

The *Georgist Journal* is distributed to members of the **International Union for Land Value Taxation and Free Trade**, the **Council of Georgist Organizations** and the **Henry George Institute**.

✂

Objects of the **International Union for Land Value Taxation and Free Trade**, 212 Piccadilly, London, W1J 9HG, England: [[www.interunion.org.uk](http://www.interunion.org.uk)]

The objects of this organization shall be to stimulate in all countries a public opinion favourable to permanent peace and prosperity for all peoples, through the progressive removal of the basic economic causes of poverty and war, as these causes are demonstrated in the writings of Henry George. Specifically, towards the realization of these objects, the Union favours the raising of public revenues by public collection of the rental value of land apart from improvements and the abolition of taxes, tariffs or imposts that interfere with the free production and exchange of wealth.

✂

Statement of Purpose of the **Council of Georgist Organizations**, P.O. Box 57, Evanston, IL 60204, USA: [[www.progress.org/cgo](http://www.progress.org/cgo)]

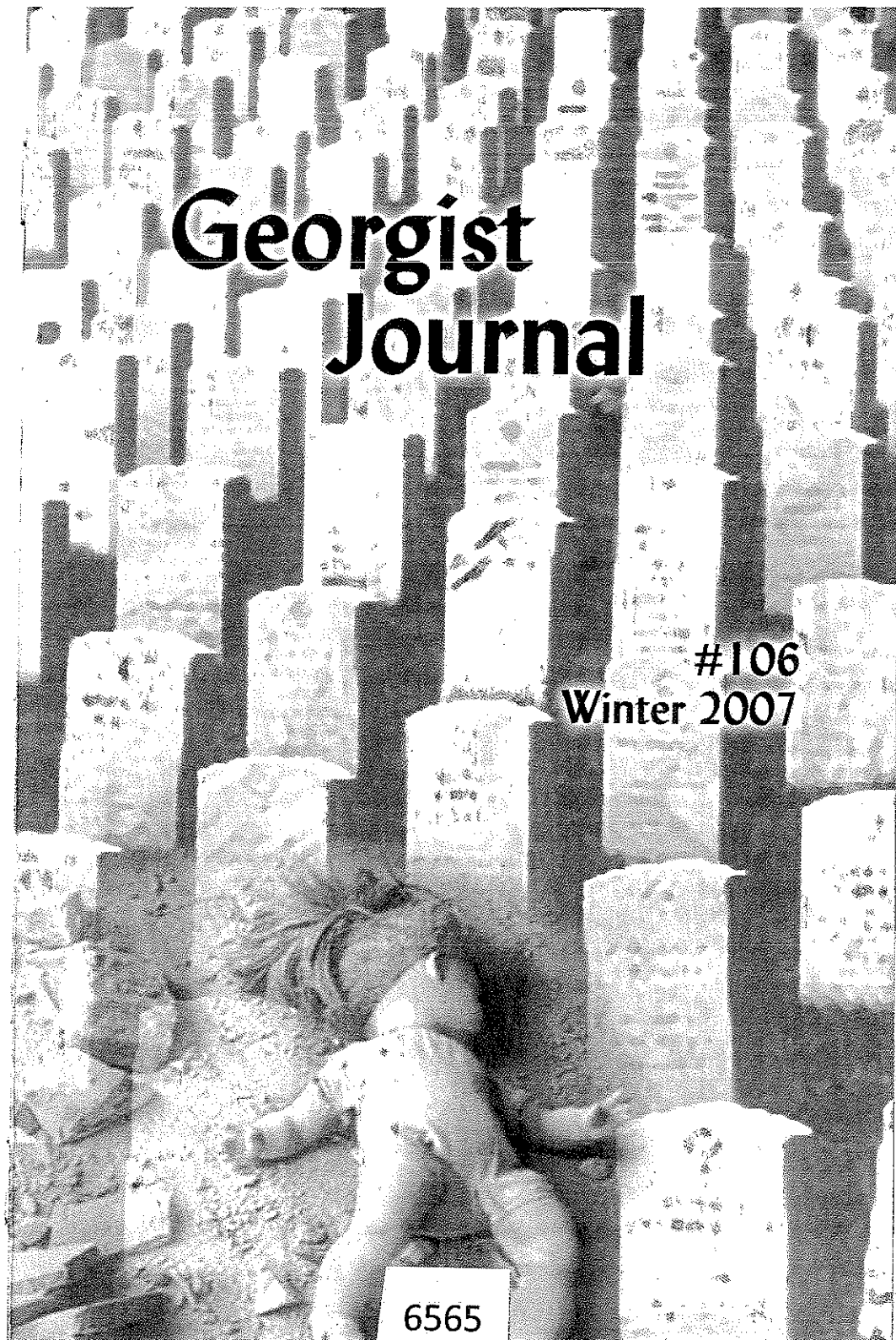
The mission of the Council of Georgist Organizations is to foster communication and cooperation among organizations teaching the philosophy of Henry George and working to bring about the reforms he advocated. Understanding land to include all of nature, to which all have an equal right to use but not abuse, the Council seeks to liberate the earth from monopoly, production from taxation, and humanity from poverty. On behalf of its members and affiliates, the Council sponsors an annual conference and maintains a directory of sympathetic organizations and individuals.

✂

Statement of Purpose of the **Henry George Institute**, 121 East 30th Street, New York, NY 10016, USA: [[www.henrygeorge.org](http://www.henrygeorge.org)]

In accordance with the philosophy of Henry George, the Henry George Institute holds that all persons have a right to the use of the earth and that all have a right to the fruits of their labor. To implement these rights it is proposed that the rent of land be taken by the community as public revenue, and that all taxes on labor and the fruits of labor be abolished. The Institute believes with George that "Liberty is justice and justice is the natural law," and that the social and economic ills besetting the world today are the result of non-conformance to natural law. The Institute pledges itself to bring this philosophy to the attention of the public by all suitable means.

*For information about joining, write to the respective organization.*





## With One Voice

by Lindy Davies

I don't usually use the "try this" headphones at the big record store, but a new album by Ramsey Lewis caught my eye — with upraised hands of many colors, on the cover — so I had a listen, and from the very start of the joyous processional, "Oh Happy Day," I was hooked. This CD of righteous Gospel music, with fine piano work by a jazz master, has brought me more sheer boogie-across-the-kitchen happiness than any I've heard in years. Lewis — a top-shelf jazz stylist for over four decades — joins the 60-voice choir of St. James Memorial A.M.E. Church in Chicago, and a joyful noise is made. In the big numbers, the full-throated choir trades licks with the piano, Hammond organ, the hardworking drum and an enormous, force-of-nature electric bass, further and further up to huge crescendos. These alternate with flowing, meditative piano interludes, during which one can palpably hear, between the wisely-spaced notes, the silence of that whole church full of people.

As good as this record is, it wouldn't be *Georgist Journal* material, if not for one song, which serves as a kind of touchstone for all the rest, and compelled me to "consider in the spirit" some of our familiar questions of economic justice. The song is called "Bless me (Prayer of Jabez)."

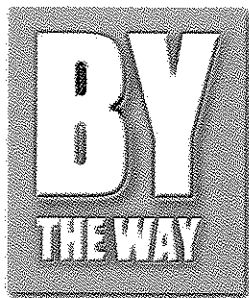
Its arrangement is lush; the choir introduces it with deep, grateful reverence — the first few bars of the song are deeply moving. It took me a few hearings to even care about the words: "Bless me — Bless me — Oh Lord, Bless me indeed, Enlarge — my territory!"

Now, what in the world is up with that? I found out that the Prayer of Jabez comes from 1 Chronicles 4:10: "Jabez called on the God of Israel, saying, 'Oh that you would bless me and enlarge my border, and that your hand might be with me, and that you would keep me from hurt and harm!' And God granted what he asked."

In 2000, *The Prayer of Jabez* was a best-selling book, by one Bruce Wilkinson. It was such a hit that it generated a spin-off campaign of ancillary "Jabez" items such as bracelets, shirts, posters, videos, etc. The Jabez prayer was touted as a talisman that would bring all manner of worldly goods to those who competently uttered it; it was, in Wilkinson's words, "the key to a life of extraordinary favor with God."

I found that a bit off-putting; it wasn't the sort of theological message I thought I was getting from this (in every other detail) incredibly beautiful musical offering. Nor did it seem to jibe with the message set forth in the rest of the songs, resounding as they did with community, solidarity and love in the face of suffering: the message of liberation in the black gospel tradition.

(continued on page 39)



## Georgist Journal



Number 106

Winter 2007

Usually our cover offers some sort of topical reflection of major themes dealt with in that issue. Not so, this time — the cover merely reminds us that war grinds on, shattering lives and accomplishing nothing. War is certainly a Georgist issue — indeed, in some ways, war is *the* Georgist issue. In a just, prosperous society, affording ample opportunity for everyone, wouldn't the underlying cause of war be removed? Wouldn't our weapons either be beaten into plowshares, or displayed in museums as historical curiosities?

I happened to hear a recent radio interview with Thich Nhat Hanh, who said that war is caused by "wrong perception." At first glance that seemed naïve — but the more I thought about it, the truer it seemed. In fact, I think we can demonstrate the truth of that, even without venturing into controversial areas of foreign policy. If we can assume that human beings are capable, at the very least, of acting rationally on the information they have, then we must admit that making war is a desperate act. It is undertaken in the belief that the consequences of making war — which are always disastrous — will be *better* than the consequences of not doing so. But — has war ever made anything better, even for the victor? It may have seemed to, sometimes, for imperial powers, in the short term. But, *Latifundia perdidere Italiam*. War has never been the right choice; it has never yielded a better outcome than peace. The notion that it might do so is indeed a wrong perception.

I know no more of Thich Nhat Hanh than what I heard in this interview, but what I heard made a lot of sense. He suggested more and better listening. People who have a grievance, who believe that they have been victims of injustice, he said, should be invited to speak aloud in public, and be listened to (not "dialogued with," critiqued or criticized, mind you, but listened to). I think that's a very good idea.

Perhaps there's a lesson there for us, too — we who have so much to say. We're always frustrated that nobody is willing to listen to us. But are *we*

## By the Way: With One Voice

"Pass Me Not," for instance, begins with Ramsey Lewis playing a solo, folksy rendition of the old melody, and then powers up, by degrees, to a choral performance with energy enough to light Times Square. Lewis's featured piano skillfully calls-and-responds the choir up and up, to dizzy heights — it's impossible not to dance to this. Yet the power of the song is in the singer's *need*: if the Savior *does* pass me by, I will be utterly forsaken.

There can be no doubt that the other two "big" numbers, "God Can Work It Out" and "Healed Heart," also draw righteous power from tough, hard times. The things that lead singer Smokie Norful asks the Lord to work out aren't minor workday problems; they are the challenges found in darkest hours, when one is as alone as Jesus was, when we mistrust even ourselves. Similarly, "Healed Heart" (sung by Darius Brooks) is a gut-wrenching celebration of friendship in need: "The heart can be healed, if you have all the pieces/ Many have won, and you're not alone... / Trust me, you're not this far from home." The song doesn't mention God at all — yet it celebrates the Divine found in friendship, when all seems lost.

So, perhaps what struck me as naked acquisitiveness in the "Prayer of Jabez" should be seen in the light of the "the preferential option for the poor." Perhaps the singer of these gospel songs has earned, through enduring every injustice and misfortune, a chance at winning a bigger piece of the pie, and does not feel ashamed to pray for it.

