

ON RECOVERING THE SACRED INCOME

Transcript of a talk given by Fred Harrison at the October 2003 conference on Land, the Claim of the Community, organised by Feasta and the Henry George Foundation.

WITH THE CORRECT policies in place the major social problems that we face in the world today can actually be solved. But we need to understand that we do not have in place those policies that empower people to solve their own problems. We do not need power to be exercised from the top down; our problems will be solved from the bottom up. My function is not to explore the deep detail of the policies which will actually accomplish what we want. We have a battery of distinguished speakers who will actually spell out in detail how policies can be implemented by administrations, by enlightened politicians if they so wished. My function is to cover about 150,000 years of human history, and I'll be doing so at quite a lick. The purpose is this: we need to realize that, given the huge vested interests that are embedded in preserving existing land policies and tax policies, effective action will not take place unless there is a groundswell of democratic demand for action of the kind that will enable us to solve the problems that otherwise governments will simply not solve, despite the enormous power that they deploy as sovereign authorities, no matter how much money they spend, no matter how much they bully the people, they will not solve those problems until we make the fundamental changes that will be spelt out over the next two days. And those changes will not occur until people really realize there is no option because land is so vital to our

prosperity, to our health. Until we understand that, the people who kid the population will continue to kid us and get away with literally murder.

So I'm going to provide a broad canvas - very broad brush strokes - and I'm hoping that in the coming weeks and months as you reflect on what you've heard you'll be able to fill in the missing pieces. I will be making largely assertions: I don't have the time to fill in the evidence.

The three key words from our conference title are Land, Claim and Community. Let's go through those three words. Let's understand what they mean, before we consider the technical issues of dealing with the problems that confront us. Let's start with the word land.

Land is a biological imperative. We can't live without it. Land, for the economist, means everything we don't create. It's the minerals beneath the oceans, and beneath the surface of our soil. It's farmland, it's urban land, it's the radio spectrum, is the geosynchronous routes around Earth that satellites rotate through in order to send signals back so that we can use our televisions and our mobile telephones. Land is everything other than what we create.

It may seem a platitude, but we've discovered that when we've gone to governments in places like Russia, South Africa, even in Scotland, to address them on the issue of land, they automatically think of rural land, farmland. No, it isn't. It's everything. They pick on the least interesting, the least valuable aspect of nature's resources and ask us, is that what you're asking us to deal with? The answer is no.

Land was initially regulated on the basis of a biological relationship. Territoriality is a land tenure system that we brought with us out of the state of nature. Other species behave on the basis of territorial principles, and those principles remain biologically ingrained in us. So immediately we see that we're talking about something which if the relationship is disturbed, is going to have a fundamental physical and psychological impact.

But land is not just its physical presence. Land - and this is where it becomes politically sensitive - land is actually the rental income that we all are willing to pay for the benefits of using, of accessing land. Rent, people say to me, today, people who've been through university, who are qualified in economics, "What do you mean by the rent of land?" They do not understand the concept, and yet these are intelligent and well tutored people. We suffer in our society from what I call selective amnesia.

There is no mystery about how the labour market works and we have an exhaustive amount of detail on workers, their wage rates, the amount of time they spend working and so on. There is no shortage of data on the capital markets at all. You want to know prices, who owns it, where it is, what it's doing, you can have it. On the land market, *the shutters come down*. Now you have to ask yourself why, when the professionals say "We want to work with the land, where is the data?" – whoops, there isn't any. Why? It's secret, it's confidential. Big problem. And yet it's the rental value of the land on which we have built our civilization. Civilization wouldn't exist today without the rent of land. The rent of land is the measure of the benefits that people receive from using nature's resources. It was the capacity to produce a surplus, something like 10,000 years ago, which made it possible for human groups to come off the land and

start to generate what we now consider to be the distinguishing characteristics of civilization.

