

POVERTY: ITS CHALLENGE
TO THE SCIENCE OF POLITICAL ECONOMY

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WITHIN the title of this essay is contained both a statement I know to be factual, and an assumption about the fate of humanity. The statement is easily supportable by observation of the real world; it is simply that "poverty" exists. My fundamental assumption on the other hand involves a value judgment and is, therefore, subjective; it is that poverty, as a serious human problem, can be solved by analysis based upon the principles of the science of political economy.

Not a single day passes that we are not made painfully aware of poverty's worldwide presence. What is often alluded to but left unstated, however, is that the tragedy of worsening poverty is a significant "common denominator" linking all of the earth's nation-states into one tragic political economy. The experience of poverty may vary by measure of degree from society to society but poverty is everywhere alike in kind. Throughout the world millions of our fellow humans continually face the threat of starvation. Survival from one day to the next is their main concern. The thoughtful and compassionate among us must concern ourselves with the cause or causes of poverty. And, in the context of this essay, I will examine whether the answers are to be found within the context of political

economy.

Look around the globe. We are a species divided culturally, ethnically and politically into many diverse groups. Yet, almost without exception, each of our societies suffers by the presence of some degree of poverty. This is so regardless of the internal structure of each society. Two conclusions are possible. One is that poverty is a problem beyond the ability of any society to solve, that humanity has always been plagued by poverty and always will be. The other is that each society must in some way be similarly flawed so that even the most concentrated efforts to alleviate poverty cannot but fail. At this very moment, the number of homeless and destitute is growing. Throughout the world (and, significantly, even in the most highly industrialized and supposedly humanitarian societies) millions of people feel compelled to migrate from one location to another -- from rural isolation to urban ghetto, or from one nation-state to another -- pursuing an elusive measure of relief from their desperate condition. For most, the migration brings but greater misery.

Survival under such conditions becomes a daily challenge. The individual rarely knows where the next meal will come from. As a result, an acceptance of one's fate

replaces hope and human life loses its dignity in the general squalor of filth and ignorance. The most fortunate are those born into societies where the political process has evolved to incorporate sophisticated government or privately-sponsored efforts to protect citizens against the extremes of deprivation. And yet, even those societies characterized by extensive humanitarian social programs are now facing a degree of poverty and unemployment beyond the ability of government and private philanthropy to mitigate. Worse off are the impoverished peoples of the earth's "less developed" societies, whose poverty when measured by degree shatters any opportunity to experience the essential aspects of being human.

The scale of the problem is frightening, indeed. Poverty-related social and political pressures within many societies can accurately be compared to the scientific concept "critical mass", characterized by a growing and reactionary animosity between those who have and those who have not. The apparent cheapness of human life is evidenced by the extent to which violence has come to be a part of everyday existence. The society at peace with itself is now a rarity in a world of continuous upheaval. And the consequences of poverty are spreading. Societies face frequent internal chaos the origins of which are in great

dispute. Ironically, this problem has experienced a dramatic increase as the last vestiges of colonialism have been removed over indigenous populations. What should concern us all (and particularly the political economists) are two specific issues.

First, is the prevention of bloodletting such as has occurred between opposing factions in eighteenth century France, nineteenth century America and in twentieth century Russia. Violent revolution has historically been the only means by which an oppressed majority has been able to rid itself of a privileged minority. Is there another, yet peaceful means, to achieve a higher degree of political and economic justice?

Related to the first issue, is that of self-determination. At what point does the individual leave off and the state begin? How does the political system simultaneously protect both the rights of all citizens and individual freedoms?

THE METHODS OF THE POLITICAL ECONOMIST

We know from history that those who manage to achieve

power are loathe to relinquish either power or the material benefits attendant thereto unless force is applied. Unfortunately, history also reveals one example after another of tyranny overthrown only to be replaced by new tyranny. As evidenced by the experiences of both France and Russia, the price of violent revolution can be rather steep. Dictatorships of the proletariat have, unfortunately, been accompanied by drastic regressions from the evolutionary movement toward democratic principles. Even the American revolution was characterized by serious factionalism and opposition of mind, setting the stage for a nation similarly politicized. As I view the role of the political economist in society, it is to identify for the citizenry that form of political economy which, if adhered to, would accomplish the mutual goals of protecting and maximizing individual freedom (or liberty, if you prefer) and eliminating poverty. As a scientist, the political economist is under a moral obligation to society to propose only peaceful and cooperative means of achieving the desired ends. Therein lies the real difference between the political economist and the political philosopher, the statesman or revolutionary.

