Regaining Societal Balance
"Consider what rent is. It does not arise spontaneously from land; it is due to nothing that the land owners have done..."
message from the honorary president

According to the media and a recent Briefing Paper published by the House of Commons Library the UK economy has a serious “Productivity Problem”. The Briefing Paper says that “Productivity” generally refers to how efficiently inputs (labour and capital) are used to produce outputs (goods and services). Also, that “the persistent weakness in productivity has puzzled economists” and that none of the alternative theories currently offered provide a satisfactory explanation. Interestingly none of the theories quoted refer to the relevance of current wealth distribution in the UK or taxation policies. In this context I paraphrase and quote some of Henry George’s thinking on the issue as contained in Book IV of his Science of Political Economy.

In the distribution of wealth that has already been produced, man-made laws are of primary importance, but in respect of all wealth that is being, or is yet to be, produced man-made laws are trumped by the natural laws of distribution. This is because in a living economy production and distribution are parts of a continuing process that does not stop when particular items of wealth are produced. Since production depends on the will of those who produce, that will is undermined if producers are denied the full satisfaction they seek by producing. The laws of distribution are thus not physical laws related to matter and energy but are laws that operate through the human will or spirit and manifest in human consciousness as conscience and a sense of what is right or just, that is, they are ethical laws.

Production and distribution are in fact not separate things, but two distinguishable parts of one thing—the exertion of human labour in the satisfaction of human desire and are as closely related as the two arms of a siphon. And as it is the outflow of water at the downstream end of the siphon that is the cause of the inflow of water at the upstream end, so is that distribution is really the cause of production, not production the cause of distribution. In the ordinary course, things are not distributed because they have been produced, but are produced in order that they may be distributed. Thus interference with the distribution of wealth is interference with the production of wealth, and shows its effect in lessened production.

To use again the analogy supplied by our material frames. Blood stands in the same relation to the physical body that wealth does to the social body, distributing throughout all parts of the physical frame potentialities akin to those which wealth carries through the social frame. But though the organs that distribute this vital current are different from the organs that produce it, their relations are so intimate that seriously to interfere with the distribution of the blood is necessarily to interfere with its production. Should we say of the blood that passes into the great pumping station, the heart, “It has been produced; it is here, and we may do with it as we please!” and acting on the word, divert it from its course through the organs of distribution—at once the great pump ceases to beat and the organs that produce blood lose their power and begin to decompose.

And as to pierce the heart and divert the blood that has been produced from the natural course of its distribution is to bring about the death of the physical organism most swiftly and certainly, so to interfere with the natural laws of the distribution of wealth is to bring about a like death of the social organism. If we seek for the reason of ruined cities and dead civilizations we shall find it in this.

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Joseph Milne ends this issue by shedding some light on the horrific tragedy we have all come to know as Grenfell Tower. What were the causes and what might we possibly learn?
Nothing demonstrates the importance of the land question more clearly than the present housing crisis in the UK. While wages are stagnant or falling, rents and house prices are rising. The proportion of a householder’s income taken up in housing is increasing each year and is now averaging 47%, while in London it is 75%. Orthodox economic theory puts this down to a housing shortage, which should be resolved eventually by ‘market forces’ of supply and demand. Meanwhile, people get into rent areas or debt, borrowing at usurious rates, and the number of homeless increases.

The problem has been compounded by the policy of selling council homes to tenants through the ‘right to buy’ scheme without re-planning the stock of social housing. Many of these homes, initially bought at subsidised prices, are now being let at market prices. What was once affordable housing provided by the community for the community, is now housing for private profit. The policy that was intended to increase the number of home owners has had precisely the opposite effect and substantially decreased them. It has increased private letting and raised the cost of housing as a proportion of income for all. Why did the government that implemented this policy fail to see the actual effect it would have?

The removal of regulations for rented homes has compounded the problem. Most tenants have six month shorthold tenancies with no future security, while there are no regulations any longer over rent increases.

There is a curious contradiction here between all other commodities and housing. If we buy practically any other product we have numerous consumer protections, while the seller has numerous obligations to the buyer. For example, there are minimum food standards, a duty on sellers to replace or refund defective products, and regulations to prevent cartels. All these obligations and regulations curb abuses or prevent criminality or exploitation in the market, thus tempering ‘market forces’. But in housing there are practically no obligations of providers to tenants. All obligations are the other way, of the tenant to the landlord. Why should the provision of housing bypass or ignore normal market regulations or obligations? Why should the cost of buying or renting a home be permitted to take an ever larger proportion of wages and drain the resources of a nation? The current economic slowdown cannot be overcome if an ever increasing proportion of income is taken up in housing, and while investment increases in land speculation instead of in the actual production of wealth.

There is a great deal of talk about the widening gulf between rich and poor in the UK. The largest proportion of wealth is accruing to the few very rich, and a diminishing proportion to everyone else. The only way this can happen is if the wealth produced by some is appropriated by others. The housing market is a prime example of this. A landlord hopes to get a maximum return from his tenants from rents that arise through land monopoly. Without producing any wealth himself the landlord has an income from the tenant who is producing wealth. The advantage of the landlord leaves the tenant with no choice. All the housing is taken. The house owner is doing the same by regarding his home as a financial investment, because he has a monopoly on that site. Such monopoly is not permitted in any other part of the economy. So why is it permitted on the one basic need of all?

Obviously the establishment of the land tax would solve this problem and end the housing monopoly. Yet, simple regulation of the rented housing market could greatly mitigate it. Other European countries regulate rent increases and have longer term minimum tenancy agreements. A regulated rented sector would in turn affect the sale of homes, reducing the overall proportion of income spent on housing. Some local authorities in the UK, for example, have introduced private rented sector licensing schemes which have eliminated many rogue landlords. Likewise, a limit on the proportion of income that may be borrowed for mortgages would regulate the price of buying a home, as used to be the case with the building societies who in the 1960s would lend only three times the buyers annual income.

While such measures could greatly help and should be encouraged, the question remains as to why market forces exacerbate the UK housing problem rather than relieve it. The answer is simple. Supply and demand can produce a mutual benefit only when the parties are equal and an alternative supply exists to bargain with. But there is no alternative supply of land to bargain with, and so the land owner has a monopoly advantage over the buyer or renter. Not only is land of fixed supply, it is not a commodity produced by the economy at all, and so is not subject to the law of supply and demand as are commodities produced by labour. Land is the given of the economy, that which must be there prior to any wealth production, and so it is subject to the law of right use over and above that of private possession. The law of right use demands that the land renders a mutual benefit for the whole community or nation. A land tax would assure this right use of land. But so long as land remains in the hands of speculators, and its general benefit accrues to the private owner, there will be no remedy to the housing crisis in the UK. The county might as well be invaded and paying a tribute to the invader.

