

The State

by OSCAR B. JOHANNSEN

AN important aspect of the youthful revolt is growing skepticism toward government as a medium for creating conditions under which the individual can fulfill his potential. This raises questions like, what is government, why was it created, is it necessary?

Such philosophical queries regarding the State are of absorbing interest to students of Henry George who advocate collection of the full economic rent and dispensation of it by government. Many who have adopted the term libertarian are aware of this interest, but are not in full agreement with Georgists. They believe such enormous financial power would not foster the desired freedom but would accelerate the growth of the welfare state.

Libertarians and possibly many Georgists do not realize that the philosophy of Henry George is the most revolutionary of the anti-statist thrusts. George himself probably never appreciated fully the implications of his proposals, but then he was a pioneer.

A perpetual dichotomy exists between laissez-faire individualists and statist who drift toward a collectivity, called government, which makes more and more of their decisions for them.

Albert Jay Nock, in *Our Enemy the State*, deals with this dichotomy in a way which merits attention and review. He pointed out two ways of interpreting the natural law that man seeks to satisfy his desires with the least effort. If a man works to provide himself with the money for his desires, this is the economic means. Opposed to it is the political means which is the forceful acquisition of the wealth of others. So man satisfies his desires either by working or stealing.

As stealing is consciously or uncon-

sciously repugnant to man, he usually hides behind legal sanctions or prohibitions imposed by the community. Soon a rationale develops which convinces him that he is serving his fellows while robbing them.

For Albert Jay Nock the government was an umpire under which men worked for a living. "The State" was a corruption of government allowing some to steal from others legally under the cloak of prestige, tradition and veneration.

The assumption that government exists for the protection of life and property has been with us for a long time, based on the view that man is evil by nature. If that is true it is futile to dream of justice, for how can evil men create a good society? On the other hand, if one takes the view that man is by nature good and can create a just society the question arises—how?

The solution is not easy but Georgism suggests a key by examining the extent to which government is necessary. Man certainly does need government but not for protection, road building or educating. These are all functions of private enterprise. The necessity for government is founded on two laws of nature, and they are related to the land. The physical law states that two things cannot occupy the same place at the same time. The second, an ethical law, says that all men have equal rights to the land. It was to resolve this contradiction that government was created to deal justly with equal claimants to the land.

But men cannot act together to maintain justice if their number is too large or the land area too great. The government unit must therefore be at the community level so that many people may express themselves, as in

the case of the New England Town Hall meetings. The government is merely a collection of individuals cooperating for a specific purpose, much like a club where members freely cooperate and maintain order. Society consists of individuals cooperating to exchange wealth and services. In a government, groups cooperate voluntarily to divide justly among themselves the unequal land opportunities.

The State was a term used for corrupt government which, though based on man's fundamental need, did not

fulfill that role. Its genesis and growth were depicted illuminatingly by Franz Oppenheimer in another classic, *The State*.

So I repeat that the philosophy of Henry George is the most revolutionary of anti-statist concepts. If it is ever practised it must eliminate the governmental maze that man has unwittingly created in which he is forfeiting more and more of his freedom.

(See also Dean Alan Campbell's proposal for metropolitan government, p. 9).

Views on the Nobel Prize Winner

PROFESSOR Paul A. Samuelson was awarded the 1970 Nobel Memorial Prize for efforts to "raise the level of scientific analysis in economic theory." A post-Keynesian figure who calls himself "a liberal but not a libertarian," he holds that government must help regulate the distribution of wealth and employment. In this respect his position varies sharply from that held by students of Henry George who advocate less interference from government not more.

Following publication in 1958 of *A Review of Economics, An Introductory Analysis* (fourth edition) by Professor Samuelson, Colonel E. C. Harwood, in a critical essay published by the American Institute for Economic Research of which he is the director, wrote that despite its flaws the book seemed worth reviewing because it was widely used as a text to indoctrinate an entire generation of college youths.

Colonel Harwood pointed out inconsistencies in the work not unlike those attributed to Keynes (HGN Nov. p. 7). On the subject of inflation Dr. Samuelson stated, "if price increases could be held down to say 2 percent per year, such a mild steady inflation need not cause too great alarm." In his earlier (second) edition he wrote,

"such a mild steady inflation [a rise in prices of 5 percent per year] need not cause too great concern." Pointing out the striking difference between a loss of 65 percent and 95 percent, Colonel Harwood acknowledged the professor's generosity in being willing to leave in the hands of insurance beneficiaries, 35¢ instead of, as in his second edition, only 5¢ of every dollar.

The reviewer from Great Barrington, Massachusetts, indulgently found "some progress" in the 1959 edition, in the following portion:

"Many writers of economics textbooks have given only superficial consideration to the potential effects of a tax on site values as differentiated from a tax on value of improvements. In a brief but clear discussion of this point (pp. 529 and 530) Professor Samuelson describes how a tax on site values would fall in its entirety on those privileged to hold exclusive titles to such sites and would not burden either those who labor or those who invest in the reproducible capital of our economy. An obvious conclusion is that shifting of the tax burden from investors and earners would encourage new investment as well as the processes of production and would inhibit the speculative withholding of valuable