For most of the twentieth century, political economy and its scientists have been under attack. What about this

science, so important to the future of humanity, is it up to the challenge?

Let us examine first the methodology of political economy as a science. As with its sister disciplines, political economy makes use of man's powers of observation and reason to untangle very particular mysteries of our universe. From the Greek philosophers (from Plato and Aristotle) came a philosophical embryo that offered a view of man's role as among men, as subjects and citizens of the state and as one species among many on the earth. Further philosophical debate and refinement to the ancient thinking accelerated during the eighteenth century out of the efforts of men such as John Locke and Jean-Jacques Rousseau, adding to the postulates of philosophy those of an enlightened political science. Political economy, integrating the speculative aspects of both philosophy and political science with the analysis of observable phenomena, traces its scientific origins to the Frenchmen, Francois Quesnay and A. R. Jacques Turgot -- the "Physiocrats" -- and their Scottish colleague, Adam Smith. The methodology of these scientists, today identified as the "classical" economists, dominated the science of political economy throughout the eighteenth and most of the nineteenth century.

In the final quarter of the nineteenth century, political economy's modern era was ushered in by the English economist Alfred Marshall, whose theoretical work introduced complex mathematical analyses to the science. The names of Joseph Schumpeter, John Maynard Keynes and John Kenneth Galbraith have been at the forefront of political economy during the twentieth century. Universities have graduated countless others, accomplished researchers and scholars, who are now employing powerful computers and sophisticated economic models to monitor and predict changes in the world economy. And yet, the evidence suggests that although political economy has a relatively long history of importance as a scientific endeavor and utilizes the most modern technology in its research, the world political economy is today plagued more than ever by serious problems. One is tempted to conclude on the basis of results that the political economists have failed to grasp the underlying natural laws that govern their science, that improvement in their knowledge base requires a discovery on the order of what quantum mechanics did for physics.

Perhaps today's economists have simply chosen to ignore the foundation on which their science evolved. The world political economy seems at first to be extremely complex. But, is it?

Relying on observation, what one sees throughout the world is that all modern states, regardless of ideology or economic system, are beset by similar structural difficulties the intensity of which is greater or lesser in comparison, but essentially common to all. The strengths possessed by each society are being sapped by inherent weaknesses, while the collective impact is to pull humanity closer and closer to widespread collapse. Perhaps, as suggested above, the political economists have failed. More likely is that their own individual philosophical biases have clouded their ability to recognize and acknowledge truths when doing so leads in other than acceptable directions. Let us, then, examine political economy for its first principles, its truths.

I began this essay with the observation that the incidence of poverty is an escalating problem throughout the world. Thus, the reality of human existence for a significant percentage of the world's population is the day-to-day struggle for life. On the other hand, those of us less immediately threatened by want of food or other basic life-supporting commodities perceive other circumstances as the major threats to our survival and the survival of humanity, factors such as environmental

pollution or global warfare. There are, in fact, many thoughtful and knowledgeable people who hold the view that we cannot solve the problem of poverty until we first eliminate the threat of nuclear war.

"The global balance of terror pioneered by the United States and the Soviet Union holds hostage all the citizens of the earth. Each side consistently probes the limits of the other's tolerance ... The hostile military establishments are locked in some ghastly mutual embrace, each needs the other but the balance of terror is a delicate balance with very little margin for miscalculation. And the world impoverishes itself by spending half a trillion dollars a year in preparation for war and by employing half the scientists and high technologists on the planet in military endeavors."

With those words, scientist Carl Sagan has offered a chilling view of the tenuous nature of human life on earth. What I find to be just as significant, however, is that near the end of his journey through the "Cosmos" he also calls for "fundamental changes in society, changes which recognize the

earth as a single organism". The reasoned conclusion is that failure to adopt important structural changes threatens the future of all of humanity. And, although he has chosen to leave the detail of those changes to other scientific colleagues whose realm is political economy, Carl Sagan reminds us that "an organism at war with itself is doomed".

