

Carver: Reluctant Demi-Georgist

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In 1954, just prior to becoming a nonagenarian, Dr. Thomas Nixon Carver, who had retired from the Harvard faculty more than two decades before, began a new career as a weekly columnist for the *Los Angeles Times*. The vigorous and trenchant pieces that appeared under the by-line of this remarkable man until his death, seven years later, at the age of ninety-six, are well remembered by the present writer, who was then pursuing doctoral studies at the University of Southern California—coincidentally, Carver's alma mater.

Iowa-born, educated at U.S.C. and Cornell, Carver was the author of eighteen books (on sociology, social philosophy, and even religion, as well as on economics), including *Essays in Social Justice*, which contains a unique chapter, "The Single Tax." In 1915, when this work appeared, he was David A. Wells Professor of Political Economy at Harvard, and had just spent two years as a high official in the United States Department of Agriculture. The following year he served as president of the American Economic Association.

What makes the chapter unique is that in it Carver firmly endorses a large measure of land-value taxation for reasons of his own, while at the same time attacking, sometimes scathingly, many of the arguments advanced for its adoption by Henry George and his followers. Let it never be imagined that this crusty scholar was not an independent thinker!

Carver was a Darwinian empiricist, who had no use for what he regarded as abstract metaphysical ideas of right and justice, and who defined morality as the facilitation of human adjustment to the material universe.¹ That social group the members of which best manifest such qualities as industry, frugality, enterprise, fortitude, and mutual helpfulness, will be best adapted to the inexorable and universal laws that govern the material universe, will be strong, and will survive in the inevitable competition with other groups:

Instead of saying that nature is non-moral or that science is unable to discover the moral order of the universe, we should say that nature is the final authority on morality, and that our opinions, likes and dislikes, approvals and disapprovals, must be modified to suit that final authority. . . . If we once perceive that morality is merely social hygiene, and that anything is

moral which works well for society in the long run, which prolongs its life and enables it to grow and flourish and hold its own in competition with other societies, and beat out all those which are organized on immoral bases, we should think no more about questioning the moral order of the universe than we do now of questioning the hygienic order. We should then say frankly that whatever the order of the universe is, that, *per se*, is the moral order, likes and dislikes, approvals and disapprovals to the contrary notwithstanding. We should then say that whatever social customs and conventions are found to fit into the order of the universe, and whatever private conduct is found to permanently strengthen the social group, that is *per se* morality.²

Let it be immediately noted that this formulation exhibits the so-called Is-Ought Fallacy: one cannot get an *ought* solely out of an *is*, cannot derive a value judgment merely from a factual one. But this is an issue about which logicians are by no means in agreement, and, in any event, Carver would doubtless retort that if his formulation is deductively invalid, then so much the worse for the deductive method; he prefers to rest his case at the bar of induction.

Despite his stated antipathy for metaphysical abstraction, Carver sees no conflict between his Social Darwinism and "the highest form of religious thought which the world possesses today,"³ asserting that "the laws of natural selection are identical with the laws of divine approval; and. . .the process of exterminating the unfit or the unadapted is only a manifestation of divine disapproval." Behind the material universe is the divine energy and will, which not only created it but sustains and re-creates it continuously every moment. This belief is stated only in passing in the *Essays*, and is not the dominant theme even in Carver's slim volume *The Religion Worth Having*,⁴ which seems to make utility in promoting human prosperity the ultimate criterion for religious value. Yet it may help to provide the answer to what would be otherwise a mysterious element in Carver's thought—the individual's motive for embracing the work ethic. Carver sometimes speaks as if the stern code of natural selection operates undeviatingly upon individuals, so that industrious and provident persons automatically prosper and survive while the idle and profligate suffer and are doomed. But, as Job protested, in this world such inevitability of personal desert does not obtain. Although it may be that the Puritan virtues make the possibility of individual prosperity and survival greater, still, as Carver recognizes, many a man has been so circumstanced as to be able to enjoy a life of luxurious indolence with no ill effect other than perhaps an occasional attack of gout. Apart from a theological impetus, it is difficult to understand why such a one would be moved to abandon his parasitic existence for the strenuous "worldly asceticism" Carver would have him embrace in order to make a productive contribution to his nation or race. True, Carver endorses social arrangements that would remove, to a considerable extent, opportunities for luxurious indolence. Moreover, he does not consider human nature wholly selfish. But he places immense stress upon the cultivation of a kind of sacrificial patriotism which, when not informed by powerful religious sentiment, one normally observes only in wartime or other periods of extraordinary national emergency.

