

# LAND & LIBERTY

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Restoring a timeless idea...

Issue 1234 Summer 2015

*Rethink  
Economics*

“

THERE IS DANGER  
IN RECKLESS CHANGE...



# LAND&LIBERTY

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## letter from the publisher

If we needed any reminder of the need for rethinking our approach to economics the general election of May 2015 surely provided it. The campaigns were characterised by debates, promises, rebuttals and commentaries that revolved around a need for public services and a shortage of the necessary public revenue - but they never came close to addressing the real issue. The problems associated with austerity, inequality, debt, money, banks, housing, education, migration, employment and conflicting regional and national economic interests all featured - but the common root of these problems was consistently ignored. The election result highlighted how such ignorance undermines the unity of both the UK and the EU. They both now risk disintegration on account of an injustice that is rooted in a failure to recognise the significance of geography within a single economic community. Current tax and benefit arrangements magnify the economic disparities between different regions and apply divisive palliatives.

Whilst variations in economic advantage may stem initially from natural features such as topography, geology, climate, proximity to the sea or rivers etc., economic development causes proximity to centres of population and services provided by others (public and private) to be more significant. This is where cooperation and mutual service increases the productiveness of both labour and capital most and where people work closest to those that can help them produce and sell their products.

The wealth that those who produce wealth can enjoy from their earnings is reduced by what they must pay in taxes to government. They are also reduced by what they must pay for use of the land beneath their dwellings and workplaces to those who can claim the rent out of what is left. Wealth producers are then left with little more than the least they are prepared or able to accept. A small reduction in income or increase in outgoings can put wealth producers in jeopardy. Meanwhile those who can claim the value of location that is due entirely to the presence, protections, and services provided by the whole community, enjoy an unearned income that translates into a financial asset that derives not from production, but from the necessity of people to live and work somewhere.

The situation for wealth producers in marginal locations is however most perilous. Here, whilst reduced wealth producing capacity is reflected in reduced location values and rents, it is not reflected in the taxes that governments demand of them. One consequence is that potentially marginal businesses are rendered submarginal. They thus produce no wealth at all and people who would happily work are prevented from supporting themselves and become a burden rather than contributing towards the welfare of the whole community.

If such malign taxes were abolished and replaced by a location fee payable by those who currently enjoy the unearned income that manifest as land or location value, all wealth producers would benefit, especially those at the margins of economic viability. An integrating force would then be activated in place of the current disintegrating tendency that threatens communities throughout the world.

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# letter from the editor

One of the difficulties we face in communicating the insights of Henry George today is due to the separation of economics from ethics. Even in Adam Smith's time the new science of economics was part of ethics or moral studies. It grew from the attempt to discern the underlying laws of the production and exchange of wealth in a just society. But gradually this study has shifted from the moral sphere to a purely mechanistic sphere in which 'economic activity' is largely regarded as morally neutral. Poverty becomes a mere matter of statistics, of ratios between rich and poor, while the unqualified acquisition of wealth is considered to be the sole purpose of a society.

In such a state of affairs the question of a just society can hardly be raised, and if it is, it merely takes the form of a debate about who has what share of the economic cake. Self-interest is the measure and meaning of economics, each competing against each, and nation against nation. In the recent elections in Britain that is how the political parties addressed us, as out for what we could get. The real questions of economic injustice, of exploitation, of the parasitic financial market, of usurious money lending, or of the abuse of nature, were never raised. The mechanistic analysis of economics has become a justification for regarding the economy as nothing more than the exploitation of everyone by everyone. This is because that analysis cannot account for what is lawful, humane or natural.

Henry George speaks in an age when the connection was still seen between economics and justice, and also where the lawful relationship could be seen between man and nature. This is why his *Progress and Poverty* was so widely read. Ordinary people could see how the presence of the community naturally enriched everyone, culturally as well as economically, and that the rent on land was the natural revenue for government and the provision of community needs. The rise of a complex society did not create a need to burden the production of wealth with taxes. Yet taxing the production of wealth creates the poverty that came with the complex society. A class of people arose who contributed nothing to society, yet who lived off the labour of those who did. How can a person live in luxury while producing no wealth? Ordinary people could see that this was possible only if such an individual could make a claim on the wealth produced by others, and the easiest way to do this was to collect the rentable value of land from those who worked on it. The ordinary people could see that this rentable value could only belong to the community as a whole whose presence alone created it.

But this general understanding which George brought to the world was gradually eroded by removing the study of economics from the moral sphere to that of abstract mathematics. As a consequence the definitions of the basic elements of economic theory – land, labour, and capital – got lost under a cloud of statistical analysis and misdescription. It was as if society no longer consisted of human beings, or that human beings were merely part of the machinery of anonymous production and consumption.

In consequence the ethical concerns of society were forced into other spheres. Noble declarations of human rights have been formulated, worldwide charities have been born to help the most needy, more people have access to education. Yet the really basic human rights have not been declared: the right to access to land; the right to the full fruits of one's labour. Nor have the basic human duties been declared: the duty to care for the earth; the duty not to burden future generations with debts; the duty to render the economic rent to the community and the common good. If these basic rights and duties were practised there would be very little need for the worldwide charities, and most other rights would be redundant. Because the basic human rights are missing, most current human rights are merely attempts to mitigate the consequences of their absence, much in the same way as governments redistributing wealth are merely attempts to mitigate the consequences of unjust appropriation of wealth. There is no lack of good will in our times, but there is a lack of understanding of the fundamental nature of society.

Our situation is therefore different to that of the times of Henry George. We have a different set of problems to meet and other obstacles to overcome. It is not enough merely to campaign to reform the tax system. There are deep-seated general opinions that seem self-evident truths to most people now, but which are misguided. For example the opinion that there is no distinction to be drawn between ownership of things produced by labour and what is freely given by nature, such as the land. Both are regarded as marketable commodities. Or, as a second example, the belief that money is wealth and a marketable product, and the failure to see that the financial markets actually produce no real wealth at all.

Failing to see such opinions are false means that the consequences of that failure cannot be seen either. It was precisely because of these false conceptions of the economy that the banking crisis of 2008 was not seen to be coming, even though Fred Harrison and other economists had predicted it. False ideas about the economy have the effect of obscuring from view the laws actually governing it. This in turn creates the illusion that governments and institutions can control and master the economy, as if it had no natural laws of its own like everything else in existence.

Overcoming false opinions is no easy task. Yet there cannot be reform or progress without seeking to understand the real nature of things. This is as true of economics as of any other sphere of knowledge.

In this issue of *Land & Liberty* we have four substantial articles which shed light on major aspects of economics, each of which helps dispel certain common illusions. In our cover article, 'Rethinking Economics with Henry George', David Triggs takes us back to the profound insights of Henry George and his struggles to rescue the study of economics from vested interests that seek to distort its truths through abstract complexification, making economists fear to speak the truth. Brian Chance's article 'The Nature of Debt' clarifies a subject that most people have great difficulty understanding, even though debt is endlessly talked about by present politicians and economists. Yet the nature of debt and credit is as important in understanding the economy as the land question.

In his article 'Three Doctors and a very Sick Patient' Richard Glover explores further the analysis of Thomas Piketty, comparing his proposed economic remedy with that of Adam Smith followed by that of Henry George. It is a most illuminating article, giving full credit to Piketty's extensive research into growing inequality, yet also showing how his definitions of wealth and capital prevent him seeing more clearly a natural remedy.

Our feature article, 'Changing Conceptions of Property', by Jonjo Brady, a law student, gives us a fascinating history of how the legal notion of property has gradually changed over the last three hundred years in Britain. This legal history gives us a revealing insight into how basic conceptions can change, and how this profoundly affects our relationship with the land and all the feely given abundance of nature. We have come to take it for granted that an individual can claim exclusive ownership of land, but this has only come about gradually from the original recognition that the land is common to all. But also can we see how what is deemed 'legal' has become separated from what is ethical or just, and the gradual drifting of 'positive law' away from the natural law of the middle ages.

These articles invite us to see that there is a direct connection between the true laws of economics and ethics, and that the proper study of economics is simultaneously a study of justice. Nature has ordered the earth in such a manner that human society may flourish without poverty so long as we understand nature, and so far as we seek justice.



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# RETHINKING ECONOMICS WITH HENRY GEORGE

As the world faces environmental and economic crises, the new thinking that Henry George brought to economics remains important to the peace and prosperity of the world, but as he foresaw in his most widely read book, 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.* As George found, thinking and rethinking were, and remain, both opportunities and threats!

## **ECONOMICS AND THE SCIENCE OF POLITICAL ECONOMY**

When economics first became a subject for special study, i.e. in the eighteenth century with the Physiocrats in France and Adam Smith in Britain, it was styled Political Economy and, as the title of Adam Smith's most famous work *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776) indicates, the approach was essentially scientific. It sought to discover the natural laws that govern the production and distribution of wealth throughout a sovereign state.

Thus the term '*Economics*' refers to a branch of knowledge and whilst acquiring knowledge involves thinking, it needs first to be based on evidence gleaned from careful observation, clear perception and relevant experience. Likewise with any necessary rethinking of economics, the need for which is now clear to almost everyone except those most determined to ignore the ethical issues lying at the centre of the troubles that now confront us.

Apart from the perils associated with ego and ownership, most early scientific inquiry was able to proceed without bias or concern that the results of such inquiries might offend powerful vested interests. The most notable exception is probably the case of the astronomer and mathematician, Galileo whose work showed how the movements of celestial bodies were governed by laws of nature. This offended the most powerful interests of his day causing him to suffer severe ecclesiastical censure and punishment. Evidence of the enduring power of censorship to influence thinking is that the scientific community had to wait 350 years before the censoring authority - the Roman Catholic



Church, was prepared to validate Galileo's work.

Whilst the Galileo case was exceptional the science of political economy has, from its beginning, been a science in which those studying or promoting the study of it are subject to the most insidious risk to their thinking because they may have a pecuniary interest in its findings. Thus economics, as a science, demands the highest possible level of probity. Professional economic thinkers and their paymasters are participants in the subject they study. They are, as citizens, intimately involved in the acquisition, transfer, and consumption of wealth and suffer the risk, along with others, of failing to distinguish between the acquisition of wealth and the production of wealth. This problem has increased as *economics* has become increasingly associated with business and financial studies where the interests of an individual business, firm, industry or sector of the economy is the primary focus rather than the wellbeing of the state of which that component is but a part.

#### NATURAL LAWS AND MAN-MADE REGULATION

Professional engineers are obliged to acknowledge and work in harmony with a number of laws, regulations and requirements when they seek to design and build a structure for a client. The most important laws are those that nature ordains such as pertain to the materials and forces they will employ in making the structure. Regulations will include those prescribed by the government and local authorities within whose domain the structure will be built and the requirements will generally be dictated by the will and preferences of their client. Nothing that the client or any public authority may require can however enable the engineer to build a structure that is not designed and built in harmony with the relevant laws of nature e.g. the law of gravity. The engineer's first duty therefore is to understand these natural laws in order to advise government and clients regarding what is possible and what is not possible. The laws of nature do not change though the application of the same law may vary with changing conditions. Hence, whilst the law of gravity applies (as far we know) everywhere its effects on man made arrangements



on planet earth, for example are different from those that operate on the surface of the moon or when man attempts to manage minute particles. Again, whilst the laws of nature may not change, man's understanding and descriptions of such laws clearly do. The law that Newton described and which was refined by Einstein is the same law that we all came to know as children when, every time we dropped something, it fell to the ground.

### THE INDUCTIVE AND DEDUCTIVE THINKING PROCESSES

An obvious hazard that applies to both a monist and a pluralist approach to any science is if observation of natural phenomena is replaced by pure theory that is not itself based on any such observation. In the two principle modes of thinking, induction and deduction, induction comes first and only when careful observation of a phenomenon has yielded a consistent pattern of sequence or consequence from which a principle or law may be induced may the reasoning process of deduction take place. Any conclusions drawn through the deductive process then need to be confirmed by accurate observation of the facts. Likewise careful observation is necessary where the third important mode of thinking using hypothesis is used.

