

Indivisible

"With Liberty And Justice For All"

By Mike Curtis 2-12-26

Given a nation with democratic institutions, in which one class rolls in wealth and the many seethe with discontent at a condition of things they know not how to remedy, and power must pass into the hands of charlatans and demagogues. They will seize and wield it for a time, only to be displaced by those who are more atrocious. The rich seldom work again corrupt politicians; instead, they buy them. In a corrupt democracy power is more easily seized by the worst, and finally, it must corrupt the people. When the people become corrupt, there is no resurrection. In order for democracy to fully function, workers must have an independent opportunity to make a living. Nonetheless, power is always within the people as a whole. Their disunity and oppression comes from a general ignorance and short sighted selfishness.

These are the insights of Henry George a 150 years ago.

Every elected official is not corrupt, nor is every political institution, but the foundation of our economic system, and therefore, our political system, is. American capitalism is built on the institution of private property in land, the surface of the Earth. And from that injustice comes America's most intractable problems of unemployment, stagnant wages, and the crisis of housing.

Land, in the economic sense, includes minerals and all other gifts of nature: The Earth. It is on the land that we live and work, and from it we produce. We separate, combine, and change the natural substances in form and in place. We make some products (capital wealth) in order to give our labor a greater efficiency in making the final products (wealth) we consume.

As people come together in communities, the results of individual exertions are multiplied by greater specializations and economies of scale — increasing as communities grow. The infrastructure and public service enable greater and greater concentrations of people and more efficient cooperations, and the greater results provide for the expenses of government. Under the present circumstances this socially created wealth, which increases with material progress, is taken by the owners of land. It is the unearned income from land and that of government granted monopolies that are the root source of most great fortunes.

Title gives landholders security to their improvements: crops, buildings, machinery, and productions upon the land. Yet, it also gives landowners an advantage over non-landowners and those with lesser quality land. Still, as long as there is a free land opportunity, which there was in America for much of the 19th century

(including the Homestead Acts), Wages were high — as no one will work for another unless than they are paid more than they could have produced by working for themselves where the land is free.

As communities evolve and populations increase, the productive potential of their lands increase. As inventions generally increase productivity more where population is dense, it further increases the advantage and the value of urban lands. Just how much the value of different land parcels will increase in the future, generates an urge to speculate, and people invest in land as an appreciating asset. The more parcels of valuable land are held un-used or under-used, the more it impedes cooperation and extends the free-land to less and less potentially productive opportunities — lowering wages everywhere.

Private property in land engenders speculation. It inevitably eliminates the free-land opportunities, and drives wages for the least skilled and educated who are actually working, to a bare minimum (superseded by the Min. Wage) — no matter how much they produce. It is only those with superior skill and knowledge, via supply and demand, that get any more. And the more land that is un-used and under-used, the more people are unemployed and homeless. America is still one of the more sparsely populated countries in the world.

The effects of land speculation are most glaring in America's cities. There, because of the enormous investments in infrastructure and public service, many times as many people can live and work per acre than in rural areas. Therefore, non-use and under-use of urban land results in a multitude of unemployed and homeless. In the exceptional case of severely distressed slums, taxes on wages, sales, and buildings add up to more than the rental value of the land, and it insures that these communities are unprofitable, and will not be rebuilt.

America's pledge of being indivisible with Liberty and justice for all is not guaranteed by democracy (majority rule), but it is the only way to represent the interests of all. For those of us who would improve the world, our advocacies must be in harmony with the inherent feeling of self preservation. They must, by extension, create equal opportunities, and the right of all to the fruits of their labor. We must build a consensus in creating the institutions by which we would be governed, and those institutions must insure that the socially created wealth is used for the benefit of all.

Just before the industrial revolution and thirty years before the French revolution, the Physiocrats, which included Pierre Samuel duPont, advocated an agricultural reform that distinguished land from property. They were followed by Thomas Spence, William Ogilvie, and Thomas Paine, all of whom believed that land was a common opportunity,

and only the improvements were property. In 1879 Henry George published the American classic, *Progress And Poverty*. After a thorough analysis, he proposed to tax to the annual value of land, and remove all other taxes. He proposed that all businesses that were in their nature monopolies be taken over by the government, and all other government granted monopolies be abolished.

The Henry George proposal was supported by Conservatives and Liberals alike. Among the most famous were Winston Churchill, Justice Brandis, Sun Yat-sen, John Dewy, Jane Addams and Aldous Huxley.

The Henry George proposal is elementary, but it will stop land speculation, re-create the free land opportunity, insure full employment for all who are willing and able to work, and raise wages to all that each person could have produced by utilizing the natural opportunities that are equally available to everyone. It will reduce the cost of housing to the cost of producing the buildings and other improvements, while the rental value of the land on which houses are built will contribute to the expenses of government. It will guarantee the right of private property in the things produced by individuals and corporations, and allow the greatest degree of freedom and free enterprise. And it will collect for social purpose the socially created wealth, sufficient to provide for the infrastructure and public service, without which, productivity and the rental value of land would be a fraction of what it is.

As people migrate to and toward urban areas and cities are developed and re-developed to their full potential, the value of less potentially productive land will fall, and some land will again provide a free land opportunity. As the potential of the free land increases, the value of land in general will fall proportionately. However, as cities develop to their full potential, the enormous increase in productive potential where populations are dense will grossly increase the rental value of urban land, and provide enormous revenue from the socially created wealth. This socially created wealth would also provide for national defense, those who are mentally and physically unable to take care of themselves, and it could also provide for national healthcare, medical and environmental research, and the advance of civilization.

The free land opportunities will not be overwhelmed because those who hold the valuable land, especially the most valuable, will have to maximize productivity in order to pay its rental value and maximize their income. And in order to maximize productivity, they will have to hire labor and invest in the products of labor. This will also preserve the wilderness, which is important for the environment.

With the Henry George program, Conservatives attain the individualism, freedom and free enterprise they demand, constrained by safety and the preservation of the

environment. They also get limited government — funded only by socially created wealth. Liberals get the equal opportunity that all people demand, and all people share in the benefits of socially created wealth. Both groups have gotten everything they have demanded ideologically, and everything that could be obtained.

Where to start: Simply shifting taxes on sales, wages, and buildings in a single city or county will not raise wages because it can not create a free land opportunity. But, to the degree that it shifts the tax burden to the value of land, it will encourage the redevelopment of vacant lots, empty buildings, and obsolete low-rise buildings, creating jobs and housing []