

LAND & LIBERTY

since 1894

magazine of The Henry George Foundation



Issue 1255 Summer 2021

Anchored To Unjust Ideas?

Ω

Jesper R. Christensen

*A Case-Study: Refurbishing Danish
Property Taxes From 2024 Onwards*

Ω

Joseph Milne

*Henry George and
The Forgotten Law of Nature*

Ω

Edward J. Dodson

*When The Political Stars Align
To Make Bad Things Happen*

“

PREJUDICES ARE WORN
DOWN, WITS ARE SHARPENED,
LANGUAGE ENRICHED, HABITS
AND CUSTOMS BROUGHT TO
THE TEST OF COMPARISON AND
NEW IDEAS ENKINDLED...



LAND&LIBERTY

No 1255 Summer 2021

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

Editor
Joseph Milne

Managing Editor
Jesper Raundall Christensen a-m-m

Graphics and Production
Jesper Raundall Christensen a-m-m

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 has chronicled world events for over 100 years. It has offered a unique perspective with its reports, analysis and comment on the core issues of political economy. And that uniqueness remains. Land&Liberty aims to explore how our common wealth should be used - and to demonstrate that this is the key to building the bridge of sustainability between private life, the public sector and our resources - between the individual, the community and the environment. Land&Liberty - putting justice at the heart of economics.

Copyright in this and other Land&Liberty publications belongs to the Henry George Foundation, which welcomes approaches for the reproduction of articles. However, reproduction is prohibited without prior written permission of the copyright holders. No responsibility will be accepted for any errors or omissions or comments made by contributors or interviewees. Views expressed are not necessarily those of the publishers. Goods and services advertised are not necessarily endorsed by the publishers. Land&Liberty is produced by the Henry George Foundation and printed by Premier Print Group on 100% recycled paper.

ISSN 0023-7574



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

On the final Friday of the Tokyo 2020 Olympic Games we concluded over a year of weekly Zoom meetings studying Henry George's *The Science of Political Economy*. In this session we further explored George's take on money banking and credit with an excellent presentation by Ed Dodson. Ed drew our attention to how George argued against the involvement of government in enforcing the collection of private debts on the grounds that its abolition "would unquestionably lead to a far higher standard of personal and commercial morality, since character would then be the prime element in credit." (Georges editorial in "THE STANDARD", 11 February 1888). The psychological significance of this statement was immediately recognised and the beauty of how it resonated with what we had read in Chapter 1 of *The Science of Political Economy* over a year earlier when, in considering 'the three factors of the world' as we know it, George wrote:

Of these from our standpoint that (factor) which feels, perceives, thinks, wills; (which to distinguish we call mind or soul or spirit) comes first in order of priority, for it is this which is first in our own consciousness, and it is only through this that we have consciousness of any other existence. In this, as our own consciousness testifies, is the initiative of all our own motions and movements, so far as consciousness and memory shed light; in all cases in which we can trace the genesis of anything to its beginning we find that beginning in thought and will.

As we followed the 'motions and movements' taking place in Tokyo during the same week the importance of mind, thought and will was repeatedly illustrated. On the final day the responses of husband and wife Jason and Laura Kenny impressed me. Both won and failed to win gold medals at this games but I could not help but admire Laura's simple response when questioned about her future plans having just failed in her final event 'oh I'll continue to turn up and see what 'appens' and Jason's when asked what he was thinking at the end of his remarkable win in his last race: 'what will be will be really'. The commitment, effort and perseverance required of a successful Olympic athlete is well known and I could not help but admire their apparent recognition that 'results' are not within their control - they could only do their best.

I think it is rather like that for us as we seek to discover the truth about ourselves and the world in which find ourselves and hope against despair for a better, truer world. It seems that like Jason and Laura we have to continue with the work, 'see what 'appens' and let 'what will be, be'.

Much like our hero Henry George when, in considering 'The Problem of Individual Life' at the end of *Progress and Poverty* he wrote:

The truth that 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. But it will find friends - those who will toil for it; suffer for it; if need be die for it. This is the power of truth.

Will it at length prevail? Ultimately, yes. But in our own times, or in times of which any memory of us remains, who shall say?

David Triggs
Honorary President
Henry George Foundation

henrygeorgefoundation@googlemail.com



CONTENTS

issue
1255
SUMMER 2021



Regulars

17

HGF News

The latest news and events of the Henry George Foundation in London

15

Reviews & Books Worth Reading

Our Books Worth Reading section will stand aside to make room for a thorough review of *Owning the Earth – The Transforming History of Land Ownership* by author Andro Linklater. This 2013 book provides a generous amount of historical details and surprising connections. It is reviewed by Lasse S. Andersen

Cover Story

9

Henry George and The Forgotten Law of Nature

Joseph Milne asks if modern thinking is anchored to Hobbes' and Locke's false ideas about the State of Nature?



Cover Photograph
FelixMittermeier

Article image rights:
[pixabay.com](https://www.pixabay.com)

Features

6

A Case-Study: Refurbishing Danish Property Taxes From 2024 Onwards

Jesper R. Christensen decides to put pen to paper in order to explain the recent reforms to the property tax code of his native Denmark. The small democracy has a relatively long history of land value taxation, but will this still be the case for the generations to come?

14

When The Economic Stars Align To Make Bad Things Happen

Edward J. Dodson explains why the U.S. is headed for a 2026 land market crash

18

Closing Thoughts

Edward J. Dodson considers the always weird and fascinating stock market

letter from the editor

One aspect of Henry George less often discussed than the land question or free trade is his concern for monopolies, especially those which provide essential public services. These included the railways, the telegraph service and water supply. We would now also include energy, refuse collection, street lighting, maintenance of parks, provision of public libraries, public transport and a host of other services.

In the UK all of these services were once undertaken either by government or local authorities. Then, in the 1980s, it was argued that many of them would be run 'more efficiently' if privatised. It was claimed that, if run privately for a profit, they would attract capital and be improved. Investors would be keen to make a return, while public funds would no longer be needed to maintain them. This would also involve reducing the workforce. So shares in British Rail and telecommunications were made available, and although acquired by many at first, gradually they were purchased by large investors. British Rail was split into several geographical companies, each one becoming a regional monopoly.

One of the more controversial privatisations was that of local refuse collection. Companies tendered for the council provision and re-employed the existing workforce. Straightaway the wages of the workforce were reduced. This is what 'efficiency' and 'rationalisation' meant in practice. Under pressure to work faster, the service was now poorly done, with emptied bins left scattered in the streets for householders to tidy up.

In theory there would be competition between companies seeking to provide these services. But in practice there cannot be several companies in one district providing the same service, and so each became a monopoly, while the services themselves were not improved, and often become worse.

For example, in 2020 Southern Water was fined £90m for dumping raw sewage into the sea on the Kent coast to avoid the costs of upgrading and maintaining infrastructure. Its operating profits in 2019 were £213m. This privatised company had been penalised several times in the previous six years and is now under criminal investigation. There are notices on the Kent beaches warning people not to swim in the sea this summer. In this instance the profit of shareholders repeatedly took precedence over public health. Fining seems a very inadequate response.

By contrast, our local authority provides excellent services where they do them themselves. For example, our Memorial Park is kept beautifully by a team of gardeners who clearly enjoy their work. Also the sea-front facilities are kept really well.