However, there is a deeper, and better-grounded rightness to this prayer. Jabez, after all, made his request in the context of the Old Testament, in which "territory" was not granted (as it is today) to the greedy, the ambitious, to those who disdain the Law by working on the Sabbath, or seizing their neighbor's fields. Territory was granted to — and held by — the righteous. The Lord granted Jabez's request, and kept him from hurt and harm, because he had followed the Law, and therefore had every right to prosper.

Here, then, is a lesson that brings us right back to the Georgist message! For is not prosperity the natural result of a just society? My initial reaction to that song — feeling outraged that people would have the nerve to pray, actually *pray*, for material increase — shows how I had internalized the notion that material success is somehow wrong. But it's not material success that's wrong, is it? It's injustice. It's deriving success from denying opportunity to others. In the just world that we are trying to build, one need not be ashamed of wanting — or having — success. It would be a measure of what one had earned, which is what I now hear that singer asking for: "Bless me, indeed..."

In the meantime, I suggest you pick up a copy of Ramsey Lewis's *With One Voice*, on the Narada jazz label. You'll boogie across the kitchen, I guarantee it.

listening enough? It's possible to be so busy saying what you have to say that you might even *be* heard — and not realize it. That can happen sometimes. You might miss it. How often have you heard someone report on a conversation — from only one side?

"I told her, blah, de blah, de blah..."

"That's interesting. How did she respond to what you told her?"

"Huh?"

This issue of the *Georgist Journal* explores a wide variety of perspectives on that crazy little thing we call the land question. I hope you'll find many of them worth a listen.

## HGI News

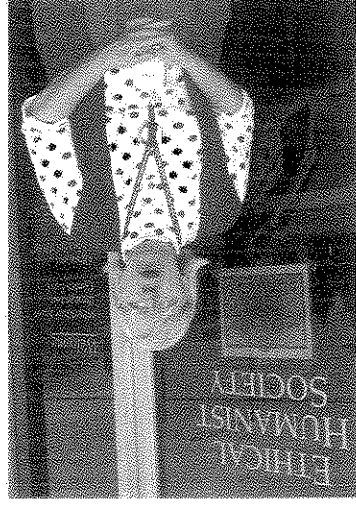
In a very close election for Board of Directors this year, Mike Curtis and Mark Sullivan were re-elected, and newcomers Dayton Toney Loyd and Gordon Abtama were elected to the

Board. Special congratulations to those two stalwart volunteers, both of whom have worked tirelessly to further the Georgist cause — welcome aboard!

The Henry George Institute's '06 membership drive didn't set the world on fire, but yielded decent results. A total of 47 contributors sent in \$2,360 more than their regular dues — and none of them was over \$200, so participation this year was quite broad. Thanks to everyone — and if we owe you a membership card or a premium, don't hesitate to let us know!

We enrolled 122 students in 2006, and had 36 completions. Our volunteer faculty still has time and energy to handle more students! And there are various opportunities for volunteer service, such as recruiting new students, contacting lapsed students, and doing online outreach. There's a huge market out there, and the HGI is poised to grow! And if you haven't

visited us on the web recently, please do stop by [www.henrygeorge.org](http://www.henrygeorge.org), [www.truefreetrade.org](http://www.truefreetrade.org), [www.politicalconomy.org](http://www.politicalconomy.org), or [www.landreform.org](http://www.landreform.org);



**CORRECTIONS:** In our last issue, there was a picture of a woman seeming to "derive power" from "The Bean" (a.k.a. Cloud Gate) in Chicago. We identified her as Sue Walton, but it wasn't Sue. Here she is, standing in front of one of the true sources of her incredible energy!

Also: *Mart & Sophie's last name is Frandsen (not Welland), and Bob Drake is the Education Director of the Chicago HGS, not the President. Sorry!*

## Charging for Common Land

(continued from page 9)

affecting that right is only a necessary limitation upon that right so that the right remains equal.

The requirements of joint rights (that is, public ownership), Mr. George argues, displaces the emphasis from the enjoyment of the right to use land to the limitations upon its use. Restriction is given pride of place over freedom. Georgists who would use a congestion charge do just that. They set a condition, a payment, *before* one may use common land. That pre-condition may very well prevent the exercise of an inalienable right, and turn ordinary people into trespassers, when all that government is entitled to do is to place necessary limits upon the use of common land *while it is being used*, to ensure that the right to use it remains as far as possible equal.



## Letter from Nicaragua

(continued from page 11)

is already experiencing increased positive results and perceiving growing opportunities. For example, the new Director of the state-run water company led Nicaragua's most outspoken consumer interest lobby! It is as if George Bush appointed Ralph Nader as the head of the EPA! The fact that the Señora Herrera has been a cordial ally of the IHG over the last few years strikes an all the more optimistic note for us. She has offered to receive members of our group to assist them in sending the IHG tax reform proposal to the national Congress.

Another good sign is that the IHG's first CE course of the year filled up to over capacity (86), and the phone kept ringing three days after the course started. It seems that people are starting to allow themselves to feel the possibility of real change. Our only concern would be that the Sandinista government may miss the boat and fall into some of the same traps which alienated the private sector and seriously eroded the national economy (including astronomical inflation). But those concerns are in the background because, in fact, 1) we are not back in the 1980's with the US government mining Nicaraguan harbors, blowing up bridges and health clinics and promoting guerrilla war against Nicaragua; 2) Nicaragua is now part of the growing political-economic bloc of governments which offers support for reasonable reform initiatives, and 3) the new Sandinista government seems to have learned humility and practical wisdom in the process of losing three presidential elections over the years.

So, though you still have to be on the lookout for missing manhole covers, there is real reason to be optimistic, and we feel a sense of urgency to move ahead with the planned expanded activities of the IHG project to take advantage of what seems to be a window of opportunity in Nicaragua.



# Contents

Winter 2007

UN-Habitat Launches Global Land Tool Network — <i>Alanna Hartzok</i>	4
LVT and Property Values — <i>Dan Sullivan</i>	6
Charging for Common Land — <i>Richard Giles</i>	8
Letter from Nicaragua — <i>Paul Martin</i>	10
Pop Dread and Corn Pone Opinions — <i>Dan Sullivan</i>	12
Benefits of Military Spending — <i>Dr. Polly Cleveland</i>	16
Land Booms and Peace Dividends — <i>Mason Gaffney</i>	18
Seattle, Real and Feigned — <i>Lindy Davies</i>	24
Henry George's Letter at the Funeral of Karl Marx — <i>Bruce Oatman</i>	28
<i>Ricardo's Law</i> — Review by <i>Ed Dodson</i>	30
Blight and Bloom in Brooklyn — <i>Common Ground NYC</i>	33
By the Way: With One Voice — <i>Lindy Davies</i>	40

**The typical Georgist** is a layman rather than an expert. He is the citizen George speaks of who must think about political economy, rather than an expert in economics. A Georgist is more concerned with the ethical implications of political acts affecting economic life than with abstract economics or technical economic data. For him economics is a means to a moral end.

— Robert Clancy

*The Georgist Journal* (ISSN 0887-6290), published by the Henry George Institute, 121 East 30th Street, New York, NY 10016, USA. Lindrith Davies, Editor. Readers are invited to submit suitable items.

Email: [lindy@henrygeorge.org](mailto:lindy@henrygeorge.org)

*Views expressed in signed articles are the authors' own, and do not necessarily represent those of the Henry George Institute.*

## UN-Habitat Launches Global Land Tool Network

The Land Value Tax/Capture (LVT/C) Project, under the aegis of the United Nations Habitat *Global Land Tool Network*, is underway! Twelve years of persistent work of the United Nations NGO Representatives for the International Union for Land Value Taxation and Free Trade have proved to be well worthwhile. The door is now open for acceptance and implementation of land value tax worldwide via our now formal working relationship with UN Habitat.

The eight-page contract of *Global Land Tool Network* has this beautiful paragraph at the end of the first section:

*The natural world is rightfully the common property of all persons, and therefore the LVT is not really a tax, but simply the collection of rent (a user fee) on behalf of the community. For eight thousand years worldwide, LVT has been the primary basis for producing public revenue and is easy for people to understand. LVT is the appropriate instrument for the urgent fight against global inequity and poverty.*

UN Habitat is responsible for Goal 7 of the Millennium Development Goals (MDGs) to, by 2020, 1) Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources; 2) Reduce by half the proportion of people without sustainable access to safe drinking water; 3) Achieve significant improvement in lives of at least 100 million slum dwellers.

Also, the Millennium Development Goal on empowerment of women, which has been expanded to include women's property rights, requires the gendering of tools.

A GLTN Advisory Group of thirty-four Geogist experts have committed to work on the LVT/C project. The team of UN NGO Representatives for the International Union will have much to contribute as well. Geogist organizations and individuals worldwide are welcome to add to the success of this project.

Our reform proposal is explicitly endorsed in a number of seminal UN-Habitat documents. The "Access to Land" section of the HABITAT II Action Agenda recommends land-based taxes and "the adoption of innovative instruments that capture gains in land value and recover public investments." The section ends with "Sound LVT/C policies create incentives for substantial improvement in the housing stock, provides the basis for self-financing cities, enables the benefits of the market system, and secures a fair distribution of wealth."

We plan to establish a capacity-building program, seeking to enable

## Land Booms & Peace Dividends

(continued from page 23)

rise, holding down land prices. Meanwhile, new urbanization calls for much more local spending, paid by local property taxes.

L. 1919. Treaty of Versailles launches era of intense reaction to war. Mutual disarmament treaties all around. Taxes fall sharply. US taxes fall more than European taxes, because the US had been more influenced by the philosophy of paying for WWI from current revenues, rather than debt. US land values skyrocket — until softening in 1927, and crashing with stocks in 1929.

LI. 1945. When World War II ends, land values in the US lag rising rents for a while. A pessimistic generation sets the mood. The 1950 Korean War, and ensuing cold war, keep taxes up and dampen land values, which recover only slowly. 1965-73, Vietnam war depresses spirits, maintains taxes, depresses land values. Oil shocks transfer rents from most of the US to oil states, and other nations. 1979, Volcker revolution spikes interest rates, damps land boom.

LI. 1945-90. Defeated Japan outlaws military spending. Its economy thrives under a US military umbrella, with low taxes; Japanese land values rise to be the highest in the world. Land values rise throughout southeast Asia.

LI. 1981. Reagan revolution and collapse of USSR kick off peace dividend, finally. Lower tax rates and crowing triumphalism replace balance and moderation. Major shift of tax burden from property to labor. Growing national debt rendered less visible, as Republicans switch to favoring deficit finance. Sharp land boom, marked by a pause and setback around 1990.

