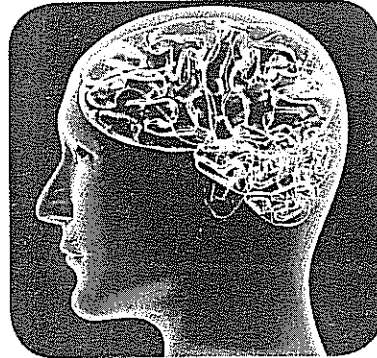
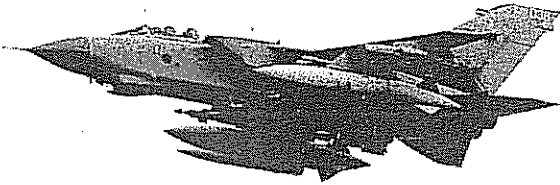


GEO-POLITICAL POWER IN THE 21ST CENTURY

By David Smiley



“The poor have always kept the poor. *That is no problem.* The problem is that they also have to keep the rich.”

BACKGROUND

In his book, *The Power in the Land*, Fred Harrison directly linked what we now call global financial collapses to real estate speculations that could have been prevented by adequate land taxes. This essay, though also concerned with power in the land, will directly link this power to those geopolitical power structures that have caused, and are causing, so much damage: the poverty and inequality that lead to famines, wars and revolutions. But after tens of thousands of articles and learned papers from social scientists, all offering different explanations, a reasonable assumption is that there is a key component missing from the models of power and conflict used by the social sciences, and interpreted by the institutions that run this world.

MODELS OF POWER AND CONFLICT

All of us use models all the time. For example, whenever we walk across a road or press the accelerator we predict the outcome by using a mental model, memories of times and spaces, the success of our model being reflected in accident statistics, the survival of the fittest model. Any model is better than none, but some models are better than others. So the purpose of this essay is to find a better model than those of the social sciences that have failed.

Complex models. Examples include political models of conflict such as war games balancing the risks and gains of intervention, economic models attempting to balance those budgets already beyond the reach of reform, and those models that attempt to predict society's behaviour. A recent addition from the field of sociology is called the FuturICT project, where the ICT refers to information and communication technologies. This is not a small-scale project, the EU plans to invest one billion euros in it over 10 years, to apply massive computer power to the collection and mining of “big data” on socio-economic problems. It may be presumptuous to question the foundational assumptions of this project at this stage, but you will find later, in my discussion of institutions and the ideas that underpin them, examples of failure of other multi-billion dollar UN, EU, World Bank and IMF projects.

Simple models. But good models can be simple, and very instructive to those that build complex models. Here is a good example. “Imagine a small island to which castaways swim as ships are successively wrecked on a nearby reef; eventually the earlier occupants will be able to present new castaways with the choice: be our slave, or keep swimming.” As I will argue later, this single sentence illustrates, at the simple level of boat people, how land monopoly can illustrate many dilemmas in those social sciences that do not connect social problems with uneven distribution of “the power in the land”. It is obvious that real life problems, and therefore of necessity their models, are complex. But a complex model that excludes an important component of a simple model will fail. To construct a simple but complete model of geo-political power you and I now have some work to do.

EARLY MODELS OF POWER

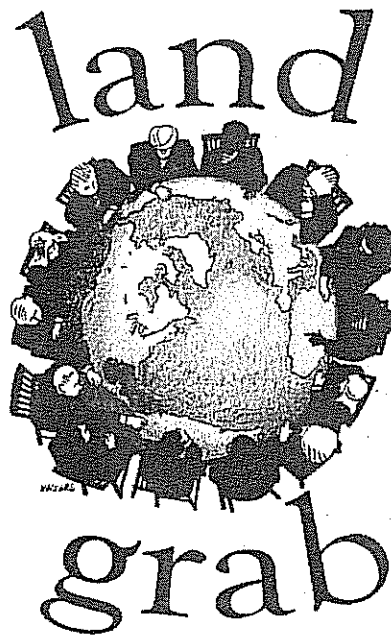
Let us start to build our model with our early ancestors specialising in either hunting or gathering. Adam Smith gave us our first formal model of this in 1776 in his description of the division of labour; one worker did this, another did that, each becoming thereby more efficient. The hunter-gatherers specialised and they also developed tools, again generalised by Adam Smith into a simple mathematical model; we take time off from work in order to make tools (capital) thereby producing more goods with less effort. In both cases the investment in capital paid-off. Hunter-gatherers postponed starvation and then started to exchange of goods systematically. In 1817 David Ricardo developed the first mathematical model of all these forms of exchange. That people benefit from trade should be obvious, but that this applies even when a person or a country is better at all things was the genius of his theory of comparative advantage. But the hunter-gatherers soon pressed against the carrying capacity of scarce land, by over-populating it. Then tools such as baskets and spears, and inventions such as the bow and arrow, soon increased the carrying capacity of a given area of land. The perimeter of the land our tribe needed was thereby reduced, we now needed less land to survive. But, with population growth even this was temporary, so our first simple mathematical model of progressive over-population came in 1798 from Thomas Malthus. In his model population tends to increase by geometrical progression while the availability of food increases by arithmetical progression, leading to starvation of surplus population.

