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Neo-Georgism

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In order to reflect developments in my thinking since the first version of this chapter twenty five years ago, I have taken the liberty of incorporating into it substantial passages from my introduction to the third edition of *Land-Value Taxation Around the World* (2000), as well as some completely new material prepared expressly for this new edition.

Henry George and His Critics: Where Do They Stand Today?

If Henry George had created a system capable of withstanding a century of criticism in all its details, he would have been *sui generis* among social scientists and philosophers alike—not a mortal theorist but a veritable god. Contrary to what some people mistakenly believe, Georgism is not a cult. It may inspire deep loyalty and fervor, yet it maintains no establishment for the determination or preservation of orthodoxy, and many of its most ardent adherents are quick to point out their disagreements with the master. To be a Georgist in the larger sense does not mean subscribing to the notion that everything Henry George penned must be accepted as holy writ, or that no aspect of his system is open to question. To be a Georgist in this sense is just to believe that, in the main, on the most vital points, more than any other single social ethicist or political economist, George had it right. To recognize that some of his ideas are flawed does not destroy his stature as a thinker of the first magnitude whose economic methodology was, in fact, far more informed and sophisticated than is generally appreciated, and whose prescription for reform contains basic features that have enduring relevance.

Possibly George misconceived the problem, and was mistaken in assuming that, absent his prescription, poverty necessarily increases

with industrial advance.* At least, so it might appear. Yet when we look behind appearances, we may discover that the expedients whereby this grim outcome has been forestalled give rise to ultimate consequences still more grim, consequences now presaged by inflation and ever-mounting public debt. We may discover, in other words, that we have been living in a fool's paradise, that George was a better prophet than we realized, and that welfare spending, monetary tinkering, and union pressure have purchased temporary respite from the process he described at the eventual price of a total and possibly irreversible collapse. This is, of course, a long-run augury; those who live only for the immediate present will dismiss it with Lord Keynes's flippant quip that "in the long run we are all dead."

Which is not to say that George's "all-devouring rent thesis" (to use Professor Cord's apt phrase) should be accepted unreservedly. One may nevertheless contend that land rent is a highly important economic factor and that George performed a real service in calling attention to this truth, however extreme his inferences from it may have been. The role of land rent in the United States, even if overemphasized by George, is yet far from inconsiderable; in most other countries (where land monopoly is more acute) it must be still greater by no small degree.

For the most part, George's errors are, as in the case of his "all-devouring rent thesis," errors merely of exaggeration. For example, descanting upon the growth of morality to be anticipated from the adoption of his proposal, he is not content merely to predict a marked diminution in crime and vice that stem from the brutalizing effects of poverty, but pictures a veritable Peaceable Kingdom in which greed has virtually disappeared along with the need for judges, police, and lawyers, and in which liberated human energies are spurred by pure and noble promptings to ever more exalted heights of creativity.¹ Alas!

*The reader should bear in mind that this assumption had to do with the proportion received by labor as its share of the product. In certain of his less flamboyant passages, George was careful to disclaim the notion that wages are universally diminished as an absolute quantity by industrial progress. (*Progress and Poverty*, 75th Anniversary Ed. [New York: Robert Schalkenbach Foundation, 1954], pp. 216, 233 f.). Because of his many paragraphs that fail to specify the distinction between proportion and amount, this disclaimer is apt to be overlooked.

There is in human nature an intractable perverseness, which George's evangelical parents called "original sin" and that no social rearrangement can dispel. Material security and equality of opportunity, however desirable, will not usher in a moral paradise. Well-fed, well-housed, well-educated Sweden, with its disturbing incidence of alcoholism, suicide, and juvenile delinquency, may be cited as a case in point.

