

SETTLEMENT IN THE NEW LANDS
WOULD HISTORY REPEAT?

Imagine if you will that the land to which the Celtic Irish voyaged was not the North American continent, but a distant and uninhabited island. Irish seamen had repeated stories of this distant island to the west, long ago visited by Norsemen but never settled on or colonized. From ancient Norse maps they assured their fellow countrymen the island could be found.

A group of some eight hundred farmers, craftsmen, seamen, clergy -- Irish from all walks of life and their families banded together, forming a charter company in which all shared an interest; they then planned their migration to this land they would call NEW EIRE.

A LIBERTARIAN CHARTER AND NO STATE

In planning how their society would be organized, the settlers recognized all too well the terrible monopoly power of the State and its trappings of king, parliament, state religion and privilege. Theirs would be a society based on principles of nonaggression against the person or property of others. There would be no central state, no legislature or public police or courts. Each citizen over the age of eighteen would be member of and own equal shares in the charter company.

Upon arrival in New Eire, the island would be surveyed and

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settled

sectioned off into parcels of approximately equal productive value. Each parcel would then be SOLD for gold or other precious commodities, or on credit through a lottery system by the charter company to prevent the possibility of unfair advantage. The income stream derived from investments and the land loans would be utilized by charter company officials (randomly selected from the shareholders to serve one year terms unless recalled by a two-thirds majority) to provide the financial reserves for private development of New Eire's lands and to give the shareholders a stable source of income from the company's investments.

As children became of age and gained rights of citizenship, and as more Irish came from Ireland, provision was made for them to participate in the land lottery. No land could be purchased from the company by individuals already holding title to previously acquired parcels. It was felt that should New Eire ever become completely settled, the company's dividend would be sufficient to guarantee each citizen a decent standard of living even though some citizens would not have acquired land under the lottery system.

Individually-titled land would be sold, exchanged or handed down to heirs without restriction or taxation. In fact, trade would be completely free from interference. Any disputes arising between parties would be settled by arbitration committees chosen at random by lottery and serving for a term of one year. Criminal acts would be dealt with similarly: murder, attempted

murder, rape or serious bodily injury would be punishable by death. All other crimes would be punishable by loss of citizenship rights and the confiscation of property by the victim to the extent of damages as determined by the arbitration committee. Their new society would be built upon principles of voluntary and private association, absent any state interference.

Confident that they had conceived the basis for a truly cooperative and just society, the future citizens of New Eire pooled their skills and what wealth they possessed to secure a large enough number of sailing vessels for the journey. Despite their feelings of solidarity and kinship, discontent arose among those making the greatest contributions in resources and labor. A council was held and a decision reached to compensate each person by awarding them additional shares in the charter company based on a negotiated value established for their contributions.

At long last the colonists left Ireland and Eurasia forever in search of New Eire. Three months later, six hundred survivors gathered on the decks of their vessels; land had been sighted on the horizon. All their dreams and hopes would, they hoped, be realized in this new land.

The main ship, the DUBLIN, followed the island coast south, locating a deep water bay that narrowed some miles inland into the mouth of a wide and navigable river. The landscape, though tree covered, rolled gently away from the river's banks and then

began to rise slowly into rolling hills. Higher peaks were visible in the far off distance. A decision was made to disembark at this place to set up a temporary encampment, gather food and water and begin the tasks of surveying and building new homes.

Several months passed during which most of the island was explored and thoroughly mapped. Its size was estimated to be around 32,000 square miles (roughly the same land area as their former homeland). Other similarities in climate, rainfall, soil fertility, plant and animal life, forestry and minerals were also reported. From this information the island was divided into parcels sufficient in size to support by various means the needs of each family unit. In this manner, the parcels best suited for agriculture were smallest in areas evidencing great fertility and larger as the parcels decreased in fertility and other natural advantages. This attempt to equalize inherent advantages was also carried into the parceling out of land for the building of the first town and headquarters of the charter company.