Scarce land led inevitably to inter-tribal warfare for the conquest of land. A medical historian (McNeill, 1977), studying parasites, suddenly saw the origins of human class systems in what he called macroparasitism. "A conqueror could seize food from those who produced it, and by consuming it himself become a parasite of a new sort on those who did the work."

FRED HARRISON

THE POWER IN THE LAND

UNEMPLOYMENT, THE PROFITS CRISIS
AND THE LAND SPECULATOR



These then are all the tools we need to explain why our ancestors moved "out of Africa" and spread round the world. No one leaves a land of milk and honey voluntarily so, following Malthus, we must conclude that populations progressively exceeded the carrying capacity of scarce land, and so inter-tribal warfare pushed waves of surplus populations outwards. For our hunter-gatherer Malthus had trumped Smith.

For our next model we move on to the development of agriculture and settled societies. The circle that described the area that sustained a hunter-gatherer tribe had an implicit value, what economists call rent, especially compared to that of a nearby avaricious and warlike tribe. Let us now replace these circles of hunter-gatherer land by the rectangles we now call farms, estates, properties or sites. For these land values now become quite explicit. It was David Ricardo who developed simple mathematical models of these values that he called rent, always rising with population. Karl Marx and Henry George both then developed theories of the landed class systems that arose, depending on who got the land first or who then stole it, and could therefore demand rent.

How large were these rents? Malina (2001) has found that the pre-industrial city typically contained ten percent of the population that it controlled. Of these, two percent were priests, administrators and absentee landlords (minor landlords lived on their farms). The remaining eight percent were small merchants, craftsmen, beggars and slaves. Such societies could, and still can, remain stable for hundreds of years, population being limited at the level of subsistence. Warriner (1948) found that, for example in Syria, absentee landlords of non-irrigated land took 40-50 percent of the crop, 60 percent

for irrigated land. Later development economists like Michael Todaro (1989) quotes typical land ownership ratios of 90 percent owned by 5 percent of the population.

Moving on now to industrialising societies, anthropologists such as Brian Fagan (2009) attribute the rise of the nation-state to increasingly sophisticated trade networks. By now the rulers were called kings, jealously guarding their "percentages" skimmed from any passing trade. On land we meet the warning "where goods cannot pass, armies will". At sea we find the evolution of the battleship to defend those trade routes exporting manufactured goods in exchange for raw materials imported from imperial networks of colonies. But both European industrialisation and colonial exploitation cannot be understood without the help of Ricardo's laws of rent, and the social implications of the rise and fall of land values with population. For example, the industrial revolution took off when the English land enclosures, the Scottish highland clearances, and the Irish land expropriation poured cheap surplus labour into Manchester's mills and factories. Rural landowners gained land for more profitable grain and grazing, urban landowners gained rent bonanzas from the population influx, while the factory owners got cheap labour. Overlapping in time were the colonial systems that raped Latin America and Africa. To understand all these, let us represent an English common, a Latin-American estate or an African tribal settlement by a rectangle. Push the occupants into half the area and, following Ricardo's theory of rent, wages, that is to say the standard of living, is approximately halved. Now continue pushing until its occupants are willing to work for subsistence wages, and you have the entire history of humanity sitting in Ricardo's equation.

