities of every working person and the viability of every firm. However there is less appreciation of how more damaging their impact is in marginal areas of the country where land values, and thus house prices, are low compared with where they are high.

By questioning the basis of Council Tax and showing the benefits of proportionality the Fairer Share proposal may be welcomed, but by dodging the scale of the issue and the principles that underpin a just system for raising public revenue it may not be. If politics is about the art of the possible, striking the right balance between the *best* and the *good* is the dilemma we face as we consider if we should support such a proposal. This challenge is likely to feature during our upcoming open day event on 19 September 2020 and reviewed in the next edition of Land&Liberty.

David Triggs
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letter from the editor

Yesterday a new book arrived entitled *Generation Rent* by Chloe Timperley. Its subtitle is *Why You Can't Buy a Home or Even Rent a Good One*. It is a substantial gathering of evidence about the modern housing market and how it has ceased to serve its proper function of providing citizens with decent homes. Instead it has become a form of exploitation, where even the ordinary home buyer now sees themselves as 'investing' in a product that will produce a financial return. With the banks entering mortgage provision lending has trebled and consequently house prices have increased. As a result the number of home owners is decreasing each year, while the rental market increases and provides insecure and poor quality homes.

Generation Rent explores all this in detail and brings to light what we, as Georgists, already know: that land speculation lies at the root of the housing problem because land is finite. Buying and selling the same plot of land at a profit is essentially pyramid buying and selling. Because the profit comes from no actual increase in wealth, since the land does not increase, one day the pyramid will topple.

Meanwhile increasing house prices take a larger and larger share of people's incomes. Pay rises simply get absorbed in higher house prices and higher rents. There is no net increase in wealth. And where consumption of new wealth does increase, it is through credit. At the end of the day nobody benefits, apart from the institutions that lend at interest.

It is clear that bad laws allow this situation to develop, along with increased homelessness and the spread of foodbanks. Minor palliative policies are implemented, which at best only slow down the inevitable decline. The situation is defended by slogans about the 'free market' and how the market will 'self-adjust', while the fundamental problem of land tenure is never addressed.

If we read the ancient philosophers and the early Christians we discover they share one simple insight: that 'nature' or the 'land' belongs to nobody and ought to be held in common. Yet throughout history the land has been appropriated by the few who have managed to exploit the many. According to George, that is how civilisations fell, and in Britain we are now doing the same. And yet the obvious insight that nature cannot become private property fails to be grasped. Each home owner and each renter is brought into the vicious cycle unwittingly, contributing to the problem, yet unable to break out of it.

The British pride themselves in their freedom. We are a free democracy. Yet to be a free democracy means taking responsibility for the nation's laws and acquiring a basic understanding of the nature of society. Without these we cannot be said to be free. There is another simple insight shared by the ancient philosophers and early Christians: any law which benefits one party to the disadvantage of another party is a bad law. In fact, according to Gaius in his commentaries on *The Institutes of Civil Law*, it cannot even be called a law. Any law made contrary to nature is no law, no matter how 'legal' it may be.

Right at the root of law-making lies one very simple question: what is in accord with nature? And the first question that follows from that is: what may be private property? Nature provides sufficient for all as a direct gift. So any kind of arrangement of how to share nature must be through common agreement. No one, contrary to Locke, can claim a portion of nature simply through taking it first or applying labour to it. No cunning art or sophistry can turn nature into private property. So the foundational laws of any society must be in agreements of how each citizen has equal access to the gifts of nature. If these agreements are inequitable, then a maldistribution of wealth will inevitably follow, depriving some of the most basic needs, such as decent homes to live in.

It is clear from Henry George that if these basic laws were followed, then our relationship with wealth in general would change. The quest for acquisition of material wealth would cease because its root is the fear of poverty. This in turn would bring an end to the spoliation of nature and the environment. It would enable all to see clearly what was common and what was individual. It would bring an end to the commercialisation of money, labour, and land, and to the unjust laws that make them so.

The beauty of the land tax is that it draws a clear line between what is private and what is common, or between the individual and the community, and between what is commercial and what is not commercial. This in turn shows how government revenues should be applied to the general good, to public benefits which are more adequately administered from a common fund than through individual provision. The present pandemic has demonstrated that public health can be secured only through mutual effort and collective responsibility. 'All for one and one for all' as we read in *The Three Musketeers*. It is also clear that university education should be similarly funded and that its commercialisation is harming the institutions themselves. It is the duty of each generation to provide for the next. Nature shows this clearly throughout the species. The creation of educational debt is a profound abdication of democratic responsibility.

People have recently been angry with historic slavery and slave owners, yet have failed to appreciate that slavery was founded in the misappropriation of land. Without unlawful property in land there can be no slavery. As Henry George observed, land abuse has always been the root cause of economic and social injustice. And so it is now with housing in the UK. It is no use being angry with history when inequity through bad law-making lies evident in our streets. A free democracy has in its hands the power to remedy the ills of its bad laws through making just laws. But this power can only be exercised where it is understood that the pursuit of the common good is the only way to secure genuine individual good. That is the first law of society.



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RENT-EXTRACTION, ECONOMIC INJUSTICE, AND THE ENVIRONMENT: LAND VALUE TAXATION AS AN “ECO TAX”

The idea of ecological taxation plays an important role in the field of environmental economics, which is attracting an increasing amount of attention as the magnitude of the environmental problems facing humanity becomes ever more apparent. An ecotax, or ‘green tax’, is a tax imposed on environmentally harmful activities like burning fossil fuels, disposing waste, extracting minerals, and so on. The purpose of green taxes is not so much to raise funds for government expenditure - though they do of course generate a certain amount of public revenue - but rather to provide economic incentives that encourage producers and consumers to engage in less harmful economic activities. Because such taxes are generally regressive, making the less well-off even worse-off, economists and public policy experts usually recommend that they are accompanied by reductions in other taxes borne by the economically disadvantaged (such as income tax or VAT), or by benefits that offset the higher prices or lower wages resulting from the introduction of the green taxes. This is what is referred to as ‘green tax-shifting’.

The idea of green tax-shifting is similar in certain respects to the idea of an economic justice tax-shift, which some progressive economists have associated with the work of Henry George. An economic justice tax-shift would consist in a systematic shift in the burden of taxation away from productive economic activity and on to the rental value of land, which George identified in the nineteenth century as the natural source of public revenue. In other words, it would require the systematic raising of taxes that bear predominantly on land rent, and the corresponding lowering of taxes that bear predominantly on wages and normal profits.

What I want to suggest is that there are a number of reasons to think that an economic justice tax-shift of this kind would also constitute a green tax-shift which would greatly enhance the environmental sustainability of a great deal of productive economic activity. Exploitative rent-extraction, I shall suggest, is not only economically unjust, but also prevents the economically productive majority from engaging in maximally efficient and therefore environmentally sustainable forms of economic activity. More importantly, it is also the main mechanism through which the rich and powerful are able to compel the rest of society to pursue more materialistic, and therefore environmentally harmful, ways of living than those they might otherwise choose to pursue. Thus, the relationship between economic and environmental exploitation is stronger and more intimate than many environmentalists and economists have typically supposed.

This is not to say that there would no longer be any need for other forms of green tax-shifting, or for environmental regulations and restrictions, or indeed for the sort of government investment and leadership that the proposed ‘Green New Deal’ will hopefully

provide. But in my view these additional measures would be much more effective and much less urgently required against a background of economic justice than they are against the current background of economic exploitation and injustice.

