

# Quicksilver

Summer-Fall 2001  
vol. 5 num. 3

A newsletter of the HENRY GEORGE SCHOOL

*chronicling the culling of precious truth*

## Siftings

•#1 CLIFF COBB, despite being an innocent in nautical matters, is one whose left hand, er, left coast truly knows what his right coast is doing. Cliff has at last returned to California after a nine month stint in New York City, where he served as the interim Director of the Robert Schalkenbach Foundation. Prior to his departure, Cliff coordinated education programming in Sacramento; we hope he'll not shy from modest contribution to a provincial post of the Georgist orbit after serving in such a singular and venerable capacity.

•#2 BILL IRWIN, the former clown with the much-loved (now defunct) Pickle Family Circus, tendered, this past July, a taut, comical stage translation of Samuel Beckett's prose work entitled *Texts for Nothing* at the ACT in San Francisco. Now, Bill is no explicit Georgist that we know of, but his treatment of Beckett's writing elicits from the audience existential angstian sighs which, if one is a Georgist, can be transmogrified into odes to mystical joy. Huh? Beckett excelled at delineating the stark aloneness which self-consciousness confers upon humanity. A figure slides into view. From where? who knows? What's he doing here? Not the faintest. Where's he to go? Can't escape being where he is. Ah, the suffering that attaches to humanity around the awareness of phenomena happening separate from and without any care for our selves. What is made breath-takingly clear in all of Beckett's work is that place is everything. We are here, even if "we" feels always like "Only I." (Beckett makes no note that we are endogenously earthlings, natively earthlings; he supposes that we are fundamentally disjoined from the earth.) As Georgists we recognize that habitat acquires socioeconomic value as society grows. This recognition liberates thought from morbid contemplation, enabling us to glimpse (at farther reaches in a mystical way) the natural relatedness of us all. We Georgists discover syncretic elation where many others resign themselves to private doom.

•#3 DAVID GIESEN has done it again. He's written another Georgist script. This time it treats a spontaneous first date of three (!) UC-Berkeley students. Two are Econ majors bound for SF to hear a talk by a UC professor addressing some abstruse, impossible point of knowledge. Joining them spur-of-the-moment is an Art major who helps turn their understanding of political economy on its head. The play, entitled *Evan's the Death*, will serve as grist for reader's theater fun and criticism at the Thursday, October 4 Georgism in the Arts program at the Henry George School. 55 New Montgomery, #224, 6:30-9:30 pm. Call 415-543-4294 for details.

## Five more graduated in May

Rob Eickwort, Lee Hachadoorian and Lola Weinstein joined this past year's recent years' record crop of HGS graduates last May. During their Fundamentals class each demonstrated a superior interest in the implications of georgist analysis upon real world experience. Through their close questioning and energetic "mental experiments" as George described use of the imagination in tracing out the effect of economic principles- they delved richly into issues surrounding the margin of production, natural rent, and speculative rent.

Lee has already made time since graduating to assist some little bit with the HGS office, and his georgist impressions of a June talk on California's energy woes delivered by Senate candidate Medea Benjamin are featured inside this issue of Quicksilver. As for Rob and Lola, we look forward to seeing them soon at one or another HGS program. Check the back page for programs because you're invited, too.

Yes, that's three grads, not five, we know. The other two are graduates of the Applied Economics course, having continued on after graduating from the Fundamentals course back in March. Gabriel Farrell and Shessa completed their second HGS class in early May. Gabriel's genuine engagement with the insights gleaned through class discussions is evidenced in his extensive contribution to the construction of our school's new website (see below).

Congratulations to all five!

## HGS-SF goes on-line: [henrygeorgesf.org](http://henrygeorgesf.org)

If you have access to the internet you now have near-instant entre into the Henry George School here in San Francisco. You're most welcome anytime, day or night. You'll discover teachers, students and interns ready to greet you with news about classes, hands-on tutorials in political economy, our film series, informal get-togethers and discussion groups, and opportunities to enrich experiences while at college and university.

The site was designed to illustrate the fresh, dynamic texture of the San Francisco school so it features lots of photos of people involved now or recently in our programming. Internet links connect visitors to other georgist sites which sustain on-line classes, histories and philosophy of georgist thought, discussion groups, and relevant news. "We've striven for simplicity in layout, clarity of message and ease of use for the visitor," states HGS Director David Giesen, "and for those objectives being realized I'd like to thank Gabriel Farrell." Gabriel has completed two HGS courses and eagerly accepted the offered commission to construct the on-line brochure.