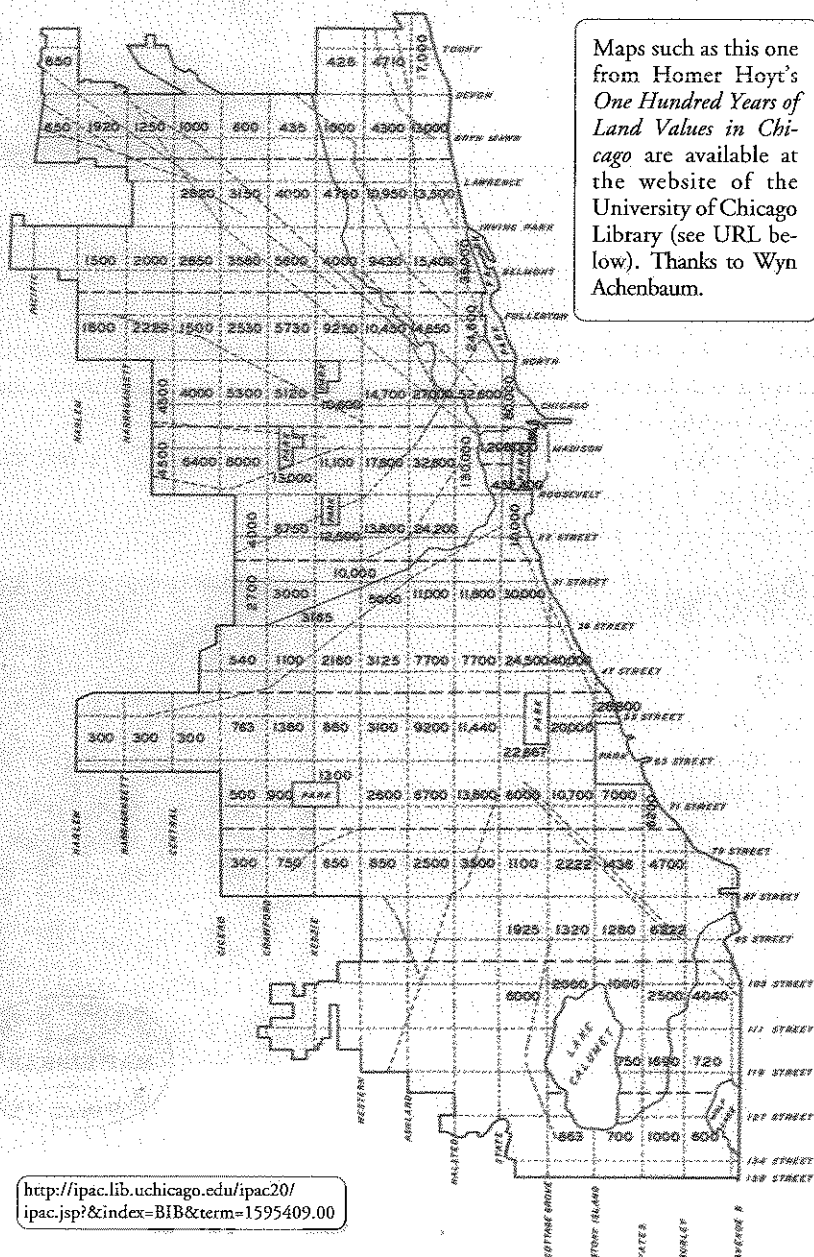
LI. 1993-2001. Clinton raises taxes to start paying down national debt, and turn capital flow back into private sector ("reverse crowding-out"). Holds down land boom, although stocks boom.

LI. 2001-present. US *rentier* class firmly in power. Lower taxes on property income; huge national debt and trade deficits are shrugged off. Stocks fall, but not to 1990 levels, while the mother of all land booms grips the nation. **Consider this possibility:** Peaces do not last, because they lead to booms followed by busts. Nations struggling to recover from busts turn to imperialism, and/or defense against the imperialism of others. The buildup of the Axis Powers in the 1930s is a prime example, near enough to be remembered vividly.

The challenge for economists, of course, is to show how to make peace work. By "work" I refer to more than "prosperity" in the Hoover sense, to full employment with high wages and less division into classes.

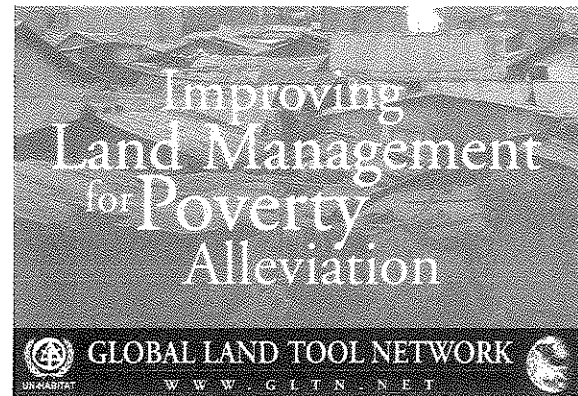
# MAP OF CHICAGO -SHOWING- LAND VALUES - 1910

AVERAGE VALUES FOR 960 ACRE TRACTS IN DOLLARS PER ACRE  
SOURCE: GEORGE C. OLCOTT'S LAND VALUE MAPS OF CHICAGO-1910



implementation of the UN-HABITAT 1996 Action Agenda recommendations for land value capture and land based tax policy. The training material will be available via the Internet, and will be geared toward public officials, NGO and grassroots leaders, and others who are committed to ensuring access to land for affordable shelter for all.

The training will focus in particular on the capture of land value for public revenue and the land tools that are crucial to the successful implementation of this policy, such as land assessments, cadastral systems, and land registration. We will document and disseminate existing best practices and lessons learned on LVT/C, and develop a curriculum for a short Internet based course on implementing LVT/C. The online home of this effort will be the GLTN website at [www.glt.net](http://www.glt.net).



The project, which will have to deal with advising emerging market economies having little or no experience with sophisticated cadastral systems, must address such questions as:

1. Where has LVT been implemented so far and what are the results?
2. How does a council with limited resources assess land values?
3. How would LVT be implemented in a small community with limited resources and what are the barriers?
4. How is it best managed to tax existing landowners who have not been taxed in the past?
5. Given that land tax can be imposed on the poor, how is that best managed without causing market evictions?
6. What is the way forward if there is no valuation process in place in the country?

The UN Habitat GLTN Land Value Taxation/Capture Project will be directed and coordinated by Alanna Hartzok. A grant of \$20,000 has been provided for this work, which will be administered by Earth Rights Institute, a US-based non-profit organization co-directed by Hartzok and Anne Goeke, both UN NGO Representatives for the International Union for Land Value Taxation and Free Trade. Earth Rights Institute is also a member organization of the IU. For further information or if you would like to be involved with this project please contact Alanna Hartzok at [earthrts@pa.net](mailto:earthrts@pa.net).

## LVT and Property Values

by Dan Sullivan

There has recently been a long and rambling discussion over whether land values would fall if land were taxed heavily. It's probably worth noting that there are some statements on this topic that we can make with assurance. Basically there are three manifestations of land value that differ from one another in important ways: Land price, gross rent, and net or realized rent.

Land price is the most volatile. It is primarily affected by a speculative projection of future rents that the landowner expects to enjoy for himself, but it is also affected by the amount of money and credit available for purchasing land. Aside from how a change in tax policy would affect land price, it jumps up when interest rates go down and when credit policies are more liberal. It falls when interest rates go up.

**Net or realized rent** is rent collected by landlords, as well as imputed rent enjoyed by owner-occupants.

**Gross rent** includes rental value of land that is held out of use, calculated at its highest and best use.

Assuming a stable monetary and credit system (which makes this discussion hypothetical), the most dramatic effect of an increase in land value taxes (or site rents, or whatever you want to call it), would be a deflation of land prices. This is because land prices are the most speculative, and are the most affected by monopolization of land. As vacant and underused land comes onto the market, land prices would fall.

We have seen from the Pennsylvania cities that it does not take a big shift in land tax to bring land onto the market. Anyone who finds himself short of funds will put his vacant land on the market, and any vacant land that is not expected to appreciate by more than the tax will also come onto the market.

When the taxes are implemented gradually, and only in particular localities, as is the case in Pennsylvania, a land price drop is not observable. This is because the cities either reduced another tax, increased spending, or improved their solvency. All of these changes attract development that might have gone to other areas. While land prices in those other areas might have suffered from losing business to these cities, there is no way to measure that phenomenon from Pennsylvania information. Any place other than an island nation will get an immigration effect when it shifts to land value tax, and even an island nation will see an inflow of development funds after a major shift. This prevents empirical data from showing what would happen if a very large country went to land value tax, or if the whole world did.

In any case, once most of the grossly underused land had come onto the market, further shifts from other taxes to land value tax would have

— meaning, NYC would have us think that this 3-story walkup apartment building is worth over a million and a half dollars! Either Red Hook is loaded with historic landmarks, or building owners (and their tenants!) are getting soaked with taxes on land value gains.

### 189 E 191 Smith Street

Here are two commercially-zoned parcels. The lot at 189 is 25 x 80; the building is 25 x 55. The '06 "market value" figure is \$104,000. The building is a tear-down, so we'll assume a per-square-foot value for the entire MV, at \$52.



Next door at 191 Smith, the lot is 50 x 100. Hard to figure how the 50 x 90 building qualifies as having two stories, but it is listed as such. The city's MV was \$236,000 in '06. If, however one were to take the sensible step of adding this lot to the one next door, one would get a sweet 75 x 80 corner lot, with a bit left over in the back. So figure this building is a tear-down too; that means the city rates the PSF value is about \$47.

Meanwhile: a nearby vacant lot, at 398 Bond Street, 25 x 60, sold in November, 2005 for \$390 per square foot.

(C)

**New!** Here is an important new 56-page booklet



by one of the world's great scholars on land rent and its role in civic life. If you're one of those who long to cite more hard evidence of success, then you need to get this booklet! Mason Gaffney details the brilliant success of New York City's policy of taxing land value only on new construction in the 1920s. He goes on to survey the many cities that prospered and grew under single-tax influenced administrations in the first decades of the 20th century. Fully documented with census figures and an extensive bibliography, this is must reading for those who want to make the case that Georgist reform has been tried, has succeeded, and is relevant to today's urban problems. The price is only \$6.00 — and you can order a copy online — just click on the "bookstore" at [www.schalkebach.org](http://www.schalkebach.org).

left with a per-square-foot land value in this neighborhood of \$388 — full order of magnitude greater than the value given for the lot pictured here.

### 335 DeGraw Street

The dimensions of this parcel (40 x 100) are a bit hard to figure out. The 40 foot side is on Smith St.; the 100 ft. side is on DeGraw and includes the 2-story house and garage, and the garden that occupies the corner section of the lot.



Because this is a Class 1 (small residential) property, assessments are based on comparable sales, of which there have been many in this neighborhood; the city said this parcel's market value for '06 was \$1,445,000. The property tax bill for '06 was \$5,391.

Right around the corner at 348 Sackett St., a similar Class 1 parcel sold for \$1,260,000 in December, 2005. It had a three-story building on a 20 x 100 lot. Its 2006 property tax bill was \$2,274, or 0.18% of the selling price.

There's a bit more to the story here, which points out the unfairness that's built into the tax system. Class 1 properties (buildings housing up to three families) account for over two-thirds of New York City's parcels — but less than one per cent of them (6,177) are in Manhattan. Unlike zoning classifications, the tax class simply refers to the current use of the building; a class 1 parcel becomes a class 2 parcel as soon as a bigger building gets built on it. This potential places a huge premium on the value of class 1 parcels in Manhattan — but, they are subject to the same "tax relief" offered to small homeowners in the outer boroughs: the property tax bill is applied to only 6% of the "market value", as opposed to 45% for all the other classes.



**360 Smith Street** We're at the corner of Smith St. and 2nd Place. There's a 10 x 10 newsstand on the corner; the lot is 82 x 114. In 2006 the city said the land value was \$255,000, approximately \$27 per square foot. Do you suppose the newsstand's rent covered the \$11,518 this parcel was charged in taxes this year?

The 16 x 100 lot next door at 125 2nd Pl. — Class 1 — is currently valued by the city at \$1,598,000, but its land is only supposed to be worth \$108,000. This land ought to be worth less per square foot than the large corner lot. But let's give them the benefit of the doubt and say it is the same PSF; that would make the land worth \$43,200

very little effect on land price, because the removal of the other taxes would make the land more attractive and more productive, which would raise prices, while the higher land tax would make it less attractive — but without making it less productive.