EXPLOITATIVE RENT-EXTRACTION

The term ‘rent’ was used by the classical economists - such as Adam Smith, David Ricardo, James Mill, and John Stuart Mill - specifically in relation to the economic return to land. The classical economists recognized that since the total quantity of land is completely fixed or ‘inelastic’, the whole of the price paid for any given site exceeds its cost of production, which by definition is zero. Although it can be enhanced, improved, and made accessible through various kinds of capital investment, land itself - at least in the economic sense in which the term ‘land’ was used by the classical economists - cannot be produced or reproduced by human labour, and is by definition a ‘gift of nature’. For these reasons, the classical economists regarded the value of land as a surplus which is unrelated to any costs of production, unlike the returns earned by the providers of labour and capital.

However, towards the end of the nineteenth century the first members of the so-called ‘neo-classical’ school of economics put forward the idea that land rent is not the only form of economic rent, since earnings of wages or interest (the returns to labour and capital goods) may also exceed the cost of supplying the labour or capital for which they are paid. Thus, while the classical economists equated rent with the return to land, the neo-classical economists argued that some forms of economic rent arise simply as a result of the scarcity of a particular factor of production, such as a certain type of machine or a highly skilled worker, relative to the demand for the output produced by this factor. In the broadest modern economic sense of the term, ‘rent’ is surplus value that is unrelated to the cost of supplying the productive inputs from which it was created.

In modern economically advanced societies, economic rent tends to be *paid* by the relatively less well-off and *received* by a relatively small number of individuals and groups who have managed to enrich themselves by monopolising the various forms of rent. While there are some forms of rent that exist only as a result of regulations and restrictions that create barriers to entry into certain markets and industries, serving no useful social or economic function, there are also forms of rent - the most important being land rent - that *do* serve a useful social and economic function, or that *could* serve such a function were they claimed by society as a whole rather than by a privileged section of society. By ‘exploitative rent-extraction’, what I mean is the payment of rents that *should not* exist and the private monopolisation of those that *should* exist.

THE CRUCIAL LAND AND CAPITAL DISTINCTION

One of the many insightful contributions made by Henry George was his recognition of the full significance of the fact that the value of land may be regarded as a surplus which is unrelated to any costs of production. While Adam Smith identified some of the advantages of a tax assessed on land rent, and while the two Mills argued in favour of the socialization of *future increases* in land rent, it was left to George to outline the full implications of the law of rent, and to make the case for the socialization of land rent as a replacement for existing taxation. Part of George's motivation in developing and presenting his ideas was his understanding of the importance of land as a distinct factor of production which must never be conflated with capital. And George's understanding of the economic importance of land partly explained his focus on land rent as distinct from other forms of rent. While he was aware of the problems resulting from other forms of rent, his main concern was the monopolisation by private landowners of the rent of land.

Nowadays, of course, the tendency is to radically *underestimate* the importance of land and land rent. While mainstream economists are now becoming increasingly aware of the problem of rent-extraction, most do not fully appreciate the importance of land as a source of economic rent, and are concerned primarily with other sources of rent. For example, one major source of rents that mainstream economists have highlighted is the increasingly dominant position occupied by large tech corporations in the digital sector that gain 'first mover' advantages that allow them to monopolize the markets in which they operate. Digital giants (like Google and Facebook, Amazon, Uber, Airbnb, and so on) benefit from the significant 'network effects' generated by the vast amounts of data provided (wittingly or unwittingly) by Internet users. The concentration of data collection that results from these network effects generates a tendency towards the monopolization of the revenue that this data helps to generate, while at the same time giving digital market leaders a significant advantage in the development of new technologies.

While many mainstream progressive economists do of course recognize land value as an important source of economic rent, the scale of this particular source of rent is routinely radically underestimated, and its significance for public policy remains under-appreciated. A large number of economists, social theorists, politicians, and political commentators still seem to base their thinking on the mistaken assumption that land is much less important economically in the context of a modern digitized economy than it was in the context of the late nineteenth century, when agriculture was still a major sector of the economy. Part of the reason for this is the widespread failure to recognize the importance of the distinction between land and capital that George was so keen to emphasize. Within the tradition of neo-classical economics the tendency has always been to emphasize the similarities rather than differences between land and capital as factors of production. But while there are a number of features shared by land and capital as distinct from labour, the differences between the two factors are also highly significant, with very important implications for practical policy-making in relation to a wide range of issues.

As we have already seen, one key difference is that since the supply of land is fixed, the price paid for any given site consists entirely of economic rent. By contrast, while economic rent *may* constitute a significant component of earnings of wages and interest, in many cases the rent component will be very small, and in some cases there will be no rent component whatsoever.

Even when rent does constitute part of the price paid for labour or capital goods, it can be difficult to determine how large the rental component really is, and how we should react to its existence. It is often not clear, even in theory, whether we should aim to reduce, eliminate, or socialize such rents, and how we should go about trying to achieve whatever we decide should be done. With regard to land things are much clearer: all of the earnings of land are economic rent, which we should aim not to reduce or eliminate, but rather to socialize.

Another important feature of land as a factor of production is that it is *limitational* in the sense that a certain amount is required for the performance of productive economic activity of any kind. Although capital can *substitute* for land, it can never *replace* land, since it cannot exist in the absence of the three-dimensional space within which it must be located. Capital intensive economic activities which do not require large amounts of physical space – such as the provision of IT services of various kinds – must still be performed in *some* location, and often in some *highly specific* location, such as a site in an urban centre in the vicinity of which significant numbers of appropriately skilled workers are residing. Economic activity that can be performed without access to large amounts of physical space may nevertheless require a large amount of land when measured by value.

What this means is that we can expect a substantial proportion of the value generated by productive economic activity – including advances in digital and other productive technologies – to be captured by those who find themselves in a position to claim the right to the rental value of the sites utilized for productive purposes. A substantial proportion of what are currently regarded as returns to capital and labour (including receipts from mortgage interest payments and bankers' bonuses) are in fact returns to land, which is every bit as important a source of economic rent now as it was in the nineteenth century. Even if, as some are predicting, advances in automation and artificial intelligence technologies lead to a future in which most 'work' is performed by robots, land will continue to play a central role in economic production, and will remain as one of the principal sources of economic rent. Robots need three-dimensional space in which to operate, their operators need three-dimensional space in which to live, and the goods that the robots produce must be stored in warehouses and distributed to customers who must also have somewhere to live and some means of paying for goods produced or services rendered.

THE ENVIRONMENTAL IMPACT OF EXISTING TAXATION

There are a number of ways in which the phenomenon of exploitative rent-extraction can be linked to the issue of the environment. First, the private monopolisation of land rent by a privileged section of society prevents the use of this value as public revenue, making it necessary to tax labour and capital goods instead. Many of these taxes (particularly business rates, employer national insurance contributions, and VAT) distort economic activity by penalising investment in carbon-saving capital goods and concentrating economic investment and activity in London and the South-East.

Consider first the impact of UK business rates, or National Non-Domestic Rates (NNDR), which is a tax imposed on the annual rental value of business property. This tax penalises investment in carbon-saving capital goods because while the 'business property' on which it is imposed *does* not include moveable capital goods like computers, furniture, inventory, and so on, it does include buildings and various forms of 'plant and



machinery'. This means that rates rise when businesses invest in new renewable electricity generation and storage infrastructure, such as onshore wind farms and large solar farms, as well as solar panels installed on the roofs of business premises, and even improvements to buildings in the form of more efficient lighting or heating systems.

