

FORERUNNERS OF HENRY GEORGE

THE PHYSIOCRATS

Ah, Grasshopper! You thought Henry George invented this stuff?! My son, you have many things to learn about our timeless way of appreciating our place in this world. This is from the Single Tax Year Book of 1917, penned by Samuel Milliken

The eighteenth century is notable for the rise of the French school of social reformers known as "Physiocrats" (Greek—the natural order).

It was not increase of wealth they sought but, rather, a science of government, immutable physical and moral laws, the natural order. They held that the violations of this, through "ignorance, neglect or contempt of human rights, are the sole causes of public misfortunes and corruptions of government." Unconsciously they advocated the political economy of Jesus of Nazareth. For his injunction also, was not to seek wealth, but to seek first the Kingdom of God and his right doing, "and all these things shall be added unto you."

Briefly the Physiocrats held that all wealth is derived from the land, and that primitive industries, such as agriculture, mining, quarrying and fishing, are the only "productive" ones; that manufactures and commerce, while useful in modifying and transporting, are "sterile" as regards the State, non-productive of that fund which the State may justly tax—the produit net (defined as "the surplus of the raw produce of the earth left after defraying the cost of its production"). Unquestionably this was error, but, as Henry George says, "not a vital one." For they were on the "narrow way which leads to life". The produit net, although limited, was "rent"; they held that it alone should furnish the needs of the State through the impot unique (the Single Tax). They advocated complete freedom of trade, holding that the business of government was only the protection of life and property, and the administration of

justice. It was not allowable for government to interfere with freedom of thought, person, production or exchange.

Physiocracy appears to have been only an approach to the Single Tax of Henry George. For George proposed to appropriate the entire ground rent by taxation. He intended that the public should take the kernel, leaving the shell to the landlords. On the other hand, the proposal of the Physiocrats was Single Tax limited—very much so. It was about six-twentieths of the surplus derived from primitive occupations. Du Pont said that

the forerunner of the Physiocrats was the Duke of Sully (1560-1641), reforming minister to Henry IV, of France. Sully

declared that "tillage and pasturage were the breasts of France."

Nevertheless, the philosophers themselves were great souled men, too little valued, too little known, even in our day. The founder of the school was Francois Quesnay, physician to the King. Quesnay was called the "European Confucius." With his philosopher friends gathered in the upper rooms at Versailles, he planned for the safety of the State, while court profligates below them were devising new luxuries. Room may be found here for but two of many noble characters among the Physiocrats.

ROBERT JACQUES TURGOT

The most prominent of the Physiocrats was Turgot, sometimes called "the Godlike!" Born in Paris in 1727, he was, during his childhood, afflicted with a painful timidity which never altogether left him. Educated for the church, with a prospect of high place, he abandoned it, saying that he could not wear a mask all his life. Early he was moved by philosophy. Having a passion for the public good, or, as a friend said, "a rage for it," he sought the public service. He liked scientific pursuits, but politics, the science of government, was with him an absorbing passion. To him it was the "science of public happiness."

For thirteen years, from the age of thirty-four, he served



as Administrator of Limoges, perhaps the most hopeless district in hopeless France, drifting towards revolution. He did not spare himself. When urged to moderate his labors, he replied: "The needs of the people are enormous, and in our family we die of gout at fifty."

Despite illness, he "toiled terribly," reforming, improving wherever and whenever he could, willing and thankful to be able to progress slowly, step by step, when it was not possible to be speedy. With the peasants he patiently explained and instructed, always with guiding principles in

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view. He considered no case too small for the application of its governing principle. He was a theorist to the limit.

With but limited powers, he yet served Limoges so well that when appointed Controller-General in 1774, masses were said in his honor, and the peasants wept at his departure. In his larger sphere he faced a difficult task, but he was brave and masterly. Supported for a time by the young King, Louis XVI, Turgot declared his programme: "no bankruptcy, no increase of taxes, no loans". In due time Turgot issued edicts in the name of the King, abolishing forced labor on the roads, establishing free trade, abolishing trade privileges etc. His edicts were preceded by explanations of the economic principles on which they were



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based. But, after a service of only twenty months, the weak King was compelled by pressure of the privileged classes to dismiss Turgot. The disgraced minister retired to a studious private life. He had bravely warned the amiable but weak King that weakness had brought the head of Charles I to the block. Thirteen years later Louis XVI faced the guillotine.