One visit will not be enough for anyone with actual (something beyond merely virtual) interest in the school because the on-line newsletter, *The Mercury*, will be updated every month, beginning in November. On that page you'll find current news about the school, and information about public forums the school would like you to consider attending. Of course, your comments and suggestions about the site are welcome, and you may send those remarks to us directly even while you're visiting!

Don't keep the site to yourself. Tell friends, family and people you meet about the on-line brochure and send them our way. The strategic purpose of the website, after all, is to engage the interest of visitors and prompt them to enroll in classes.

## Tune in to a Georgist radio broadcast!

Commencing Saturday, September 29, *The Frankly Georgist Hour* will be radio broadcast the last Saturday of each month, 8-9 pm. Set your dial to 93.7 FM if you're in the western 2/3rds of San Francisco, and listen in as Crag Smooth talks "solution-based" economics. We'll review this alumnus-spawned program in the next Quicksilver.

## Notes from in the clear

This column is open to recent comers to the Georgist Community, and is meant to introduce their voice to the rest of us. Responses to their writing are welcome and should foster growth in clarity of thought. In short, consider this newsletter an aspect of the educational mission of the Henry George School

Lee Hachadoorian graduated from the HGS' Fundamentals of Economics course this past Spring and in this article reviews a talk on California's recussant energy crisis

The editor of Quicksilver makes some observations in an article following this one. In Hachadoorian's article bold letters like this **A** cue the reader to passages referred to by the editor

On June 28th, Medea Benjamin and a public power consultant, Cynthia Wooten, gave a talk on California's Energy "Crisis" to a room of about 40 people at the La Peña Cultural Center in Berkeley. *[Though this presentation occurred quite some time ago (and since the last issue of Quicksilver), it affords, even now, an opportunity to address property rights and political economic issues which point up the timeliness and relevance of georgist analysis when discussing many circumstances. ed.]*

Ms. Benjamin, a cofounder of Global Exchange and the Green Party candidate for US Senator in the 2000 election *(and now a candidate for a place on the prospective Board of a prospective Municipal Utility District in San Francisco)*, explained the quotation marks around the word crisis by saying that a recent poll indicated that 5 out of 6 Californians do not believe that there really is an energy crisis, which we can assume would mean a genuine shortfall of natural resources for energy production. When the rest of the nation is not experiencing rolling blackouts, nor are areas in California that have public energy utilities (such as LA and Sacramento) *[there have been no blackouts in California since early June]*, it seems a reasonable prima facie assumption that it is California's system of distribution that is dysfunctional.

The first part of her talk focussed on who Californians blame for their current predicament. Their blame has three targets: companies (and here she distinguishes between utilities and energy producers), government regulatory bodies, and politicians (those faithful whipping boys). Widespread exasperation, she went on to tell us, gives us an unprecedented portunity to push for progressive solutions. The latter part of her talk focussed on what those solutions should be. The solutions she advocated were clean energy, affordable energy, and public energy. I will report on her presentation, and then attempt to analyze her arguments from a Georgist/geolibertarian perspective. I will give special attention to the solutions advocated, and whether they are compatible with Georgism.

### The Blame Game

Californians have an array of villains to blame for the rate hike and rolling blackouts, but first and foremost they blame companies for taking "unfair profits". Ms. Benjamin addressed the somewhat subjective question of what constitutes unfair profits, saying that before deregulation, the utilities were allowed to make between 8% and 15% in profit. So we might assume that anything over that 8% to 15% is unfair. But Ms. Benjamin goes on to say that Californians recognize that "some resources should not be privatized." This seems to suggest that for such resources (understood in this context to not be confined to natural resources) any profit is unfair profit. This hints at one of the solutions that Ms. Benjamin will suggest and Ms. Wooten will speak very strongly in favor of, namely, public energy.

The second major group Californians blame are the government regulatory bodies. Here Ms. Benjamin focussed on the Federal Energy Regulatory Commission, and its chair, Curt Hébert. She told us that FERC's mandate was to ensure that energy rates are "just and reasonable". She referred to Commissioner Hébert as an ideologue who in a speech related to the Energy Crisis thanked "the market", and she made much of the fact that the Bush Administration and FERC won't even refer to the recent price cap as such, instead referring to it as price "mitigation".