Gross rent would be affected by two conflicting tendencies. Without LVT, rents are driven up by the artificial scarcity of land. As the best land comes into use, the worst land falls out of use. Because the rent of better land is related to its advantages over the cheapest land in use, rent will fall because the cheapest land in use will be better land than it was before the LVT shift. That tendency, however, is offset by the elimination of taxes tied to productivity. The rental value of lands that are spectacularly productive is held down by taxes that penalize productivity. Because these high-productivity lands generate a lot of sales and income taxes when fully used, and because these sales and income taxes come out of profits, less rent is offered for the most productive locations. The removal of those taxes will increase rents on the best sites.

As a result, the advantage differential between the best and worst land in use could go up, even though the worst land in use under a land tax is much better than the worst land in use in the pre-LVT situation had been. I cannot say with even slight confidence which factor will be stronger, because these opposite influences interplay so much with complex human behavior as to prevent quantitative analysis. In other words, while land prices will definitely go down, gross rent could go up *or* down.

Net rent, on the other hand, will go up, because net rent does not include rent that is frittered away from disuse or underuse of land. Eliminating that underuse eliminates gross rent — but not net rent. Only the rising of the margin eliminates net rent. As the best land comes into use at high rents, and the land that goes out of use was the worst and lowest-rent land anyhow, the net effect has got to be an increase in rents realized.

The situation would also lead to a great increase in productivity and efficiency, which would also increase net rents more than gross rents.

So far, however, I have only spoken in the context of replacing other taxes with land value tax or site rents. I have not spoken of collecting land rents and giving per capita dividends. I like the dividends from a justice perspective, and I think they also have merit as a popular measure. However, I do not believe that dividends would increase net rents unless we are talking about a small community that uses dividends to attract people from the outside. Even then, dividends will not attract the most productive people — as tax cuts would — and would not have as much of a rent-increasing effect as tax cuts would have. Is that a good thing or a bad thing? It probably depends on whether you are asking a landlord, a tenant, or an owner-occupant.



# Charging for Common Land

by Richard Giles

**T**raditionally, common land has been regarded as free for everyone to use. Now, tolls, and/or congestion charges, are operating on many roads, beaches, beauty spots and national parks throughout the world. Some Georgists agree with such charges and argue that they are forms of land value taxation. Congestion charges are thus justified as Georgist.

This brief article is concerned to argue solely that congestion charges have no Georgist foundation. Moreover it deals solely with the philosophical basis for that view\*.

## Theoretical Foundations of 'Congestion Charges'

The chief way charges on common land are legitimised is by the contention that all land is owned by the public.

Charges must be founded upon 'property rights'. Exchange of anything necessitates that the thing exchanged must first be owned. If it is not owned then no one is entitled to exact a charge for it.

Hence it is argued that congestion charges are legitimised by the fact that all land is owned by the public. As one proponent wrote, "Land surface needs to be renewed and allocated by price." But if common land is not owned, it may not be priced. Henry George argues against the public ownership of land in *A Perplexed Philosopher* (Bk. I Ch. IV). Mr. George argues that joint rights in land leads to absurdity. For joint rights, like a joint bank account, require that all those with joint rights agree before anything may be used. In the case of land that is clearly an impossibility.

This view that land is not publicly owned is confirmed by his claim that land is not produced and is thus costless. As such it is not wealth, and not capable of being owned. Land in fact is the "reservoir" from which wealth is drawn by labour.

However, there is another argument for charges on common land that does not seem to require the assertion of public ownership. It postulates that *merely living* asserts an exclusive use of land. Thus, any charge on common land equalises its use with other uses. This preserves equal rights in the use of common land, while ensuring that it is used by those who most need it, and will use it most productively.

In my view here the term *exclusive use* gains its credibility by confusing two senses of the one term. It implies that the exclusive use in a legal sense

\*The inconsistencies in the case and dangers in any universal use of charges on common land, including the dangers to the 'single tax' itself, I have dealt with in a 32-page booklet called *The Theory of Charges on Common Land*.

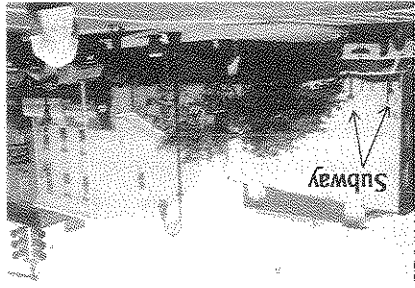
# Blight and Bloom in Brooklyn

An intrepid group of Henry George School alumni have organized as a chapter of Common Ground-USA, and are working on a project to make some sense of New York City's real estate assessment and tax system. One of them, Dr. Mirella Landriscina, a new Ph.D., sought affordable housing in Brooklyn's Red Hook neighborhood — and found some intriguing development patterns. Once a center for shipping, Red Hook (now called "Carroll Gardens" by some) was one of the city's most blighted, crime-ridden neighborhoods — but recently the area has seen an influx of young professionals. Neighborhoods in transition, like this one, yield a trove of mindbending assessment weirdness.

## "Smith Street"

This is a 25 x 55 vacant lot at the corner of Smith and Warren; no street address is listed in the assessment rolls. Notice the friendly green globes of the adjacent subway station. The city says the land value is \$44,700, or \$32.50 per square foot. Current tax bill is \$1,908.

The 3-story building next door is 178 Smith. It's built on the same size lot. The city tells us that the parcel's market value is \$209,000, of which the land accounts for \$73,900 — much more than the corner lot next door! The "market value" has gone up by \$54,000 since 2004 — economically a rise in land value, for the building has not changed. The burden is transferred to the building, however; NYC says that land value has increased by only \$24K. Its current property tax bill is \$6,088.



## 62 Butler Street

Here is a single-story dining/drinking establishment. The building covers the entire 25 x 60 lot. The city tells us that the land value per square foot is \$38.76; total market value is \$156,000. Between '04 and '06 NYC says the land value *dropped* by about \$2K, while the building value increased by 39,880! (Due to its distinctive architecture? Its landmark status?)

Oddly, a nearby one-story garage, at 303 Bond Street, sold in April, 2006 for one and a half million dollars. The lot was a bit larger (48 x 75) but it was not on a corner. For this kind of money, the value of the one-story building is negligible. If we allow a generous \$100,000 for removing it, we're


Harrison briefly reviews key indicators of individual well-being to show that the United States has failed an even greater portion of its people than have the other industrialized nations — and the depth of failure is increasing. He asks Americans to examine the fundamental values on which our society exists:

*In the 1960s, something started to go seriously wrong. The nation's state of happiness did not improve alongside the aggregate increase in material prosperity. Why? Was this not offensive to the constitution of America?*

Even during times of near “full employment”, millions of families remained impoverished. What went wrong in the 1960s, in part, was the acceptance of ongoing borrowing from the wealthy in lieu of asking them to contribute proportionately to the costs of public spending. The changes in tax law advanced by the Bush administration and the Republican majority Congress have orchestrated the largest transfer of tax burden in US history, while pulling Federal debt to a level that would cause panic in any other nation in the world. Fred Harrison reminds American readers that “...if the US government wishes to balance its books by 2040, on present policies it must either cut total federal spending by 60% or raise federal taxes by 200%.”

It remains to be seen what, if any, measures the incoming Congress, and the new administration in 2008, will take to prevent collapse of the US financial system and economy. Fred Harrison sees no hope without truly radical reform. Society must establish what it has resisted for so long: measures that achieve justice in the realm of property. The public collection of rent ought to replace taxation of the goods we produce and the services we provide to one another. Not only is this just, argues Harrison, but achieves the highest level of economic efficiency. Given the state of the world, urgency would seem to demand immediate change. Harrison is a bit less demanding:

*I am not arguing for the abolition of all taxes tomorrow. A few may be retained, but they need to be renegotiated. The rules regulating their use need to be carefully framed to rebalance the distribution of power between the individual, civil society and the state... Tax reform is necessary because the state converts much of its revenue into an asset that is handed over to those who have financial claims to land (these include banks and mortgage institutions). If we are to abolish this inequity, people themselves must initiate the action that leads to the democratization of their public finances. They need to specify what, precisely, they regard as “the common good”, and how this can be delivered.*

Once again, Fred Harrison has issued a powerful salvo. His voice must be joined by many others. Privilege is a powerful enemy, strengthened by ignorance and despair. We shall see if *Ricardo's Law* provides the spark to re-light the torch of liberty carried by Paine, then lifted high by Henry George, only to fall to the ground — where it has rested for far too long. 

stems from the mere physical occupation of space. At the moment ‘exclusive use’ in the mere physical sense of the occupation of space does not imply an exclusive use in a legal sense.

This would require the passage of legislation identifying the mere occupation of space as its exclusive use in a legal sense, equivalent to the holding of a private title. This legislation would virtually privatise all common land. It would also require legislation that effectively dealt with the enormous tasks of measuring the value of any space that anyone at any time was using, and collecting and enforcing such payments.

Those who hold this view must convince the vast majority of mankind, who use common land without any sense of having any exclusive use of it, that they are wrong.

Of course the same sort of problems really plague any idea that the use of common land really amounts to some kind of informal leasehold, such as the contention that the use of “pre-emptive capital” (like surfboards, motor boats, or four wheel drives) should be charged.

## Reverting to Principle

I believe, however, that when we follow the advice of Henry George and “revert to principle”, that the foundations for congestion charges disappear.

Georgism begins with the Golden Rule, as declared by Thomas Jefferson, that all men are created equal in natural rights, and that the purpose of government is to secure those inalienable rights for everyone. A careful look at *A Perplexed Philosopher* shows that Mr. George argued just that: that each has a fundamental or inalienable right to the use of land, and that government may not interfere with that right. All that it may do is to adjust the use of land so that each retains an equal right to use it.

The ‘single tax’ is but one application of those principles. It is a principle that may adjust the conflicting claims of more than one individual to the exclusive use of the same piece of land. Mr. George, however, in the chapter noted above, gives us (in the use of the gentlemen’s club) another way of adjusting more temporary ‘conflicts’ over the use of land, and that is the use of good manners and conventions premised upon the acknowledgement by the parties of their “co-equal” (not exclusive) right to the use of common land.

The observation of these few conventions and rules allow virtual freedom of movement on common land, even if that land is being used by some hundreds of people. If this common right to the use of land does not exist on roads, in parks, and on beaches, then where does The Commons exist?

Mr. George stresses that the right is fundamental; it is the right that really matters. Any justifiable regulation or convention *(continued on page 38)*

## Letter from Nicaragua

by Paul Martin

the daily struggle that George writes about in the last chapters of *Progress and Poverty*, wherein he warns against

the inadequacy of the facade of political democracy wherever the distribution of wealth is unjust, we all must have our observations of the absurd twists of reality which are children of such a system.

Our *Comprender La Economía* course, which was to officially start on

September 1<sup>st</sup>, had to be pushed forward to the next week due to announced

electricity rationing for that week at the hour of our class. The next week, our

Friday class was cut short in the middle by an unscheduled power cut. The

same happened twice during the next week. At this stage, we are hoping to be

able to complete the last classes of the course this coming week.

As I begin translating Bob Drake's version of *Per* to Spanish for use in

the course here, I have reached the part in George's prologue where he says

that political democracy without economic opportunity will lead to anarchy

and despotism. I guess I don't need to tell

you who live in the USA about that, but

down here, it seems to me to be like living

in an accelerated movie on the subject, as

if there were people behind the scenes daily

working on new ways to demonstrate this

principle. For instance, when the priva-

tized power companies decide to turn off

the electricity, everything on the grid goes

off, including street lamps and traffic

lights. When that happens, rarely are there

police to direct traffic in the day; at night,

never. Friday night, as I was driving back

from the class, I witnessed a near accident

at an intersection which was a direct result

of this situation. It is also a miracle that people don't routinely drive into the

many open manholes — they are often stolen to be sold as scrap, and not

replaced by the government. Private cars (touted as a flagship sign of

"progress") clog the narrow streets, while the bus system degenerates. People

buy their own generators, if they can afford to. The water cut-offs, suppos-

edly a result of the power shortages, but probably also a strategy to soften up

the population to accept the privatization of the water supply, are also

turning potable water into a highly valuable private commodity. Everyone

needs to store water to guard against a sudden cut-off (in the poorer areas,



cises a corrosive effect because the public tends to defer to the authority of the experts. The outcome is a tyranny of the state's servants who claim to know best.

