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## **The Cause of World-Wide Turmoil: Economic Deprivation**

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There is a global revolt against authority. The riots and looting in England have puzzled people who thought the kingdom was tranquil. The Arab spring surprised the world. Previously there were riots by the immigrants in France. Is there a common element?

Although there are different circumstances and histories among these events, the common element is economic deprivation. In Europe, the Middle East, and the USA, there is high unemployment, employment insecurity, and economic hardship. The absence of democracy and liberty has played a role in the Arab uprising, as the sheer brutality of the response by some of the regimes has fueled even more mass protest. But poverty is linked to a lack of economic freedom, which also links to liberty in general, and the absence of democracy makes it difficult for the people to change the policies that keep them poor.

In many of the Arab countries, the people suffer from high unemployment and low incomes, while they see wealth concentrated among the ruling elite. France has failed to assimilate many of the immigrants, and many of the youths are unemployed. In the United Kingdom, there are neighborhoods in London and elsewhere where unemployment is high and incomes are low. Thus even in Great Britain where they do have democracy and a relatively high degree of freedom, the violent protests and riots indicate that something is very rotten in that state. The protests in Greece occurred in response to economic deprivation both due to the austerity measures and because of the on-going economic stagnation.

When the protests turn violent, some thieves will take advantage of the disorder to loot and destroy property. Folks who otherwise would not steal see thieves getting away with it, and so they become criminals also to get their share of the loot. But if everyone had economic opportunity and a good standard of living, they would not have much incentive to steal, and as employed workers with good jobs, they would have much to lose if caught.

Why is there economic deprivation? There are two possible economic causes of poverty. Either it is nature's fault, due to a lack of sufficient natural resources, or else it is the fault of human institutions. The answer was provided by Henry George in his book *Social Problems* in 1883: "There is in nature no reason for poverty." Even with today's world population, there are enough natural resources for all persons to have a decent life. If we examine poverty in any economy, the cause is only a lack of resources under unusual conditions such as the drought in eastern Africa. But even then, a wealthy economy can deal with droughts without starvation; witness the result in drought-plagued Texas versus Somalia, for example.

The natural economic condition of human beings is prosperity. The cause of economic wealth is the desire of individuals to have a good life. Economic wealth is not money, but goods and services, and that includes leisure, which is consumed as time, and which is purchased by not getting the goods that one would have obtained with more labor (exerted at the expense of more leisure).

Since the cause of economic deprivation is in human institutions, which institutions cause poverty? There is only one institution with the power to destroy wealth and prevent folks from generating wealth. That institution is the one with the ultimate monopoly on legalized force: government. Governments impose restrictions and taxes that either prevent the production of wealth, or impose added costs that reduce wealth. Subsidies also destroy wealth, since the social cost of providing subsidies is usually greater than the social benefits.

The way to prevent economic deprivation is by eliminating restrictions on peaceful and honest human action, and by not imposing added costs on human action. **The fiscal policy that avoids deprivation consists of three sources: voluntary user fees, public revenues from ground rent, and pollution charges that compensate society for damages.** The public collection of land rent, also referred to as land value taxation, imposes no cost on the economy because land has no cost of production. Land does not flee, hide, or shrink when its rent is tapped. Using the ground rent (also called geo-rent) for public revenue even provides a benefit to the economy beyond the revenue, by putting land to its most productive use, thereby preventing the lowering of wages that occurs when land owners move to less productive margins due to the malspeculative holdings of idle lands.

If governments enact an efficiency tax shift, replacing current taxes with fees, rents, and damage compensations, then people would be free to produce, invest, and prosper. Rapid growth would eliminate poverty, unemployment, and economic insecurity. The rise in wages, untaxed, would enable workers to provide for their own needs rather than depend on fickle government welfare. If that sounds utopian, it is. Prosperity for all is not an economic utopia, but a political utopia. We have economic deprivation only because of bad governance.