

Lesson 7 — The Remedy; Its Justice (a synopsis)

Based on Book VI, chapter 2 and Book VII, chapters 1-3 of Progress and Poverty

Henry George proposed a remedy. For the abolition of poverty, he wrote: “We must make land common property.” All people must have equal rights to the bounty of nature.

Henry George asserts: before we ask will it work we must ask is it right? First it must pass the test of justice. He asks: do all people have an equal right to life? And everyone answers “yes “certainly I do” , which makes it a universal perception. He then asks can human beings live without land? And of course they can’t. This is especially true when you consider that he is using the term land to mean all natural resources — everything except people and their products.

To assert that some people have a greater claim to land is the same as saying that some people have a greater right to life. Therefore there is no justification for absolute ownership of land by some to the exclusion of others.

If every time a person produced food, clothing or shelter, it was taken away from them, their right to life would be taken away as well. If any part of what a person produces at the margin is taken away from them, then, to an equal extent is their right to life diminished. The margin is a free and equal opportunity. The rightful basis of ownership (property) is production. It is the right to the fruits of one’s own exertion --- to enjoy, to use, to exchange, or give to others.

Private property in wealth, which is produced by labor, is completely justified by the principle that the product belongs to the producer. Land was not produced; it is an opportunity and cannot be justified as property.

If a person trades the product of her labor for the product of another person’s labor, that which is received becomes rightful property because it was willingly assigned by the producer. If a person trades the product of her labor for stolen goods it is not rightful property, because the producer did not assign it to her. Neither slaves nor land can rightfully be exchanged for products, because slaves are people and land is a natural opportunity.

The term real estate often leads to confusion in determining the rightful basis of property (ownership), because it includes buildings, which are produced with land that is not. The term originally meant Regal or Royal Status. Land was assigned with conditions by the king.

Although priority of occupation has often given exclusive and perpetual rights under the law, priority of occupation has no moral standing in regard to the equal right of all other people to the use of land. A settler in an uninhabited region may settle where she pleases. She may take and monopolize as much of the common opportunity as she can use, but when other settlers arrive, her right is bounded by their equal right.

When there is no free land (without government intervention) wages of the least demanded workers tend to a bare subsistence. They are paid just enough to get food, clothing and shelter — just enough to keep them strong and working at maximum efficiency, no more than the cost of keeping slaves. In terms of exploitation (taking what other people produce), private property in land is more efficient than chattel slavery. The workers do not have to be bought or chained. If they get sick and die, the landlord loses no investment.

The Rent of Land

Once agriculture is adapted, permanent dwellings are built and the family (or corporation) becomes the individual unit within society land must be assigned with exclusive control. No one would plant a crop or build a house much less a modern factory or office building if they couldn't lock the door and put up a fence. Title and exclusive control are essential to modern production. At the same time, paying rent to the community for the value of land that is held satisfies the equal rights of all others to the same opportunity.

The Potential Rent is determined by the margin of production. It measures exactly the value of a superior opportunity. It measures the difference between the yields of a given amount of labor and capital on any particular land and that of land that may be freely had by any member of the community. In other words, it measures the advantage.

The rent does not arise from anything the landowner (as a landowner) does. If she improves the land by cultivation or excavation the results are capital and the returns to those improvements are interest. Rent is the gain that results from a superior opportunity only.

Because rent represents a value resulting from exclusive assignment of a common opportunity, and an advantage over others, it belongs to the community

The entire rent of land can be taken without affecting any penalty on cultivation, excavation or the construction of buildings. That is because rent is a surplus in excess of the rewards to labor and capital.

The Henry George proposal of land value taxation, grants exclusive control of land to individuals and corporations. They are at liberty to direct their own economic activities within the legislated limits of health, safety, and the environment. However, by collecting for the community or society the rental value of land a common ownership is conferred.

This is very different from governmental direction in the production and distribution of wealth. In that case the government owns the land and capital; it hires the workers and directs them in making and assigning products or service. Factories in the former Soviet Union were directed along those lines.

Land value taxation is very different from traditional land reform or land redistribution policies. Those policies rarely give everyone land, and the land they give is not the same value as every other plot of land. Even if all people got land of equal value if the population increased the land would have to be re-divided. In the transition it would be difficult to protect the ownership of buildings and other improvements to the land that was being divided and reassigned.

Most ideologies prescribe a small, medium, or large part of everything that's produced, go to the community. This can be observed from country to country around the world. In the Georgist ideology, all wages and interest go to labor and capital respectively, and all rent goes to the community.

RENT	Collected by Society
WAGES	Kept by workers
INTEREST	Kept by the owners of Capital