Ms. Benjamin then moved on to the last group Californians blame, the politicians. They blame President Bush, expectedly, but also Gray Davis and the state legislature. Ms. Benjamin summed up by saying that Californians "get it". Among other things, they get the fact that the politicians are paid off by the energy companies. If memory serves me,

she said that 97% of the legislators have received some money from the utilities and energy companies, ranging from hundreds of thousands down to a couple of thousand or even just a few hundred dollars. Ms. Benjamin tried to encourage some progressive legislators who received token amounts to return the money, just to make clear that they weren't doing the bidding of the power companies; but politicians of course hate giving money back, and she was rebuffed in this effort.

### Proposed Solutions

After discussing who we blame, Ms. Benjamin explored solutions to the problem. She proposed that energy should be clean, affordable, and provided by a public utility.

Nothing terribly shocking was said about clean energy. Subsidies for fossil fuels and nuclear power should be eliminated, and R&D money should be focussed toward renewables. Energy conservation should also be an element of any energy plan.

Discussing affordable energy, Ms. Benjamin spoke of a press conference her group had called in front of the house of a family of nine who had had their heat turned off as rising natural gas prices left them falling further and further behind in their heating bill. She stressed that our current assistance programs are not good enough, and that many lower-income families are unaware of the assistance programs that do exist. Therefore, we also need to improve outreach to those who would benefit from such programs. She suggested that baseline rates, currently the same for each living unit, instead be based on the number of people living in a unit, so as not to penalize larger families.

Moving to the topic of public energy, Ms. Benjamin spoke in favor of a ballot measure to appear before San Francisco voters next spring at the earliest, to get San Francisco its own Municipal Utility District. This would be the first step toward having San Francisco supply its own power, as LA and Sacramento already do. Ms. Benjamin called on Ms. Wooten to address this issue in more detail, and Ms. Wooten explained her efforts to have East Bay Counties' MUD (EBMUD), which already controls the water utility, throw its hat into the ring for the opportunity to also supply electricity. Ms. Wooten has previously been a state legislator in Oregon, and explained that in the Pacific Northwest, public energy is widespread, efficient, and well-liked by the electorate. Ms. Wooten shared the news that the MUD had received a \$400,000 contract to conduct a study as to the feasibility becoming a power generator.

**Continued on the next page**

## Q&amp;A

During the discussion period, it became clear that Ms. Benjamin and Ms. Wooten were preaching to the choir. No one from the audience challenged anything they had said. One thirtyish man incoherently attacked the "so-called free market" in what I would call a rant if he were not so Californianly relaxed while he delivered it. The discussion period broke for a predictably clever acoustic guitar broadside against the power companies. Somewhat unexpectedly, Ms. Benjamin called the event by saying "Let's end on a high note" after the song finished.

## Analysis of the Problem

In discussing the exorbitant profits that companies have been taking, Ms. Benjamin said that Californians realize that "some resources should not be privatized." As Georgists, we have a clear understanding of a certain class of resources which should not be privatized, namely, natural resources such as oil, coal, and natural gas. If wind and sunshine were in limited supply, we would socialize them also. But Ms. Benjamin is clearly talking not just about natural resources, but about certain kinds of capital investment. When I discuss public energy below, I will attempt to tease out some of the issues related to public control of capital. At first blush, the designation of energy production as a "resource" seems sloppy. A

After criticizing Commissioner Hébert's faith in "the market", Ms. Benjamin spoke about trying to enlist Silicon Valley companies in their effort, and being rebuffed with similar pledges that they "believe in the freemarket". While Hébert's and these Silicon Valley executives' platitudes about the free market make them look like idiots, Ms. Benjamin's criticism of their free market stance makes her look disingenuous, for the simple reason that the current system of power distribution is in no way a free market. As it has been widely commented that California's "deregulation" was anything but, and that an unleashed wholesale market combined with frozen retail rates and prohibitions against long-term wholesale power contracts led to skyrocketing spot market prices. (See, for example, "California's Power Crisis" in the January 20th issue of *The Economist*.) Quite simply, the demand curve went vertical. With the consumer protected from price increases, the suppliers were faced with a mandate to acquire a fixed quantity of energy at any cost.