Whilst *wishful thinking* may have no place in science it is clearly a temptation that often distorts the rational thinking of most of us sometimes, including some who claim, or are reputed to be, economists. Many of us, seeing the injustices that are, and have been, such a feature of all sorts of economic arrangements all over the world seek to change those arrangements. Some, fearing change will only make matters worse, or believing their interests to be well served by current arrangements, seek to keep things substantially as they are. Under these circumstances the scope for a proliferation of economic theories that reflect such fears or preferences is clearly substantial and those interested in discovering the natural laws that govern the production and distribution of wealth need to be alert to the dangers.

There is clearly more than one way, or even a dozen ways, of missing the point. One check that may be useful in trying to sift the wheat from the chaff is simplicity. If the proposal under consideration is simple it should be possible for almost anyone to verify or refute the observations and reasoning upon which it is based. If the proposal is complex, or is couched in language and formula that few can understand or verify (but many dare not admit), or draws on evidence (or data) that is partial and may not be easily verified - beware!

### HENRY GEORGE - THE ORIGINAL ECONOMIC RETHINKER

For many Henry George was the original '*Rethinking Economics*' man. In the forty years that followed the publication in 1879 of his first and most read book, *Progress and Poverty*, in which George challenged the accepted economic doctrines of his day his rethinking provoked a radical rethinking by those whose interests he thus threatened. His scientific approach to political economy did not go down well with either established academics, captains of monopolistic industries, landlords or the politicians who backed them all. His recognition that, as distinct from any claim by landlords, both the suppliers of labour and material capital needed to receive in earnings a proper share of the wealth their contributions made explains why his ideas were

not universally attractive to the sectional interests of either anti-capitalist socialists or financial capitalists. To combat his thinking they had to rethink and this in turn explains why his ideas have been ignored by academics whose careers have depended upon the support of sponsors from either the left, right, or centre of the conventional political spectrum.

In 1879 Henry George published one of the bestselling 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 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 for the raising of public revenue.

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 technology advances and as population and the need for public revenue grows, and is sufficient to replace all existing taxes. This could be collected by levying a charge based on periodic 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 everything 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.

### HENRY GEORGE AND THE STUDY OF POLITICAL ECONOMY

At a lecture that he presented at the University of California (Berkeley) in 1877 George said:



*Of the importance of the questions with which political economy deals it is hardly necessary to speak. The science which investigates the laws of the production and distribution of wealth concerns itself with matters which among us occupy more than nine tenths of human effort, and perhaps nine tenths of human thought. In its province are included all that relates to the wages of labour and the earnings of capital; all regulations of trade; all questions of currency and finance; all taxes and public disbursements - in short everything that can in anyway affect the amount of wealth which a community can secure, or the proportion in which that wealth may be distributed between individuals.*

*Though not the science of government it is essential to the science of government. Though it takes direct cognisance only of what are termed the selfish instincts, yet in doing so it includes the basis of all higher qualities. The laws which it aims to discover are the laws by virtue of which states wax rich and populous or grow weak and decay; the laws upon which depend the comfort, happiness, and opportunities of our individual lives. And as the development of the nobler part of human nature is powerfully modified by material conditions, if it does not absolutely depend upon them, the laws sought for by political economy are the laws which at last control the mental and moral as well as the physical states of humanity.*

George goes on to point out how whilst the science of economics is of pre-eminent practical utility its truths are ignored when it becomes a matter of debate as to whether there can be such a science at all. Is economics then all a matter of opinion? A significant fraction of the vast body of economic literature that now exists certainly points to a range of opinions that are held and to the effect that pecuniary interests have in undermining a more scientific approach to the subject.

In his lecture George explained how vested interests were affecting how economics was taught in universities throughout the world and how the promulgation of such self-interested opinions had rendered the science disjointed, indeterminate and discredited. He pointed out how:

*[T]his character has been so firmly stamped upon the science itself as currently held and taught that not even men like John Stewart Mill have been able to emancipate themselves.*

*Even the intellectually courageous have shrunk from laying stress upon principles that might threaten great vested interests; whilst others less scrupulous have exercised ingenuity in eliminating from the science everything which could offend those interests.*

George noted, as we may note today, that many academics dare not offend their paymasters by being genuinely scientific.

Campaigners interested in promoting a new approach to the teaching of economics and in encouraging those involved in government to look further than those who they fear to offend would do well to heed George's warning.

Opinions may be interesting or even useful but they are not a proper substitute for scientific investigation of those laws of nature that govern the production and distribution of wealth. ■



# THE NATURE OF DEBT

## WHEN CREDIT IS GIVEN

Debt arises when credit is given. A consideration of debt must therefore start with a consideration of credit.

Credit is the natural expression of trust in a community. Simple communities can work like large families. Mutual help is given willingly and is not considered to be an obligation or debt. As communities develop, there is specialisation as well as co-operation and people produce for sale to others whom they do not meet or know. The range of products and services widens. Individual interests become dominant and the simple society develops into a complex organism in which everything, including labour and land, has a market value. The natural giving and receiving becomes a process of exchanging wealth in the form of goods and services. All wealth put into the market is then valued so that an equivalent value of wealth can be drawn from the market in exchange. Wealth, as distinct from claims on wealth, is defined as the product of work on the natural resources of the earth.

The market economy is an elaborate network of paths by which wealth is transferred from the producer to the consumer. All who are able contribute according to their talents on the assumption that whatever they need will be available in exchange. The foundation is still trust in the community, and this is credit. Individual members of the community are continually giving credit that others are producing whatever wealth is needed. By claiming the credit, each accepts the obligation, or debt, to produce wealth in exchange. It is a mutual credit/debt relationship.

Exchange is rarely immediate. A large and complex project can use the work of many people in many ways over a long period. All those who provide work give credit that the users acknowledge the debt to produce wealth so that when the project is completed and brought into use, the exchange can be completed.

All this activity has to be valued in a mutually acceptable way and money comes into use for the purpose of valuation and as a means of exchange. The way in which money is introduced and used in the economy needs the most careful control.

## MONEY

Money is a marvellous mental concept. It need not have any particular form or any intrinsic value provided that it is trusted generally as a symbol or token representing the value of wealth in an uncompleted exchange of wealth. It represents the value of wealth put into exchange (credit) and the value of the obligation to supply wealth in exchange (debt). The use of money is an elegantly simple way of managing a highly complex network of exchange. It can track the constantly varying credit/debt balances arising from the timing of the exchanges of wealth.

When the economy grows by way of long term capital projects and new enterprises generally, the exchange cannot be completed until the new projects are ready and brought into use. Additional money will be needed to register the value of these uncompleted exchanges. It is the function of banks to create the additional money.

The additional money registers both credit and debt. The credit is the value of work on the new enterprise and the debt is the obligation to put the completed project into use to complete the exchange and to repay the bank advance. Similarly, banks may create money as an advance to acquire wealth provided that the borrower agrees to repay the advance from future earnings from the production of wealth to complete the exchange.

The obligation to create wealth to exchange must always be there before a bank advances money on credit. It is the right way to ensure that outstanding debt is kept under control.

It is the creation of money without this prior agreement to create new wealth in exchange that is the cause of the unregulated increase in debt. That additional money gives to the recipient a claim on wealth but the failure to ensure the provision of wealth in exchange leaves the obligation or debt outstanding. This fundamental systemic failure is consistently overlooked. Throughout the ages there have been debt crises caused by providing additional monetary claims on wealth without ensuring that there is a recognised obligation to produce wealth in exchange to discharge the debt. If wealth is claimed without wealth being provided in exchange, the debt remains outstanding. The primary cause of outstanding debt is the creation of additional money as a consequence of the private ownership of land.

## LAND AND RENT

As communities grow, trading or living at some locations is more beneficial and those who benefit are willing to pay rent for the right of occupation. This is common knowledge and it is generally agreed to be a reasonable and fair way to give equal opportunity to everyone. The essential principle of a freely negotiated rent on every site is that comparable sites in every location are then left with a similar value for the production of wealth.

The rent of the land is a surplus naturally provided by the presence and work of the community, to meet the cost of communal services provided by government at all levels. Those who provide the communal services do not act directly in the wealth production process and this surplus enables them to claim their share of wealth without penalising those directly involved. It is a simple natural process.

The problem is that this natural surplus is never allowed to work like that. Those who have the power to do so claim ownership of the land and collect the rent. This does not directly affect those occupying and using the land because its rent is an agreed surplus to be contributed by the occupier. But when government is deprived of its natural source of revenue to meet the communal expenses, it must collect an equivalent sum in taxes instead. Taxes are drawn almost entirely from earnings in production of wealth.

The effect is that wealth producers lose in taxes part of the money representing their just claim to wealth in exchange. The rent received on land enables owners to claim wealth without, as landowners, producing any wealth in exchange. Taxation on earnings from the production of wealth is a constant drain on the productive economy. It is the consequence of the private appropriation of the rent of land.



A more pronounced and immediate effect is caused by the sale of land. The advantage of land ownership encourages banks to create additional money as secured credit for the purchase of land, particularly residential property. The new money creates the usual credit and debt. The credit is a claim on wealth gained immediately by the vendor who receives as the sale proceeds the capitalised value of the future rent of the land, theoretically in perpetuity. The purchaser bears the corresponding debt, usually as mortgage repayments over a long period. The additional money (reduced by any debt on the land owed by the vendor) increases the total outstanding debt. Every subsequent sale at a higher price, using new money, enables a vendor to claim the increase in value and adds to the overall level of debt.

The private ownership of land is the primary cause of the growth in debt.

#### SUBSEQUENT EFFECTS ON DEBT

The need to invest accumulating monetary claims on wealth from the ownership of land brings the financial 'industry'. It uses financial instruments to influence markets for the advantage of the claimants at the expense of those who produce the wealth. The proper use of money is to record an already existing outstanding claim on exchange of wealth. It registers an accepted obligation to complete an exchange of wealth in the productive economy. Money is not intended for use independently as a factor in trading in money. Money used in this way creates new claims on wealth without producing any wealth in exchange. Trading in money transfers wealth from the productive economy to the investors and money traders and further weakens the natural economy.

The growing diversion of claims on wealth towards those who produce no wealth increasingly saps the vigour of the productive economy. Personal borrowing is encouraged to reinvigorate it but any increase in wealth production tends only to increase the outflow in rent while increasing the total debt.

In consequence there is a growing need for government welfare expenditure, which cannot be met from taxation, and the government borrows to meet the deficit. The overall level of debt is again increased.

Finally the central bank steps in to create money as quantitative easing (QE) which it uses to purchase existing government securities. The intention is that the money received by the vendors shall be loaned for capital investment and generally to restore employment in the production of wealth. The increased

wealth would then allow for the re-sale of the government securities so that the central bank could cancel the money created as QE. The benefit is limited in practice because banks lend the money more profitably for further investment in landed property and speculation in the money market. The net effect is to increase overall debt and corresponding unearned claims on wealth.

#### INTEREST

The effect of interest is not considered in detail here but in general interest on bank created money increases the relevant transfers of claims on wealth and the consequent debt.

#### THE END RESULT

The private ownership of land transfers legitimate claims on wealth (goods and services) from the productive economy and weakens it. It is the primary cause of the widening gulf between the rich and poor. Instead of dealing with the cause of the problem, efforts are made to boost the economy by the introduction of additional money with its credit/debt relationships. This process contravenes the basic natural law, which limits the use of money to that of a token representing an uncompleted exchange of wealth.