In keeping with the classical tradition, George insisted upon interpreting land rent as a monopoly price. For this he has been reproved by various critics from Marshall to Oser, who correctly observe (in Hébert's paraphrase) that "as long as land has alternative uses and many owners it comes to be supplied under conditions approaching competition." Again, however, George's error was essentially one merely of exaggeration. In the first place, land ownership in much of the world, including many parts of the United States (e.g., Orange County, California, where the Irvine Estate holds approximately 20 percent of the land, and is a major factor in keeping up prices in the small areas it develops and sells), is sufficiently concentrated that monopoly, or, at any rate, oligarchy, actually does obtain. In the second place, the fact that the supply of land is inelastic as respects location means that even where land ownership is diffuse, land rent still involves a *monopolistic element* not characteristic of the price of capital goods (except for such economically insignificant items as antiques and works by famous artists). For although land may have alternative uses, and in that regard not be perfectly inelastic as to supply, its inherent inelasticity of location gives the owner a built-in advantage.

It is not the intention to suggest that the buyer or renter of land space has no alternative. He may use a smaller piece of land more intensively instead of a larger piece less intensively. Thus, he may put a twenty-story building on a small area instead of putting a ten-story building on a larger area. He may choose a poorer site instead of a better one. But the buyer or renter of capital has alternatives of these kinds and has *in addition* the alternative of becoming himself a producer of the sort of capital wanted.²

On this account, and for other reasons more ethical than economic, I am satisfied that there is a broad sense in which it is legitimate to

speak of land rent as a monopoly price, even though, from a narrow, technical standpoint the phrase may be inaccurate.

It could, in addition, be charged that George exaggerated the revenue-generating adequacy of his proposal. But this would hardly be fair. Even Willford I. King, who otherwise denigrated land rent as a significant share of national income, demonstrated that the land-rent fund would have been large enough before the Civil War to pay for all government expenses nearly twice over, and that it continued to be at least sufficient until 1915.³ Steven Cord thinks that it could probably have been adequate until the 1930s.⁴ During George's lifetime there would doubtless have been an ample surplus available for communal amenities or for distribution on a per capita basis, especially when one considers the savings to be looked for from his reform in reduced need for public assistance and government bureaucracy. This is one reason why his expectation that his remedy would "extirpate" involuntary poverty should be regarded as only mildly extravagant. Other reasons are, of course, the stimulus to productivity and the tendency toward equalization of opportunity that his reform might reasonably be anticipated—on the basis of both theoretical deduction and partial experiment—to engender. While environmental considerations and the demands of national security make it today perhaps utopian to suppose that land rent could meet the total revenue requirements of government, let alone beget a surplus, its appropriation in taxes would substantially lessen the necessity for revenue from other sources, and would materially help to ameliorate involuntary poverty even if it did not wholly justify George's faith by extirpating it.

Closely related to the inadequacy argument is the objection that a single tax on land values (or on anything else if the full amount were taken) would be inflexible, incapable of adjusting to changing conditions. But Charles F. Collier points out that this objection is valid only with respect to the *percentage* of the tax rate. The *amount* of the yield would vary in response to the business cycle.⁵ Collier's rejoinder would not be employed by a strict Georgist, for George held that under the single tax the primary cause of the business cycle would be dispelled. Instead, the strict disciple would rely upon the claim, cited by George Raymond Geiger,⁶ that in a fundamental sense

a sole tax on land is highly flexible since it correlates directly with the progress and demands of any taxpaying and tax-requiring community—a point made by George in *Progress and Poverty*⁷ and more particularly in his *Open Letter to Pope Leo XIII*⁸ and in “Thy Kingdom Come,” his Glasgow speech of 1889.⁹ Whether it would be sufficient to satisfy extraordinary demands such as those of national defense in today’s world is, of course, quite another story.

The inflexibility, such as it is, of a sole land-value tax, has been accounted a merit by some Georgists (and even some non-Georgists¹⁰), as constituting a check upon the aggrandizement of government. Private individuals are expected to live within their proper means; why should not governments do the same? When George envisaged public baths, dancing halls, shooting galleries, and the like,¹¹ he was merely speculating as to the ways in which a surplus rightfully belonging to the public might be spent, not advocating that such indulgences be funded through coercive exaction. Although present conditions make the question of the use of a surplus academic, per capita apportionment in the form of dividends to be used according to private choice would seem to be more consonant with his essential individualism.

