

CHAPTER 5

*Promised Land Revisited:  
A Philosophy for a  
Progressive and Just Society*

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IN THE PREVIOUS CHAPTERS I tried to show how destructive certain aspects of neo-classical economics could be. I argued that our current global economy amounts to little more than the privileged few plundering the unprivileged masses, and how, in order to satisfy their greed and their desire to maximise profits and minimise costs, the privileged few have seriously damaged our environment and set in motion dangerous ecological changes. I have also emphasized some of the major global socio-economic crises such as poverty, inequality, injustice, indebtedness, marginalisation, exclusion, isolation, stress, anxiety and depression, as well as secularisation and the removal of God from our daily lives.

So deep is the modern world's economic malaise that, in the words of Hudson *et al*, it needs more than just a clean slate and a fresh start. It needs a philosophy for a fair society.<sup>1</sup> Here, given our concerns, the model I offer to take us to the promised land is the Georgist paradigm, named after the American social reformer and economist, Henry George (1839-97), author of *Progress and Poverty*<sup>2</sup>.

I consider that George is a model to be emulated as his economic arguments were reinforced, indeed dominated, by humanitarian and religious philosophy. His forceful criticism of 'privilege', his emphasis on humanity in economics, his demand for equality of opportunity and his systemic economic analysis provide a stimulus to orderly reform.

If you trace out, in the way I have tried to outline, the laws of the production and exchange of wealth, you will see the causes of social

weakness and disease in enactments which selfishness has imposed on ignorance, and in maladjustments entirely within our own control. And you will see the remedies. Not in wild dreams of red destruction nor weak projects for putting men in leading strings to a brainless abstraction called the state, but in simple measures sanctioned by justice. You will see in light the great remedy, in freedom the great solvent. You will see that the true law of social life is the law of love, the law of liberty, the law of each for all and all for each; that the golden rule of morals is also the golden rule of the science of wealth; that the highest expressions of religious truth include the widest generalisations of political economy. There will grow on you, as no moralising could teach, a deepening realisation of the brotherhood and sisterhood of humanity; there will come to you a firmer and firmer conviction of the fatherhood of God.<sup>3</sup>

To avert environmental degradation, to eliminate involuntary poverty and unemployment, and to enable each individual to attain his maximum potential, George wrote his extraordinary treatise over 120 years ago. However, at this time of global calamity, his ideas are as valid and relevant today as when he wrote them:

He who makes should have; he who saves should enjoy; what the community produces belongs to the community for communal uses; and God's earth, all of it, is the right of the people who inhabit the earth.

Given the main thrust of my study, which has been to provide solutions to our global socio-economic crises based mainly on Catholic social teachings, I am pleased to report that George's ideas are in harmony with, and show respect for, Catholic social doctrine. As John Young has observed, a major theme in George's economics is the role of human association or co-operation. George emphasises the enormous difference between the poverty-stricken existences people would live in isolation and the abundance which is possible through association. He argues that association, like capital, creates wealth, permitting a division of labour, in addition to all the other advantages arising from a community of people. The term 'solidarity' (see Chapter 4), as used in Catholic social doctrine, has the same meaning as 'association' in George's writings.

At the centre of Georgist thought is the conviction that a human being has dignity: this is essential to the fullest

freedom consistent with the common good (another main tenet of Catholic social doctrine). Although he advocated the benefits of competition and free trade, this was within the context of justice, which ensured a fair distribution of wealth, and an ethical approach to trade and competition. George always remembered that the economy is a part of the total social system, and that if it is diseased this will infect other areas of social life.<sup>4</sup>

Looking at George's writings, one can observe his constant concern for humanity and for justice:

For poverty is not merely deprivation, it means shame, degradation; the searing of the most sensitive parts of our moral and mental nature as with hot irons; the denial of the strongest impulses and the sweetest affections; the wrenching of the most vital nerves.<sup>5</sup>

He fundamentally disagrees with those economists who see self-interest as the main driving force of human action:

It is not selfishness that enriches the annals of every people with heroes and saints ... It was not selfishness that turned Gautama's back to his royal home or bade the Maid of Orleans lift the sword from the altar ...<sup>6</sup>

In formulating his philosophy George was much influenced by what he observed in San Francisco in the 1850s, where he had a unique opportunity of studying the formation of a community as he watched it change from an encampment into a thriving metropolis.<sup>7</sup> He saw a city of tents and mud change into a fine town of paved streets and decent housing, with tramways and buses. But as he saw the beginnings of wealth, he noted the first appearance of pauperism. He saw growing degradation at the same time as he saw the advent of leisure and affluence, and he felt compelled to discover why they arose concurrently. He wrote, 'the association of progress with poverty is the great enigma of our times', and this is as true today as it was in 1879.

