

The State of Freedom and Justice

**Government
as if
PEOPLE MATTER MOST**



MICHAEL HORSMAN



SHEPHEARD-WALWYN (PUBLISHERS) LTD

© Michael Horsman 2016

All rights reserved. No part of this book may be reproduced in any form without the written permission of the publisher, Shephard-Walwyn (Publishers) Ltd

First published in 2016 by
Shephard-Walwyn (Publishers) Ltd
107 Parkway House, Sheen Lane,
London SW14 8LS
www.shephard-walwyn.co.uk

British Library Cataloguing in Publication Data
A catalogue record of this book
is available from the British Library

ISBN: 978-0-85683-510-0

Typeset by Alacrity, Chesterfield, Sandford, Somerset
Printed and bound in the United Kingdom
by Short Run Press, Exeter

Contents

Foreword	1
Introduction	5
Part I Deep Background	11
Chapter 1 Capitalism, Freedom, Justice and the Market	13
Chapter 2 Origins of the State	21
Chapter 3 Natural Law	31
Part II The Three Proposals	41
Chapter 4 Raising Revenue without Taxation	43
Chapter 5 The Minimal State	65
Chapter 6 Justice – Finally!	75
Part III The Functions of Society	87
Chapter 7 Life Without the State	89
Chapter 8 Money, Banking and the Trade Cycle	103
Part IV Moral and Practical Issues	115
Chapter 9 Heaven on Earth	117
Chapter 10 Wither the State!	127
Epilogue The Story of the Book	139
Appendix A The Five Men	145
Appendix B Two More Men	147
Appendix C Supporters of Henry George or the Land Value Tax	148
Appendix D Budget for Tax Abolition, Ireland, May 1988	149
Acknowledgements	158
Bibliography	159
Biblical References	161
Resources	162
Index	163

Foreword

IS POLITICS really all about left versus right? Over the last hundred or more years it has become the practice to grade political proposals and people as ranging across a spectrum from communism, socialism and left wing, through centre, to right wing, fascism and anarchism. How useful, real or objective is this spectrum, or is it simply a tool with which to divide and conquer? Do we actually gain useful information from these descriptions, or is the real winner the *'father of lies'*, while good-hearted men are set against good-hearted men, and so the war goes on?

To illustrate the problem of using this method of political analysis, consider the following. Generally speaking, increased taxes of all types are considered left wing, while lower taxes and lower tax rates are right wing. So any proposition that sets out to abolish all taxes – except one – is likely to be considered far right. On the other hand, individual property rights are usually considered right wing while common rights to property are thought of as left wing. So any proposal that would make natural resources ('Land', to use the economist's term) common property, is likely to be considered far left if not outright communism.

What then if the first proposal above (the far right one) to remove all taxes is combined with the 'Single Tax' on Land values – which would essentially make Land common property – is such a proposal left wing or right wing or centre? Does the addition of a far right proposal with a far left make a centrist proposal? Or have we transcended the definition of left and right, showing that paradigm to be worse than useless: actually petty and divisive?

Consider another example: Big government involvement in health, education and welfare are normally considered left wing, while small government is considered right wing. Therefore, any proposal to pare

government down to defence, police and justice only – getting rid of any and all State involvement in health, education and welfare – is likely to be considered extreme right wing. On the other hand, a proposal to turn the judicial system into a judicial *service* which provides free legal services to all may be considered left wing or extreme left.

Again we can ask the question: what if these two extreme propositions are combined? Have we arrived at some populist, centrist position or have we simply shown the left/right spectrum to be a false, divisive and useless way of looking at the political scene?

To underline this question, what if we combine all four of the above proposals together? Extreme right: Abolish all taxes on production and limit government to police, defence and justice. Extreme left: Tax Land values only and institute a free judicial service. Clearly these proposals shatter the right/left spectrum and demonstrate the need for a new way of looking at politics. So if politics is not left or right, then what is it? What is an objective and useful measure of politics, politicians and their proposals?

