

LEFT HAS ITS OWN POPE

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by Thomas Sowell: Francis' native Argentina thrived until 'progressive' ideology took hold.
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(GroundSwell editor's note: Pope Francis addressed the U.S. Congress on September 24, 2015.)

An objective study of history and of political economy reveals that neither those who attack or embrace existing socio-political arrangements and institutions are on very solid ground. The laws of every society around the globe have come into being out of struggles for "Power and Privilege" (the title of one of the most insightful books on the subject, written during the 1960s by Prof. Gerhard Lensky). Settlement in one location required that groups come to some agreement on how nature would be accessed. Rules became necessary to govern the use of and control over land, over available sources of water, over needed minerals, timber and other natural resources. At first, these rules were established to guarantee a high degree of equality of opportunity in societies that were communitarian in structure and non-hierarchical.

Over time, communitarian values were subordinated to the pursuit of power and privilege. The warrior-protector groups developed their own rituals and gradually came to dominate their societies by a combination of coercive force and the hereditary transfer of authority. Aristocracies and monarchy resulted. The laws of the land established this group as the primary claimants to landed property. They become "rentiers" able to claim what others produced without themselves producing anything in exchange.

By the time Thomas Paine was born in England, the landed rentier elite controlled nearly all of the land. Over several centuries, the commons was completely enclosed, leaving landless peasants with few options. They moved into the towns and cities, competing with one another for whatever employment could be found and for a place to live. Employers took advantage of the huge supply of labor. Property owners took advantage of the short supply of housing. The surplus population boarded ships heading for the far corners of the globe, places where the land was not yet monopolized. Thomas Paine understood all of this more than most. From his earliest writings, such as his pamphlet written to gain improvement in the compensation and working conditions of his fellow excise tax collectors, he attacked privilege in all its forms. One of his later writings, "Agrarian Justice," presents a plan to establish equality of opportunity and bring an end to rentier privilege by changing the way government raises its revenue. He (as did Benjamin Franklin, Pierre Samuel du Pont de Nemours and other members of the Physiocratic school) called for the societal collection of ground rents to pay for public goods and services and to provide for a (continued on page 12)

sort of citizens' dividend.

What Thomas Paine saw clearly was the destructive power of "rent-seeking" in any society, whether in form a society fit the definition of a republic or monarchy. Where property laws and taxation policies rewarded "rent-seeking" over the production of goods and delivery of needed services, the effect was an increasing redistribution of wealth from producers to non-producers. This is our situation today, even in those societies where the rhetoric calls for either individual liberty or social democracy.

Paine's attack on privilege put him in the sights of those who held power and enjoyed privilege. His contributions to moral philosophy were largely forgotten as the nineteenth century progressed and the Jeffersonian vision of a self-sufficient, agrarian citizenry disappeared. However, by the later 1800s in the United States, the conditions Paine had feared were commonplace. Much of the public domain had been given away to the railroads and other corporations. Land speculation and other rent-seeking strategies were viewed as a legitimate means of acquiring individual wealth. Monopoly became standard practice.

Paine's crusade against privilege found a new champion during the last quarter of the nineteenth-century in the person of Henry George. George became internationally famous as a defender of the interests of working people against entrenched privilege. His book "Progress and Poverty," published in 1879, was widely read and eventually translated into a dozen different languages. And, in 1886, nearly 70,000 New Yorkers voted for Henry George to be their mayor. Although defeated by the Tammany-endorsed candidate, Abram Hewitt, George's candidacy ushered in the era of progressive reforms that to some degree mitigated the most harmful effects of the system inappropriately and consistently described as "laissez-faire capitalism."

The full French phrase -- "laissez-faire, laissez-passer" -- is best defined to mean, "first clear the way, then leave things alone." The phrase comes from the Physiocrats, to whom Adam Smith dedicated his book "The Wealth of Nations." Henry George wrote that what the Physiocrats were calling for was "a fair field with no favors." By this standard, no society has ever enjoyed the full benefits of a capitalist economics system. Capitalism requires a labor and capital goods basis for private property, with rentier claims on such property eliminated by the public collection of the full potential rental value of land and land-like assets (e.g., the broadcast spectrum or even take-off and landing slots at airports).

I urge anyone who really seeks solutions to our societal and global problems to read with a renewed commitment to objective truth the writings of Thomas Paine and Henry George. Had we listened to these two

remarkable moral philosophers we could have avoided much of the sad and destructive part of our historical and contemporary experience. <<