It is the central fact from which spring industrial, social, and political difficulties that perplex the world, and with which statesmanship and philanthropy and education grapple in vain. From it come the clouds that overhang the future of the most progressive and self-reliant nations. It is the riddle that the sphinx of fate puts to our civilisation,

which not to answer is to be destroyed. So long as all the increased wealth which modern progress brings goes but to build up great fortunes, to increase luxury and make sharper the contrast between the House of Have and the House of Want, progress is not real and cannot be permanent.<sup>8</sup>

Broadly speaking, within the Georgist paradigm a society without economic (as well as political) justice is plagued by systemic inefficiencies rooted in ill-managed conflict. In due course, growing inequality arising from institutional maladjustments can, and does, bring civilisations down. Equity is necessary for intergenerational efficiency.<sup>9</sup> This can be seen most clearly in past civilisations – Middle Bronze Age Mesopotamia (2000-1600 BC), Classical antiquity (750 BC-AD 300) and the Byzantine Empire (AD 330-1204). These civilisations collapsed as a result of the corrosive dynamics of debt, absentee landownership, monopolisation and economic polarisation. The interaction of these influences has destroyed societies repeatedly throughout history.<sup>10</sup> These factors were most influential in bringing down the 2,500-year-old Persian monarchy, when in 1979 the Pahlavi Dynasty in Iran fell – those particular issues I have addressed elsewhere.<sup>11</sup>

Such historical overviews can provide a basic insight into the nature of today's global economic crises. Henry George well understood historical relevance. He noted that the means of producing wealth could differ radically: sometimes wealth is stolen from the people, sometimes it is honestly earned. He differentiated between the two where others have not. The consequences of our failure to discern this difference underlie our present troubles. Each great civilization has succumbed through such lack of understanding. It is not valid to say that our times are more complex than ages past, therefore the solution must be more complex. The problems are, on the whole, the same. The fact that we now have electricity, computers and mobile phones does not mean that we cannot succumb to the consequences of injustice that toppled other civilisations.<sup>12</sup> It is possible to have another dark age.

However in George there is a voice of hope. What Georgists propose amounts to nothing less than a new paradigm of social organisation. In their view, government is the

guardian of natural and social resources, which are the common property of all. George himself said it best:

This revenue arising from the common property could be applied to the common benefit, as were the revenues of Sparta ... Government would change its character, and would become the administration of a great co-operative society. It would become merely the agency by which the common property was administered for the common benefit.<sup>13</sup>

In mainstream economics, it has long been traditional to lament the painful 'trade-off' between equity and efficiency. In the Georgist paradigm this problem has been overcome. Gaffney puts the case succinctly:

Georgist policy has been shown as a means to revive dying cities, and in the process to reconcile equity and efficiency, to reconcile economics with taxation, and to reconcile capital formation with taxation of the rich. It can be seen as a means of harmonising collectivism and individualism in the most constructive possible ways.<sup>14</sup>

Another important aspect of Georgist policy, which is very relevant to today's crises, is its harmony with, and respect for, the environment. The current debate can indeed be enriched by Georgist suggestions as to how scarce natural resources may be shared fairly and efficiently. The Georgist paradigm could offer a conceptual framework and an ethical basis for integrating these and other issues of public policy.<sup>15</sup>

As Kris Feder has observed in two recent major studies, the philosophy of Henry George, particularly his mechanism for socialising land rent, offers a workable synthesis of capitalism and socialism which avoids the fatal flaws of each. Our global environmental crisis will no doubt provide the catalyst for this transformation.<sup>16</sup>

The scarcity of natural resources and the problem of pollution make us all realise that land is scarce and valuable. International negotiations to manage the global commons need to solve the problem of the efficient allocation of as-yet-unowned resources, and the equitable distribution of their rents.<sup>17</sup>

As I mentioned earlier, Georgist philosophy is participatory; for it to become successful it must be embraced by all of the people. This is the challenge. There will have to be a powerful demonstration of the collective will for moral regeneration,

a determined application of our sense of fairness, and a sensitivity to the needs of the community, rather than a pursuit of narrow self-interest. The Georgist paradigm presupposes general participation in the process of change: this is necessary for a shift towards higher moral values. Rights prescribed in the model entail corresponding duties for the individual. This is not a social transformation from above that can be entrusted to an elite vanguard.<sup>18</sup> Therefore it can be concluded that the Georgist paradigm challenges the main features of the current capitalist model and neo-classical economics, and this can give us hope.

It is the Georgist paradigm of economic efficiency alongside economic equity, the removal of poverty and the respect for ethics, morality and religion, that in my view is needed today, faced as we are with billions of materially and spiritually impoverished people in the First, Second and Third Worlds. This is not a utopian dream. The failure of Communism and capitalism show the tragedy of rootlessness, exclusion and marginalisation that has befallen the people of the world. As we begin a new millennium, let us look back at and learn from the last one.

By the million people have died in the defence of land that did not belong to them, deceived by the ideology of nationalism. By the million they have starved to death for want of access to the soil, while being admonished as slothful. By the million they have wandered the world for the want of homes of their own, refugees in a world that begrudged them space and accused them of being 'bogus' or 'economic migrants'. In the words of Feder and Harrison, if, in the 21st century, there is to be a resolution of the crises that afflict people in their daily lives, it will not be found in an escape into the heavens. Peace and prosperity for everyone will remain beyond our reach until the day we find our way to *a philosophy for a fair society*.<sup>19</sup> Such a philosophy is present in the Georgist paradigm. It is absent from the ideas of neo-classical economics, and politicians selected, appointed, supported by big business to promote the greedy corporate agenda. Railtrack, Marconi and Enron are recent examples of the dangers.