In this light, the loathed 40% rate hike can't even begin to correct the problem. As long as the regulatory bodies choose to fulfill the mandate of ensuring "just and reasonable" rates by keeping retail rates fixed, the middlemen will be exposed to large potential losses no matter what those rates are. Only if retail rates are deregulated also will usage be allowed to respond organically to energy prices, keeping those prices in equilibrium. C

Ms. Benjamin seemed to start with the premise, common among progressives, that the market is bad. But land-value taxation and other forms of green tax shifting rely upon market forces to achieve economic justice and environmental stewardship. For those of us who support such market solutions, who believe that the market can be harnessed to redistribute wealth instead of concentrating it, her disregard for market forces tends to impeach her presentation of the problem. D

Now, this analysis of what lead to soaring spot market energy prices fails to take into account the fairly recent allegations that the energy companies engaged in deliberate price manipulation. While this behavior is certainly criminal, I want to suggest that blaming the energy companies for price manipulation is misguided when the system itself is dysfunctional. As Georgists, we believe that a significant amount of economic crime is due to unemployment and reduced returns to labor. Most Greens and other progressives would agree in broad outline that economic crimes

and even apparently noneconomic crimes of violence are largely caused by an unjust economic system. We therefore seek solutions that focus on improving the system rather than punishing the criminal. If the energy companies are manipulating prices in California but not elsewhere, then they are committing a crime which California has made possible! While the energy companies should perhaps be compelled to return these ill-gotten gains, the blame for these gains must lie substantially with the state of California itself.

## Analysis of Proposed Solutions

I have presented a common analysis of why we are experiencing an artificial energy shortage. Ms. Benjamin, however, did not really address the why. Without a clear analysis of the current problem, her "solutions" seem like a standard party line being drafted into service at a politically opportune moment. To be fair, if we as political organizers feel that we have a better way to feed the poor; lower crime, collect taxes, or explore the solar system, we're going to push our agenda anytime that the shortcomings of the current system of welfare, law enforcement, taxation, or space exploration become apparent to the general public. Nonetheless, I will try to examine to what extent the solutions proposed answer to the specific challenges before us.

The first solution discussed was clean energy and conservation. Of course, the most direct way to foster conservation is to raise prices. I feel that emphasizing conservation contradicts the emphasis on affordable energy.

Georgists will oppose subsidization of fossil fuels, and will also want to collect severance fees on fossil fuels. This will tend to raise retail prices (if not prevented by a regulatory body), leading to energy conservation or toward increased reliance on other (renewable) sources of energy. Strict libertarians might oppose subsidizing renewable energy, arguing that once the playing field is leveled, the market should be left to allocate the best portfolio of energy generation; but I think that Georgists and geolibertarians might well allow targeted subsidies to jump start these industries. E

While clean energy is certainly a worthy goal to work toward, I don't think that it addresses the current issues. Dynegy and Enron could generate power exclusively with wind turbines and solar panels and the California utilities would still be stuck between the Scylla and Charybdis of an unregulated wholesale market and a regulated retail market.

The next solution was affordable energy. Unfortunately for the doctrine of affordable energy, it seems that an unwillingness to allow energy consumers to be exposed to the vagaries of the market is what led to this problem in the first place. Whenever we talk about providing "affordable" anything, we implicitly state that the going rate is unaffordable, or too high. Georgists would like to see all basic necessities (which, in urban America, would include electricity) become "affordable" by bringing about a tax policy that allows full employment at livable wages, possibly with a citizens' dividend or guaranteed income. From that point of view, focussing on the actual cost of a basic necessity (such as electricity) is placing the cart before the horse.

In fact, while clean energy and public energy can be seen as methods for achieving desired results, affordable energy is a result, not a method. To propose it as a solution to anything is to make a vacuous claim. I would venture to say that even President Bush wants affordable energy, but he probably has very different ideas than Ms. Benjamin or myself as to how to achieve it. For Ms. Benjamin, affordable energy is tantamount to public energy, to which we now turn our attention.