"where goods cannot pass, armies will"

It seems little short of astonishing that so many famous historians, sociologists, political scientists, and even some economists are incapable of putting together these models of Malthus, Smith and Ricardo to explain quantitatively the coexistence of poverty and progress, and the armed conflict that marches alongside. Some get close to the truth, but at a rhetorical level only, as in the following examples. For History, "Europe was a series of dynastic squabbles over real estate." For Sociology, "The poor have always kept the poor. That is no problem. The problem is that they also have to keep the rich." For the Law and Human Rights Jeremy Bentham was very close, "It is impossible to speak of rights without enforceable duties." As was JS Mill anticipating our modern environmental and conservation concerns when he said "The social problem of the future we consider to be, how to unite the greatest individual liberty of action with a common ownership in the raw material of the globe". For Political Science, "where goods cannot pass, armies will." and



"In capitalism man exploits man. In communism it is the other way round." Marxists argue that monopoly of capital, not land and natural resources is the key to social problems. This argument was always inappropriate to agrarian societies, even more so to today's urbanising world, hungry for homes and resources. Let us examine this in the contexts of the 20th and 21st centuries.

MODELS OF 20TH CENTURY POLITICAL POWER

The first half of the 20th century was dominated by two world wars that devastated large parts of the globe. Where European domestic history was essentially dynastic squabbles over real estate, its history of foreign affairs was essentially the same struggle for control of imperial real estate. By the 20th century this real estate included most of the world. Competing for large slices of the earth were the rent-seeking empires of Europe, Russia, Japan, and the Ottoman. The Ottoman Empire did not survive the First World War. Nor did the German Empire survive, in the sense that the allies took all its resource-rich colonies, a deprivation leading, ultimately, to the Second World War. In the East a rapidly industrialising Japanese empire found trade embargos were placed against essential resources such as oil, resulting in a situation explained by the maxim "where goods cannot pass armies will". As with Germany a deprivation also leading to the Second World War.

The second half of the 20th century was dominated by a standoff between the First World of NATO and the Second World of the communist states, called the Cold War. The implosion of the Communist Bloc left reverberations that are still ongoing. The non-aligned, usually poor countries were labelled the Third World, and later called South or Developing Countries. Sad remnants of the European feudal

legacies maintained much of Latin America and Sub-Saharan Africa in poverty and gross inequality. In India, the most populous country, its bourgeois revolution lifted its top half leaving the rest in the poverty of caste. In China, the second most populous country, grinding feudalism awaited grinding communism and then a spontaneous land reform the result of which is lifting China to the top of the heap, carrying a parasitic bureaucracy with it.

Outside of North Korea, communism as a system did not really survive the 20th century. Way back in the 19th century Marx and Engels had recommended "The collection of all land rent for public purposes", the equivalent of Henry George's Single Tax. Had the communist revolutionaries left it at that the history of the 20th century would have been very different. When Russian communism finally imploded and property rights were suddenly up for grabs, an American Georgist economist collected 30 signatures, three from Nobel Prize winners, for a letter to Gorbachev advocating what was essentially the collection of all land rent for public purposes. But by then the Commissars had already morphed into monopoly capitalists and it was all too late. At the end of the 20th century conventional warfare between states had shifted to asymmetric wars conducted, depending on your point of view, by freedom fighters, terrorists, or occupying powers, and there were still 27 million slaves in the world.

But there was one ray of hope. "In all three of Asia's biggest successes - Japan, South Korea and Taiwan [and China]- the groundwork for both fast growth and the income equality that eased the social strains of development was laid by a radical land reform." (Economist, 29 June, 1991, p. 16.) The Chinese land reform of 1976-78, when the peasants walked out of the communes back to their farms, was perhaps the only revolution in history that was spontaneous, non-coercive, bloodless, and delivered an astonishing but continuous high rate of economic growth.

MODELS OF 21ST CENTURY POLITICAL POWER

In the 21st century the wealth within nations remains concentrated, as it has always been, in the elite classes. But when we look at the struggle for wealth between nations we see new power blocs partly replacing the old empires and ideologies, but with the same ambitions over territory and resources. Let us look at some of the emerging power blocs. Some names, the West and the Middle East are familiar. Some, the BRICs, the Land Grabbers, the NORCs and the Precariat, are new.