Ronald Reagan, when on the stump for Barry Goldwater in 1964, gave a speech then titled 'A Time for Choosing' but which has become known simply as 'The Speech', in which he said, *'You and I are told increasingly we have to choose between a left or right. Well I'd like to suggest there is no such thing as a left or right. There's only an up or down: up, man's old, age-old dream, the ultimate in individual freedom consistent with law and order, or down to the ant heap of totalitarianism'*. In these few words we have the real perspective for political analysis. Both right wing and left wing end up in totalitarianism, the 'down' of the anthill. The opposite pole is freedom – the 'up' at which we must aim.

Now freedom is normally couched in the context of 'freedom from something', as in freedom from slavery; something negative. Rarely do we consider freedom in the positive sense 'freedom for something', so we would do well to put it as a question: freedom for what? In this sense, we normally hear the word 'individualism' used, and an answer such as: *'Freedom for the individual to pursue his own ends without treading on the equal freedoms of others.'* This individualistic perspective on freedom is accurate but misleading in a very important sense. Individualism never has been – nor can ever be – the atomistic isolationism that this word would conjure up, like the lone gold digger working the wild mountains and streams. True and successful individualism is always socially cooperative and responsible; it is family, friends and partners, it is church,

tribe, clan, club, it is shipmates, colony of pioneers, the firm, it is the company, voluntary self-help organisation and voluntary 'other-help' organisations. Individualism is *always* social and cooperative, *mostly* it is responsible. To take care of those in need around you is actually long-sighted caring for yourself: one day you may be in need and the measure with which you have given is the measure with which you will be given. Even the baboons have worked that one out! The making of friends is very important in baboon society for exactly this reason.

The ultimate in human freedom is thus the high calling of responsible, cooperative individualism. This kind of freedom is the one pole of politics, the 'up' in Reagan's speech. The polar opposite is the 'down' that we have the world over today – State-ism of varying degrees – all the way down to the totalitarianism of China, Saudi Arabia, North Korea or Iran. The 'up' of freedom or the 'down' of totalitarianism, this is the true perspective of politics, not left or right as we have it now.

Reagan went on to say *'And regardless of their sincerity – their humanitarian motives – those who would trade our freedom for security have embarked on this downward course.'* No matter how good their *apparent* motives, those (whether from the right or left) who would urge the government or State to use its power to do anything beyond defence, police and justice, are those who would play God, who wish to control the lives of others, to mould and shape others according to their own prideful thoughts.

God has created nature; human and non-human nature. Those in positions of power have only to observe the Laws of nature, written into the universe and written in the nature of man, to see that the role of the State is really very small and that man knows best how to live, adapt and thrive when left to choose for himself. When he is free.

For thousands of years, Man and the State have wrestled with one another to find which will be the winner: freedom or totalitarianism. This book is the result of a three decade long effort to understand and demonstrate the principles which lead to the smallest and most tightly constrained State. Is this the theoretical foundation for maximum freedom; the highest possible 'up'? Is the fight nearly over?

Introduction

*'It often happens that a quick opinion inclines in the
wrong direction and after that the intellect
is hampered by vanity.'*

Dante, *The Divine Comedy*

THIS BOOK was born of a youthful attempt to sort out ideas about politics and government from the confused and confusing array of policies practiced or offered around the world. There was no intention of writing a book; it was simply an effort to lay out the principles underlying the State and government; principles so clearly and beautifully displayed by the rest of creation but which seemed thus far to have evaded all efforts to expose or capture in this field.

The first problem to present itself was the issue of taxation, a problem which seems to confound every Minister of Finance to this day. In the aftermath of the crash of 2007/8, State treasuries floundered about not knowing what to do to cope with the economic crisis. Some countries have done one thing such as increase taxes, others the exact opposite without any discernible effect. Some have done one thing and then reversed course as Ireland did in 2010: in the spring the Minister of Finance reduced VAT from 21% to 20%, the following winter the very same man put it back up to 21%! This only goes to show that those whom we trust in these powerful positions do not have a clue. It is as if they toss a coin to make their decisions.