Readers may wonder why I commend some of the measures that would alleviate the housing crisis instead of simply proposing the land tax. My reasons are quite simple. However the housing crisis is met it forces us to grapple with the land question. No solution will work unless it removes land speculation and tenant exploitation. That means no solution will work if it involves the state subsidising land owners, either by way of helping with mortgages or the rents of tenants. These subsidies lead to increased prices. It is now clear, for example, that Housing Benefit has only profited land owners while maintaining increased rents. There is a simple rule. The state should not subsidise anything that may be appropriated to private interest. Whatever the tax system, tax is for the general public good, such as for infrastructure, defence or the rule of law. Like the land itself, it is what is meant to be shared in common.

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PUBLIC REVENUE WITHOUT TAXATION

THE IDEA
The market mechanism provides the most efficient way of allocating the resources of an economy. Yet public services, which can count for around half of economic activity, are charged for indirectly through taxes which have no direct connection to what the payer receives in return.

These taxes have many adverse effects on the economy, depressing growth, distorting costs and prices and providing perverse incentives which greatly distort the market and prevent it from operating optimally.

Public services could be paid for through a market mechanism. To achieve this it needs to be recognised that landed property values have two components. The private component relates to the building component of any particular site but the second, the location value, is a public component since it quantifies all the external benefits the occupier expects to receive from the location.

If these location values were used to replace taxes to fund public services at local and national level it would effectively bring the public sector into the market mechanism. People would pay directly according to the services they received. Removing the burden of taxation from production and trade would bring greater freedom and provide opportunities for genuine wealth production.

THE FRAMEWORK
It is now widely recognised that the free market system provides a self-organising process that enables a more efficient allocation of a society’s resources than alternative arrangements based on the implementation of pre-conceived plans by central authorities. At the same time the market system offers much greater individual economic freedom and the opportunities for individuals to fulfil their potential in society.

In a free market transactions are voluntary and are undertaken between a willing buyer and a willing seller. There are many independent buyers and sellers who can compete on quality of service and price. Prices are the outcome of the law of supply and demand, and the overall outcome under a prevailing set of conditions is a condition of stability and optimal allocation.

And yet, when it comes to the provision of public services, which in a modern economy can account for around half of the total economic activity, an entirely different mechanism is used which in many respects is the antithesis of the market system. Goods and services are often made freely available and corresponding costs are met mainly by taxation: “a compulsory contribution imposed by a public authority, irrespective of the amount of service rendered in return”. For these services there is now no willing buyer or seller, no competition and no price mechanism. If one traces back the origins of these arrangements and, particularly the varied and complex methods of taxation employed to collect revenue required to pay for the services, it is found that they are rarely due to the application of sound economic principles and more often the result of short term political expediency.

A century ago when government expenditure and corresponding taxation amounted to around 10% of GDP these mechanisms may have had some impact but did not dominate the way the economy operated. Now they have grown to such an extent that the distortions on the market mechanism are so great that it can no longer operate in the way intended and the desired outcomes of the market system are no longer obtained. An unintended consequence is the growth of the proportion of the population that has become dependent on the state.

Strangely, given the superiority of market mechanisms, there is a rather passive acceptance of this situation. Questions about taxation are often limited to the effects of small adjustments in rates, special provisions and how to deal with the complex mechanisms of avoidance and evasion. The overall effectiveness, validity and desirability of the basic process of financing of government services through arbitrary levies is rarely questioned. Yet if the market mechanism is so much more effective at efficiently distributing society’s resources surely the question that needs to be asked is why is it not used for the supply of public sector services as well as private sector ones?

THE EFFECTS OF CONVENTIONAL TAXATION
Before considering the possibilities of using market mechanisms to govern the supply of public services, let us first consider the effect of conventional taxation on the market economy. Taxes do much more than supply government with revenue. They have a huge impact on the way that economic players behave. For example, a levy of 15c per bag on plastic bags introduced in Eire in 2002 decreased plastic bag usage by around 95%. That outcome indicates the sensitivity of behaviour to the imposition of arbitrary levies. Taxes intended just to raise revenue are going to affect behaviour just as much as those directly intended to change behaviour.

In the UK the incidence of taxation falls to a large extent on employment. This has a huge impact on employment patterns the extent of which is rarely recognised. The nominal income tax rate of 20% disguises the full impact. Take the example of an employee earning a gross salary of £25,000 pa, just below the average for the UK. What goes into the employee’s bank account and is available for them to spend is £20,174. To provide this, taking into account employer and employee’s national insurance as well as PAYE, will cost the employer £27,331 p.a., i.e. 35% extra.

To put it another way, for every three employees an employer takes on at around the average wage they have to send to HMRC an amount that would pay for a fourth worker. Or one could say that to be worth being taken on and given a take home pay of £20,000 p.a. an employee has to be able to add over £27,000 p.a. of value to their employer.

This analysis indicates that income tax hugely inflates the cost of labour and thus distorts the relative cost of labour and capital, disadvantaging labour-intensive and service-rich industries compared with those that are capital intensive. This in turn introduces huge distortions into the market mechanism determining the equilibrium between supply and demand. This is represented by a deadweight loss in the supply and demand curves (see Figure 1 on page 8). Conventional theory explains how both buyer and seller lose out, but to different extents depending on the relative elasticities of supply and demand for any particular product.
What has been said so far is not quite the full story because when the employee comes to spend their salary a considerable portion goes on indirect taxation, ONS data indicate that the top 20% of earners paid about 14% of their disposable income in indirect taxes, of which the main one is VAT whereas the bottom 20%, the lowest earners, paid about 31% of their disposable income in indirect taxes.

VAT at 20% effectively inflates the retail price of goods and services by 20% distorting both supply and demand but overall reducing the equilibrium quantities sold in the market by a significant amount. As a particular example, let us take the restaurant sector. As a trade with a high service component it is already affected by the high taxes on employment. In addition, all restaurant prices are inflated by 20% by VAT.

Suppose our employee takes his family out for a meal and the bill is £50. Without VAT it would be 20% less, and without PAYE for the restaurant staff, less still, say £33. To supply their employee with that £50 will cost the employer around £67, that is around double what the meal would have cost without these taxes. This is a simplistic example but it gives an indication of the weight of the burden of conventional tax that hangs around the neck of our economy and the possibilities of greater freedom and prosperity that it now prevents.

**TAXATION AND MARGINAL BUSINESSES**

These high taxes raise the bar considerably for what constitutes a viable business. It is not sufficient for costs to be covered and a modest return to be made. A considerable arbitrary contribution to public revenue is also required. These taxes are applied equally over all regions. They impact most heavily at the margins. How many businesses, that would be viable if they just had to cover costs with sales income, are not viable with the burden of taxation (particularly PAYE and VAT), and how many opportunities for enterprise for small businesses does this deny?