Collier asserts that the benefits from a single tax on land values could be only temporary, since with the rise of population, settlement would extend to (and probably beyond) the point that had been the margin of production prior to the adoption of the tax. “Quite simply, the remedy would work once and only once in any society because it relied in a special way on ending speculation in land. That speculation can be ended once and only once.”¹² Granting continuous population growth (or growth in productive activity and hence land use), his point about the extension of the margin is well taken, and is one that George, to my knowledge, did not anticipate. But his analysis disregards four important considerations. To begin with, there is nothing inevitable about population increase; the population of France has been stable ever since the Great Revolution, long before the advent of modern birth control techniques. Second, given the population increase assumed by Collier (or enhanced productive exploitation), the margin would be pushed *much further* downward and outward were it not for the halting by the tax of speculation.

Third, in a Georgist economy the extension of the margin is likely to be postponed by the reduction, stemming from heightened productive efficiency, of the actual acreage used. Finally, Collier overlooks a formidable advantage that would continue to accrue regardless of the location of the margin—namely, the diversion of land rent to the public with the accompanying lifting of the burden of taxation from wages and interest.

George's arguments on the population question suffer from such excesses as his astonishing assertion that "the earth could maintain a thousand billions of people as easily as a thousand millions"¹³—a conceit that stems from his refusal in *Progress and Poverty* to apply the law of diminishing returns to the employment of labor and capital on land.* Also, his inveterate environmentalism kept him from perceiving that even if increased numbers should, as he maintained, enhance productivity infinitely, there still might be a population problem of a genetically qualitative nature. (It is worthy of remark that Harry Gunnison Brown, the academic champion of George, was also a professed Malthusian.¹⁴) Genetically qualitative considerations aside, however, George's inordinate optimism with respect to population seems no more unwarranted than do the dire predictions of the latter-day disciples of Malthus. In our preoccupation with such horror-spots as Bangladesh, we tend to overlook the facts that Taiwan, with a population density matching that of Holland, has a net export of food, and that one hydroponic acre in Arizona produces 240,000 pounds of tomatoes annually. (This should not, of course, be taken as an argument against family planning or the conservation of natural resources.)

George has sometimes been faulted for inconsistency in relying on Ricardian rent theory while rejecting Malthusian population theory. That Malthusianism was assumed by Ricardo is a historical fact, and George accepts his view that rents are raised by "the increasing pres-

*In the *Science of Political Economy*, his treatment of this matter is unclear. There, instead of refusing to apply the law of diminishing returns to agriculture and the extractive industries, he criticizes Mill and others for their failure to extend it to all modes of production, evidently thinking that he has thus weakened rather than strengthened the Malthusian position (bk. 3, chap. 4). Had he lived to complete the book, he might have revised and clarified his treatment.

sure of population which compels a resort to inferior points of production."¹⁵ But he claims that this view really gives no countenance to Malthusianism, and has been enlisted in its support only because of the misapprehension "that the recourse to lower points of production involves a smaller aggregate produce in proportion to the labor expended."¹⁶ And he holds that rent is also raised by other causes—the technological and social improvements that increase productive power. Now, his treatment of Malthusianism suffers (as I have already remarked) from his refusal to apply the law of diminishing returns to the division of labor. And his "all-devouring rent thesis" is weakened by his failure adequately to recognize that technological and social improvements are reflected in cheaper and better goods and hence in higher real wages. Yet, however unsatisfactory his analysis in these respects, he stands absolved of the charge of inconsistency to which I have alluded, for the pressure of population upon resources is not only offset, as he sees it, by the greater yield per person made possible by greater population, but is, in any case, merely one (and perhaps to him the least important) element in his version of the law of rent. Moreover, as Teilhac observes, "while George shows . . . that social evil is only the consequence of economic progress, contrary to Ricardo, he demonstrates that it is, nevertheless, only the artificial consequence of a natural law."¹⁷ In other words, for George, unlike Ricardo, the law of rent *need not* culminate in an "iron law of wages"; poverty is not attributable to inexorable forces built into the order of nature, but to corrigible features of human economic arrangements.