These examples show that privatisation motivated by profit-making lowers the standard of services while depressing the wages of the workforce. The only gain is for the shareholders who have no direct interest in the services. It means tasks are undertaken for the wrong purpose.

Such privatisation had its roots in the nineteenth century belief that business exists solely for monetary gain, and that the law of 'survival of the fittest' secures efficiency. This belief was linked to the rejection of all government or public intervention in business or in employment conditions – in the name of 'freedom of contract'.

The world that this ideology defended was the world that Charles Dickens portrayed in his novels. It was the age of 'enlightened self-interest', the theory that selfishness is the best drive for an economy.

At the same time, it was argued that all public provisions would attract corruption. On this basis the building of the sewers in London was long resisted. Why should the rich pay for this 'on the rates'? It was also claimed that the slums arose because the poor were by nature unhygienic, lazy and morally degenerate. This was preached to them in their Sunday sermons. Poverty was equal to vice, while wealth indicated virtue and moral superiority. These were the 'Victorian values' hailed by the UK government in the 1980s one hundred years later.

It is true that the appalling conditions of the Victorian era are no longer present in the UK, largely due to the influence of philanthropists and reformers such as Robert Owen, Patrick Dove, the novels of Charles Dickens and Gladstone's government. It was not businessmen, investors, or captains of industry who improved society. It was those who opposed their money-making motivations, or who set up businesses on moral principles and in a spirit of public service, such as the original Barclays and Lloyds banks, the Cooperative shops, Clarks shoes, Cadburys, Rowntree's and many Quaker companies. Business does not need to be exploitative of customers or employees in the name of efficiency.

Land speculation and private monopolies of public utilities distort the natural functioning of the economy. This in turn takes the heart and meaning out of work. If land speculation was eliminated through George's proposed land value tax, and if all natural monopolies were returned to public ownership where they properly belong, the economy would be transformed. It would no longer be ruled by profit-making or rent-seeking, but rather it would open the way to the realisation of the natural talents that everyone possesses but which can only rarely be cultivated in the present economic situation.

Land speculation and private monopolies together create a vicious circle from which it seems impossible to escape. So it maintains itself. It becomes very difficult to grasp what holds it in place, and even more difficult to imagine the economy of society unfettered by it. Having worked in education for many years one sees that young people aspire to higher things. But most are soon disillusioned and very few indeed find their way into genuinely fulfilling work, or which enables them to make a contribution to the well-being of society. Most will become the unwitting slaves of land speculation and anonymous shareholders. Some will become land speculators and anonymous shareholders themselves. The tragedy for each is that their talents will never be realised, while society loses what they could contribute.

One way we can escape this vicious circle is to enquire into the question of meaningful human work, work that is an end in itself and which springs naturally from human nature and participation in community. We have allowed ourselves to see the economy merely as an external system, almost as if there were no human component in it. It has become entirely separated from human nature and from citizenship. Everyone senses this strange anomaly, and it should prompt us to enquiry. Nature is telling us that something is profoundly amiss, now writ large in global warming. Society needs to realign itself with nature, and the economy with human nature, and work with service. The misappropriation of land, the monopoly of utilities, and the degradation of work are three expressions of our alienation from the laws of nature.



Joseph Milne
editor@landandliberty.net



A CASE STUDY: REFURBISHING DANISH PROPERTY TAXES FROM 2024 ONWARDS

With only a few countries around the globe having an existing land value tax in place little Denmark is occasionally highlighted as an example to be emulated; especially for those land value tax proponents with a preference for incremental societal change.

Indeed, the Danish land value tax has been a component to funding the Danish welfare state for generations. Today I would argue that it can best be described as modest in scale. Though many fellow Danish house owners would beg to differ.

What should make the Danish property taxes particularly interesting to readers of *Land&Liberty* is the well-defined distinction between the estate tax, *ejendomsværdiskat* – a tax on the property as a whole – and the actual land value tax named *ejendomsskat* or *grundskyld*.

Perhaps noteworthy to readers with overlapping interests in linguistics and the ideas of Henry George the latter translates directly from Danish into “ground-obligation”.

THE 2024 REFORM AND IMPLEMENTATION

In contrast to the estate tax, the land value tax in Denmark is not withheld directly from the personal income of taxpayers, instead it is paid biannually, essentially by means of an old-fashioned invoice sent to property owners directly from their local municipality. If for no other reason than this the land value tax bears a distinct disrepute – even in a populace so accustomed to high taxes on almost every aspect of human existence. In fact, according to the OECD only France is occasionally able rival Denmark as the country with the highest tax burden.

Still, citizens enjoy some of the highest standards of living with well-functioning institutions and a high-degree of measurable life satisfaction. What transpires on the land value tax scene in this small Scandinavian democracy is worth noting.

In fact, what is worth noting is recent reform to the Northern country’s property tax system *en bloc*. Planned for permanent implementation in 2024 this new reform was a long-lasting source for anxiety amongst Danish land value taxers and – at least a few – Danish economists. Both groups fearing that the fundamental distinction between the estate tax and LVT would simply not survive.

Speculations around LVT being phased out and replaced by a “catch-all” estate tax were anchored to years of assessment inaccuracies plaguing both the Danish Tax Agency and Danish property owners.

Adding to the speculations was the simple fact that political discourse had centred around a stated ambition of “simplifying” the Danish property tax scheme. This deliberate choice of words was prevailing in the early stages of the reform process. Initially, a few Danish finance commentators interpreted this as groundwork being laid for the abolishment of LVT in Denmark entirely. Obviously such events would have drastically muddled the waters between the estate value of brick-and-mortar and the location value of the land. In fact, had this indeed been the reform outcome, it would likely have set the Danish LVT-movement back decades; if not defeated the movement permanently.

Importantly, this did not become the final political outcome. But first, let me try to explain the broader context.

THE BACKGROUND

The current Danish property tax scheme, which will now be phased out in 2024, has been centred around a 2001 political *quid pro quo* between the center-right and center-left tying the before-mentioned estate tax to the nominal value of the properties; meaning the 2001 assessed values. In doing so *de facto* providing property owners with a meaningful estate tax reduction in real terms since 2001.

Similarly, increases in LVT rates were effectively curtailed two years later when the government found an opportunity to restrict upturns to LVT to just seven percent. Before this policy change the LVT rates in Denmark were predominantly a municipality matter. The tangible price effects on housing since these limitations on estate tax and LVT were implemented I will leave for the readers of *Land&Liberty* to make educated guesses about.

The essential reason for this policy clutter making any sense at all (for both sides of the Danish Parliament) can be found via a quick search in the Danish Bureau of Statistics. Here you will find that the share of Danish citizens living in owner-occupied housing amounts to 57 percent (2018 numbers) – making this voter group vital to accommodate regardless of ideology.

*Jesper R. Christensen holds a degree in Political Science.
He has worked as Land&Liberty managing editor for several years*



And the key consequence? Any political gambit benefitting home-owners that results in actual policy will become immensely difficult to overturn in any subsequent policy circle.

Though this may be a condition well-known to political observers globally, this feature (or bug) of the political landscape is particularly acute in a small consensus-minded democracy such as Denmark.

This boundary condition has found its way into the 2024 reform as well.

THE HOME-OWNERS' POLITICAL VETO

Firstly, the boundary condition could easily be identified in the early political discourse surrounding the reform. Both sides of the political spectrum promptly made it imperative that regardless of what the deliberation resulted in the total tax revenue from all property-related taxes was not to be raised. With all major Danish parties not wanting to risk the electoral wrath of existing homeowners the scope of the reform was severely halted from the outset.

