

THE GEO-FABIANS

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Winning

In Copenhagen, two years ago, I reported on the Inter-Student High School Program of the Los Angeles Henry George School, or as I quaintly put it - the Henry George Schools of California.

At the end of this recently ended school year, some 1,155 high school seniors completed the full semester, 80-90 hour, Economics Course produced by the Los Angeles School and taught in public schools in California. To compare this with the Henry George School's Basic and Advanced adult courses of 20 hours, this is the equivalent of 4,620 graduates.

So, do it in Britain.

Oh, of course, it can't be done in Britain, or Australia, or South Africa. The school systems won't allow it. Well, that's what they said in the United States before we began our first basic course that has now been completed by kids into the hundreds of thousands.

You have to think about how to do it. You must look for a weakness that may be exploited. You'll find one if you look for it. It may have no apparent connection with economics, or Henry George, but it will be there for you to open up. It took us 23 years to move from our first adjunct 8 week Basic Course to a full-blooded senior high school economic program for credit.

Changing the Way We Teach

We made a number of revisions to our teaching style and content. Not to make them more palatable to this new audience, but to improve the presentation - to make our ideas easier to grasp. During this reappraisal, as I've said before, we found ourselves in conflict with some of the arguments of Henry George.

In most instances, the differences were minor. Some other disagreements were less minor yet they in no way rebutted, or changed, Henry George's thesis that our advance must always be toward his twin goals of liberty and justice for all.

A typical change concerned 'values from production' and 'values from obligation'. We added 'values from privilege'. The goodies became 'production' and 'obligation', the baddy was 'privilege'.

Our major concern was to make our science understandable by 17-18 year old kids and along our way we ran into some problems that were interesting and needed to be solved. (The activists' concern is the same.)

Nic's Conundrum

However, I'll start with a real knotty new one. Nic Tideman brought it up recently on the Internet. It didn't produce a single reply on our Georgist list. It was simply too tough and too dangerous to our beliefs.

Two 40 story skyscrapers stand on two neighbouring lots in a city street. One lot is owned by Smith, the other by Jones.

As Rent is a value that is created by the surrounding community - the 'community created value' we talk about so much - Smith's skyscraper increases the value of Jones lot, Jones' skyscraper increases the value of Smith's lot.

Then Smith buys Jones' lot. Now we have one big lot with two skyscrapers.

However, something has been lost - the increase in value that Smith's skyscraper

gave to Jones' site is no longer there. Jones' skyscraper is now part of Smith's lot. If you say that Smith's skyscraper is still increasing the value of the site under the former Jones' skyscraper, you say that an improvement is increasing the value of its own lot. You will be admitting that Rent isn't just produced by the outside community - but by an individual on his own site.

If you were now to collect this value, you would be taxing Smith's improvement value - even though we assure everyone that we are interested only in collecting community created Rent.

Nic doesn't take that view. He suggests that as the Jones and Smith skyscrapers are no longer causing a higher Rent on the other skyscraper site next door - but together on the same lot - their Rents will drop. Their combined Rents will be less than their separate Rents.

But, if this were true, the Rent cost could be lowered still further by combining still more lots. Others would also merge to cut their Rent payments. We might get the whole city with one owner paying pretty low Rent.

Help! Where's our revenue? Better bring back the income tax.

A theoretical point? - Better check out those favourite examples of the libertarians - Disneyland or Disneyworld. How much of their Rent is the result of their own improvements?

Activism and Education

Is such a conundrum important to us as we plunge headlong toward the single tax - or at least a land-value tax - or at the very least a 'Two-Rate Tax'.

Well, a friendly battle wages in the Georgist ranks. Sometimes it may not be so friendly. It's between the 'educators' who are teaching people and the 'activists' who are organizing them for political action.

Much of the criticism understandably comes from the activists. The educators tend to keep quiet, because they want to do better - but are not sure how. And they hear that if only the money now wasted on education were to be spent rescuing Russia from a fate worse than death, or turning the United Nations, or keeping Pittsburgh straight, things be so rosy.

Well, in emphasizing their differences, the two factions may not have thought about their complementary nature.