There is a geographical aspect to this burden. For some regions it is much easier to do business than others. The prosperous south-east for example has many economic advantages over other parts of the country not just geographical but also because of the presence of a prosperous community with disposable incomes. Since this is given no consideration in the way taxation is levied, the most disadvantaged regions are taxed at the same rates as the most prosperous. This has a significant impact on regional prosperity. It is also easy to see how high labour costs have led to the drawing in of migrants prepared to work for the net-value, highly-taxed wages on offer in certain regions and that has given rise to associated social issues.

There is a third accepted reason for general taxation in addition to collecting revenue and adjusting behaviour; and that is to redistribute wealth. This use is based on the admission of failure. Its basis is the acceptance that the present system is unfair and leads to unacceptable distributions which then need to be realigned. It is not a fundamental requirement of public provision and if the preliminary distribution was equitable would not be necessary. One can see that by burdening enterprise with heavy taxation, to pay in considerable part for social provision to redistribute, may even be making the situation worse. If people were simply given the freedom to work and receive the full product of their earnings much of the social provision may not be needed.

**PUBLIC AND PRIVATE GOODS**

In a modern economy government provides a range of services. For which of these they are the most suitable provider, and whether there are services which are at present in the private sector which would be better provided by government, is as much a matter of politics as it is economics. Although there are certain services which Adam Smith described as the necessary function of government – defence, law and order which almost all would agree fall to the state.

From an economic perspective, a distinction can be made between public and private goods. These are not necessarily those provided by the public and private sectors respectively. The economic distinction is that public goods can be traded by individual market transactions in that there is a well-defined commodity or service and a well-defined recipient. Public goods are those which cannot be the subject of an individual transaction of which a simple example is street lighting. It is available to anyone who comes into the area in which it is provided. In addition, partaking of the service does not diminish it. Such a service is not going to come into existence without the impulse of some central authority.

On more careful examination, many public goods – a legal service, health service, education, transport systems, library service, and emergency services actually have the characteristics of both types of good. Take for example a road system. There are individual travellers who make use of it, but there is also a benefit to the whole economy and many businesses benefit from the presence of the system without actually using it directly. To attempt to cover the cost of a transport system by charging individuals would not only not be viable, it would be unjust and also inefficient. High charges for the service would diminish its use and the whole economy would suffer. Similar arguments could be applied to other services.

The perceived difficulties of using market mechanisms to pay for public services have led even the most liberal thinkers to the assumption that despite all its injustices, its negative impacts on the economy and it being antithetical to the market mechanism, taxation, i.e. the imposition of arbitrary levies, is the only way to pay for these services.

**PUBLIC AND PRIVATE COMPONENTS OF PROPERTY VALUES**

However, some have recognised that there is another way and it is time to give them a voice. In recent times one of the most original thinkers in this respect was the English economist, Ronald Burgess who presented his thoughts in a book with the compelling title *Public Revenue without Taxation*, from which the title of this essay is taken. Reviewing the writings of the early Neo-classic economists, Burgess rediscovered the key insight of Alfred Marshall that public works and other public outlays create externalities that are manifested in enhanced land values. This points to a way of quantifying and thus providing a market mechanism to pay for public services.

What appears to be the market price of land is in fact a measure of the market price for those public goods and services to which that piece of land provides the occupier with access.

What is loosely described as owning property is, more precisely, to have property rights over a piece of land. When analysed more carefully this can be seen to have two distinct parts which can be regarded as a private value and a public value.
The private value is that part of the market value a willing buyer will pay a willing seller for all the improvements, particularly buildings, which have resulted from work and direct outlay on the site. These improvements are properly called private and conform to the idea of private property.

The public value of freehold property rights over land is that part of its current market price a willing buyer is prepared to pay a willing seller for the net external economies, advantages and other benefits the occupier expects from the occupation and use of the land. It was what Alfred Marshall called the “situation value”. This public value would be equal to the total market price less the value of the improvements. One example of how this operates, that is familiar to most, is the effect of infrastructure, such as new transport links, on property values, and also the way that there is a premium on residential property in the vicinity of good schools.

PUBLIC REVENUE FROM THE PUBLIC COMPONENT

Given that the public value is due to the actions of the community as a whole, and particularly the provision of public goods and services, it should naturally fall to the government, which represents the community as a whole, as a source of public revenue. How this could work in practice is that those who wish to occupy land to live or work would need to pay the government to do so. This could be by taking out a lease for an accepted period of say 75 years, or much more effectively, by paying an annual charge proportional to the market value of the public component of the property occupied. The latter would be much more effective since the payment would vary with the increase or decrease in provision. Direct benefits of this would be the financing of public investments such as new transport links. They could effectively become self-financing. With the provision of a new transport link the associated uplift in land values would now fall to the provider rather than the owner of the land. The anticipation of the uplift could provide the collateral for the financing of such a project. Conversely, with the arrival of new developments that have a negative effect on public site values, such as the installation of an incinerator, those in the locality would be compensated by reduced payments. There would be much greater democratic accountability. Communities could vote for increased services with corresponding increased payments or for a decrease in services with a corresponding decrease in payment.

Generally the law of supply and demand could operate. Very favourable sites would be strongly sought after and in consequence occupiers would pay a premium location value, while marginal locations would have much lower payments.

One of the greatest benefits would be the increased freedom and opportunities that would become available as conventional taxes were reduced and replaced. Employment and trade would both become much more viable at the margin and this is likely to affect those regions which at present are the least prosperous. Reduced dependency on the state would be likely to reduce government expenditure. Without taxation of income the per capita employment costs of education, health and other labour-intensive services would reduce considerably.

These are particular improvements but the overall effect of this policy would be to re-balance the economy. Present conditions, particularly in the UK with its heavy taxes on productive enterprise and low taxation on income from uplifts in property values encourage rent extraction and discourage the provision of wealth and services. Replacing taxation with payment of land rents would move in the opposite direction and mean that unearned income from property would be much less attractive and productive activity much more viable. This would rebalance the distribution of wealth addressing the many problems now identified with excessive inequality and particularly provide opportunities for greater earned prosperity for those now in the lowest portion of the income scale.
GEORGE’S REVOLUTIONARY CHRISTIANITY

If one takes quotes selectively from George’s works, one can easily mistake him for an atheist, such is the extent and ferocity of his non-conformism.

Yet Christian wisdom informed George’s work to such a degree that some of his so-called speeches, such as The Kingdom Come (1889), would more properly be called sermons, delivered, as this one was, with solemnity, in church, after prayer. There is no contradiction: Christianity was not a vocabulary he cunningly deployed to win votes from the faithful (unlike some latter-day Machiavellian-American republicans), nor was it a quaint or merely incidental feature of his thought to be explained away by the phrase “historical conditions”.

George was not simply a product of his time, he was a master. He knew the nature and cause of the wisdom and the civilisation he believed in.