Secondly, the content of the actual reform elicits the same political logic of not wanting to offend home-owners. The 2024 property tax rates will be lower on a percentage level (though improved, data-centric assessments will replace the 2001 logjam described earlier). In fact, Danish municipalities will be sanctioned and forced to lower their LVT tax rate if their future revenue from LVT ends up surpassing their tax revenue from LVT pre-reform.

On the plus side, municipality officials will still be obliged to systematically monitor the vacancy status of all properties, public or private. An owner of Danish property is obliged to inform her local municipality if her property is not occupied for a period longer than six weeks. If the property owner for whatever reason is unable to find an occupant it falls to the municipality to find a suitable renter – with the rent being set in accordance with the market value (with properties listed on the market being exempt from this policy).

The rule explained above combined with LVT in place strongly incentivizes that all housing in Denmark is in fact used for just that: Housing. And not just for speculation.

As mentioned, the tax rates will be lower from 2024 onwards.

In addition to this, all existing homeowners will be allowed to deduct the difference in nominal terms between their property tax bill *pre-reform* and their new tax bill in 2024 and beyond. In the future when the value of properties will rise even further, existing homeowners will still see a property tax increase on the margin; however they will be permitted to keep their deduction as long as they do not sell their current home.

Ironically, in the short term this twist has only made a boiling Danish housing market heat up even more with buyers vying to complete housing purchases just in time to be eligible for the attractive tax deduction. In particular this has been the case in large metropolitan areas where the discrepancy between the fixed 2001-assessed values and the actual market values of the properties has been most prevalent; and, correspondingly, made the 2024 tax deduction extra lucrative.

THE CITIES AND THE PROVINCES

The contrast to the more rural areas of Denmark is stark. The old valuation method systematically privileged metropolitan areas with low valuations in comparison to areas far from the large cities. People in the less-populated areas of the country found their city-dwelling countrymen pocketing large price increases on their properties.

The capital city, Copenhagen, including its attractive Northern suburbs, benefitted the most. The 2001 policy of tying of the estate tax to the nominal value and the 2003 land value tax increase limitations has only embedded this basic dynamic further.

With the 2024 tax deductions disproportionately favouring owners of housing close to – or simply *in* – large cities, this fundamental inequality will continue for generations to come. A peculiar circumstance in a society that prides itself on being one of the most equal countries in the world.

Though possibly a little bit watered-down, at least the – already modest – land value tax with its new modernized assessments has survived the “simplification” of the Danish tax code from 2024 onwards. 🇩🇰



HENRY GEORGE AND THE FORGOTTEN LAW OF NATURE

Henry George often speaks of the law of nature, and he links this with his understanding of justice. He assumes everyone has a sense of justice and that this ought to inform us of the proper order of society, including the economic order. It was his appeal to the universal sense of justice that made his *Progress and Poverty* so widely popular. To understand economics, he insists, requires the understanding of natural law.

George says, for example, in *The Science of Political Economy*, 'It is only as we know the natural laws of the production and distribution of wealth that we can pre-see the result of the adjustments and regulations which human laws attempt.' Human laws should be made in accord with the laws of nature. All the higher or 'moral' laws of a society should spring from the economic laws. This assures justice from the bottom up. In support of this view George quotes from Henry Dunning Macleod's *Elements of Economics* published in 1881:

Natural justice is the conformity of human laws and actions to natural order, and this collection of physical and moral laws existed before any positive institutions among men. And while their observance produces the highest degree of prosperity and well-being among men, the non-observance or transgression of them is the cause of the extensive physical evils which afflict mankind.

George's and Macleod's appeal to the laws of nature and natural justice had roots in an ancient tradition that was already vanishing in the nineteenth century. The newly emerging social theories sought to reduce society to a set of mechanistic laws, which had no inherent moral ground. Herbert Spencer's conception of social evolution, ruled by the survival of the fittest, was a prime example, in which poverty was regarded as merely a symptom of human weakness or degeneracy. By a kind of brutal justice 'evolution' would gradually eliminate the poor, while charity or any kind of 'state intervention' could only hinder this evolutionary process. Such a vision of society was not the result of any empirical investigation of human social nature, or of the moral law, but rather an attempt to reduce social laws to a purely mechanistic system of matter and motion. Creating such reductive social theories came to take precedence over the actual study of society. And it is still present in modern genetic determinism, for example in Dawkins' *The Selfish Gene*.

GREEK AND ROMAN ORIGINS

The tradition that George calls upon, and which he directly opposed to the social theory of Herbert Spencer in his *A Perplexed Philosopher*, goes back to the Greek and Roman philosophers. Although it is unclear which ancient philosophers George read directly, he certainly read of them in history, and of this he seems well informed. His world view and sense of the natural order of things is far more in accord with the classical vision than with the materialistic theories emerging in the nineteenth century with Darwin, Spencer and Huxley. For example, he saw cooperation and exchange as foundational to society, distinguishing humanity from all other species.

It was a view directly contrary to the liberal individualism espoused by Spencer and the *laissez faire* defenders of 'freedom of contract' with whom Spencer allied himself. Far more in accord with George's vision of society and our place in Nature would be that of the Roman philosopher and jurist Cicero. For example he says:

How can I help being convinced, when it has just been proved to us, first, that we have been provided and equipped with what we may call the gifts of the gods; next, that there is only one principle by which men may live with one another; and that this is the same for all, and possessed equally by all; and, finally that all men are bound together by a certain natural feeling of kindness and good-will, and also by a partnership in Justice? Now that we have admitted the truth of these conclusions, and rightly, I think, how can we separate Law and Justice from Nature? (Cicero, De Legibus, 1.35)

In this view, all our human advantages are the gifts of Nature or the gods. Law and Justice are part of Nature. Nothing could be further from Spencer's brutal justice of social materialism.

On the contrary, the principle which Cicero declares that all men share in living together is 'reason', and it is reason that discerns Justice in the natural order of things. And contrary to the notion of the survival of the fittest, 'all men are bound together by a certain natural feeling of kindness and good-will'. This, for the ancient philosophers, is the natural foundation of all human communities – not any kind of social contract or spirit of strife or competition as many of the early modern economic theorists held.

For Cicero, following Plato and Aristotle, all people 'are bound together by a partnership in Justice'. Justice is not merely an aspect of the human realm but belongs to the whole order of things. It arises from the Law of Nature and so cannot be separated from Nature. It can be articulated in human laws and institutions, and ought to be, but does not originate in them.

According to Cicero the constitution of any state is legitimate only so long as it has legitimate laws, laws that are recognised by the whole community as just. But further, no laws are just if they are contrary to the universal order of Nature. Any man-made law that is contrary to Nature does not have legitimacy as a law according to the ancient definition of law, as we see in St Augustine, the *Institutes of Gaius*, in Gratian's *Treatise on Laws*, and in Aquinas's *Summa Theologiae*. Justice is the harmonious order of Nature, and in human nature it informs the rational faculty of the mind. This conception of law understands that 'reason' runs through all things, and it is because human intelligence participates in universal reason that it is able to discern the laws of Nature. Cicero expresses this universal view:

Law is the highest reason, implanted in nature, which commands what ought to be done and forbids the opposite. This reason, when firmly fixed and fully developed in the human mind, is Law.... Law is intelligence, whose natural function is to command right conduct and forbid wrongdoing.... Now if this is correct, as I think it to be in general, then the origin of Justice is to be found in Law, for Law is a natural force; it is the mind and reason of the intelligent man, the standard by which Justice and Injustice are measured. (De Legibus, 1.18-19)

This understanding of Law as intelligence or reason present throughout the universe as well as within the human mind goes back to birth of Greek philosophy. In 500 BC Heraclitus said 'all the laws of men are nourished by one law, the divine law'. (Heraclitus *Fragment* 114). He also asserts that Justice will always be restored in Nature. Heraclitus stands historically between the poetic language of myth and rational language of philosophy and often speaks in both ways at once. In either case, both myth and philosophy begin by placing the human race within the intelligent order of the universe.