As well as penalising investment in decarbonising capital goods, the NNDR undermine the economic viability of businesses in less well-developed areas of the country, where the productivity of labour and capital is at its lowest. Labour and capital goods that are highly productive in the most economically developed areas of the country – the centres of large towns and cities, particularly those in the South-East of England – are much less productive in areas located on the economic periphery, where there are fewer advantages deriving from agglomeration and network effects. For this reason, businesses operating in peripheral areas are much more likely to be marginal – only just profitable enough to cover their capital and labour costs – than businesses operating in areas closer to the economic hub. A tax like the NNDR that bears directly on investment in fixed capital goods will inevitably render sub-marginal some of the businesses which would have been marginal in the absence of the tax, since capital that yields only enough to cover its own cost will not yield enough to cover an additional tax burden. The result of such a tax is higher levels of unemployment and lower wages in less well-developed regions, as well as still weaker incentives to invest in productive capital.

It is also worth pointing out that other forms of tax that do not bear *directly* on capital investment – such as income tax, VAT, and the payroll tax – nevertheless do so indirectly. Income and payroll taxes are never borne solely by those earning the taxed incomes, but also by the businesses that pay the wages of those on whom the taxes are imposed. VAT is never borne solely by consumers, but also partly by producers. The direct taxation of the labour that operates capital goods and the value that capital goods add to raw materials amounts to the indirect taxation of capital investment. For this reason, such taxes would be just as damaging to businesses operating in peripheral areas as the NNDR if they did not incorporate significant personal allowances or thresholds below which business need pay no tax. Even with these allowances and thresholds, these taxes do a lot to undermine the viability of businesses in peripheral areas of the country.

Now, this is highly relevant to the issue of the environment for the following reason. One effect of the undermining of the economic viability of peripheral areas is of course the prevalence of poverty and deprivation in these areas. But another effect is that a large number of those seeking to engage in productive economic activity of some kind are forced to travel to less peripheral areas in order to do so. One consequence of excessive taxation in peripheral areas is that there is much more commuting and transportation of goods, and therefore much greater need for extremely costly and carbon intensive transportation infrastructure, and for the energy needed actually to run the cars, lorries, buses, trains, and planes with which people and goods are transported. We are so familiar with the vast and constantly expanding network of roads, and the ever increasing amount of traffic on the roads, that there is a tendency to take it for granted, to assume that this is all just one of the natural or inevitable features of a free-market economic system. It is worth considering the possibility that this aspect of our economic reality might rather be the manifestation of the profoundly distortionary impact of the excessive taxation of labour and capital that is necessitated by the private monopolisation of land rent.

Another way in which the taxation of labour and capital distorts economic activity is by diminishing the efficiency with which valuable commercial and residential land is used. Because business rates are levied on unused property or undeveloped land at reduced or zero rates, the tax creates perverse incentives to leave property unused, to leave land undeveloped, and even to demolish existing buildings. A similar set of problems applies in respect of residential land and the Council Tax. These perverse incentives exacerbate the tendency to speculation in rising land values that the privatization of land rent naturally encourages. As George himself pointed out, the confident expectation that land values will continue to rise motivates landowners to obtain more land than they can actually put to productive use, since they can reasonably expect the value of what they obtain to increase steadily. In this way, the extraction of economic rent replaces the production of wealth, and the scarcity of land is extended beyond its natural level. The urban sprawl that is the result of land speculation further increases the need for carbon-intensive transport infrastructure and energy consumption.

Thus, the taxation of labour and capital distorts economic activity in a variety of ways, and these distortions diminish the environmental sustainability of this activity. However, although I have been critical of existing UK property taxes, particularly the NNDR, I am certainly not suggesting that these taxes simply be abolished. Since the rental value of commercial property includes the value of the physical space within which buildings and other structures are located, business rates also capture and socialise a significant proportion of commercial land values. The outright abolition of business rates would provide a windfall gain to the owners of commercial property, and would allow landlords to increase rents and leases so that many businesses currently paying a combination of business rates plus rent or lease could in the long run end up paying more or less the same amount solely in commercial land rent. In the most economically developed regions of the UK, particularly London and the South-East, the value of commercial sites in town and city centres constitutes a large proportion of the value of commercial property. Moreover, in the absence of a tax that falls on the value of commercial land, a large proportion of the value of future public investment - in roads, the rail network, airports, Internet connection infrastructure, and so on - would also be privatised. For these reasons, simply abolishing the NNDR would lead to the privatisation of a huge amount of land rent. It would make much more sense to replace it with a commercial land value tax (LVT).

LAND VALUE TAX AS A GREEN TAX

The replacement of business rates with a commercial LVT would solve many of the problems caused by the former. Changing economic conditions resulting from developments such as the rise of online shopping, demographic change, further developments in AI and robotics, and so on, are reflected in higher commercial land values in some areas and lower values in other areas, which are in turn reflected in correspondingly heavier or lighter LVT burdens. Regular revaluations of commercial land would therefore prevent large disparities between tax liabilities and the potential productivity of taxed sites from arising.

Land value taxation is distinct from other taxes because it bears solely on the rental value of land, and not at all - whether directly or indirectly - on productive capital or labour. The close relationship between the value and the *potential productivity* of commercial sites means that LVT liabilities track *regional* economic productive capability in a way that liabilities generated by other forms of taxation do not. A tax liability that reflects the value of commercial land is a tax liability that takes account of



the potential productive capability of labour and capital goods employed in any given location. For this reason, LVT is a form of tax that does not render marginal businesses sub-marginal, and does not generate unemployment, low wages, and under-investment in peripheral locations.

Because of its responsiveness to variations in economic conditions in different locations, the introduction of a commercial LVT as a replacement for the existing NNDR would greatly enhance the competitiveness of areas on the economic periphery, boosting employment and production in these areas, and facilitating the recovery of the many small and medium sized towns that have declined economically as the pace of digitalization has increased. Productive economic activity which might previously have been viable only in areas closer to the economic hub would become viable in peripheral areas. A larger proportion of the working populations of such areas would find themselves in a position to work *in the towns and cities in which they live*, rather than in more economically developed areas to which they need to commute. The need for roads and transportation infrastructure would be significantly reduced, as would the distance travelled by commuters, making future economic growth far less carbon-intensive.

The introduction of a residential LVT as a replacement for the Council Tax would also intensify the use of land in the centres of large towns and cities, leading to the utilisation of vacant buildings on valuable commercial and residential sites, the development of currently undeveloped sites, and the more intensive utilisation of currently underused sites. More intensive land use would in turn result in less urban sprawl and shorter lines of distribution, and would further reduce the need for the construction of carbon-intensive roads and other infrastructure. A residential LVT would also allow for reductions in VAT and regular payroll taxes, which would further enhance the economic viability of the economic periphery.

RENT-EXTRACTION AND PRODUCTIVISM

Critics of LVT sometimes argue that the introduction of this tax would distort economic behaviour by *artificially* intensifying the use of valuable commercial and residential sites, and by compelling the owners of valuable sites to work more than they might otherwise choose in order to generate the funds to pay a large LVT charge. One might argue on this basis that even if a shift in the burden of taxation from labour and capital to land rent would enhance economic efficiency, it would also artificially increase the rate of economic growth and result in a more 'productivist' society, thereby reducing environmental sustainability over the longer term.

