
DEMOCRACY AT RISK
Stemming The Soviet Challenge
And the Reforms To Democratic Capitalism
Necessary To Do So

Written By
Edward J. Dodson

Ours is a troubled world. Peaceful relations between individuals and between groups is continuously broken. In the process much blood is shed, yet the disagreements remain to arise again at a later time to victimize those too young to have played a role in earlier conflicts. And, with the development of modern weapons of war, the threat is expanded to one of total devastation and the possible ending of human life on earth. At the center of concern is the United States-Soviet Union struggle for international superiority, ideological domination and economic security.

As the Soviet star has risen over the last six decades, advancing a system alien to our beliefs in individualism and democracy, the potential for conflict has become inevitable. When the more or less traditional balance of power in the Old World collapsed after the Second World War, the United States and the Soviet Union emerged (unequally, to be sure) as the earth's competing superpowers. No two nations could have been structured less alike or have a greater political polarity. While both society's freed themselves from the dictates of aristocratic government, the Russian people came under even

greater subordination to positive law. In the United States, on the other hand, a vaguely defined adherence to natural law (best represented in the Constitution and Bill of Rights) protected the rights of the individual from the positive law of the State. The post-revolutionary history of both nations is fraught with internal conflicts between factions supporting one or the other of these two extreme approaches.

The philosophers have grappled with this problem for centuries, debating the conditions that will lead to the "utopian" society. At the root of this dialogue is the issue of how a political system can simultaneously foster equality and justice while guaranteeing a maximum of individual freedoms. One stumbling block has been an inability to agree on conditions which absolutely distinguish the exercise of liberty from the violation of the liberty of others, such violation I shall call "license" (as have others, particularly Mortimer Adler).

What we do know from an examination of history is that those who achieve political power are loathe to relinquish either that power or the associated material benefits -- unless forced to do so. And, as occurred in Russia, tyranny has too often been overthrown only to be replaced by a new brand of tyranny. We Americans would do well to remember that our own fight for independence was characterized by serious factionalism, setting the stage for a politicized and chaotic future. What is crucial, therefore, is that we try to identify and put into operation that political system which would accomplish the mutual goals of protecting and maximizing individual freedom while moving toward an elimination of the causes

of factionalism.

All modern states, regardless of ideology or economic system, are beset by common problems (the intensity of which is greater or lesser by comparison). The strengths inherent in each society are diminished by common weaknesses, while the collective impact harms all of humanity. One such weakness is overt nationalism, an outgrowth of our territorial instincts; directly related is nationalism's stepchild -- the nuclear arms race.

Those of us less immediately threatened by war tend to identify global warfare as the major threat to our survival. There are, in fact, many thoughtful people who hold the view that we cannot solve other social ills until we first eliminate the threat of nuclear war. An eloquent statement of this position has been made by scientist Carl Sagan, who writes:

"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."

The above passage comes from Dr. Sagan's

COSMOS, in which he also calls for "fundamental changes in society ... which recognize the earth as a single organism." It is my firm conviction that our failure to identify and implement the necessary structural changes threatens the future of humanity just as much, if not more, than the nuclear cloud hanging over us, playing a crucial role in the global insecurity that could trigger a nuclear war.

Although he has not detailed his view of what such changes must include, Dr. Sagan reminds us that "an organism at war with itself is doomed." We must realize that peace, through a systematic reduction of weaponry and as an outgrowth of honest discussion between political leaders, must be pursued as an integral part of an ongoing survival strategy. Yet the fact remains that for millions of people the most immediate threat to survival is neither nuclear war, nor war at all; it is the lack of access to the bare necessities that support life.

As a first step toward a solution to common societal problems, we must identify the causes of the greatest of social ills -- poverty. This is necessary because poverty is the major common denominator among nations, the United States and Soviet Union included. Conventional wisdom attributes the spread of world poverty to what is called "the economic problem" -- the allocation of scarce resources. The argument rests on the fact that geo-political regions or nations are all limited as to the quantity and quality of inputs available (i.e., human, physical capital and natural resources), thereby imposing limits on the number of people who can be adequately supported by what those inputs will produce. The determinant under market systems of who gets what is PRICE -- what someone is willing to pay. The greater the

ratio of population to quantity and quality of resources, the more intense is the competition for scarce resources, pushing prices upward and leaving some unable to acquire what they need or desire. Even among those nations which have seemingly overcome the problems of providing for large populations with few natural resources (e.g., Japan, Belgium, Switzerland, and the Netherlands) poverty still exists as a serious social problem. Political economies directed primarily by central planning, of which the Soviet Union is an obvious example, have also not been able to overcome this dual problem of achieving both increased production and equitable distribution; and, in many ways, the distributional results under the Soviet system have suffered considerably because of bureaucratic inefficiencies.