There is no real argument to be made in opposition to Carl Sagan's observations and conclusions. I have none to offer. Peace, through the systematic reduction of weaponry and as an outgrowth of honest discussion between political leaders, must be pursued as an integral part of an ongoing strategy for survival. Yet the fact remains that to millions of people the most immediate threat to survival is not pollution or nuclear war or war at all. What threatens them most is the poverty that comes when the individual is denied access to even the bare necessities (what philosopher Mortimer Adler has so often called those "goods" that support the human body and spirit).

For the political economist the problem is two-fold: to first determine whether there is a system of political economy the conditions of which will lead to sustained increases in the production of those physical and other goods necessary for human existence. And, second, to

identify those variables which, in conjunction with natural law, have either positive or negative consequences for the equitable distribution of those goods produced (equitable, that is, in the sense that no one will have so much that others must do without that which is essential -- a condition to which Mortimer Adler equates economic justice and a position with which I concur). Few political economists have turned out to be equipped to meet this challenge.

Even rarer, however, has been the statesman sufficiently perceptive and selfless to pursue truth when revealed by the political economist. The manner in which most societies are governed and the power attached to the forces of special-interest consistently threaten the physical safety and/or social position of those who challenge the status quo or the conventional wisdom. As a consequence, governments have over and over again implemented ill-conceived, shortsighted and conflicting "policy prescriptions" tied loosely to the doctrinaire economic theory that, rhetoric notwithstanding, produces little or no change in the distribution of both power and wellbeing.

Keeping in mind the motivation behind support for the

status quo, acceptable conventional economic wisdom as adhered to by the democratic-capitalist governments attributes the growth in world poverty to the allocation of scarce resources. The argument is essentially this. A particular location on the earth is always limited as to the quantity and quality of natural resources available, thereby imposing finite limits on the number of people who can be adequately supported by those resources. At a very basic level of analysis, the human condition is either enhanced or distressed by the ratio of population to quantity and quality of resources.

Evidence in the real world suggests the above analysis to be seriously flawed. Throughout the world we find societies whose citizens must deal with the pressures of dense population and a resource-poor land mass. Examples of just such nation-states are Japan, Belgium and the Netherlands. Still, their citizens enjoy comparatively high standards of material wellbeing and individual freedom. Conversely, the existence of other nation-states neither suffering the pressures of population nor inadequate resources but nevertheless experiencing chronic poverty among their citizens supports my view that conventional wisdom is flawed. Many of the world's former European-controlled colonies and other newly-formed states

provide examples in the real political economy. On this basis (and for additional reasons to follow), I contend that in today's world of international interdependence, the cause or causes of poverty must be far different from the simplistic explanation that nature has unequally distributed scarce resources.

For the benefit of the reader, I restate here the argument that a large part of the cause is readily identifiable by objectively looking at human activity in our world. As each society is individually examined, the cause of poverty comes plainly into focus. What we see in the real world is a consistent relationship between the degree of poverty and the degree of repression that exists within the political economy of a given society. What I grant, however, is the difficulty of measuring quantitatively the relative degree of repression present. Generally, however, I believe it fair to say that the more politically open is a society (i.e., the greater the individual participation by each citizen in the governing processes) the lower will it appear on the repression scale -- as measured by the percentage of population impoverished. Moreover, observation reveals that political and economic repression are strongly correlating factors. I state, therefore, the following as a fundamental axiom of this analysis (one which

I believe to be both reasonable and grounded in logic):

THE OPPORTUNITY FOR PERMANENT STRUCTURAL CHANGE IS
GREATEST WHERE THE RELATIVE DEGREE OF POLITICAL AND
ECONOMIC REPRESSION IS LEAST.

Because I have quickly reached the above conclusion, the remainder of this essay will concentrate on the potential for change within those societies having a more or less democratic political system and an economic system dominated by the private ownership of the means of production. In so doing I declare myself to be a republican and a capitalist, biases acknowledged as intellectual baggage brought to this writing. From this perspective, I observe that those societies not republican or capitalist in ideology are effectively victimized by institutionalized forms of repression extremely difficult to overcome in the short run.