The perspective from which I chose to study taxation was to look simply and solely at the negative or disincentive effects of every form of tax I could research. At the end of the search I could find only one 'tax' that had a positive or beneficial economic effect. This conclusion was confirmed shortly after by the discovery that someone had already written

an economic bestseller on exactly this idea, but today he has been buried by those who don't want the truth to be told. On finding that an international organisation devoted to disseminating this truth had existed for over a hundred years, but that it was marginal in its influence, I wrote and published what has become Chapter 4 of this book. Sensing this barrier to success I then faced the more difficult question: if the problem of raising revenue had been solved intellectually, what did this mean for the other side of government, its expenditure? What should the functions of the State be? The answer to this would take most of twenty-five years to work out, and this book is the result. So what is in it?

Part I is background discussion (setting the scene) beginning with defining some terms such as, capitalism, freedom, justice and the market in Chapter 1. Then we take an in-depth look at the history of the State and the conflicting theories of its origins in Chapter 2. Finally, in Chapter 3, we enter the realm of natural Law to see what it says concerning the State and government. Here we find a solid foundation from which we can go on to construct all the principles necessary for the State of Freedom and Justice.

Part II is the main body of this work, a chapter each on the three main proposals: the Single Tax, Chapter 4, the Minimal State, Chapter 5, and the Judicial Service, Chapter 6.

Part III is an acknowledgement that the three main proposals – the Minimal State particularly – are truly sweeping and would make dramatic changes to society and the social order. Chapter 7 Life without the State, and Chapter 8 Money, Banking and the Trade Cycle, address the question of how most current State services would be performed by private enterprise; performed so much better too.

Finally Part IV tackles both the moral issues connected with these proposals and the practical issues concerning their implementation. Heaven on Earth, Chapter 9, discusses the link between political action and Divine will. The last chapter, Wither the State!, Chapter 10, paints a picture of how to achieve the three main objectives of this book over the lifetime of a government, describing the most efficient and least disruptive method and order for implementing these reforms.

*

Most people date the collapse of communism in Europe to the collapse of the Berlin wall on the 9th November 1989, I prefer to date it with the following statement by long term communist apologist, Robert

Heilbroner, in an article in *The New Yorker* dated January 1989, just a few months earlier.

Less than 75 years after it officially began, the contest between capitalism and socialism is over; capitalism has won. The Soviet Union, China, and eastern Europe have given us the clearest possible proof that capitalism organises the material affairs of humankind more satisfactorily than socialism ... Indeed, it is difficult to observe the changes taking place in the world today and not conclude that the nose of the capitalist camel has been pushed so far under the socialist tent that the great question now seems to be, how rapidly will the transformation from socialism to capitalism occur, – and not the other way around as things looked only a half century ago.

The Iron Curtain melted in the minds of its creators and protagonists before it collapsed in reality, and the result was that many people caught a breath of freedom that they had been denied for generations. Capitalism had become no longer, a dirty word, and many other nations around the world embraced it along with its necessary condition – freedom.

The two decades that followed saw the appearance of a global economy unlike any that has ever existed before. Capitalism and freedom united the labours of literally billions of people all across the globe allowing the benefits of specialisation to touch those who partook. The communist experiment failed and capitalism danced on its grave for nearly a generation. But this capitalism and freedom has a fatal flaw, one that prevents the continuous flow of its bounty to all its participants. Rather it booms and slumps with the reliability of ‘Old Faithful’ –Yellowstone Park’s famous geyser – regularly shattering the hopes, dreams and lives of almost everyone. Some never recover from these shocks.