Continued on the next page

*Jafero Mulakerra*

Public energy is the only solution proposed that evening that I feel actually addresses California's current energy problems. It does so by calling attention to the fact that those areas in California that have public energy are not experiencing an energy shortage. Ms. Wooten mentioned the fact that Disneyland is advertising its night light show with one million lights, and while she "would not want to encourage excess," she wanted to point out that Disneyland is in an area that has public energy and has no fear of a rolling blackout. F

Is public energy a Georgist solution? I'm not sure. Dave Giesen, who attended the meeting with me, argues that power is a natural area monopoly, and state control is therefore justified. Of course, telephone service was once believed to be an area monopoly. Long-distance service has since been broken open to competition, and inroads are being made in local service competition as well. G

Furthermore, there are other area monopolies, such as a daily newspaper in most small to medium-sized cities, which no one would argue should be state-run. It seems to me that some other criteria are needed.

As a libertarian, I remain deeply suspicious of having the state supply any good or service which does not have area effects. Typically this might be argued on grounds of efficiency. But even if the state can supply electricity as efficiently as the control of any good or service is the other uses to which that power might be put. For example, the first obscenity laws in this country were laws against sending obscene materials through USPS, a logical impossibility if postal service was supplied by the private sector. Recently, the FBI has garnered notoriety for its use of the Carnivore device to gather evidence amidst the modern deluge of email. Installing Carnivore requires the cooperation of the ISP. Presumably, a private ISP would not honor such a request without a warrant. If the state were the only ISP, would we even be aware that Carnivore exists? Would we even know that we were being watched?

What great danger lies in allowing the state to be the power utility? If memory serves me, law enforcement already uses power usage patterns to find indoor marijuana growers. Who knows in what other clever ways a state-controlled energy utility will be used to consolidate state power?

The most surprising thing that evening was listening to the speakers and the audience rail against the bureaucrats and politicians who put us in this mess, and then turn around and propose public energy as an unmitigated good. Who do they think will be in charge but the same bureaucrats and politicians?

In spite of all this, perhaps the most surprising thing really was that I came away thinking public energy might be a acceptable solution, although (warning, gratuitously easy potshot coming up) I'm not sure if I want the same city government responsible for Muni to also be responsible for my light and heat.

If public energy is a solution, I think it can best be understood as a contingent solution given the current state of affairs. In a fully Georgist economy, it might very well be irrelevant whether the power company were public or private. Energy would be cleaner and rates would be affordable either way.

## Some thoughts on the proceeding

Some may question why Quicksilver has chosen to publish an article about California's fast-fading-from-memory energy crisis. The explanation is quite simple: though the public stir is all but over, the dynamics which drove the sky-rocketing consumer prices, and which left the public often blinded with helpless rage, are still at large. As Georgists we certainly do see specific solutions to specific social-economic-political maladies, yet our analysis is not narrowly topical. The monopolization of the natural energy resources persists, and if the price spikes are overwith it is only because the State of California has agreed to tax its citizenry in subsidizing the energy companies (The Davis Administration has purchased energy on term contracts at crisis-high prices, and the public will have to pay). Thus the State assumes the role of partial bill collector for corporate interests, setting PG& E and Southern California Edison free to show their hands innocent of direct price-gouging.

A georgist solution would have begun by eliminating the windfall profits companies take by their merely holding economic title to energy natural resources. By socializing natural resource values, companies would earn only by producing. Through a mix of severance and "as it sits in the ground" taxes, companies would be compelled to develop resources were they to own them. Genuine competition amongst producers would follow from taxing the mere holding of the resource as enterprises sought to extract the most extra value out of a resource after paying its rent to society. And where monopoly modes of transmission of energy existed, either municipal utilities would own the infrastructure, or the rights of way would be let at full market value. Justice and efficiency. Hachadoorian's article affords us the chance to engage friends, neighbors and the general public in a discussion of political economy upon an issue, that with the passage of time, is increasingly free of emotion-incited obscurations.

The following remarks refer to passages in Lee's article signaled by boldface capital letters.

**A** Lee -- "At first blush, the designation of energy production as a 'resource' seems sloppy."

This is true. As Lee proceeds to illustrate, though he doesn't again name as such, the market place itself is a resource. When it is free and open it reflects genuine economic dynamics, but when it is skewed to favor or hamper actual supply and demand proclivities, further distension results. Lee cites the failed California energy regulations which forbade those delivering energy to consumers from purchasing energy with long-term contracts from primary producers and intermediate agents. Instead, the former were legally bound to buy energy on the spot market. In short, the market place was shut down.

**B** We simply invite Greens and environmentalists of every hue to embrace the very model the natural world presents to us: a free market where habitat is not controlled by fiat device of land title. Apply that rule rigorously in human affairs and what a concatenation of blunders would be obviated... if nature is to be trusted. As Georgists we subscribe to the notion that if nature is trusted and economic justice thus facilitated, then the higher moral propensities of humanity will be liberated.