The unjust monetary claims on wealth become bank deposits, government securities, pension funds, hedge funds and other loans and investments of all kinds, particularly residential land. Some claims will have been passed to others by gift or legacy. The debts resulting from the additional credit that gave rise to these claims can ultimately be cleared only by work on natural resources to produce wealth to the value of the debt. It is a huge burden on workers in the productive economy continuing to succeeding generations.

The present very high level of debt, comprising both personal and national debt, is the debris of a malfunctioning economic system. Debt burdens of this magnitude in the past have resulted in crises and the result has been a cancellation of debt and the loss of corresponding claims. The essential first step to avoid a similar outcome now, is to eliminate the root cause by gradually restoring the rent of land to the community for its natural use thus reducing the need for the taxation of earnings with its malign effects. The wide repercussions of such a change make it difficult to contemplate.

It will require unprecedented goodwill and understanding to reduce present total debt to an acceptable level, but there is no alternative. 🇬🇧





# CHANGING CONCEPTIONS OF PROPERTY

Consider the simple act of walking your dogs over a patch of fields. Have you ever considered who owns those fields or whether you even have the right to walk across them, what manner of law and justification enacts this right; a public right of way, a private licence meaning permission agreed with the owner or an incorporeal right over the property itself? What makes it so that you are not simply trespassing over someone else's land? For this is the key principle that envelops the entire history of our modern conceptions of property; where ever you are and where ever you go you are not merely making use of land. You are making use of 'someone's' land.

'Property,' and its intrinsic relationship to land and the regulation of land, is a term that encapsulates a vast array of complex ideologies and conceptions towards the freedoms and restrictions that hold modern society together and has a momentously massive impact on the way we behave within society. This impact is often taken for granted during the typical dealings of daily life but its profundity resonates profusely in almost everything we do. Those of us who study land law and conceptions of property are often inclined to fondly jest that property rights 'bind the world'. Land provides the physical basis for all human activity and as such we can never escape from the legal and conceptual framework that constitutes our current notion of property. In fact, some of the most challenging and prevailing questions surrounding every modern liberal democracy concern the scope, mechanism and content of the property notion. The notion of what someone can 'own', what kinds of resources it can be that someone can 'own', what rights do those who 'own' property in land have over others and what does it even mean to 'own' something at all? All these questions ricochet into fundamental inquiries that affect debates on how we justify our very way of existence – civil liberty, distributive justice, control of knowledge and information, social exclusion, environmental welfare and freedom of commercial enterprise to name just a few.

The modern property rights system assigns rights to use specific goods or interests from a non-prohibited set of uses. Full private property rights assign and recognise exclusive use of goods to particular individuals; bounded by some constraints, such as the freedom of use must not go as far as to violate the rights of someone else. They give an individual access rights in the stream of benefits from these goods and the right to transfer this right to others in whatever way they see fit.

Some of the basic premises that are taken for granted within our modern, liberal system may seem elementary for me to point out even if they are not fully understood in their common context. We all have a practical idea of how property works; how 'owners' can have a certain control and entitlement to a piece of land, how others must respect the boundaries of each other's property, how the legal instrument of a deed is used to affirm entitlement to land, how property can change ownership through a contractual sale or purchase or even merely a transfer of a deed from one party to another. The system is ingrained in us; from the highflying real estate agent to the mother telling her child not to go onto the grass as it's 'someone else's front garden'. We take it for granted simply because it is the system that we live in and all, within our lifetime, we have ever lived by. And, of course, its justification is supplied by

our acceptance of it. However, it is worth asking how we got to this point in the first place.

It is first worth mentioning that the current system of property law based on seventeenth century liberal conceptions of individual rights, modern empiricism and materialism are relatively new in comparison to the entire human history of written civilization. It was not until around the twelfth century that we saw the beginnings toward the journey of philosophical, legal and social trends that led us to our justification of the property notion as we know it today. Prior to this seemingly small backdrop of three hundred years enshrining property through the filter of a liberal democracy there has been another dominant principle stretching back centuries; through the Medieval period, as far back as to classical antiquity and the traditions of Natural Law extended by Plato and Aristotle; the principle that property should be held in common with all mankind.

It was perceived all land ultimately belonged to the higher order of Nature and Humankind were a part of Nature and so possessed no right to claim land as his own; and as such Humankind should take only what he needs from the land which nature had provided him. This principle was linked to the dominant perceptions of wealth and value in these classical societies, which radically differ from our current conceptions. Wealth was viewed in terms of use rather than in terms of ownership. As Aristotle comments in *Nicomachean Ethics* "whoever produces something produces it for an end".<sup>1</sup> The question was never so much 'what is mine?' but rather 'what is the right use of things?'. In this sense, individuals never truly laid claim to any property over that of Nature. Land belonged to no man and so Humankind was able to maintain an awe-filled, receptive and even trustworthy conformity to Nature's provision and membership to that of society's greater moral purpose. This, of course, perpetuated a harmony between Nature and Humankind so as to emphasize principles of unity, community and the collective common good.

However, Humankind's connection to Nature was gradually forgotten as western society attempted to re-imagine the relationship between the Church and the state, and at the same time, the state and the individual. With the loss of this higher order, both land and the human individual became 'private property'. The notion of human nature being defined by its membership in society was replaced by the notion of the private, autonomous individual as distinct from the state. Principles of unity, community and the common good were replaced with assertions about the preservation of the rights of the individual. The understanding of wealth determined by right use was replaced with that of ownership. As a consequence, a system emerged that justified these new favoured principles concocting the complex set of ideologies that eventually became our modern property notion. Within the heart of this arose both industrial and scientific revolutions and other such key periods in history that led to the conception of a Liberal Democracy and the current understanding of ownership. One is the most crucial influence in this journey was the period of Enclosure. Throughout the Medieval period, rural England was largely

managed by an open field system of farming. Villages were surrounded by a number of large fields, which were divided into strips, and these strips were then farmed by individual families in the village. The rest of the land was mostly left unchecked and retained the status of common land. A whole host of rights in common were allowed on lands such as these, including the right to pasture cattle, the right to fish (piscary) or the right to procure wood (estovers). It was this common land that was sought out as refuge by some of the England's poorest inhabitants; those without land.

Enclosure ended these ancient rights in common and stamped the traditional open field system into extinction. Land was fenced and deeded to its owner thereby restricting its use and the rights enjoyed to only the individual (or individuals) who held legal title. *Everyone's Dictionary of Economics* defines Enclosure as:

*The creation of private property rights over land formerly used in common.*<sup>2</sup>

Over time, as Enclosure became widespread across England, virtually all common land was converted into private property changing the economical and social landscape forever. The basic premise was to increase productivity of farming in light of various threats to England's economy, such as inflation and the rising population; however alongside this came devastating consequences for the poor, including increased poverty, rural depopulation and homelessness. In fact, a running theme of Enclosure in the Tudor period was the economic collapse of entire villages.

Enclosure had been taking place over England since as early as the twelfth century. Initially, extensive open land was enclosed on a small, local scale; undertaken unilaterally by landowners who wished to convert their arable land to pasture in order to capitalise on the growing profitability of the wool industry. The process became more widespread during the fifteenth and sixteenth centuries as sheep herding became even more profitable.

As inflation and the population increased so did the pressure to enclose lands in order to optimise the productivity of land resources and survive growing economic difficulties. As a consequence, most commoning economies vanished from existence at some point between the fifteenth and nineteenth centuries. The pace of this change was sporadic and uneven. The bulk of England remained relatively open in 1700, but mostly enclosed by 1840. This was because as elite opinion started to shift in favour of Enclosure, Parliament enacted a series of Enclosure Acts, extending chiefly from 1750 to 1860, effectively nationalising the system.

The time of Enclosure has remained one of the most controversial periods of rural English history. Neither the defenders of common rights nor the ambassadors of Enclosure denied the consequences for the poor or the social calamity that the time brought about. The controversy was centred mostly on the question whether the loss of commons were an indication of unacceptable negative attitudes towards the poor or whether the loss was a necessary evil in order to bring new life and new wealth to the country's economy.

Defenders of common rights argue that common fields supported the economies of small farmers and by extension that of the cottagers, mechanics and shopkeepers. Commoners "lived their own lives and cultivated the soil on the basis of independence"<sup>3</sup> and always with even the smallest chance for the "humblest and poorest labourer to rise in the village."<sup>4</sup> Their communal bonds generated the incentive of thrift and industry, an encouragement to intermarry and a means of providing for their children with relative comfort rendering them valuable members of society.

Enclosure brought about a concentration of wealth; rents rose and prices followed, labour intensified and luxury was encouraged. Whilst Enclosure gave more land to those already in possession of it, the process impoverished twenty small farmers for the enrichment of one. It ruined small farming families, often uprooting them from their ancestral lands, forcing them to find other parishes to live in (if they could afford it) or move to the cities, forsaking their self-sufficient livelihoods to be dependent on the employment of others, facing poor working conditions and low wages tantamount to slave labour. Commoners became labourers, losing their independence. As eighteenth century protestor Thomas Andrews remarks:

*Stand from betwixt me and the sun, lest thou take away what thou can'st not give me. For, in those places where the poor are deprived of their Common Pasturage, the most comfortable Gift of a Free Country is taken away.*<sup>5</sup>

Labourers became the mere 'tools' of their employers. Landlords grew comfortable among their wealth, grew lazy and selfish; some no better than "tyrants or bashaws. . . who when they had less wealth were more sensible of their dependence and connections, and could feel both for the poor and the public upon every emergency."<sup>6</sup> Above all, Enclosure destroyed equality, as Dr. Richard Price, one of the most published eighteenth century defenders of commons, wrote:

*Modern policy is, indeed, more favourable to the higher classes of people and the consequences may in time prove that the whole kingdom will consist of only gentry and beggars, or grandees and slaves.*<sup>7</sup>

'Slave' being the operative word here; it was a key theme in the poetry of John Clare who expressed a similar sentiment in his poem, 'The Mores':

*Inclosure came and trampled on the grave  
Of labour's rights and left the poor a slave*

Many conservative moralists and romanticist poets at the time used the symbolism of trees and landscape to connote the misguided sense of liberty interwoven into the privatisation of land. However it was only Clare's, and others like him, knowledge of the Natural world that enabled him to see what was truly happening to society and led him far beyond that of other major Romanticists. Clare was a child of Enclosure and was affected first hand by the sufferings of the poor. His testimony is critical in giving an understanding of the view from below. The view of a man not just living amongst Enclosure, but one shaped by it; the view of a commoner. Clare's deliberate acts of remembrance and nostalgia gives insights into the awe, wonder and freedom the world offered for those who treasured the commons:

*Unbounded freedom ruled the wandering scene  
Nor fence of ownership crept in between  
To hide the prospect of the following eye  
Its only bondage was the circling sky  
One mighty flat undwarfed by bush and tree  
Spread its faint shadow of immensity*

And, of course, their anger and loss when this was taken away:

*These paths are stopt - the rude philistine's thrall  
Is laid upon them and destroyed them all  
Each little tyrant with his little sign  
Shows where man claims earth glows no more divine  
But paths to freedom and to childhood dear  
A board sticks up to notice 'no road here'  
And on the tree with ivy overhung  
The hated sign by vulgar taste is hung*

*As tho' the very birds should learn to know  
 When they go there they must no further go  
 Thus, with the poor, scared freedom bade goodbye  
 And much they feel it in the smothered sigh  
 And birds and trees and flowers without a name  
 All sighed when lawless law's enclosure came  
 And dreams of plunder in such rebel schemes  
 Have found too truly that they were but dreams.*

It is clear that whatever the justification for Enclosure, Clare sees it as a morally indefensible case for stripping away the livelihoods and social customs of the community; the people's very way of life that had held out for centuries. He saw no defence for clearing the mass of the people off the land – a land they had mostly occupied since the original settlers many centuries before.