Actually, it is this insistence upon rigorous personal sacrifice for the sake of the well-being of the group that exculpates Carver's religion (which invokes no

promise of transcendental reward) from the charge of low prudentialism. Nevertheless, although I do not wish to stray any farther than necessary into theological excursions, there is an objection that I feel constrained to raise. Henry George's faith in God revived when he came to believe that the grim doctrine of Malthus described the results of human error and perversion, and was not ingrained in the created natural order. For George, a Malthusian order was not just, and only a just creator could be God. Carver did not address himself specifically to this aspect of George's thought, but had he done so there can be little doubt that he would have taken him to task for presumptuously making his own subjective sentiments the standard to which God must conform. This, he would have insisted, is to worship man and his emotional predilections, not God. But is not Carver's approach at least equally man-centered? To define morality (and hence justice) as whatever facilitates the group's survival and prosperity, is to at least give the impression that human survival and prosperity are the ultimate values. And to simply equate the will of God with that to which the social body must conform if it is to survive and prosper, is to make human survival and prosperity the final criteria of goodness, not goodness, that is, God, an end to be revered and cherished for its own sake.

Although it may seem as if we have come rather far afield before I even commence discussion of the topic of this chapter, the foregoing review of the broad framework of Carver's thought may help to illuminate the background and therefore some of the details of his critique of George.

For Carver, the state's most essential role in promoting social justice is to encourage and protect producers, and to restrain predators—to channel human conflict into competitive production, where success depends (to a much larger extent than in other forms of conflict) upon service rather than upon destruction or deception. Property rights are nothing more than a tool for the furtherance of this end, and their validity in each case depends upon whether, in the long run, their recognition fosters or obstructs it.⁵

Carver divides wealth into three categories: "earnings," "stealings," and "findings." Under the last of these he places the site value of land (land rent). Since the only valid property rights are those which rest upon long-run social utility, whether or not it would be unjust for the community to confiscate rent becomes simply a question of whether or not it would be practically desirable for it to do so. In other words, does the social appropriation of rent foster socially useful production more effectively than does the individual appropriation of rent? Against the same criterion, the applicability of which Carver takes for granted, he measures all "findings," not merely land rent—and, for that matter, every form of wealth. But the social utility of earnings and the social disutility of stealings are sufficiently obvious to render unnecessary a lengthy justification of private property rights in one and not in the other.

Before subjecting the question of rent to the pragmatic test specified above, Carver launches into two digressions somewhat hostile to George and his followers.

First, he proceeds to demolish the single taxers' supposed contention that land is not productive. He deduces this curious conclusion from their view that

a site would have no economic value were it not for the community around it, assuming that this implies that the community is the sole producer.

In the first place, this proves too much. All that is said respecting land could be said of any other factor of production. If it were not for the community round about, neither the buildings on the land nor the labor of the lawyer, the doctor, the merchant and the manufacturer would be of any great value. In the second place, if we begin at another link in the chain and follow the same method of reasoning, we could prove that land produces everything. If it were not for the land there would be no productivity, or any community either.⁶

Actually, of course, neither George nor any of his followers ever claimed that land is unproductive. Like all economists in the classical tradition, they viewed it as one of the two primary factors of production.⁷ That it is productive only when conjoined with labor and (usually) capital, Carver himself would scarcely deny. As for its value, it is perfectly true that nothing would have value without the presence of a community to provide a market for it, but since the supply of land is inelastic, this leaves the community (with its public services, its aggregate improvements, its cultural, industrial, and commercial enterprises, and, above all, its demand) the only active factor in determining what land is worth. Therefore there is some force to the Georgist argument that land value is a social product in a way that is not true of the value of other basic goods. In the quoted passage, it may be remarked, Carver appears to conflate value and productivity, two ideas that, although often related, are conceptually distinct.

After completing the supererogatory task of proving that land is a productive agent, Carver observes that "it does not follow by any means that the landowner is a productive agent"—which is all that George or any knowledgeable Georgist ever contended. Carver, however, goes on to say that just because the landowner, as such, is not a producer, one ought not to assume that he is necessarily a parasite. He fulfills, at least to some extent, a useful function, that of conserving of exhaustible resources. Carver concedes that landowners may be receiving more in the way of rent than they deserve for this, but he feels that under an unmodified single tax the function might not be performed at all, for the nominal owner would be a virtual tenant to the public. Having no interest in the future increase or decrease of the value of his land, his inclination would be to rapidly exploit the land's productive powers to the point of exhaustion and then move on. To prevent this the state would be obliged to institute controls, involving close and detailed regulation and inspection by an army of paid officials.