The development of philosophy in Plato and Aristotle remains grounded in the question of how we ought to live in harmony with the cosmic intelligence or *nous*. They observed that everything in nature sought its due place within the greater order of things, and that each particular being strives for its perfection in harmony with the whole. Modern physiology is rediscovering something of this way of understanding nature, for example in *The Symphony of Life* by Denis Noble. Modern economics and politics, on the other hand, lag far behind in studying the place of humanity within the order of Nature.

According to Cicero, those who fail to see that reason exists throughout the universe are 'foolishly proud' and are lacking in appropriate gratitude:

Indeed, what is more true than that no one ought to be so foolishly proud as to think that, though reason and intellect exist in himself, they do not exist in the heavens and the universe, or that those things which can hardly be understood by the highest reasoning powers of the human intellect are guided by no reason at all? In truth, the man that is not driven by gratitude by the orderly course

of the stars, the regular alternation of day and night, the gentle progress of the seasons, and the produce of the earth brought forth for our sustenance – how can such an one be accounted a man at all? And since all things that possess reason stand above those things which are without reason, and since it would be sacrilege to say that anything stands above universal Nature, we must admit that reason is inherent in Nature. (De Legibus, 1.23)

It is significant that Cicero was himself a Roman lawyer and statesman as well as a philosopher. He lived in times of great political turmoil, yet he sought to connect his studies of Platonic and Stoic philosophy with good law-making and bringing harmony to society. His influence extended far beyond the fall of the Roman Empire and resonates through the study of jurisprudence and law-making throughout the Middle Ages.

Along with Plato's *Timaeus*, Cicero's conception of the intelligent order of Nature shaped the way medieval society conceived the world, and how the order of life on the land and in the cities should reflect the harmonious order of the universe. The city was conceived as a *micro cosmos* or image of the *macro cosmos*.

To live in accord with Nature, the sustainer of all, was simultaneously rational and ethical. It was to live according to reason and conscience. The natural condition of the human race was to live in harmony with Nature. Living in harmony with Nature was seen as the basis of the human community, the precondition of society. To break with the law of Nature was to break with human society and become an alien. Nature shows in all its provisions how all things grow and prosper in cooperation together, and how they disintegrate when that cooperation is broken. It was regarded as irrational, immoral and impious for anyone to disregard this providential universal order and the mutual sustenance that springs from it.

COMMUNITY AS A MERE ABSTRACTION?

But by the fifteenth century this vision of universal order had already begun to wane. There were many complex reasons for this, but one major factor was the rise of nominalism – the theory that universals exist in name only, and that each particular thing exists by and in itself. So, for example, while one could speak of 'humanity', for the nominalist only discrete individual persons existed and so the word 'humanity' was no more than a convenient word of classification. This atomistic view of nature spread widely, and although hotly debated, it gradually became the common way of viewing things.

It had profound effects on the understanding of human society. It implied that the human 'community' was itself only an abstract construct and that in reality only private individuals existed. If society and community were simply linguistic abstractions, then society itself must be an 'artificial construct'. And indeed, this is what it was for Hobbes for whom the 'state of nature' was perpetual war of all against all. Contrary to the ancient view, Hobbesian man is not a social being but a natural enemy of his neighbour. Nothing could be further from the all-inclusive view of the ancient philosophers or the medieval lawyers and scholastics.

If society and the state are indeed artificial constructs, what then can be the basis of law and justice in society? There can be no appeal to Natural Law or to universal Justice or universal Reason as conceived by the ancient philosophers. 'Nature' could provide no answer since, at best, it acted through a mere instinct for



individual survival – Spencer's 'survival of the fittest' or Hobbes's 'fear of death'. Reason now belonged exclusively to the human mind while Nature was rendered inert and blind, or a mere resource to be mastered or plundered.

Given this atomistic conception of things, a compromise was sought. If there is no universal Justice or Law according to which society should naturally be ordered, then some kind of contract or agreement must be reached so that a society can at least live in peace.

So a compromise was proposed to live under the restraint of an imposed law of the state, or sovereign, in which each individual pursues their own private ends, while interfering with each other as little as possible. The idea of mutual support is replaced by the pursuit of private interests. Since society was no longer seen as part of Nature, there was no common ground for the establishment of rights or duties. So artificial individual rights were created, replacing the Natural Law.

It is important to understand that these new rights did not establish a community, or the common good in the traditional sense, since they were only claims made by individuals upon the state or upon one another. And since society, or the state, is 'artificial', rights, though described as universal, are in practice only utilitarian, or simply contractual. In *A Perplexed Philosopher* George challenges the idea that true rights derive from the state, or from contract, as argued by the slave owners and defenders of private property. The state cannot substitute the Natural Law with positive laws contrary to Natural Law without instituting injustice.

Compared with the ancient tradition of Natural Law, the contractually conceived society, with law having no other source than the state or Rousseau's mythical 'will of the people', is only a second or third best kind of society. And the fathers of modern politics, such as Machiavelli and Hobbes, acknowledged it as such a compromise, a second best. It is a vision of society in which no noble virtues are necessary, and no general recognition of universal Law or Justice is required. Ethics is relegated to the private domain.

Yet, from the point of view of classical Natural Law and universal Reason, such a society must inevitably suffer great injustices and misfortunes, as Macleod observed. And for this reason it will be constantly seeking remedies for the injuries it gives rise to and inflicts upon itself. For while it claims all are equal in terms of human rights, the most original Natural Right to the gifts of Nature, to the land, is denied.

LEGAL VERSUS JUST

It would be truer to say that modern society is founded on privileged proprietorial claims on land than upon human rights. For, as George insisted, it was the 'legal' claim on the land and its fruits that established the division between rich and poor, and between employer and employed. Modern rights, at best, only mitigate to some degree the injustices that inevitably follow.

While only the few have a legal claim on land there can be no establishment of the common good. And it is the establishment of the common good that defines society as society; 'all men are bound together by a certain natural feeling of kindness and good-will, and also by a partnership in Justice' as Cicero said.

cover story

That is the true 'state of nature', contrary to Hobbes or Spencer. The real human community is not an artificial construct, but a 'partnership in Justice'. It is built on the natural perception of the harmonious order of things and the innate desire to live together in harmony and in mutual benefit. This is a conception of society to be found among even the most 'primitive' people. Cicero gives a description of the natural state of society as membership of the whole universe:

...it is a city or state of which both men and gods are members, and each one of us is a part of this universe; from which it is a natural consequence that we should prefer the common advantage to our own. For just as the laws set the safety of all above the safety of individuals, so a good, wise and law-abiding man, conscious of his duty to the state, studies the advantage of all more than that of himself or of any single individual. (De Finibus, III. 64)

THE COMMON GOOD AND THE MODERN COMPROMISE

The modern compromise is to live in an industrial society without virtue or any preference for 'the common advantage'. Yet, the individual good cannot be assured without first securing the common good, 'the advantage of all' above that of the individual. That is the first principle of the Law of Nature, which always acts for the sake of the whole. And the study of primitive societies shows clearly that they are built on each member contributing to the whole, and the produce of the land and the game from hunting being shared among all.