Harrison describes what he calls "the tax clawback scam" that perpetuates

ongoing injustice to Britain's wealth producers to the benefit of the landed.

This continues to occur, in part, because those with great personal wealth

disproportionately influence government policies and programs. Their experts

are guided by "a one-dimensional model of income distribution" that fails to

"explain how income on the bottom rungs is transmitted to the top." Reform

will come only when the public fully comprehends the forces at work. To do

so, people must understand the economic logic of Ricardo's Law.

Harrison's message is that rent is a societal fund, not individual property.

"Rent is the price we pay to participate as paid-up members of civilization."

Yet, this principle was systematically removed from our code of moral

principles by generations of powerful, landed interests:

*The lesson is this. Ricardo's Law delivers the best results when people locate*

*their behavior in a code of practice that secures their freedoms. This means that*

*rent should be made available to the community through a market-based*

*pricing mechanism that is efficient, one that does not deprive people of their*

*earnings, and which requires everyone to pay their way in life.*

A considerable portion of *Ricardo's Law* is devoted to debunking the

conventional wisdom that the state must counter market tendencies with

poverty-mitigation programs. Harrison provides extensive data from govern-

ment and other sources to make his case. His tale is one of betrayal and of

lost opportunity — the lost promise of democracy:

*People thought that, when the property qualification attached to the right to*

*vote was abolished, democracy would unite the nation. In fact, it has been*

*appropriated as a device to legitimate the continued disuniting of the popula-*

*tion between taxpayers and the owners whose land captures the windfall gains.*

Land hunger drove millions of people to make the dangerous passage

across the oceans to the Americas. Over the course of three centuries, those

who came from the Old World gradually displaced or decimated the tribal

societies of "First Americans" who occupied the continent for thousands of

years. Such a huge, and resource-rich continent provided the oppressive Old

World regimes with a safety valve — at least for a time. But long before the

land actually "ran out" in a literal sense, the commons (i.e., the public

domain) was given away to the railroads, to politicians and their close

friends, to land speculators and to settlers. And, of course, the wealthy

utilized all their influence over the political process to ensure the burden of

taxation would be felt most deeply by others.

## Ricardo's Law

Ricardo's Law: House Prices and the Great Tax Clawback Scam, by Fred Harrison, 2006, Shephard-Walwyn, 320.pp. Review by Ed Dodson.

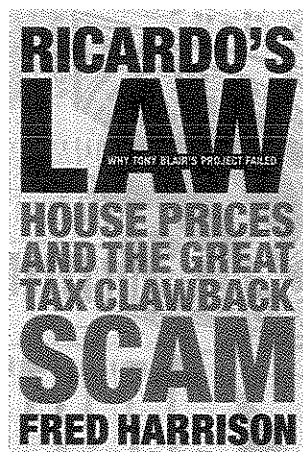
Although there is consistent truth in the statement, "history is written by the victors," the voices of critics now and again emerge from the wilderness. In two instances, that of Thomas Paine and Henry George, the path they chose was journalism. Their writings ignited the moral conscience of people from all walks of life. What made their contributions extraordinary was the pursuit of truth without regard to what might happen to them in their own lives.

With his most recent book, *Ricardo's Law*, journalist Fred Harrison adds his voice to that moral crusade. He does so with the advantage of a deeper historical perspective. Paine's efforts helped to secure the future of republican governance and democratic processes. George and his supporters formed the Progressive vanguard fighting for an end to monopoly privilege. Tragically, they failed. Fred Harrison provides a "take no prisoners" analysis of the subsequent failed efforts by both central planners and so-called free market proponents to solve the problems of wealth concentration and generational poverty. *Ricardo's Law* resurrects the land question as the most important societal issue yet to be addressed.

"The theory of land rent," Harrison writes, "provides the single most illuminating way to track the dynamics of the enterprise economy." Acting on this knowledge, however, requires a degree of moral integrity few political leaders display. His challenge to them is direct: "They bear personal responsibility for the expectations they create when they seek power."

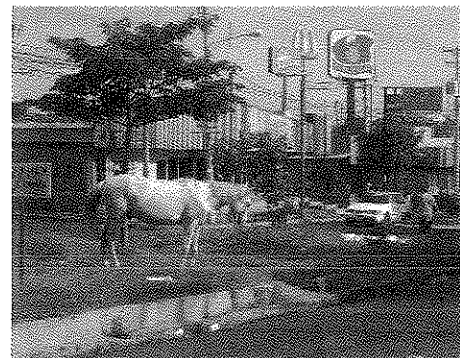
For the British people, landed privilege was firmly established by the Magna Carta, and has never lost its grip. Despite periods when political power was wrestled from Tory conservatives, only the appearance of reform occurred. In the process, writes Harrison, "the intellectual landscape has been so distorted that rational people are co-opted into abusing their welfare." Citizenship has been replaced by faith in experts, in the professionals, to come up with measures to solve social problems:

*No one false statement, issued by individuals or agencies in authority, closes our minds. But the cumulative impact of persistent falsehoods and half-truths exer-*



this can last up to sixteen hours) and there is a growing market for private provision of water via trucks. People buy up large barrels and water tanks if they can afford it — and the costs got up for everyone. You can clearly see the growing anarchy, as the naturally communal functions of government are shifted to the responsibility of the private sector.

Today's newspaper says, "Potable Water Service About to Collapse" and in another story, "Puerto Cabezas [city on Nicaragua's Atlantic coast] Without Water". Given what we live with now, that could be pretty serious.



Someone's horse grazes on the public way in Managua

According to the Director of the national water company, if the company does not receive significant new funding, potable *and waste water* services will be severely interrupted by December. That doesn't look good, for living or building. As it is, we only have a piddly stream of water from 10PM to 5PM at the IHG building site. If that water crisis materializes, people will be fighting to buy wa-

ter from trucks — and you can imagine what the prices will be like.

Still, as I write these lines, the georgist in me is rubbing his hands together because I sense a great opportunity to reach our students, and the population at large, with the truth of our message, and the feasibility of the solution we offer. Those who work in psychological therapy tell us that to make a successful intervention, you need to have leverage with your patient, that there needs to be a motivation, and even better, an urgency on their part, in order for them to *want* to change, to get better, to participate and benefit from therapy. This is what I sense happening here and now.

SINCE I WROTE THE ABOVE, last October, a hotly contentious national election came to a head, and we are now one month into the new government. The electricity rationing is down to a minimum, and the water company is undergoing major reform. Daniel Ortega took over the government with what seems, to most observers, a very mature and responsible attitude of reconciliation. Even his political foes, including the US government, admit that the new Sandinista government seems to be setting the bases for an attempt at inclusive and stable government. The mood among the population is "wait and see," but as the days pass, a new optimism seems to be creeping into the public mind. How this will effect the IHG's efforts to educate the people, institutions and government of Nicaragua remains to be seen, but the IHG (continued on page 38)

# Pop Dread and Corn Pone Opinions

by Dan Sullivan

*The trouble with people is not that they don't know, but that they know so much that ain't so. — Josh Billings*

of my Georgist colleagues don't want to hear more about global warming, which is all right with me. However, there is a much larger issue behind the global warming issue, and it is particularly pertinent to the difficulties that Georgists encounter. It is what Harry Pollard called "pop dread," combined with what Mark Twain called "corn-pone opinions." These phenomena are important because they sweep people into overreacting and losing their grasp on the actual truth. Hence anyone who doesn't want to tax capital is a right-wing patsy of the big corporations, and anyone who wants to tax land is an enemy of private property. In short, pop dread and corn-pone opinions are the cornerstones of the mob mentality, sanitized and reserved as they might appear in polite society.

Pop dread is a result of the news media's proclivity for repeating anything that is salacious, shocking or frightening, sometimes using the word "alleged" when they could be sued by a particular person, but often passing on hearsay as gospel when they are just repeating a popular superstition. While there might be truth in the charges against targets of pop dread, the truth is never as frightening as the pop dread itself.

Lest people think that I am arguing only against demagoguery from the left, let me say right off that the "red scare" was the greatest example of pop dread in the twentieth century, and that "Islamic terrorism" promises to be the greatest example in the 21st. However, this century is young, and there is plenty of time for other contenders.

Instead, let us start with a few simpler examples, stripped away from the massive struggle between the environmental movement and the energy monopolies. Such examples are instructive because they show how the media itself rewards dread-mongers.

## Road Rage

"Road rage" is a fine place to start, because it is basically a fiction created entirely by the media, with no real vested interest behind it. It survives because it appeals to violence, fear, vulnerability — and most of all, alliteration. Newscasters can roll the term off their tongues while staring directly into the camera looking deadly serious.

However, the actual incidences of vehicle-related assault per million miles driven has been going down steadily since the advent of automotive air conditioning. Apparently, people don't get as hot under the collar when

there are several important points on which I differ from them. But no difference of opinion can lessen the esteem which I feel for the man who so steadfastly, so patiently, and so self-sacrificingly labored for the freedom of the oppressed and the elevation of the downtrodden.

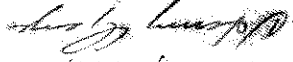
In the life and in the teachings of Karl Marx there were the recognition of two profound truths, for which his memory deserves to be held in special honor. He was the founder of the International — the first attempt to unite in a "holy alliance of the people" the workingmen of all countries; he taught the solidarity of labor, the brotherhood of man, and wherever his influence has reached it has tended to destroy those prejudices of nation and race which have been in all ages the most efficient means by which tyranny has been established and maintained. For this I honor Karl Marx.

And I honor Karl Marx because he saw and taught that the road to social regeneration lies not through destruction and anarchy, but through the promulgation of ideas and the education of the people. He realized that the enslavement of the masses is everywhere due to their ignorance, and realizing this, he set himself to work to master and to point out the social economic laws without the recognition of which all effort for social improvement is but a blind and fruitless struggle.

Karl Marx has gone, but the work he has done remains; whatever may have been in it of that error inseparable from all human endeavor will in turn be eliminated, but the good will perpetuate itself. And his memory will be cherished as one who saw and struggled for that reign of justice in which armies shall be disbanded and poverty shall be unknown and government shall become co-operation, that golden age of peace and plenty, the possibility of which is beginning even now to be recognized among the masses all over the civilized world.

I join with you in paying to such a man the tribute of brotherly regard.

Sincerely Yours,



## The world

was at a crossroads when Henry George wrote *Progress and Poverty*. Nineteenth century capitalism had succeeded, but only partially: many people were not enriched by the new methods of mass production. Social pressures were dictating the need for structural changes in the economic order. Henry George showed that the fault lay not with the methods of mass production, or the operation of the free market, and he was therefore able to deny that socialism was the only alternative. He proposed qualitative changes that would have built equity and greater efficiency into the capitalist mode of production.

— Fred Harrison

# Henry George's Letter at the Funeral of Karl Marx

by Bruce Oatman

Those of us who know of no other remark by Henry George about Karl Marx than his description of him as "the Prince of Muddleheads," will be surprised to learn that an earlier commentary by George has come to our attention in the form of a letter that was read at a memorial service for Marx at New York's Cooper Union on March 20, 1883. The historian Phillip S. Foner reports: "The meeting brought together for the first time members of socialist and anarchist groups, members of the Knights of Labor and the American Federation of Labor, single-taxers and socialists, and workers of different nationalities and languages."