That there are other nations suffering neither the pressures of population density nor inadequate resources but whose people experience chronic poverty further indicates that the conventional wisdom is flawed. It follows that the cause or causes of poverty must be far different from the simplistic explanation that nature has unequally distributed scarce resources. In fact, as each society is individually examined, what we find is a strong correlation between the degree of poverty and the degree of political oppression that exists. While OPPRESSION is difficult to define or to measure quantitatively, my use of this term should be taken to mean that the more politically open is a society to participation by each citizen the lower it will appear on the oppression scale. And, inherent in political openness is the assumption of protection of natural rights from the imposition of positive law. From this perspective, it should be clear that the opportunity for permanent structural

change is greatest where the relative degree of political and economic oppression is least; ostensibly, this would be in the democracies, the United States being not a true democracy but closer in fact than most other nations.

In addition to the obvious participatory differences, an additional and crucial structural difference exists between the democracies and states where positive law is supreme. This difference involves the institution of property. The Marxist states have adopted laws which treat all forms of property as belonging to the state unless specifically excluded. The democracies incorporate the reverse position -- that all economic goods are legitimate forms of private property unless specifically excluded under positive law. Both systems require that a method of protection or enforcement be imposed. And, as with political power under any system, such guarantees may or may not be supported by just claims to ownership.

Another lesson history teaches is that government mandates of rights to property have been an instrument of imposition by the governors onto the governed, the victorious over the vanquished. The story of how ownership rights became attached to "property" provides an important insight into the extent to which justice is incorporated into a society's governing system. That access to adequate quantities of economic goods is necessary for the individual to survive is obvious. Equally as obvious is that those who possess or control such goods in sufficient quantity benefit by their treatment as "private property," will survive and generally 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 state prerogatives. Both involve measures to redistribute property from those who have to those who do not have. The relative diminution in importance of philanthropy in favor of positivist state law is one of the most significant changes in our system of democratic-capitalism in the twentieth century. Less well recognized is the history of how wealth-producing inputs found governmental protection as forms of private property. An analysis of the impact on democratic-capitalism today requires understanding of this historical process.

As most of civilization emerged from feudalism, the role and concept of property changed. More and more of what had been treated as the common property of the citizenry came under private (and usually minority) control. Ownership to land, bodies of water, forests, minerals and all of nature gradually became "enclosed" and through positive law gained government protection as private property. The development of deeds, titles and mortgages all institutionalized the shifting of property forms from common to private control. The sanctity of these changes was then and continues now to be dependent upon the ultimate ability of government to invoke its police powers against those who would challenge its dictates.

History also reveals that internal conflicts and external invasions have repeatedly interfered with claims to property. In North America, land titles granted by French, Dutch, English and Spanish monarchs were legitimized only by the successes of sovereign military strength. All of us who are concerned with the

future of democracy must understand the significance of the process of conquest by which the European nation-states came to govern (for a significant period) such a large portion of the earth. The result was that the European, and particularly the English, definition and system of private property was imposed on the vanquished people of the earth as a global standard. The harmony or conflict of this system with the natural rights of man is, more than any other factor, central to the question of what causes social problems and mass poverty. Once this is generally appreciated, movement toward a more just form of democratic capitalism may finally emerge.

There is an undeniable case to be made for structural changes in positive law dealing with property. As Europe's population increased and the concentration of private control over nature accelerated, mass poverty and misery spread. The landowning class systematically confiscated from peasant users a larger and larger portion of what was produced, as payment for the use of privately-controlled land. Dehumanizing effects eventually provoked violent political upheaval between Europe's aristocracies and their propertyless populations. The political history of Ireland, particularly after the English invasions led by Oliver Cromwell, is a dramatic example of the tyranny introduced by a long period of domination by a landed aristocracy. Similar treatment was dealt upon the propertyless of England itself, Scotland, Wales, France, Spain, Germany, Poland, Russia and everywhere the political system permitted and institutionalized concentrated control over land and natural resources.