Possibly a refined form of the single tax could be devised which would tax only site value and not soil or anything else which could possibly be exhausted or destroyed. In that case the public would be the virtual owner of the site alone, and the private owner would be the real as well as the nominal owner of everything else, including the soil. He would then have the same motive as now for conserving the value of everything which might

be exhausted and which therefore needs conserving, leaving to the state 'the virtual ownership of the site, the only thing which cannot be exhausted and therefore needs no conservation.'⁸

The specter of reckless exploitation had earlier been raised by Francis Amasa Walker. In chapter 12 on General Walker in the present volume, Professor Cord points out that absentee farm ownership, an important contributory cause of soil depletion, would tend to disappear under land-value taxation. Further, since land would be assessed and taxed according to its optimum use as determined by the market, and optimum use for farmland reflects the application of fertilizer, it would scarcely be economically feasible, says Cord, for the farmer to fail to keep his soil enriched. As for mineral resources, their depletion could be discouraged by combining a severance tax with the land-value tax, the total not to exceed the site's economic rent.

Carver's second hostile digression invidiously compares the single taxpayer with the hardy, enterprising pioneer: "They who desire land know where they can get it; what the aggressive single taxpayer wants is not *land*, but a share in the value of the land which somebody else has. . . . Moreover, it must be said, this modern movement is promoted, not by appealing to the pioneering, colonizing spirit of a sturdy, conquering race, but too often by appealing to jealousy, covetousness, and other of the less commendable motives which actuate mankind."⁹ Be this as it may, since it would eliminate speculative withholding, the Georgist proposal *would* make land more readily available to those who actually wished to use it, not just to share in its value. If Carver momentarily ignores this, his next remark could not fail to delight the most rabid partisan of George, for he comments that since urban landowners find it profitable to encourage metropolitan congestion, no sympathy need be wasted on them if the masses who flock to cities should vote to confiscate land rent. The landowners will have simply paid the penalty for gambling with economic and political forces.

Carver, however, believes that such matters should be decided, not by sentiment but by constructive statesmanship, and that, from this point of view, the issue to be considered is whether priority of occupation constitutes a sufficient ground upon which to base a legal right to land and its rent, and if so, what limitations might be reasonably placed upon that right.¹⁰

In clearing the way for such consideration, Carver quickly dismisses "meta-physical" doctrines of human rights in general, and of property rights in particular, instancing Locke's labor theory of ownership (upon which George relied) as an example of the latter. Its major premise asserts that a man has a right to himself; its minor premise, that when he has worked upon a thing, he has put a part of himself into it; and its conclusion, that therefore he has a right to that upon which he has worked. In Carver's judgment the minor premise is "absurd and meaningless, and that is enough to spoil the argument."¹¹ He asked rhetorically: "If, after he has parted with the thing he has as much of himself left as he had before, can he be said to have put a part of himself into it?"¹² To which the rejoinder might be made that he can indeed, although it may have been his *past* rather than his present self. He has

lost the time and effort that he would probably have expended differently were it not for the anticipation of owning the thing. Besides, he may have impaired his health or vital powers in producing the thing, in which case he has literally diminished his present self.

Long-run utility, it will be recalled, is Carver's touchstone: "Is it useful in the long run, i.e., does it work well, to allow the first occupant of a piece of land some rights in it which we deny to those who come later and want a part of it or its value? Of two communities otherwise equally favored, one of which recognizes this right while the other does not, which is likely to become the more comfortable, prosperous, and powerful?"¹³

Since he largely equates nation-building with pioneering, with subduing and cultivating new lands, and expanding productivity, Carver holds that constructive statesmanship must address itself to the question of how pioneering is affected by the present system, on the one hand, and how it would be affected by the Georgist proposal, on the other. The desire to get the future "unearned increment" of land is doubtless one stimulus to pioneering in the sense of opening and settling new territories, but the opportunity for such activity had ceased to be very significant when Carver's book appeared, giving his concern a somewhat anachronistic flavor. Intellectual and spiritual pioneering can also take place (and a strong case can be made for the proposition that they are more likely to take place) in metropolitan areas. Carver implies that a sharing in "the enormously inflated value of land in overcrowded urban centers" would induce the landless to remain in them instead of spreading out to where land is cheaper and more abundant, evidently forgetting that such sharing would tend to reduce the inflated value by taking the profit out of speculation.