The 'state of nature' as envisioned by Hobbes and Locke, where individual nomads claim a portion land for themselves, is contradicted by the empirical evidence demonstrating precisely the opposite. The great jurist and historian Henry Maine (1822-1888) had established this in his *Ancient Law*. The earliest condition of man was that of close communities where everything was shared in common. The earth and the sky were universally regarded as sacred. That they could become private property was inconceivable.

Living in the modern compromise has demanded massive elaboration of property law since the fifteenth century. This necessarily follows since land, by nature, is common to all living beings, and so a sophisticated body of legal arrangements is required to depart from that natural condition. Likewise, the state must constantly intervene to mitigate the consequences of living out of accord with the Natural Law, while law-making itself must endlessly seek to reconcile all the contrary aspirations of society. Rule and freedom appear as contraries, while in Nature they are not. Law is experienced as restraint, and rights experienced as never actually attained freedoms. In the general production of wealth, one person's gain becomes another's loss. So private property in land and the welfare state inevitably arise together as a single system constantly in conflict with itself.

It may well be that our modern age can live only in second or third best, reluctant or simply unable to rise to the question of Justice as the ancients did. George invoked the Sermon on the Mount as the surest way to a good society. Yet he saw that this council of perfection must first be founded in economic Justice.

AN INHERENT CONTRADICTION

The most obvious example of injustice in George's own times was the glaring rise of poverty alongside the increase in wealth. How could increase bring about decrease? That is the great contradiction that the modern compromise embodies and the



consequences of which law-making and governments struggle in vain to mitigate.

For George the root of the contradiction lay in the wrong relation with the land and the consequent abuse of the gifts of Nature. This wrong relation with the land symbolises all that is amiss in the modern conception of society. We do not regard ourselves as citizens of the universe as Cicero described it. Our false relation to the land expresses itself in economic terms most obviously as a failure to acknowledge the law of rent, and the natural revenue that arises over and above the effort of labour. As elsewhere in Nature, work produces an abundance greater than the effort expended. Nature inherently regards the greater whole. The only place where this natural providence fails is in the modern industrial society where the natural abundance, articulated in the law of rent, is largely misappropriated as private property. The human species is the only species that directly creates its own disadvantages.

In ancient and medieval times the providential abundance of nature was acknowledged with public harvest festivals, with thanksgivings to Mother Earth and to the Creator, and some portion offered sacrificially to the heavens. It is worth considering that the law of rent has a sacrificial element in it, and in a certain sense the private appropriation of this portion is an offense to the gods as well as an affront to universal Justice. In Genesis the first murder is due to a dispute over sacrificial offerings.

As far back as we can look in history or myth, there was always a sacred element attached to our relation with the gifts of the land or Mother Earth. Compared with this, the law of rent looks a very cold and dark shadow of an ancient truth once universally acknowledged. Nevertheless, it is what we might call a 'fiscal image' of that ancient truth. Indeed, it has implications far beyond the economic realm.

THE PREREQUISITE FOR THE FLOURISHING OF SOCIETY

It is clear that George sensed these implications, and often early Georgists picked up on them too, for example in Francis Neilson's *In Quest of Justice*. While at one level George sought to remedy the rise of poverty that came with technological progress, he saw Justice as a universal law that all human activity must be brought into accord with if society is to endure and flourish.

Although not an end in itself, Justice is for George the prerequisite for the flourishing of society. It is not something to be arrived at in some far off future, as Spencer held, but rather what must be established first. Historically, he argues, the fall of societies is linked with the misappropriation of the land and the gifts of Nature intended for all. He insists that reason can discern the lawful working of the economy and our proper relation with the land.

George's call upon reason shares common ground with Cicero, and there is a passage in *The Science of Political Economy*, which echoes Cicero directly:

Natural laws, on the other hand, belong to the natural order of things; to that order in which and by which not only man himself but all that is, exists. They have no sanctions in the sense of penalties imposed upon their violation, and enforced subsequent to their violation; they cannot be violated. Man can no more resist or swerve a natural law than he can build a world. They are acknowledged not only by all men in all times and places, but also by all animate and

all inanimate things; and their sway extends not merely over and throughout the whole earth of which we are constantly changing tenants, but over and through the whole system of which it is a part, and so far as either observation or reason can give us light, over and through the whole universe, visible or invisible. So far as we can see, either by observation or by reason, they know not change or the shadow of turning, but are the same— yesterday, to-day, tomorrow; for they are expressions, not of the mutable will of man, but of the immutable will of God.

This passage is a paraphrase of Cicero's *De Republica*, III, 22, 33. George was obviously familiar with this great work of Cicero and here adapts it to his own style of writing. But also George calls upon the Roman Stoic Marcus Aurelius on the opening page of *Progress and Poverty* to apply reason to discover the truth of things.

George also cites the Natural Law tradition in his *Open Letter to Pope Leo XIII, The Condition of Labour*, with his references to Aquinas, while Pope Leo had erroneously claimed private property was a 'sacred right' decreed in Natural Law – a claim specifically revoked in later encyclicals.

With exceptions such as the early Physiocrats, Patrick Edward Dove and Macleod already quoted, few economic thinkers in George's time called upon the wisdom of the Greek philosophers, the Stoics or the medieval scholastics. On the contrary, ancient philosophy was largely dismissed or relegated to an 'early stage' of society. So George had few allies in seeking the roots of the land question in history or ancient philosophy. Yet he clearly saw a timeless truth about our relation to the land and to Nature, a truth once universally recognised.

Yet, given the general disregard for ancient philosophy in the nineteenth century, and the new materialist outlook, George could hardly have directly called upon the authority of Cicero, Aristotle or Plato. This remains a task still to be undertaken. A splendid start has been made by Francis Neilson just mentioned, and also by Charles Avila in his 1983 book *Ownership: Early Christian Teaching*.

There is a forgotten tradition to build upon, and it may now be an auspicious time to restore it, especially as we are confronted with ecological crisis and global warming as direct consequences of our abuse of the land. There are some encouraging signs. A new generation of scholars have shaken the arrogant prejudices and narrow historical outlook of the nineteenth century, acknowledging that the ancient philosophers and the Natural Law tradition have contributed substantially to the understanding of society.

THE WIDER VISION

George was a social philosopher as well as a political economist, and therefore he had a wider vision of the place of economics in society as a whole.

Georgists can build on this wider vision, for it is only in the broader context of Justice in society that his fiscal proposals show their true depth and significance. It is only on these grounds they can be argued for. Economic Justice and the right relation with Nature are bound together. And it is only from this greater perspective that they can be connected with the insights of the ancient lawmakers and philosophers. 📖

*Edward J. Dodson is a lecturer and author of the three-volume work *The Discovery of First Principles* as well as founder of the School of Cooperative Individualism*

WHEN THE ECONOMIC STARS ALIGN TO MAKE BAD THINGS HAPPEN

There is a good deal to be learned by studying how the triggers bringing on economic crises aligned in the past. So, for example, to understand why the Great Depression occurred in the United States during the 1930s, one must look at what occurred during the years building up to the crash.