The landed aristocracies of 18th century France and 19th century Russia finally paid in

blood for centuries of injustice imposed upon the majority of their fellow citizens. The success of the Bolsheviks, aided by a propertyless peasantry, introduced a reactionary political regime that opposes democracy and individualism in favor of its own form of concentrated political power supported by positive law. The landed English escaped a similar fate by exporting many of England's dissenters to the frontier lands of North America, Australia and New Zealand. There, the colonists expanded upon a ripening heritage of limited-participatory government and developed political and economic systems generating greater general participation than was known in the Old World. And, for a considerable period of time the New World colonists also escaped the tyranny of positive law and the concentration of land control that had plagued them in the Old World.

North America offered an opportunity long since disappeared in Europe, that of exploiting a largely empty land mass blessed with abundant natural resources. Well into the nineteenth century, the land absorbed and supported those who came. The inhabitants of the North American continent then began experiencing their own problems of increasing poverty. The American frontier had by then been conquered and, by the time of the large-scale European and Asian migrations to North America, the continent had, like Europe, come under extensive private or state control -- each of the United States and Canadian provinces having adopted as its own the English system of private property in land that had inevitably resulted in a concentration of political and economic power in the hands of a few throughout Europe.

That the concentrated control over land and

natural resources is largely an unrecognized problem today in North America is not that strange. The newness of the two nations and their vast frontiers assured a greater opportunity for land ownership in the United States and Canada than had existed for centuries in Europe. This bought North Americans enough time to firmly establish a solid foundation in participatory democracy and to benefit from both technological advancements and a perceived right to a publicly-funded education. Nevertheless, conditions for eventual land concentration were built into the political systems. In the United States today, something less than five percent of the American population (as direct owners or as stockholders of corporations) controls over 95 percent of the nation'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 by colonial grants and who expanded their holdings through later generations. An even greater amount is controlled by the nation's large corporations, particularly those whose primary business is in real estate, mining, forestry, farming or energy. As a result, what was freely accessible to the early pioneers and settlers is forever denied to the newly born or newly arrived.

There are no new frontiers on earth to which the propertyless can migrate (although, perhaps in the near future, the universe beyond our planet will become a realistic life-supporting environment for a small number of highly educated and trained individuals). We have no choice. Either those of us in the democracies rid our nations of those positive laws which protect and encourage concentrated control of land, or we will surely fall prey to those who would subject us to the harshness of even more

arbitrary positive law in the future.

A permanent end to poverty and to economic inequities requires the elimination of concentrated land control. And yet, reforms must accomplish equity without destroying incentives to produce those economic goods necessary for survival. Marxist programs attempt equity but fail because they are so heavily positioned against the freedom of individuals to act in ways directly beneficial to ourselves. To avoid this pitfall, efforts to reform democratic-capitalism must recognize that there is a very basic difference between inputs arising out of human activity and those provided (for all to use) by nature. This distinction must be accounted for if the result of reform is to be a more just political economy.

Scant attention is normally given by reformists to this fundamental difference between the products of nature and the products of man. This must change. There are no material objects that can be produced without access to nature. Deny access (i.e., prevent the individual from applying labor to nature) and the direct result is poverty, an absence of property. Where all citizens of a society are to be guaranteed equal protection under the political system, this guarantee should include some method to ensure all citizens benefit equally from the use of the nation's resources. Because guaranteeing equal access to all resources is a physical impossibility, some method must be found to socialize the value of land without having to socialize its ownership. The solution, it turns out, has been set down for us for more than two centuries.

Writing in the early years of the nineteenth century, the English political economist David

Ricardo observed that nature comes to command an economic price (i.e., what economists call "rent") when the expansion of human population creates competition for living space and for the natural resources necessary to support life:

"On the first settling of a country in which there is an abundance of rich and fertile land, a very small proportion of which is required to be cultivated for the support of the actual population ... there will be no rent; for no one would pay for the use of land when there was an abundant quantity not yet appropriated, and, therefore, at the disposal of whosoever might choose to cultivate it." (The Principles of Political Economy and Taxation, 1817)

Ricardo was reluctant to pass moral judgment on the process by which those who controlled nature extract a price for its use. His was an age dominated by the landed aristocracies; and, as continues today, the landed interests possess tremendous political influence. One does not need to be a political economist to see that as long as unclaimed land of equal quality is in plentiful supply, all citizens (existing and future) have the opportunity for access and are thereby able to support themselves. The loss of this human right to support oneself begins when the available unclaimed land drops in comparable productive quality from that controlled by others. The more productive land then commands a price -- Ricardo's "rent" -- for its use. When all land within a society is finally settled and its use restricted to certain individuals, the landless are forced to pay the landowners higher and higher rents for access to nature. In this way, positive law runs directly

counter to the principle that the earth is the birthright of all mankind. 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.