Like love and marriage, they go together.

To move toward a Georgist society, all we need do is to get enough people to support land-value taxation.

That's all.

However, once we've got it, to hold what we have needs popular and general understanding of why we do things. Otherwise, all our gains will be lost. The history of the Georgist movement is replete with instances of political gains disappearing because most people don't understand the significance of what we are doing.

We've just had an election in Allentown, PA. It was intended to throw out the new Graded Land Tax. Josh Vincent and his cohorts did a magnificent job of education and the enemy lost. Well done!

But, if they don't continue and expand the education of the electorate - next time they may lose. Education is a continuing nuisance that simply must be done.

Perhaps, the reason we did so well at the end of the last century in Britain was because we had an electorate educated in the basics of Henry George. They weren't land-value taxers - they were Georgists. Although the policy was 'tax land values' - many had read Progress and Poverty and more. Indeed, when the Liberal Party passed land tax legislation

that was a bit icky - young Liberals put up Georgist Liberal candidates against the official candidates. I think that this understanding of George led to the excellent 1913 legislation.

I am obviously speaking for education. After all, I'm President, Director, and janitor of the Henry George School in Los Angeles.

So, what do we teach as Georgists? We must certainly teach things that are connected to the needs of the activists. We must teach our political economy so, without swerving from the course, we make contact with the reality of the political process.

Political Economy

We've got to get our act together. We should know what we are teaching. Political economy has been called the 'science of the natural social order' and has been described very specifically as the 'art and science which deals with the nature, production and distribution of wealth'. This last is how we probably think of it.

Political economy is a science of production. It's subject is how humans produce. It is not a science of consumption. This science stops when production reaches the consumer - where, in fact, production is finished. So, once we've taken note that he exists, we can forget about the consumer.

I would suggest there would be no production without a consumer. Production takes exertion. We don't like to exert - in fact we won't exert unless we get a return. So, without a consumer, we'll be standing among the widget pins we've produced wondering why we wasted our effort.

Consumers - either ourselves or some others - are a given. Without them, there will be no production. So, let's not forget them, but simply put them on one side where they won't bother us.

Once the consumer is gone we can dismiss services to the consumer. The hairdressers and barbers, the mechanics who maintain our cars, the actors at the theatre, all of them are not subject to our study.

The lady serving us in the department store is Labour. As she hands us the shoes we bought, she is the last link in the production process. She is one of the 80% of producers who produce the widget after it has left the factory.

One of the problems of the study of people is that it can get so complicated. It behooves us to simplify. So, we begin the simplification by removing consumers and the entire service economy from our study.

In our Adult Basic Courses, we are often a little uncomfortable about the role of the service giver. We generally point out his Wages will be the same as the actual producer - assuming the same skill and conditions. But, we haven't been at ease.

Take comfort! Removing him altogether is a lot more sensible.

Some other simplifications can be made. Anything not part of the exchange process can be chucked. The apple you pick and eat yourself isn't part of the study. We should note in passing that, if we remove the consumer, the product in Political Economy is never Wealth. Products in the course of exchange are Capital, as said George - and we only consider exchange products in the study.

We aren't much interested in exertion that produces nothing, so any production that doesn't increase value can be discarded, along with the exertion that is wasted. This means that only Labour that produces something of value is included.

When we've finished excluding, we are left with a pretty easy science.

We have a science that can be understood in the political arena.

We begin Classical Analysis with the two Basic Assumptions of Classical Political Economy. George separated them in Progress and Poverty.

We put them right at the beginning, because that's where Basic Assumptions should be. We shouldn't cop out on these Assumptions.

They are not assumptions that apply to some people at some times. Every person on the planet acts as these Assumptions declare.

Natural scientists have a lot of trouble with their electrons. If they know where they are, they don't know where they are going. If they know where they're going, they don't know where they are.

We deal with much more predictable people. We have an easy science.

The first axiomatic statement about people is that:

"People's desires are unlimited"

You see how politically correct I am. It used to be "Man's desires . . ."

Now, something we must stress in politics is that if this Assumption is true - there can be no such thing as unemployment.

