

# LAND & LIBERTY

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Restoring a timeless idea...



## The Three Slaveries

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THAT  
WHICH IS UNJUST  
CAN REALLY PROFIT  
NO ONE...



# LAND&LIBERTY

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# letter from the publisher

Welcome to the second issue of Land&Liberty to be edited and produced by our guest editor from Denmark Jesper Raundall Cristensen. Jesper produced the last edition while spending some weeks in London, it was well received and he was so keen to produce another that we gave him free rein to produce a second following his return to Denmark - we hope you like it! As a publication normally aimed primarily at a UK readership this edition of Land&Liberty has a distinctly transatlantic focus as the three main articles represent the work of three American contributors. Jacob Swartz Lucas's animated video entitled "How to End Poverty" is the subject of the first by Jesper himself whilst Dan Sullivan and Alanna Hartzok speak for themselves.

Jacob retells Henry George's Savannah Story. Dan tells how, greed and selfishness in high places during the revolutionary beginnings of the United States of America gave rise to the economic injustices that lie at the root of the social and economic problems they, and the world, face today. Alanna's story encourages us to hope for better things to come with news of a more enlightened appreciation of political economy, by some at least, in academia and the World Bank and at the United Nations. In my mind I link these with a recent seminar that we hosted at Mandeville Place where our main speaker was another American, James Quilligan, who has gathered something of a following for his work focussing on the place of 'The Commons' in society.

At the seminar I took the term 'The Commons' to refer to things which need to be freely available to people if they are to fully participate in their community. The qualification 'freely available' is important to distinguish it from things that are naturally 'private property'. Such things are never 'freely available' to a person except it be by gift or theft. The simplest legitimate means by which a person comes by something that is theirs alone, or private property, is by producing it themselves, using resources that are equally available to others. More frequently it is by producing and exchanging something they have produced or providing a service in exchange for someone else's property. Either way it requires them to work. Dan suggests that 'the economic essence of slavery is that some are forced to work for the benefit of others'. He goes on to show how private monopoly in land and the supply of money obliges the mass of people to work for the benefit of others.

Similar observation and reasoning led Henry George to conclude that the issue of national currency money (legal tender) and the control of its supply is the exclusive business of Government whilst the legitimate business of commercial banking is limited to the safe-keeping and loaning of such money, and the making and exchange of credits on their own account (i.e. not backed by Government). At a deeper level though he reminds us that 'That which is unjust can really profit no one' whilst 'that which is just can really harm no one'.

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Cover Photograph  
**Andriy Kravchenko**  
depositphotos©

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## The introduction of ARPT

*7th of December, Tanya Powley*

Full story: <http://www.ft.com/cms/s/0/aad7687e-405e-11e2-8e04-00144feabdc0.html#axzz2EzzK2I00>

*14th of December, Tanya Powley*

Full story: <http://www.ft.com/intl/cms/s/0/cfd0b336-45e7-11e2-b780-00144feabdc0.html#axzz2GsLkWNn7>



A slight revision to the property taxation rules has seen the light of day recently. As journalist Tanya Powley reports on the 7th of December in the Financial Times, estate-owners with properties worth in excess of £2m will need to set aside at least an extra £15,000 annually for paying into the public purse. That is if said property is held by a corporate entity.

Under the headline “Wealthy homeowners await tax shake-up” Powley also points out the already-implemented increase in stamp duty on sales of properties from 5 to 7 per cent, or a hefty 15 per cent when homes are “held in a company structure”. These increases in stamp duty have yet to be put into practice for sales of properties below that same £2m threshold, company-held or not. Unfortunately the article does not touch upon the fact that stamp duty - although intrinsically related to property - effectively remains nothing more than a transaction tax.

Arguably, the scope of a transaction tax on property is inherently miniscule. However the scope of the before-mentioned tax instrument regarding company-held properties is much larger, if only because it seems to carry with it the simple need for accurate property valuation. This becomes clear as Powley reports on the same matter once more on the 14th of December. Under the headline “New taxes for luxury homes” more details are unveiled following the publishing of the government’s recent draft finance bill.

In this later Financial Times article Powley notes that the new tax is to be called the Annual Residential Property Tax, abbreviated ARPT, and will indeed be payable by “non-natural persons” - meaning corporate vehicles. The tax charge will be £15,000 for properties within the lowest band of £2m to £5m, £35,000 for properties up to £10m, £70,000 for properties up to £20m, and £140,000 for properties over £20m. At the band thresholds this means that rates vary between 0.75 per



cent and 0.3 per cent of the property value. The charge would drop to around 0.1 per cent of the value for a property valued at £135m - like the largest flat at the much publicized £1billion One Hyde Park development adjacent to London’s famed Knightsbridge area.

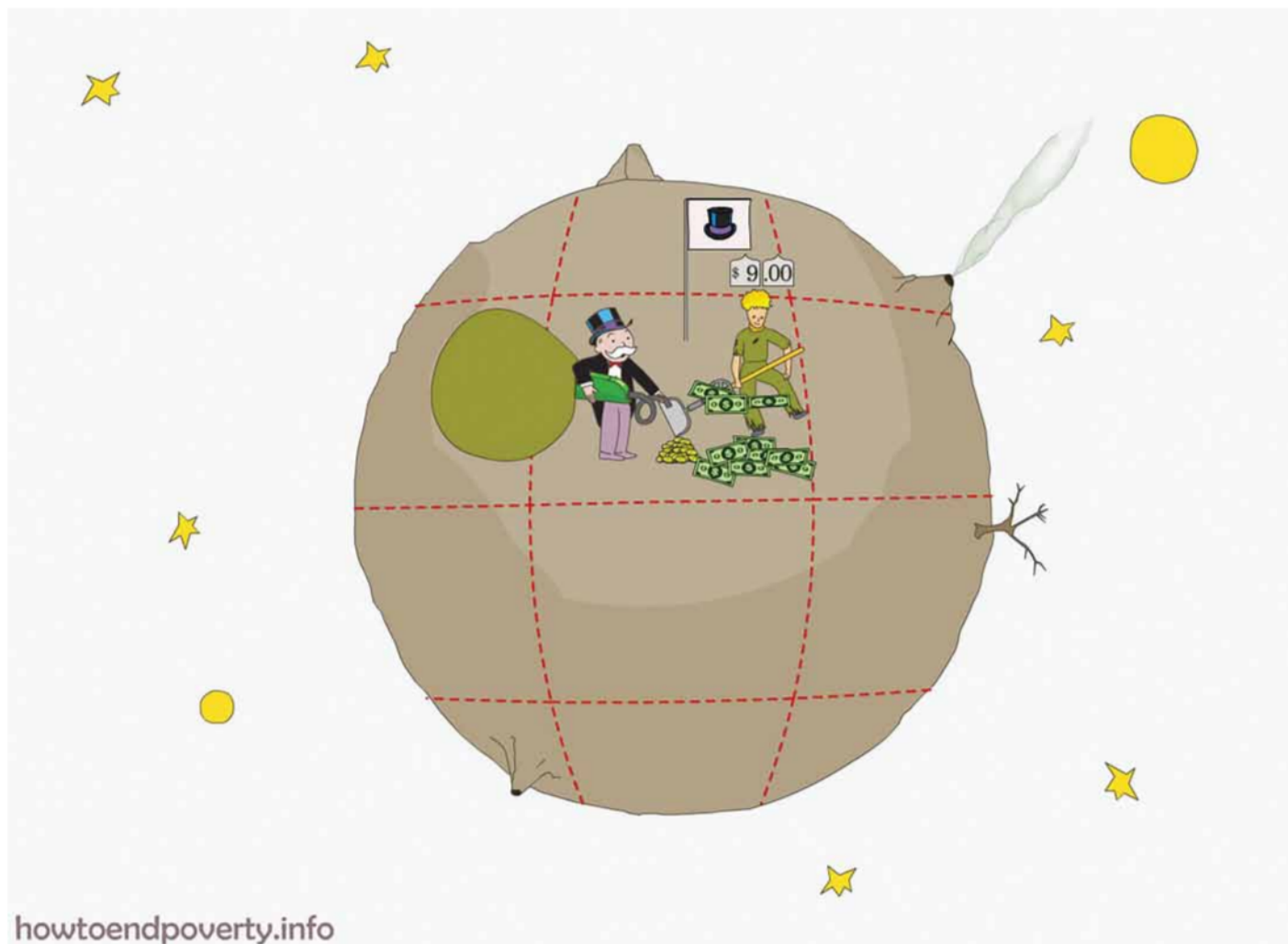
As Powley also confirms in the later article some very interesting features are embedded in the new tax measure. Namely the requirement that property owners will have to submit their own valuations to HMRC who will check them if they are within 10 per cent of the before-mentioned thresholds. With valuations having to rise in line with inflation and be reassessed every five years, this could represent a significant development making more widespread property and land valuations easier to promote moving forward.