A significant amount of the financial credit made available during the 1920s went into land speculation. A good primer on what occurred is found in the book *Only Yesterday*, written by historian Frederick Lewis Allen. Not only did investors become captured by the frenzy of the Florida land boom, this same frenzy occurred in many cities in response to population increases that triggered a significant increase in the demand for both commercial and residential land. An agricultural land boom also occurred during the First World War, during which time farmers borrowed heavily to expand their land holdings and production of agricultural crops. A few years was required after the war ended for European farmers to recover, but by the mid-1920s global production exceeded demand, prices fell, farmers defaulted on loans when government guarantees were removed, and rural banks failed by the hundreds.

As the land boom crashed, investors shifted heavily into the stock market, driving up prices well beyond what any fundamentals supported. Thus, by the end of 1929 the U.S. economy was stressed across almost all areas of production as well in the financial markets. To be sure, imprudent bank lending deepened the crash and lengthened its duration, but it was a crash in the making because of the failure to utilize tax policy to tame the credit-fueled, speculation-driven land markets. A few economists (e.g., Harry Gunnison Brown, Scott Nearing and John R. Commons) had argued the case made in the late 19th century by Henry George, who showed that cyclical booms and busts would be tamed only if the full or nearly-full public capture of the potential annual rental value of land and of rents from other sources (e.g., monopoly licenses issued by government) became public policy.


Harry Gunnison Brown was joined over the succeeding decades by a small group of economics professors who continued to make Henry George's case. One could argue that recessions that began again following the end of the Second World War would have been even worse if local governments did not capture some land rent via the taxation of real estate. However, as land prices climbed all across the US, property assessments rarely kept pace. This made speculation in land an even more profitable investment.

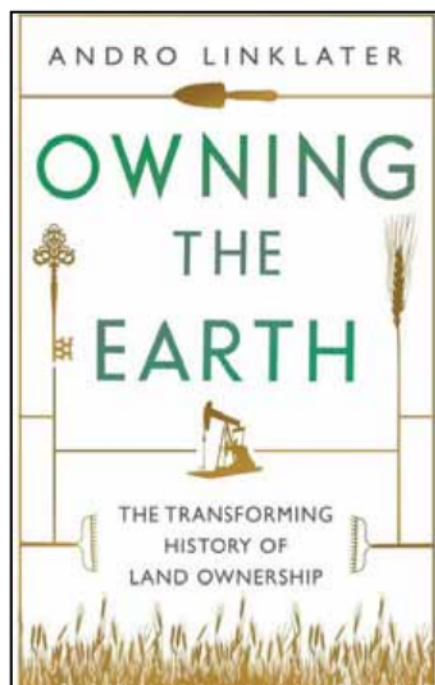
Relying on out-of-date valuations rather than current market values created a serious analytical problem for government statisticians. They simply did not understand that any increase in the price of land is inflationary and did not include such increases in their calculation of inflation.

Another failure has been to accurately calculate the annual aggregate rent that is privately captured as unearned income (whether imputed or actual). Since the administration of Ronald Reagan, the federal government has not monitored land prices. The figures utilized in the econometric models relied upon by the Congressional Budget Office and the Federal Reserve are around 5 percent of the actual potential rent in the economy (see Joseph Stiglitz or Mason Gaffney on this particular problem).

I offer here a very rough estimate of the rent attached to just one part of the U.S. economy, the residential property market. At mid-2020, the median price of a single-family property was around \$295,000. There are about 140 million existing housing units in the United States. If we assume a fairly conservative median land-to-total value ratio of 35%, this means that the aggregate residential land value in the U.S. is \$103,250 per property, multiplied by 140 million = \$14,455,000,000,000 (\$14.455 trillion). Economic theory tells us that land price exists because of the capitalization of the net amount of rent that remains in private hands after taxation. If most or all of the rent was captured via taxation there would be nothing to be capitalized and land prices would fall to very close to zero. What the rent fund might be depends on the discount rate. If we assume that investors will invest in land if they can obtain an annual increase of 5%, then the rent fund would be calculated as follows: 5% of \$14.455 trillion = \$722.75 billion of rent JUST for the land under existing residential buildings. Add in the number of vacant residential lots around the U.S. and this figure will increase considerably.

Tragically, the public capture of land rent has yet to become widely-adopted public policy. The result, of course, is a land market cycle that will inevitably once again bust. As Fred Harrison and others schooled in the political economy of Henry George have told us, the land market is on schedule to crash again in 2026. I have prepared a relatively short video in support of this forecast as applied to the U.S. for anyone who reads this and has an interest in more details:

<https://www.youtube.com/watch?v=fmA6ZPs-wus> 



OWNING THE EARTH
THE TRANSFORMING HISTORY OF LAND OWNERSHIP
BY ANDRO LINKLATER

Reviewed by Lasse S. Andersen

Bloomsbury, 2013
ISBN: 978-1620402917

Surveying the world before the year 1800, most of the world's land was held either collectively by various traditional bands and societies or corporately by the higher establishments of church and crown. Land was embedded in conditional tenures, held in *usufruct*, and subject to rules and restrictions defined by the societies that inhabited and controlled the territory to which it belonged. In just two centuries, however, this situation has been radically transformed by the seemingly unstoppable force of the most consequential idea in modern history: The concept of exclusive, individual property in land.

Such argues Andro Linklater, the Scottish (yet Kent-based) historian, whose final work *Owning the Earth* (2013) was published just months before he died in 2013. It stands as a monument to a lifetime of research into the history of the transforming power of landownership. His first foray into this topic, entitled *Measuring America* (2002), explored the largest ever land sale in history, the carving up of the American West in the two decades after the Louisiana Purchase of 1803, which saw 13,8 million acres of public land being sold for the average price of less than \$1.70.

This book traces the global reverberations of this transformation; a transformation that dwarves in importance any of the modern political revolutions, and which has spread like a viral infection across the globe.

Linklater's go-to metaphors are epidemiological, and his position is one of deep ambivalence. Unarguably, private landownership has laid waste to whole civilisations and displaced entire peoples – often eradicating them from the face of the earth. But it has also generated an unprecedented degree of prosperity and personal freedom, protecting it with democratic institutions. It is both the most destructive and creative cultural force ever unleashed, capable of reshaping individuals and societies in its own image wherever it takes hold. The essential truth that *power follows property*, which the English republican James Harrington was the first to formulate and theorise in the 17th century, is still fundamentally correct, and for the sake of democracy, Linklater argues, 'a realistic scenario for 2050 has to consider how the earth will be owned'. Because ultimately, private property is a force more powerful than democracy.

Linklater's narrative is populated with a wealth of familiar and unfamiliar characters drawn from all over the world, but at its core it is about the rise and fall of the best (or least bad) form of private landownership: the property-owning democracy – a vision of society which emanated from Britain, from the Levellers and Diggers in particular, but which received its most exemplary formulation and implementation in the thoughts and actions of Thomas Jefferson.