Since the demand for nature, generated by increasing population in conjunction with private appropriation, is responsible for giving nature an economic price, justice requires that government guarantee an equitable distribution of this socially created economic wealth. Government can accomplish this task most effectively by using its taxing powers to collect the income derived from landownership. In this manner the propertied benefit equally with the propertyless from that which justly belongs to all. The rent collected can serve as the nation's fund for providing many of the improvements and services which add to the quality of life for all citizens.

While existing landowners will obviously cry foul and declare such a change to be "confiscation" and, perhaps, "socialistic," the principle is, in fact, at work today. When government-controlled lands are leased under auction to private users, the price paid to government for the use of such land is economic rent. However, instead of an individual or group of individuals capturing the value, all citizens benefit to the extent that such revenue permits a reduction in taxes on production (production being what should be recognized under both natural and positive law as the only legitimate private property). This is not to suggest that government use its powers of condemnation and eminent domain to acquire control of all land and natural resources, then turn around and lease access to the highest

bidder. As we have learned by the Soviet example, state control is generally more destructive than is the private concentration of ownership. Moreover, our attachment to the land is more than an economic circumstance; it is an integral part of our humanness. The devastating results of socialistic land nationalization programs in other parts of the world are a clear warning. All societies would benefit greatly by encouraging the widest possible distribution of land ownership among their citizens, while using the tax mechanism to collect and equitably distribute the land's growing value.

Following this course of reform will also discourage the speculative holding of land by owners, historically the beneficiaries of demand driven increases in value. As a benefit of collecting economic rent, a substantial amount of undeveloped land will come to the market. With an increasing supply of sites from which to choose, the price of land to the entrepreneur or the homeowner will drop, and along with it the overall cost of production. Domestic producers will experience a greater ability to compete with foreign producers (whose labor -- if not land -- costs may be much lower today). They will find themselves able to simultaneously reduce consumer prices and yet increase earnings, as the drop in prices to the consumer results in higher real wages and enhanced purchasing power.

Something like a chain reaction or domino effect is started. As the increase in real wages stimulates greater consumer spending, capital investment by business is encouraged, further expanding the economy and producing growth. Better planning and a commitment to the long run are also reasonable expectations as outcomes of greater stability. Expanding

private sector activity will, of course, increase the demands upon government for new infrastructure and services. As it now stands, government raises needed revenue by competing for monetary reserves in the private credit markets or by penalizing growth-creating production by taxing away earnings from production. Since economic rent would be captured by government, such expenditures as are required should in large part be fundable from a revenue base attached to predictably increasing land values.

Gradual implementation of this proposed reform to our system of political economy will, I believe, set into motion an entirely new set of relationships in society between the landless and those who control so much of what nature has provided. Our society will experience a healthy shift away from the oppression of positive law in favor of the exercise of natural rights. While those who desire or require legal title to nature will be guaranteed protection of ownership by government, they will find themselves forced by financial considerations to make good productive use of this privilege or end up having to transfer their property rights in land (which is, in effect, a "license to use") to someone who will. Collection by government of the potential rent value -- whether the owner maximizes or grossly underutilizes that part of nature controlled -- will achieve this result. Most important is the impact on the existence of poverty.

As economic activity and production expand, employment opportunities will be 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

DEMOCRACY AT RISK
Stemming The Soviet Challenge
And the Reforms To Democratic Capitalism
Necessary To Do So

Written By
Edward J. Dodson

Ours is a troubled world. Peaceful relations between individuals and between groups is continuously broken. In the process much blood is shed, yet the disagreements remain to arise again at a later time to victimize those too young to have played a role in earlier conflicts. And, with the development of modern weapons of war, the threat is expanded to one of total devastation and the possible ending of human life on earth. At the center of concern is the United States-Soviet Union struggle for international superiority, ideological domination and economic security.

As the Soviet star has risen over the last six decades, advancing a system alien to our beliefs in individualism and democracy, the potential for conflict has become inevitable. When the more or less traditional balance of power in the Old World collapsed after the Second World War, the United States and the Soviet Union emerged (unequally, to be sure) as the earth's competing superpowers. No two nations could have been structured less alike or have a greater political polarity. While both society's freed themselves from the dictates of aristocratic government, the Russian people came under even