This powerful sentiment has a resounding echo through time; in 1944, George Orwell commented on the indefensibility of Enclosure in this rather direct and extreme comment from his *As I Please* article series:

*Stop to consider how the so-called owners of the land got hold of it. They simply seized it by force, afterwards hiring lawyers to provide them with title-deeds. In the case of the enclosure of the common lands . . . the land-grabbers did not even have the excuse of being foreign conquerors; they were quite frankly taking the heritage of their own countrymen, upon no sort of pretext except that they had the power to do so.*

The supporters of Enclosure seemed to think the instability was worth it. Professor J.D. Chambers saw common right only as a “thin and squalid curtain”<sup>9</sup> hanging between the poor and even greater poverty. Their view for Enclosure was one of fear that with the population growing at an ever-increasing rate eventually the number of mouths to be fed would outstrip the food supply. What was needed was substantial and sustained economic growth.

Reverend Howlett, an outspoken eighteenth century supporter of Enclosure who sought critique of Price, agreed that Enclosure reduced commoners to labourers; however the loss was worth the sacrifice because it would encourage population growth under the new system. Enclosure would create a rapid increase of labouring and then of indignant poor. Dependence and unemployment, supposedly the worst consequences of privatisation became advantageous.

Under this new system, population growth would result in the creation of a newly formed proletariat and this would secure economic growth on a grand scale because the system would become self-perpetuating. It would lead to larger agricultural and manufacturing populations, greater agricultural production, stable grain prices and so on. In this sense, the traditional argument against enclosure was reversed; privatisation, instead of damning the disappearance of common right, justified it.

Nonetheless, it is evidently possible to foresee the logical fallacy in this justification of the social engineering that rendered millions unemployed. Even in consideration of the increase in jobs that were created as a result of the Industrial Revolution, by accelerating enclosures and therefore encouraging population growth Parliament was left, at least in the initial sense, with an overwhelming increase of mouths to feed, actually exacerbating

the problem which they had ostensibly set out to solve.

Arguments aside, it is clear that Enclosure signified a dramatic social change in the attitudes towards income, economy and livelihood. Previously Parliament had maintained a paternalistic and protective attitude towards small landowners and those without land. However, “within a generation the House of Commons exchanged its policy of medieval protection for one of administrative nihilism.”<sup>10</sup> England had stepped into the beginnings of a market economy; a set of rules, compliances procedures and behavioural norms designed for the purposes of maximising wealth. An epoch such as this inspires a very different outlook from the medieval customary society in which a man's right to property depends on his need to use it. A market economy thrives on the freedom of property; it demands that property be freely transferrable so that it can pass from hand to hand, coming to rest only in the possession of those who can most efficiently exploit it. From a medieval standpoint, the concept that a man was free to do whatever he wished with his property would seem repugnant, as men were not entirely free (at least not in the sense that we are accustomed to today); they owed duty to their Lord, their family and fellow men and, of course, to Nature and to God. However, as Enclosure melted these duties away men saw the opportunity to step out from their feudal burdens, striving to control their own destinies, to plan their own lives and not to leave everything to Providence. They desired the freedom to become wealthy; to acquire or sell, to mortgage or settle, to inherit or devise. Landlords increasingly desired the freedom to use their lands, to exploit them for agriculture, pasture, mining or any other economic purpose that proved productive. It is not a coincidence that one of the first ‘Acts of the Parliament of 1688-9’ relinquished the Royal claim to mineral rights on the subjects’ lands, with the notable exception of gold and silver.

All these freedoms served to create ideologies of individualism. Individualism treasures the worth of the individual and the advancement of self-interest and self-preservation. It holds that each individual should be allowed autonomy over their own decisions as opposed to those decisions being made for them by the state or the community. With society adopting the rights of the individual as the apex of moral and economical worth, private and exclusive ownership of land was legitimised and socialised into public opinion. This instilled an entirely different set of social customs between landowners to those previously emulated on common lands. Instead of interests being invested in the values of kindness, sharing, co-habitation and the common good, landowners saw only their self-interest, and so a relationship of cooperation manifested that was not based on any moral affinities to each other but entirely on compromise. Consequently, land law was shaped to ensure the enforcement of cooperation of landowners in order to help the facilitation of these negotiations.

To look for a paradigm example we should turn our attention to the progression of proprietary rights. These refer to certain abstract entitlements over or in respect to land; most commonly including easements, restrictive covenants, profits à prendre, mortgages, rent charges, rights of entry, beneficial interests existing under a trust of land and so on. Proprietary rights are especially relevant in the facilitation of compromise between landowners in instances where one person's claim of property to a particular parcel of land is consistent with the acquisition by others of different quantum of property in the same resource.



This brings a legal element to the practical reality that in some circumstances it is necessary for a person to use another's land.

So in the case of an easement – a typical example would comprise of a right of way which one landowner may have over the land of another. An agreement such as this confers a degree of control over the use and exploitation of the other land, although marginally less extensive than the control implicit in the ownership of it, it is nevertheless still of some significance. A small quantum of property has transferred to the beneficiary of the right and this presents consequences for the balance of control of the property as a whole. Though the owner of the land still holds legal title and therefore maintains the greater part of control over the property, he is forced to tolerate the burden and inconvenience of the right of way entitled to the beneficiary.

Interestingly, the early theory of the law concerning proprietary rights was closely analogous to simple local custom, in which the competing needs of landlords were accommodated on a practical but informal basis. However, as individualistic private property rights gained dominance over society, the judiciary sought to place stringent limits on the types of entitlement that could be held under the banner of proprietary rights. No doubt, this was intended to reinforce certainty of ownership and to prevent the cluttering of land with long term burdens of an antisocial or idiosyncratic nature. It was thought that by keeping strict boundaries on the freedom for people to customise new forms of proprietary right marketability of property would be facilitated by reducing the transaction costs otherwise incurred in trading with unfamiliar or unorthodox packages of entitlement.

There is a more abstract mechanism that supports compromise between landowners, its existence is the reason for the allowed intellectual manoeuvrability to create proprietary rights and its development is what carries us into the system of property rights as we know them today. In the seventeenth century, the new favoured private property system was built with the desired consensus for landowners to enjoy 'absolute ownership' over their lands. Thus Blackstone defines the right of property as:

*[T]hat sole and despotic dominion which one man claims and exercises over the external things of the world, in total exclusion of the right of any other individual in the universe.<sup>11</sup>*

It is a given that the modern landlord conceives himself as the exclusive owner of his property and takes the nature of this ownership to be absolute. However, this is more a matter of theoretical abstraction than one of strict law; for in reality this philosophy has never been truly realised. The landlord was more closely analogous to a free tenant, at least in theory, and this was the position maintained in the seventeenth century, as it still is today.

During the Medieval period, English Land law was shaped by the doctrine of tenure, under which a person did not own the land, but held it as a tenant of the Crown or a feudal superior. This system of hierarchical landholding fitted neatly with the tiered feudal structure by defining each tenant by his duty to his immediate superior, evidently putting the king at its apex. So in a highly technical sense, the bedrock for English land law was never initiated by the concept of ownership. Rather it was the possession and physical control of land that influenced legal reasoning about title and rights to property. All titles to land were based on possession or 'seisin', so that a person 'seised' triumphed above all others who could not show a better right to seisin. Title was fundamentally relative and defeasible.

Tenure lost most of its practicality as feudal certainties were stripped away in the seventeenth century and private property

rights came into focus. The beginning of the end came with the Tenures Abolition Act 1660; however vestiges remained until as recent as the twentieth century. It was the Law of Property Act 1922 that completed the process of dismantling the system of tenure and now any vestige of it is maintained through the relationship of a tenant and his landlord.

Nevertheless, the notion of relative title lived on, though now seen through conceptions of private ownership, and claims to title are still largely based on de facto physical possession of land. At the heart of common law stand three prepositions; that some claims of possession of land are stronger than others, that any person in possession of land holds legal title and is, for all intents and purposes, the owner and that the best title to land is simply a person whose claim to possession is superior to that of anyone else. Even deeds or other documentary titles can sometimes be defeated, such as in cases of adverse possession. A squatter enters land unlawfully and exercises an uninterrupted long term possession of land over a specified statutory limitation period, after which the earlier title is vulnerable to the showing of a superior claim of possession. Under the Limitation Act 1980, this period is twelve years and if the newer title is proved superior the earlier one can be completely extinguished. This fragile transience of property claims makes it easier for people to swallow the fact that their rights to exclusive ownership of land are not forever secure and that control of their land is not always in their hands.

The belief that an owner enjoys complete autonomy over whatever they wish to do with his land is not strictly true either. As a consequence of statutory planning control, they have little or no assumed entitlement to alter, develop or extend the land; they can't paint it in polka dots, change its use or much less destroy it if they wished to. Moreover, land is always vulnerable to compulsory purchase by the state, either if the owner has failed to maintain the land to a standard deemed appropriate by some state official, or a forcible transfer should be found to serve some sort of higher public interest.

It appears that all these freedoms of property and the growing sense of individuality emanating from the seventeenth century eventually brought about its own set of burdens and restrictions in order to keep society in check, to unify principles and to maintain order. Contrary to their medieval counterparts, these restrictions are seen as inherently antagonistic and principally oppositional. A society in which the worth of individuals is enshrined in its highest values, no doubt, causes those individuals to assume that their own self-serving natures are all that matter. Therefore, the conception of a modern liberal society is one based on the essential notion of competition of each against all, and laws are consequently shaped to protect individuals against other individuals. Modern conceptions of property and land law are perfect examples of this truth.

Today, the property notion is facing another philosophical shift, one that has already fundamentally challenged our attitudes towards property and ownership, as well as completely changing the way land is regulated. The beginnings of this development originate primarily from the substantial and recasting legislation of 1925, the Law of Property Act 1925. Although since the beginning of the twentieth century there have been many further developments, both statutory and judicial, refining the laws established in the Law of Property Act, the 1925 legislation still contains a great deal of the theoretical underpinning upon which the modern conception of property is founded and remains one of the most influential pieces of legislation in land law to date.

The policy of the Act was to consolidate and simplify the highly complex, confusing and frankly messy substantive common and statutory law relating to land, prior to this legislation,



by ridding the law of some of those more technical and sometimes unnecessary aspects, in order to reaffirm claims of private ownership, add security to the process of retaining and transferring land and help maintain marketability of property. Measures enacted to this effect included; reducing the number of legal estates, claims of ownership, which can exist in law to simply two expressions, the reformation of co-ownership of land by reducing the maximum number of legal owners of land to only four title holders so as to avoid land ownership becoming fragmented between numerous people, the registration of certain equitable interests so as to enable a purchaser to easily discover what third party proprietary rights the property they were buying would be subject to, and these are just a few among many. However, the practice of consolidation and simplification of the previous substantive law was simply a necessary prelude to the act's ultimate goal.

The Law of Property Act's supreme intention was to facilitate the registration of title to land, brought into force by its sister act, the Land Registration Act 1925, whereby a person's ownership of the land would be entered upon a register regulated by the state. Traditionally, the process of establishing that a title holder genuinely owned the land which they intended to sell was to examine the title deeds, the purpose of which was to reveal a convincing account of the transference of the property in the past to affirm their right to deal with the land. This method was not the most reliable one; in fact mistakes were a very common occurrence. Add this to the fact that it was very time-consuming and we have enough dissatisfaction for legislators to look for alternative regulation systems. Registration of title is an idea designed to make the traditional process obsolete.

An official register was to be created that would contain all of the details of each parcel of land, ideally including all estates and interests, which affect that land. Once title of land is registered then the owner becomes clear and the information becomes easily accessible for anyone wishing to view it. Certainty of title no longer depends on the painstaking meticulous nature of historical record keeping and familial collective memory; rather it is derived from and legitimised by a reliable, centralised state apparatus. Throughout the twentieth century various areas of the country were designated areas of compulsory registration by order, so that some areas of compulsory registration had been around longer than others. The most recent order was in 1990, and now almost all transactions in land result in registration. If we jump forward to the Land Registry Act 2002, the now and future principle piece of legislation relating to land, registry of title has taken on an even more modern and expedient approach.