George was also an international celebrity, somewhat like Bernie Sanders or Pope Francis today. In travelling the world telling of his remedy, he would perhaps understand his mission as to “go therefore and make disciples of all the nations” (Matt 28:16), curing the social or moral sickness which caused land monopoly. Yet George also eulogised the industrial revolution, accepted evolution and mocked unexamined deference to authority. He even preferred atheist unbelief to the “blasphemy” of ignorantly sanguine Christianity, much like Jesus, who himself preferred good Christians and it may have inspired many who attended but who found themselves unable to really believe in God in their hearts. His, “I say it with reverence” gently acknowledges this, but he does not turn away from this most pertinent and difficult of questions. Instead, it becomes a central theme of his sermon. This attempt to rescue from ignominy a tradition by a reinterpretation of its own sacred symbolism is, again, behaviour typical of a revolutionary in full command of his person, his audience and his message.

Yet, in the best possible way, he was also something of a wolf in sheep’s clothing. Despite so obviously appearing the modern gentleman, where it mattered – in his writings and especially in his public speeches - George was a revolutionary: socially, since the Single Tax challenged the economics of appropriation; spiritually, since he challenged atheists and believers, and scientifically, since he challenged the physical and ethical sciences. He was a revolutionary in the authentic and original meaning of the word. He called people to reconsider their thoughts and deeds and he called for a return, a revolutionary movement towards the authentic source of universal justice. Faith and action intersect profoundly in his teaching of the “gospel of justice” which he believed to be the experience or ground of all religions. So, in high-Victorian Glasgow, he has his native people reconsider their city’s original dedication, truncated but forty years earlier: “Let Glasgow Flourish by the teaching of the Word and the praising of Thy name” had become the secular “Let Glasgow Flourish”.

In this way George prefigures the revolutionary nature of his message, asking its citizens to recollect their city’s original Christian mission. By invoking spiritual history and sacred teleology, he reminds them of what Glasgow was originally said to be for.

His was no dewy-eyed Christianity. With disarming frankness, George directly addressed the question of theodicy. In so doing, he challenged the congregation to ask how a good, all-powerful God could allow such terrible suffering in “His creation”. As even while they said the Lord’s Prayer together, in the same city.

125,000 children of God [live] whole families to a single room […] Thy kingdom come! We have been praying for it and praying for it, yet it has not come…many think it will never come.

To which question George provides his answer rhetorically.

What is the kingdom of God [if it is not] in the doing of God’s will […] by intelligent beings clothed in free will, intelligent beings knowing Good from Evil?

George’s questioning is designed to arouse thought. His condemnation of complacent Christianity probably led to uncomfortable self-reflection among many who called themselves good Christians and it may have inspired many who attended but who found themselves unable to really believe in God in their hearts. His, “I say it with reverence” gently acknowledges this, but he does not turn away from this most pertinent and difficult of questions. Instead, it becomes a central theme of his sermon. This attempt to rescue from ignominy a tradition by a reinterpretation of its own sacred symbolism is, again, behaviour typical of a revolutionary in full command of his person, his audience and his message. In addressing one of the timeless critiques of religion - that God is, after all, absent - he raises questions that are of interest to all Christians, believers and non-believers alike.

THE ‘SACRED SUBJECT’
Disarmingly straightforward, George, citing Swedenborg, says we forsake heaven (good), choosing instead hell (evil). George’s remedy, expressed in personal-theological or existential terms, is to “pray with effect”, to dedicate our actions to heaven. For George, this dedication consists in understanding that an original intelligence pervades Creation, that this intelligence and its manifestations are good, just, lawful, beautiful and consistent. “Everyone is conscious of this” because we are by nature intelligent and like recognise.

Despite belonging to different traditions, George’s phenomenology of intelligence resembles aspects of the political consciousness of “pagan” Aristotle’s zoon politicon (political animal). For Aristotle, mankind was not so much unique because he is a being potentially in possession of intelligence (since he, like George, thought intelligence pervades all being), but that this intelligence is unique on earth insofar as it is amenable to comprehending teleology and ontology, as evidenced by man’s general prowess in adaption, change or “progress”.

For George, a central teaching of Christianity is that adapting means to ends is a gift (and responsibility) man has not only in the material and technological but also in the economic, social and
moral realms. However, as Aristotle also knew, having potential does not guarantee such potential will be realised. Man is able to fall, descending and even adapting to beast-like states. He is also able to ascend and, in the best circumstances, as George and Christian theology would have it, man grows more recognisably into a likeness of the Creator, society to the Kingdom of Heaven. In the ancient Greek mythical tradition, Icarus was gifted with wings from his father; while in the Christian tradition, we receive from “Our Father” the perilous gift of an intelligence that can adapt means to any end, for any good or any ill. This strange intimacy of lawfulness and gift, described analogically in the Icarus myth, is elucidated by George’s meditation on the prayer of prayers, from which comes the title phrase of his sermon. “Our Father” is the “All-Father” who gave Creation to all equally. But His creatures can obscure God’s perfect natural law with their own, until they come to the evil situation where “our laws say God’s earth is not here for the use of all his children, but only for the use of a privileged few!” This disjunction between human law and natural or God-given law is the “sacred subject” which continually informs George’s passion for justice.

The natural lawfulness of creation articulated in the prayer of prayers provides a means by which to weigh the moral worth of man-made laws. Thus, George finds the late-Victorian understanding of justice to have become “legalised injustice”. Accordingly, any Christian who accepts injustice as “just how things are” denies Christ who taught “we are all equal children of an Almighty Father”. If, by contrast, the manifest injustice of the suffering caused by private land monopoly were, as some Christians believe, “by His Decree,” George says he could “believe in no such God... If I did, though I might bend before him in fear, I would hate him in my heart”.

A ‘MONSTROUS BLASPHEMY’

While we have to imagine George’s spoken delivery, the sermon itself demonstrates a genuinely transformative mode of speech one would expect of a revolutionary but which is sometimes reduced to “charisma” (Weber) or the “glamour of sincerity” (William Morris). But George’s knowledge and command of tradition is more than personal. He knew he was a critic of a certain attitude to law just as Jesus was a critic of Judaic law reduced to a showy tick-box exercise. Jesus exposed the cold-hearted injustice which masqueraded as virtue in the Jewish state. George himself indirectly makes the comparison, saying that Jesus would not have been persecuted had he not taught contrary to conventional opinions of justice. It is worth noting George was himself at that time subject to particularly scathing personal attacks from Socialists, Conservatives and former allies who had previously admired his “sincerity” but who now called him “TRAITOR!![sic]” (Morris).