Continued on the next page

|||||

C Again, the georgist approach to resource values, namely to socialize them, would eliminate the unearned dimension of income for private parties. It is in such circumstances, where the marketplace has not been previously surrendered to special interests, that what is conventionally considered to be a deregulated market can be seen as conducive of environmental and social justice. Conventionally, however, utter socialization of land values is not even considered as the basis and expression of a free market. Typically people ignore location and natural resources as a significant factor in the economy, focusing instead on the stuff people produce as the key element. By keying on human-fashioned materials, and understanding that people can fashion more or fewer tools and finished products, the intellect is mesmerized by the power and effects of regulating these things. An apt analogy may be taken by imagining that there is a garden which I own, along with a full set of trowels, hoes, spades and garden hoses. Now let's say that you and another wish to use half of it. I agree to let you use a portion of the garden on terms that I get a proportion of the vegetables you grow. I also agree to rent you the garden tools. Soon you become disgusted because the rent I charge you for the tools seems to take up so much of the garden's produce that it hardly seems worth your while to stop in every day and work. You aver I charge too much and demand that more tools be provided, or that I charge lower rent for what I currently offer. You may even advocate that I turn my tools over to the common good altogether and not charge any rent for their use. I object and it comes to shouting. In the conventional way of looking at things the focus is upon the tools. In the georgist way it is the garden itself that rivets the attention: by what natural right have I taken possession of it? Were I obliged to pay you garden crops as the price of calling it my garden, I might not want all of the space, or you might be content to take your meager share and do nothing at all, or you might take your meager share and trade it for a simple garden tool of your own. Any number of imaginable possibilities, but it was the garden itself, not the tools which needed to be regulated.

In his article Lee points out the absurdity of decrying market forces while natural resources (the garden in my analogy) are largely unregulated (left in private control). This brings us to

D Lee -- "For those of us who support such market solutions, who believe that the market can be harnessed to redistribute wealth instead of concentrating it, [Benjamin's] disregard for market forces tends to impeach her presentation of the problem."

Lee uses the active phrase 'disregard for' rather than the passive 'ignorance of' when speaking of the former Green Party Senatorial candidate's references to "market forces." All too often in the field of economics *there is* active disregard for meaning of terms and the meaning of the concepts those terms apply to. Though we caution, even exhort against personalizing our criticisms, it serves little good to let indefinite, and in this case poor thinking pass without notice. To sing the justice blues and yet shy from acknowledging land and resource values as properly a community value, and so to disallow the economic dynamics which ensue, is to render the Green standard but a mixture of blue and yellow.

E Most of this column has been intended as an encouragement to readers to think in ways that use salient events as an opportunity for advancing the georgist perspective on social justice. By lighting upon these several passages in Lee's article we've modeled some rhetorical tacks one might employ in a conversation. But this particular reference to the preceding article ended to open up analytical discussion amongst us georgists.

I believe Lee has overlooked something when he writes, "Georgists will oppose subsidization of fossil fuels, and will also want to collect severance fees on fossil fuels. This will tend to raise retail prices (if not prevented by a regulatory body), leading to energy conservation or towards increased reliance on other (renewable) sources of energy."

To eliminate subsidies will indeed permit the market value of fossil fuels to show themselves. And so it would with all commodities and resources; but those subsidies may, by rigging prices, actually raise prices. Subsidies to the farm sector prop up the sale price of wheat, for instance. Moreover, a mix of severance fees and ground value taxes socializing economic rent will stimulate competition amongst those who would use a given natural resource. Relatively inefficient producers will make way for more savvy enterprises once the unearned aspect of income is shut down.

I believe, then, that the abolition of subsidies and the institution of severance fees will reduce retail prices, unless the real costs of production are enormously underwritten by government. But then, of course, those subsidy funds are coming from taxes levied upon wages and interest one must presume. In exploring this theoretical tangent consider the instance of price supports given Mexican corn by the Mexican federal government. Those subsidies kept masa harina (corn meal) available to even the poor, true; but the social and economic context necessitating those subsidies were (and are) the abysmal wage levels in Mexico. The cause of those plutonic wages is considered in the review on the last page of this Quicksilver of *The Chiapas Rebellion - the struggle for land and democracy*, by Neil Harvey. The text chronicles the deliberate alienation of the peasantry from the very land necessary to sustain life! To telescope my argument, were even massive subsidies removed, if land values were socialized and thus the latino latifundias broken up, the relative price of corn might actually go down since wages would rise dramatically when freed from encumbering speculative rent.