In addition to the obvious participatory differences within the political processes, an additional and crucial structural difference exists in the definition and ideological treatment of both tangible and intangible goods for purposes

of recognition as either state-controlled or private "property". (As a footnote, I add that my reasons will become clear for choosing the term "state" as opposed to the term "public" in this context. This distinction also becomes important to the discussion of the natural laws by which the "goods" of democratic-capitalism are produced and distributed within society.) The principles I will discuss are also at work within the Marxist-Leninist system. However, since the potential for evolutionary change is, in my view, greatly reduced by the existence of what can only be described as very repressive political regimes, that challenge must be postponed to a future time. That the governments of such states express an ideological mandate to subordinate basic human rights to those prescribed by the state, that they deny the legitimacy of natural law (and therefore natural rights), forces one to realistically acknowledge a minimal opportunity for the kind of evolutionary change hoped for.

PRIVATE PROPERTY AND PUBLIC WELLBEING

An essential element in an examination of this type is to make sure one's use of terms is both consistent and clear. This is particularly true in the realm of science. Therefore, before venturing on, the term "property" must be

analyzed and properly defined in terms of its role in political economy.

A related dilemma with important implications is that once government recognizes by statutory or constitutional law the ownership of certain things as private property, a method of enforcement or protection must be imposed. Additionally, a decision must be reached to determine how this will be accomplished, voluntarily or by more coercive means. Guarantees by a society of rights to private property require adoption by the state of police powers to be vested with government. The problem is that such guarantees may or may not be based on just claims to ownership. Moreover, throughout history such guarantees have been tied to the imposition of manmade law by the governors on the governed, the victorious over the vanquished. In short, the degree of political and economic justice existing within a society has a great deal to do with the definition, methods of permitted acquisition and protection of economic goods as private property. Therefore, a truthful definition of property for an ethical society must also be a just definition.

What I now propose to do -- keeping justice in mind -- is to examine those things recognized under the

democratic-capitalism of today as legitimate forms of property. At the end of this examination I hope the reader will reason with me that some of what government protects as private property is really something else.

Needless to say, access to a certain amount of property is necessary for the individual to experience minimal wellbeing. A sufficient quantity of nourishing food, protective clothing and adequate shelter fall within this sphere of property. Therefore, a society whose governmental structure protects access to at least these essential types and quantities of property can be said to have justice as its foundation. Carrying out such a charter requires that the government effect a just and, therefore, humanitarian distribution of the goods produced. A study of history, supported by observations of the world today, brings me to a further conclusion:

THOSE WHO POSSESS OR CONTROL SUFFICIENT PROPERTY
SURVIVE AND PROSPER. THOSE WHO ARE PROPERTYLESS DO NOT
SURVIVE.

At least not on their own. Survival for the

propertyless becomes a function of both private philanthropy and of government actions whose purpose is to redistribute property from those who have to those who do not have. This has been one of the characteristics of democratic-capitalism in the twentieth century. Less well recognized, however, is that the development of democratic-capitalism has also been accompanied by the protection of a wide range of goods as property forms. To understand the impact on us today, we must first trace this process historically.

As "Western" societies emerged from feudalism into greater participatory forms of government, seldom a bloodless process, the entire concept of property changed. More and more of what had been viewed as the common property of the citizenry came under private control. Ownership to ground, bodies of water, forests, minerals and the natural endowments of all that which is lumped together in political economy as "land" gradually received government protection as private property. As the quantity and diversity of private property forms expanded, legal and financial instruments were developed to document and uphold the claims to ownership made by individuals. Deeds, titles, mortgages, stock certificates and bank notes are all evidences of claims to property. Just as important (perhaps more so) is that the sanctity of ownership has always been dependent

upon two characteristics of the state: first, the degree to which individual citizens acknowledge and comply with those manmade laws associated with private property; and, second, the ultimate ability of government to invoke the police powers of the state against those who would challenge its dictates. Again, a review of human history reveals that internal conflicts and external invasion have always interfered with claims to property. This has been true more with regard to claims to the economic factor land than to other property forms.