In reality, however, a shift in the burden of taxation from labour and capital to land rent would do precisely the opposite – it would strengthen and expand the freedom of the majority of the population to determine how productive and materialistic their lives should be. This is because the private monopolisation of land rent benefits those who collect it at the expense of those who are forced to pay it. The rent received by landowners (and by bankers who receive mortgage interest payments in return for mortgage credit) is in effect a privately collected tax which is paid *in addition* to conventional taxation (including taxation paid in the form of lower wages and higher prices for goods and services). This means that in a society in which the state protects people's rights to use land exclusively for their individual purposes, land value tax cannot be avoided – the only question is whether it is privately or publicly collected (or, *to what extent* it is privately as opposed to publicly collected).

A shift in the burden of taxation on to the rental value of land would therefore free landless workers and capitalists from the need to engage in productive activity *on behalf of private rent-collectors*. It is the imposition of taxation on labour and capital, and the private monopolisation of rent that makes such taxation unavoidable, that has the distortionary effect of forcing workers and capitalists to perform more productive economic activity and to adopt more materialistic lifestyles than they might otherwise choose. Shifting the burden of taxation *away* from labour and capital and *on* to land rent would *eliminate* this distortionary effect, rather than generate it. Socializing land rent would enhance the freedom of the vast majority of citizens to determine for themselves the nature and extent of their participation in economic production and consumption.

As Henry George himself put it:

I shall not deny, and do not wish to lose sight of the fact, that while preventing waste and adding to the efficiency of labor, the equalization in the distribution of wealth that would result from the simple plan of taxation that I propose, must lessen the intensity with which wealth is pursued. It seems to me that in a condition of society in which no one need fear poverty, no one would desire great wealth—at least, no one would take the trouble to strive and to strain for it as men do now... When every one is sure of being able to get enough, no one will care to make a pack-horse of himself. Were this insane desire to get rich at any cost lessened, mental activities now devoted to scraping together riches would be translated into far higher spheres of usefulness.

Although George wrote these lines in the 1870s, if we consider the current housing shortage, the rise of zero hours contracts and the precarious self-employment of the gig economy, the use of food banks during the past decade, the numbers of people who are only 'just about managing', increasing mental ill-health, and so on, George's remarks still seem highly apposite.

Of course, it is impossible to know how people would respond to the expansion of their social and economic freedom that would result from land value based tax-shift. A large number might choose to carry on more or less as they currently are. But it does not seem too unreasonable to suggest that, given the opportunity, a significant number would choose to spend more of their time engaging in social, non-productive, non-materialistic activities like caring for the elderly, helping with the education of children, pursuing creative or artistic activities, playing music, cooking, taking exercise, and so on. This would presumably result in lower economic growth over the longer term, or at least in less carbon-intensive material consumption.

The burden of taxation borne by productive wealth-creating workers and businesses in the UK is certainly heavier than it need be, given the vast amounts of land rent currently being extracted and privatised.

A shift in the burden of taxation from the 'makers' to the 'takers' would generate a much healthier economic environment in which to produce, invest, and innovate. This in turn would reduce the need for carbon-intensive transportation infrastructure and energy consumption, as well as reducing or eliminating the direct taxation of decarbonising capital goods. An economic justice tax-shift would therefore also be a green tax-shift which would help make possible a sustainable future by enhancing rather than restricting economic and social freedom, and by removing the distortions resulting from the private monopolisation of land rent. ■



BRIDGING THE GAP

Bridges are older than civilisation itself. The first man-made bridge structures are thought to have been built in Neolithic times, comprising of either wooden planks or stone steps across otherwise impassable terrain. One of the oldest that has been discovered consisted of a wooden track laid across horizontal marshland. Due to the durability of the wood and advances in carbon dating, we can be certain that our distant ancestors solved an eternal problem in a way that we have modified, but not seriously changed. If one wishes to get from bank A to bank B, we should construct an edifice that enables us to do so. In other places, no doubt aware of the damage of damming the river, a Neolithic group ensured there were sufficient spaces between each of the stepping-stones, allowing the river to continue its course unimpeded. For both groups, once across, they did not dismantle the bridge. The effort was unnecessary as they had achieved their goal and the bridges remained through the succeeding generations, opening up new horizons for travelling groups and saving them the effort of constructing new settlements.

The Post Track in the Somerset levels is thought to have been built in the third millennium BC and thus far, the oldest known purpose made bridge-way in the British Isles. There is some speculative evidence the trackway was maintained and even improved for a period of time, at least one succeeding generation. The inherent value of such maintenance is obvious. The bridge trackway, like all bridge constructions, was designed for an essential public good, to open up land access and circumvent a natural barrier without disrupting unduly the natural element below.

It is not surprising that structures that solved problems so eloquently and could last beyond the lifetime of their maker are to be found in the religious traditions. The Norse would speak of Bifröst, the rainbow bridge that separated our world of Midgard with the world of the gods, Asgard. The Zoroastrians teach of Chinvet, the bridge of judgement, which separates the world of the dead and the living. Islam has aş-şirāt, which is held to be the bridge that all must cross on the day of judgement, only the righteous surviving the beam of a razor-sharp hair's length. Christianity is in many ways a religion of bridges, the gap between people and God being bridged by Christ.

A more secular world still has use of bridges in the abstract, with the conscious value of bridges residing in metaphor. When we

seek to mend relations, we “build bridges” and when we want to find solace during turbulent times we may seek “a bridge over troubled water”. When we wish to know more, we seek to “bridge the gap”. It also signals moments of import and fateful decision, suggesting the crossing of boundaries: as we will “cross that bridge when we come to it”. In some ways the metaphorical understanding of the bridge has long passed the conscious appreciation of the bridge's value.

There might be several reasons for this. Our relationship with nature has changed to the extent that we do not feel threatened by it; indeed we now pose more of a threat to nature than it does to us. Our infrastructure (speaking specifically of advanced economies) is established, efficient (compared to historical means) and prevalent. A bridge does not necessarily hold wonders for us in way they did for our distant ancestors. The conscious value of the bridge is more evident in our conversations and thoughts. Paradoxically when we cross bridges we might not think about them, but think about them when we do not cross them.

Heidegger went further arguing that beyond the functional and symbolic nature of the bridge they also manifest a pure sense of dwelling. Crudely, dwelling in this sense describes the feeling of peace or ‘homelieness’ certain places evoke. The ineffable nature of the feeling is explored deeper in his writings, where he places the experience of a person is intimately bound up with nature itself. The world is divided between the earth (the land which we walk upon), the sky (our sense of something beyond our daily strides), mortals (the reality of our finite existence) and finally the divinities (the acknowledgement of a being which may or may not exist but sets the standard for existence). The bridge he argues uniquely unifies each of these aspects, whereas other constructions do not.

Bridges then, are clearly special. If we consider the thoughts regarding and treatment of bridges through time, it may help clarify the same phenomenon with land. We use the land and travel across it, but how often does the average person consciously think about it? Never mind its economic rental value.

London Bridge, perhaps the most famous bridge in the world to be continuously misattributed, is London's oldest. Constructed originally as a military pontoon bridge by the invading Romans



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in the first century it has survived in numerous iterations to the concrete, brutalist monument of the present day. Historically, the bridge provided access from the marshland south of the Thames, up a natural rocky causeway that is the now the south bank of the bridge and then access to the north bank and the growing garrison settlement of Londinium. As the great bridge builders of history, the Romans ensured the bridge, made from nearby forest trees was well maintained until the decline of the empire in the 4th century. The wooden bridge survived until its destruction by the Vikings during the Anglo-Saxon period and gave rise to the popular ditty.