In deed and in intention, George’s spiritually transformative speech cleaved the same dangerous path as Christ and Aristotle – between knowledge of natural justice and merely human conceptions of justice. These latter type are rightly labelled “conventional” since they derive their authority from appearing to have “always been that way”, or, for example, being “just the way we do things in this country”. Of course, primary among these is the institution of private land ownership, which species of justice might be said to come from the much hallowed convention of “first come, first served” or of being “so written”. In merely human law, title deeds to land are all that is required for moral and legal recognition as authoritative proof of legitimate ownership, which ownership, in the light of natural law, is a complete fiction since Creation belongs to God, and therefore equally to all and none.
The horror, injustice and absurdity of conventional moral law which allows for the private appropriation of wealth was captured in a popular story George told that evening in Glasgow. An old vicar dozing by the fire has a dream in which the Kingdom of Heaven has been divided up amongst now preeminent heavenly landlords, forcing newly admitted angels to sell their wings just to pay the rent. The story allows everyone to see how a simple inversion of “On earth, as in heaven”, if it took place “in heaven”, would absurdly replicate the immorality of conventional wisdom of “earth”.

Interestingly, the narrative form of this tale has the same effect on the listener as the parables told by Jesus in the gospels. Thanks to the marvellous imaginative space created by narrative, in the telling and retelling of such tales, conventional morals and laws immediately appear inadequate (if not, simply wrong), contrary to the way things are by nature. The Good Samaritan, for instance, shows us the injustice of conventional notions of neighbourly duty, teaching us instead to regard firstly the person and their suffering, not the conventions of race, nationality or attending to business.

The considerable world-historical success of Christianity is also cited by George, and he clearly saw his mission in the same light. Christianity’s success, as he saw it, was secured by spreading the universal truth of foundational human equality “not necessarily of ability, but equality in opportunity”. This was possible because this universal truth was recognised as intuitively, demonstrably and naturally just. This is why George reserves his choicest condemnations for worldly Christians. Their moral pragmatism sanctions conventional injustice. Instead, Christians should accept the revealed natural justice which defined Christianity, and which differentiated it from all merely conventional wisdom. Christians whose political economy was informed by the teaching of religion could not quietly tolerate private land ownership, unless they did not understand the ethical substance and historical significance of Christianity. To say the Single Tax is a true remedy, “but impracticable” is for George a “monstrous absurdity, a monstrous blasphemy!” The charge is legitimate since blasphemy consists in derogating the created as well as the Creator; supposing an essential disconnect between is and ought (as Hume did). George instead sees justice is possible because “His laws govern not merely the physical but the moral universe”.

‘OUR LIVES DON’T MATTER’
We can now see the mature George’s main concern was not merely political or only economic. In Glasgow he chose to speak with Christians and unbelievers, not socialists and republicans or economists; not “business leaders” but community leaders. As we have seen, he received a lot of criticism for forgetting his socialist “comrades” and pursuing the “middle classes”, but both his critics and many of his supporters failed to grasp he was pursuing justice at a higher level of knowledge. This knowledge transcends the separation of ethics and economics which is indicative of most modern thought. He was pursuing the people he believed most likely to have the moral education needed to recognise the legitimacy of natural justice which informs his analysis of the causes of poverty, and which logically imply the remedy. He intended to aid social evolution by reuniting society with the original Christian vision of natural equality before God by engaging those he considered to be responsible leaders of public good.
According to George, the gospel of justice is not confined to Christianity but common to all genuine accounts of natural justice. Thus, his sermon helps Christians move on from literal interpretations of Creation, while helping atheists to accept a properly rational teleology.

Radically, even for today, he showed there was no conflict but rather a lawful continuity between “adjustments in the animal kingdom” and a teleology of “intent”. George knew even those who deny the Creation or evolution (and those who believe both literally), will admit claws appear intended to aid climbing, as fins to propel though water. Thus adaption appears implicit in design.

Verbatim, this argument would probably not convince today. Today we speak instrumentally, saying claws and fins have a function, namely, ensuring survival. We evoke the watch *sans watchmaker*. If the watch made itself *ex nihilo*, it is of no practical consequence, since as rational beings we have to reckon only with cause and effect, not origins or ends (Hobbes). Mere survival does not even require an end beyond itself. Thus, conventional modern social or anthropological theory is only suited to a purely materialist conception of life. A “bare life” (Agamben) defined by the opinion that morality beyond survival is optional or for each to decide for himself, within the limits of the “laws of the land”. Survival thus constitutes its own morality, as is it does in most obviously in Social Darwinism, but less obviously in economics.

In modern economics and political thinking, “the economy” has achieved concreteness incongruous to its natural abstractness, effectively become its own end, having no beauty but its own internal logic, no morality beyond ensuring its own survival (Daly & Cobb). This is why certain essentially abstract structures such as banks or certain loans are “too big to fail” while the Greek or British people are not big enough to matter, despite both the latter’s superior corporeality.

For many, morality is a social fiction or a luxury: a noble lie (misattributed to Socrates), vain glory (Hobbes), a personal imperative (Kant), a false consciousness (Marx), a repression of our animal nature (Freud). For George, these men suffer a blindness caused by faithlessness or lack of education in God’s moral law. He seeks to remedy this blindness, since until men recognise the divine or natural justice and lawfulness of creation, they will never really see why we should implement the single tax.

These later men are unable to see morality or existence in any non-Cartesian sense. All things moral are dismissed as merely “values” (not facts) caused, they imagine, by an oversupply of intellect they presume is perhaps most properly dedicated to devising personal pleasures (Hobbes) or to competition in cultural and money making pursuits (Darwin).

Thus, in late modern economic fundamentalism, a survivalist morality reins where Creation is stripped of moral intelligence. This means the spiritual wellbeing of mankind does not feature on any spreadsheet. As one resident of Grenfell put it, “people should never have been left to live like animals in shoeboxes”, and another, “it feels like our lives don’t matter”. These people know they have been condemned to a lesser life for being born poor. Yet, according to the narrative of modern materialism, progress will eventually mean suffering will have been abolished in some future state of ultimate progress (Kant).

This means people alive now and for the foreseeable future will have to be reassured that their current economic disadvantage will eventually be remedied in the coming kingdom of late-industrial society (Marx, etc.). Thus, materialist philosophy has an eschatology so complicit with abject injustice “here and now” (and for the foreseeable future), it is as evil as the blasphemous Christian complacency George identified in church. With George, Christian eschatology is more radical and practical than the “never-never” usury of Marxist/liberal or Humanist eschatology.

Ultimately, we see that any achievements (“progress”) of a kingdom of man will have to be weighed against interest paid by the lives of those lost on the way (“poverty”). A Christian eschatology, on the other hand, requires all suffering be accounted for, “every tear” (Teilhard).

**HEALING HOMO-ECONOMICUS**

George must have seen that all economics, liberal, socialist or humanist, suffer the same fateful error he saw in sham Christianity. They share a blindness which manifests in an apathetic separation of ethics and economics. This apathy results from a materialist conventionalism which posits an irreconcilable dualism between the way things are conventionally and the way things are naturally.