THE WEST, now possibly in decline, is inflicting on the world one or possibly two inexcusable Great Financial Collapses, policies of agricultural protection that continue to damage its taxpayers as well as third world farmers, property

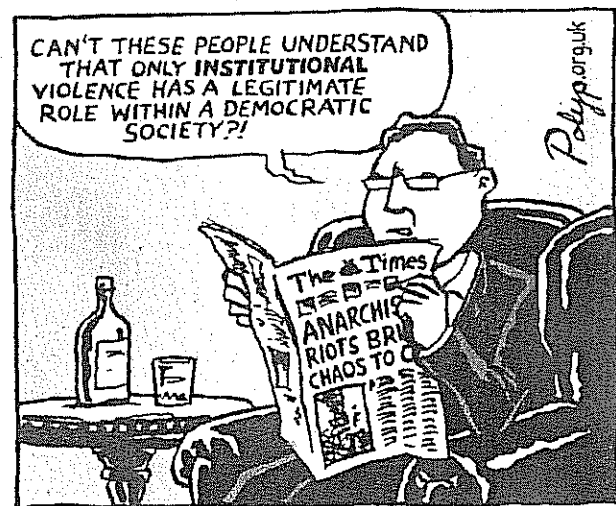
rights over nature, and enough weaponry to destroy civilisation several times over.

Financial collapse. The 21st century was ushered in with a big bang of financial disasters, giving us new labels like GFC 1 & GFC 2, naughty banks, bailouts, contagion, sovereign defaulters called PIGS (Portugal, Italy, Greece and Spain), Freddie Mac and Fannie Mae who tempted the poor to join the real estate rat race, and CDOs, the collateral debt obligations that re-packaged and sold real estate debt. The money to be made was colossal, drawing in most of the best maths Ph.D.s away from productive work into non-productive, ultimately extremely damaging, financial engineering.

Protectionism. "Farmers in poor countries struggle to compete with heavily-subsidized farmers in Europe and America - and even see their own market destroyed when food surpluses are dumped. Lost trade costs poor countries an estimated \$700 billion each year, says the UN, a figure that dwarfs aid spending." (Economist July 1, 2000:50)

Property rights. Bentham's idea of corresponding obligations faces powerful opposition, as Australia is finding out with carbon and mining taxes. In the field of intellectual property rights, it has been reported (Guardian Weekly, 6.1.2012) that French farmers now have to pay to use their own seeds, with massive implications for the third world.

Armaments. The good news is that the frequency and cost of wars are in decline. That we did not notice this may be due to the media's news policy: "if it bleeds, it leads". The bad news is that the predictors of conflict: poverty, inequality, unemployment and shortages of energy, water and food are on the rise. This has not gone unnoticed by UK arms industry whose exports have risen 70% over four years, or by the US, Russia, China and Israel who recently blocked the banning of cluster bombs.



THE MIDDLE EAST. In the March-April 2011 issue of Progress I suggested that, though what we call the Arab Spring may deliver the vote, poverty and social unrest will continue until social revolutions address the huge monopolies in the ownership of land and natural resources. These monopolies explain the Gaddafi family wealth, 35 billion in seized or frozen financial assets and 10 billion in real estate, the Mubarak family fortune of 70 billion, and Saudi Arabia's royal family's net worth of 1.2 trillion. It also explains why the US has recently finalised a Saudi arms deal worth 60 billion.

THE BRICs. The old abrading tectonic power plates we used to call the first, second and third worlds, and the hegemony called the Washington Consensus, are being challenged by the new high growth economies: Brazil, Russia, India and China. But these new tigers are also creating wealth at the expense of the poor.