Of course no journalistic coverage of a newly-introduced property tax will be complete without referencing the instantaneous effects of ARPT or any other property tax added to our current tax system: Possible ways people will try to circumvent them.

And indeed, Powley’s first article does not fail to highlight the forthcoming professional efforts to avoid the taxes even before implementation; quoting Nigel Bedford of Largemortgageloans.com: “We have had meetings with a number of private banks who are taking a proactive stance and have already been in detailed discussions with HMRC and taken top legal opinion on the actions that clients can take before these aspects of the bill are expected to come into force next April”.

Thus this recent unveiling of the government’s Annual Residential Property Tax and the prompt reaction to its introduction manages to highlight a few flaws in the current tax system, gives insight into human nature, and represents some fairly promising new developments within the subject of property valuation in the United Kingdom. ■

# LET'S GO VIRAL!



In a white, star laden universe appears an empty and barren planet. Uninhabited it is not. On its pitiless and stony surface stands a fair-haired individual in green overalls digging tirelessly in the cruel, infertile soil. In comes a hefty man complete with top hat and a bushy, white moustache. The hefty man is flying a biplane.

This is not a summary of the lyrics from an obscure, long-forgotten Bob Dylan song. Nor has life in London with its plenty supply of mind-expanding substances swallowed yet another poor soul in the form of the writer of this article. Actually, we are dealing with issues such as monopolies, pressure on earnings, poverty and economic rent here.

Confused? Well, you shouldn't be. You have simply been introduced to the mind of a young American, Jacob Schwartz-Lucas. Or to be more precise: You've been introduced to the product of that mind. In this case a video animation readily

available on all the new media platforms: YouTube, Facebook, Twitter and later on That-Next-Big-Internet-Thing-Being-Invented-As-I'm-Typing-This.

What I am describing is an internet visualization of the very causes of poverty and the negative externalities of property speculation. Indeed a serious and gloomy subject matter. Yet the animation has the instant adorability and the adolescent naivety of your favourite Antoine de Saint-Exupéry illustration. I almost feel confused as to whether I'm actually watching a children's infomercial about the importance of brushing my teeth.

The before-mentioned American responsible for this apparent child's play agrees to talk to me about the video and other things via Skype. So in the spirit of new media Land&Liberty does its first transatlantic video interview with 24-year-old Jacob Schwartz-Lucas.

“***It needs to be quick. It needs to be entertaining.***

”  
***It needs to be visual***

*Jacob, I know from our previous talks that you made this video not long after finding an interest in economics, explain to me how the animation came about.*

“A little over a year ago I was introduced to the idea of land value taxation. In fact I essentially learned about it via Facebook, which you might say is interesting in itself. I was searching for the most efficient way to alleviate poverty. However, I also had a few time constraints as a molecular biology master’s student. So I wasn’t keen on delving into long academic economics texts on something being referred to as the Law of Rent and similar theories, perspicuous and actionable explanations had to exist. At that time, I wish there had been some simple and concise visual explanations to expedite my grasp of the land value taxation argument, which seemed quite straightforward and logical.”

*What made you finally take such a strong interest in the subject?*

“Indeed, after finally being able to take the time to research the theory behind economic rent and land value taxation on my own, I have cultivated an immense interest in the subject. You might say that my endurance for hearing the land value taxation proponents out was much greater than that of your average Joe though. I only stuck it out and took the time to understand the core concepts because I was already passionate about social reform. It also didn’t hurt that I was able to raise my concerns and get my questions answered by LVT proponents via Facebook. But you simply can’t expect people to be innately passionate about economic reform, poverty alleviation and other LVT related issues. That being said, I do sense many more would become interested if they were given concise, entertaining visualizations delineating the full ramifications of land speculation and the practicality of land value tax reform. They shouldn’t be required to have the patience of researching the subject if their questions can be answered quickly and concisely through visualization.”

*So you’re simply trying to lower the threshold?*

“That’s a major part of it. However, I’m also trying to make the subject matter itself fun and appealing; it’s all part of drawing in a larger audience and sparking discourse. We, as land value tax proponents, are losing potential contributors by clinging to old methods of spreading the message, methods that both set the bar too high for our audience and lack this

entertaining quality I’m talking about. Fifty years ago people were much more likely to sit down and read a book or even, dare I say, solicited mail. However, today the average person is bombarded with information. If we seriously want the LVT argument to have any sort of broad appeal, to make people see past that informational film that has formed, we must be on par with the modern media ethos. It needs to be quick. It needs to be entertaining. It needs to be visual.”

*Tell me more about this specific video. Was it expensive to produce? What story are the characters supposed to tell and what do each represent? How has it been received?*

“It was done on a fairly modest budget. In many ways it’s simply a fun little re-make of the Savannah story, which people familiar with the book *Progress and Poverty* will recognize. It sheds a light on the true causes of poverty and provides an honest alternative. In the video, the man in green overalls represents an average of all non-landowning wage earners, highest to lowest. The Monopoly man, Monopoly being a game based on an earlier board game called the Landlord’s Game as you know, is essentially a land speculator. So the video is a simplification in a western context where in reality we find a significant overlap of landholders and wage earners, none of which are mutually exclusive. Of course the working of general economics remains the same nonetheless, so I feel the video is apt. It has received thousands of views since we posted it in November of 2011 and as we speak we are working on translating the narration into several different languages.”

*Besides the multilingual narration what are your plans moving forward?*

“In general I hope I can help bring the land value taxation message across to a wider audience. Not just the intellectuals who subscribe to the idea today. In the near future that hopefully means making more video animations, depending on possible funding. In general LVT proponents must be open to getting the message across to everyone, not just to the select few with an unquenchable thirst for economic theory and a hunger for reform. That involves thinking outside the box. And it shouldn’t end with just animated videos.”

*Editor’s note: The animated video has the title “How To End Poverty” and can be found at: [www.howtoendpoverty.info](http://www.howtoendpoverty.info)*



# THE THREE SLAVERIES

## AMERICA BEFORE THE CIVIL WAR

*An intelligent approach to the problems of poverty and racism will cause us to see that the words of the Psalmist, "The earth is the Lord's and the fullness thereof", are still a judgment upon our use and abuse of the wealth and resources with which we have been endowed.*

*- Martin Luther King Jr.*

**London, 1842.** America's most famous abolitionist, William Lloyd Garrison, joined with Irish abolitionist Daniel O'Connell to call for the northern United States to secede from their union with slave states, and for Ireland to secede from union with England. Garrison charged that England's posture towards Ireland epitomized the "slaveholding style," and he supported Ireland's "effort to secure her emancipation." Garrison declared that his call for secession would end if the South took steps to abolish chattel slavery, and O'Connell that his call for repeal of Anglo-Irish union would be withdrawn if his own demands for justice were met. To both of them, English-imposed landlordism was just a different form of slavery. Garrison published his own letter in *The Liberator* in which he called "for the repeal of the union between England and Ireland, because it is not founded in equity, because it is not a blessing, but a visible curse... *on the same ground, and for the same reason, I am for the repeal of the union between the North and the South.*" [emphasis added].

This echoed Jefferson's view that even the chattel slaves of America fared better than the poor of Europe, noting that "our only blot is becoming less offensive by the great improvement in the condition and civilization of that race,

who can now more advantageously compare their situation with that of the labourers of Europe. Still, it is a hideous blot..."