At least two of the contributors to this volume agree with certain of George's critics that landowners and speculators (even when they are not themselves developers) sometimes perform entrepreneurial services that give them a legitimate, if perhaps qualified, claim on land values. George doubtless failed to recognize that part of the rise in land prices may at times reflect owners' constructive allocation efforts. (In terms of his classificatory system, that part would fall under wages rather than under rent.) Against this, however, must be placed the fact that constructive allocation has (to put it conservatively) not infrequently been thwarted by withholding on the part of owners. At any rate, by permitting owners to retain a percentage of the value of

their land large enough to induce them to retain title even when not developers or users, George's plan would provide a market premium for entrepreneurship, since the size of the owner's "brokerage fee" would depend upon his success in finding the most profitable use for his site. But even if all private titles were to be extinguished, I see no reason why there should be any diminution of incentive for skillful allocation, or why decisions as to allocation need become other than a private function (except perhaps where dictated by ecological or other public considerations). Not ownership but security of tenure is the decisive factor in encouraging optimum use—witness the phenomenon that so much intensive development occurs on leased land. The entrepreneur would have the same incentive as at present to find the most appropriate locations for development and use, but would simply lease them from the public rather than from a private owner.

One may freely grant that George omitted to give sufficient weight to the subjective element in value—a consequence of his failure to appreciate the considerable contributions of the Austrian school of economic theory. Also, one may recognize that government intervention in the marketplace, particularly federal manipulation of the supply of money and credit, has created aberrations and distortions not addressed by his analysis. His assumption that characteristically land held for speculation is kept absolutely idle is scarcely tenable. And it is patent that, for all its seductive neatness, his idea that wages and interest rise and fall in unison is not supported by the empirical data, although the situation might be different if the figures available represented only *real* wages instead of including transfer payments, and only *real* interest instead of including various extraneous elements that tend to be lumped with it. As for the "reproductive modes" aspect of George's theory of interest, it has been accepted only by his most doctrinaire followers. I confess that for me the concept holds a certain fascination, providing, as it does, an almost metaphysical basis for an explanation of why abstinence brings return, and I know of at least one person who was weaned away by it from Marxism because he considered that it definitively undercuts the theory of surplus value. Collier shows that some of the attacks upon it are invalid;¹⁸ whether the reproductive modes concept is itself invalid is of little moment here, since it is in no sense vital to George's system.

James Haldane Smith, in fact, argues that it actually contradicts the remainder of the system¹⁹—a view that I believe could be refuted if doing so were worth the effort. In any case, a powerful justification of interest, wholly independent of that concept, may be readily inferred from George's general theory of capital.

There is a critic of Henry George to whom no chapter in this book has been devoted—none other than his most distinguished and assiduous academic champion, Harry Gunnison Brown, mentioned in passing above. Brown rejected George's "all-devouring rent thesis," his population and interest theories, and his theory of business depression.²⁰ Yet he gave unstinting support to George's distinctive policy proposal. The fact is that the proposal does not really depend upon the deductive structure that George developed in *Progress and Poverty* to support it. That structure is magnificent, and (as the present book has shown) many of the criticisms of it are ill-considered and fallacious. Reading *Progress and Poverty* can be an exhilarating experience. But the structure is not flawless. Once the lay student has mastered it (usually with little interest in examining other systems), he is likely to have acquired an emotional investment in it that makes him reluctant to perceive or acknowledge that any of its parts are less than perfect. Thus comes "the popular picture of the single-taxer" as "the aged crank whose ideas have been refuted, who has outlived his usefulness, and who need not be taken seriously."²¹

Conversely and ironically, in many instances the structure as set forth in *Progress and Poverty* may actually have thwarted the embrace of George's policy proposal, since not everyone has the patience to follow 328 pages of close reasoning before arriving at a statement of that proposal. At any rate, all that is actually required is the acceptance of the following three theses:

1. Land rent absorbs a disproportionate share of wealth.
2. Rent is a social product.
3. The social appropriation of rent has no adverse effect upon production, but rather encourages it.

While I am certainly not suggesting that these propositions are self-evident, they can be individually supported far more readily than can the total deductive structure George advanced.