The political economist need only study the modern history of these United States to gain a thorough understanding of the dynamics associated with the conflict over the control of the land factor. Land titles granted by French, Dutch, English and Spanish monarchs during the age of exploration were legitimized only by the successes of sovereign military strength. Is it, therefore, purely a matter for the historian that by the process of conquest did these and other European nation-states come to govern such a large portion of the earth? What should be most important to the political economist is that the European (and particularly the English) definition and system of private property was forced upon the vanquished societies of the world as a global standard. The harmony or conflict of this

system in conjunction with the underlying laws of political economy has, therefore, played a primary role in the emergence of states ostensibly founded on just principles.

Further support for this view should be found in European history, inasmuch as the same processes have been at work far longer than in those lands formerly subjected to European domination. Let us see.

By the time of the great exploratory voyages, European societies had already experienced a gradual breakdown in the feudal system's protection of communal property in land. Feudal princes (backed by private armies of mercenaries) gradually gained individual control over vast tracts of land, increased their holdings through conquest and consolidation, and solidified their claims over time through the adopted practices of primogeniture and entail. As a consequence and in short order almost the entire European continent came under the control of small, intimately related groups who used their power as a landed aristocracy to direct the fortunes of Europe and all its peoples.

As Europe's population increased, this concentration of land control caused mass poverty and widespread misery, the

landowning class able to confiscate from peasant users a larger and larger portion of production as payment for the use of privately controlled (and monopolized) land.

Eventually this same system provoked violent political upheaval. Ireland serves as a prime historical example whose problems, so rooted, continue to this day. As did the "indigenous" people of Ireland suffer the consequences first of Oliver Cromwell's military dictatorship and then centuries of absentee English landlords, so have the propertyless of England itself, Scotland, Wales, France, Spain, Germany and everywhere across the European continent suffered similarly. The landed aristocracies of 18th century France and 19th century Russia finally felt the consequences of the centuries of injustice they imposed upon the majority of their fellow citizens. The success of the Bolsheviks, aided by the propertyless peasantry, in seizing control of Russian civilization has produced results that haunt us today. Reacting instinctively either against or in favor of Russia's Marxist-Leninist ideology, almost all Western economists have failed to recognize the implications of what did not happen in one part of Europe, in England.

The English aristocracy escaped the fate of its French and Russian counterparts by exiling many of the country's

dissident reformers and poor to the unpopulated and unsettled frontiers of a vast colonial empire. To Australia, to New Zealand, to South Africa and to North America. These exiles, despite everything, took with them a heritage of gradually expanding political participation and relished their new found freedoms. For a time, they seemingly also escaped the tyranny of a landed aristocracy in control of all that gave life dignity.

A NEW WORLD AND A NEW POLITICAL ECONOMY

North America offered to these uprooted masses an opportunity long since disappeared in Europe, that of exploiting a largely empty land mass blessed with abundant natural resources. And the land absorbed and supported those who came well into the nineteenth century. The North American continent then began to experience its own problems of increasing poverty and periodic mass unemployment. Why this occurred has escaped the large majority of historians and, with a few notable exceptions, has been of almost no interest to the modern era economists.

What we see is that by the time of the large-scale

European and Oriental migrations to North America in the late nineteenth century, there was very little remaining of the American frontier. The entire continent came under either private or government ownership even as the world's disfranchised continued to arrive. Significantly, despite the successful break with England and the formation of a new nation, each of the United States adopted as its own the English system of private property that had so concentrated political and economic power in the hands of a few throughout Europe. Still, Americans were left with certain advantages.

The newness of the nation and its vast frontier assured a greater opportunity for land ownership in the United States and Canada than existed for centuries in Europe. This has bought Americans time to establish a solid foundation for participatory democracy. However, despite the relatively large number of individual landowners (Jefferson's democratic ideal of the "yeoman farmer" citizen), the conditions for eventual land concentration were also incorporated into the new nation's code of laws. Today, something less than five percent of the American population controls nearly all of the country's privately-owned land and natural resources. Some of this concentrated ownership rests with a small number of wealthy

families whose ancestors acquired vast acreages of land and expanded their holdings through later generations. The greater amount is controlled by the nation's large corporations, particularly those who grew during the era of Federal "land grants" and those whose primary business is in minerals, forestry, farming or energy. In terms of consequences, what was freely accessible to the early pioneers and settlers is forever denied to the newly born or newly arrived.