The 2002 Act leaves the 1925 system mostly in place, aside from a few modifications on the protection of third party rights and the reformation of the law on adverse possession, but enables the future enforcement of transferring and registering property through electronic means. Under this system it is possible to complete formal documents electronically via a secure electronic communications network, which is, of course, tightly monitored and protected by the state. By embracing the recent progression of a technologically adept culture, land registry is made even simpler, clearer and familiar for easier access.

Alongside these seemingly solely beneficial consequences of registration of title, such as newfound clarity and efficiency in the system, are posed some interesting indications to some new understandings of ownership. The traditional perception that ownership equates to superior possession is in decline. It has become unnecessary to demonstrate any kind of physical nexus with the land in order to gain the right to deal with it or acquire interests, as long as the register proclaims the individual the owner then this is evidence enough. As the principle of possession

declines, the legitimacy of registration is bolstered because the only way of dealing with land is through alteration of the register. The 2002 legislation defines a title as: '*No more and no less than the register entry which records proprietorship of the relevant estate*'.<sup>12</sup> In this sense, the philosophical basis of English Land law has shifted from empirically defined fact to officially defined entitlement, from property as a reaction of social actuality to property as a construct of state control.

Akin to this, and perhaps far more radical, we are seeing the demise of relative title. The regime of title-by-registration endows a higher degree of security for the particular pieces of land brought on to the register. An inevitable upshot of the modern administrative system is the creation of far more robust and deeply stabilised form of state endorsed title. By virtue of greatly enhanced protection from the state, titles will enjoy a more 'absolute' quality than they have ever done previously. The registered proprietor of a piece of land is identified as the absolute, indefeasible owner of that land. Conclusive identification of a proprietor is assembled from the formal record of the register itself and so as long as that record is maintained then the claim of ownership can never be defeated.

So it appears that our deep-rooted seventeenth century desires have finally caught up with reality. We are seeing the first incarnations of truly exclusive and absolute ownership that Realist thinkers and policy makers envisioned three centuries ago. Predictions on where our attitudes and philosophies concerning the property notion will take us next are always in question. It is quite possible that these new certainties in title may ease the competitive nature of land ownership to a degree. There will certainly be less litigation concerning arguments over property claims, as all the parties would need to do is examine the register in most cases. Of course, certain proprietary rights are also recorded on the register so cooperation and compromise between land owners is protected as much as indefeasible titles are. However, it is also quite feasible that society's self-serving individualistic tendencies will be greatly exacerbated by the reality of absolute ownership. The very foundation of land regulation, the efficient transference of social and economic use of all land resources, depends on some level of cooperation – no matter how unjustified or unwilling that cooperation might be. Absolute ownership implies that this is an impossibility. After all, nobody ever wants to share their toys. The question 'what is mine?' has never been more appropriate. The claim that society is fundamentally selfish is a serious accusation to make, however if we ever look to the most extreme possible context, whereby in the future the simple act of walking your dogs across a patch of fields becomes a near impossible and unheard of endeavour because it is 'someone else's land,' then we will have Aristotle and Plato spinning in their graves. ■

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THREE DOCTORS  
AND A VERY SICK  
PATIENT...



### DISEASE, DOCTORS AND UNPLEASANT MEDICINE

Thomas Piketty's book is a search for the cause of poverty's persistence amidst what appears to be astounding progress. His wide-ranging exploration through time and around the world reveals both common tendencies and characteristic deviations. He uses these to suggest where the cause of this continuing injustice may lie and what might be done about it.

Piketty has examined a sick patient, expounded a diagnosis of their condition and prescribed medicine. However, the diagnosis and treatment have upset the patient's feelings, still dulled through engrossment in theory and economic models. This upset has manifested through many questions about mainstream economic understanding by economists, and this has followed so soon on the wake of questions after the 2007 financial catastrophe.

Adam Smith, the original economic doctor, examined the patient and published his diagnosis of a severe bout of mercantilism 239 years ago. If his prescription of free markets, specialisation and wise investment was followed, he presented a vision of universal opulence. His vision inspired the world and still lingers in our hopes and dreams. However the reality of today as described by Piketty is more like a universal disease of extreme inequality.

A century after Smith's diagnosis, Henry George re-examined the patient and published his diagnosis. He prescribed a medicine which proved to be too difficult to swallow. Mainstream economic thought considers him at best irrelevant, nevertheless his advice remains and resurfaces every now and then even in publications such as *The Economist* and *The Financial Times*.

It is Piketty's effort that has most attention today. He diagnosed a critical condition of progressive inequity, possibly terminal. His prescribed treatment is an unpleasant medicine, an aggressive and progressive wealth tax applied as universally as possible. He looks at the patient and holds little hope that they will swallow it. Feeling as ill as we do today, perhaps we should seriously look at what all three doctors advised. Piketty's book has been widely reviewed, yet some of the unanswered questions he poses are well worth consideration, especially by reference to the other doctors.

Smith's vision begins this consideration. This is followed by Piketty's main argument, and then some of his points of reflection; how George's diagnosis makes sense of the other doctors will be a fitting conclusion.

### SMITH'S VISION OF OPULENCE

For Smith, the great disease of the time was mercantilism in the forms of both trade restrictions favouring a few, and national policy of bullion hoarding, at the time believed to make the nation rich. He railed against all forms of monopolistic practice and explained that real wealth was to be found in people's use of goods and services rather than in bars of gold. His instinct for the "hidden hand" and his observation of the widespread benefits from both division of labour and the free marketplace were revolutionary. Opulence arose where free endeavour and exchange prevailed.

Smith did not stay in the pin factory but looked across the world and back in time, gathering evidence, sifting it through and formulating simple yet fundamental conclusions. At any point in time, some nations were obviously wealthy whilst others were poverty-stricken; hence the book title, *An Enquiry into the Causes of the Wealth of Nations*.

One conclusion of immediate relevance is investment. If some effort was diverted from producing immediate rewards of consumption, it can create capital (stock) in the form of whatever makes human effort more effective. After a time the investment pays off as more goods and services being available from a given effort. The nation as a whole can only benefit; life could only get better if this good medicine was taken and those mercantilist potions discarded.

Smith explains this in terms of human effort and reward as just described, and also in terms of money. Considering effort and the resulting goods and services which satisfy human desires avoids any confusion regarding money; it also acknowledges how goods and services are actually created. His explanation in terms of money describes how some of the profit gained by the capitalist is reinvested in capital to further improve efficiencies of production; however this obscures where profit arises from.

Smith saw landlords, capitalists and labourers around him, with clearly distinct positions in the economic world. He understood the potential of a landlord's monopoly position, being similar to those of trade restrictions practised in towns and guilds of the time. In the grandness of his vision he explained this away in terms of the landlord needing artisans to improve his land; indeed he described all three participants needing each other, and had through his earlier work *Theory of Moral Sentiments* already explored native altruism in people. Hence the "hidden hand" and the free marketplace would ensure fair play and the benefits of productive investment would be distributed with reasonable equity. This mutual dependency embodied the vital checks and balances that underpinned the free market.

### PIKETTY'S DIAGNOSIS

The symptom that triggered Piketty's examination of the patient was pervasive inequality, a word used on every other page in his book. This contrasts with the shared opulence envisioned by Smith and expressed in modern economic thought as "a rising tide lifts all boats".

For there to be any chance of the patient's recognition of their diseased condition, his team had to work hard gathering evidence through statistics from twentieth century onwards, through historical evidence, through novels, and throughout the world. The evidence presented in this book is compelling.

And his diagnosis? The capital-fuelled inequality is a progressive disease; there are no natural checks and balances to prevent an ever increasing concentration of capital at the expense of those who own nothing but themselves. He questions the failure of mainstream economics to consider the significance of capital-based income and the extreme disparities arising from ownership over generations.

Piketty observes capital ownership conferring advantages over non-owners, tending towards its becoming more concentrated and less widely shared. Through a simple analytic tool, he explains that when returns to capital (e.g. profit) exceed the general increase in economic prosperity, capital concentration increases. This is the general case, the "natural" condition in our modern economic metabolism.

The only significant period where there was a sustained tendency towards equity was during the catastrophic first half of the twentieth century where the mighty forces of two world wars and the Great Depression managed to reverse the trend.

One key accelerator for the progressive nature of this disease is inheritance; given our attempts to democratize society and move away from aristocratic dynasties, this is an unexpected discovery for this twenty-first century doctor.

Not only do those holding capital tend to fare better than others, those with more control do best and all tend to propagate their fortunes through inheritance. Rather than the 10% being compared with the 90%, or the 1% being recently compared with the 99%, consider the 0.1% or even the most advantaged 0.01%; rather than millionaires, think billionaires. The ever more fortunated surge forwards in the wealth race ever more rapidly.

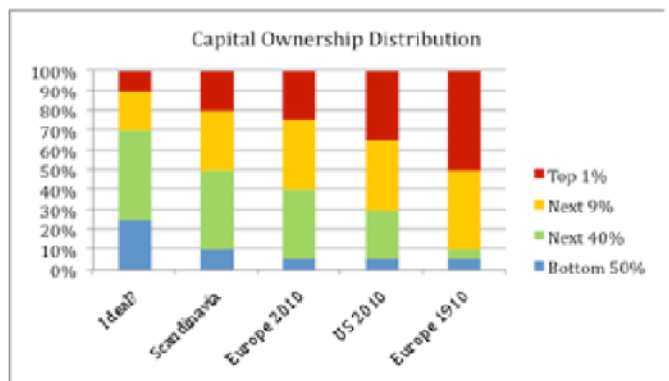
Of course we could simply dismiss Piketty as a French economist keen on swiping at the Anglo-American economic powerhouse and presenting a French vision of an improved world order. However, it would be wise to hesitate for a little while. Then again, his progressive wealth tax could just be another anti-rich socialist policy? Hesitate a little longer.

**PIKETTY'S EVIDENCE**

Inequality is observed in both income and ownership. Piketty's analysis confirms what may be intuitively hunched; inequalities of capital ownership greatly exceed those of earners. Although today's corporate super-managers earn many times what even professionals can, ownership ranges from vast empires of assets to nothing or even negative assets.

Capital ownership across the world and over time is represented in *Figure 1*. He suggests an ideal, acknowledging that material equality is unrealistic. Next is shown what we may consider as close to ideal, Scandinavia in the 1970's - 1980's. Even here, those of the wealthiest 1% own an average of a hundred times as much as those in the 50% least wealthy; since then Scandinavia has moved towards more inequality.

The Europe of 1910 is shown on right of *Figure 1*, the worst ownership inequality in the modern era. Although historically the US displayed more equality than Europe, this changed during the 1970's and US of today has significantly more concentration of ownership than today's Europe. The trend is for US to reach the inequality levels of Europe 1910, with Europe following more slowly.

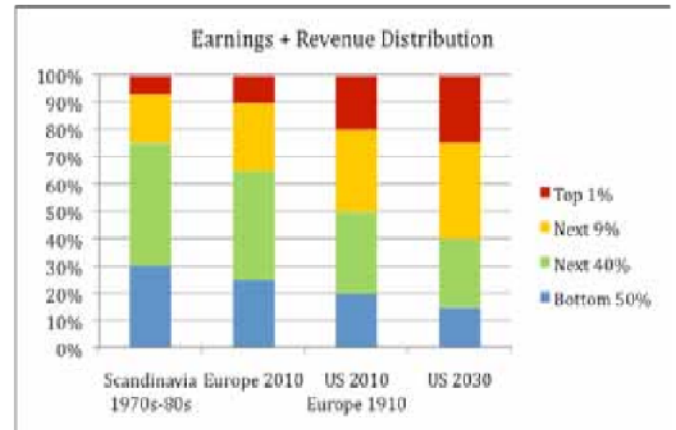


*Figure 1: Wealth Distribution across Space and Time (Data from Piketty Table 7.2).*

Piketty considers income as combined revenue from capital and earnings from wages; statistics do not make these easy to separate. *Figure 2* illustrates the pattern of inequality relating to income. The model Scandinavia of 1970s - 1980s shows the top 1% earners receiving 7% of the total income share with the lowest 50% earners sharing only 30%.