The doctrines of natural law and natural rights undergird the entire

framework of George's thought. There was a time when they were, in sophisticated circles, supposed to be hopelessly outmoded; more recently, they have undergone something of a revival.²² These doctrines are not subject to empirical proof or disproof, since they are, in the last analysis, metaphysical, or at least axiological. The present writer, who subscribes to them wholeheartedly (without, however, regarding them as self-evident or self-contained), believes that they lead inestimable strength to George's teaching. Still, there have been those who, like Thomas G. Shearman, have embraced George's proposal solely on fiscal grounds; and those who, like Geiger, have endorsed all the main elements of his system while recasting his view of natural rights in terms of John Dewey's instrumentalism. I am persuaded that the system, in its economic essentials, can stand without the doctrines of natural law and natural rights. I am equally persuaded that, for those who can accept them, they not only give it added logical support but also provide a motive, not otherwise entirely intelligible, for personal commitment to its furtherance.

On the tactical ingenuousness of certain of George's terminological idiosyncrasies we need not dwell. "We must make land common property"²³ has hung from the beginning like a millstone around the neck of the movement he created, notwithstanding that even as he used the phrase he took pains to explain that by "common property" he meant something very different from what it is ordinarily understood to mean. Similarly, "association in equality"²⁴ is a locution not altogether felicitous: it conjures up images of Dostoevski's "unanimous and harmonious ant-heap," which are dispelled only if one happens to note George's passing statement that he is using *equality* as a synonym for *freedom*.²⁵ And libertarians, reading his allusion to "the noble dreams of socialism,"²⁶ will deem the reference offensive unless they apprehend that in this context the word *socialism* signifies not leveling collectivism but merely a cooperative order devoid of privilege.

It is worth observing at this point that a preponderance of George's more recent critics, as evidenced in this book, write from a libertarian perspective. I shall now venture an explanation for this: Socialists and other collectivists seldom seek to refute the Georgist outlook. They either ignore it altogether or view it condescendingly as a quaint

relic that is marginally useful insofar as it embraces arguments for taxing land values, if nothing else. Libertarians, on the other hand, sense a natural affinity with Georgists but see them as having gone astray in this one area and want to “straighten them out.”

Yet, ironic though it may appear, it is my contention that (if one excludes anarchism, which, advocating no government at all, need offer no theory on how to fund one) Georgism is the most consistently libertarian of all systems of political economy. Even a minimal state must be supported.* So the question arises: Shall government, however limited, be supported by true taxes, even if light ones, which are imposed upon all forms of wealth, no matter how produced? Or shall it be supported by something that is not actually a true tax at all, but rather a charge for the use of a natural good in limited supply, the value of which is socially, not individually, produced? If society supports itself through a fund of its own creation (now largely siphoned off into the hands of privilege), the wealth created by individuals may be left to that extent in their own hands. What could be more libertarian than this?

Georgism in the Larger Sense: Equal Demands, Equal Sacrifices

The view articulated here might be called *Georgism in the larger sense*. This phrase signifies an attitude or outlook—one that may concede that George’s original position was vulnerable here and there, but maintains that when all is said and done, George was right on the essentials. I shall use the term *Neo-Georgism* to refer to a specific policy program reflective of this outlook. The modern friend of George’s thought who views the “Prophet of San Francisco” as a profound and perceptive guide rather than as an infallible oracle, will find the majestic symmetry of his system vitiated somewhat by the qualifications and adjustments dictated by candid analysis in the light of changed circumstances and refinements in economic methodology. Georgism in the larger sense will be less satisfying than the original

*True, there have been theories advocating voluntary, fee-supported protective associations, but insofar as they lack territorial inclusiveness one wonders if such arrangements really qualify as “government” as the term is used politically. In any case, the “free rider” problem renders them impractical except in a supplemental sense.

article from an aesthetic standpoint. But aesthetic satisfaction must yield to intellectual honesty, and the basic truth of George's central thrust remains, in any event, intact. What is this central thrust? It is the insight that natural opportunity should be open on the same terms to all, and socially created values socially appropriated, while the fruits of private effort should be left inviolate to their producers or to the designees thereof. Here we find the authentic verities respectively inherent in socialism and individualism organically combined without detriment to the integrity of either. Here we see, not a confusing welter of compromises and half-measures, but a clear and logical relationship in which each pole is balanced and complemented by the other.