It is a story replete with missed opportunities, deep historical ironies, and unintended consequences. The danger of private property is that it tends towards undermining the egalitarian and democratic society which it engenders and supports only as long as ownership is sufficiently distributed. And Jefferson was aware of the danger, arguing for distributive inheritance laws and writing to James Madison from pre-revolutionary France that 'the earth belongs in usufruct to the living.' In the end, however, when he presided as President over the sale of vast amounts of public land he failed to act on this principle. Had the land been sold on leasehold tenures rather than freehold, which Linklater assures us was 'not unthinkable' given Jefferson's views, the rights of future generations to a stake in the soil would have been better secured. Two centuries later a similar opportunity presented itself when the Soviet Union collapsed and a transition to a market economy was required. Thirty distinguished economists from the West wrote an open letter advising President Gorbachev not to sell off the land, because in the long term the superior economic solution was to charge rent for it. "Their argument," Linklater insists, "was precisely the same as Jefferson's: leasing the land would allow future generation to enjoy a rising income from its growing value, while the sale of it would give a small gain but allow speculators to make the largest profit." Alas, this was yet another failed opportunity.

The centuries between these two enormous land-sales were marked by numerous minor land-reform moments all over the world, breaking down old feudal-like structures with varying success and unleashing the creative power of private property.

The ideology of the independent citizen as the bedrock of society helped the revolution along, especially in British settler colonies such as Australia and New Zealand, where it gave rise to institutions more democratic than those of Great Britain itself. The price was the displacement of the original peoples whose homeland was declared *terra nullus*.

The most interesting aspect of the book is the description of the tension between property-owning democracy, which requires a wide distribution of land, and the rivals to this egalitarian outcome, both past and present. Linklater dwells in particular on two major setbacks, both relating to America, and both of which cases where private property was dislodged from the egalitarian ideal with calamitous consequences.

One obvious setback occurred in the American South where, instead of the evaporation of the institution of slavery, which had been the vain hope of Jefferson, it was his own republican vision of independent proprietorships that evaporated, being replaced by the rapid spread of the large-plantation system, which facilitated the migration of slavery as an institution to the new territories south of Virginia, especially in the decades after Jefferson's death in 1826. The Civil War was the inevitable result of this regression. And the defeat of the Confederacy, which could have sparked a new beginning, marked yet another failed opportunity. The political demand for a comprehensive redistribution of land to the emancipated former slaves was crushed as southern plantation-owners were restored to their lands during the period of Reconstruction.

In more modern times, Linklater focusses on the sudden and unfortunate *volte-face* of American foreign policy that occurred as a consequence of the Cold War. The central character in this story is the enigmatic US civil servant, the Georgist sympathiser Wolf Ladejinsky, who is arguably the most influential person that you have never heard of. Rising through the ranks of the Department of Agriculture, Wolf Ladejinsky, a Ukrainian refugee from Bolshevik collectivisation, became the organising genius behind the post-war reforms in Japan, Taiwan and South Korea, which redistributed land on a massive scale and created the material foundation for the stable path towards prosperity and democratic institutions.

From the 1950s, however, this strategy fell into disrepute as the sanctity of private property was buttressed in the ideological war with communism, rendering all redistributive schemes much less palatable to the Western powers. Jacobo Arbenz Guzman, the elected President of Guatemala, was the first to feel the consequences of this abandoned faith in land reform when his new government was overthrown in 1954 in a CIA attempt to prevent the United Fruit Company from having its vast uncultivated landholdings (four hundred thousand acres) seized and redistributed. The safety of these American assets now mattered more than the democratic future of a nation in which 70% of the arable land was controlled by 2% of the population. In that same year, President Ngo Dinh Diem took power in South Vietnam and promised to distribute land to the peasants in the wake of the collapse of French rule. Ladejinsky became his personal adviser and quickly looked for ways to achieve this result.

But his usual way of going about it – expropriating excess land from absentee owners in exchange for bonds – had now fallen out of favour, not least because of the draconian collectivisation of land that was being carried out in the North by Ho Chi Minh. In this context, President Diem opted for a much less ambitious redistribution plan, failing to win support for his regime from the largely landless population. Landlordism soon became a strategic ally in the South and land reform was no longer the policy of the US State Department.

This trend towards the by-passing of land reform was then further reinforced, Linklater argues, by both theoretical and technological developments. A general authoritarian turn occurred within the theory of development, beginning with Walt W. Rostow's influential 1956 paper '*The Take-Off into Self-Sustained Growth*', which suggested that developing countries could become prosperous through the promotion of elite-driven industrialisation alone. As Linklater writes: 'A small industrializing group could quickly achieve what land reform only hoped to do with difficulty over time. Jefferson's democratic distribution of land was irrelevant'. As this theory rose to become orthodoxy in the 1960s, it became entwined with the strong belief that any kind of capitalist development, even when brought about through state or elite direction, would generate enough wealth to eventually bring about democratic reforms. But only after a necessary period of 'authoritarian transition', as Samuel Huntington argued in his *Political Order in Changing Societies* from 1968.

Henceforth, the US State Department was committed to a development strategy of backing strong rulers wherever the threat of unrest manifested itself in nations of very unequal landownership. In Iran, for instance, the land-reform movement that began under US pressure in the 1950s, and which was masterminded by the radical Iranian economist Hassan Arsanjani, ran into the sand when the newly independent peasants, largely in the Azerbaijan region, showed signs of waning deference to the regime, which in turn gradually allied itself with the old landlords instead – without losing US support.

The downside of this strategy, however, lay in the poor productivity of agriculture that landlordism often entailed, given that large absentee landlords tended to maximise rents rather than profits. But this obvious economic problem was then subsequently solved by the advent of Norman Borlaug's Green Revolution, which prevented millions of people from dying of starvation, but which also changed the nature of agriculture in such a way that, unintentionally, it enabled the rulers of developing countries to side-step land reform without having to forgo on the economic and social benefits of agricultural productivity.

In hindsight, Linklater argues, it is easy to see that democracy was never the likely result of an authoritarian transition, and the fact that the extremely unequal landownership in the Levant and Middle East was never addressed properly meant that the Persian Spring and the later Arab Spring, which was taking place just as he was researching his book, was unlikely to produce stable democratic results. Democracy was unable to thrive in places where the ownership of the earth was not widely shared

HGF BRIEFING NOTES


– a truth whose relevance also applied to the seemingly more entrenched democracies of the West.

As the 2008 financial crash revealed, private landownership could produce extremely perverse results when the ideology of homeownership combined with the caprice of financial capital to generate credit-fuelled boom-and-bust cycles. Instead of producing independent citizens, this situation only produced indebted consumers, operating within a political system dependent upon maintaining the inflationary growth of rising property values. Thus, while the ideal of a property-owning democracy was rendered uneconomic and dangerous in developing countries, the financial liberalisation of the past fifty years in effect undermined the ideal in developed countries.

It is difficult to do justice to the scope and ambition of Linklater's book, which is worth reading exclusively for the wealth of historical detail and the surprising connections and juxtaposition. Ultimately, however, the book remains somewhat undertheorized, and the impressive range of material serves to disguise that Linklater doesn't have any answer to the question of how the earth should be owned in the future. What he does have is a strong scepticism about the "merely economic" understanding of landownership and a deep nostalgia for the pre-modern way of seeing property in land as something more conditional than a commodity, as something embedded in society rather than owned.

Regarding the Georgist remedy, he is clear about the justice of reclaiming the rent of land for the benefit of society, either through taxation or leasehold tenures. But in his brief discussion of Henry George, which is regrettably his only engagement with 19th century Britain, he expresses great doubts about the feasibility of assessing the unimproved value of land.

