

# People Centered Economics

## Objectives for class 3

- See article on London: consequences of rising land values when these values are not public.
- Recap last week's class.
  - The "Law of Rent" explains how much of the produce can be claimed by the owner of natural opportunities.
    - ✓ Rent of Natural Resources captures the *difference in productivity* of one site over another.
  - "Labor" and "Capital" divide the remainder of the produce after the "Rent line"
    - ✓ Therefore Wages and Return to Capital Goods ("Interest") bear no systematic relationship to productivity.
  - Topical examples: infrastructure improvements - who pays, who benefits?
    - ✓ Is there a more fair, equitable way to finance these improvements?
  
- George considers his remedy from the point of view of first JUSTICE, then APPLICATION (practicability), then EFFECTS.
  
- JUSTICE: What is the rightful basis of property? (Ch VII.1)
  - Nature recognizes no claim but Labor (Drake audio Ch 26 3:45)
    - "Nature acknowledges no ownership or control in man save as the result of exertion. In no other way can her treasures be drawn forth."* (par 7, p 335)
  - Therefore, private property in Land is wrong (Drake audio Ch 26 5:20)
    - "If a man be rightfully entitled to the produce of his labor, then no one can be rightfully entitled to the ownership of anything which is not the produce of his labor, or the labor of some one else from whom the right has passed to him."* (par 8)
  
- APPLICATION: Private Property in Land Inconsistent with the Best Use of Land (VIII.1)
  - "what is required for the improvement of land is not absolute ownership of the land, but security for the improvements.... The greater part of the buildings ... are built upon leased ground ... Thus it is a common matter for use to be separated from ownership." (par 2)
  - *"It is for the sake of the reaping that men sow ... The ownership of land has nothing to do with it."* (par 4)
  - "So far from the recognition of private property in land being necessary to the proper use of land, the contrary is the case. Treating land as private property stands in the way of its proper use." (par 9)
  - Adam Smith's 4 canons of good taxation: (VIII.3)
    1. light on production
    2. easily collected
    3. certain
    4. equitable

- EFFECTS

1. upon production (XI.1)

- "And will not the community gain by thus refusing to kill the goose that lays the golden eggs ...?" (par 6)
- "Instead of laborers competing ... for employment, employers would ... be competing for laborers." (par 13)

2. upon distribution (XI.2)

- "Rent, instead of causing inequality, as now, would then promote equality." (par 3)

3. upon individuals and classes (XI.3)

- "Take, now, the case of the *homestead owner* ... The selling value of his lot will diminish -- theoretically it will entirely disappear. But its usefulness to him will not disappear. ... While, as the value of all other lots will diminish or disappear in the same ratio, *he retains the same security of always having a lot that he had before.*" (par 4)

4. upon social organization and life (XI.4)

- "the great simplicity which would become possible in government." (par 3 / p 454)
- "The growth of morality consequent upon the cessation of want ..." (par 4 / p 455)
- "Government would change its character, and would become the administration of a great co-operative society." (par 6 / p 456)
- From whence springs this lust for gain ... Does it not spring from the existence of want? ... From this hell of poverty, it is but natural that men should make every effort to escape." (par 9, 10, 11 / p 457)
- "The desire for approbation ... Now, men admire what they desire. ... Men instinctively admire virtue and truth, but the sting of want and the fear of want make them even more strongly admire the rich and sympathize with the fortunate." (par 12, 14 / p 458-9)
- "Give labor a free field and its full earnings; take for the benefit of the whole community that fund which the growth of the community creates, and want and the fear of want would be gone. ... Men would no more worry about finding employment than they worry about finding air to breathe; ... With this ... the admiration of riches would decay." (par 18, 19 / p 461)
- the "force of forces" (par 21, 22 / p 463)
- "the stimulus to exertion ... Want might be banished, but desire would remain. Man is the unsatisfied animal. ... Each step that he takes opens new vistas ..." (par 29, 30 / 466)
- "For, greatest of all the enormous wastes which the present constitution of society involves, is that of mental power. How infinitesimal are the forces that concur to the advance of civilization, as compared to the forces that lie latent." (par 35 / p 469)
- "*Consider the possibilities of a state of society that gave that opportunity to all. Let imagination fill out the picture; its colors grow too bright for words to paint. Consider the moral elevation, the intellectual activity, the social life.*" (par 38 / p 471)

- George considers how civilizations prosper or fail in X The Law of Human Progress

- "as in a separated state the whole powers of man are required to maintain existence, and mental power is set free for higher uses only by the association of men ... **association** is the first essential of progress." (X.3 par 10)
- And as the wasteful expenditure of mental power in conflict becomes greater or less as the moral law which accords to each an equality of rights is ignored or is recognized, **equality (or justice)** is the second essential of progress." (X.3 par 10)

- Some online resources:
  - [schalkenbach.org](http://schalkenbach.org)
    - ✓ Robert Schalkenbach Foundation - publisher of Henry George and related works
  - [hgchicago.org](http://hgchicago.org) | Links and Resources
    - ✓ includes Bob Drake's audio version of Progress and Poverty
  - [earthrights.net/docs](http://earthrights.net/docs)
    - ✓ Earth Rights Institute - collection of articles page
  - [cooperativeindividualism.org](http://cooperativeindividualism.org)
  - [masongaffney.org](http://masongaffney.org)
  - [michael-hudson.com](http://michael-hudson.com)
  - [wealthandwant.com](http://wealthandwant.com)
  - [henrygeorgeschool.org](http://henrygeorgeschool.org)
    - ✓ come back, stay connected!