

Faye Giles:
The Relevance of George in the 21st Century.

IS HENRY GEORGE OUT OF DATE IN C21?

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I have chosen for my subject Chapter 18 of Social Problems entitled “What We Must Do”.

In 1883 Henry George pinpointed the growing inequality in the distribution of wealth as the main source of the difficulties that menace us. He added that modern inventions seemed to contribute to the inequality in the distribution of wealth and that this movement was hastened by political corruption and by special monopolies established by abuse of legislative power. Nevertheless, he said the primary cause lies in fundamental social adjustments – in the relations which we have established between labour and the natural material and means of labour – between man and the planet which is his dwelling place, workshop and storehouse.

“As the earth must be the foundation of every material structure, so institutions which regulate the use of land constitute the foundation of every social organization, and must affect the whole character and development of that organization.”

Henry George put it to us that, if we could imagine a society where the quality of natural rights is recognised, we would see that there can be no great disparity in fortunes. In such a society, he pointed out, nobody would be forced to sell their labour to others; none except the physically incapacitated would be dependent on others; and, though there would be differences in wealth (for there are differences among men as to energy, skill, prudence, foresight and industry); there could be no very rich class and no very poor class. It follows, he said, that each generation would become possessed of equal natural opportunities i.e. whatever differences in fortune grow up in one generation will not tend to perpetuate themselves. Therefore, the political organization would be essentially democratic.

I think in 1883 Henry George pointed to one very prevalent social problem which still exists in today's society, that is, the merry-go-round of those who are born poor and, no matter what efforts they make to rise above their station in life, in our present system of land tenure, they find it virtually impossible.

Henry George described conditions in 1883 as follows:-

“... in our society, where the soil is treated as the property of but a portion of the people, some are born rich with enormous advantages and some are born poor with corresponding disadvantages. Those with no rights in land are forced to sell their labour to the landholders for what they can get. They cannot live without the landlords' permission. If this situation was allowed to continue unchecked our society will create a class system of the very rich and the very poor and the political organization would inevitably be virtual despotism.”

I think that prediction is as valid today as it was in 1883. Certainly there are very distinct gaps between the very rich and the very poor in Australia today (albeit the severity of the poverty is disguised by the welfare system). The common consensus amongst the people is that parliamentary representatives are acting without consultation with the people they represent. In other words, despotism is rife.

Henry George emphasized that our fundamental mistake is in treating land as private property. He warned that, whilst ever we allow modern civilisation to rest on this false basis, material progress will only lead to the development of even more monstrous inequalities in condition which must ultimately destroy civilisation.

When we see the spread of starvation, disease, political and civil unrest, increased crime and threats of terrorism among the very poor in our world today, it would be prudent to mend our ways with regard to the proper distribution of wealth to avoid the ultimate destruction of civilisation. After all, no matter how wealthy, landholders are still exposed to the devastation wrought by people who have nothing to look forward to and therefore nothing to lose. Not to mention the loss by all of freedoms we used to look on as being natural i.e. the prevalence of legislative restrictions and limitations on almost every aspect of everyday life, under the guise of being on the high moral ground of protecting us from terrorists, or protecting us from irresponsible behaviour generally.

Henry George pointed out that any seeming improvements to the lot of labour ultimately turn back on them and decrease their living standards.

A small example of that in present day is when tax cuts were granted recently. They were very small tax cuts but could have created some relief to the ordinary working man. However, this little windfall was immediately absorbed by an increase in every conceivable service or fee. Many feel that they are worse off than before. Maybe this is why the ordinary man on the street criticized the tax cuts and said the money would have been better spent on improved infrastructure.

With regard to the effect of labour-saving devices on the well-being of the community, Henry George reiterated that man is dependent upon land, that it governs every aspect of his life. The population's industrial, social and political subjection is the result of the way the country deals with its land question. Labour cannot exert itself without land so therefore labour-saving inventions which should primarily increase the power of labour, in our system of land tenure, interrupt this natural process. Instead of this, because land is not free to labour, the inventions simply enable landowners to demand, and labour to pay, more for the use of land. Land becomes very valuable but the wages of labour do not increase, in fact, they are more vulnerable to further reduction.

Is it any different today?

Henry George cites the example of an island where the soil is considered to be the property of a few of the inhabitants. The rest must either hire land from those landowners, paying rent for it, or sell their labour to them, receiving wages. Population increases lead to more competition between the landless for employment which, in turn, leads to an increase in rent and a decrease in wages, until the landless get merely a bare living and the landholders receive all the rest of the produce of the island. Any labour-saving invention increases competition between the landless giving all the benefit to the landowners. If, say, the invention leaves only enough work for half the landless, the other half must either starve or go on welfare. The point is that the landowners would have no use for them and, if improvements still went on, the landowners would have less and less use for the landless.

Henry George declares that this is the general principle.

Apparently in 1883 The US had already sold off the transportation business to giant monopolies and the obvious consequences were showing their ugly head.

Henry George pointed to the fact that the giant monopolies charged what the traffic would bear and frequently discriminated in the most outrageous way against localities. He observed the obvious effect was to reduce the value of land.

Access to transport is a very important lever in encouraging the community to settle into new areas. We all know that it is the activities of the community that increase land values, and that, as a consequence of opening up land and making it more valuable, if a system of collection of site rent is in place, wealth will be distributed fairly. This would manifest in improved infrastructure, transport, public facilities or even as a citizens' dividend. Those of us who live in strata title premises are aware that the residents combine in contributing to a sinking fund for the benefit of all when repairs and improvements to the common property are required. Our government ignores the fact that past generations paid taxes to improve conditions (roads, transport, telecommunications etc.), that infrastructure belongs to the people and that the government has no right to sell it to private enterprise. Present day government is refusing to carry out its duties and responsibilities to the community in maintaining services bought by the population for the common good of the community.

Henry George pointed out that if all monopolies, *save the monopoly of land*, were abolished; if, even, by means of co-operative societies, or other devices, the profits of exchange were saved, and goods passed from producer to consumer at the minimum of cost; if government were reformed to the point of absolute purity and economy, nothing whatever would be done toward equalisation in the distribution of wealth. The competition between labourers, who, having no rights in the land, cannot work without someone else's permission, would increase the value of land, and force wages to the point of bare subsistence.

In this observation Henry George states that all the problems cited in this chapter do not in themselves cause inequality in the distribution of wealth but are a natural result of our unfair land tenure system.

Henry George hastens to add: "Let me not be misunderstood. I do not say that in the recognition of the equal and unalienable right of each human being to the natural elements from which life must be supported and wants satisfied, lies the solution of all social problems." However, he went on to say that "...so long as we fail to recognize the equal right to the elements of nature, nothing will avail to remedy that unnatural inequality in the distribution of wealth which is fraught with so much evil and danger." "...Whatever be the increase of wealth, the masses will still be ground toward the point of bare subsistence – we must still have our great

criminal classes, our paupers and our tramps, men and women driven to degradation and desperation from inability to make an honest living.”

In my opinion, this a fair summation of the condition of our society today.

In conclusion, I believe that Henry George’s observations and predictions are as relevant today as they were way back in 1883.