The first years were the most difficult for the settlers, struggling to clear the land for farming, begin construction of their community, while living under very primitive conditions. As the settlement grew and the first clearings yielded their crops of corn, wheat, vegetables and fruits, the citizens selected a committee to prepare the initial plan for their city. They desired both the aesthetic and the practical in its location and design:

Let the rivers and creeks be sounded in order to settle a great towne. Be sure to make your choice where it is most navigable, high, dry and healthy. Let every house be pitched in the middle of its plot so that there may be ground on each side for gardens or orchards or fields, that it may be a green countrie towne that will never be burnt and always be wholesome.[IX.110]

NOTE IX.110. William Penn, October 10, 1681. Cited in Struthers Burt. PHILADELPHIA HOLY EXPERIMENT [Garden City, NY: Doubleday, Doran & Co., 1945] p.37.

The memory of the Great Plague and other disasters that befell Euroasia were not, if they could help it, to be repeated in New Eire. Almost immediately citizens joined together in ventures to offer landowners such services as a sanitation system and private schools. A stock company was formed to acquire and preserve open land for recreational use, another to obtain easements from individual landowners for roadways throughout the community. Enterprise after enterprise arose, trade and exchange expanded rapidly, and the people of New Eire began to experience a standard of wellbeing never thought possible when back in Ireland.

At the time of colonization, the six hundred original settlers were deeded parcels that amounted to barely 1 percent of the land area. Because of the restrictions placed on the charter company against selling land to existing landowners, New Eire remained largely virgin. Frequent patrols by private security personnel ensured that the land was not poached upon or abused. The company itself was strictly prohibited from developing or exploiting these lands, although accurate records were kept of

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all land sales and leases in New Eire in order to accurately price its land sales. Slowly, however, native population growth and waves of new arrivals from Ireland brought more and more land into use. In less than 100 years the population reached 5 million. Virtually all the land area of New Eire had been sold and, as a result of rising land prices and the returns earned on investments, the charter company went unchallenged as the largest business entity in the country.

Descendants from the original families had not only acquired their own parcels of land but had inherited land and capital property (as well as shares in the capital value of the charter company) from their parents and grandparents. New Eire was extremely prosperous, its citizens enjoying the highest standard of wellbeing in the industrialized world, above even that experienced in the United States. The poverty-stricken (an extremely small minority) were well cared for by privately-funded and operated charities. Jefferson's description of a very young United States in 1814 comes very close to life in New Eire:

We have no paupers, the old and crippled among us, who possess nothing ... being too few to merit notice ... The great mass of our population is of laborers; our rich, who can live without labor, either manual or professional, being few, and of moderate wealth. Most of the laboring class possess property; cultivate their own lands, have families, and from the demand for their labor are enabled to exact from the rich and the competent such prices as enable them to be fed abundantly, clothed above mere decency, to labor moderately and raise their families ... The wealthy, on the other hand, and those at their ease, know nothing of what the Europeans call luxury. They have only somewhat more of the comforts and decencies of life than those who furnish them. Can any condition of society be more desirable than this? [IX.111]

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NOTE IX.111. Martin A. Larson. THE ESSENCE OF
JEFFERSON [NY: Joseph J. Binns, 1977] p.10.

IN THE LONG RUN ...

The societal plan described above is one that has never existed but which is organized under a specific set of voluntary arrangements quite different from the NATURAL development of social groups described in earlier chapters. This LIBERTARIAN society maximizes individual liberty within a framework of control based on private contracts. I have gone beyond what most libertarian proponents would proscribe insofar as equalities of opportunity are concerned. The question is, will this social organization guarantee equality of opportunity in the long run? Or, will the people of New Eire eventually experience a gradually-increasing concentration of control over the country's land, natural resources and physical capital? What will happen to the wages of labor?

This created history of New Eire offers us an opportunity to examine the impact of the advance of population, technology and knowledge on a strongly Jeffersonian model, under which the original societal goal is to have property in land distributed as equally as practicable -- not only to existing but to future citizens as well. To Jefferson and many other eighteenth century American statesmen, this seemed to be a realistic view of what the future would hold for their new nation (although they were

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unable to shed the shackles of a state sure to expand its powers over time).