In the opinion of conventionalists, attempts to reconcile ethics and economics reveal an un-Enlightened or foolish innocence, equivalent in absurdity to a mystic attempting to defy gravity. It would be nice, they say, but it is not realistic, since people “are what they are” and society “is the way it is”. Meanwhile, they hope, some future technological innovation will save us from ourselves.

Yet this “realism” means indescribable suffering now, for those unlucky enough not to be born into relative wealth, and relative suffering by those born well, but who have to endure the shame which naturally accompanies living in a society which encourages or forces people to profit from patent injustice.

Henry George’s remedy presupposes we correct our sciences of nature and ethics simply by recognising the lawful homogeneity of ethics and economics. His sermon is the speech act of awakening a transformational development in thought, since evolution from intelligent materialism to intelligent socialism is the necessary condition for the application of his remedy.

He shows if we look at the phenomenon of life with undimmed eyes, we will no longer be unable to see how the lawfulness of community is as real as the lawfulness found in physics, nor will we be unable to articulate the responsibility of having to adapt our laws and behaviour as needed to maintain natural equality in all regimes.

As species have adapted with claws and fins, the social realm must also adapt or evolve, or die. George tells us the social realm has a plasticity the material realm does not, so by adapting or evolving conventions, behaviours and laws, we can easily retune our laws and institutions in light of the knowledge of natural justice and “intention”.

But, as the last 140 years have shown, changing legislation is relatively easy, apprehending the unity of ethics and economics, however, is not. This change may indeed require the healing of the blind.
Capitalism is usually associated with the study of economics but a thoughtful book called *How Will Capitalism End?* has been written by the eminent sociologist Wolfgang Streeck. The book offers a different perspective on this vital subject and the main thrust is that the global capitalist system is likely to bring itself to an end as a consequence of its internal contradictions.

Streeck contends that capitalism becomes the means of accumulating wealth in the private ownership of a minority, with the majority dependent for their living on the whims of that minority. He suggests that the process starts with the desire for new and different goods and services leading to the growth of consumerism. Entrepreneurs provide these preferred goods and services and constantly exert pressure on government in order to gain greater freedom of operation to give greater efficiency. The pressure on government leads to widespread privatization and a weakening of protection for workers. The natural state of working for the common good is replaced by the commodification of labour as the cost of wages. The need for protection is known and trade unions negotiate fair wages and terms of employment but the cost and inconvenience of industrial action by workers to protect their interests weakens their power and strengthens the power and influence of business interests. Their dominant economic theory is that growth brought about by self-regulating markets in land, labour and money, regarded as commodities, will be the best way to satisfy the desires of wage earners as consumers. The marketing of money brings the development of the international finance industry with enormous influence over policy and which the author likens to a private government. Its activities foster the growth of capitalism and markets worldwide as globalization.

Streeck considers that the key period for these developments starts in the 1970’s after a period when democratic socialist influences were dominant. The period from the 1970’s has been marked by three dominating trends, declining growth, growing inequality and rising public and private debt. He contends that the three trends are mutually reinforcing. Low growth kept wages low and any surplus flowed upwards to the rich minority. Inequality dampened growth by reducing effective demand. The pressure to raise wages to reduce inequality brought inflation; controlling inflation brought rising public debt. Efforts to reduce inequality by way of tax limitation, low interest rates and finally quantitative easing have caused increases in debt, both public and private, to very high levels. The high level of debt militates against growth in the productive economy and Keynesian stimulus is no longer effective. The initial desire for a higher standard of living, subsequently fostered by business, has led through the weakening of democratic government to the current situation in which daily life seems to be controlled by bankers and remote international organizations of all sorts, which do not act in the interests of ordinary people.

The author describes it as an intensifying decoupling of capitalism from social democracy causing widespread dissatisfaction and the rise of populism. He suggests that the mutually reinforcing destructive forces have no final corrective mechanism and must lead eventually to the end of capitalism.

With no alternative in sight, the author’s rather bleak conclusion is that:

*What is to be expected on the basis of capitalism’s recent historical record is a long and painful period of cumulative decay: of intensifying frictions, of fragility and uncertainty and of a steady succession of ‘normal accidents’ – not necessarily but quite possibly on the scale of the global breakdown of the 1930s.*

Streeck does not suggest a possible outcome. Although he explains that capitalism escaped from the democratic socialist restraints that were in place after the Second World War to protect societies from a repetition of the disasters of the 1930s, he accepts that it is not possible to return to those containing and constraining policies and institutions. They were intended to ensure the fair distribution of wealth but they held back the changes that would have increased the wealth available for distribution and finally led to a very high level of inflation.

Streeck chooses to look to his own calling of Sociology to inspire a way forward.

This is a brief outline, which cannot do justice to the closely reasoned case made by the author, but it does show clearly the need to consider how the laws of economics have allowed this apparently intractable situation to arise and to show how the same laws can create a different capitalism that truly works for the common good.

Although the author gives the most careful consideration to the fate of capitalism he strangely gives much less attention to what capitalism actually is. Streeck defines capitalism as:

*A modern society that secures its collective reproduction as an unintended side effect of individually rational competitive profit maximisation in pursuit of capital accumulation, through combining privately owned capital with commodified labour power.*
Elsewhere in the book he calls capitalism simply ‘capital accumulation’ but he does not define capital. The specific examples of capital that he gives are of material goods but it is nevertheless clear that in his view of capitalism, capital refers to the ownership of capital including money and investments of all kinds that give title to the means of production. Streeck does not give much consideration to land, which he sometimes calls ‘nature’. He mentions real estate and the expectation of an open ended increase in its value but does not distinguish between the land and the buildings. He does not mention the rent of land at all. He makes it clear that the sum of all this, including land, is the wealth that makes the minority rich. The intention here is therefore to enquire into the nature of capital and its ownership.

The defining characteristic of capital is that it is wealth intended to produce more wealth for future enjoyment rather than for the current subsistence of the producer. Real wealth is real goods and services to satisfy needs and desires, produced by labour on the natural resources drawn from the land. Land cannot be wealth until worked upon to produce goods and services so it cannot be capital either. The wealth that is also capital includes stocks of all kinds produced and held available as wealth in the process of trade, but the wealth usually classed as capital is that to be used to assist labour in the provision of more goods and services in the future. It is only the intended use that distinguishes capital from wealth in the possession of the consumer to be used for the gratification of personal needs and desires.

Development in this way is made possible by the division of labour and this requires an increasingly complex web of exchanges. Starting from self-sufficiency with only surpluses being exchanged, labour becomes increasingly specialised until, in a modern developed nation, the product of work nearly always passes through many intermediate exchanges before reaching the consumer. When needs and desires are satisfied by exchange, markets of all kinds arise to facilitate these exchanges. Markets in wealth arise naturally and can operate for the common good.