The moral case for land-value taxation is clear enough. It represents an indemnity to the rest of society for the privilege of monopolizing something the owner did nothing to create, and the market worth of which is a social, not an individual, product. Such a levy is, as George put it, "the taking by the community, for the use of the community, of that value which is the creation of the community."²⁷

Under a Neo-Georgist regime, everybody would pay society for the use of land, according to its market value. Those who own land would pay directly. Those who do not would pay indirectly via their landlords, who would keep a small percentage of the payment as an agency or collection fee. The proceeds would be used for the purpose of general benefit in lieu of taxes on labor and capital. This contrasts with most present systems, in which people who don't own land pay twice—first to the landlord, for the privilege of using the land, and second to the government, for public services. (Of course, I am using the term *landlord* in the literal sense; if the same individual happens to own the building in which one lives or conducts a business, one's payment for the use of it, as distinguished from the land under it, is actually interest on capital, and would not be subject to social appropriation under Neo-Georgism.)

Heavy imposts upon land, even if offset by reductions in improvement, income, and other taxes, will be decried as confiscatory by some parties on the excuse that the land was purchased in good faith under the protection of the laws extant at the time. But this assertion

(which could apply equally to almost any change in the tax structure that might have an adverse effect upon anyone) rests upon the assumption that every transaction is entitled in perpetuity to the same legal protections as those under which it was entered into—an assumption that, if valid, would render all reform, or, for that matter, any kind of legislated change, impossible. Whenever public authority does *anything* that constitutes a policy departure, someone's expectations are bound to be negatively affected, yet nobody contends that all present policies should therefore be carved in stone. Why, then, should policies that affect landowners be any different? People have the right to speculate in land just as in pork bellies or Picassos, but regardless of what they put their money into, society is under no obligation to ensure that their speculation is risk-free. Practical wisdom, of course, dictates that changes insofar as possible be phased in gradually enough to enable people to make necessary adjustments, and this applies to the taxation of land values as it does to other matters.

Without neglecting the traditional emphasis on ground rent, Neo-Georgism will also focus on nonground forms of rent that have risen in prominence since the days of Henry George—rent for the electromagnetic spectrum, aircraft landing slots, patent protection (in the latter case collection being waived in the public interest in favor of time and other restrictions), etc. While such things do not fall within the category of “ground,” they are subsumed under the broad Georgist definition of land as consisting of “all natural materials, forces, and opportunities” apart from “man himself.”²⁸

Whereas the availability of such amenities as water, sewerage, gas, and electricity certainly enhances the value of sites and ought to be reflected in their assessments, there is no reason why separate charges should not be made for their actual use. The same may be said of libraries, parks, recreation, and even some educational opportunities.

To the extent that the rent of land is *not* appropriated for social purposes, the fruits of private effort, initiative, and productive savings are almost certain to be so appropriated. The burden of proof lies with one who would contend for the moral superiority of the latter.

According to the standard wisdom, a *sine qua non* for a system of public revenue is that it be broadly based. It is argued that if revenue is drawn from many and varied sources, it is less likely to be seriously affected should any of them dwindle. It is argued, moreover, that the more widely the burden is spread among the various interests, the more lightly it will weigh upon any one of them.

This is all very well as far as it goes, but other considerations are also relevant. The more numerous and varied the sources, the more complex the system must be, and hence the more elaborate, expensive, and inquisitorial its collection apparatus and process. Sometimes the argument that public revenue must be broadly based is couched in terms of equity. Thus the sales tax is defended because "it spreads the burden more evenly to all consumers of public services."²⁹ But equity does not necessarily call for a widespread distribution of the burden where the distribution of benefits is not similarly widespread; in fact, many would maintain the contrary. At best, one might concede it to be desirable that public revenue be broadly based, *all other things being equal*. Yet I trust that I have shown that, in the case of the land-value tax, all other things are *not* equal.