If all of us work 24 hours a day we will not be able to satisfy desires that by their nature are unsatisfiable.

Which leads directly to the next question, "Why is there unemployment?" As Henry George said, 'Why are people looking for jobs instead of jobs looking for people?'

This is the way to persuade people that unemployment isn't a natural consequence that must be addressed, but something ridiculous that shouldn't happen at all. There's a good political tack.

The second Assumption "that People seek to satisfy their desires with the least exertion" is usually accepted without argument. The second Assumption describes our path to all progress.

So, our 101 policies to "create jobs" are pretty silly. They try to create jobs for people who don't want them. That's why these policies mostly fail. I had an unemployed welder in a Toronto class. He got a government job teaching the unemployed how to weld. Had a good class with 23 students. I asked him what was the result.

He said "Twenty-four unemployed welders".

That second Assumption's also why welfare schemes don't work very well. Why a national health service has trouble, and why many other services that try to work outside the market go wrong.

Incidentally, for almost 50 years I've been asking students to come up with two exceptions to the Assumptions. No-one ever has. I'm now asking on the Internet - still not getting any valid exceptions.

Justice

Henry George said 'Justice the Object - Taxation the Means'. Both educators and activists ought to know what justice is.

We want justice. But, it has at least a couple of dozen meanings. "Justice means everyone gets a living wage" "Justice means eating 3 squares a day". So, our best political path is to attack the opposite. As justice implies equal treatment under the law, we simply attack unequal treatment under the law.

We call that 'Privilege'.

Privilege has two parts - 'privi' which is private, and 'lege' which is law. So a privilege is a private law - a law that benefits one at the expense of another. Bob Tideman, bless him, first set me thinking in this direction.

Who gets a privilege? We've thought a lot about this. It must describe the fortunate recipient of privilege - without being nasty, which could turn people off. It must be eminently acceptable.

We've settled on 'fat cats', the suggestion of Lou Scott of Indianapolis - one of our excellent American Georgist philosophers.

From now on, those who get a privilege are fatcats, further described as those who get a free ride.

So, let's attack privilege

And right away we run into a problem. In our modern corrupted societies - pretty nearly everyone gets privileges. In the high school course, we call many of them 'countervailing privileges' - designed to keep quiet those who otherwise would protest the major privileges.

Of course, the most important privilege is the right to take community created Rent, but here again we have to be careful.

Nowadays, most people have some ownership of a piece of land - even if it's just the piece under the cottage. And, those who don't have some, want some.

So, if you say, or imply, or suggest, indicate, or even allude to your desire to 'share' land equally, or distribute land to the landless, you'll be political dead meat. It's a lot easier to press our equal right to Rent.

That's what we do in the public schools and we get no trouble.

One Hundred Percent

I want a 100% collection of Rent. Now, we all know that the higher the Rent collection the lower the sales price of land - that when the collection is 100% - the sales-price of land drops to nothing.

Now, I don't think we should hide that fact - the opposition won't let you, if they have any sense. What we have to do is defuse it. So, we say simply that changing taxes from building to land reduces the sales value of land - but increases the sales-price of the house.

So, they balance out, except for the fatcats who will suffer a loss - and so they should. You let the opposition disprove this statement, which is both correct and incorrect - as you know, don't you?

Rent and Land-Value

We all talk about Rent, but what is it? Georgists try to measure it, but that isn't possible. George did not make clear that the present day return to a location is not Rent, though it might have been more so in his time. Wages, Interest and Rent are market determined returns. But, the present return to land is not Rent, but (Rent + a speculative premium). It is outside the market process.

The process that controls the market is called the price mechanism. The price-mechanism controls the supply of Labour and Capital. It fails to control the supply of Land.

To emphasize the difference, we give the two concepts different names. The price mechanism controlled market value of a location is called Rent. The present speculative value of land we call land-value. So, when we capitalize a land return we are capitalizing land-value.

Assessors, whose appraisals form the basis for a total count simply don't measure Rent, because they can't - and neither can we.