In short, just as georgists declare that true free trade is contingent upon socialized land values, just so, I would declare, the socialization of land values and the remission of levies upon Wages and Interest will consistently result in lower retail prices and obviate the need for subsidies which benefit those currently impoverished.

F In conversation with others about free trade and the free market economy, it is enormously instructive to refer to California's failed attempt to deregulate the energy infrastructure. Californians unduly suffered this past year because of flaws in the protocol of the State-appointed board charged with over-seeing the purchase of energy by retailers such as PG & E. Retailers were obliged to buy energy on the spot-market, rather than by term contract. This restraint didn't provide for negotiation, obviously. It was meant, perhaps, to enable the over-sight board to easily detect if retailers were charging consumers at rates high above wholesale; but the result was to leave retailers and consumers vulnerable to energy-generation slow-downs. Public utility districts were not restrained from negotiating long-term contracts, in contrast, and their consumer constituencies did not experience the marked price hikes which other Californians did. Despite the restraints, the California experience was often described by politicians and the media as "deregulation," and so free-market economics received a black eye.

G There still exist rights of way in energy transmission, and these rights of way can be, and often are, monopolized.



## Attend these HGS Classes, Events and More!

•If justice, environmental issues, and economics could actually be reconciled that would be remarkable, yes? The Henry George School pledges to deliver a scientific (repeatable) analysis that unsettles precisely because it isn't dogmatic. Call today to learn when the next **The Fundamentals of Economics** class begins. (415) 543-4294.

•Sail San Francisco Bay with Henry George! George was a sailing man and when enrolled in **Days on the Bay with George** you are introduced not only to the fundamentals of economics, but to sailing skills as well. This is a three session excursion into the metaphysics of George's philosophy. \$50 for seven hours on the water!

•If you're enrolled at U.C. Berkeley or any other Bay Area university you can earn college credit at your school through Independent Study. Our curriculum is specially designed to introduce you to the role landownership plays in societal decision-making, and it will facilitate your making better sense of topics of interest to you. Call for details.

•Discover San Francisco's Big Idea on a walking tour of the city's historic downtown. You'll meet Henry George, Kate Kennedy, Sun Yat-sen and the curious gent Joshua Norton. What idea shakes 11 on the Richter Scale? Come and find out. Weekly walks. Call for day and time. 543-4294.

## Mother-Lode nuggets of truth from here and there Chiapas

For a number of reasons I recently picked up Neil Harvey's study of peasant unrest in the Chiapas region of Mexico. As a georgist, the title, **The Chiapas Rebellion - the struggle for land and democracy** (Duke University Press, 1998) clinched the matter as I (literally and figuratively) weighed which library books to lug home in my backpack. This book, I thought, will undoubtedly advance my appreciation for what is and has been going on "down there."

I put *down there* in parentheses because what is plain for anyone who will see is that, taking Chiapas as a study in contention over land, it is very much like our situation here in San Francisco. In short, "down there" is no further away than "right here." Those who hold title to land in San Francisco are reluctant to give up the rent-taking buffet which the city offers to real estate investors. And it is no different in Chiapas. But before moving there, consider this. According to Amit Ghosh, Chief of Comprehensive Planning for the City and County of San Francisco, the median Bay Area household income is \$61K, but the average San Francisco household takes in just \$35K, and it's here, in The City, that some of the highest land values in the region are to be found. And 70% of SF residents rent their home!

In short, a significant portion of relatively indigent households' incomes is co-opted by rent-takers right here in Bay Town. To state it that way — mentioning indigent households — is to divert attention away from land alienation as an institution, and simply to broadly heap opprobrium upon the rich for taking from the poor. The more intellectually consistent and morally sound way to speak it is this: the economic hardship of many San Franciscans, resulting as it does from inequality in access to land, will go on until land values are socialized.