The economic essence of slavery is that some are forced to work for the benefit of others. In chattel slavery, a particular slave must work for a particular master, or for others as directed by that master. However, Garrison and O'Connell agreed that any system forcing some to work for the benefit of others enslaves them. Because there are three factors necessary for modern production, land, labour and capital, there are three categories of slavery: Tenantry, chattel, and indenture.

In US chattel slavery, an owner would hire out his more skilled slaves when he did not need them on his own plantation. The owner would get paid for the slave's work, and the slaves themselves would hope to get tips. The only Americans who worked for tips were slaves, as free Americans viewed tipping as a remnant of the European class system that they thought themselves to have escaped. Today, tipping is more prevalent in America than in Europe, but many American blacks still consider it degrading to work for tips.



Where land was monopolized by a landlord class, not only in Ireland but in Europe generally, direct ownership of persons was unnecessary. Landlords could charge enough rent to command more from tenants than could be commanded from chattel, without making the lords responsible for those they exploited. England sent slaves to the American colonies because land was so plentiful and cheap that tenantry was insufficient. Even though American land was quickly grabbed up by a colonial aristocracy, most aristocrats held more land than they could patrol, and the landless people's option of "squatting" prevented the landed from rack-renting them.

When the American Revolution began, chattel slavery existed in practically all the States; and Southern leaders claimed that its subsequent disappearance from the Northern States was due to climatic conditions and industrial exigencies rather than to the existence or absence of great moral ideas.

That is, chattel slavery fell out of favour in the North, where cold weather made squatting hazardous in winter. Solid cabins were necessary to protect against the harsh winters, and landlords had every right to evict squatters in the cold and burn their cabins to the ground. Burned out squatters had no choice but to return to northern cities, where rents were rising and wages were falling, and save up to purchase land. In the South, and particularly in the deep South, squatters only needed enough of a shack to keep rain off of them, and could easily build another to replace one that a landlord's agents had destroyed. Wages in the South were low because free labour had to compete with slave labour, but rents were even lower.

The third form - monopolizing capital - is indirect, and there have been two ways of achieving it. First, many of those who had already controlled land came to control capital indirectly, for the production of genuine capital is impossible without access to land and natural resources. In the initial stages of capitalism, however, landlords were no match for capitalists. Just as land monopoly had failed to enslave American tenants when there were too few of them, so did it fail to dominate capital, even in Europe, when there were few industries and plenty of competing landlords with whom to bargain.

However, a modern capitalistic economy requires a great deal of specialization and exchange, which is impossible without money. Bankers found that they could monopolize capital by monopolizing money and making people dependent on bank credit for trade. No matter how much wealth capitalists produced, they could not produce money, and could only get money by borrowing it or by selling goods to others who had borrowed it. This gave bankers the same leverage over capitalists that landlords had long enjoyed over tenants.

Americans caught on to this. The platform of the Free Soil Party, the largest of the minor parties to later coalesce into the Republican Party, reflected an understanding of the three distinct forms of slavery, and opposed privileges underlying all three.

Thus, although the majority of the Free Soil Party's platform planks focused on opposing chattel slavery in various ways, planks 11 and 12 stated:

*That all men have a natural right to a portion of the soil; and that as the use of the soil is indispensable to life, the right of all men to the soil is as sacred as their right to life itself.*

*That the public lands of the United States belong to the people, and should not be sold to individuals, nor granted to corporations, but should be held as a sacred trust for the benefit of the people, and should be granted in limited quantities, free of cost, to landless settlers.*

Plank 13 opposed both the monetary basis of monopoly capitalism and big government:

*That a due regard for the Federal Constitution and a sound administrative policy demand that the funds of the general government be kept separate from banking institutions; that inland and ocean postage should be reduced to the lowest possible point; that no more revenue should be raised than is required to defray the strictly necessary expenses of the public service and to pay off the public debt; and that the power and patronage of the government should be diminished by the abolition of all unnecessary offices, salaries, and privileges, and by the election by the people of all civil officers in the service of the United States, so far as may be consistent with the prompt and efficient transaction of the public business.*

All this was captured in their official motto, "Free Soil, Free Speech, Free Labour, and Free Men." All of the minor parties had either merged into the Free Soil Party or would soon join with it to form the Republican Party. They had all opposed slavery, but for different reasons and to different degrees. The tiny Liberty Party was the only one that had stridently championed the rights and personhood of the slaves themselves. It had broken away from Garrison's American Anti-Slavery Society because Garrison did not believe in the strategy of forming political parties. He believed that a focus on political gain would lead to compromising the message for political advantage. He was proven right.

The new Republican Party grandstanded against the chattel form of slavery while advancing the other two forms. It was an old ploy for this new country, stemming from former loyalists and rebel monarchists pretending to be Federalists, discredited Federalists first pretending to be Democrats and then pretending to be Whigs, and former Whigs pretending to be Republicans.

The Republican Party continued to oppose chattel slavery, but replaced the planks regarding land with the following:

*"That a railroad to the Pacific Ocean by the most central and practicable route is imperatively demanded by the interests of the whole country, and that the Federal Government ought to render immediate and efficient aid in its construction, and as an auxiliary thereto, to the immediate construction of an emigrant road on the line of the railroad."*

“  
**Washington himself was the biggest landowner in the nation, holding more land than any European king.**  
”

This pro-railroad plank was sold on the grounds that railroads would deliver the West to land-hungry people, but railroad land grants would actually deliver much of the West to the owners of the railroads themselves. Meanwhile, all references to money and banking had disappeared. Understanding how this happened takes us back to a look at how earlier US political parties had developed.

Three factions had dominated colonial America - loyalists or “tories”, who wanted to remain under British rule, revolutionaries, who wanted to establish an egalitarian, democratic society, and a third group that wanted to establish a new monarchical nation with centralized powers, independent from Britain but modelled on the British system. The revolutionaries opposed all three enslaving privileges - land monopoly, banking monopoly, and chattel slavery. However, loyalists and rebel monarchists in effect derived their incomes from these privileges.

Support from the people was absolutely necessary before the revolution, and promise of a decentralized, egalitarian federation of democracies was the surest way to win that support. As a result, the Articles of Confederation created a weak central government, to be funded by taxes on each state according to the value of privately held land in that state, and by a currency directly issued by the general government. The president of the Continental Congress was chosen by that Congress to serve for one year, and could not succeed himself for at least two years. It avoided the chattel slavery question as best it could. Drafters saw slaves as unable to support the revolution, and saw opposing slavery as antagonizing to powerful slave owners and unnecessary to win the support of common whites. In all other respects, the Articles of Confederation was a radical governing document.

However, war expenses and post-war debts required heavy financial support from monarchists and former loyalists, who were among the wealthiest of the colonial population.

Monarchists had already set out to tax poor farmers and to make them dependent on bank notes and scarce currency, the only acceptable tender for paying taxes. Massachusetts taxed land on its acreage rather than its value. Isolated western Massachusetts farmers had been earning little more than a subsistence and mostly traded with barter - the most common barter product was whiskey - and just before the Constitutional Convention, farmers, led by Daniel Shays, eventually revolted against the tax.

Land-grabbing fever dominated all of the rebel factions, but the monarchist faction brought together the largest and most aggressive speculators of all. Washington himself was the biggest landowner in the nation, holding more land than any European king.

To collect rent from monopolized land, aristocrats had to discourage people from pioneering other land. Other intrigues would enslave common people more quickly than land-grabbing itself, making them carry the cost of government and to keep them in debt to New York. This would also shelter the landed aristocracy from taxation. While many revolutionary rebels had offered up their “lives, liberty and sacred honor,” rebel monarchists and turncoat loyalists had loaned money to the revolution, or - worse yet - bought up heavily discounted bonds after the war’s end. Bonds that had been issued by states that were unable to repay them any time soon. Hamilton, the leader of the monarchist faction, would succeed in getting the national government to assume these debts and to guarantee to pay them back at par - something the states had never asked for. Buyers of discounted bonds became the vanguard of a permanent lending class.