Post-Conquest the importance of the bridge was recognised by the new Norman overlords, with the Conqueror's son William Rufus raising a special tax in 1097 to support the maintenance and repair of the bridge. It's clear the public good the bridge provided, and the economic boost it provided to the growing commercial city was recognised by the highest authorities. Indeed, bridge building was recognised as an act of piety across most of Europe at the time and donations for building and maintenance were actively encouraged by the clergy. During William Rufus' reign land surrounding the bridge was donated to "God and the Bridge" to support its repairment and longevity. Here is an interesting reversal of what we might see now, where the land rent of the bridgeheads, increasing with time, is held privately.

Such was the value of the bridge and its importance to London and the Kingdom, a special order, the Fraternity of the Brethren of London Bridge, were commissioned in 1176 to utilise the funds from taxation and gifts to build the first stone edifice. The bridge they oversaw would go on to last 600 years and, in this construction, we can see parallels to the great cathedral building endeavours of the time. While cathedrals might have more of an obvious spiritual or aesthetic aspect, bridges for the medieval person were also a symbol of order in a world of chaos, a shining light of community solving the challenges of the natural world through, in their mind, the grace of God. The co-existence of society and religion was taken for granted; it would not be possible to have one without the other. The construction of the bridge was no less religious than the construction of a cathedral.

As the stone London Bridge came in to serviceable use its economic value rose. The new stone structure could take permanent buildings across its span and these became commercial ventures and housing for workers and shopkeepers. The bridge teemed with life as market traders, merchants and farmers crossed the bridge to market and shop and dine on the bridge itself. It became man-made land across the Thames and almost a village of its own.

Over the next few centuries, the population of London rose five-fold and London Bridge remained the only crossing, save Kingston Bridge much further to the west. More buildings were constructed on the bridge, including water mills built beneath the bridge led to a displacement of water levels, causing the Thames to rush at high speed under the arches in the middle, compounded by their close spacing. Some would 'shoot the bridge' and gave rise to the phrase "for wise men to pass over, and for fools to pass under". The colourful image suggests that it became more than just a bridge and was a place of entertainment, recreation and business in its own right. All through this time the funds were carefully administered and the bridge was well maintained for the public good.

Later, (and foreshadowing future management of public assets) the immediate financial pressures on the sovereign turned the common good of the bridges revenue into a short term cash boost. The bridge was sold by Edward I to the Corporation of the City of London in return for war loans of which he was in desperate need. Happily, however, good stewardship of the bridge continued. Under the aegis of the Corporation of London, the tradition of assiduous management for the public good was continued and arguably improved. Bridge House Estates was established and it used revenue raised to fund the construction of other bridges across the Thames during the Victorian through to the modern day. Blackfriars Bridge and the millennium bridge (walkway) were constructed using these funds among others. Furthermore, the Trust is one of the UK's largest single funder of charitable works throughout the city, currently around £20 million per year, through its funding arm the City Bridge Trust. This is in keeping, for the most part, with the medieval idea of charitable good works, albeit in a more secular manner.

The current London Bridge was completed in 1972. The previous version was purchased by the American businessman Robert P. McCulloch in 1968 and transported, disassembled, to Arizona. The bridge still fulfils its central purpose of opening access to land in Lake Havasu City and enjoys novel popularity as a symbol of the universal appeal and utility of bridges. It also highlights that a bridge forms a nature of its own, forged by its history and durability, much like the cathedrals of old.

During the late Victorian a period the previous enlightened approach to public utilities was not always maintained and the short-sighted head of mercantile interest rose. Tower Bridge had a less happy experience during its conception. By the late 19th century, the growing population of south and east London, mainly working-class factory workers, led to the demand for a crossing

further downstream. The demand arose from congestion across London Bridge and the subsequent longer journeys. The proposal for the new crossing met with vehement opposition, initially from the corporation of London and merchants who used the Thames for shipping.

London at this time was still a considerable working port, taking in the produce of the world for sale at markets. Access down the Thames estuary narrows rapidly as London is approached, and with the docks towards the central east of the city, a new bridge, would risk cutting the ships off from the docks. The considerable economic interests of the city initially won out for many years, with people forced to the congestion of London Bridge.

In time however, the continuing congestion and delays forced the hand of the corporation of London and a public consultation was held organised by the newly assembled Special Bridge or Subway Committee. A site was chosen at the present tower bridge and a competition was held to design a bridge, which would allow vehicle and foot traffic access across but also allow tall-masted ships and steamers to travel unopposed. Numerous designs were submitted, from the outlandish and impractical to the cheap and dangerous. In the event, Horace Jones's design won as was adapted by the engineer John Wolfe Barry.

As we might expect, the rental value of the land on both parts increased as the economic activity blossomed. Support services such as restaurants, cafés and shops grew due to the new, nearly constant footfall.

There is a contrast between the constructions of London Bridge (and to a lesser degree the bridges further west) and Tower Bridge, but in the end they served the same purpose. They facilitated the increased access of land in an economically and socially constructive way. In both cases human ingenuity worked not against nature but with it to ensure social and economic activities could take place. We might take them for granted now, but both required an authority to recognise there was a desire and a social good to fulfil. The patrons changed from the medieval kings to the corporations but the custodians held, in general, to the original aim: the rental distribution for maintenance and good works within the city. In both cases there was a demand, a natural need, to widen access to the land and bridges in a sense are examples of man-made land. How else do we walk across the water? It is not the bridge itself which has intrinsic value, but the world it opens up.


When we consider a more recent prospective foray into bridge construction we can see attitudes can be markedly different. In the early 21st Century a new bridge was proposed as a new link-way between the South Bank and the Temple area of London, situated close to Waterloo Bridge to the west and Blackfriars Bridge to the east. The original proposal came from the actress Joanna Lumley and the design idea was absolutely fabulous: a garden bridge for pedestrian use only which would be filled with local and exotic flora for people to enjoy as they crossed. The bridge was titled the Garden Bridge and it initially received favourable fanfare in the press. It would be destined for ignominious end however. Spiralling consultation and procurement costs built from the original proposal of £185 million to over £200 million (with much of that coming from the public purse and Transport for London) while the annual upkeep costs were estimated to possibly be £3 million. By comparison, the pedestrian only walkway, expertly chosen to descend from St. Paul's to the Tate Modern cost only £22 million.

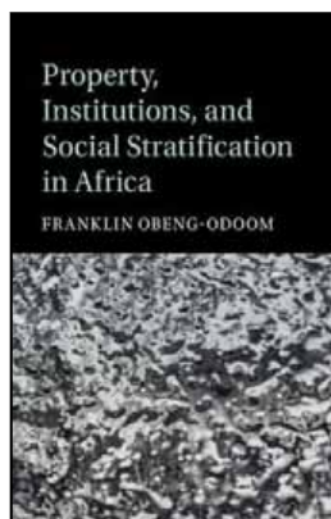
Compounding its problems the Garden Bridge failed to pass its own original cost assessment (made by the new Garden Bridge Trust) but more importantly failed to capture the public imagination. In some ways the reasons are obvious. There was no real utility to the bridge: one could cross on the adjacent bridges and not be limited by the fact the bridge would be closed at night. Secondly, London is not short of green spaces so the ecological element was perhaps not felt as urgent. Compared to the previous bridges considered above, there was a lack of genuine demand or fulfilment of a natural inclination to get from a to b as quickly as possible. In addition, the idea of preventing access to the bridge for special, corporate functions rightly caused outrage. It was the commercialisation of an unnecessary right of way. More philosophically, it ceased to be a bridge and became an adornment. A bridge, which does not fulfil its own purpose, is no bridge at all.