Under frontier conditions, observers Carver, the distinction, so crucial to George's position, between property in land and property in other things, seems nugatory:

If one settler saw a tree which seemed to contain certain possibilities, and chopped it down and made it into a table, it would be in accordance with social utility that the table should be his. If another settler saw a piece of land which seemed to contain certain possibilities, and cleared it and ploughed it and reduced it to cultivation, on the same reasoning the land would be his. Each settler would have found a free gift of nature, each would have worked upon it, each would have changed its form from the raw state in which he found it to a form which would suit his purpose. The mere fact that the result of one's labor happened to be a farm, and that of the other's a table, would not have appeared at the time to be a real difference. This aspect of the case is recommended to the consideration of those who believe that the private ownership of land is forbidden by a moral law ordained from the foundation of the world. . . .

In view of all these considerations it will be difficult for any reasonable man to lash himself into a state of moral indignation against the private ownership of land. If a pioneer settler were brought face to face with a certain type of radical single taxer who makes a moral issue of the ownership of land values, and makes free use of certain formulae, such as the equal right of all to access to God's earth, the moral indignation would not be all on the side of the single taxer.¹⁴

This sardonic passage (which well illustrates its author's unadorned but effective literary style) contains at least one misleading implication, for not even the "radical single taxer who makes a moral issue of the ownership of land values" really objects to private ownership of land where land is so abundant that it has no value in its raw state. The Georgist stress upon the right to private ownership of labor products justifies security of improvements. It is only where land becomes so scarce that it acquires a value independent of its improvements that the moral objection to private ownership arising from first occupancy comes into play, and this objection is focused upon private retention of that value rather than of the land itself.

Curiously, Carver then develops his argument in such a manner as to arrive at much the same place as the single taxer, although, of course, basing his conclusions upon long-run social utility, and eschewing moralistic formulae of the type that serves as target for his irony. However, it should not be overlooked that his understanding of social utility is, in its way, itself profoundly moralistic: "Justice is mercy writ large. It is benevolence with a long look ahead, a look which takes in the most distant generations of the future and places them on an exact equality with the present generations; which has as much regard for an as yet voiceless individual to be born a thousand years hence as for any individual now alive and clamoring for his rights."¹⁵ It is in the light of this that one should consider his account of what occurs when frontier conditions cease to exist:

A real difference between the table and the land would begin to appear. In the first place, it would be found that the owners of the land held control of the original raw material for the manufacture of tables and all other produced goods. When the maker of the first table [or his descendents] wished to make a new one to replace the old one when it was worn out, he would have to pay the landowner for the privilege of cutting a tree from which to make it. In the second place, the value of the land would increase in proportion to the number of persons wishing to make use of its products either for purposes of consumption or for the purpose of producing other goods. The fortunate owners of the limited supply of land would find themselves in possession of a growing income far in excess of anything which the land might have cost them [or their ancestors], whereas the owners of the tables and other goods would find themselves always compelled to expend approximately as much in the making of them as they were worth. As time goes on this difference increases, especially in a growing city, while the value of tables continues to bear a fairly close relation to their cost of production.¹⁶

Since pioneer conditions no longer obtain in established communities, the problem of landownership, said Carver, really becomes largely a problem of inheritance, and the issue to be resolved is whether or not there are any modifications of the right of inheritance that may logically be expected to improve social and economic conditions, stimulate the productive energies of the population, or lead to such a distribution of wealth as would foster the virtues of hard work, frugality, and useful investment.

On these grounds, the land-value tax (which falls to a considerable extent upon inherited property) has much to commend it in Carver's eyes. He specifies three distinct advantages that would result to modern society through

an increase in the taxation of land values: (1) Such an increase would discourage the holding of valuable land out of use for speculative purposes. By thus bringing land into best use, it would stimulate the demand for labor and capital, augmenting the returns for working and productive saving. (2) Taxation on active industry would be reduced in proportion as the burden is placed on the site value of land. This would invariably encourage business and industry, since people would not be penalized for production or improvements, and there would be no incentive to hold a site vacant or to put it to some use below its optimum. All this would make goods more abundant for everyone in the community. (3) It would tend to eliminate the waste of the labor power of those who live upon the unearned increment of land, devoting themselves to idle self-indulgence, to what Carver caustically refers to as "the ornamental professions," or to the dissipation of their investing talent in land speculation, which is not only sterile but actually detrimental to the creation of national wealth. Because Carver believed that, "generally speaking, the leisure class is made up of the most capable members of the community,"¹⁷ he heavily underscored the importance of diverting its ability (as well as its material assets) into productive channels. This argument for land-value taxation, which he considered probably the most important of the three, was wholly novel; even George himself does not seem to have hit upon it—perhaps because he had a less favorable impression than did our Ivy League professor of the capabilities of the leisure class.