The Constitutional Convention assembled with little fanfare, representing a coalition of aristocratic interests, dominated by landed, money-lending, slave-holding and mercantile interests. In “An Economic Interpretation of the Constitution of the United States” historian Charles Beard wrote:

*“A majority... were lawyers by profession. Most... came from towns, on or near the coast... Not one... represented... the small farming or mechanic classes. The overwhelming majority... at least five sixths, were immediately, directly, and personally interested in the outcome..., and were to a greater or less[er] extent economic beneficiaries from the adoption of the Constitution Public security interests were extensively represented... Of the fifty-five members who attended no less than forty appear on the Records of the Treasury Department. [Twenty-four were listed herein as holding more than \$5,000]. [L]ands held for speculation was represented by at least fourteen members... [M]oney loaned at interest was represented by at least twenty-four members... [M]ercantile, manufacturing, and shipping lines [were] represented by at least eleven members... [Ownership of] slaves was represented by at least fifteen members...”*



In the end, slave-holding interests opposed the Constitution, money-lending, manufacturing and mercantile interests supported it, and landholding interests were divided. Hereditary monarchy had been good to these supporting interests in England, and it was expected that an elected monarch would be better to them in the United States than a parliamentary democracy would be.

Of course, monarchists did not call themselves such, for the public was overwhelmingly opposed to monarchy and aristocracy. Instead, they called themselves Federalists, feigning support for the idea of a confederation of sovereign democratic republics, but working for a strong, centralized government with a kingly executive - elected if necessary, but kingly none the less. Their appropriation of the name was so effective that those who wanted a true confederacy, and who argued against the Constitution on those grounds, are known to this day as "anti-federalists."

The Constitution begins with, "We the People," which is true only in the sense of the "royal we," as when the Queen says, "We are not amused." The convention had not been called for by the people; the Continental Congress had not authorized it to write up a new Constitution, but only to propose individual amendments to the Articles of Confederation or to propose a methodology by which an actual Constitutional Convention could be convened; nor was it ever ratified by the people. In several cases, delegates campaigned as opponents of ratification and then cast their votes to ratify.



The monarchist coup was complete. Washington was appointed President. Hamilton, his secretary of state, quickly moved to levy a tax on whiskey. The tax was supported by all of the northern states and opposed by all the southern states, except that congressmen in Pennsylvania and Virginia were evenly split, with those from eastern parts supporting the tax and those from western parts opposing it. According to historian Leland Baldwin:

*"John Buckskin... became ever more convinced that the excise was one more move, and probably the decisive one, in the government's campaign to reduce him to the economic, political and legal status of the European peasant."*

For years the West had urged a land tax as the most equitable method of taxation. The purpose of this was twofold: First, the East would bear the greatest burden, since land there was more valuable on account of superior improvements and proximity to markets; and second, it was hoped that the taxing of the western land held by speculators would force them to sell it at reasonable rates and thus hasten the development of the West.

Farmers revolted all across the country and refused to pay, but farmers in southwestern Pennsylvania resorted to violence. They were responding to frustrations that went well beyond the tax itself, stemming from prior injustices.

The charters of Pennsylvania and Virginia had overlapped geographically. That is, the southern border of Pennsylvania had been defined as 39° 42' of latitude, and the northern border of Virginia had been defined by the Potomac,

Youghiogheny, Monongahela and Ohio rivers, the latter three running well north of that border. As a result, land south of Pittsburgh had been settled under Virginia's charter. Philadelphia speculators bought land titles under Pennsylvania's charter, sued for jurisdiction, and won. They then demanded that settlers repurchase the land from them at much higher prices than what they had originally paid. (After all, the land was more valuable now that it had been when settled.) The new mortgages had to be paid in either bank notes or specie, both of which were scarce. Again, whiskey was the farmers' currency, and the new whiskey tax also had to be paid in bank notes or specie.

The original tax law required violators to be tried in federal courts, all of which were in coastal cities. Congress amended the law to allow trying violators in state courts if there were no federal courts within 50 miles, arguing that making farmers travel long distances to trials was too harsh. However, Hamilton issued warrants under the old law against western Pennsylvania farmers just before the new law went into effect.

It is not clear whether Hamilton feared that no jury in Pittsburgh's state court would convict, but it is clear that he wanted to make an example of these farmers, and in mid July of 1794, Washington personally led a regiment of New Jersey and Virginia militia to overwhelm any resistance and haul these farmers to trial in Philadelphia - the only time a sitting President left his office to lead a military expedition. Twenty farmers were force-marched to Philadelphia, paraded through jeering crowds and held for up to six months, but not one of them was convicted. Two others, one considered insane and the other a simpleton, were convicted and later pardoned.

After the rebellion was quashed, many farmers moved to the mountainous Greene County, in the southwest corner of Pennsylvania, and defiantly made "moonshine" whiskey.

Meanwhile, those in western Virginia were generally too poor to own slaves, and their land was too rugged for growing cotton. They also hated the whiskey tax, but blamed eastern Virginia Congressmen for supporting it, for awarding vast tracts of Virginia land to speculators, and for generally selling them out to aristocratic interests. After Virginia joined the states seceding from the Union, western Virginia seceded from Virginia, creating what is today West Virginia. All this occurred almost 70 years after the Whiskey Rebellion. While many more proximate factors played a role, the Whiskey Rebellion set a tone of animosity between eastern and western Virginia that never healed.



Federalist policies had left most of the public indebted to New York money lenders, particularly in the South. As early as in 1792 Thomas Jefferson noted in a letter to the President (George Washington) under the headline "A Stepping Stone to Monarchy" that such stresses would make a civil war almost inevitable:

*"True wisdom would direct that they should be temperate and peaceable, but the division of sentiment and interest happens unfortunately to be so geographical, that no mortal can say that what is most wise and temperate would prevail against what is most easy and obvious, can scarcely contemplate a more incalculable evil than the breaking of the union into two or more parts. Yet... when we consider... that the owners of the debt are in the Southern and the holders of it in the Northern division..."*

In his tenure as President, Jefferson abolished the whiskey tax and paid off the national debt, to the displeasure of Northern money-lenders who wanted to collect interest in perpetuity. However, state debts, commercial debts and personal debts remained, and much of the land was irrevocably in the hands of Federalist aristocrats. Needless to say, monetary policy was the key.

The Continental Congress had issued a fiat currency called the "Continental", which had lost most of its value. The Federalists argued that the Continental Congress had behaved irresponsibly, an argument that is still put forward today against fiat currencies. However, Congress's issue of Continentals had been remarkably reserved, and there would have been no inflation if the only Continentals had been those issued by Congress. Unfortunately, each state issued its own state Continentals, with little regard to the overall effect. Worse, Britain hired teams of engravers to make counterfeit Continentals as quickly as they could print them, and distributed them to loyalists who flooded the market with them.

Using the demise of the Continental as an excuse, framers of the Constitution made it impossible for states to create money from anything but gold and silver (which were already accepted as money anyhow), and the new banker-dominated Congress made it difficult for the federal government to create money. The shortage of domestic currency opened the door for privately owned central banks to create money out of nothing and lend it into circulation.

Constitutional framer, war profiteer and merchant, Robert Morris had attempted to issue his own private money in 1766, but was foiled when 200 Pennsylvania merchants announced that they would not accept "Morris Notes" under any circumstances. In 1780, Morris founded the public-sounding Pennsylvania Bank which extended credit to the revolutionary army for food supplies. A year later, after Hamilton helped Morris secure the post of Secretary of Finance, he folded the Bank of Pennsylvania into the Bank of North America. Most of the bank's deposits were public money given to the revolutionary government by France, but the bank remained privately owned and controlled. Morris also engaged in grandiose land speculation schemes, and the panic of 1797 bankrupted him.



“ ***Slavery was being abolished around the world by governments purchasing slaves and granting them freedom.*** ”

When the Bank of North America faltered, Hamilton won himself a charter for the First Bank of the United States. Hamilton's manoeuvres at the Constitutional Convention had blocked the government from creating money out of nothing, but Hamilton's bank did just that, and then loaned the money to the government. Hamilton wrote to Robert Morris that "A national debt, if it is not excessive, will be to us a national blessing." If, by "us" Hamilton meant the country, then the same can be said of a cocaine habit. On the other hand, if "us" meant Hamilton and Morris, the claim makes perfect sense.