An argument that is probably the most uncompromising as well as the most theoretically elegant assertion of the adequacy of land value as a tax base was advanced by Shearman. It was his contention that it is logically impossible for the average annual cost of necessary government ever to be greater than the average annual value of its land:

How can any government be necessary, which costs more than the privilege of living under it is worth? And what is the cost of the privilege of living in any particular place, except the ground rent of that place? . . . Any pretended taxation that takes more from the people than this is extortion, not genuine taxation.³⁰

The less local the jurisdiction, the more attenuated Shearman's argument becomes, so that the case for financing national defense, for instance, out of rent is not so clear and unequivocal as is the case for thereby financing services such as local law enforcement. Yet the advantage of being located in a free country with secure borders might conceivably confer some rent even upon a site that had little else to recommend it. Let us grant for the sake of argument that Shear-

man is mistaken—that land rent would be insufficient to meet the necessary and legitimate expenses of government. The obvious riposte is: Why should this prevent us from using it as far as it can go? To be a Georgist in the larger sense, one need not be a single taxer. All that is necessary is that one favor land rent as the primary and preferred source of public revenue.

Instrumental to the application of the central thrust of the Neo-Georgist program is the idea that public fiscal burdens be distributed according to the criterion of benefits received from society. This idea has long been out of vogue, having been supplanted by the now-dominant position that taxes should be levied on the basis of ability to pay. In less polite words, they should “soak the rich.” The ostensible justification for this position is that ability to pay is a gauge of equal sacrifice. Yet it is by no means clear why persons who do not make equal demands upon society should, in fairness, be expected to make equal sacrifices in its support. Furthermore, specialists in public revenue theory are not agreed as to what is really meant by equal sacrifice, or that it is actually best measured by progressive rates determined by ability to pay.³¹ A free market can measure the marginal utility of relative satisfactions and therefore sacrifices as among its participants, but since taxes, being compulsory, do not reflect a market situation, it is difficult to see how they can be apportioned in terms of equal sacrifice. In view of these complications, some thinkers would assess the desirability of a tax system solely in terms of the system’s efficacy in meeting broad social needs, without reference to its relative burden upon individual taxpayers except as that burden may have public consequences. (It was, in fact, upon just such grounds that Carver endorsed land-value taxation.) But social utility is, unless balanced by other considerations, a dangerous criterion for a tax or any other kind of compulsory system. Everything depends upon who defines society’s needs, and the rights of the individual are all too likely to be swallowed by Leviathan.

The best surety for the protection of these rights, so far as the question of public revenue is concerned, is the restoration of the benefit principle. (Taxes based upon this principle are, technically speaking, not true taxes at all, but rather public fees; thus the term *single tax* is really a misnomer, and the proposal of Henry George has

sometimes been spoken of by its adherents as a program for the abolition of taxation. George, however, reluctantly called it a tax as a concession to popular usage,³² and I follow him in this.) Since the privilege of exclusive use and disposition of a site is a benefit received by the owner at the expense of the rest of society, the Neo-Georgist, like the Georgist, will insist that it be paid for in full, as measured by the value of the site. But he will not be a single taxer, except in the sense of maintaining that (apart from genuine emergencies, such as war) payment for benefits should be the single criterion for taxation. Recognizing that, of all special benefits, land ownership is by far the most important, he will accord the land-value tax (which further commends itself because of its nonshiftability and benign effect upon production) a premier place in his table of priorities.* Second place will go to use taxes, of which the gasoline tax (assuming it be spent on highways or related functions) is a salient example. If taxes for special benefits prove insufficient to meet the cost of necessary services of a general nature, the Neo-Georgist will admit the legitimacy of general levies to take up the slack. But he will insist that the services in question be truly necessary and truly general (e.g., police and fire protection, national defense, the control of communicable diseases, etc.). And he will demand that the obligation for their support be divided in terms of a formula that involves at least some approach to objectively equal payment—possibly a nongraduated percentage of incomes. Finally, he will concede that really desperate exigencies, where the very survival of the community is at stake (and where, for instance, as Brown reminds us, millions of men might be “required to risk their lives at the fighting front”³³) may temporarily justify whatever measures are capable of quickly raising the needed revenues, regardless of whether the burden be distributed with the same equity that normal conditions would enjoin.**

*Where, in the case of certain exhaustible natural resources, conservation is a prime desideratum, the benefit principle could be implemented through a severance tax in lieu of at least part of the land-value tax.