To summarize, the adoption by the United States of the English system of private property put into place the mechanism that inevitably leads to a concentration of property ownership in land, the fundamental historical and observable cause of class conflict and social instability that brought bloodshed to the European nation-states. Today, there are no new frontiers on earth where the propertyless can migrate to provide for themselves the goods necessary for survival -- and the universe beyond our planet is yet to become a realistic life-supporting environment for the large numbers of people unable to find sustenance or a place to live on earth.

How, then, can this process of societal upheaval be altered to achieve the dual goals of political equality and

economic justice? Must the world's political democracies drift closer toward Marx's prediction of class warfare, with its inevitable destructive consequences to individual liberty? Or, is there another way, one which will bring positive change through evolution rather than revolution?

As I have tried to emphasize, a permanent solution to poverty and the serious maldistribution of wellbeing must concentrate on halting the historic trend toward the monopolistic control over land and natural resources. And yet, reforms must accomplish equity without destroying the ability and incentives to produce wealth.

Marxist propoals for state ownership and control of land and most physical forms of wealth (those normally referred to as "capital"), attempt equity but fail because of the negative impact on individual freedom. As a result, the desire to produce is greatly reduced under condtions where the state arbitrarily collects for redistribution all that the individual produces. Reforming democratic-capitalism must at the same time recognize the essential differences between those products arising from human activity and those provided by nature. This distinction is a significant factor in the political economy where justice is to be achieved, because the monopolistic

nature of the ownership and control over land and natural resources must be understood (in that to protect private use is to deny use to all others) and, therefore, comes with considerable social responsibility. If you question the truth of this statement, answer this: What objects of material wealth can be produced without access to nature? There are none. Therefore, all citizens of a society (who ostensibly possess equal protection under the political system) must be guaranteed either equal access to the source of wealth -- the economic factor land -- or at least benefit equally from the use of those resources. Incorporation of this principle in the constitutional framework of the state is essential for justice to be achieved. This truth can be further clarified in another way.

As a finite sphere, the earth consists of an essentially fixed quantity of elements. These elements have been shaped by natural processes requiring billions of years into three categories of substances: solids, liquids and gases. All three are essential for the support of life on earth. Now, then. As scientists have discovered, the process of evolution brought the human species into being as a land mammal; and, although we have become masters of the gaseous atmosphere and of the liquid seas, our natural habitat is the land. We also know that the earth's dry

surface area has repeatedly changed in form and in habitability over the aeons, although there has been relative stability since man's arrival. From time to time there have obviously been minor increases or decreases in the quantity of land able to support human life. Islands have arisen as the remains of ancient volcanoes or disappeared with the warming of the polar ice caps. Written history recalls the story of the lost continent of Atlantis, and we can observe first hand the cleared remains of ancient Pompei, a city whose life was crushed in one great volcanic eruption.

Changes in rainfall or in temperature have turned tropical rainforests into desert and lush plains to swamp. And, the forces at work producing minerals and fossil fuels required millions (perhaps billions) of years to give unique qualities to elements of common origin. And yet, almost unbelievably, monopolistic claims to ownership of nature by individuals and groups of individuals have been consistently encouraged under manmade law, with the certain effect of denying the essentials of life to a large proportion of the human population.

Those who conduct theoretical and statistical research in political economy today, the "economists", recognize the

finite aspect of the quantity of land and natural resources. Among these scientists there is a general consensus that because land -- in its sense as a "factor of production" -- has a supply fixed by nature, the supply of land is inelastic and therefore relatively insensitive to changes in demand. What this means is that human effort may change the form and utility (for better or worse) of a given geographical location, but man can neither create nor produce more land than now exists. That which constitutes the earth is the limit of supply. Therefore, it is my view that societies permitting private control and ownership of land submit themselves to the harsh consequences inherent in monopoly control over the only source of all material goods. This, too, is a conclusion that has escaped almost all of today's economists.