Jefferson referred to these debts as "a stepping stone to monarchy," and denounced them as "more dangerous than standing armies." As President, he persuaded Congress to revoke Hamilton's charter in 1811. On liquidation, it was discovered that the bank was 72% owned by foreign investors, mostly British and Dutch. The largest single investor was US slave trader Stephen Girard, who turned the remnants of the bank into the Girard Bank.

However, over 100 state-chartered private banks were in business, all of them issuing bank notes that passed as money. By 1814, there were 208 of these banks, each issuing money that was accepted by the federal government and by the state chartering it. This led to severe inflation, but Federalist opposition stymied President Madison's attempt to pre-empt these with a government-owned national bank.

In desperation, Madison allowed the privately owned Second Bank of the US to be chartered in 1816, just as many of these state banks were going bankrupt. The Second Bank occupied the same Philadelphia building as the First Bank, and its largest stockholder was, again, Stephen Girard.

These actions caused the public to see the Federalists as the party of a money-lending aristocracy. The Federalists responded by attacking chattel slavery and backing the Democrats into defending it. Slavery was being abolished around the world by governments purchasing slaves and granting them freedom. Jefferson noted that the Federalists never proposed measures that could actually result in freeing the slaves, but used the issue to polarize the country and distract attention from their own abuses.

Meanwhile, aristocratic interests invaded the new Whig Party. The new Whigs gave lip-service to the democratic teachings of Jefferson, and particularly cited his opposition to a centralized government with a strong executive, lambasting the high-handedness of Jackson's war with the banks. (Never mind that strong executives created the banks in the first place.) However, the Whigs were much more paternalistic and aristocratic than their Jeffersonian rhetoric would lead one to believe, and the same banking, mercantile and industrial interests that had dominated the Federalists dominated the Whigs. Like the Federalists, Whigs grandstanded against chattel slavery without actually doing much to end it, and quietly embraced the underpinnings of debt slavery and tenantry. The Free Soil Party opposed the hypocritical Whigs as much as the slavery-apologist Democrats, and nominated former Democratic President Martin Van Buren as its first candidate in 1848.

As the Free Soil Party and other minor parties merged into the new Republican Party, the Whig Party collapsed. Former Whigs rushed into the ranks of the Republican Party, bringing with it their loyalties to banking, to high tariffs that favoured northern industries at the expense of the South, to mercantile interests that profited from government favouritism, and to railroads. This accounts for the conspicuous absence of the planks on land and banking from the Republican Party Platform.

The Civil War eliminated chattel slavery, but war profiteering entrenched bankers, licensed monopolies, tariff-protected industries, land-grabbing and the Republican Party. It particularly entrenched railroad monopolists, who became the linchpin of privilege for half a century. The early progressives had mostly been Republicans, but found that the Republican Party had become, and would remain, the party of the privileged aristocracy. It used its plunder to put the South even more hopelessly in debt to Northern banks by invalidating all debts incurred by the southern Confederacy and by making the South share in the debts to the Union. It used this leverage to steal southern lands, and continued to polarize the geographical divide as a bulwark against democratic sentiments.

As the Democratic party clung to supporting the southern plantation system, reformers increasingly found themselves turning to minor parties once again. The progressive movement grew out of the abolitionist movement and would once again turn against both parties. 🗳️

## HGF Library Group Meetings

During recent weeks several interesting and stimulating talks have been given at our Friday afternoon meetings at Mandeville Place.

### **Ethics and Good Business - Paul Palmarozza**

Paul's talk was a lively affair as he linked theory and practice with the aid of several interesting video reenactments of the sort of dilemmas that face professionals today. He suggested that while profit is a regulator of the life of a business, other human and moral factors are just as important for it in the long term. In drawing upon his long career in business and the work that underpinned the book he co-authored with Chris Rees 'From Principles to Profit', he made a strong case for 'honesty being the best policy'.

### **Stewardship Economy - Julian Pratt**

Julian was also able to draw on his experience in producing his book when he gave his excellent talk. In this he took a radical approach to the problems of market economics. He did not question the role of market mechanisms themselves or the role of government in regulating the economy and providing public goods but he did question one of the foundations on which market-based economies are based: The system of property rights. He suggested that the form of private property that works well for the things we make is entirely inappropriate when applied to the natural world. He proposed an alternative to private ownership - stewardship. He confirmed that the principle underlying stewardship was that everyone is entitled to an equal share of the benefits that the natural world provides for their generation and that every generation has a responsibility to care for it and pass it on undiminished to future generations. Where individuals or firms seek exclusive use of any part of the natural world they should do so as stewards taking on the responsibility of care and the duty to compensate others for excluding them from it.

### **The Henry George and Alfred Marshall Affair - John De Val**

John provided another lively meeting the highlight of which was when he invited us to share in the argument and uproar that ensued following Henry George's lecture at Oxford in 1884. John had some of us imitate the bunch of unruly young aristocrats who disturbed proceedings with ironical cheering and general noise and others play the part of the chief protagonists including Henry George and Alfred Marshall who was then a lecturer on political economy at Balliol College. When it was time for questions to George following his lecture Marshall was the first to rise. He observed that not a single doctrine in Mr. George's book (Progress and Poverty) was both new and true, since what was new was not true, and what was true was not new. George's reply to this rebuke constitutes one of his most penetrating statements. He happily conceded that his book contained nothing that was both new and true, because he said, 'the book was based upon the truth; and the truth could not be a new thing; it always had existed and it must be everlasting'.

### **The Idea of Property - Joseph Milne**

Joseph's talk was a far more sober affair. He began with the question that Henry George poses regarding why John Stewart Mill was so confused about the basis of property in Chapter VI of The Science of Political Economy. George's answer was that: "it is evidently the same thing that has prevented all the scholastic economists, both those who preceded and those who have succeeded him, from giving any clear and consistent statement of the laws of distribution or the origin of property. This is a pre-assumption they cannot bring themselves to abandon – the pre-assumption that land must be included in the category of property and a place found in the laws of distribution for the income of landowners. Since natural law can take no cognizance of the ownership of land, they are driven in order to support this pre-assumption to treat distribution and property as matters of human institution only."



### **The Commons - James Quilligan**

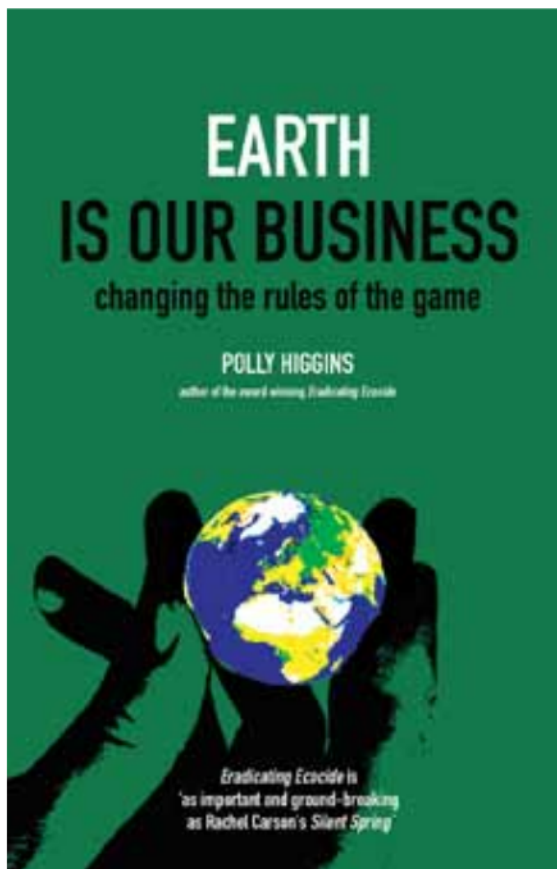
This meeting was one of a series of seminars initiated by the 'School of Commoning' at which James Quilligan was able to share his ambitions and concerns for how The Commons are regarded in today's society. At our seminar, under the heading "Property Value and The Commons" James presented his ideas alongside others presented by Joseph Milne, and David

Triggs, before discussion was opened to the wider participants. A healthy, stimulating and friendly debate ensued during which much common ground was confirmed whilst some differences were left unresolved. There was agreement regarding the way in which the natural world should be regarded as common and freely available to all and how where exclusive use of a common resource was necessary e.g. land, it was necessary for those who enjoyed such a privilege to compensate those who were correspondingly denied such use e.g. by the payment of a resource rent. It was also widely acknowledged that certain artificial products/resources that all people in a developed society are obliged to depend upon, need to be treated likewise. Some HGF members were however less clear how a rent would be placed on such things as indigenous knowledge, education, music and arts.