The most important feature is spirituality. When people started generating this additional surplus income, they reposed it in a town, in the safe keeping of the temple. They trusted the spiritual leaders to secure that surplus and to deploy it in an appropriate way. How was it deployed? Rent made it possible to develop our ability to write. Rent made it possible for the priests and the skilled people who lived in the new towns, to develop the art of literacy, of numeracy, of accountancy. These skills were based on the need to track the movement of the surplus revenue from the fields and into the towns. That surplus income made it possible for the craftsmen to develop their skills to the highest possible accomplishment. It enabled what we would today call the politicians to organize the complex urban environment, new social organizations, all of it was built on the capacity to generate a surplus from the land and to pool it. That's the key point. The willingness of those communities, whether in Central America, the Near East, South east Asia to pool that surplus revenue, the surplus product from the land for what we would today call the common good.

Without that willingness to pool those resources we would not have civilization. We know from the onset of the last ice age about 150, 000 years ago to a point where the ice began to recede 30,000 years ago that mankind did begin to express a spiritual awareness. But it was slow in coming, it was there, we see it in the burial mounds. Neolithic man certainly expressed this spirituality: we see it in some fine tombs here in Ireland. But it was the onset of civilization and the willingness to pool that surplus in the urban context that made it possible for the spirituality that's latent in all of us to flourish.

And then the rest of what we're capable of in the arts, in the crafts, to explode into what we now call civilization. That's what we mean by land. Civilization. Without it, without more specifically the willingness to pool the rent of land we wouldn't have civilization

Claim. What do we mean by "claim to the land"? Anthropologically speaking, land was not individually owned. Today we celebrate the individual as if the individual is the key focus of all human creativity. But in fact the individual derived his or her rights through membership of the community. It was the community that laid claim to the right of access to natural resources, and the individual exercised that right through membership of the community. So it's wrong of us today to develop a philosophy of individualism as if the individual has superior rights over the community. In fact, the individual derives his rights, derives his or her existence from and through the community. The emphasis we place on individualism today derives from the wish to preserve the notion of the privatization of land and rent. That's something for you to reflect on. Today we need, if we're going to recover the ability and the freedom to develop all the skills that's latent in us as individuals and in our communities, we need to rediscover a theory of community that locates and celebrates the individual within the context of the community.

What do we mean by *community*? Well, almost nothing. Today we disparage the community, we abuse the community. Look at the question of taxation. We begrudge giving the resources to the community and yet without resources the community cannot function. And we devote all our time wrestling with the problems, trying to figure out how to solve the difficulty of relaying the resources to the community to provide the services that we say we want. Why is there such a problem when five and six and seven thousand years ago in the deserts in Mesopotamia they had no difficulty. They could

build complex networks of transportation and irrigation, hydraulic systems for flowing water throughout the desert to produce a huge surplus that enabled people to create the ziggurats and produce the fine craftsmanship with almost no difficulty, and we can't make our trains run on time? Can't provide sufficient road space? Can't deal with the nitty gritty of making our communities function? Why? Have we regressed intellectually? Obviously not. There's something fundamentally wrong and there's only one thing that's wrong: we lost the art of sharing the surplus.

As a consequence, we've abused ourselves as individuals. Our psychology, our mental health, our creativity is a function of a community that's flourishing, that's creative, that's healthy. And if we don't have communities that are healthy, individuals can't express their full potential. So I call this revenue, this surplus, sacred rent. Sacred income. It's the sacred revenue on which we were able to construct civilization. Sacred because we actually did give it to the temples to look after it for us. The temples were charged with looking after the widows and orphans, making sure that the irrigation systems worked, that the fields were fertile, and could produce the surplus so the urban workers were released from the need to work in the fields to produce all the additional things that can't be generated out of the soil. We lost the capacity to preserve the sacredness of that rent. We privatized the rent, we profaned it. And the consequences are with us today.