LAND AND THE EARLY POLITICAL ECONOMISTS

The observational approach of political economy's early pioneers concentrated on man's relationship with nature, and as citizens of primarily agricultural societies it was natural that they chose the term "land" to describe what more appropriately came under the term "nature". That early choice has created a great deal of confusion as political economists and their economist successors confronted what

seems to be a more complex industrialized world. The role of land or nature as a factor of production was first analyzed in depth by David Ricardo in the eighteenth century (building on the earlier work of Adam Smith, Thomas Malthus and the Physiocrats). Ricardo elaborated and tested the theory of how land came to have value; that is, a price in the market. The annualized market value of land had long been identified by the term "rent", which in feudal times represented the contribution of the individual farmer to the common fund. With the gradual introduction of private land ownership, rent by the time of Ricardo had taken on a slightly different meaning, as that portion of production going to the owner of land which is derived simply from static ownership rights. Note that by this definition land ownership is excluded from the actual process of production.

Ricardo observed that land commands an economic price when the expansion of human population creates competition for living space and for the natural resources necessary to support life. As long as open land of equal quality is in plentiful supply, all citizens retain access to land and are thereby able to support themselves. The problem of poverty begins when the available free land drops in comparative productive quality from that occupied by others. The more

productive land then commands a price for its use. That price, its rent, approximates the difference in production between the most productive land in use and the next most productive free land. When, in addition, the constitutional laws of the state also permit individuals to hoard vast quantities of land (i.e., to speculate) and as population increases, the rent and selling price for land rises dramatically, and the threat to survival for the landless intensifies. They are forced to turn over to the landowner a larger and larger portion of what they are able to produce by their labor as a price for the use of land. The landowner, as landowner, makes no contribution to the process of production. Rather, the landowner reaps what is essentially a government-sanctioned form of extortion.

ACHIEVING JUSTICE

This essay has thus far pointed to the overriding injustice perpetuated by continuation of the aristocratically-imposed system of land ownership, a system that endorses the private appropriation of the category of wealth political economy calls "rent". I have endeavored to challenge the foundations upon which modern political economy has rested. What I have yet to offer is a just solution to this problem.

Earlier in this essay, I made reference to Jefferson's desire to see the yeoman farmer, owning and farming his own land, as the typical citizen of the democratic republic. My analysis, if left to surface examination seems to condemn Jefferson's ideal. In fact, I suspect that many socialists will agree with much of this essay (at least up to this point), and offer as a solution the conclusion that nature must be socialized by means of state control. To that proposal I have already offered objections on the grounds that ownership by the state simply replaces one form of tyranny with another. What I think Jefferson really hoped for in the new republic was the protection by government of each citizen's right to access adequate means of support. Land ownership for all citizens was probably a realistic goal during Jefferson's lifetime; modern society, however, is characterized by intense specialization, a large population and a requirement to maximize the use of technology to achieve economies of scale in production. Jeffersonian justice is still a valid goal. What has not been possible for over a century is his mechanism for reaching that goal.

What we come to is the conclusion that justice requires that constitutional government guarantee an equitable

distribution of the societally-created economic values attached to nature. To do so, the state must empower government to prevent the monopolization of land by individuals.

Returning again for a moment to Jefferson's desire to see all citizens become yeoman farmers, political economy must acknowledge the productive and societal benefits associated with individual land ownership, benefits that if properly harnessed will also promote economic justice. This statement also seems contradictory to all that I have offered thus far. I hope what remains of this essay will satisfactorily provide clarification.

We should remember that only in the twentieth century and then only in a small number of nation-states has there developed a significant detachment between the majority of citizens and direct production of food. Land remains for billions of people an absolute necessity for survival. Even in the United States there is a growing concern over the steady disappearance of the family farm in favor of agribusinesses controlled by giant corporate entities whose interests are normally associated with short run profitmaking pressures. On the other hand, circumstances of quality, rainfall, fertility or location may require that

the state encourage such concentrated control over large tracts of land to permit profitable use. The problem for political economy, then, is how to preserve both the societal and economic benefits, and production incentives associated with private ownership of land, while simultaneously ensuring that nature's societally-created economic values are equitably distributed throughout the entire population.

