

Social Magic in Public Finance

GROWTH with justice: that is the magic combination that continues to elude politicians.

We can have economic development: industrialisation over the past 200 years has proved that, working with bountiful nature, mankind need not suffer material deprivation. But even so, the social system fails to liberate everyone willing to work. Today, in the rich countries, near 35 million people do not have jobs; and the list is growing of those who are classified as long-term unemployed.

Or we can have justice. Welfare programmes are constructed to redistribute income and deploy the might of the law to compel fair deals for the underclass in society. But this curbs the freedom to create wealth efficiently, and infringes the rights of people whose private property is taxed for the sake of keeping afloat the grand ship of state.

Minimal gains, because the social system fails to synthesise economic growth with social justice.

A CONFERENCE sponsored by the United Nations took place in Copenhagen, last month, to wrestle with this problem. Called World Summit for Social Development, delegates flew in from the four corners of the world to agonise about the flaws in the existing social systems.

The UN cannot hope to define a programme of action that yields the magical solution to the world's problems, because the politicians who control the governments of the world are philosophically constrained by a political ideology that precludes certain changes to our "core" institutions.

To conceal the frustration, there was much talk about the problems of "globalisation", or the opportunities presented by the "information revolution".

There was much hand-wringing about the collapse of civil society in the United States, political corruption in the leading democracies, the burden of debt in the Third World... all of which are safe distractions from the fundamental question: who benefits from the rental revenue of the world's land

and natural resources?

This is the one question that delegates were not encouraged to discuss. It is the one issue that frightens the politicians. Most of them intuitively know that, for historical reasons, the power structure depends on the preservation of existing rights to rent revenue.

Thus, the Copenhagen declaration spoke piously about the need to extend people's access to markets. About the need for transnational political cooperation to offset the growing power of multinational corporations and footloose finance. Of the need to review the policies of the International Monetary Fund, which deepen poverty as the price of trying to reduce the debts of nations.

But the solutions that offer real hope - the ones that currently orbit in limbo, outside the realm of practical politics - were canvassed at meetings of the alternative conference. This

ran parallel to the official sessions. Here, the voices of the social outcasts were heard. These groups are the victims of generations of social "deconstruction", not social development.

ECHOS of the voice of Henry George were heard in Copenhagen. The Danish advocates of the American social reformer's philosophy were co-organisers of the alternative conference. One of the meetings was addressed by Ronald Banks, Chairman of the Land Policy Council, London.

The Georgist society combines economic growth with social justice. But the precondition is the restructuring of public finance. This is a tedious topic for high-flying UN delegates, and a politically dangerous one for statesmen: but all the rest is so much hot air, if we do not correct the revenue system in the direction that favours the abolition of poverty and the protection of every person's equal right of access to the fruits of nature.

Only at the alternative conference in Copenhagen did they ask why 200 years of economic development and extensive welfare programs have provided only minimal social gains, and who it is that benefits from the rental revenue of the world's land and natural resources.

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