

# IS "SLEEPING WITH THE ENEMY" THE SAME AS SLEEPING WITH OURSELVES

By Scott Baker, New York, NY

Mason Gaffney, in his article "Sleeping with the Enemy," (Groundswell Newsletter - a publication of Common Ground-USA, Jan-Feb. and May-June, 2011. <http://commonground-usa.net/>), republished in Op Ed News: <http://www.opednews.com/articles/Sleeping-with-the-Enemy--by-Mason-Gaffney-110712-410.html>) recounts how in his long and varied career, he has found himself alongside, albeit not allied, with fellow economists who sided with polluters and Land (Land, where capitalized, is used in this article in the classical economics sense, to mean ALL the natural resources of the universe) speculators and hoarders, despite having dedicated his professional life to espousing Georgist ideals against exactly this sort of thing. As Henry George recedes from the memory of our oldest citizens, and is not even taught to its younger ones for the most part - except as an example of a "crank" - we reap the downside of muddled economics, conflating capital and Land.

But, as Gaffney points out:

"Still, courts and regulators turn to economists to fashion remedies and preventives. When your children, and future jurists and regulators and legislators study economics in college, how do their mentors prepare them to act?"

Even with Economics' record as the "dismal science" (George, *Progress and Poverty*, p. 503.) approaching something less than chance, because analysis paralysis becomes itself, a policy decision, we continue to tune in, debate, and hope for the best, from this beleaguered, perhaps semi-disgraced, profession.

In his opening, Gaffney says:

"The idea of private property as a panacea had been around a long time before Garrett Hardin popularized his 'lifeboat theorem' (throw newcomers overboard before they sink the boat). The von Mises Institute, American Enterprise Institute, CATO Institute, and a dozen more directed-thinking tanks that major rent-takers and polluters fund, got behind Peruvian Hernando de Soto to clean up the favelas by privatizing their land. Rev. Thomas Malthus, of course, had given his name and a patina of Christian piety to such views back around 1800. Arthur Young, 1741-1820, was a leading proponent of the (3rd or 4th) enclosure movement in England."

He who "takes all that remains" will not be so easily thwarted by logic, reason, and certainly not by humanitarian concerns! But it's worse than that. As Gaffney pointed out in his recently completed 8-day seminar at the Henry George School in New York City, the Land-holders get profits from their unearned Lands by "getting there first" (Gaffney tells us Oklahoma is called the "Sooner state" because if you got there "sooner" than others, you got the water rights, in perpetuity); or by expensing the ordinary cost of doing business by, for example, claiming the 50% of below-the-wellhead oil charges rightfully charged by the Saudi oil kingdom, albeit not rightfully distributed, as a tax deduction. (This manipulation, in particular should serve as a waving red flag of caution to all those who wish to set it (i.e. Land Value Taxation) and forget it. The rentier may effectively be the acquirer of the resource if the tax system allows for it. Maybe better not to tax income from production at all, the better to eliminate loopholes by eliminating the

loop entirely?) Furthermore, as Gaffney tells us:

...prior "use", however factitious and however sullied by Henry George's "force and fraud", (are) two spare words that hardly do justice to all they cover, like conquest, violence, corruption, stealing, graft, ethnic bias, pettifoggery, differential financial power, and even at best, obsolescence."

Prior use, then, is really "I got here first, too bad for you" and is another reason why dog-eat-dog does not scale. Furthermore, the complimentary "use-it-or-lose-it" clause forces owners of the resource to exploit a resource before it is needed, even squander it inefficiently, both depriving current generations of natural opportunity, and future generations of better use - or, heaven forbid, no use at all, if competing technologies would have allowed for use of other resources to meet human needs and desires in a better way.

Pigou enjoyed a certain hip popularity in Gaffney's career (1961-73) as a way of putting a tax on Bads, and untaxing Goods (as Gaffney's button to class advised; we need more such quips in our word-laden movement). For a while, Gaffney, by way of ecological activist and one-time presidential candidate Barry Commoner was able to promote Pigouvian taxation as a way of raising revenue while lowering pollution, but the marketeers, not to be confused with those who actually buy and sell things in a market, but really those who market derivatives of the original things - the better to goose returns, and cause heady swirls and swoons they can profit from with their inside knowledge - were not content with such clean incentives. Where's the profit in that? Instead, we now have air pollution as a tradable commodity alright, but without the part about it being a natural right.

Ooops.

During the seminar, I brought up, not for the last time, the issue of "Willingness to pay" vs. "Willingness to accept." The first is what the courts have decided we must do is we want clean air, clean water, and all the other things that make life not only worth living, but possible to live at all. The second is, well, what we charge if we actually had a say in the matter. To see what willingness to accept can lead to, Gaffney and others point to the example of a homeowner who will not sell "at any price" but I think this might overstate the case and indirectly provide ammunition for those who say the poor landowner can't be allowed to gum up the wheels of progress. The land-rich, but cash-poor rural landowner has historically been quite willing to accept payment, if the price is right. He has no recourse, but to sell, however, and for a price that is not right (i.e. not what the open market - remember that? - would provide him), if he is being told he must pay for Land he previously owned, or, at least, used, in order to keep it.

To see how absurd it is to make a policy of willingness to pay instead of willingness to accept, imagine the case of a person with no resources to pay for Land at all. Too bad for you indeed!

But, logic never stopped a banker:

"A dangerous fallacy in Pigou, to Chicagoans, is that Pigou presumes that air is public domain, so that polluters should pay the public for dumping (continued on page 12)