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The Earth is the birthright of all.

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Special offer to contributors, see p. 8

Coast-to-Coast With Henry George

Georgist Yisroel Pensack of San Francisco was interviewed for an hour on the Johnstown, Colorado-based American Freedom Network on September 5, 2000. Kevin E. Abrams was guest host of the network's "Chuck Morse Show," which was broadcast live via radio and the internet. Mr. Pensack last appeared in these pages in the May-June issue of this year: International Social Philosophy Conference - A Georgist Responds.

Abrams: Good evening.

This is Kevin Abrams speaking to you from Vancouver, British Columbia, sitting in for Chuck Morse, on the American Freedom Network, and welcome to our show. This evening we have a couple of interesting guests, and you just might want to call in. Our first guest is Mr. Yisroel Pensack. He's a leading authority on the philosophy - the economic philosophy — of Henry George...Mr. Yisroel Pensack is joining us by telephone from California.

Just a little bit of background on Mr. Pensack -- he's the recent founder of a new organization; it's a new group called the *Alliance to Raise Wages and End Poverty*. The goal of the group is to influence government in favor of Georgist economics. Mr. Pensack has worked as a news reporter for both the *San Francisco Examiner* and for *The Star-Ledger* in New Jersey. And he earned his B.B.A., bachelor of business administration, at Temple University

and majored in finance.

My first question is, you know, who was Henry George?

Pensack: Well, Henry George was probably the most world-famous American of the latter part of the 19th Century, and continuing after he died in 1897, well into the 20th Century. He was far, far more well known, more beloved - than Karl Marx, for example.

Abrams: I see. So Henry George - how would you characterize Henry George's philosophy and his beliefs vis-a-vis the capitalist system or the free market system that we have today: socialism, Democrats, Republicans and so forth? How would you characterize Henry George's thinking in view of modern times?

Pensack: Well, what Henry George explains - and it's really very simple for anyone to see for himself who thinks consecutively and clearly and doesn't get confused: the one value that grows with the growth of civilization, with the growth of population, and with the improvements in the arts of production and advances in technology, the one value that constantly and steadily grows is the naturally ordained fund to provide for society's ever-growing needs: that is the value of land. The value of all man-made goods necessarily, and as an index of progress it-



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self, the value — the labor value of those things, the true amount of effort that it takes to produce an article of wealth, which is a man-made article that serves — services human needs, those values decline with progress. Land values — land rents — rise with progress. Land rents are completely unearned by landholders; they reflect social growth and social development.

Today it's not necessary to fence off the land. The price of land does it much more expeditiously, at a much lower cost...

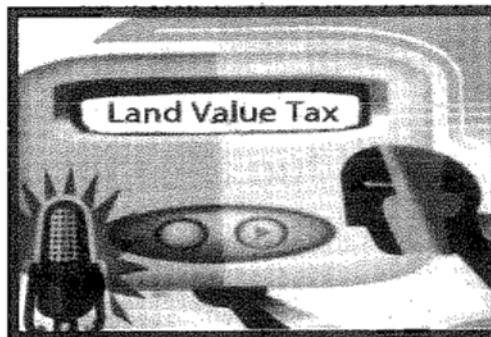
Those land values and land rents are the true economic surplus that was meant to serve as society's revenue base.

Abrams: What do you mean by unearned?

Pensack: What I mean by it is this: If you have a child or an infant or an imbecile who happens to hold title to a block of land at 42nd Street and Times Square, or if happens to be, let's say, Columbia University that holds title to a block of land in that neighborhood under Rockefeller Center, it could be worth hundreds of millions of dollars and it doesn't matter who the title is vested in. The ground rent generated is a revenue that accrues regardless of who the landholder is legally deemed to be. The landholder does nothing to generate the rental value of sites in urban areas, or the rental value of mineral lands, such as oil in the ground. It's a pure skim. It's a pure socially generated sur-

plus. And when we fail to collect that surplus for the community, and when we leave it in private hands, this engenders — anticipation of even future increases, that leads people to hoard and speculate in land, so that land all becomes engrossed.

Most of the United States, if you were to cross it in an airplane at low altitude or in a helicopter, you'd see it: virtually the whole country is still empty. But there's no access to free land of any quality whatsoever. Why? Because it's all monopolized. A worker who wanted to be self-sufficient in the United States can't do it because the price of land operates like an electric fence that keeps everyone fenced in and off of natural opportu-



nities, unless they pay the toll to the private gatekeeper called the landholder. That's the game. That's the entire situation in a nutshell.