Perhaps the most important problem for the bridge was its inherent restrictive nature. It would be closed to host corporate functions and while not practically a problem (as other routes across the Thames would be available), the idea of denying passage understandably rankled. As documented by Anna Minton, many cities, and London in particular have suffered from the ever-increasing prevalence of modern enclosure, the movement of land from the public to the private sphere. The proposed Garden Bridge's semi exclusionary nature was keenly felt, perhaps more viscerally, than in other parts of the city.

If the exclusionary aspect of the bridge was the final nail in the misjudged coffin, then it highlights something important. Bridges are explicitly public utilities and that fact is recognised by many, even if not consciously. Their design, construction and operation are geared towards the facilitation of movement from one place to another. From a land perspective, they are monuments to our desire to move through the world and to overcome, respectfully, the boundaries nature has set. But they overcome the boundaries not by destroying nature, but by taking lessons from it.

In his *Die Welt als Wille und Vorstellung* Arthur Schopenhauer categorises the arts as those which conform most to the internal spirit. Art, in his view, calms the interminable will to life, bringing an experience of the sublime. Architecture features low on the list; it is the most basic as it deals with geometry and forces. Classical music incidentally is the highest form of art. But we might view the architecture of the bridge as not necessarily basic, but primal. We take them for granted perhaps because they fulfil their purpose so well. But the simple structure of the bridge, its cross beam across two points, may speak to us on a deeper level albeit one we are not conscious of. Schopenhauer argued that all elements of man-made construction was in some way an expression of the ceaseless human will to survive (albeit pessimistically in his view) and has a residual impact in the societies we develop.

Andro Linklater argued that the treatment of land informed the political developments of society. Extending the argument, it's possible that consideration of the history of bridges can aid the understanding of land. Bridges represent a microcosm of our relationship with land, the benefits, the produce and the value. The benefits are so stark and obvious that they fade back into the distance. We tend to replace the concrete with the metaphorical because the utility is so immediate we are in danger of taking it for granted. In part it's because bridges have always been with us in one form or another much longer than cities have. The same can be said for land itself. But being able to identify the value and crucially communicate it, could help to bridge the gap. 



**PROPERTY, INSTITUTIONS,
AND SOCIAL STRATIFICATION IN AFRICA
BY FRANKLIN OBENG-ODOOM**

Reviewed by Fred Harrison

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In the West, the last ideological contest was fought between 1945 and the 1980s. Capitalism triumphed by defeating socialism in its Welfare State form. Victory was crowned by the capitulation of the USSR in 1989, and the dismantling of Karl Marx's command economy in China. The celebrations were short-lived. The financial crisis of 2008 exposed the bankrupt nature of the capitalist paradigm. What followed was a dangerous hiatus in political philosophy. Politics was paralysed. The democracies of Europe and North America retreated to "austerity".

What now? A viable alternative narrative does not exist. And yet, we do need to replace the obsolete models that received the last rites delivered by Covid-19. The global economy was shut down. The vast majority of people in the West declared that, after beating the pandemic, they did not want to re-engage with "business as usual".

China is different: change will not be tolerated. The Beijing Politburo enacted a legal clampdown on free speech in Hong Kong to quell the demand for democracy.

Our world is in a perilous crisis. In the past, philosophical voids created the space for extremists. Adolf Hitler was one beneficiary. Can we avoid a repeat of that kind of outcome? Could a new narrative be constructed that was grounded in both rigorous theory and empirical evidence? I believe so. My optimism was reinforced by reading Franklin Obeng-Odoom's book. His text does not provide the "story" that would resonate with a mass audience. It does, however, deliver the critique of authorised doctrines in the kind of detail that enables us to bury the false flag promises currently being churned out by professors who believe they know how to chart the course after the coronavirus.

Obeng-Odoom, an associate professor at the University of Helsinki, creates the space within which to visualise a viable alternative

existence. *Property, Institutions, and Social Stratification in Africa* is a contribution to what he calls the symbolic contest that now ought to engage our attention. Reformers have known since the failure of the Occupy Wall Street campaign in 2010 that uprisings driven by passions – such as Black Lives Matter – cannot get far without the support of a coherent narrative that offers new interpretations of the world.

The leading vision, at present, highlights climate change and the environmental crisis. But that approach is too narrowly focused. It fails to accord equivalent space to what I call the Social Galaxy – the realm created and occupied by *Homo sapiens*.

Henry George was the last person to offer a viable alternative model to capitalism as it existed in the 19th century. His vision was also perceived as the alternative to the model which Karl Marx was busy embellishing. George and those whom he inspired did achieve some remarkable feats in the 20th century, both symbolic and in practical politics, but these were successfully quelled over the course of time. The entrenched "elites" were determined to prevent reforms to the social structure which privileged them against the interests of the majority.

Elites: A word favoured by today's protestors. Their grievances are genuine, but the language fails to pinpoint the root cause of the distortions to people's lives. Those distortions take many forms, from institutionalised unemployment to the racist attitudes displayed by law enforcement officers in the US who think that throttling their suspects' necks (if they are black) is a legitimate way to arrest people.

Unfortunately, grievances cannot be rectified by resorting to emotive language attacking "the 1%" or prescribing "tax the rich". That is one of the lessons of history. We see it in the way in which France evolved after her bloody revolution. Madam Guillotine was bathed in *Liberté, égalité, fraternité*. France went on to experiment with five constitutions, and the people are still not content with the deal they get from their state!

Then there were the American revolutionaries. They campaigned with "No Taxation without Representation". Fine; except that their constitution fails, to this day, to deliver human rights to many American citizens. Could that be due to the way their Founding Fathers tweaked John Locke's doctrine of "life, liberty and estate [land]"? Their version of a constitution only guarantees citizens the right to "life, liberty and the pursuit of happiness"! America became the land of plenty, and plenty of poverty. Which brings us back to Henry George.

Progress and Poverty was a forensic critique of the structure of power which traced socially significant problems to the privatisation of society's net income. The private appropriation of economic rent necessarily created unaffordable housing, exploitation of the environment, and much more. This thesis is taken by Obeng-Odoom and applied to conditions in the 21st century, which is why – coming from a scholar – his book has the makings of a foundation text for the new narrative.

A window of opportunity now exists for substantive reforms. But those reforms will not occur without a counter-revolution.

The original revolution was executed by the European aristocracies. They enclosed the commons. To consolidate their land grabs, however, they also had to enclose people's minds.

They achieved this by reshaping language. They exploited the kinetic power of words by embedding concepts in people's minds that rationalised their disgraceful behaviour. The first step in the counter-revolution, therefore, must take place in our minds, our collective consciousness.

One starting point is the deconstruction of the spurious theories germinated by academicians. Obeng-Odoom does not hesitate to "call out" the distinguished scholars who rested their reputations on perverse concoctions. His deconstructions reveal the motives of their architects.