I was led to the letter by a chance conversation with Liz Mestres, the director of the Brecht Forum in New York. She remembered having read George's tribute to Marx years before. After some digging, she found it in a compendium of comments at the time of Marx' death, *Karl Marx Remembered*, P.S. Foner, editor, published in 1983 by Synthesis Publications, San Francisco. The editor found the letter in the March 25, 1883 issue of a labor newspaper, *Voice of the People*, an organ of the group that sponsored the meeting.

The *New York Times* set the scene in its article on March 21, 1883:

*A very large mass-meeting of Socialists, Communists, and working men, to do honor to the memory of Karl Marx, was held last evening at the Cooper Institute. A large portrait of the German Socialist was hung over the stage, and above it was the inscription, "Vive l'Internationale," while round both were placed the blood-red banners of the Communists and Socialistic labor clubs. P.J. McGuire called the meeting to order. Victor Drury, the first speaker, said that Karl Marx was upbraided and derided, as were all the others who founded and supported the International. The capitalists and powers that be in Europe dreaded the International because it advocated the abolition of standing armies and the effacement of State boundaries. The speaker then made a general attack on all capitalists, aristocrats, the bourgeoisie, Professors, scholars, and all other classes who do not to manual labor in the workshop....*

## Henry George's Letter

I am unable to accept the invitation of our committee to address the meeting at Cooper Institute, but I desire to express my deep respect for a man whose life was devoted to efforts for the improvement of social conditions.

I never had the good fortune to meet Karl Marx, nor have I been able to read his works, which are untranslated into English. I am consequently incompetent to speak with precision of his views. As I understand them,

they're not, well, hot under the collar.

What has increased is not the incidence of road rage, but the reporting of road rage. Minor incidences that once went unrecorded are now reported to the police, and incidents that once passed unnoticed on police blotters are now headline news. The public now thinks that there is a great increase in road rage, just as they think there have been more police chases since the advent of the news helicopter.

## Halloween Candy

Today's kids are not allowed to touch their "booty" after trick-or-treating until parents carefully inspect it, because news shows have reported so many "shocking" incidents of candy bars laced with straight pins, razor blades, glass, etc.

Strangely, though, no child has ever actually eaten such a candy bar and been hurt by it. Experts now agree that these things are placed into candy bars by the children themselves, who then run to their parents and become the center of attention as "victims" of nefarious child-haters.

There are several cases of children bringing booby-trapped candy to their parents in one town, moving to another town, and having the same child again report dangerous candy to his parents. There have also been no cases of children from multiple families in a neighborhood finding booby-trapped candy. Still, the news media solemnly warns parents each year to check their children's candy, perpetuating the myth.

## Child Molestation

Another problem steeped in pop-dread fiction is child molestation, and this one has a bit of corn-pone opinion behind it, so I should explain what that means. Mark Twain was once told by a slave, "You tell me whar a man gits his corn-pone (i.e., where his bread is buttered), en I'll tell you what his 'pinions is." Twain went on to argue that the strongest influence on opinions is personal identity, not financial reward. Thus, for example, Democrats tend to believe everything that makes Republicans look bad, and vice versa.

Vested interests, in this case social workers, perpetuate myths that enhance their own importance, but, according to Twain, do so more to bolster their self-image than for mercenary reasons.

In any case, daytime talk shows, from the relatively well-meaning Oprah down to the most salacious panderers, have showed a steady parade of social



workers telling the world, as if there were a clear consensus, that child molesters cannot help themselves, and that no child is safe when a convicted molester lives in the neighborhood. As a result of this hysterical fiction, people convicted of sexual offenses involving minors are put on lists that are often distributed to their neighbors.

What are the actual facts? Those convicted on non-sexual assault charges have a much higher chance of being brought back before the courts. (The actual statistics are kept for each particular type of theft, eg., petty larceny, larcenous breaking and entering, armedrobbery, grand theft auto, etc.)

The "pop-dread" aspect of this is obvious, but what about the steady stream of social workers who for years perpetuated the lie that there was "consensus" that child sex criminals could not be rehabilitated? On the positive side, they made themselves feel more important because they were protecting children from such terrible monsters, but the real factor was negative pressure against those who might break ranks. Anyone who challenged them was accused of being in favor of child molesters, and nobody wanted to be painted with that brush. It is even more of a stigma than being told that you are on the side of the energy monopolies because you question the "consensus" about global warming.

## Consequences

The consequences of pop dread are severe. For example, bicyclists are so afraid of being run over from behind that they let themselves be squeezed into the right edge of the traffic lane, where they are in far greater danger. There they get hit by people opening doors of parked cars, pedestrians stepping out from behind cars, cars pulling out of hidden driveways and plunking the forward end of the car into the paths of the cyclists, cyclists losing control because of debris in their lane, cyclists being thrown by potholes and sewer lids or being sideswiped by a car from maneuvering to the left to avoid such hazards. (They cannot maneuver to the right because they are already squeezed to the right.)

Other consequences less easily measured are that people drive more fearfully, which might cause them to make dangerously hasty lane changes when tailgated, etc. Maybe it's just as well that people are afraid of Halloween candy, because, although the straight pins and razors have not actually injured anyone, the excess sugar is ruining the health and shortening the lives of millions. On the other hand, what has disappeared from Halloween is not the commercial candies, but the home-made ones, such as caramel apples,

*will throng with the returning spirits that once thronged them, and that still love these places. The white man will never be alone. So let him be just and deal kindly with my people. The dead have power too.*

Finally: what have Seattle's dark words to tell us who, more than a century later, strive to heal the wounds and live in harmony on the earth that we all must share?

The first thing we must do, I believe, is to stop denying those spirits, those wronged and rended dead who live, as Seattle said, in every shadow of every piece of land that anyone has the presumption to call "property". It is a dangerous illusion to believe that land can be bought, whether by individuals or by nations. Let us heed the message of the real Seattle — and not be lulled by the pleasant emptiness of the Hollywood fantasy.

## The Good News of Balance

I've changed my mind. I no longer believe that focusing on individual financial benefits will bring about the reforms we're after. I think a better way is to put Georgism into the category of things that are good for the community. Modern society is already far too biased towards consumerism. The community is neglected; selfishness is extolled. I think the first thing is to tell the citizen that he has been sold a bill of goods. Consumerism and greed don't deliver the good life. The good life comes not only from external goods but from internal balance. Each of us has a dual nature. On one side we crave belonging, love, inclusion, teamwork, cooperation, caring for others — especially children. On the other side we crave self-expression, personal space, personal time, individual recognition, personal property. The healthy individual achieves a balance between these two natures — and the ideal society should mirror this balanced dual nature. There should be institutions for cooperation, mutual aid and protection, means for caring for children, the old, the disabled, the sick. There should also be opportunities for personal property, personal choices, self-expression. These are not enemies but complements. In economic structure, the profit incentive of personal enterprise helps create the surplus for public works and programs. The public infrastructure and fair tax/land tenure system aids personal initiative and regulates business for the general good.

What I love about Henry George's explanation is the complimentary balance. I wanted to understand more about this subject for the internal balance such knowledge gave me. I think people don't really want to be corrupted consuming machines. I think the key to transforming society is confronting people with their false assumptions, debunking the myths they have been told, countering the anti-community, anti-government propaganda that says either you have a free market competition shark tank or a community or you have a communist gulag. People whose internal balance has been restored are then ready to listen to specific means — Mark Monson

sentiment — it says exactly the opposite!

“There is little in common between us,” Seattle says. He has seen the white man’s every imperial advance furthered by some sort of invincible destiny. After all that has happened, the Great Chief Washington’s dictates seem like the words of nature itself, and Seattle replies:

*How then can we be brothers? ... Your God is prejudiced. He came to the white man. We never saw him, never even heard his voice. He gave the white man laws, but he had no word for his red children whose numbers once filled this land as the stars filled the sky.*

The real Seattle does say, “We may be brothers after all.” This exalted sentiment forms the title of the fictional speech, but placed in context in the real speech, it must be read with a high degree of sarcasm. They are brothers only in the sense that civilizations, like individuals, fade away; that is the common destiny. But at the time Seattle spoke, the white tide had all but obliterated the last vestige of his civilization — and the white man’s religion had been instrumental in all he had achieved. About that religion, Seattle says “Your religion was written on tables of stone by an angry God, so you would not forget it. The red man could never understand it or remember it.”

If we understand the nature of this difference, then, I believe, we will see why the rewrite was necessary. If, as the fictional Seattle says, the white man and the red man have the same God, then it is possible to heal the rift between the races — and white people can do that by being faithful stewards of the land they have bought, by “treating the beasts of the land as brothers”. In effect it legitimizes the white man’s purchase of the land — or at least it leaves the door open for such a justification. If only the Europeans will stop raping the earth, then the red man’s God, their God, the universal God, will forgive them, they can atone, and they can be absolved of their genocidal history.

But the real Seattle gives the white man no such easy out. He says, “Your God loves your people and hates mine.” The white man’s God, “who walks and talks with him as friend to friend” lets him think it is all right to buy (or seize) the land and restrict the Indians from visiting the ashes of their fathers. Seattle knows exactly what he is saying: that white people cannot be forgiven for what they have done. Their “God”, which has bestowed such power to their “manifest destiny”, is a blasphemous abomination.

In the end, Seattle’s words can be seen as a curse on the white man — but Seattle only articulates the curse; he doesn’t make it. This land, he says, which is alive with the spirits of all his ancestors, is the land they have stolen; there is no legitimacy in their seizure or purchase of it. Now, he says,

*There is no place in this country where a man can be alone. At night when the streets of your towns and cities are quiet, and you think they are empty, they*

home-baked cookies, etc. While these products are not health food by any stretch, they are at least healthier than commercial candies. Maybe the real tragedy is that we fear our neighbors but trust the candy makers.

The pop-dread about child molestation has the most serious consequences of all, because it actually increases child molestation. It makes parents, teachers and others afraid to be affectionate and physically demonstrative with children for fear that they will be accused of molestation, yet the children who are most susceptible to being molested are those who are starved for affection and physical contact.

Similarly, potential child molesters are far more likely to act out if they feel isolated and alienated from adult society, and the false portrayal of them as hopelessly pathological monsters who ought to be locked up isolates and alienates them further. It also prevents them from seeking treatment on their own, because those who treat them must also turn them in to authorities, who will subject them to all the hysterical laws that pretend to protect children.

The point is that fear is a great manipulator, as is denial.

In contrast, the term “healthy skepticism” exists because while both fear and denial are self destructive, skepticism keeps us alive and free, both as individuals and as a species.

As Georgists, we see both fear of our proposals and denial of the problems they address. Moreover, we see the effects of “corn-pone opinions” in the reactions by bureaucrats who would be rendered unnecessary and aristocrats who would be unable to continue living off of privilege. We are not met with formidable arguments, but with dismissal. After all, there is a “consensus” among economists that land is no longer that great a factor in the economy.

Franklin D. Roosevelt did not get it exactly right, but he was close. We have nothing to fear *as much* as fear itself.