Protected from outside intervention and the privileges normally associated with the political state, the advance of civilization in New Eire was rapid, indeed. The inventiveness and ingenuity of its citizens was encouraged by a previously unknown degree of individual freedom, fostered by a universal access to the source of wealth. There seemed, in fact, to be some guiding force at work within the nature of each individual heretofore subdued:

Men tend to progress just as they come closer together, and by co-operation with each other increase the mental power that may be devoted to improvement...[IX.112]

NOTE IX.112. Henry George. PROGRESS AND POVERTY. p.508.

Thus, within an environment of maximum individual freedom, the cooperative instincts of mankind seem to rise with the sense of individual wellbeing and security. Yet a very real problem remains. Identifying the point at which the exercise of freedom by one individual interferes with the freedom of others has been, for the political philosophers, a point of great contention. On this issue rests the entire basis for building a just society. A modern view I find most satisfactory is this:

Liberty is freedom exercised under the restraints of justice so that its exercise results in injury to no one. In contrast license is freedom exempt from the restraints of justice and, therefore, injurious to others in infringing their freedom as well as violating other rights. When no distinction is made between liberty and license, the freedom of the strong can

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destroy the freedom of the weak. For the freedom of any one individual to be compatible with an equal measure of freedom on the part of all others, the freedom of each must be limited and limited precisely for the purpose of preventing the freedom of one from encroaching upon or destroying the freedom of others. Hence, maximization of freedom for all, with an equal measure of freedom for each, is impossible without the restraints of justice which confines the freedom of doing as one pleases to conduct that in no way injures anyone else. [IX.113]

NOTE IX.113. Mortimer J. Adler. THE COMMON SENSE OF POLITICS [NY: Holt, Rinehart and Winston, 1971] pp.125-126.

AUTHOR'S NOTE: Henry George felt that liberty and justice were not only synonymous, but that "our primary social adjustment is a denial of justice." Or, in words reflecting Mortimer Adler's definition, an acceptance of license over liberty as a way of living.

Given the constraints I have placed on the historical development of New Eire, the question I now pose is whether the country's history would unfold with liberty, or with license, as the victorious principle? This is not a Social Darwinist society in which there are no bounds placed on individual actions; there are laws and means of enforcement. And yet, once all of New Eire is sold off, what should be done to ensure equality of opportunity for the newborn and newly-arrived? Justice is clearly at stake once this society reaches the point where ALL (or nearly all) of nature has been transferred to private title.

The Market For Land And Natural Resources
Property With A Zero Production Cost

As I have set down the charter elements, there is no taxation in New Eire; any contributions made for "community" purposes are

strictly voluntary. Land acquired from the charter company could be sold, leased to others or used as collateral for acquiring goods and/or services. Whether a citizen managed to accumulate or lose ^{the} property (i.e., physical wealth and land) was strictly a matter of personal ability and initiative. Each person would begin with equality of opportunity; however, there would be plenty of room for individual differences to find the just level of reward. But, would this last? Are there the same seeds of monopolistic controls within this stateless society as have repeatedly shown themselves everywhere throughout history?

The key to appreciating the dynamics of even this system of political economy is, I suggest, to be found in the concept of TENDENCY. There is a very clear historical tendency for the return to landowners as landowners (i.e, rent) to increase because of the rising demand by a growing population for what nature provides. Has this tendency reduced the amount of wealth retained by labor? Yes and no. In almost all societies there are those whose wages have risen as fast or even much faster than the RENT taken by landowners from total wealth produced. Increased knowledge and technological advances have also made us extremely productive, enabling the creation of large amounts of wealth from each unit of land utilized. Many business entities are both large landowners and owners of vast quantities of capital. We have become a truly global economy with intense competition among producers for consumer spending. Indeed, the global economy is dynamic (probably) beyond predictability. If,

then, we are not realistically able to speak of absolute relationships the best we can identify are TENDENCIES. A point often missed by Georgists in their writing was not overlooked by Henry George himself:

I do not mean to say that the lowering of the margin of production would always exactly correspond with the increase in productive power, any more than I mean to say that the process would be one of clearly defined steps.[IX.114]

NOTE IX.114. Henry George. PROGRESS AND POVERTY, p.251.