The Europe of 1910 is now matched by the US, where top 1% US earners share 20% of national income; in contrast, the lowest 50% US earners sharing only 20%. This suggests those at the top have income averaging eighty-three times those in the bottom 50%. The trend suggests significant worsening US inequality by 2030. Today's Europe is significantly more equal than in 1910, but is also trending towards greater inequality.

Piketty acknowledges that such representations can be misleading, but argues that it is impossible to deny that the general levels of inequality are unacceptable, and getting worse. He points out that no person at the top or the bottom of this vast range have different needs in essential daily nourishment, clothing, housing, education, and freedom to enjoy this wonderful world.



*Figure 2: Total Income Distribution across Space and Time (Data from Piketty Table 7.3).*

Piketty's examination of the patient's history revealed significant clues for his diagnosis. One finding is illustrated in *Figure 3*, the change in position of the 1% and 10% European and US wealth-owning elites over time.

Europe experienced inequality earlier in history (much higher European for 1% and 10% in 1810). The founding sense of equality and freedom in the US, a rapid growth in population and lack of an established hierarchical society had tended to moderate extremes of ownership then.

The twentieth century opened with Europe well established in extreme economic inequality; the US was catching up rapidly (see 1910).

Then came one trauma after another, severely disturbing the prevailing constitution. World War One and World War Two together removed the empires of European nations and established the might of US; the intervening Great Depression had removed the gold standard, international trade, and many exuberances of the financial world.

Europe's elites had further to fall and its nations experienced significant war devastation; US was most affected by the Great Depression. Recovery after World War Two was a period of growing equality especially in Europe; wage-earnings surged as the damage was repaired and the new order of Breton Woods prevailed over a soon to be thriving international trade. US was less affected by all this and its elites fared better.

Widespread taxation changes had been introduced after World War One; income tax became significant and "progressive" with

higher rates for higher incomes; wealth tax, mainly as inheritance tax curtailed the tendency of wealth to accumulate in particular family dynasties. These measures supported the relatively equitable period into the 1970's, especially in Europe.

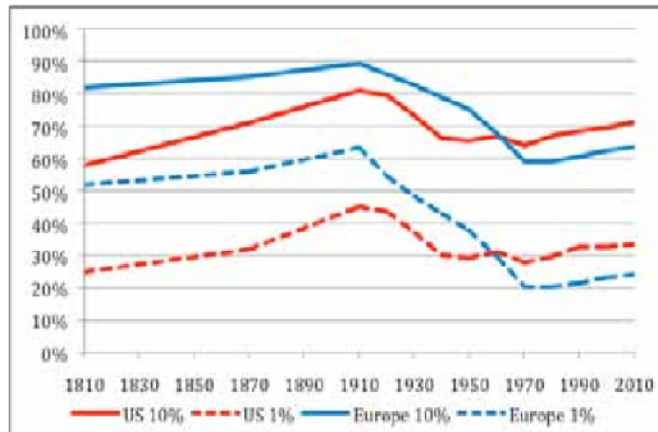


Figure 3: Wealth Inequality in Europe vs. US 1810 - 2010 (Data from Piketty Figure 10.6).

After 1970, an over-stressed financial system forced abandonment of the dollar-gold standard in favour of floating exchange rates. The once egalitarian sense of freedom in the US had transformed into a neo-classical sense of freedom with fewer constraints. Capital controls fell away and the financial world surged forwards, whilst growth in the real economy slowed. Capital ownership regained its supremacy and wealth concentration has been increasing ever since. Old colonial empires had given way to the new financial empires. The brief interlude where equality appeared to be in the ascendance has now faded into the past.

One measure of a nation's capital used by Piketty to illustrate its significance is the number of years of national income would be required to create it (if doing nothing else). Britain's capital base before World War One was seven times national income and a ratio of six was not uncommon amongst European nations. The century turmoil destroyed four years equivalent of national income and it took decades to recover. Good investment involves patience.

Piketty also explains how the once dominant public ownership of capital in the more developed economies has been transferred to private ownership; this can only assist the underlying tendency of capital ownership concentration.

The entrepreneur inevitably tends to become a rentier, more and more dominant over those who own nothing but their labour. Once constituted, capital reproduces itself faster than output increases. The past devours the future.

### PIKETTY'S PRESCRIPTION

His unpleasant medicine is an aggressively progressive wealth tax, and this is to be administered as universally as possible. Recognising the patient's reluctance to swallow an intensely distasteful potion, he considers its moderation.

Arguing that capital can easily be exchanged from one type to another (e.g. land ownership to financial assets), such a tax is to be applied to all forms of capital. Capital's free flow across the world necessitates the prescription being applied as universally as possible. Recognising worldwide taxation being near the realm of fantasy, he moderates the prescription to regional applications such as the EU. An annual EU wealth tax applied above a threshold of €1m is suggested; between €1-5m at 1% and at 2% above €5m.

Recognising the patient's reluctance to even accept this, his prognosis is shown to be far worse than the medicine, widespread social disruption and conflict.

### PIKETTY HESITATES

Piketty expresses several questions and areas of uncertainty, leaving others to consider them in more depth. He considers the basis on which capital ownership merits payment from the efforts of those engaged in production. Referring to the owner of accumulated capital and the revenue it commands, he asks:

*Is it useful and just for the owners of capital to receive this marginal product as payment for their ownership of property (whether their own past savings or that of their ancestors) even if they contribute no new work? This is clearly a crucial question, but not the one I am asking here.*

Piketty saw land value as a significant aspect of capital, but unfortunately with a somewhat strict interpretation of land as 'all that nature provides in its natural state'. Pre-industrial agricultural land falls within his definition but residential and commercial property is excluded. He sought the value of today's "pure land" devoid of any infrastructure or improvement and could not find it. Capital was therefore once dominated by (agricultural) land value, but is now dominated by residential and commercial property value.

Piketty then considers the moral justification for exploitation of capital:

*Last but not least, it is important to stress that the price of capital, leaving aside the perennial short- and medium-term bubbles and possible long-term structural divergences, is always in part a social and political construct: it reflects each society's notion of property and depends on the many policies and institutions that regulate relations among different social groups, and especially between those who own capital and those who do not. This is obvious, for example, in the case of real estate prices, which depend on laws regulating the relations between landlords and tenants and controlling rents.*

### THE FORGOTTEN DOCTOR

Henry George could have comforted and reassured today's doctor. All through his lifelong struggle to convince the unconvinced about natural law and value of land, he broadened and deepened the understanding of a true (i.e. based in natural law) and moral foundation for what had started as a moment's revelation.

*Like a flash it came upon me that there was the reason of advancing poverty with advancing wealth. With the growth of population, land grows in value and the men who work it must pay more for the privilege.*

This simple yet profound insight allowed George to really start his quest for economic justice. He showed the vital significance of economic rent especially with respect to land, where it came from and the consequences to society of who it went to. His arguments remain worthy of consideration today, as evidenced by occasional appearances in *The Economist*, *The Financial Times* and economists such as Joseph Stiglitz.

The patient appears to be deaf. George hardly whispered; time and time again he explained his diagnosis and prescription in speech and written word across the world. What the patient needed was a simple change in mentality and exercise for full health would be restored. No matter how loud his voice, the patient was either too deaf to hear or too timid to respond.



George clearly saw that private enjoyment of economic rent at the expense of the whole community resulted in progress being necessarily coexistent with poverty. This is the main driving force behind Piketty's observation of ever-greater concentrations of capital or wealth as he defines it.

Economic rent and margin are both fundamental concepts in mainstream economics; yet their relevance to land or location is strangely overlooked. This may be due to confusion or excitement regarding rights to property. George showed in the nineteenth century that location, location, location really mattered and in all ages. The value of any location depends on the value held by the surrounding community of its exclusive occupation or use. One location may be marginal, where the best economic activity can only just support the efforts of workers and supply of real capital. Another location may be more valuable because the same effort and capital yields more than what just supports it. This surplus is the economic rent of that particular location; it obviously relates to the marginal location where by definition there is no economic rent.

George was meticulous in his definition of terms, seeing that so much economic misunderstanding arose from differing usage or understanding of the words being used. Piketty went some way to define terms but perhaps the necessities of his project prevented such rigour.

Capital is a relevant example. George uses the term in what can be said to be a classical economic (not Marxist) sense: *'Capital is wealth used in the process of production, which includes wealth in the course of exchange'*. This obviously excludes 'pure land' but also excludes land in the sense of location, most applicable to urban areas. Contrast this with Piketty who used capital in its financial sense of *'any asset that can be used to make money'*. This brings in private ownership of land, financial assets such as bonds, and even ownership of ideas and shapes; he did at least exclude human capital on grounds similar to George as skills and education are part of the being rather than something to be owned by others in any moral community.

George defines wealth as:

*Wealth is all material things produced by labour for the satisfaction of human desires and having exchange value.*

This definition is broadly in line with classical economics. Piketty decides not to distinguish wealth and capital and effectively regards them as synonymous.

By explaining economic rent as a natural phenomenon within communities, George shows that there is no natural basis for capital (land) owners to keep it; this answers Piketty's question *'Is it useful and just for the owners of capital to receive [...] payment for their ownership...'* This rent is inherently created by the community and so the natural response is for the communities to use it; hence George's argument for a land value tax. It is what Piketty calls *'social and political structures'* that allow economic rent to be retained in private hands; it is this that accelerates the anything-but-great divide between the wealthy and poverty-stricken.

Piketty could not see *'pure land'* and hence dismissed land as having relevance today. George's revelation may well have been of payments for the privilege to use *'pure land'*, but the principle remains even under the invaluable real estate in the great city centres. People are prepared to pay for a site, replace any buildings with what the market most desires, and rent or sell the result. The *'pure land'* value is the *'residual value'* familiar to developers; if the final sale or rental price exceeds the total cost of demolition and rebuild, this is the value of the land or location itself; it is the economic rent of land.

Piketty wanted a wealth tax to be applied to all forms of wealth in his terms. George would take issue with this and argue for only applying the tax to land value. For Piketty, land value is a form of wealth but to George it is not wealth; hence George would always reject the wealth tax and yet support land value tax.

In this way, taking a second opinion from Henry George would have greatly helped Piketty's valuable work.

For anyone to invest their energy in pursuing the questions that life presents them, to overcome all challenges and then expressing what was discovered for all to see is worthy of praise. Smith, George and Piketty are notable amongst many who have tried.

Smith remains the Grandfather of economics as we know it. He overturned great misconceptions and shone a light over the possibilities of capital accumulation and free markets. For those who had not read his work, *Theory of Moral Sentiments*, there could have been a gap in understanding as epitomised by neoclassical economic thought; the result has been exploitation of the free market leading to the very mixed global experience of today. Not only has capital accumulated, but so has inequality; there has also been an accumulation of misconception about Smith's vision.

Piketty's grand vision, perhaps more of a hope, is in the potential of a democracy to re-establish order based on equality and meritocratic principles. As a community we aim towards a better world for the whole, and look after those not able to look after themselves. Hence he argues that inequity-creating capitalistic forces are undemocratic. Rather than the deserving being rewarded, it is those at the top. Capital has no morals, whilst democracy is based on morals. This sick patient needs to decide to get better. This decision is a democratic one, and democracy needs to assert itself against the potential tyranny of concentrated capital.