So what is the fatal flaw and how can it be fixed? How can the amazing energy of free people, cooperating voluntarily to produce staggering quantities of wealth be so focused as to deliver on a sustained and sustainable basis – and delivered in a fair and just manner? Clearly the boom time has within itself the seeds of its own crash. We must figure out how capitalism works, what these seeds are and why and how it fails so many, so consistently. Can we find and correct the flaws of this capitalism and promise a bright future for all people, always and everywhere? This book is a clear yes to that question, providing a new vision of capitalism – one that harnesses the creative energies of each individual to its optimum, while avoiding the fundamental problem of modern economies.

In the final analysis, this book is about belief: belief that a solution to our problems exist – it is practical and it is possible. Either we believe that the universe is built on reason and order, and that we are destined to master its systems, or we believe that it is built on chaos and random, and will forever be the domain of the insane. The choice is as stark and dramatic as that – you must decide which you believe.

The focus of this book is government and the structure and function of the State, but I do not think you will find it as dreary a subject as it is traditionally assumed to be. You are unlikely to be familiar with any of the proposals put forward and they may just take your breath away with their promise of sweeping change. They may even make you feel like walking on air, so unfamiliar are they to our normal concept of government and the State. Yet there are few ideas in this book that are new; all the main proposals have been documented and championed in the past. Like treasures of knowledge, these have been kept hidden; I have had the amazing experience of discovering them one by one, while my contribution has been to bring them all together as a neatly fitting whole. No one that I know of has championed all these ideas as one package, and sometimes I have felt like the rabbit in *Alice in Wonderland* who could easily believe half a dozen impossible things before breakfast!

Although the main proposals in the book are not new, I can claim to have worked out two of them – the Single Tax and the free Judicial service – for myself. Those were great moments of confirmation for my thought journey when I found that Henry George and Herbert Spencer respectively had gotten there long before me. It was confirmation I greatly valued as I found myself on this otherwise lonely voyage.

As far as I know, I am unique in deriving both the two main proposals from one principle. The natural, unalienable, God-given right of individuals to property and to self-defence respectively lead to the Single Tax and the Minimal State. This means they are two parts of the one whole. They are actually one *indivisible* idea so one cannot exist without the other. Also I can find no other who would claim that a sound money and banking system requires the Single Tax. This last and most recent insight has enormous implications, for it suggests a whole new, powerful and moneyed interest in getting the proposals of this book enacted. Thus the 'too-big-to-fail' financial system has a self-interest in seeing these proposals implemented. Two other original contributions are (i) the self-regulating mechanism of the revenue source (Horsman's homeostatic

principle) and (ii) the middle way between the US and British 'division of powers' between the legislature and the executive.

It is all very well to put forward a bold new plan, but if it is to happen we must believe that change can occur. History shows that change in States can happen both violently and peacefully. The so-called 'Arab Spring' has bloodily changed many Arab nations. Recent European history witnessed the dramatic but peaceful changes when communism collapsed, and we can be assured that even more dramatic changes can still occur. Man is the author of States, and this generation has as much right to script its own States as past generations have done to create the present ones.

CHAPTER 1

Capitalism, Freedom, Justice and the Market

*'...words, like nature,
half reveal and half conceal
the soul within.'*

Alfred Tennyson, *In Memoriam*

Capitalism

PROFESSOR HEILBRONER'S use of the word 'capitalism', looking forward to its victory over communism (see Introduction), reveals a problem of definition that is not just semantic. In the sense that he uses it, Heilbroner means 'that which is opposed to communism'; in this way capitalism has been demonised by its opponents to conjure up all that is bad in the world. Unfortunately it has become the accepted term even by its proponents, demonstrating the fact that a good philosophical underpinning for this vision does not yet exist.

Capitalism in its purest meaning is the use of tools (machines, systems, energy, as well as money) to produce goods. One who digs a hole with his hands is not yet a capitalist; one who digs with a spade is the primordial capitalist; one who digs with a mechanised digger is the archetypal capitalist; while someone who heads a corporation that removes thousands of tonnes of raw material from the earth is the capitalist that socialists love to hate.