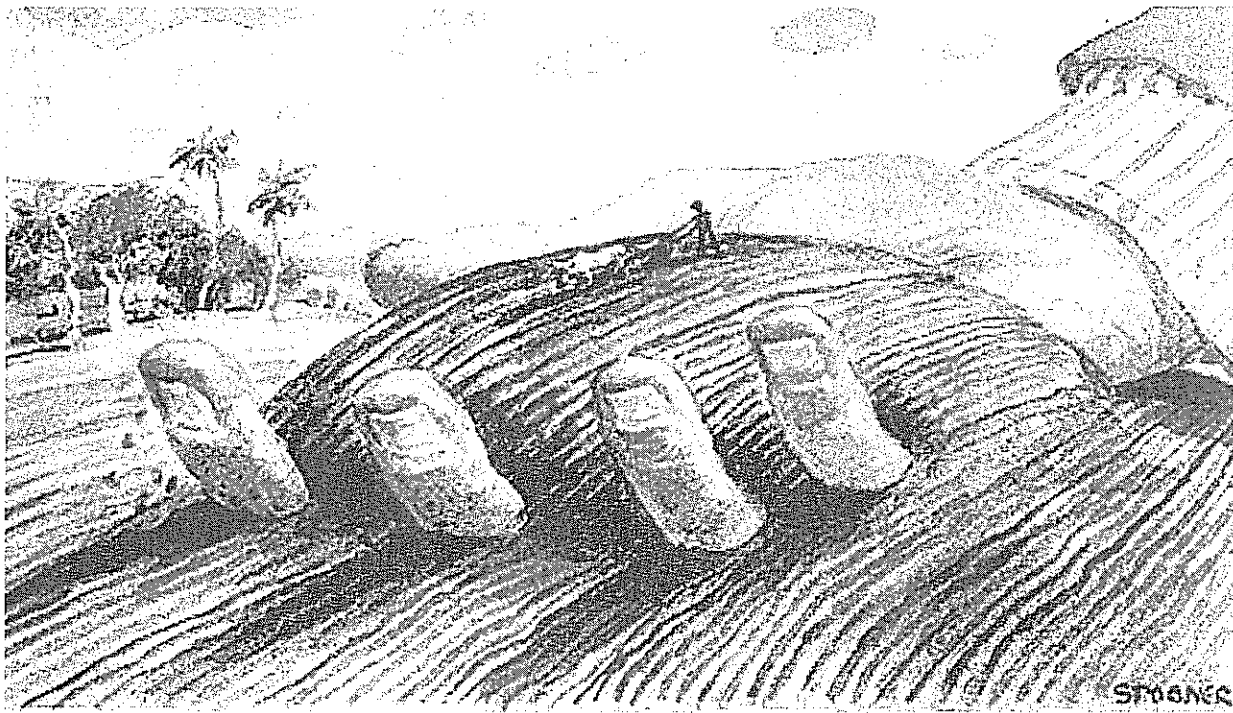
While Brazil has ridden a commodity-fuelled boom up to world's 6th largest economy, its slums now occupy 37% of the urban population, and the middle class are now landlords to the poor. As Rio prepares for its Olympics, nearby slums are being walled off from view, sanitised and soundproofed.

Russia's oil-based resurgence, while creating more billionaires in Moscow than exist in New York, and providing Putin with a huge personal fortune, has left behind millions in "transitional poverty". These, and especially their fellow communists in Bulgaria and Albania, now hanker for the secure

jobs and cheap housing of communism. Some poor people are even nick-named "dalits" living in slums with names like "Cambodia".

India's dramatic recent economic growth has been described as being "from the middle up". But while this is happening slums now occupy 56% of the urban population. "In India three-quarters of urban space is owned by 6 percent of urban households, and just 91 people control the majority of all vacant land in Mumbai"(Davis, 2006).

China's extraordinary economic growth started when the government was not looking. In 1976 China's peasants spontaneously walked out of the communes and when their far more efficient household farms returned a surplus they invested that in manufacturing in what were called Town Village Enterprises. Then, money poured in from overseas Chinese into the Special Economic Zones. These became so successful they sucked in the unemployed who, as happened in Brazil, Russia, and India, now had to pay escalating rents to those who were riding the new property boom. Today, slums now occupy 38% of the urban population. "The widening gap between rich and poor, high property prices and rural land rights, are amongst the social problems that have been highlighted by Chinese Premier, Wen Jiabao" (Sydney Morning Herald, 6.3.2012). If Wen had understood item one of the Communist Manifesto, or read Progress and Poverty he would have "collected all land rents for public purposes". But perhaps, like Putin, he is already riding the new property boom.



THE LAND GRABBERS. These Countries, China, The Gulf States, India, and South Korea, were reported in Progress September-October 2009. Since these countries cannot grow enough food for their populations they need to look elsewhere. David Ricardo's answer would have been "trade" for food. But today's agricultural protection and general political instability have made these countries persuade others, largely in Africa, to sell off their farming land instead. But the Progress article asked exactly the right question "Why can't they [Africa] just lease the land and use the rent to support their own population?"