Money - Chalk and Cheese

During my British Liberal Party days, our Free Traders always linked "Free Trade" with "Sound Money". Georgists should have a Money policy - certainly, it should be part of the general discussion.

In Classical Analysis we take a particular position. We point out that "measure of value" and "medium of exchange" are not just functions of something - but two opposite characteristics.

The difficulty is that the present term 'Money' tries to stuff within its meaning two different (and conflicting) concepts. One concept is 'measure of value' - a standard against which other things are measured; the other is 'medium of exchange' - something used as a convenient buying agent.

The 'measure' should be something of relatively stable value in the market place, which means it should not be something easy to reproduce. It should be found exchanging in the market place also - so we can continually observe its market value.

The 'medium' is something that should be very flexible to meet the changing needs of everyday commerce. Unlike the stable 'measure', the medium should go up and down in response to the market demand.

We choose gold as the best 'measure' - and call it Money. This merely follows the decisions of umpteen generations over many thousands of years. It's no big deal. If something better turns up, the market will simply move to it as its 'measure'. At present, the best measure of value is gold.

Meantime, all those types of exchange media - now mostly paper - used to make buying easier - we call Purchasing Media.

There's our money policy. Along the way, we can attack ideas like "Velocity of Circulation" - and support goodies like "Quantity Theory" (to which many economists warm, but seem scared to approach). Politicians needn't bother with these things.

Overpopulation

We should stamp on neo-Malthusianism. We have perhaps allowed to slip from our attention the 'overpopulation' alternative to Georgism. The answer to our submission that poverty, deprivation, and injustice, are problems of land tenure is that the real problem is overpopulation. They say our first objective is to reduce the births that are threatening to bury us in bodies.

It simply isn't true, but if we don't wallop it but good - less attention will be directed to our plea that land tenure must be handled first.

This is a important consideration for us, for many of the larger green and environmental organizations are redirecting their emphasis to overpopulation as the problem that must be solved first, if humanity is to survive. If we accept that, we can throw in our chips. We've lost. George didn't accept it. He fought - and so should we.

Voting

Australian Georgists have for a long time advocated Proportional Representation by the Single Transferable Vote. British Liberals include this as an important part of their policy - and still include Land Value Taxation as part of their economic statement.

We should do the same. The method makes sense, can be understood, and has acceptance around the world. San Francisco is experimenting with replacement of their majority voting system by a PR system.

The US advocates call it 'Preferential Voting'.

The Fabians

Why all these things - and perhaps others? We're Land-Value Taxers, aren't we? Well, this depends on where we want to go - and whether we are prepared to wait for success.

At the end of the last century, a battle was being fought among British intellectual reformers. For a while they were torn between the ideas of *Das Kapital*, and *Progress & Poverty*.

Das Kapital won - which set a pattern for politics in Britain which has lead over the last century right to the present New Labour government.

These thinkers, who rejected Marxist revolution in favour of a quieter approach to socialism, called themselves Fabians. Fabius was a consul of Rome, known as the 'delayer'. He would annoy, harass, pinprick, but avoid a full frontal battle.

The Fabians decided that 'permeation' of existing political institutions, rather than direct confrontation, would bring about socialism - and they were right. Anne Freemantle noted that in 1945, after the Labour Party victory, the House of Commons looked like a meeting of the Fabian Society.

It took them 50 years - but then they won.

The Georgists

I suggest that we halt our rush to change names and consider looking at the successful Fabians. We need perhaps to make haste slowly. To set ourselves on a course that will eventually win. We should 'permeate'. To some extent, this is already being done in the US and other areas.

However, this means that we do not compete with existing organizations. If we are "Progressives" or "Land-Value Taxers" - or even "Common Grounders", which I consider to be perhaps the best of our names, we are competing - and perhaps on too narrow a front.

I would suggest keeping ourselves as 'Georgists'. It's not a bad name - it isn't particularly threatening. We have a body of literature - from pre-George to post- Harrison. We have friends all over the world.

Our main jobs are to educate and permeate. To increase our number by involving others in our philosophy and happily to lose them to the frenetics of any political party.

Eventually everyone will be a Georgist.

Then, what will we do?