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Mr. James R. Hannay  
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Dear Mr. Hannay:

The terms LIBERAL or CONSERVATIVE to describe one's individual philosophy are, I believe, quite inappropriate as they are used. I have always been hardpressed to find any consistency in the ideas of those who call themselves one or the other. I suggest caution whenever tempted to conclude about another's philosophy (mine included) that "you liberals are all alike." George was himself accused by various critics of being an apologist for capitalism and at the same time a socialist. A few years ago I corresponded with a publisher who was a self-proclaimed "conservative;" after exchanging views on a number of issues he wrote to me that our correspondence had caused him to re-examine some very long-held convictions.

My paper on site value taxation is not a philosophical paper; it was written as a proposal for change in public policy. There is an assumption of processes which direct public policies. Nothing in the paper is, I feel, inconsistent with your conclusion that the powerful exercise power. George's primary axiom -- that man seeks to satisfy desires with the least amount of effort, i.e., monopoly -- is the basis for natural law. Because our society has in comparison to most others a greater diffusion of power among many special interests, there is a higher probability that sustained pressure on those in government can achieve beneficial changes in public policy.

History clearly supports George's thesis that the quest for monopoly (and the physical wealth and political power thereby acquired) has dominated man's relations with one another -- between individual and individual, between individual and the state. The advance of civilization has been severely retarded because government has largely been the instrument of the monopolists. Here, George differs from Proudhon and Tolstoy, both of whom conclude that the state is by nature evil and therefore only anarchism can prevent the combination of state and private monopoly from repressing the individual. George recognized that the state is by nature neutral and only becomes evil when individuals are permitted to monopolize "natural opportunities" (i.e., the earth). Taxes are tribute only when the distribution of wellbeing achieved by such contributions is not equal; that is,

unfortunately, the present circumstance to a great degree. However, if government is simply the agent of voluntary cooperation and acts to coordinate the development of necessary infrastructure, taxation can be viewed as simply the most expedient method of collecting each individual's just contribution to the common fund. Justice is dependent on the method of calculating this contribution and how closely the calculation reflects the amount of income the individual derives from landownership; any amount not collected below annual rent received fails to meet the test of justice, any excess amount collected above annual rent also results in an injustice.

You have touched on the problems of the poor in large cities. There are, as you know, countless poor in rural areas as well. We are living in a world characterized by what economists call "technology transfer." The HOW TO form of knowledge is readily transferable, making the production of goods virtually independent of local, regional or national labor forces. Even services are becoming national or international in scope. Fewer and fewer services require actual personal contact with the provider. Thus, where land is least costly and wages very low, goods and services of competitive quality can be delivered to faroff markets at very low prices. This has brought tremendous benefits to the employed consumers; however, the cost has been a direct challenge to the system of continually rising wages and reasonably constant employment in the industrialized nations. Why? Because those who are producing a higher percentage of the goods we use do not receive wages sufficient to give them a reciprocal amount of purchasing power. Some argue that the answer must be to increase protectionist measures; George has shown us that what we need to do is end the monopolistic control over the world's source of wealth -- our land and natural resources.

The experience of the Irish immigrants who came during and after the 1850s is quite similar to that of the inner city poor today. Absentee landlordism had produced a one-crop system of farming among the Irish peasants, the potato. Over the course of several centuries these people lost all their acquired skills and knowledge of land use and cultivation. By the time they came to America, few had any real knowledge of the land and so were forced into the industrialized inner cities to compete for subsistence wages. We forget that several generations of Irish were sacrificed before they began to make their way out of extreme poverty. Repeating cycles of poverty have created a similar class of illiterates and unskilled among the urban poor. Children without skills, knowledge of the world or experience in dealing with the complex technological society around them are having children of their own; each succeeding generation loses a little more ground. In my view, the welfare system only perpetuates this disaster. The question to be addressed (not an easy one by any means) is how to reconcile the conflict between returning responsibility for individual morality to the individual while ensuring individual actions do not infringe on the rights of other individuals.