If all exchanges can be continued freely in this way to the benefit of the whole community, how is it that there is an increasing divide between the rich and the poor? It is the relationship between those who produce the capital and those who benefit from its use that needs investigation. The owner of capital is the capitalist but ownership of capital is an uncompleted exchange. The owner must satisfy the claims of those who produced it by offering in exchange the enhanced provision of wealth made possible by the use of the capital. This continues the chain of exchanges although this particular exchange continues so long as the capital remains in use.

The process may be seen more clearly by the way in which exchanges are recorded. The claimant in an exchange needs evidence of the claim and it is money that is used to verify uncompleted exchanges. Money is a token representing an existing claim for completion of an exchange. However, as Schumpeter said, you cannot ride upon a claim to a horse. Similarly, you cannot manufacture on a claim to a machine. Claims in the form of money and financial instruments such as shares, debentures and other loans are not capital. They are evidence of an uncompleted exchange of wealth.

This misunderstanding would not in itself cause confusion if the money always represented a just claim for completion of an exchange but unfortunately this is not always so. There are two ways in which money may properly be obtained to claim capital. The first is investment using savings. Savings represent claims on wealth that are not exchanged for goods and services for present gratification. The money may be personal savings or it may be the savings of others channelled through shares, bonds, pension funds, peer-to-peer lending and savings institutions generally. The second way is by bank credit. Banks create new money for the purpose, which is proper provided that it is repaid from the sale of goods made with the use of the capital. These transactions continue the flow of exchanges so that all may continue to satisfy their needs and desires. In each exchange the money is only a token representing an outstanding claim and is not itself capital. If the savings or bank credit are invested indirectly through institutions, these holdings are also tokens representing an uncompleted exchange and are not themselves capital.

This is a brief outline of a natural capitalist system in which capital is owned and used for the common good. Capitalism as it is now known allows the capital to be owned by a minority at the cost of the majority and the story starts with claims to the ownership of land. It is clear that Streeck regards land as capital, which can be owned privately. He does not recognise that this is the fundamental cause of the capitalist crisis. It is the collection of the rent of land by the owner that destroys the natural process of exchange. The economic rent of land is a natural surplus of wealth intended to meet by exchange the needs of those who provide the communal services and also to meet the needs of those who cannot provide for themselves and cannot otherwise be provided for. The landowner does not produce any wealth in exchange for the rent claim and the chain of exchanges is broken. This is the engine that continually drives wealth from the majority to the rich minority.

The collection of rent by the landowners is not the whole problem. There is a limit to its use for immediate personal gratification. The landowner uses the rent money to invest in capital. This may be directly or through the same forms of investment used for savings and bank credit. The ownership of capital provides an other source of unearned income. The benefit of capital use is retained by the owner instead of being returned to the community, who in effect produced it, by the normal process of exchange. The availability of all these additional claims spawns the finance industry and this introduces a new phenomenon – the creation of money as various kinds of loan in addition to that required as credit. A branch of the finance industry appears to manage all these claims and develops new markets to trade money in foreign exchange and derivative transactions of doubtful value to the majority. It operates mainly for the benefit of the rich minority and increases the divide between the rich and the majority. Claims to wealth generated in this way bring additional obligations on the majority in the form of work to provide the wealth for which they receive no wealth in exchange. The majority are no longer able to share in the increased prosperity.

Various attempts have been made over the years to correct this situation, as illustrated fully by Streeck, but they have not been successful. The policy adopted since 2008 has been the creation of new money by central banks as Quantitive Easing. This additional money does not represent an already existing uncompleted exchange. It immediately creates, in addition to the claim, an additional obligation to produce wealth. The intention is to increase production in the same way as bank credit but
the claims created by the new money gravitate to the rich, who do not recognise the obligation to use it to generate new wealth. The obligation, or debt, created by the new money therefore remains with the majority, and the divide between the rich and poor widens further. Because money used in this way does not produce additional wealth, as it would if it were bank credit, there is no natural way of repaying QE. Attempts to reduce the quantity of money in order to withdraw QE are likely to have serious international financial repercussions. QE is another, perhaps final, stage in the self-destruction of capitalism in its present form.

Thus does capitalism bring about its own downfall. It starts and ends with the belief that there can be justice in the private ownership of the economic rent of land. This leads to the belief that land is a commodity that can be bought and sold. This is accompanied by the ideas that money and labour are also commodities. Streeck accepts these commonly held beliefs and consequently is unable to advocate the remedy. But capital is essential if a community is to prosper. It is the way to satisfy needs and desires more readily and the growth of capital naturally leads to increased prosperity.

The need is to ensure that the benefits stay with the community as a whole and do not fall into the hands of a minority. The way to ensure justice is to collect the annual economic rent of land to meet the communal costs of the community.

When freely negotiated, it is the justified compensation paid for the right to privately use a particular plot of land and thereby to exclude all others. By retaining this revenue for common use it would become possible to reduce all tax on earnings so that the whole value of production would be available for exchange. Money would be returned to its proper function as a token representing an uncompleted exchange. The value of uncompleted exchanges, including capital in use, would naturally fix the total money supply.

This natural form of capitalism could follow a chaotic interregnum as foreseen by Streeck or it could be brought about in an orderly way now. All that is needed is an open heart and a clear mind. There can be economics with justice and a social democracy that works for the common good. There is a future for capitalism.

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HGF BRIEFING NOTES

OPEN DAY EVENT
The Henry George Foundation Open Day Event was held on the 23rd of September and was well attended, drawing some who came along on the off-chance after seeing it advertised.

The main event of the day was the celebration of the publication of the annotated version of *Progress and Poverty*, volume II of the Complete Works now underway. David Triggs gave an excellent presentation of the life of Henry George and the circumstances that led him to writing *Progress and Poverty*. This was followed by a panel discussion where questions were put from the floor to the panel. Most question were very practical and were answered from the insights of Henry George. There was perhaps a divide between those who wished for more campaigning and those who felt education was the most important work of the Henry George Foundation.

We were fortunate to have Brendan Hennigan, Program Director of the Schalkenbach Foundation, with us and he gave a brief report on the work of the Schalkenbach Foundation. We had a video link with Francis Peddle in the USA and Duncan Pickard in Scotland in conversation with David Triggs. Francis Peddle was keen to strengthen the links with the HGF perhaps through sharing meetings over the Internet.

FRIDAY MEETINGS AT MANDEVILLE PLACE
Friday afternoons continue with the study of George’s *The Science of Political Economy*.

The evening lectures will be mainly devoted to Henry George’s greatest works with David Triggs.

On the 3rd of November Ole Lefmann presented *A Review of the events of The Danish Henry George Foundation, 1902 – 2017*.