## A political emergency

*brings out the corn-pone opinion in fine force in its two chief varieties — the pocketbook variety, which has its origin in self-interest, and the bigger variety, the sentimental variety—the one which can't bear to be outside the pale; can't bear to be in disfavor; can't endure the averted face and the cold shoulder; wants to stand well with his friends, wants to be smiled upon, wants to be welcome, wants to hear the precious words, “He's on the right track!” Uttered, perhaps by an ass, but still an ass of high degree, an ass whose approval is gold and diamonds to a smaller ass, and confers glory and honor and happiness, and membership in the herd. For these gauds many a man will dump his lifelong principles into the street, and his conscience along with them.* — Mark Twain

# Benefits of Military Spending

by Dr. Polly Cleveland

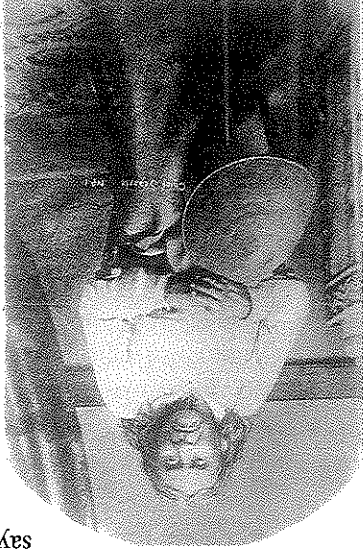
As Kevin Phillips recorded in *Wealth and Democracy* (2002), war has created the opportunity for many great fortunes. Thus the frenzied looting — and disregard for the lives of both US soldiers and corporate employees — displayed in Robert Greenwald's new film *Iraq for Sale: The War Profiteers*. One small example: drivers shuttle empty mail trucks up and down dangerous roads — while the contractor is paid by the trip. See <http://iraqforsale.org>. With Democrats in control, we'll surely be hearing of more and worse.

But, how did we get here? It's hardly news that powerful nations meddle in the affairs of weaker ones, to the benefit of both their own nationals, and cooperative local clients. In *Imperialism* (1902), John A. Hobson blamed such activity on the capitalist drive for markets. Other critics have been content to chalk foreign adventuring up to "greed."

Mason Gaffney offers a more sophisticated and chilling dynamic. In 1972, during the Vietnam war, he presented a conference paper on "Benefits of Military Spending," — which the editor deemed "too controversial" to publish\*. Gaffney starts with the cooperative locals, or "caciques." Among other benefits, caciques gain protection of US military and relief from expense of self-defense. In 1972, a notable example was Vietnamese President Nguyen Van Thieu; a more recent cacique was Saddam Hussein — until he overstepped his bounds in Kuwait. Today there's Nursultan A. Nazarbayev, corrupt and brutal president of oil-rich Kazakhstan, recently in the US to visit with Papa and Junior Bush.

What do caciques do for friendly US corporations? No, they don't give them markets, or minerals per se. They give contracts. Contracts, of course, include oil exploration rights, water supply projects, pipeline rights of way, fishing rights, prime locations for processing plants... The easiest to give are those that needn't be taken from anyone — such as the telecommunications franchise Chile gave ITT before Salvador Allende was elected. Here's part one of Gaffney's dynamic: a contract with "a shaky sheik" isn't worth much more than the paper it's written on. Until, that is, the contracting corporation hollers "property rights" and the US cavalry or navy races to the rescue. Or that's the way it used to be; we've grown a little more subtle. All of a sudden, that contract is gold, an entitlement to a growing stream of "economic rent." Among many examples, Gaffney cites Aramco. Organized in 1933 with a capital of \$100,000, in 1947 it was worth, \$250

\*See [http://www.masongaffney.org/workpapers/1972\\_Benefits\\_of\\_Military\\_Spending.pdf](http://www.masongaffney.org/workpapers/1972_Benefits_of_Military_Spending.pdf).



fundamentally immoral. Both speeches agree (for diplomatic purposes, at least) to sell the land, on one condition. But the conditions couldn't be more different! The fictional Seattle agrees to alienate his people's land, to sell it to the Great Father in Washington in fee simple, on the one condition that the white man be a good steward of the land and "treat the beasts of the land as his brothers". The real Seattle agrees to nothing of the sort. He agrees to "sell" the land, on the condition that "we will never be denied the right to visit, at any time, the graves of our fathers and our friends." Throughout the speech Seattle makes it resoundingly clear that he is not merely talking about cemeteries: he says that "the ground beneath your feet is the ashes of our grandfathers", that "the earth is rich with the lives of our kin", and it is on this basis that "every part of the earth is sacred to our people." Seattle accedes to the inevitability of the whites' conquest of his people's lands, but he does *not* agree to sell them — a sale with unlimited visiting rights in perpetuity is no sale at all!

There is another sense in which the fiction is gratuitously romanticized: it does not mention war. The real Seattle speaks of war from painful experience, and he wants no more of it. He even accepts part of the blame, noting with regret that young men, lusting for revenge against an overwhelmingly strong enemy, have worsened the destruction. But Seattle's rejection of war is not pacifistic or selfless; it is tactical. He cannot win. "Fate hunts the red man down. Wherever he goes, he will hear the approaching steps of his destroyer." He deflates Washington's sham generosity with hard vision: "It matters little where we pass the rest of our days. They are not many."

All of these differences are notable, and perhaps they will serve to kindle more interest in the original document. But they don't explain the question we started with: Why the rewrite? Why (to let screenwriter Perry off the hook) did our culture at this point in history choose to adopt the fictional Seattle speech in place of the real one? We will come closer to an answer once we've examined the last — and most astounding — contrast between the two documents. The fictional Seattle says that his people know, but whites have yet to discover, that their God is the same God, and "his compassion is equal for the red man and the white." In the fiction this is a moving call to universal brotherhood. But the real speech not only provides no basis for that

## Seattle, Real and Feigned

by Lindy Davies

Some years ago I came across a text called “We May Be Brothers After All — A letter to President Franklin Pierce from Chief Seattle, ca. 1854”. It was a stirring call to honor and respect the natural world, a message worth spreading. So I copied it and handed it out to many people. Then a *New York Times* article (April 21, 1992) informed me that the “Seattle Speech” of which I was so fond was a fiction. Chief Seattle (or “See-ahth”) of the Suquamish tribe in the Puget Sound region did indeed give a famous speech — but not the one I knew. That one was penned in 1971 by a Texas screenwriter named Ted Perry. “Well,” I thought, “What of it?” After all, the original speech was apparently lost, and although this one is fiction, there is a kind of truth in fiction. So I kept handing out the speech, adding the caveat that, yes, it is fiction, but it’s a worthy document anyway.

That was before I saw the true Seattle speech. It was not lost: the speech was transcribed by a Dr. Henry Smith, and published in the *Seattle Sunday Star*. And now that I have seen what (it seems that) Chief Seattle actually said, I am stunned by the contrast between the two statements. I think that those of us who consider ourselves “environmentalists” have a great deal to learn from this comparison.


It is immediately apparent that the writer of the fiction was familiar with the original, for a number of phrases are lifted verbatim. The other thing that strikes the reader right away is that the original is by no means unpresentable; there is nothing pidgin-ish about it; it is a haunting poetic statement in its own right. Given those two facts, one has to wonder: why was there any need to re-write the speech? (The *Times* article suggested, incidentally, that Mr. Perry was mortified that his work came to be identified as Seattle’s words; he had only intended to write a stirring Indian Speech as part of a screenplay. Nevertheless, Perry’s fiction became famous as Seattle’s speech. It was commemorated on Earth Day and incorporated into a well-known children’s book.)

The fiction is an environmentalist manifesto. It speaks of the Indians’ respect and love for all the world’s creatures and their revulsion to the clatter and stench of the white man’s cities. It tends, in fact, to reduce the differences between the Red man and the White man to one great issue: respect for nature. It romanticizes the Indians’ relationship with the natural world. “We are savages,” the fictional Seattle says again and again, “and we do not know any other way.” The real Seattle bandies no such self-disparagement; an unshakeable dignity, in himself and in his people, is evident throughout.

The fictional Seattle actually cannot comprehend the idea of buying and selling land. The real Seattle understands it only too well, and he rejects it as

million—an appreciation of 2,500 percent over 14 years. By the time the Saudis demanded a share in 1972, it was worth billions.

And now part two of the dynamic: A cartel can greatly enhance the value of stock in oil or other international resource companies. Thus OPEC and its cooperating multinationals restrict supply to keep up prices. That means, especially with a widely-distributed resource like oil, oil companies (or nations) must grab up potential new sources of supply before someone else gets them. And in turn, that means companies must aggressively seek contracts in turbulent corners of the world like western Sudan and the jungles of Colombia — potentially dragging the US into further conflicts.

Well, don’t US citizens, as citizens, get something out of this—a secure if over-priced oil supply, for example? Or military jobs? Doesn’t military spending at least perk up the economy? Remember the textbook macroeconomic formula:  $Y = C + I + G$ ? More  $G$  (government spending) means more  $Y$  (national income). In reality, the contribution of  $G$  to national income depends on how it’s spent (and how it’s financed). An investment in gaining and holding onto overseas contracts yields a very low and drawn-out return, creating relatively little net income and employment. And it comes at the expense of high-return investments, notably in the health, education and genuine security of US citizens. 

**The essence** of democracy is the exercising of political power by the people and the ability of all citizens to share in the making of the laws by which they are governed. Economics and politics are closely interrelated, economics being a very large and important, perhaps predominant, part of politics and so it follows that a more widespread understanding of economic principles would enable the people to exercise its political rights more effectively and democracy would be correspondingly strengthened. An economically literate populace could better judge the claims of their political leaders. At present one sometimes feels that people are deliberately kept in ignorance to prevent them doing this. The whole level of political debate could be raised.

An educated people could clearly see the fatal flaw in socialism, well described by Henry George, in spite of its superficial attraction. They would realize the limitations of Trades Unionism. They would understand the undemocratic inequity of land ownership which allows a handful of men to dictate the conditions on which the rest of us have access to life’s most fundamental resource. Here in the U.K. this could lead to monarchy being recognized for the anachronistic charade that it is, not least because of its effect of legitimizing the private ownership of land. This knowledge and understanding is nothing less than a pre-requisite for a mature and self-confident democracy secure in the possession of its power.

— Statement by Justin Robbins, upon completing the HGI’s course in Economic Science

# Land Booms and Peace Dividends

by Mason Gaffney

centuries we can observe that major peace and disarmament treaties have kicked off

land booms by lowering taxes — all kinds of taxes. We also often observe that the booms lead to busts. A few examples follow:

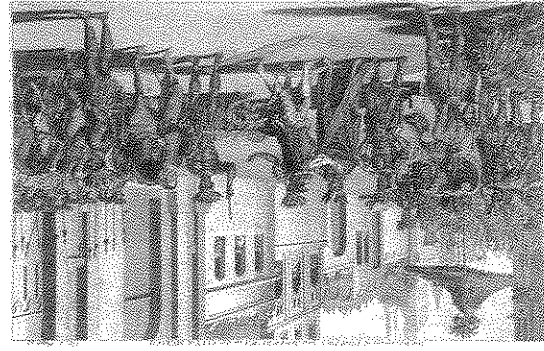
I. 1259. Louis IX (St. Louis) gives up warfare, makes peace all around by compromising with James I of Aragon, and Henry III of England. A skilled arbitrator, he also brings peace to Flanders, Hainault, and Navarre. This stands in well with the Pope, who gives him Sicily. Previously, 1229, France had made honorable peace with Raymond VII of Toulouse, ending Albigensian "crusade" (or perhaps coopting Raymond into it, for Louis cooperated in the papal inquisition). Louis's skilled administration brings to France unprecedented peace and unity. As to "prosperity," he raised land values; yet the quarrelsome city-states of northern Italy, Flanders, and southern Germany forged ahead in trade, industry, banking, art, science, and letters.

II. 1431. The French, under Jeanne d'Arc lift the siege of Orleans. Land values there rise from 16 to 92 francs per hectare (converted from ancient units then in use).