THE NORCs, or Northern Rim Countries: Canada, US, Greenland, Iceland, Norway, Sweden and Russia all look North to rich gas, oil, mineral and fishery resources, now increasingly accessible with global warming. They also look South to increasing risks of flooding and heat waves. The New North (Smith, 2011) predicts that, by 2050, rich, stable northern countries will get even richer leaving poorer countries (see The Precariat, below) behind. The study identifies four global forces: demographic, finite natural resources, globalisation and climate change. The study is based on assumptions such as incremental advances in technology and no catastrophic events such as World War III.

THE PRECARIAT, In all these cases, in Western financial engineering, arms sales, and agricultural protection, in the BRICs economic takeoff and the NORCs Arctic ambitions, economic progress seems accompanied by increased poverty, unemployment, insecurity and precariousness. By combining concepts of precarious and proletariat into The Precariat: The New Dangerous Class Standing (2011) describes how, perhaps for the first time, the mainstream left in Britain and Europe [and Australia] has no progressive agenda, having forgotten a basic principle. Every progressive movement builds on the relative deprivation of some class. Today that is the Precariat. Its growing population includes 20 million in Japan and Europe's unemployed youth (e.g. Spain at 50 percent). In the Middle East educated and frustrated youth have already created perhaps the first precariat-led revolutions. But precariousness also extends to those forced, by those who were there first, to live in potential volcanic, flood and tsunami zones in Asia and the Pacific. The Pacific nation of Kiribati is negotiating to buy land in Fiji so it can move islanders under threat from rising sea levels to safety, in what could be the first climate-induced relocation of a country.

CONCLUSIONS

Though there are new actors now strutting the 21st century geo-political stage, they all collide with UN and other institutions seeking to restrain their impacts on the global problems of sustainability, conflict resolution, human rights, development, trade, and financial instability. For each I will now summarise the threats, the failures to deal with these

threats, and conclude with appropriate reforms.

Sustainability faces threats to the planet's environment, ecology, and scarce natural resources. These arise not only from increasing populations but also from aspirations which will increase per capita consumption of environmental, ecological and natural resource goods. International treaties have failed since they depend on supporting legislation in individual countries, while each country waits to see what the others are doing. JS Mill's ideal of common ownership of the raw material of the globe is way off in the future. Meanwhile, it is claimed that otherwise sensible carbon and mineral taxes are unaffordable. But it is possible to meet these burdens from part of the revenue from land value taxes (LVTs), taxes already justified as highly efficient and equitable (Low and Smiley, 2005).

Conflict resolution. "It is doubtful whether any single word [sovereignty] has ever caused so much intellectual confusion and international lawlessness" (Akehurst, 1987). Though conventional international wars between sovereign states appear to be in decline, problems of sovereignty underlie all contemporary revolutions and the asymmetric wars they call terrorism. The word sovereign derives from titles such as royal, lord, monarch, meaning supreme ruler. The concept of sovereignty arose from the Treaty of Westphalia. This assigned arbitrary territorial boundaries across Europe, which were then extended, over most of the surface of the globe, as Europe's colonial empires. All of this happened without the consent of the populations concerned whose descendents remain trapped within these arbitrary boundaries. The result today is a world of sovereign states of greatly varying, and therefore socially unjust, allocations of land and natural resources. It is thus entirely possible that wars, revolutions, invasions, occupations, and terrorism will never be abolished until the rents of land and resources are redistributed justly across the globe. Meanwhile, the incentives for rent seeking could be greatly reduced if each country collected its own rent of land and natural resources.

Human rights. "Count up the results of 50 years of human rights mechanisms, 30 years of multi-billion dollar development programmes and endless high level rhetoric and the general impact is quite under-whelming...this is a failure of implementation on a scale that shames us all." (Mary Robinson, when UN Human Rights Commissioner). Here we have a massive explosion of treaties, pacts, protocols, conventions, charters and concordats, all radiating from a basically flawed document, the Universal Declaration of Human Rights. In this, the UDHR, those rights in articles 7-21 are now seen as culturally variable, and those in articles 22-26 are now seen as economically variable, in both cases by most of the world's population. Articles 28-30 seem to assume acceptance and implementation of the other 27 articles, which has never been the case. Articles 1 and 2 are not distinct rights