### **Four Horseman - Film by Motherlode**

A good audience turned up for our showing of Motherlode's latest and most ambitious effort to bring their concern for economic justice to a wider audience. This full length film explores the global economy and the current crisis through the eyes of 23 global thinkers many of whom have been ignored by the mainstream media. Responding to questions posed by Ross Ashcroft the thinkers, who included Joseph Stiglitz, Herman Daly, Satish Kumar, Tarek El Diwany, Michael Hudson, Gillian Tett and John Perkins, describe how the current economic world really works. The film does not condemn bankers, politicians or the media but rather puts the whole system up for discussion and describes in simple terms what needs to change in universities, governments and in business. It aspires, along with an accompanying book by Ross Ashcroft and Mark Braund to be a catalyst to begin a debate around the solutions we urgently need. Judging by the response of our audience and of those who have seen the film elsewhere it may well do so. 📺





## Earth Is Our Business by Polly Higgins

Reviewed by Brian Hodgkinson

Price: £14.95, available at [www.shephard-walwyn.co.uk](http://www.shephard-walwyn.co.uk)  
Published by: Shephard-Walwyn, IBAN 085683288X

'The concept of Earth as a living organism has been forsaken. The prevailing belief that has wrought our predicament has treated the earth as a mere resource to be plundered at will. As a consequence the imbalance in our ecosphere is now so great that it is threatening to destabilise all of Earth and mankind' (page 149).

With these words Polly Higgins pinpoints the problem that she regards as the most fundamental facing the world at the present time. Already author of an award-winning book on ecocide, she heightens the debate yet further with this far-reaching analysis and prescription of a solution. Ecocide she defines precisely as 'the extensive damage to, destruction of or loss of ecosystem(s) of a given territory, whether by human agency or by other causes, to such an extent that peaceful enjoyment by the inhabitants of that territory has been severely diminished' (page 3).

When human agency is the cause, she has no doubt about the ideology that lies behind it. Nature has been treated as a commodity to be bought and sold, just like the goods and services produced by labour which are traded for money. No line has been recognised between the gifts that humanity receives from the earth – forests, minerals, water, wild life, in short all that economists have always categorised as land –

and things that have been transformed by work to suit human needs. Nature as a commodity becomes property. Individuals, companies and banks invest in it, and in claiming ownership appropriate rights to exploit, pollute and even to destroy the life enhancing natural qualities on which we all depend. Property in labour more or less ended with the abolition of slavery. Property in land remains largely unquestioned, except by visionaries like Polly Higgins.

Recently it is true that some firms have begun to respond to criticism about the unrestricted profit motive by freely adopting moral rules to limit their exploitation of the earth; but this is wholly inadequate, according to the author. Shareholders are legally entitled to demand that companies aim at profit maximisation, so that such rules are under institutional pressure. Rent-seeking especially becomes the prime objective of corporate leadership. Likewise, the growth of such measures as trading in rights to pollute only gives further sanction to pollution itself and to similar destructive practices. What is needed is the introduction of laws passed both by governments and by international bodies like the United Nations. Law alone can transform the ideology behind ecocide by simply making deleterious behaviour illegal and punishable. As a lawyer herself, Polly Higgins demands an International Criminal Court able to impose custodial sentences on offenders, such as the CEOs of companies that commit ecocide.

What then should replace the concept of ownership of natural resources? Two answers are proposed. The earth itself should be understood as possessing rights, enforceable by law like human rights. Thus the status of the earth as a living creature, rather than as an inert object available for use at will, would be recognised. Secondly the duty of care should be acknowledged by all who have dealings with the earth, whether as individuals, business representatives or government officials. In particular, 'a Law of Ecocide imposes an international and trans-boundary duty of care on any person or persons exercising a position of superior responsibility, without exemption, in either private or public capacity to prevent the risk of and/or actual extensive damage to or destruction of or loss of ecosystem(s)' (page 148).

There are abundant well-researched examples of the issues of concern. Deforestation of the Amazon basin, Canadian tar sands, oil pollution of the oceans and many others are discussed. One vital and often overlooked question given some emphasis is that of how the natural resources of war-torn countries, such as those in the Middle East, are to be appropriated in the peace process. In places like Iraq, Libya and Sudan there is a hidden agenda of who gets the rights to oil. Without just settlements that recognise the rights of all parties and of the earth itself there will be no lasting solution.

Finally this invaluable book offers a most significant improvement in the rules of the World Bank in allocating funds for development. It should require 'environmental assessment of projects proposed for Bank financing to help ensure that they are environmentally sound and sustainable, and thus to improve decision making' (page 179). Such a recommendation illustrates the breadth of view of an author who brings both her skills as a lawyer and her original thinking to this most critical of today's economic and political matters. 📖

# Alanna Hartzok

**A word from Alanna Hartzok:** *Alanna is the new General Secretary of the International Union for Land Value Taxation and also serves as one of the IU's United Nations non-governmental representatives. She is global outreach coordinator for the Robert Schalkenbach Foundation, founder and co-director of Earth Rights Institute, and author of The Earth Belongs to Everyone, recipient of the Radical Middle Book Award.*

In 1978 I took a 5 week course in Georgist economics at the San Francisco branch of the Henry George School of Social Science. What I learned changed my life. Previous to the momentous occasion of my economic enlightenment I had completed a master's degree plus four years of training in transpersonal psychology. I had also searched for years for answers to questions about root causes of poverty, war and various other social problems. The search ended and the work began.

Shortly thereafter, very much a newbie to the cause, I gave a workshop on Georgist economics at the International Cooperation Conference in Pasadena. A while into my talk an elder raised her hand and said, "We all know this, what are we going to do about it?" Well, hardly anyone else at the conference really did "know this" but Mildred Loomis certainly did, and had for more than 40 years when first we met that fateful day. Considered by many to be the "grandmother of the counter culture" Mildred had worked closely with Ralph Borsodi in founding the School of Living Community Land Trust, a back-to-the-land organization that has taught Georgist economics up to the present time.

Mildred was one of numerous others who kept the flame of economic enlightenment alive throughout their lifetimes. As I became ever more involved in the Georgist movement I met many high-minded and brilliant people who also toiled in this field, writing magnificent books, scribing profound articles, doing painstaking research and organizing significant though small-in-numbers conferences. They have all succeeded. The flame still glows.

I want to now report my most recent and powerful encounter with the possibility that the zeitgeist is ripening; the golden thread of perennial wisdom teachings regarding the right and just relationship of people to planet is being rediscovered by political economists worldwide.

The 2012 Annual World Bank Conference on Land and Poverty, held at the Bank's headquarters in Washington from April 23th – 26th addressed the topic of "Land governance in a rapidly changing environment." Klaus Deininger, Lead Economist, Development Research Group, World Bank welcomed more than 500 conference attendees from 85 countries. Deininger told us, "There is an increased recognition of the importance of good land governance for economic and social development; there is an expanding community committed to its improvement."

Deininger introduced Paul Collier who gave the opening plenary address. Collier is Professor of Economics and Director of the Centre for the Study of African Economies at Oxford University. He is also an advisor to both the World Bank and the IMF. Early in his speech he indicated his understanding of the Georgist paradigm when he said "railways should be financed by the rents of natural resource extraction." Collier also told us that: Density is valuable and that value is reflected in the price of

land. The taxation of land appreciation offers huge scope for financing the cost of urban infrastructure. But the default option is for the costs of urbanization to be socialized, while private landowners capture the benefits... Clearly this is not the way to go. (There are) enormous rents on rising land value. Such big money should not go to corrupt politicians but these rents should be socialized.

Concerning the challenges of rapid urbanization in African countries Collier said that three elements are required: 1) Coordination, 2) Planning and 3) Taxation. Indicating his understanding of the land tenure and land rent problem he said, "Housing is important. If you mess up the process of developing housing you have done something horrible. If you look at nearly any African city... most people live in shacks and there are a few elite. There is a failure of coordination."