How can we predict whether the tendencies are present in New Eire. Patience is certainly required. After all, great pains have been taken to extend the period of equal access. More than this, as a result of the "social dividend" distributed from charter company investments, each citizen continues to receive a portion of the rent and interest returned to the charter company. The importance of such a wide degree of participation in the distribution of wealth was captured by Louis Kelso and Mortimer Adler in their book THE CAPITALIST MANIFESTO:

Every man has a natural right to life, in consequence whereof he has the right to maintain and preserve his life by all rightful means, including the right to obtain his subsistence by producing wealth or by participating in the production of it.[IX.115]

NOTE IX.115. Louis O. Kelso and Mortimer J. Adler. THE CAPITALIST MANIFESTO [New York: Random House, 1958] p.68.

The social dividend may be more than sufficient to provide a "safety net" that assures no one will starve or be denied the goods which are required for a decent human life. That is pure

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conjecture on my part, an educated guess based on what I see as the structural incentives for individual initiative built into this hypothetical society. Would I, then, go so far as to suggest that New Eire might outrun the probabilities inherent in the laws which comprise political economy? Unfortunately, (as economists would say) EXTERNALITIES come into play.

The advance of technology, the improvement of communication and travel between societies and the relatively free movement of people from society to society are important externalities to consider. Our experience has been one of a gradually expanding world economy. There is no longer anything resembling pure NATIONAL ECONOMIES, with national markets and government policies that can unilaterally determine the course of future events. New Eire would be hardpressed not to succumb to these external pressures, particularly should it become the target for territorial expansion by an envious and more aggressive state. Thus far, I have contrived that migration to New Eire be limited to Irish only. Another externality would be the pressures of continued immigration by others as well, particularly after all the land was sold and the newly arrived received a money income for their labor net of the sum extracted by landowners for access to their land.


Our next challenge is to explore whether it is theoretically possible to show a relationship within a growth model of human civilization between the expansion of the total stock of wealth and its distribution to the owners of land, labor and capital.

This is the task Henry George felt he accomplished but which his successors have largely abandoned because of the complexities associated with such a closed system analysis. The economist Alfred Marshall, in an 1883 criticism of George's pessimistic view of the long run, noted:

Mr. George says that progress drives a wedge into the middle of society, raising those that are above it but lowering those that are below it. If this is true at all, I think it is clear that the great body of the working classes are above the wedge, and that progress is pushing them upwards, though unfortunately at a very slow rate. If there are any whom the wedge of progress is pushing down, it is the lowest stratum of all. [IX.116]

NOTE IX.116. See [Ronald Coase], "Three Lectures on Progress and Poverty by Aldred Marshall," JOURNAL OF LAW AND ECONOMICS. 12 [April 1969]: 184-226. Quoted in Robert F. Hebert, "Marshall: A Professional Economist Guards the Purity of His Discipline," CRITICS OF HENRY GEORGE [London: Associated University Presses, 1979] p.58.

Marshall's error was in not anticipating two powerful influences on money wages in the industrializing societies: (a) the gains made by trade unions in securing for their members greater security and a larger share of the value of production; and (b) the competition by industry for highly educated and trained individuals manage a growing stock of capital. As a result, the "wedge" was hammered into the global economy between the industrialized nations and the rapidly emerging "third world." Poverty is not only still present in every society but in an absolute sense is growing, so that in a large number of societies the overwhelming majority of citizens live at or below bare subsistence. George set down a set of fundamental relationships



into the LAWS of RENT, WAGES, AND INTEREST. We will examine his theoretical model, then return to our historical discussion to see whether the last few hundred years support his conclusions or lead us in other directions.