This was done literally, the enclosure of lands was done literally, in Britain several centuries ago when land had a much lower value. Today it's not necessary to fence off, or close off, the land. The price of land does it much more expeditiously, at much lower cost, and with much less social awareness on the part of the masses of the people.

Abrams: So basically, Henry George came up with a solution to this problem. He came up with a single tax system that was to be imposed on land. Now how would this rectify poverty?

Pensack: That's a key question. The way it rectifies poverty is that you have to realize that the key to understanding the relationships in the economics of society as a whole, which used to be called political economy, which has nothing to do with politics — it just means the economics of the body politic, so to speak — is such that the key recognition is to see that wages and land prices are inversely related. High land prices mean relatively low wages. Why? Because if you

have higher land rents, that necessarily involves a lowering of the relative share of production

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received by workers in exchange for their labor. When you compound that situation by land withholding in the form of land speculation and land monopoly, by shutting labor off from natural opportunities because of the exorbitantly high price of land, this drives down wages. The counter example is what Henry George himself witnessed with the growth of San Francisco. Although he came here after the gold rush, he saw the city grow up from a very, very rather nascent, almost primitive state, to one of the leading cities in the world by the time he left in 1880. And what happened here in 1849 was that wages — when gold was struck in the Sierra Nevada — wages in San Francisco, for ordinary labor, for hotel maids, for clerks, for carpenters — labor in the city — wages skyrocketed. Why? Because in order to keep a worker employed, rather than have that worker go off where land was free and the worker could be assured that with a certain amount of labor he could make X number of dollars a day simply panning for gold in some stream in the Sierra Nevada, which was not yet claimed as anybody's private property, wages here had to rise to offset that natural opportunity. Today, all natural opportunities in the whole world are foreclosed.

Abrams: Yisroel, the American Freedom Network is concerned with issues of social justice, and they're concerned with freedom and I'm wondering what would Henry George's philosophy do to further freedom and social justice in American culture? Pensack: Well, ultimately that is in fact the purpose and goal of the Georgist economic system and the entire philosophy of Henry George. There was no greater lover of liberty, and no greater guide teaching us how to achieve that goal, than Henry George himself. He addressed that topic repeatedly. Liberty doesn't mean the freedom of two percent of the population to rack-rent the other 98 percent. Liberty means equal rights for everyone: A fair field and no favor. Henry George himself when he ran for mayor of New York, which he did twice, adopted the model of Jeffersonian democracy — and that's

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how he labeled his political campaigns: *The Democracy of Thomas Jefferson*. And what he meant by that was, in order to really have true liberty and independence, you have to have independence economically for the large mass and large body of the citizenry. If you have that, which means a high level of wages and access to free land for anyone who wants to work the land, you have true liberty.

Abrams: Where did Henry George do most of his work, his writing?

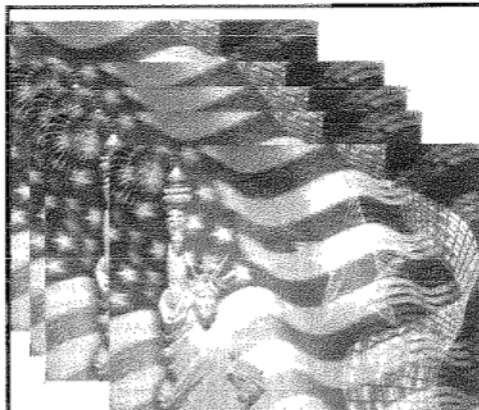
Pensack: Well, he certainly did his most important work here in San Francisco, coincidentally. He came to San Francisco as a young man in 1858. He was born in Philadelphia in 1839. He left school before graduating from high school. He went to sea, and he sailed around much of the world. He saw the very, very intense poverty in the Far East, particularly in India. And then, on a subsequent voyage, he jumped ship here in San Francisco, in 1858. And he settled here, and he stayed here until around early 1880.

Abrams: And so he wrote his book *Progress and Poverty* in San Francisco?

Pensack: Yeah. Well, the book which is generally recognized as Henry George's masterpiece and as a masterpiece of world literature, and a masterpiece of economic thought, is in fact *Progress and Poverty*, which was first published — was written here in San Francisco from approximately 1877 to 1879. It was published here in a limited author's edition in 1879 and then was published in a regular edition by Appleton & Company in New York commencing in early 1880.

Abrams: And how many copies of his book sold?

Pensack: His book literally sold in the millions — in the multi-millions. It's by far, even to this day, probably the best-selling book on economics ever written. And in its time it was probably the best-selling book in the world other than the Bible. And it continues to sell. All the works — all the major works of Henry George, most particularly *Progress and Poverty* — are still in print.



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