One week after, on the 10th of November, Richard Glover gave a lecture on *Pensions for People*.

As always all Friday Meetings will be announced on the Henry George Foundation website, where a continuously updated list of HGF Friday Meeting events can be found on the front page of the homepage.

Go to:
https://www.henrygeorgefoundation.org/

LAND&LIBERTY TAKES ON SOCIAL MEDIA
The time is right for Land&Liberty to spread the vital message of the HGF via social media.

Since September of 2010 The Henry George Foundation has had an active presence on the social media platform Twitter. Via the Twitter “handle” @henrygeorgeuk more than 700 followers has been able to read, discuss and share almost 2,000 land-related tweets since the launch a little over seven years ago.

In much the same vein Land&Liberty has now been launched as a separate site on the other significant social media platform Facebook. Besides continuously making all future issues of Land&Liberty available to interested Facebook users, a few dips into the magazine’s past can be expected alongside Henry George Foundation event announcements.

Go to:
https://www.facebook.com/landandlibertyjustice/

Lastly, the editors would like to use this opportunity to clarify that the individual behind the Twitter handle @Land_Liberty has no connection to our magazine.
Channel 4 News is to be congratulated for its sustained investigations into important human issues. This has been the case with its coverage of the Grenfell Tower fire, where it has given enormous attention to the victims of the fire and to the various bodies responsible for the safety of such buildings and government policy for housing. On 1st August politicians, local leaders and residents were interviewed with the burnt remains of the tower in the background. These were Tony Devenish (Con. London Assembly), Linda Wade (Lib. Councillor), Samia Badani (Chair, Bramley House Residents Association), Melvyn Atkins (local resident), Emma Dent-Coad (Lab. MP Kensington), Maria Trinidad (local resident), Anna Minton (author of Big Capital), Ilhan Yonis (social housing campaigner), and Kate Mackintosh (architect).

Asked for their thoughts, Linda Wade began by saying that there has long been a lack of concern for planning for social housing in the borough. Samia Badani remarked that the local housing association is only concerned with its own interests and ignores requests from tenants, for example to restore a broken water supply. Melvyn Atkins said that since the establishment of the housing association in 1995 they have never listened to tenants concerns. “When they consult tenants on what actions to take, quite often they have already made a decision, using the consultation merely as a paper exercise. They have a limit to how much they think people in social housing are entitled to. We see that in how much they spent on cladding. The income from rent in the borough is about 17 million, and 75% of that is going on staff salaries, rather than being reinvested in housing stock. That cannot be right.”

Emma Dent-Coad described how she gets shouted at in council meetings and whatever the Labour or Liberal Democrats say is ignored. “They don’t answer your emails. They treat residents as a nuisance.” Tony Devenish ignored the questions put to him saying “the government has given 3 billion pounds for 90,000 houses and Mr Khan, the Mayor of London, needs to get on with building those homes.” “I am not here to comment on specific views and I totally respect all the residents and deal with these issues every day”.

In response Samia Badani said “We have lost all confidence in the CMO management and they still make decisions regardless of us”. Likewise, Melvyn Atkins remarked “they do not consult the people they are there to serve and provide services for and that is not acceptable, especially considering what has now happened. To continue to operate in the same vain just beggars belief. We cannot live is a society where there is one rule or one outcome for one socio-economic class and another outcome for another. If that had been a building of leaseholder owners I am absolutely certain they would not have had the outcome that we have, or the decisions that were made, and the refurbishment of the building would have been different”. Samia Badani said “we need a system where tenants can plan services and policies”.

Footage was then shown of UK housing after the war when council houses were called ‘homes for heroes’. Prime Minister Harold Macmillan proudly announces they have built three hundred thousand houses in 1953. It is also shown how all classes of people lived together in these communities, from doctors to labourers. In the 1970’s almost half the nation lived in council houses. All this came to an end when in the 1980’s the government introduced the ‘right to buy’ policy. Since then no government has properly invested in social housing. Footage is shown of the slump-like conditions of modern estates where no care is now given to them.

Tony Devenish, in response to the film, suggested that land now owned by councils needs to be put in the hands of private builders. Anna Minton responded saying that “you only have to look at the London skyline to see that construction is going up everywhere. Lots of homes are being built, but they are for billionaire investors, off-shore investors. They are not for Londoners and certainly not affordable.” Even the 25% affordable homes that was included in those developments “was redefined by the Conservatives to up to 80% of market rent”. Devenish disputed these figures but Minton insists with examples from the Elephant & Castle development, saying that half of that development has been sold to foreign investors. Devenish defended these practices by saying “some still goes to affordable housing”. Minton says “how is 80% of the market value affordable?” Devenish says “if you stop the market you won’t get any social housing”.

Ilhan Yonis said “I agree with Anna. The new homes being built are not affordable. Who is London for? After I leave university am I expected to stay up north?” “I grew up in a tower block sharing a bed with two of my sisters, with my two brothers sharing a bed in the same room. We lived in cramped, damp conditions, with a sister with asthma and only after bidding for years could we move.” Kate MacKintosh said “I’d like to remind everybody that Britain is the fifth richest country in the world. It is totally disgusting that with the reduction in assistance for rent, which is all money going from the public sector to the private sector; and that is predicted that thousands of children will be evicted across this country. In other countries they have a different priority. They realise that the future of their country depends on the next generation. In Norway they have a ministry for housing and all proposed policies have to be passed by the ministry as to what the effect on children will be.”

Devenish says “The market has to be able to work, so that if we sell as many houses as possible, then we will get more social housing built. If you just have a centralised planning system you won’t build anything.” Minton replies “The market has never worked.” In reply to Ilhan Yonis, Minton says that in Westminster the policy is to send anyone in need of social housing to other cities. “That is the official policy.”

Atkins remarks that shortage of homes is only part of the problem. Local people who own their own homes say that it is social housing that prevents more people buying homes, “and so there is a huge socio-economic divide, and it makes people fight amongst themselves over space that is actually for everyone”. Minton responds “We should have a land value tax. It is a way of damping down this speculative, casino market. We have this housing crisis because the market is totally dysfunctional. So market answers can never be the solution”. Develin defends the Thatcher ‘right to buy’ policy, “which is why she won all those elections”. Minton responds saying “Those properties are now owned by private and professional landlords and rented out at 3 and 4 times the social rent”. Mackintosh points out that “in Scotland more social housing has been built than in the rest of the UK, and because of this the proportion of household income taken in housing is lower than in the rest of the UK”.

Yonis concludes by saying “the Grenfell tragedy was due to the residents being ignored for years and that it was a crime.”
What oppresses the masses is their own ignorance, their own shortsighted selfishness.

Henry George, *Progress and Poverty* 1879

...It represents a value created by the whole community.

Henry George, *Progress and Poverty* 1879
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, Hayek, 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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