Henry George had a depth of insight into natural and moral law that may not have been so available to Smith and Piketty. From the moral standpoint he can answer Piketty's questions. From his standpoint of the natural laws of economics he can show how a *'wealth tax'* can be equitably applied, how it is not really a *'tax'* nor on *'wealth'* but a return to the community of what arose from the community. With such a measure, Piketty's inheritance accelerator to inequality would evaporate.

We are a very sick patient. Our first challenge is to acknowledge our condition and seek help; our second challenge is deciding on the best doctor; our third challenge is to heed the advice and swallow the medicine. What will we do? 🇬🇧

## HGF BRIEFING NOTES

### LIBRARY GROUP AND FRIDAY EVENING CLASSES

A continuing programme on a wide variety of subjects related to the science of political economy based around Henry George's voluminous writings and inspiration continues to take place at 11-13 Mandeville Place, London W1U 3AJ. Friday afternoon meetings take place from 2.30 to 4.00 pm, and in the evening meetings take place from 6.40 to 8.10 pm. These are separate programmes.

The afternoon sessions have featured various subjects related to our core subject economics, for example an interesting presentation by Tommas Graves on the Metal Exchange, and Tommas also led discussions on *An Essay on Economic Theory* by Richard Cantillon; and *Climate Change - a Wake-up Call* by David Cotton. Alan Roberts led a discussion on 'The Proper Study of Mankind' by Alexander Pope. An introduction to Cicero's *Republic and Laws* was given by Michael Learoyd; and Jacqueline Waltz introduced her father's J. Seymour Rauch paper 'Economic Answers to Ecological Problems'. Ole Leffman gave us an interesting talk and presentation on Denmark; John Baddiley presented Andro Linklater's important book *Owning the Earth*. Featuring very strongly this term because of the 800th anniversary of Magna Carta, we have had three informative and interactive discussions and readings of the original clauses of Magna Carta.

The evening sessions continued with the study of Plato's *Laws* with Joseph Milne, and the Summer term features Richard Bolton leading studies taken from David Graeber's book *Debt - The first 5,000 years*. These sessions alternate, but both sessions are well worth attending for the insights they offer. The complete programme and dates can be viewed on the HGF website.

We would like to invite all those who are able to join us in these meetings on a regular basis. It is indeed a useful way to meet and discuss Henry George and his invaluable insights along with many of the important economists of the past and present. We are indeed revisiting economics as well as rethinking economics as HGF has always done.

### HGF REFERENCE LIBRARY

We are relocating the HGF reference library which includes bound copies of past issues of *Land&Liberty*. This has been occasioned because the reference library at Mandeville Place is being reorganised to make fuller use of the space by the School of Economic Science. Full access to the HGF reference library which is now stored in London SE15 is still possible by arrangement with Michael Learoyd, telephone number 020 7639 7524 or e-mail [info@weavingtraditions.co.uk](mailto:info@weavingtraditions.co.uk), who will be pleased to accommodate your needs.

### JOHN STEWART

John Stewart, a real friend and supporter of the HGF and its aims, died on Friday 10th April. John continually explored the teachings

of Henry George and contributed to the literature in many memorable ways. His famous trilogy *Visitors*, *The President* and *Prime Minister* are regarded by many as economic novels. Indeed, in *The President* he posed three questions: What is location value? Who creates it? And to whom does it belong? This has proved to be an inspired approach for continuous reflection. John was the author of many other books, mainly historical novels and biographies as well. He will be sorely missed.



### SIXTH FORM STUDENTS COMPETITION

This summer the HGF has launched its 2015 National Communications Competition for Sixth Form Students. It is designed to be an exciting opportunity for sixth formers to demonstrate their writing, presentation, art/graphic, and video communication skills as they seek to communicate the Foundation's core message and win big cash prizes in the process. There are 25 prizes to be won, a £1,000 first prize, three prizes of £500, and 20 prizes of £100 (all shared equally with their school or college), plus £500 prize for the school supporting most entries (£5,000 total).


Competitors are required to view and take on board (preferably via a group discussion) a briefing presentation from the HGF website.

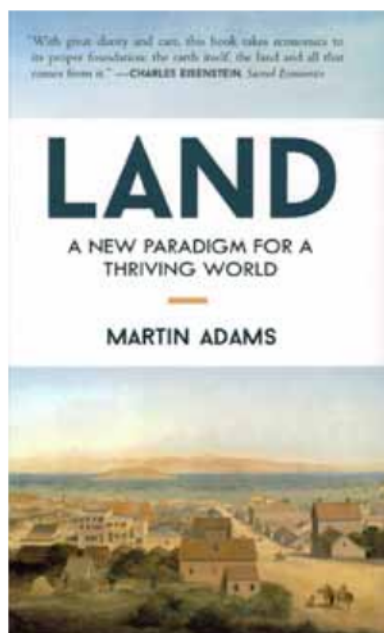
They should then produce a creative work that represents/illustrates/promotes the core principle or the significance of the message in a particular location e.g. relating to the economy, history or geography or economy of a particular area e.g. local to the school, it's district, town, region etc. or wider e.g. the UK, Europe or globally. The work may be submitted under any of four following categories, either:

- **Written Work:** e.g. article, story, letter to a newspaper / MP / friend, review, comment, or similar. A maximum of 1,200 words.
- **Picture:** e.g. artwork, graphic design, poster etc. A3 will be the required size.
- **Map Based Power Point Presentation:** max ten sheets of which at least three are annotated maps.
- **YouTube Presentation:** videos, six to ten minutes of length.

If any school would like a HGF representative to lead or contribute to a discussion on the briefing (in person or via a webinar) they are invited to contact the HGF on the following free phone number: 0800 048 8537.

### RETHINKING ECONOMICS CONFERENCE

Following a meeting with the student organisers of the Rethinking Economics weekend conference planned for 27/28 June at Greenwich University the Foundation agreed to provide a £2,000 contribution towards conference expenses aimed at reducing the cost of attendance for students. We shall also participate by leading a panel session on the topic 'Public Revenue - With or Without Taxation', presenting under the 'Economics for Everyone' theme our sixth formers competition briefing, and host a prominent stall for pamphlets and books. Our logo with a description of the HGF will also feature in the conference's programme and website. 



**LAND: A NEW PARADIGM FOR A THRIVING WORLD  
BY MARTIN ADAMS**

*Reviewed by Edward J. Dodson*

North Atlantic Books, 2015  
ISBN: 1583949208

Twenty years ago I made a decision that has been nearly all-absorbing of my time and energy. I started to compile the documented history of the people who came to embrace the principles embraced by Henry George. Today, despite a considerable number of books and published academic papers on the history of the movement established by Henry George and his generation of stalwart supporters, few people in Great Britain or any other country know the movement lives on. The combined efforts of every person who cares about the future of civilization and the planet are necessary to bring our perspectives into the mainstream.

Over the last one hundred and eighteen years (since the death of Henry George in 1897) a long list of thoughtful, talented writers have offered their own reinterpretation of Henry George's insights, each effort made to reach an audience that Henry failed to reach. Others, who had been introduced to Henry George dismissed his insights because they believed the societal problems he identified had been solved under liberalism, social democracy or democratic socialism.

Yet another analysis has been added to the public dialogue, a book by Martin Adams, a self-described 'social innovator, systems thinker and community organizer.' This book, *Land: A New Paradigm for a Thriving World*, offers to readers the truths he has come to by years of study and his search for, as he states, *the hidden causes of our economic and ecological problems*.

Martin Adams has accomplished something considerable. He has covered the territory succinctly and in a quite readable style. In the Introduction he calls for the kind of moral response to societal problems that goes far beyond any reform of our economic system:

*My greatest hope is that one day each human being – every one of us – will be able to participate in a society that's inherently just and that also considers the well-being of future generations. To achieve this, we have to work together in appreciation of our differences and on behalf of our common humanity.*

At a time when one finds many reasons to be pessimistic about the future, Martin Adams offers a hopeful analysis, if we act before it is too late.

A departure of sorts from the language of reform relied upon by many proponents of Henry George's teachings over the last century is his call for those who own or control land to make 'community land contributions' rather than 'land-value taxes.' Others have adopted similar changes in how we explain to others the treatment of nature as private property conflicts with the most fundamental of our rights, the equal birthright we have to the earth and its natural resources.

Martin Adams addresses one of the very real practical concerns that will occur when communities approach collection of the full potential annual rental value of locations: the selling price of land parcels will fall, theoretically to zero. At some point, governments must make the switch to rental values as the tax base. As important, Martin believes, is that the public acceptance of community land contributions overcomes the existing psychological bias that has fostered "private land ownership as opposed to community land stewardship." His message is the right one when addressing almost everyone. The exception, unfortunately, is the elected official whose immediate concern is deciding on how much revenue is needed to balance the budget for the next year and from whom this revenue must come.

With his book written and published, what must follow if the vision Martin Adams has offered can be advanced and eventually realized? The obvious answer is to generate public awareness and understanding. Hopefully, his book will find readers who will recognize the rightness of the cause he embraces and adopt the cause as their own. This is the reason we all do what we do, whether we write articles and books, write letters to the editor, post to blogs, teach courses, belong to political and citizen organizations, produce films and videos, create websites, or simply engage strangers in conversation when the opportunity arises. One measure of our challenge is the fact that so few of our parents, siblings, spouses, partners, children or grandchildren find common cause with us.

We do not know when our efforts will achieve the critical mass required for real change to occur. Martin Adams with this book has confirmed his commitment to the cause. Hopefully, this brief review will serve to increase his readership. 📖



## BOOKS WORTH READING

There is an excellent book which Henry George would have quoted from if it had been written in his time: *Ownership: Early Christian Teaching* by Charles Avila.

While training in a seminary Charles Avila began looking through the collections of writings of the Church Fathers in search of their teachings on ownership and poverty. He discovered a rich and powerful teaching and a concern for the poor which the Church had forgotten. For example, he quotes from Basil the Great:

*Things of this kind are from God: the fertile land, moderate winds, abundance of seeds, the work of the oxen, and other things by which a farm is brought to productivity and abundance. . . But the avaricious one has not remembered our common nature, has not thought of distribution.*

