

The Georgist Paradigm

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Life is coming apart at the seams. We see the disintegration all around us. The statistics on crime and deprivation justify the claim that the social institutions and processes that are supposed to unite us are in an advanced stage of decomposition. People have lost hope, which is why there has been the mass withdrawal from participation in politics. Alienation is an emotional state for a large proportion of the populations in the market economies of the West. Emile Durkheim, the French sociologist, wrote about it 100 years ago, in his classic study on suicide. Qualitatively, little changed for the better during the 20th century; the alienation remains, intensified.

We observe the manifestations of disintegration every day, in the destruction of life within the individual building blocs that make up society: the family. That is why, in trying to comprehend the social crisis, the biographical proclivities that "explain" the aberrant actions of individuals count for little. Society is failing to nurture people through the crises that must necessarily confront them throughout the process of growing, living and dying.

People are not deluded by the soporific platitudes of politicians-in-panic. They sense that the origins of the problem stem from some fatal flaw in "the system", a flaw which they intuitively believe must be fundamental because it has the power to threaten our living environment: Mother Earth.

And yet, despite the evidence, our ideology inhibits us from acknowledging

the reality; which is why many of the acts of self-destruction are interpreted as failures of the individual rather than expressions of something seriously wrong with the structure and function of society itself.¹

The thesis examined here goes beyond the claim that society is blighted by a systemic flaw. I also maintain that, during the past two centuries, western culture has also nurtured the seeds of a new type of society which is waiting to blossom forth. This view is not based on some theory of historical inevitability of the Marxist kind, however. Change in the immediate future is not a foregone conclusion, because the centrifugal forces generated by the distortions in our culture have created a strong sense of powerlessness.

I accept that the prospects for change of an epochal kind depend on the willingness of the democratic majority to exercise their will: only then will we be able to drive through the evolutionary reforms that would liberate citizens within the framework of a new set of social relationships.

That something has to give, in our society, there can now be little doubt. For while preaching the message that every person is responsible for his actions (that there is free will), we nurture our children into a dangerous world that is deliberately structured to suffocate their natural instincts to love and create; we school them in the arts of greed and destruction.²

The most savagely symbolic articulation of the anxiety of the citizen-in-society is the way in which we have had to transform our houses into fortresses. No longer are they homes; neighbours are separated from neighbours behind the barricades that are erected against the barbarians who may strike at any time, in any street, in any town. And nothing happens when the citizens appeal for action, because politicians are also seemingly powerless against the tidal wave of crime.

Yet we do not offer a gospel of despair. It is possible to empower people, if we enforce those primary rights that are supposedly the property of each and every one of us. But that will not happen until we correctly diagnose the nature of the disintegrative pressures which, thus far, are unevaluated, because unidentified, and are therefore allowed to operate uncontrolled, subverting the economy and society.

Social rules have to be changed, if we are to benefit from qualitative improvements that would make life in the 21st century a tolerable prospect for our children.³ But if we are to avoid civil strife as the mechanism for

effecting large-scale change, we need a thorough philosophical debate. Unfortunately, this will not even get started until we develop new perceptions of how society can and ought to "work".

The demise of communism has not helped. It has not brought with it a vigorous exploration of new forms of behaviour, but rather a naked triumphalism that has spawned an arrogant complacency about the virtues of liberal democracy. A sterile silence prevails among social scientists, the diagnosticians who ought to initiate and vigorously inform the debate about the primary problems that beset the world.

This silence is compounded by the detached state of the mainstream politicians who, in a democratic society, are under an obligation to sponsor discourse about the nature of the reforms that might be implemented. Timidly, they ask for evidence of a "constituency" (the promise of a bloc of votes) in support of a new idea, before they engage the public in a dialogue on fresh proposals.

Paradigms lost

Ultimately, however, the citizen cannot avoid his or her personal responsibility by blaming others. If we are to create a healthy society, people in general must participate in the radical reappraisal of all our futures.

Capitalism is as redundant as the social system built on the communist ideology. The world needs a new paradigm - a new conceptual framework, or model, which coherently explains how society actually works. Only then can we formulate proposals for the appropriate reforms.

Such a paradigm does exist. It has been lurking like a ghost in the literature of scholars and artists for over 200 years. It could be called by one of a number of names, but the label that economists and historians would recognise would be "the Georgist paradigm," after the American social reformer Henry George (1839-1897).

Over the past century, attempts to transform Henry George's central idea into social reality have been made by men of action like Winston S. Churchill, and sensitive artists like Leo Tolstoy; but to no avail. The force of unreason was overwhelmingly against them. Why, then, do I think the time is now ripe for the Georgist paradigm to find its expression through social evolution? The conditions that favour the advent of a new epoch do

appear to be in place, for the conventional paradigms are generally perceived to be discredited by the facts of life.