Implied, but not specifically stated previously, is the argument that wealth actually produced by the individual is the rightful form of private property. Labor and capital combine to use nature, accounting for all three factors of production. Political economy has come to identify that form of wealth coming from labor as "wages" and that from capital as "interest". These two additional classifications for wealth are derived not from nature alone but from man's physical and mental efforts as they are applied to nature; they reflect values created above the rental value of land. Labor and capital are the active participants, land the static participant. We plant crops to grow food, mine ore and cut down forests to produce materials for building shelter. We use our labor to turn nature into tools and then build complex machines to assist in manufacturing. Our exertions, our labor, legitimizes our claim to these things

as private property. Society, on the other hand, maintains a legitimate claim to that portion of wealth attributable to the whole political economy as opposed to individual production.

By collecting from landowners Ricardo's economic rent, society would be able to finance those improvements and programs deemed necessary for the betterment of life, while leaving labor and capital (the economic forces associated with individual liberty) unimpeded. Whereas the democratic-capitalist states have up to now largely permitted individuals to appropriate the value of nature, economic justice requires that rent be turned over by the landowner to the state as compensation for the monopoly use and control over a specific area of nature. In this manner the propertyless also benefit from that which justly belongs equally to all. The title holder to nature must put land to productive economic use in order to produce wages and interest for himself above the economic rent due the state. Now, then, what can be expected to occur under such a system?

First of all, justice requires that economic rent be accurately calculated. The measurement and collection of economic rent must keep pace with the rise and fall in land

values. Therefore, the mechanics of collecting the economic rent rest on the following principle of political economy: that a commodity fixed in location and supply will inevitably experience a rising economic value as there is an increase in demand (i.e., a competition arising between potential producers). Following this course of action will discourage speculative holding of land by owners hoping to capture incremental increases in value, and will subsequently assure entrepreneurs access to a competitive land market.

Secondly, and as a result of successful collection of economic rent, more land will come to the market for development. With an increasing supply of sites from which to choose, the price of land will certainly drop, reducing the land factor cost of production. This, in turn, should result in improved productivity and competition with foreign producers. Domestic producers will experience a growing advantage over their foreign competitors, able to simultaneously reduce consumer prices and increase earnings. At the same time, the drop in prices to the consumer results in higher real wages and enhanced purchasing power.

As the increase in real wages produces greater consumer

spending, capital investment by business is encouraged, further stimulating the economy and producing growth. Better planning and a commitment to the long run by entrepreneurs are also reasonable expectations as outcomes of greater stability. At the same time expanding private sector activity will increase the demands upon government for new infrastructure and services. As it now stands, government raises needed revenue by borrowing monetary reserves in the private credit markets or penalizes growing-creating production by taxing away wages and interest. Since under the system herein proposed economic rent would be captured by government, such expenditures as are required should in large part be taken from a revenue base attached to predictably increasing land values.

My contention, supported by the arguments presented, is that gradual implementation of the above recommended structural change in our system of taxation will set into motion an entirely new set of relationships between society and those who control the factors of production. While those who desire or require legal title to land or other elements of nature will be guaranteed protection of ownership by the state, they will be required to make good productive use thereof or end up having to transfer such license (i.e., the right to monopolize) to someone who will,

since they will have to pay to society the economic rent regardless of the extent of production achieved, whether maximized or grossly underutilized. Again, from this socially collected economic rent government should be able to finance public improvements sufficient to support an expanding economy and higher standard of well-being for all citizens. There is one thing more.

As employment opportunities are created, the disastrous side-effects associated with poverty will begin to disappear. Social, intellectual and moral development of the individual thrive in an atmosphere of economic and political justice. With justice will come a dramatic reduction in crime and other anti-social behavior, replaced by a growing sense of cooperation. How long such a system of political economy will require to bring an end to poverty and unemployment is beyond my predictive abilities. Even wholesale change in those nation-states whose systems are today relatively democratic would leave a large part of humanity in tyranny. I am confident, however, that contained within the above principles of political economy is the basis for realization of a truly humanitarian expression of democratic-capitalism (and an end to what I have come to recognize as its second and, perhaps, more destructive antithesis, industrial-landlordism).