Referring to how much of London is owned by feudal estates he emphasized the importance of capturing land rent for public benefit. "The process of increasing density creates value," Collier said. "To whom should that accrue? (he means land rent) Not to the Duke of Westminster, rather that gain should be socialized."

After Collier completed his speech I was the first to ask a question: "How do you understand the role of escalating surface land rent as a contributor to the rich/poor gap, to wealth inequality; and what role do you think surface land rent can play in addressing poverty?"

His response: The challenge is to create land scarcity, which government can do by creating zones; then the land becomes valuable, then you get competition and can socialize rent. Currently the costs but not the benefits of development are socialized. Clearly this is not the way to go. In the urban centers there are enormous rents on rising land value. Such big money should not go to corrupt politicians but these rents should be socialized.

Collier is a game changer. A few short years ago he was talking about the "resource curse." Now he knows how to structure an economy so that the curse becomes a blessing.

At the conference poster session I presented "Land Value Capture and Resource Rent for Public Revenue – Addressing Inequality, Poverty and the Land Rent Problem." I was also co-discussant with Rogier V.D. Brink, World Bank Lead Economist, for the session titled "Land valuation and taxation: Conceptual issues and implementation challenges." The writers of two of the papers in this session have a firm understanding of land rent and the importance of land value taxation. They are Lawrence Walters, Professor, Brigham Young University and Thiago Oliveira, Research, UNICAMP, Brazil. Walters began his paper with a land rent quote from John Stuart Mill and also favorably mentioned Henry George.

Strong interest was expressed by Dr. Tajamul Hague, Director of the Council for Social Development and formerly Chairman, Commission for Agricultural Costs and Prices, Government of India, for the possibility of partnering to develop a forum or conference on land value taxation while I am in Delhi, India at the end of December.



I also had a focused conversation with Solomon Haile, Human Settlements Officer, UN-Habitat. We discussed, inter alia, the work Gordon Abiama is doing for the Land Value Capture Policy Implementation Research Project in Yenegoa, capital city of Bayelsa State, Nigeria.

Another high point was the hour-long private meeting I had with the Dean of the Board of Directors of the Bank and two of his top advisors. I had met this gentleman, who is also one of the 24 executive directors of the Bank, the previous year at a UN conference in New York. Readers might enjoy the story of how we first met.

It was a “chance encounter” in the UN’s Vienna Café where I asked the gentleman with crossed legs to “excuse me sir, we have to unblock the commons” in order to pass into the area where the Commons Action for the UN group was meeting.

While waiting for my group to gather this gentleman and I engaged in conversation. After I put forth the benefits of land value tax policy, the gentleman said, “it sounds like your group has the answer to what our group has been searching for, which is how to harness the market for the production of affordable housing.” I asked, “What is your group?” to which he replied, “The World Bank.”

He then handed me his card that showed he was Executive Director of the World Bank. Our Commons Action for the UN group quickly put aside its planned agenda to continue the conversation with this man. Two hours later we had discussed a wide range of topics about how to build a better world and he had shared with us bits of his life story, beginning with his birth in a tent in the desert of Saudi Arabia.



So fast-forwarding one year at the World Bank headquarters in Washington, I entered his luxury office suite adorned with Persian carpets and portraits of Saudi Arabian sheiks. The featured coffee table book was about desert date palms.

For an hour the four of us engaged in a lively and far-reaching conversation. We ranged from the topic of economics, to the big picture of the meaning and purpose of life, to the reality of “the one human family” beyond borders and boundaries. We talked about the need to eradicate poverty and war so that everyone can have basic needs met and how this would support humanity’s evolution to limitless realms of mental and spiritual expansion.

One of the advisors asked if I had heard the Dalai Lama’s speech the previous day. “He was talking about your book,” he said. Well, they laughed, not really my book in particular, but the theme of my book, “The Earth Belongs to Everyone.”

We discussed the truth of this understanding and then I directed the conversation to the other advisor whose name was Ibrahim. I mentioned the Abrahamic faiths of Judaism, Christianity and Islam and how they all contained the teachings about Jubilee justice of debt cancellation and fair distribution of land.

I also referenced the Talmudic rabbinical discussions wherein it was decided that those having locations closer to the market (Jerusalem) would make a cash payment to those further out to equalize labor’s rewards since land has varying location values. I pointed out that this is in effect the same concept as LVT today.

We all agreed that since many if not most religious conflicts are over land and resources then the policy of land value taxation and resource rent for public revenue held great potential for resolving religious conflicts.

I then mentioned my meeting with Dr. Hague and that he and I had briefly discussed the possibility of a conference on land value taxation in Delhi at the end of December. The World Bank has a major office in India and they told me to tell the lead people in that office that this World Bank executive director says that land value tax policy is important to explore and that the Bank in Delhi should partner with this event.

Joseph Stiglitz was mentioned and they told me that he is considered an economic guru by the chief economists at the Bank. Stiglitz has written about the role of land value tax policy and if he were to speak out about it directly to those at the Bank it would gain traction, they said.

Hopefully my experiences at the World Bank Land and Poverty conference will inspire other Land&Liberty readers to participate in this annual event. The previous year there were 250 participants, and this year of 2012 there were 500 and it was oversubscribed. Several people told me that this is “the place to be” for the global conversation on land policy issues. The next conference in D.C. is planned for April 2013.

As I noted in the beginning of this essay, since the time of Henry George’s passing, the flame of the perennial wisdom that he rediscovered and so eloquently and profoundly brought forth through his books and lectures has been kept aglow by dedicated individuals in several countries. Many lived far distances from each other and were separated by the earth’s great oceans. Wondrously, outside of the acceptance of academia, apart from the mainstream of human thought, and most often in obscurity with little or no public recognition these high-minded souls persisted, often for entire lifetimes, in their efforts to educate and enlighten others.

Each of us who work today to bring forth this great truth stands on the shoulders of those who have gone before. It may be that it is our good luck to live in the time when this awakening dawns upon the world. Until then may we continue our high endeavor with ever-greater cooperation, harmony, strength, skill and good will. 🇺🇸

*Alanna has developed an online course, which can be found at [www.course.earthrights.net](http://www.course.earthrights.net). For details on the World Bank Land and Poverty conference including papers presented, sponsors and collaborators go to: [www.landandpoverty.com/agenda/index.html](http://www.landandpoverty.com/agenda/index.html) Info about Alanna’s upcoming teleseminar, *Sustainable Economics for the 21st Century*, can be found at: [www.earthrights.net](http://www.earthrights.net)*

## Tom Osborne shares a thought on Adam Smith

It must be well over fifty years ago now that I was idly looking one day along the shelves, entitled optimistically - if inaccurately - "Economics", of my local public library, for any books that might have something to say about Henry George or his ideas, or, if written before his time, might show that others had similar thoughts to those about which he later had many. My eyes alighted on an old octavo copy in two volumes of *The Wealth of Nations* by Adam Smith.

I had of course heard of him, but knew little apart from what George says about him in *Progress and Poverty* and, perhaps, from history lessons at school, that he was somehow connected with what the master had called "laissez faire."

As far as I could remember laissez faire was, or indeed is, taken to mean that if things are left alone to carry on as they are and not interfered with by what Smith would call the Sovereign and we would call the Government or the State, then everything will be for the best.

Something made me decide to borrow the work and I read it through from cover to cover, which, I must say, is not the easiest thing to do. It's long, written in flowery if delightful eighteenth century prose, sometimes goes into lengthy detail about things which are obvious to us today and don't need the explanation, or are irrelevant. Perhaps it's not surprising that I never seem to find anybody else who has actually read it all the way through. But nevertheless there is the odd gem to be found by those who look.