III. 1509-29. Cardinal Wolsey, counselor to young Henry VIII of England, advised "Greatness through Peace." This held down taxes and raised English land values — and helped kick off the enclosure movement. Mania of land speculation: era of Peace and Poverty — inducing some emigration.

IV. 1519. Cortez conquers Mexico. Looted gold and other treasures flood into Spain, raising Spanish land values.

V. Charles V defeats and captures Francis I at Pavia, 1525, freeing Charles to return to Germany and suppress Anabaptist rebels under Munzer, slaughtering 100,000. Martin Luther supports Charles in this. Thus, a peace dividend of victory lets the ruling *rentiers* wage class warfare to the max, maintaining the power of landlords to collect rent, and enclose the commons. With regard to religion, the suppression of the landless was ecumenical: in Germany, Catholic Charles V, with Luther's approval, suppressed and disposed rebel protestants; in England, Henry VIII confiscated church lands



Cortez meets Montezuma

XLI. 1800-13. Napoleonic Wars. Europe, preoccupied with itself, leaves the US alone, except for the War of 1812, a standoff punctuated by a final American victory at New Orleans

XLII. 1814 — ushers in long period of peace. Minor downturn in 1819. 1823 Monroe Doctrine, germ of US imperialism. In US, westward expansion at high speed. Peace dividend takes two forms: financing federal government from sale of public domain, and cheap land for settlers, who also fight Indians, protecting the border tax-free. New York State finances Erie Canal from State g.o. bonds, showing all states how to raise enormous capital. Andrew Jackson also distributes surpluses to the states, letting them build public works without raising local taxes. That leads to the extreme rise of speculative western land values, culminating in the crash of 1837. Peace followed by boom followed by bust is a common pattern.

XLIII. 1848. Treaty of Guadalupe-Hidalgo, opens the rest of the west for settlement, sale of public lands, another land boom — lead up to a crash in 1857. Again the pattern of Peace, Boom, Bust.

XLIV. 1854. As the Crimean War removed the likelihood of European interference in US affairs, greater security bolstered a land boom in the US. Japan opened, 1854. Whale fishery thrives. China and California trade open. Clipper ships; steam navigation. All signals go! But, a sudden large increase in military spending, by England especially, and France, competing with investments in railroads (US and worldwide) could have triggered the US bust of 1857.

XLV. 1861-65. Civil War, huge casualties and costs, high taxes and debts, land values depressed. Southern land values are nearly wiped out.

XLVI. 1865. Civil War taxes repealed; land boom in the north and west, the original "Gilded Age," up to the crash of 1873.

XLVII. 1871. The Franco-Prussian War is short and decisive, hence cheap. It leaves France with bearable reparations, so land prices rise even there. Germany gets new horizons and ambitions.

XLVIII. 1873-1898. long period of peace, in spite of a deep depression in 1873-86. Capitalization rates on land fall to low levels in Europe, price to rent ratios rise to high levels; European surplus capital seeks outlets world-wide.

XLIX. 1898. America's easy victory in Spanish-American War leads not to a peace dividend, but to the US joining worldwide naval and arms races. 1900-14, rearmament worldwide; world naval race. Britain introduces the dreadnought class of battleship, obsolescing the world's fleets, opening furious building boom in many maritime nations including Italy, Japan, and the US. World girds up for World War I. Taxes of all kinds (continued on page 37)

XXX. 1713. Peace of Utrecht ends War of Spanish Succession. Britain gains the slave trade, or "*Asiento*." Peace followed by land booms, and then (Mississippi and South Sea), busts of 1720. George I and Walpole continue to keep the peace to 1742; era of "salutary neglect" abroad, rising rents and land values in England. Meantime, France under Cardinal Fleury recovers, bullies Holland and much of Europe.

XXXI. 1740-48. War of Austrian Succession, a standoff.

XXXII. 1748-56. Peace

XXXIII. 1756-63.

Seven Years' War, England takes over Mississippi Valley, France is set back but still strong.

XXXIV. 1763-76. Peace.

XXXV. 1776-81.

American Revolution. France allies with the former English colonies, and recovers some ground

XXXVI. 1783. Peace

of Paris. American land values rise, especially in the West, which is now open to speculation and settlement

XXXVII. 1789. French Revolution begins: huge expenditures, confiscations of some lands and threats against all, morbid fears exaggerating threats of future confiscations; land values fall precipitously. French introduce *levée en masse*, raise cost of warfare permanently. European land values suffer. Europe's internal struggles leave America alone to prosper, and undergo the land boom and bust of 1781-98.

XXXVIII. 1787. US unites under new constitution, which contains elaborate safeguards for private landownership. American land values rise; speculation in western lands goes wild.

XXXIX. 1792. Short bust; more severe bust in 1798 helps drive Federalists and Hamilton from power, opening the door for Jefferson, whose expansionism and egalitarian land-disposal policies hold down eastern land values for many years.

XL. 1803. Napoleon sells Louisiana to Jefferson, doubles area of US, opening vast new frontiers



Cartoon lampooning the South Sea Bubble, ca. 1720

and suppressed Catholics.

VI. 1529. German states vote to help Vienna hold out against the Turks, who are finally stopped. Charles V accommodates with Lutherans for unity against the Turks. Inter-Christian religious wars were deferred for 89 years.

VII. 1536-40. Henry VIII confiscates vast church lands. Accompanying this is a major "exclusionary shift" in nature of class war. Previously, landlords sought to tie people to land; now, they seek to evict. Thus the modern age was "born in agony" (Heilbroner), but the agony of the many was the enrichment of the few.

VIII. 1550. Dudley (Northumberland) controls young King Edward VI, makes ignominious peace with France, suppressing Ket and other rebels against enclosures. Thus, peace won by retreating can free the ruling class for class warfare, just as Charles V used peace won by victory. Dudley replicated Wolsey, and anticipated Buckingham, Walpole and Chamberlain.

IX. 1553. Queen Mary I of England, loyal Catholic daughter of Catherine of Aragon, marries the future King Philip II of Spain, cements alliance, continues era of Peace and Poverty.

X. 1555. Peace of Augsburg, Charles V compromises with France, avoids religious warfare in Germany — and continues providing security for landowners. Enclosures continue; land values rise.

XI. 1556-98. Under Philip II, Spaniards considered it their duty to preserve political order and religious orthodoxy in Europe. "Political order" is code for affirming and supporting private property in land. Thus they were something like Americans today. Their Mission dissipated much of their dividend of booty from the New World. It also stirred religious civil wars in France, where Spain intervened, and provoked rebellion in the lowlands by tyrannizing and taxing them. All of that tended to cap land values.

XII. 1558. Under Elizabeth I, a reign of low taxes, peace, and desperate poverty. Poor laws, 1563-1601, recognize great poverty. It had not always been so: previous century had been one of higher wages, greater security for peasants. Elizabeth builds up surplus. Land values are high — but Spain threatens.

XIII. 1588. The English fleet, and bad weather, defeat the Spanish Armada. Rents and land values rise sharply in Southeastern England.

XIV. 1589-1610. Henri IV, King of France, brings internal peace with Edict of Nantes, 1598; also peace with Spain, by Treaty of Vervins, 1598. Sully reforms finances, builds public works. Land rents and values rise in France (until bust arrives in 1620).

XV. 1603. James I, new joint monarch of England and Scotland, seals peace with the Scots. James is related to the powerful French Catholic Guise

family, helps keep peace with France and Spain, avoiding sharp cleavage on religious lines. Arch-enemy Philip II of Spain had died in 1598. Privatizing stops. Buckingham sways James I to lower spending on the navy, letting Dutch and French expand. James puts down Irish revolt, plants Scots in Ulster. Spain makes peace with United Provinces. Peace dividends all around; land values rise.

XVI. 1618. The 30-years war begins in Germany. It involves most of Europe, and costs are high. In 1630, Richelieu supports protestants in Germany to curb Spain. He raises taxes, and French land values fall.

XVII. 1609-48. Holland is left alone to enjoy its commercial successes, and capitalize them into land values. Peace with Spain. France preoccupied in Germany. Rival English navy underfunded by Buckingham. Rival City of Antwerp betrayed and suppressed by Spain. Great wealth-seeking outlets leads to the tulip bubble, 1634-37, a matter of great publicity, but the same search for wealth-storage and speculation made Dutch land values rise, too. Recent research by Professor Piet Eichholtz of Maastricht and Robert Shiller of Yale confirms this.

XVIII. 1620-40. Immigration and a land boom in New England.

XIX. 1637. Capt. John Mason massacres the Pequods and frees Connecticut from Indians, capping off a long "Great Migration." England was paying for military defense, levying no taxes. Yet, land speculation on the Patroon pattern sterilizes main north-south valleys of Connecticut, and of course the Hudson Valley of New York, aborting the immigration boom, leading to

crash in 1640, and a reverse migration. Settlers are diverted to the thin, rocky soils, frigid winters, steep slopes, and precarious tenures of New Hampshire. XX. 1648. The Peace of Westphalia ends 30-years war, ushering in era of peace, lower taxes and rising land values. France (and Holland) were the major beneficiaries, but French landowners rebelled. The *Fronde*, 1648-53, is a series of outbreaks by rural landowners against taxes. Louis XIV and his ministers and a series of influential women advisers solve this problem by moving the feudal landowners to Versailles, leaving them their rents while relieving them of feudal obligations and taxes: they become pure parasitic rent-takers without owing the state or their local people anything.

XI. 1660. The English tire of Cromwell's wars and high taxes. They restore the Stuarts under Charles II, who makes peace, which makes land values rise. Thomas Hobbes sways Charles and the succeeding James II to substitute sales and excise taxes for land taxes.

XXII. 1675. Louis XIV opens wars for the lowlands. Dutch land values sink (Eichholtz). Colbert had held down taxes and opposed extravagance. Louis, displeased, replaced him with Louvois, an ambitious general, 1672. His

XIV. 1678. High water

mark for Louis XIV; Netherlands menaced and stressed. Peace of Nijmegen.

XV. 1682. William Penn arrives in Pennsylvania, and promotes settlement. A huge migration to Pennsylvania follows, rivaling the earlier Great Migration



*King Philip's War*

heavy spending, subsidized the English and other foreign governments, helping to raise *their* land values. French land values fall after about 1675. Europe gangs up on France in League of Augsburg, from 1686, to protect Holland and maintain the balance of power.

XXIII. 1676. Death of the New England Wampanoag Indian King Philip ends King Philip's War, which was very costly to the English settlers. Maine was ravaged and took years to recover. The victory drives Indians from most of New England, opening it all for settlement.

XVI. 1685. Louis XIV revokes Edict of Nantes, opens a religious-civil war against Calvinists which was also a kind of class war, as the rich Calvinists (Huguenots) had already been coopted by Louis. Massive emigration of Huguenots. Effects on French industry somewhat comparable to effects of Spanish Inquisition.

XVII. 1688. Glorious Revolution: Britain dumps James II, whom Louis XIV had supported and subsidized. William and Mary, then Queen Anne, lead long wars against Louis XIV. Issues are now drawn sharply on religious lines of cleavage, Protestant vs. Catholic, probably reinforcing the emotional war spirit on both sides. All nations are drained financially.

XVIII. 1689. In New England, "King William's War." French stir up Indians again against English settlers, especially in northern New York, and New England. Massacre at Schenectady; Maine overrun. England withdraws financial and military aid; Massachusetts (including modern Maine) bankrupt, high taxes, low land values, low spirits.

XIX. 1704 and onwards. Marlborough rampages around Europe, humbles Louis XIV, but Brits fear his ambition and high taxes, finally rein him in. France revives, drives Brits from Spain, leading to ...