The spade is a tool that can be fashioned using simple technology and is therefore not dependent on a sophisticated political and economic

system. The mechanical digger can be manufactured only under a complex economic system, and this in turn can exist only under a certain style of political system. This holds true and is even more critical for the large corporation. For this reason capitalism has come to denote a certain type of political system, and perhaps this is why it is used more frequently in a political sense. But the use of the economic term 'capitalism' for a political system is really an overstretch.

In this original, economic sense of the word, communism is also capitalism. The only difference is that under communism all the means of production are owned by the State and so it is really State capitalism. When, therefore, socialists use the term capitalism, what they really mean is *the political system which protects the private ownership of capital*, a system abhorred by the socialists. What they are really objecting to is the private ownership of the tools of production.

The use of the *economic term* 'capitalism' to denote the *political system* that protects private ownership of Capital, reveals an enormous void in the philosophy that underpins this political system. It is not the *use* of tools that is being described, it is *how the tools are owned* or legally held that is at issue. That this misnomer – coined by the opposition – is used freely by those who wish to secure private ownership of Capital, reveals the absence of a clear philosophical underpin. This lack of underpinning leaves it open to future attacks by communist or other Statist fallacies.

The argument, sometimes used by defenders of capitalism, that capitalism does not need a coherent philosophy because 'it works' and it produces the vast wealth of the world today, is macho, bravado, and wrong. Capitalism works after a fashion, and has done so for thousands of years, but even today millions of people in the greatest capitalist nation on earth live lives of desperation, clearly denied the benefits of the system, while a few are spoiled by extravagant and undeserved rewards. In the rest of the world, the deprivation is even greater.

The political system which protects, absolutely, the private ownership of capital requires a clear and concise philosophy – and name – if its benefits are to be made available to all; as well as securing the benefits for those already enjoying them. The terms 'free enterprise' or 'private enterprise' come closest to defining the system that we wish to describe. However, these again are more descriptions of the economic system rather than the political system. Historically, the name used was liberalism, but this term has been so hijacked by the socialists to designate welfare statism (*liberal* State hand-outs), that the term libertarianism has replaced it, and

the old liberalism is now called classical liberalism. However, libertarianism has connotations of anarchism and so must be qualified as political libertarianism. We must admit, therefore, that there is, as yet, no proper term for the political system that completely protects the private ownership of Capital. Capitalism will still be used in spite of the overstretch of the word, and worse, because even the most 'capitalist' nations on earth have much Capital in the State's hands. Fuzzy thinking will continue to beget fuzzy thinking.

I hope this book will clear up the thinking about those elements of the political system which are essential in order to maximise the benefits of free enterprise. Then when the idea is more widely known, understood, and practised, someone somewhere will coin the correct term that encapsulates it precisely. Till then we will have to make do with this word 'capitalism'.

Freedom

Perhaps the greatest story told about freedom is that of a nation of slaves under the Egyptian Pharaoh escaping to found a new State, one that they felt gave them the freedoms they wanted. In modern times, we have seen the transformation that has occurred in the lives of millions of individuals from former communist States, many of which have now become prime movers in the free Western world structure. Poland and the Czech Republic in particular are very conscious of the importance of the freedoms won after such a long spell of communist oppression behind the Iron Curtain.

So what exactly defines Freedom? (A) Freedom of movement and association – we can go where we please and meet whom we please, plus (B) freedom to think and say what we like, in whatever media we like – we can express ourselves as we please. I believe that these two – freedom of movement and freedom of speech – are the two key ingredients in the concept of Freedom. We know, however, that freedoms are never absolute. Firstly, all freedoms are conditioned by the right of all others to the same freedoms, so our exercise of freedom cannot curb the freedom of our neighbour. Secondly, we live in a material world where most of our time is spent in working for our daily needs, so our freedom is not absolute, but we are largely free to choose the work that we do. So for