The fact that land value taxation has already been implemented in numerous countries is regrettably unexplored, but this lacuna is perhaps less regrettable than the fact that he so readily concedes the economic argument to the proponents of exclusive, individual property in land.

The taxation of land values is not only the economist's favourite tax. It is also a practical way of actually enforcing that conditionality of private property in land that Linklater longs to return to – without knowing how. 

FRIDAY MEETINGS AT MANDEVILLE PLACE

Friday study groups at Mandeville Place will continue into the Autumn Term.

As usual please keep yourself updated with news about the Friday study groups on the Henry George Foundation website.

Please go to:

www.henrygeorgefoundation.org/events/friday-events

OPEN DAY EVENT 2021

The annual Henry George Foundation Open Day Event has now been scheduled.

The 2021 Open Day will be taking place on Saturday the 18th of September. With Great Britain still enduring the prolonged consequences of the Covid19-pandemic this year's Open Day event will not be held at Mandeville Place but move to the online platform Zoom to which we have now grown accustomed.

This year's event will indulge participants with these themes:

"The Land Question and Community"

Joseph Milne will consider how the privatisation of land, the rise of modern industry, and the evolutionary ideologies of progress in the 19th century destroyed the self-sufficiency of communities and turned free people into wage labourers.


David Triggs: *"George, Marx, Socialism and Money"*

"It's a beginning: The Land Value Tax in Baden-Wuerttemberg"

Dirk Lohr will take us through the successful campaign for the introduction of LVT in Germany.

Andrew Purves: *"Singapore: Property State"*

Frank Peddle and William Peirce: *"A celebration of the publication of The Annotated Works of Henry George Volume IV: Protection and Free Trade."*

"Generating Awareness of Henry George's Principles of Cooperative Individualism": Edward Dodson will transcend the traditional labels of 'Georgism' and the 'Single Tax' by exploring the principles of cooperative individualism. 



THE STOCK MARKET AS CASINO: COULD IT BE TAMED?

Investing in the stock market involves significant risk with the promise of significant reward. One can reap huge gains or experience huge losses of invested funds in a matter of days or even hours.

While investment managers and analysts describe the market dynamics in terms of certain fundamentals, the reality is that so long as only a small minority of existing shareholders entertain selling shares, a sellers' market prevails.

One bit of troubling news -- or even an unsubstantiated rumor of troubling news -- and the reverse occurs and the number of interested buyers is greatly reduced. Those convinced prices might fall even more take steps to unload their shares in an effort to shift assets to the shares of other firms, to indexed mutual funds, to bonds, to real "hard assets" (such as real estate, land, precious metals or collectibles).


A fair argument to be made is that the market for shares of stock diverts a huge percentage of financial reserves that would better

serve humanity if directed to important societal goods and services.

If this assertion is accepted, when, then, might be done to tame the casino character of how shares of stock are issued and exchanged?

I have given some thought to the problem and have come up with one idea worth sharing. I invite readers to respond with your own idea or ideas (or constructive criticism of what I propose).

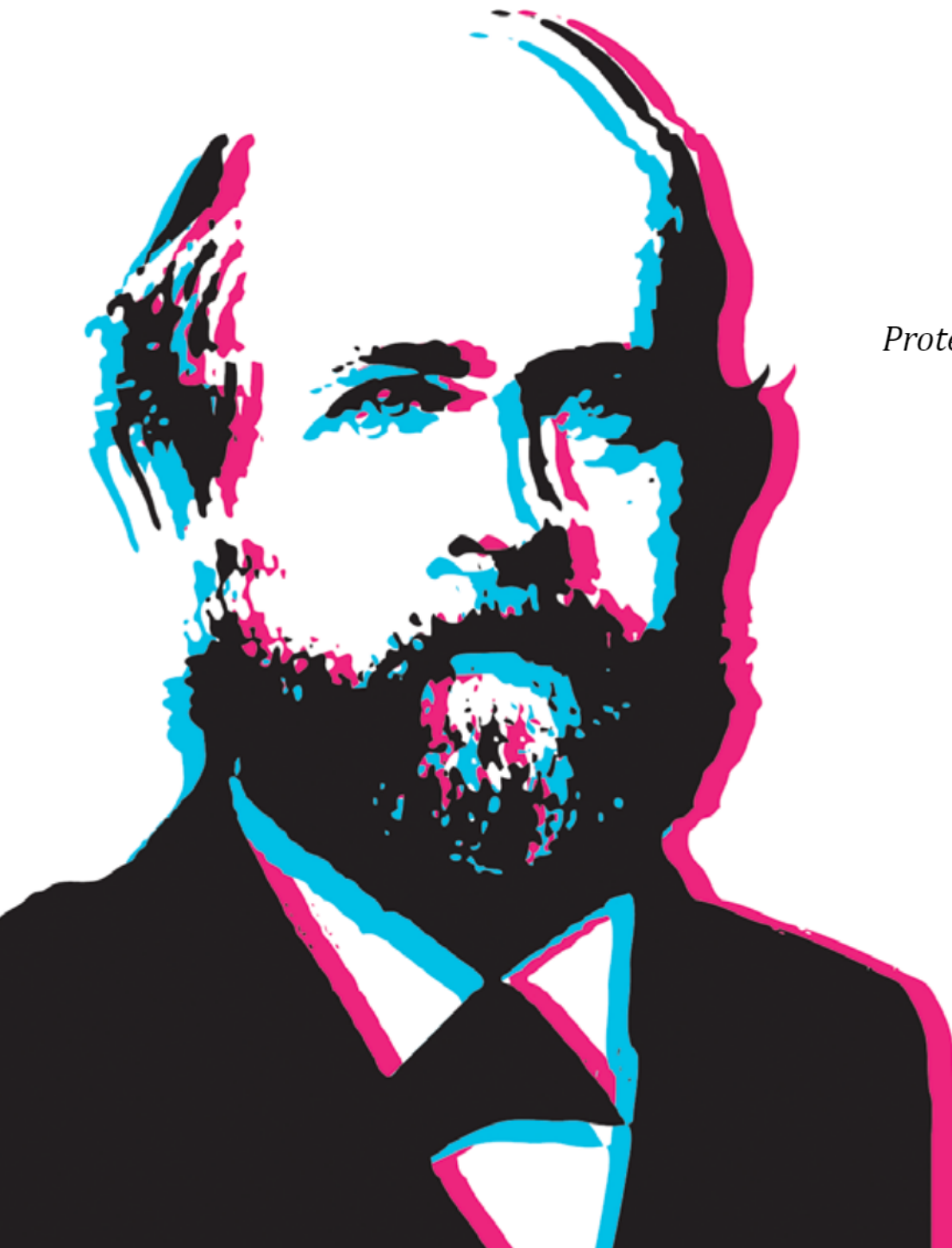
What if corporations could be required by law to distribute as dividends all profits above retained earnings necessary for operation of the firm. Investors would then consider income generation from ownership of shares rather than the potential for gain from sale of the asset.

Would this not result in share values being established by market capitalization of actual (and, to some extent, forecasted) distributed income? 

... THE MOST PROGRESSIVE
PEOPLES, IF NOT ALWAYS OF
MIXED BLOOD, HAVE ALWAYS
BEEN THE PEOPLES WHO CAME
MOST IN CONTACT WITH AND
LEARNED MOST FROM OTHERS

”

Henry George,
Protection or Free Trade, 1886



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

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.

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 _____