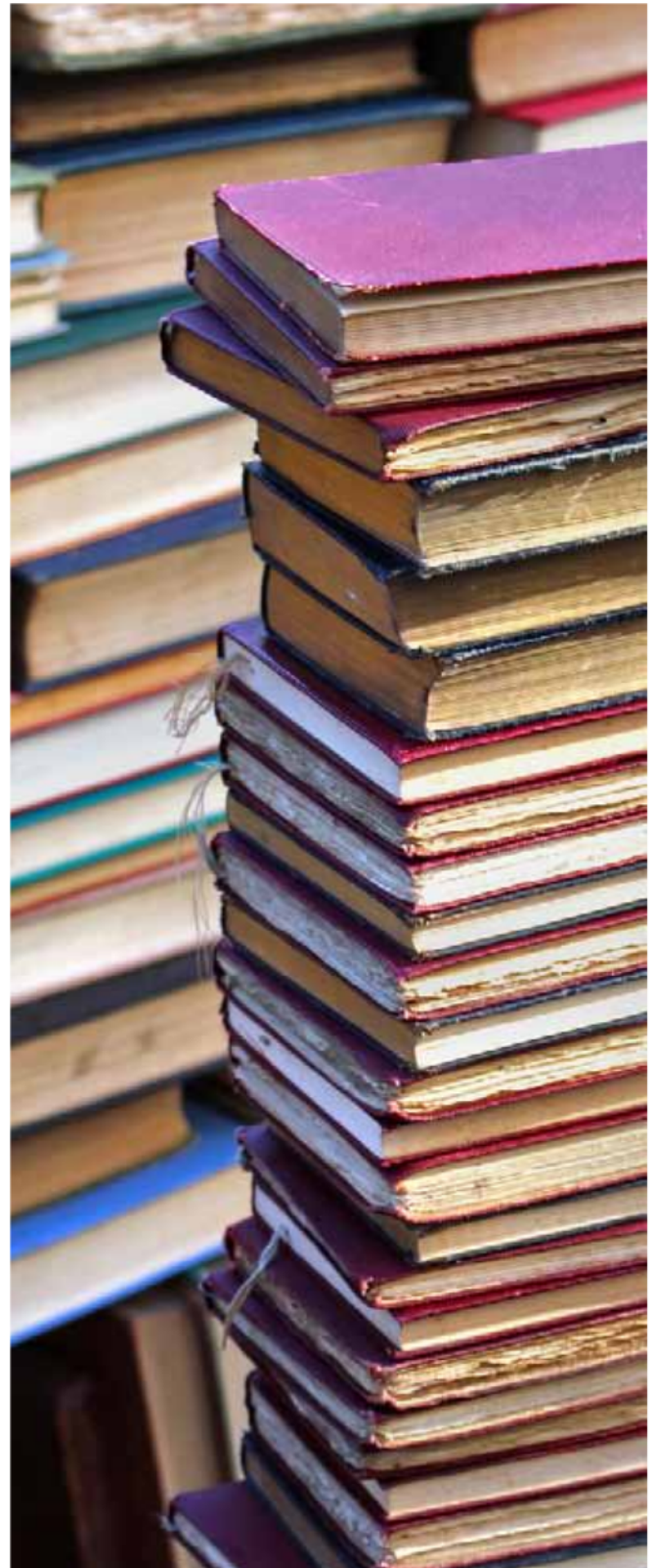
There are many strong arguments against the private ownership of land, or even of private ownership in general. The word 'private' means 'diminishment' of the possessor, thus 'privation'. It signifies losing participation in the common good. Ownership itself is seriously questioned. For example John Chrysostom writes, 'When one attempts to possess himself of anything, to make it his own, then contention is introduced, as if nature herself were indignant'. Or Ambrose writes, 'We lose things that are common when we claim things as our own'. Avila argues that the greatest evil of private ownership is land ownership, and he observes how the history of land ownership of Henry George, which he later discovered, confirms the teachings of the early Church.

The radical ideas of the Fathers were not entirely forgotten in the middle ages. They are revived in the natural law teaching of Thomas Aquinas. Christopher Franks has written a very accessible book on this entitled *He Became Poor: The Poverty of Christ and Aquinas's Economic Teachings*. As with the previous book, Franks questions the modern notion of ownership and what he calls the tendency towards the 'proprietary self'. Since Locke society has understood property as an extension of self-ownership, a profoundly unchristian notion of self as made in the image of God.

From this distortion come a host of false relationships with society and with nature, effecting economic exchange, the theory of just price and usury. But perhaps the most interesting aspect of this book is its recovery of the place of exchange within the natural order, where production is not for the sake of competition or profit, but for the welfare of all according to the design of nature.

These two books show us that there is much to be learned, in harmony with the insights of Henry George, from the pre-Enlightenment visions of social justice.

The Church would do well, also, to remind itself of its early social teaching. 📖



## MAGNA CARTA - THE UGLY TRUTH

*The following is transcribed from a video source. To watch the full video go to: [www.youtube.com/watch?v=cwU2CvR3mm8](http://www.youtube.com/watch?v=cwU2CvR3mm8)*

If we want to discover where modern European civilisation went wrong, one of the places to look for clues is this field because, in the thirteenth century a king met his barons and knights in a field along the river Thames near Windsor Castle and struck a deal. That deal is now known as Magna Carta. It's treated as a sacred document. It's supposed to be the cornerstone of the liberty of the individual. The ugly truth is terrible to behold.

Magna Carta was the beginning of the end of the liberties of people born on the British Isles. Because it was here, in Runnymede, that the knights and the barons persuaded the king to begin a centuries-long process of de-socialising the rents of the land of the kingdom. Now why is that significant? The state was supposed to protect every person in the territory. The rents were there to support the state to ensure that the liberties of every man and woman and child in England were protected. Everybody treated equally under natural right law.

Well, the feudal aristocracy, the barons and the knights, were public servants. They held land from the king on one condition, that they served the state, principally to defend the realm, provide the foot soldiers and the equipment against foreign aggressors, and to administer law and order in their local domains. But those barons and knights knew that theirs was a precarious arrangement because, if the function of the army and the civil service and the law enforcers were to be professionalised, if people were to be paid out of the public purse directly to fulfil those functions, then they, the knights and barons, would lose their social function, which means they would lose their right to receive the rents from the land of their estates. They would be an obsolete class.

And that's what happened at the dawn of the modern European state. Kings decided it was more efficient to create professional armies, to have judges who were paid to go on circuit to enforce the law, to have paid civil servants. The aristocracy were one day going to be made redundant, but when that day occurred they wouldn't care because the rents of the kingdom were going into their pockets thanks to the deal that was originated in these fields.

Now, in the celebrations on the 800th anniversary of Magna Carta, none of this will be explained to people in general because the people who control our society want to preserve the myth that our laws actually protect the human rights of the individual. Look at the sacred documents that are supposed to protect our interests. Go back to America and the revolution and the documents, the Declaration of Independence and the Constitution of the United States. Examine those documents and what do you find?

Well, the Founding Fathers said that their legal documents would be based on the natural rights philosophy. Now, their favourite philosopher was John Locke, who had articulated the trilogy of rights of the individual, *Life, liberty and estate*. Now that word estate meant land, it's the old English term for land. Liberty and life were contingent on having the natural right of access to land.

But the plantation owners of Virginia and Carolina, who had left the English shores to carve out their big estates in the New World, they weren't going to share the right of land with any comers from Europe. They weren't going to have the right to access land enshrined in their sacred documents, so they excluded it. So, anybody landing on the shores in New York seeking land of freedom, were told that they, sure enough had the right to life and liberty, but in place of land what they had the right to was the pursuit of happiness, *Life, liberty and the pursuit of happiness*. The plantation owners had erased the right to land from their documents.

And the same thing happened in the twentieth century, when the United Nations published their Universal Declaration of Human Rights, when Europe published its European Convention on Human Rights, what do we find? The individual has the right to everything under the sun except for the right, the equal right, the natural right of access to land. Now what's the significance of that? Well, quite obviously in the modern period we can't just literally carve up the land and give an equal portion to everybody. That's not practical in the modern economy. Most of us don't want to work on the land as farmers. We want sufficient land in the towns to live and work on. But we all have an equal right to the riches of our land.

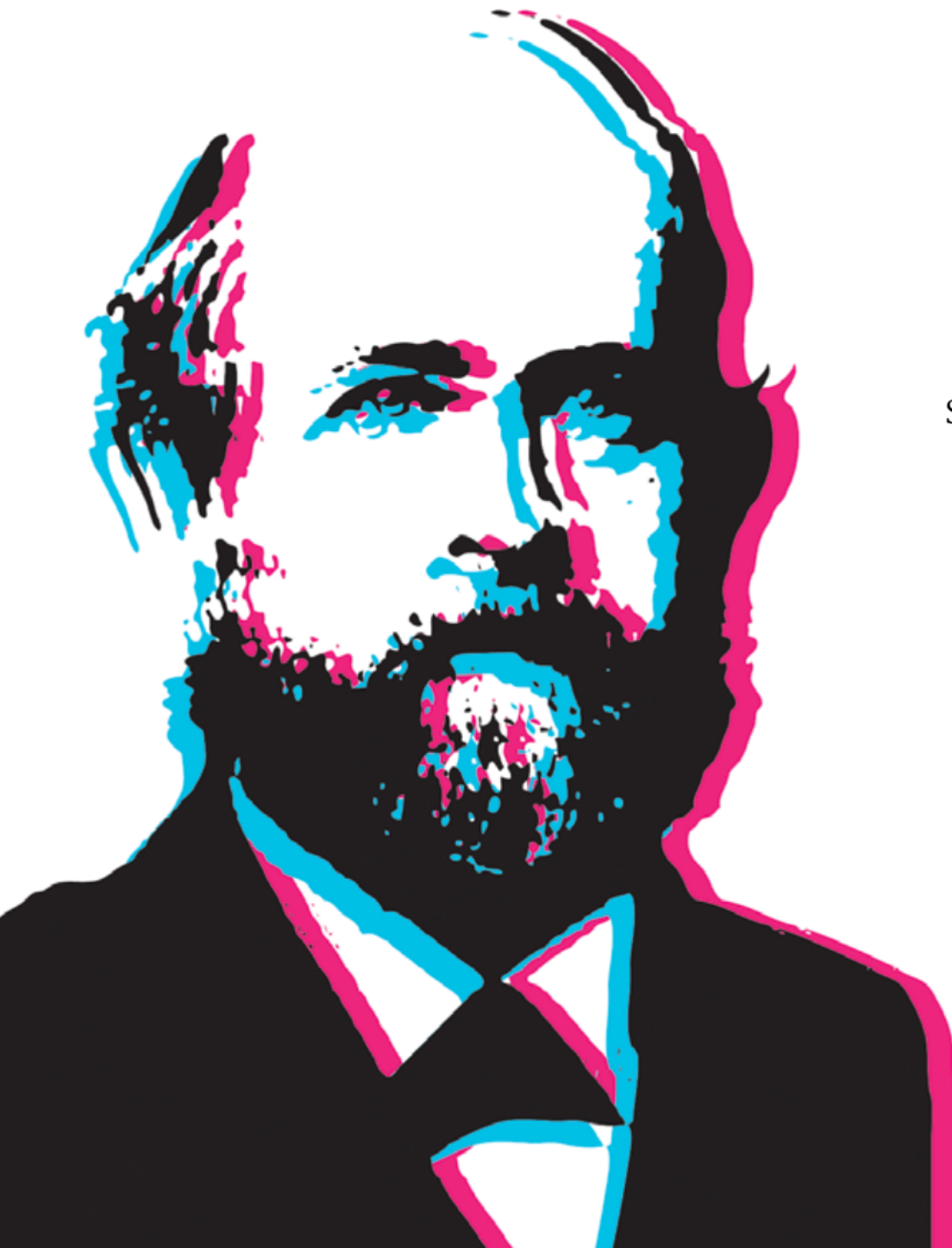
Now, that can only be expressed by giving everybody an equal right of access to the rents of the land, those rents being created by all of us. Those rents reflect the value of the natural resources of our territory and the value created by our communities. So the practical resolution for giving everybody equal right of access to land is equal right of access to the rents of land. But that's what the barons and knights, back in 1215, made sure would not happen. Because they began the process of privatising those rents by de-socialising them, by eroding the social status of rent. And enabling them to pocket the rents without having the obligation to serve the community. As a consequence, the individuals who were born after the sixteenth century were dispossessed of the land physically by the enclosures. And they didn't have the right of access to the rents being spent through the public purse. Instead, the landlords in Parliament were now taxing the wages of the workers so that they could run down the revenue collected by the land tax. So by the nineteenth century the land tax raised approximately three percent or four percent of the rents of the kingdom directly. In their place they imposed the salt tax, the beer tax, all the taxes on working people, so that the aristocracy, the gentry and their hangers-on, like the lawyers and the people who administered the estates like the surveyors, they shared in the rents of the kingdom and allowed the peasants to carry the burden of taxes.

None of this will be discussed during the commemoration of Magna Carta, but what we now discover, looking closely at what happened in this field in 1215, was that the liberties of the individual, far from being enshrined in that document, began to be eroded when the king signed Magna Carta under the trees in Runnymede. ■

...BUT GREATER  
DANGER IN BLIND  
CONSERVATISM

”

Henry George,  
Social Problems 1883



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# 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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