THE "RESOURCE CURSE"

Europeans colonised Africa to extract the continent's "net income". I put that term in quotation marks, in this case, because one of the valuable resources was the commodification of people, aka slaves. Their value was pure rent because they had no cost of production for those who cashed in on their labour. The rent extraction continued through to the present time. That shameful history could be accommodated within economic theory. One device for glossing over the realities was the "resource curse".

African lives, apparently, are blighted – *cursed*, no less – by the rich endowments offered by nature! One is tempted to say that you could not make up such a theory, but that is exactly what a British professor of economics did to explain poverty and corruption in Africa. That professor, in Obeng-Odoom's terms, "built his argument on a sleight-of-hand trick". The only curse in Africa was the willingness of mainly western owned transnational corporations to pay bribes to extract resource rents for their investors.

But economists seeking preferment with the grant-issuing institutions could not operate with a theory which explained under-development in Africa as the result of resource rents being ripped off by western corporations. Much nicer to blame nature for cursing the people who to live in poverty.

THE "TRAGEDY OF THE COMMONS"

The rent rip-off could not be sustained without being rationalised by the "rule of law". One formula for justifying private property in nature's resources – and over-riding people's traditional rights of access to the commons – was invented by Garret Hardin. He claimed that the "commons" were damaged because of the absence of private property rights. Obeng-Odoom deconstructs that spurious notion. We know it was a made up theory – not a direct representation of reality – because its author did recant. The late moral philosopher Bob Andelson – he called himself "a long-time student of the thought of Henry George" – engaged Hardin in discussion. As a result, Hardin revised his thesis. He explained that he was writing about the tragedy of *unmanaged* commons (Andelson 1991). Well, since the people who accessed the commons did so according to clear rules, there were no tragedies to worry about. Hardin's thesis was spurious, and did not justify the privatisation of land.

Puzzlingly, Obeng-Odoom does not mention Hardin's chapter in the Andelson book, in which he revised his thesis. As a result, the original 1968 article continues to be cited by scholars as an authoritative justification for private property rights, and as an explanation for the damage inflicted on nature. In truth, that damage is directly related to the privatisation – not the communalisation – of land.

THE "DEVELOPMENT MODEL"

A story was needed that camouflaged the way in which the West continued to plunder post-colonial Africa. Theories of under-development were fabricated. These rationalised the process whereby western governments channelled "aid" to the territories from which they were extracting the resource rents. As Obeng-Odoom notes, "It is in the interest of France, for example, to develop ideas that deflect attention from its engagement with Francophone Africa".

The paradox in the notion of development economics was summarised in painful terms by Obeng-Odoom. The standard economic model of growth, industrialisation and protectionism was part of the problem, not the solution, confronting those who wanted to raise the quality of life in Africa. He writes:

[I]f the African countries were to ascend the same ladder that has now been kicked away, the world would be a worse place to live: Africans too would need to enslave other races, or colonize others, rob others, plunder the resources of others, or institutionalise global wage and rent-theft systems as others did, to say nothing of the potential ecological impacts of such strategies.

Policy-makers and their expert advisers could get away with a menu of false theories because "most economists after World War II had forgotten that Henry George explained the paradox [the congruence of wealth with poverty] in the late 19th century".

Africa is locked into an intolerable situation, but institutions like the IMF and the World Bank continue to prescribe "reforms" derived from the post-classical model of economics. Obeng-Odoom is having none of it. Africa can lead the way by focusing on what he calls the social stratification model. That model could lead African nations to create what he calls "a social, Georgist state".

SPATIAL INEQUALITY

At the heart of Obeng-Odoom's approach is an understanding of how societies are stratified. Inequalities between individuals, between firms, and even nations, can be explained "by reference to the production, appropriation, and control of rents as well as the institutions that underpin the global world system". Current arrangements are designed to transfer rent from producers "to absentee landlords, a process whose intensification, although widely recommended, is only likely to accentuate existing stratification, impede attempts to address it, and hide the structural process in plain sight".

Underpinning his revised model of the economy is the economics of Henry George. The author rejects the received wisdom, "that we now live in an era when fundamental questions about land and rent no longer matter; such an emphasis, we are told, is 'too narrow'". By restoring the economics of rent we can overcome the strategies of "mainstream writers [who] hide their complicity as beneficiaries of the historical and ongoing system of land, property, and rent appropriation".

The spatial component is central to Obeng-Odoom's critique of stratification. And yet, puzzlingly, he does not mention David Ricardo. Ricardo's formulation of how net income – economic rent – is spatially distributed, is central to the task of helping people to understanding how injustices are not evenly distributed across countries like the UK.

Ricardo's rent theory enables us to trace the variations in life chances across an economic catchment area in terms that lead to the awkward questions that politicians prefer to avoid. In the UK, for example, the Johnson administration has promised to "level up" the regions where, for example, a large number of people die prematurely. That disparity cannot be understood without reference to Ricardo's theory of rent distribution (Harrison 2006).

UNDERSTANDING THE TRUTH

A democratic mandate is needed to facilitate evolutionary change. The barricades that need to be manned are not the constructions thrown up by protesters around Whitehall or Wall Street. They are around our minds. To wrap the realities in a narrative that is accessible to the general public requires more work.


Africa is but one of the spaces where the reconstruction of our world might begin. Africa did suffer egregiously at the hands of its colonial masters, but its post-colonial leaders have yet to enact reforms capable of remedying the injustices of the past, and restarting social evolution. The case of Belgium and the Congo is an example.

In response to the Black Lives Matter campaign, Belgium has decided to create a truth and reconciliation commission to come to terms with the behaviour of King Léopold II (1835 – 1909). During the decades that he treated the Congo as his personal property, an estimated 10 million people died. Others were physically mutilated. A truth and reconciliation commission may be a cathartic device for coming to terms with that evil past. But as we have seen in Northern Ireland, such a catharsis does not necessarily lead to reforms of the kind that empower people to live the lives of their choosing.

South Africa is a poignant example. Archbishop Desmond Tutu chaired the Truth and Reconciliation Commission created by Nelson Mandela's Government of National Unity in 1995. Since then, spatial segregation has intensified: the number of people crushed into shanty towns has increased. South Africa suffers the shame of being identified as the country with the worst rates of inequality in the world. The ANC government based its "reforms" on the standard post-classical model of economics. And in 2004 its Katz Commission inspired the abolition of the fragile traces of the annual municipal tax on land values.

Obeng-Odoom cites two cases that inspire hope: Botswana and Mauritius, whose governments have drawn revenue directly from the rent of their natural resources. He regards Mauritius as particularly inspiring, for it has "successfully combined economic growth with poverty reduction and a new egalitarian distribution of resources in a cleaner and greener environment, while still open to international trade".

We need such case studies to cultivate hope. But, furthermore, we also need to remember that spatial prejudice built on the privatisation of socially-created rent is colour blind.

In truth, Africa is not alone in need of the economics of Henry George. 

HGF BRIEFING NOTES

HGF OPEN DAY EVENT 2020

The Henry George Foundation of Great Britain exists in order to promote economic justice along the lines suggested by Henry George.

George's works embody both wisdom of the highest order and practical proposals with regard to the socioeconomic arrangements nations might adopt in order to secure the peace, prosperity and happiness of all their citizens.

We shall make use of both these aspects of George's work during this year's *HGF Open Event* as we seek to identify principled and practical responses to issues the whole world now faces.