Jim, you have obviously given a good deal of thought to the problems we are facing. It would be highly unusual for you not to express consternation over the conclusions which George's analysis

forces one to reach. The institutionalization of speculation in stocks, bonds and currencies as a major category of "economic activity" has a profound impact on the world's political economy. Even so, it is reassuring to me that even in the United States the manner by which great wealth is most frequently obtained is inheritance, and those who originally obtained such wealth did so either by converting several generations of large landholdings into industrial holdings or by expanding initial industrial successes into landholdings. Roughly 3 percent of all Americans today owns or controls (through) corporate stockholdings) over 90 percent of the nation's land and natural resources. At the same time, the overwhelming share of government revenues is obtained by taxation on production -- on what I would call earned income.

I do not know whether it is a liberal or a conservative posture to believe that the earth is the birthright of all mankind (and that all mankind has an equal right to benefit from its presence), or that what we produce by our labor or labor-acquired capital is justly ours to keep, but these are the principles I adhere to. "Conservatives" generally look at the world with blinders on and ignore the fact that markets suffer from built-in structural defects (licenses to monopolize), want a reduced state insofar as interference in the status quo of property rights is concerned, want an enlarged state where issues of individual morality are concerned, and have supported a foreign policy based on the concept that whatever is good for multinational business interests and opposes communism is acceptable (a policy that has repeatedly provided military and financial assistance to repressive regimes and squelched participatory government and moves toward reducing monopoly controls). So-called "liberals" are also inconsistent in the positions taken on domestic and foreign policy issues. They call for a redistribution of wealth but confiscate legitimate private property while leaving monopolistically acquired wealth untouched. They give voice to the support for human rights while also succumbing to the foreign policy errors of knee-jerk anti-communism. In the end, neither conservatives nor liberals are consistent in their views of where individual liberty begins and ends, or how to act when your exercise of liberty interferes with mine.

In my view, all forms of government are in various stages of evolution; our democratic-republic arose because the conditions were right -- a weak central government (England), a small and widely dispersed population largely self-sufficient and able to keep nearly all of what they produced (few landlords to charge high rents), few restrictions on trade and a solid foundation in the arts of agriculture, manufacture and commerce. Interestingly, under the Articles of Confederation the individual's obligation to contribute revenue to government was attached to the value of land held; landed interests at the Constitutional Convention made sure this clause was not carried over into the new government. Thus, from the very beginning the powerful made sure the cost of government would be borne by the producers and not by the landed. Hence, we have been headed toward more and more state intervention under the assumption that these measures promote justice; whereas the cumulative effect is to reduce our individual liberties and subject us to a non-understandable body

of positive law.

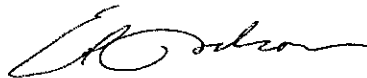
All of the things you have discussed -- the rise in illegitimate births to the expanding underground economy -- are the result of inappropriate incentives. Our system of positive law encourages actions that may be personally rewarding but destructive to the advance of civilization. George understood that there will never be a perfect world. People are imperfect and often irrational. What he saw, however, was that the system of positive law could be restructured to conform to natural law, thereby removing as much as possible the individual gain associated with negative, speculative and monopolistic behavior. I have concluded for myself that George's proposal approaches justice in a way no other set of policy prescriptions can; his is the achievement of the physiocratic goal of laissez-faire, laissez-aller -- "a fair field with no favors."

One of George's admirers in the early part of this century was a British writer by the name of Max Hirsch. Among his contributions to philosophical thought is his book DEMOCRACY VERSUS SOCIALISM. Hirsch's book has been reprinted, is available through the Institute, and would be an excellent follow-up to reading PROGRESS AND POVERTY. Also, with the exception of the final chapter (which advocates world government) I have found Mortimer Adler's book THE COMMON SENSE OF POLITICS an extremely valuable treatment on the conditions of the just state.

In closing, I appreciate your interest in my book. The manuscript is probably another six to nine months from completion. Then will follow a period of review by several colleagues for constructive criticism. I am flattered by your possible offer to help in its publication; however, because there is so much more of importance taking place I invite you to join with about 150 "Georgists" at the end of May in British Columbia, Canada for an international conference at which you would have an opportunity to share your thoughts with others who are equally concerned. If at all interested, you should contact Robert Clancy for details.

Answering your questions and responding to your challenging arguments has required a very long letter. I hope you have found my comments of value and look forward to hearing from you again.

Sincerely,



Edward J. Dodson