Communism, which unleashed a Superpower and was the first to fire mankind into spatial orbit, has gone. In the course of five brief years, from 1986 to 1991, it was buried as an anachronism. As a practical system for shaping social institutions and individual behaviour, it is as dead as the dodo. The sun set rapidly on the Soviet Union because the ideologists who wanted to reform communism from within had not the slightest idea where to find the blind spot in their cosmology.⁴

But what of capitalism? It limps along, with its principal spokesmen - political leaders from the richest industrial nations, civil servants representing the world financial institutions - plaintively pleading for unity behind a single set of policies. They hope that these policies, an unconvincing matrix drawn from the failed experiments of the past, will bail the global economy out of the depression of the 1990s and set the world on a new course to sustainable prosperity.

The world will, once again, climb out of the economic trough, but many people will be left behind, marooned without jobs in the economic doldrums. Even as science and technology yields new secrets about how to accelerate the multiplication of wealth, millions of people will sink deeper into the state of poverty.

Yet, while few people are satisfied with the liberal democratic society and its economy, we are persistently told by the apologists that the capitalist paradigm offers the best arrangement that mankind can devise. This claim is undermined by the Georgist paradigm,⁵ whose critique of the old system begins the process of illuminating the vision of a qualitatively different kind of society. But how confident can we be in the primacy of claims made on behalf of the Georgist paradigm?

Other views on how best to reorder society may be on offer, but if they are to be taken seriously they, too, must pass the tests to which we will subject the principles on which the Georgist social philosophy are based.

First, to be of value the new paradigm must be able to identify the fatal flaws in the existing systems. We discover that the Georgist paradigm's critique of both capitalism and communism flows from the logic of its principles. The strengths of the Georgist paradigm expose the weaknesses at the heart of capitalism and communism.⁶

Second, the Georgist paradigm offers an approach to life that appears to synchronise with people's overriding aspirations. For example, it rejects coercion and offers liberty, and it is able to specify precisely how this state of freedom can be achieved for everyone. In other words, it "makes sense" to ordinary folk.

Third, the paradigm specifies the mechanism for executing two crucial tasks:

(i) It explains how to facilitate the transition to a new society without the use of force. Breathing life into a new social system through the barrel of a gun atop a tank - as happened in Moscow in October 1993 when Boris Yeltsin sought to introduce capitalism into Russia - is a contradiction from which only trouble can flow.

(ii) The governing mechanism offered by the new paradigm is self-sustaining. Since the Great Depression of the 1930s, economists have been searching for the secret of how to create what they call a state of equilibrium; they have not succeeded. Ecologists also insist on the need for equilibrium (they call it homeostasis) as the precondition for the survival of our species. Ecologists, however, while correctly recognising that we have to pursue solutions in terms of the primacy of man's relationship with land, have yet to incorporate the practical lessons of the Georgist paradigm into their perspectives.⁷

Fourth, the economic pillars of the paradigm can be described in rigorously testable terms. This means (in the language of the scientist) that they can, in principle, be falsified. The paradigm, therefore, is a scientifically based theory. In the past century, elements of that theory have been subjected to limited empirical tests; these have failed to discredit the theory.

Fifth, the foundations of the paradigm are grounded in both a morality and an anthropological tradition that are unassailable.

Despite these considerations, however, we do not smugly believe in the inevitability (as opposed to the necessity) of the Georgist paradigm. For it is a paradigm that has been well understood in Europe for 250 years, and yet - on the basis of a superficial reading of current affairs - it appears to be as far away from realisation today as it ever was.

The original economic elaboration was articulated by the Physiocrats in France in the 18th century. Their principles, which emphasised a reform of public finance, were to be echoed in the seminal treatise on economics by

Adam Smith.

These economic principles were further developed during the 19th century, a process of theoretical refinement that culminated in the most comprehensive treatment from the pen of Henry George, a journalist in California who wanted to know why poverty was an endemic feature of a society that enjoyed abundance of natural resources and wealth.

In the 20th century, the economic theory was further investigated by eminent scholars. One of these, Professor Joseph Stiglitz of Stanford University, was to become a member of President Bill Clinton's Council of Economic Advisers. Stiglitz gave a name to his findings: "the Henry George Theorem".⁸

Most recently, the crowning endorsement of the economics that underpins the Georgist paradigm came in an Open Letter to Mikhail Gorbachev. This was signed by, among others, three Nobel prize-winning economists (Robert Solow, Franco Modigliani and James Tobin).⁹

Why, then, in the face of the evidence, has the economics of this paradigm not been adopted by people who are the heirs to a tradition of enlightenment? Because it was opposed by the most powerful of all vested interests: the private owners of land. They were not going to relinquish their power; and any threat to their status in society, which flowed from their command over the rental income of land, was vigorously opposed. For two centuries they have successfully fought a rearguard action in a desperate bid to avoid being consigned to the museum of social history. That defensive struggle continues today, the outcome of which will determine whether society can gain access to the promised land.