Carlyle said that Turgot had a whole, peaceful French Revolution in his head. Happily he did not live to view the catastrophe. He died in 1781, aged fifty-four. He rests in the Church of the Incurables, now the Laennec Hospital, Paris.



PIERRE SAMUEL DU PONT

It is praise enough for any man to be known as "the right arm of Turgot."

Du Pont was born in Paris in 1739, Turgot's junior by twelve years. At the early age of twenty-four he attracted the attention of Quesnay, and soon became Turgot's most intimate friend. It is said he had a rare capacity for work, being a "willing literary hack," and that he had done more than any one else to give currency to Physiocratic teachings. A condensed account of his useful, busy life may be found in the *Gyclopedia of American Biography* (6: 450). He was twice President of the Constituent Assembly, and author of its fiscal reforms. Being a Girondist, he was compelled to hide from the Jacobins, occupying his enforced leisure by writing *The Philosophy of the Universe*.

Finally arrested and imprisoned, he escaped the guillotine only through the death of Robespierre.

In 1799 he emigrated to the United States. He was honored with the affectionate esteem of Franklin, Jefferson and Madison. At Jefferson's request he drew a plan for national education in the United States, an account of which may be found in Jefferson and the University of Virginia (p. 49). The headquarters of this projected "University of North America" was to be at Washington. Characteristically, Du Pont planned as one of the four departments a School of social science and legislation. He received Jefferson's thanks for assistance in promoting the cession to the United States of the immense territory then known as Louisiana.

By all accounts he was an admirable character. It is to be hoped that we may some day be favored with his biography in English. Schelle, a French biographer, says of him: "There have been profounder thinkers and more able writers than Du Pont, but none have surpassed him in love of truth for truth's sake, and in disinterested and continuous efforts to promote the welfare of his fellow men." He died in 1817, and is buried in the family's burial ground near Wilmington, Delaware. He was one of those named by Henry George in a dedication "to the memory of those illustrious Frenchmen of a century ago who in the night of despotism foresaw the glories of the coming day." It seems appropriate that the visitor to his grave is directed to "take the car to Rising Sun!"



A grasp of *economic rent* is vital to understanding geoism and the path to social justice and environmental sanity. Short definitions are helpful but limited – the return to privilege; a free ride

at society's expense; unearned increment; excess profits that monopolists reap in the absence of competition; the income imputable to natural resources; the share in the wealth produced which the exclusive right to the use of natural capabilities gives the owner; or even the natural source of revenue for the community. Sydney's **David Smiley** continues his series wherein he fleshes out the meaning of rent through a string of vivid historical examples.

THREE CASE STUDIES OF RENT

Gathering up data scattered through various World Bank reports, we can make an interesting comparison of the development of three countries which have managed their land rent very differently over the 50 years 1950 to 2000. In El Salvador a private landed elite appropriated the rent of land. In North Korea a public bureaucratic elite appropriated the rent of land. In South Korea rural land was appropriated from private landed elites and redistributed to the peasants.

In El Salvador average per capita GDP, in US dollars, fell from 2635 to 2050. The concentration of domestic land ownership encouraged collusion with foreign commercial intrusions (multinational corporations). This, added to pre-existing grinding poverty, encouraged revolution and attempts to redistribute land. And this, in turn, encouraged collusion with foreign military intrusion (the CIA) to prevent land reform. And so, attempts at land reform were brutally suppressed, land ownership remains highly concentrated, and wealth differentials are very high. Genuine savings are very low indicating that feudal rent is consumed, not productively invested.

In North Korea bureaucratic planning by a Marxist government drove the economy, in the absence of personal incentives and market flexibility, down to subsistence levels. In a classic example of Malthus' population theory, per capita GDP dropped from 367 to subsistence at 188, death rates rose to equal birth rates and, in spite of food aid, over two million people died of starvation. In South Korea an extensive rural land reform transformed an essentially feudal economy into a vibrant, egalitarian one. "The groundwork for both fast growth and the income equality that eased the social strains of development was laid by a radical land reform." (*Economist*, June 29, 1991, page 16). Per capita GDP rose from 367 to 2,462. savings are very high, indicating that the surplus we call land rent is invested, not consumed.

The reforms in South Korea, though highly successful, required a coercive reallocation of private property rights. This would be hard to achieve today, but would also be quite unnecessary. Taxation of land rent would leave property rights of ownership undisturbed, while encouraging even greater levels of efficiency and egalitarianism than those achieved by land redistribution in South Korea. ■