There is a greater enjoyment of types of wealth here in San Francisco as compared within Chiapas, but mostly because there is more wealth, per capita, created here. The general distribution of that wealth is, on the other hand, little broader here than in Chiapas. When one considers the proportion of wealth owned by fifths of the population, then this becomes evident. Well over 70% of all → → →

## Quicksilver news and chatter from the

Henry George School

The mission of the Henry George School is to educate the public regarding the relationship between economics and social justice.

News, ideas, comments should be addressed to  
**Quicksilver, 55 New Montgomery, Suite 224, San Francisco, California 94105 415/543-4294**  
David Glesen, ed. <henrygeorgesf.org>

*The Earth is the  
Birthright of all People*

wealth in San Francisco is owned by the wealthiest 20% of the population. And then half of the remaining 25% of all wealth is owned by the next wealthiest 20% of the population, which leaves 60% of the population with about 12% of the wealth. Those proportions don't make Chiapas look so third world, do they? Or, we might say, those proportions make San Francisco look, structurally speaking, very much like a third world economy. There's more wealth here, but the distribution's not so different. Could a 21st century demographer put it any more succinctly or accurately than George: progress and poverty.

The wealth distribution is not so different. Neither, upon reflection, is how that distribution came to be.

Here's my understanding, through Harvey's book, of the historic post Spanish invasion land tenure dynamics of the Chiapas region of Mexico. After the military subjugation of Chiapas 1524-27, the Catholic Church claimed the land in order to command the souls of the indigenous people. The Spanish Crown followed the missionaries up with its own, non-missionary, appointed clergy who sought to divert Rent and Wages to the monarchy. (It is the missionary strain of the Church which has in recent years manifested Liberation Theology.) Furthermore, from the 1750s onwards the Crown attempted to establish a more centralized control of its 'New World' economy. The struggle between Church and Crown for the Indians' produce resulted, in Harvey's words, "excessive tribute" being extracted from the populace, and this matched with crop failures (whether due to climatological or farming practices, or a combination of these, or some other factor is not noted), prompted a peasant revolt in 1712.

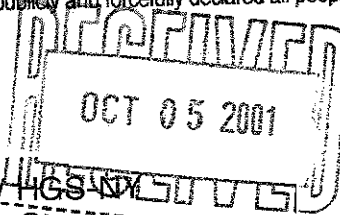
This first of post occupation uprisings was brutally quashed, and over the next 100 years the fierce men who were granted land titles by the Crown in exchange for policing the Chiapas region consolidated their local grip on politics. Indeed, The history of Chiapas from the 1820s is the story of the central government seeking to impose its political preeminence upon local strongmen. Both sides sought Rent and the Wages of the Indians, and both used vacant land as the quicksilver by which to extort the peasants. By Spanish law the Indians were to communally work *ejidos*, lands near their village church, but questionable land use techniques and a growing population compelled Indians to occupy land claimed by the *caciques*, the regional bosses. In short, the native population passed from being wards of the Church to being tenant farmers or serfs.

In attempting to regain political stature in Chiapas, the central government would open up new land for the Indians to occupy, but just as soon as the soil became productive, just that soon did the *caciques* annex that land. A native rebellion would ensue and the federal government would depend upon the strongmen to quell it. ... at the cost of granting title to the contended land to the very haciendistas who incited the rebellion!

In sum, the Catholic Church has historically served the vertical political and economic interests of first itself, and then the monarchy and later the central government; meanwhile, thuggish, thane-like bosses have sought to extend their influence laterally without obsequy to either Pope or Mexico City. And the peasants, with no unifying cry such as, "The Rent to the people!" have suffered grievously from beginning to end.

Still, as gut-chockingly vile as the Chiapas land grab has been, when the Anglo-American variety of cultural subjugation is compared with the Mexican sort, the Mexican experience stands tall! In the U.S. the individual reigns supreme, but alone — without the language permitted for class strength in resisting the depredations by the state and corporate interests upon the collective individual right to land. Here, the story goes, society consists of individual market sector consumers succeeding or failing because of their own merits or shortcomings, and with almost no sense of there existing exploitation by design of the economic system. And no church in the United States, not one, hails the spiritual and physical birthright of all people to the earth.

In contrast, largely denied the option of conspicuous consumption, the Mexican peasant is quite aware of the purposed alienation of a class, his class, of people from access to the earth. And as for spiritual integrity of the church, at least some members of the Catholic clergy have publicly and forcefully declared all peoples' right to the earth.



Vesa Nelson  
121 East 30th Street  
NYC 10016