The individual is capable of achieving fantastic things, but only within the context of the community, a community properly financed, but financed in a way that actually releases the latent power in all of us. The point is this, and this is what will be stressed over the next two days. It's not *how much* we take from people to give to the community,

it's *how we take it*. And it's *what we take*. The way we take resources today actually abuses people and abuses the community. Taxation is based on arbitrariness and abusiveness. It is not based on principle on the realization that, actually, we all ought to pay for the benefits that we receive. Now here's a very curious thing. People will go to the ramparts and defend their right to continue to receive the rental income of land as their private income. Somehow they've inverted reality. What was sacred is now turned on its head and we legitimize the privatization of rent as if this is based on a sacred principle.

And yet, the basis on which we operate in the labour markets is this: you pay for the benefits you receive. Nobody expects to hire labour and pay them a sub-standard wage, and workers won't voluntarily sell their labour for less than what they're worth. Payment for the benefits received. It's the same in the capital markets. You can't borrow money, you don't save and invest and expect less than what you feel you're entitled to, based on the benefits that you're giving or receiving. It's this principle of paying for the benefits that you receive. In the consumer market, when you go into a supermarket, you don't expect to walk away with a trolley full of goods and not pay for the benefits you receive, do you? You can't go into a showroom and say "I want that car, but you don't expect me to pay for it, do you?" No. But in the land market, people expect to receive benefits and not pay for them. And because they don't pay for the benefits they receive, they are able to capitalize the value of those benefits, a rental stream, into a selling price, and flog the land at that price to somebody else. Now that is a trade in what should be the community's social revenue, which we, through default - the failure of our communities to protect the revenue that they generate - enable others to capitalize it into a selling price

and to trade it. You can't blame people for doing what is not unlawful, so there's little point in knocking the landowner. Most of us probably are landowners, albeit in a small way with our homes: there's no point in knocking us for doing what is allowed. We knock the community – which is us, if we are a democratic community - for failing to observe our obligations to members of a society that could not exist without a budget, a flow of resources, that pays for the services that we can't supply for ourselves as individuals

We suffer from selective amnesia. We've forgotten what our ancestors knew, which is why our public administration, our politics, our urban civilization is based on all manner of arbitrary principles – we can't call them principles – procedures designed to cover up, patch up our failure to do what ought to come naturally.

Why have we forgotten about rent? Its social function, its sacred function. Why have we forgotten it? I don't have the time to go into the history of the way we privatized and profaned that rental income. But we need to recover the understanding that we had. It really is only a recovery. It is a relearning of what we already knew.

I would like to give you a simple graphic demonstration of how these ancient people in the deserts in what we today call Iraq, the place where dropped so many bombs not so long ago, how they understood the economics of community, and of individual enterprise.

Archeologists have dug up the tablets from underneath the desert around those civilizations in Mesopotamia and we're still transcribing the meaning of those etchings on clay tablets in the dark and dusty rooms of the British Museum. One of the tablets

came out of a hoard that belonged to a family whose existence can be tracked over 5 generations in Babylon. One of those tablets had this image on it [sound of drawing...]

There's Babylon, there's the canal, the hanging baskets of flowers, and the irrigation system that made it possible for the arid fields to generate the surplus. On that etching was the inscription which informs us that the land closest to the water was the most fertile, had the most date trees on it, generated the greatest product. The strip of land beyond the most fertile was less generous in its product but nonetheless it produced a surplus. Beyond that was the land on which you could barely exist: this was the subsistence land. Now what these people were doing was generating the surplus, sending it up the canal to Babylon.

Babylon didn't start as a corrupt society. It started as a civilization based on the principles of the common good. But then something went wrong, badly wrong. And we know it was corrupted. Well, why was it corrupted? Before I fleetingly refer to why, notice what we have here. It took 2,000 or more years for our society to say "Whoa, the theory of rent, the theory of surplus", which we associate with the name of David Ricardo, and his book on the principles of taxation. What he said was, look, at the centre, this is the centre [drawing on paper...] this is the point closest to the waters, to the canal, the product is at its greatest, the further away you go from the fertile point, the most productive centre, you get a lower output, that's lower there and on the margins, whoo, you can barely live, that's the margin of cultivation, of existence, its where you could just pay for the costs of production and reproduction. You could just keep a family, you could just renew the capital you needed to live on the land, you couldn't generate a surplus. But these people, by developing the arts of increasing output beyond what they needed for

subsistence, could generate this massive surplus [sound of drawing on board]. over and above the margin. And that was the surplus from this land which Ricardo's classic diagram enables us to measure with precision, that was shipped up the canal to Babylon.