These issues include those associated with Covid 19, world and domestic trade (Brexit), climate change, food security, housing, employment, public revenue, money, credit and debt, civil strife and war. Like George we shall seek to identify practical proposals based upon a recognition that they need to be in harmony with laws that lie beyond human control but which govern us, the relations between us, and between us and the worlds in which we live.

The day's programme will include a series of short talks with corresponding Questions&Answers together with plenary and break out group discussions. During refreshment breaks between scheduled sessions 'rooms' will be open where participants can chat or discuss in small groups issues in which they have a particular interest. In addition there will also be an 'Open Mic' session.

This year's Open Day Event will be structured under the headline:

Principled Responses to Today's Crises

All Welcome to join for all or some of the day - stay for as long as you are learning or contributing.

Please see the details below in order to correctly join on this day. Downloading Zoom from zoom.us/download will be required.

Lastly, you are encouraged to share the link with all friends and acquaintances interested in the subjects mentioned above.

OPEN DAY EVENT DETAILS

Saturday 19 September 2020
10.00am - 5.30pm

Via Zoom

Meeting ID:
886 4254 9643

Passcode:
357944



COULD IT BE SO SIMPLE?

Here is Henry George in *The Irish Land Question*. "It is necessary only to tax land up to its full value. Do that, and without any talk about dispossessing landlords, without any use of the word "confiscation", without any infringement of the just rights of property, the land would become virtually the people's."

This proposition caused some controversy amongst socialists. Karl Marx was irked. "George ... has the repulsive presumption and arrogance which is displayed by all panacea-mongers without exception". And George Bernard Shaw "The Single Tax levied by Unsocial Democracy is about as possible as watering the streets without wetting them..." These and other similar remarks consigned Henry George's writings to obscurity.

But what are we to think of it now? Is it practical? Is it possible? Well, I, for one, think it is as relevant now as ever it was.

In all his writings, Henry George is so thorough that no stone is left unturned. Step by step he unfurls his argument so that in the end we almost are obliged to agree with his conclusions. And how might we put it into practice? I favour the term "Location Value". This eliminates the confusion between rent due because of the location and rent charged for items of human manufacture such as buildings and improvements. And "location value" immediately prompts the enquiry, "What is it? Who created it? To whom does it belong?"

But do we know how much location value is? I fear not! So we need some practical steps to start with and maybe it will be

exposed as a result. Suppose we take the current value of the site with its buildings etc, deduct any amounts spent on buildings and improvements in the last fifty years, and reduce each amount by 2% for each year that has passed, so that anything spent fifty years ago has no current value. We then divide the result by three, to make sure we get a low figure which can't be regarded as unfair. That value is an estimate of the location value, which can be collected from the landowner as return for the use of the property. The amount collected can be used to reduce other taxes. Which ones? I favour VAT, which hits the poor and lower paid unfairly. We should make it clear that we intend that the whole of location value is to be taken when a market determined value emerges.

To me, the important thing is just to start the process. What do we expect will happen?

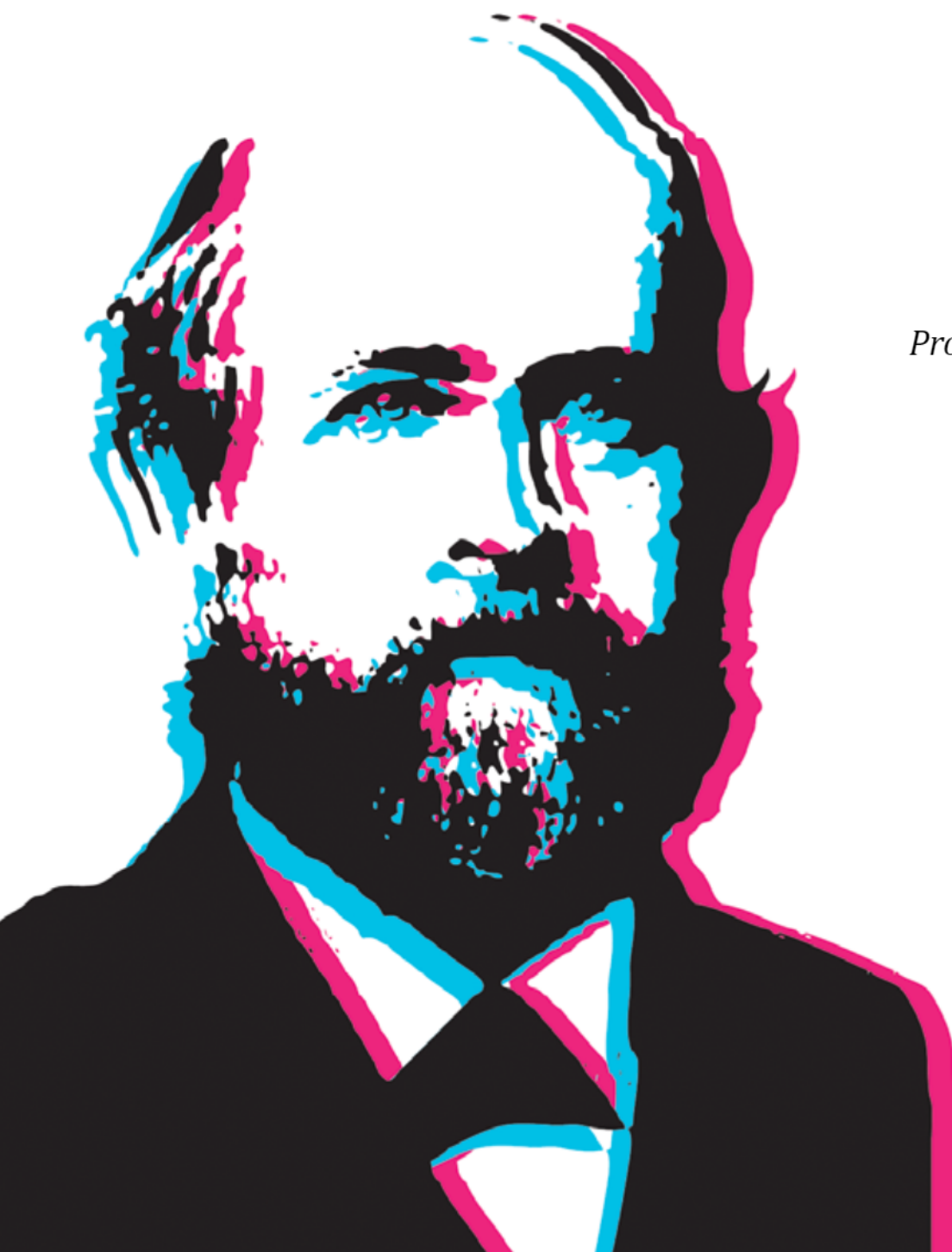
The value of land will begin to fall, as its support from the privately appropriated location value diminishes. The result will be an enormous sigh of relief from renters, then, a surge of hope for those aiming to have a house of their own. The housing crisis will become less of a crisis. The real cause of inequality will be reduced by a small amount. The possibility of a fair society will be presented to all as something that can be obtained if we keep going. Centuries of wrong can be converted to a vision of hope. Worth going for?

Of course, there remains the small problem of convincing society that this is the way out of our troubles! 🇬🇧

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FIGHTING AMONG THEMSELVES,
OR IN PULLING IN DIFFERENT
DIRECTIONS

”

Henry George,
Progress and Poverty 1879



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Our Philosophy



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.

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