Gem maybe does not do justice to one of the things I discovered. Smith splits the work into five 'Books', as he calls his

divisions. I could not find that he used the phrase laissez faire nor that he suggested that things should be left as they are, but what I did find, as I ploughed my way through to the penultimate paragraph of Book IV, was the following:

*"All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord."*

This beautiful thought hit me like a blow from a sledge hammer. So there was such a thing as a system of natural liberty; it was obvious; it will establish itself of its own accord; and it will do so if all systems of preference or restraint are completely taken away. What Smith does not say is that this will happen provided a few systems of preference or restraint are taken away, or some, or a lot, or most, or nearly all of them, let alone only those which it suits you or me to take away. His very first word is "all", to which he adds, a few words later, "completely". I picked myself off the floor and read on to the next sentence:

*"Every man, as long as he does not violate the laws of justice, is left perfectly free to bring both his industry and capital into competition with those of any other man, or order of men."*

Again, another hammer blow, another beautiful thought. Everybody perfectly free to do his own thing but with the stipulation that he does not violate the Laws of Justice.

Although I read to the end of the book, sadly Smith does not explain what he means by the Laws of Justice, so it's not

clear if he was aware of what we call the civil and economic duties. But he continues the paragraph with the following enlightening sentences:

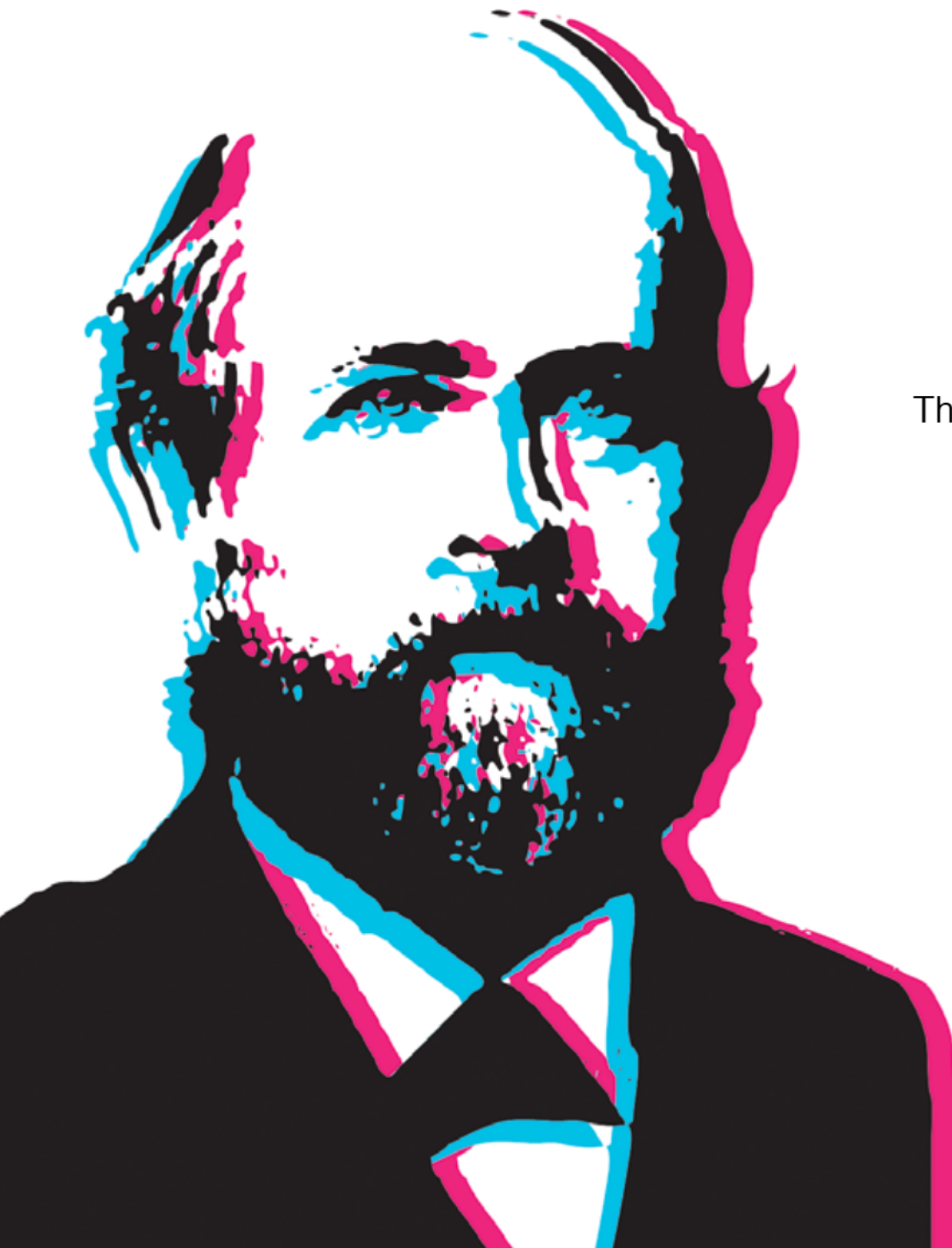
*"The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions (hear, hear!), and for the proper performance of which no human wisdom or knowledge could ever be sufficient (hear, hear!); the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society (hear, hear!). According to the system of natural liberty, the sovereign has only three duties to attend to; three duties of great importance, indeed, but plain and intelligible to common understandings: first, the duty of protecting the society from the violence and invasion of other independent societies; secondly, the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it; and, thirdly, the duty of erecting and maintaining certain public works and certain public institutions which it can never be for the interest of any individual or a small number of individuals, to erect and maintain; because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society."*

I was so enchanted that I committed it to memory. To paraphrase Chancellors of the Exchequer on Budget Day, "I commend the passage to all." 📖

...THAT  
WHICH IS JUST  
CAN REALLY HARM  
NO ONE

”

Henry George,  
The Land Question 1881



To find out more visit  
[www.henrygeorgefoundation.org](http://www.henrygeorgefoundation.org)  
or  
[www.LandandLiberty.net](http://www.LandandLiberty.net)



# Our Philosophy



## What is Land & Liberty?

*Land&Liberty*, a quarterly magazine published by the Henry George Foundation, has chronicled world events for over 100 years. Dedicated to promoting economic justice along lines suggested by the American writer, social reformer and economist Henry George, it offers a unique perspective to stimulate debate on political economy with its reports, analysis and comment.

## Who was Henry George and what is special about his ideas?

In 1879 George published one of the best-selling books on political economy ever written, *'Progress and Poverty'*. By the twentieth century the wisdom he expounded was recognised and supported by many of the world's most respected thinkers including, Tolstoy, Einstein, Churchill, Keller, Shaw, Huxley, Woodrow Wilson, Stiglitz, and Friedman. Today, as the world faces environmental and economic crises, we believe George's philosophy is more relevant than ever. But, as George foresaw in *Progress and Poverty*, and is inscribed on his gravestone:

*"The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. If that could be, it would never have been obscured."*

Today Henry George is mostly remembered for his recognition that the systems of taxation employed in his day, and which continue to dominate fiscal policy in the UK and throughout the world, are unjust, inefficient, and ineffective.

He saw how taxes discourage wealth creation, positive economic activity and employment and prevent people and nations from realising their full potential. By ignoring property rights they involve theft and encourage dishonesty and environmental abuse. In short, as a method of raising public revenue, they fail. By offering an alternative, George also showed that taxes are unnecessary.

George realised that some land at particular locations acquired a value that was not due to the actions of any individual or firm but was due to natural influences and the presence, protections and services provided by the whole community. He saw that this value grows as the need for public revenue grows and is sufficient to replace all existing taxes. This could be collected by levying a charge based on land values and is commonly referred to as land value tax or LVT. However, George was clear that this is not actually a tax but is a rental payment individuals and groups need to pay to receive exclusive use of something of value from the whole community, i.e. the exclusive possession of a common, limited and highly-valued natural resource.

Henry George's ideas were not limited to his proposal to change taxes. His

profound body of theory also included issues such as: the difficulties inherent in the study of political economy, the fundamentals of economic value, a proper basis for private and public property, trade, money, credit, banking and the management of monopolies.

Key to 'the truth' that Henry George tried to make clear is that every thing is bound to act in accordance with the laws of its own nature. He saw that these laws of nature operate everywhere, at all times, and throughout a creation that includes man and society and the worlds of body, mind and spirit. Further, that people and societies can only behave ethically and succeed in their own designs where they take proper cognisance of, and act in harmony with, those natural laws.

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