Why did Babylon become corrupted? Why was its days doomed at some point in time? The answer is very simple. At some point in time they forgot that that surplus from the most productive land belonged to the community and should pay for the spirituality of the community and the development of its arts and its crafts and facilitate the circulation of life in a complex urban order. They started to privatize that revenue. They inverted the reality: they profaned what was the sacred income, and it was inevitable that corruption at the heart would set in which would foredoom the civilization. And we know, of course, that Mesopotamia is a history of collapsing civilizations. that's the reason why. So we need to go back to no further than David Ricardo's *Principles of Political Economy and Taxation*(1817) and realise that there is no mystery about how to solve our society's problems: we can relearn the art of civilization, recirculating the sacred income and as a consequence we don't need to tax people on their wages and on their savings. This delivers the rebalancing of the community. Now the weakling, not the Hollywood Hercules [Arnold Schwarzenegger] can solve his own domestic problems and his community's and his wider society's problems, because actually he's doing it, or she's doing it, for himself or herself. There is no need for magic wands from the centre or from supermen, such as our friend Mr. Schwarzenegger. We need to revisit the way we think about society. We need to revise those disciplines that have been discredited. Economics is a discredited social science. Even people within that profession are publicly voicing their dissatisfaction. Sociology, as the science of society, is also a discredited approach to

understanding how society works. Therefore, one of the issues that we can't even begin to touch on today is to focus on how we can redesign the way we study our communities and express our findings in a way that is coherent and enables the public administrators to formulate policies consistent with the natural rhythms of our life and our natural rights and our aspirations.

We need a new science of society. We even have a name for that new discipline. It's described in Kenneth Jupps' little book *Stealing our Land*. It's called "geocleronomy". 'Geo' is land, 'clero' – the equitable sharing of inheritance, 'nomy', the laws. When translated into English, this means the laws governing the sharing of the inheritance of land. This new approach to studying society and the natural world enables us to synthesise our relationship with nature in a way that produces all that we say that we want. In our habitat, we can have a sustainable society.

There's no problem about having sustainable, environmentally friendly systems, we only need to understate the relationships that I've been summarizing this morning. Civil society can be elevated from one where we have internal conflict, constant battles: we define our civil society in terms of conflict, we think that democracy should be about opposition as opposed to consensus, cooperation. Once we understand that the community is a social space and that we all have an equal right to occupy that space, we retain competition, we retain individuality, we celebrate these things within the context of cooperation and community. Once we've recalibrated the system, the tensions evaporate.

Economics: globalization is good, provided we take the globe out of globalization. Once we've done that, the free exchange of goods and services and of people around the globe without the exploitation of nature - which is actually what drives

the present globalization becomes one where we all enrich ourselves to achieve our needs. We fulfill our mission which is to unite humanity in one multicultural civilization where we share social space. We only do that if we learn how to reorder that social space in a way that is not possible at the moment on the basis of private territorial rights.

How do we help the Hebrews and the Muslims in Israel/Palestine to co-exist in one physical space? By recognising that that space is actually a social space. You can have several layers of social space. They can occupy the physical terrain, co-exist within it peacefully, providing we respect everybody else's equal right to do so. And the same applies in Northern Ireland and with the Basques in Spain and the rest. What we're talking about over the next two days goes way beyond how we pay for another road or a train. We are talking about providing ourselves with the tools for solving apparently intractable problems of territorial conflicts. We are actually defining our selves no longer in the purely natural world: we live in a social universe. But we have to redefine that social universe so that we all have equal access to its benefits. We have to resocialise the social revenue. Until we do that we will continue to fail, but there is no excuse for that failure because we do have the answers.