Because of the reasons just cited, and in spite of the reservations and objections he had raised earlier in his essay, Carver concluded that a considerable extension of land-value taxation "would work well for the nation."¹⁸

The reader will recall that Carver had insisted upon the distinction, so strongly emphasized by George, between land and goods produced by labor, although he held that its effects do not emerge until an area is settled, and that on no account is it in any case a moral issue. He admitted that land (in the non-technical meaning of the term) is sometimes "made" in the sense of being reclaimed from the sea or desert, whereas there are some produced goods, such as antiques and rare works of art, that resemble land (as defined in classical economics) in that their supply cannot be increased in response to market forces. But these exceptions he regarded as of little consequence. The fact that whereas nonreproducible land is the rule and reproducible land the exception, and reproducible goods of other kinds the rule and nonreproducible ones the exceptions, may be called a difference of degree only, but it is a difference of degree so great as to constitute for scientific and practical purposes a difference of kind: "As a matter of fact, nearly all scientific differences are differences of degree. It is not denied, however, that there are many resemblances between land and other goods. There are also certain resemblances between a man and a clothes-pin, but the differences are sufficiently important to warrant our placing them in different classes."¹⁹

The above discussion, as well as part of that to which I previously alluded on the same topic, is reproduced in Carver's *Essays* from his *Distribution of Wealth*, published eleven years earlier. This earlier work also contains an argument against the contention that though geographic land (land surface) may not be materially increased by labor, economic land (land capital) may. His treatment of this point is quoted in chapter 22 on Richard T. Ely.

The last chapter of Carver's *Essays*, "The Distribution of Taxation," sets forth in addition two rather standard arguments for land-value taxation as a permanent levy. The first is that a tax on land values cannot be shifted, since it neither lowers supply nor raises demand. The second is that such a tax tends to be capitalized, and, hence, if it lasts over a long enough period, becomes burdenless. "It is paid once and for all when the tax is taken out of the capitalized value of the thing taxed."²⁰

Of course, neither Carver's espousal of these two arguments, his defense of the key distinction between land and other goods, nor his outright advocacy of a very sizable degree of land-value taxation makes him a single taxer—as he is by no means hesitant to point out.²¹ For he also recommends a stiff tax upon inherited wealth, regardless of its source or nature, and, moreover, somewhat less emphatically, a moderately progressive income tax.²² He further maintains that a tax that is easily shifted and thus diffuses itself throughout the community (such as a sales tax), is the most suitable means of raising temporary emergency revenues, which must be gathered without "too nice a regard for absolute justice."²³

Yet he urges that among permanent taxes preference should be given to those which fall upon natural rather than upon produced goods, and upon increments that come to individuals through natural causes over which they have no control rather than upon incomes earned by the individuals themselves.²⁴ A land-value tax, be it noted, is the only tax that uniformly satisfies *both* of these criteria. Thus Carver may at least be ranged alongside the single taxers in the order of his priorities.

It would probably be correct to say that Carver's aversion to Georgism had more to do with style than with substance, with presentation than with program. In spite of his extreme distaste for reasoning that he considered "metaphysical," "sentimental," or "demagogic," in the end his sturdy intellectual honesty compelled him to acknowledge, albeit with some reluctance, the merits of essential aspects of what George proposed.

Notes

1. Thomas Nixon Carver, *Essays in Social Justice* (Cambridge, Mass.: Harvard University Press, 1915), p. 24.
2. *Ibid.*, p. 25.
3. *Ibid.*, p. 26.
4. Thomas Nixon Carver, *The Religion Worth Having* (Boston: Houghton, 1912).
5. Carver, *Essays*, p. 93.
6. *Ibid.*, pp. 283 f.
7. See Henry George, *Progress and Poverty*, 75th anniversary ed. (New York: Robert Schalkenbach Foundation, 1954), pp. 38 f.
8. Carver, *Essays*, p. 287.
9. *Ibid.*, p. 289.
10. *Ibid.*, p. 290.
11. *Ibid.*, p. 291.

12. Ibid.
13. Ibid., p. 292.
14. Ibid., pp. 295 f. The first part of the extract is excerpted by Carver from his *Distribution of Wealth* (New York: Macmillan, 1904), pp. 108 f.
15. Carver, *Essays*, p. 292.
16. Ibid., pp. 295 f.
17. Ibid., p. 300.
18. Ibid., p. 303.
19. Ibid., p. 296.
20. Ibid., p. 410.
21. Ibid., p. 303.
22. Ibid., chap. 12 and p. 408.
23. Ibid., pp. 409 f., 429.
24. Ibid., p. 429.