**A libertarian refinement of the program described above might be to distribute the revenue from land rent on a per capita basis, giving each individual the option of using

To recapitulate, the Neo-Georgist will neither claim that land-value taxation should always be the sole source of public revenue, on the one hand, nor see it, like the Fabians on the other, as merely a highly desirable source to be employed as one tax among many without discrimination as to their ranking. He will have a definite order of priorities, governed by the regulating principle of benefit, which commands reliance, first, upon payment for special benefits by their recipients (the preference within this category being given to payments that cannot be shifted and that do not deter production); and second, upon general payments for general benefits,³⁴ with payments not geared to benefits exacted only as a temporary last resort in extraordinary crises. He will advocate the restriction of government spending to necessary protective functions apart from the first category, and also within the first subdivision of that category except for the hypothetical eventuality of a surplus.

Like George, and in contrast to the "single tax limited" of Shearman and Charles B. Fillebrown, Neo-Georgism will stand for the public appropriation of the full land rent, less a percentage just large enough to induce owners to retain private title. It will do so not only on the ground of public right, but also because legitimate government expenditure today would probably leave no excess in the land-rent fund, as might have been the case in Shearman's day. Yet, unlike George, it could accede to a policy of providing some form of temporary and limited compensation where the full public appropriation would cause extreme hardship to the owner; not, however, as a matter of justice but simply as a pragmatic gesture to smooth the way of implementation. Better, as Brown remarks, that special provision be made for the ubiquitous land-owning "widows and orphans" whose anticipated distressful state has been made the basis for opposition to reform, than that a bad system be retained forever.³⁵

his share to purchase domestic public services, or of doing without them. As a practical matter, this option could not very well extend to the support of national defense, since there would be no way of denying defense against foreign aggression to free-loaders. But the rent fund might not in any event suffice to support national defense in addition to legitimate domestic public services in today's world.

The Beckoning Vision

The year 2002 witnessed the passing of John Rawls and Robert Nozick, two Harvard political philosophers who together may be said to have rescued their discipline from triviality. Both began with individualistic premises in the classical liberal tradition, but for Rawls, these premises were thoroughly undermined by considerations that led him to advance the model of a thoroughgoing welfare state. Nozick's critique not only exposed the self-defeating character of Rawls's approach, but also pointed to a way in which essential welfare concerns may be satisfied without sacrifice of individual freedom. ("You must have been reading Henry George!" I remarked to him at a meeting of the American Philosophical Association in 1978, four years after the appearance of his *Anarchy, State, and Utopia*. He replied that others had told him the same thing, and that reading George was high on his agenda.)

It is in the thought of George that key ideas of these two thinkers find their synthesis anticipated: a basic social income that enables production instead of hindering it by cutting into its rewards. Personal freedom and social security here find common ground, for the latter does not impinge upon the former, nor does the former trench upon the latter. Both exist by right and not by compromise, yet form the basis for a social compact that is truly organic because it is geared to the statics of human nature as well as the tested canons of wealth production.

Thus wherever land-value taxation has a foothold, it is essential that the officials charged with its administration be educated as to its advantages, both technical and moral, that this education be ongoing, and, insofar as possible, that it be extended to the general population. The absence or inadequacy of such education may be one reason why the system has been brought to the verge of extinction in Denmark, and weakened in Taiwan despite its being mandated in the Taiwanese Constitution and having played a major role in moving that nation from penury to prosperity in the third quarter of the twentieth century.

Even limited experiments in land-value taxation are cumulatively helpful in establishing an empirical record. The record thus far estab-

lished has consistently been quite positive, even where the experiments have, for various extraneous reasons, been abandoned. I recognize that political realities frequently preclude bolder action, that opportunities must be taken advantage of when they present themselves, and that they are normally of such a nature as to be linked with other issues and to admit only of partial legislative attainment. For those reasons, I do not disparage the modest approaches recounted in the pages of *Land-Value Taxation Around the World*.³⁶

Yet I cannot but venture to suggest that their very modesty may be one reason for the fact that land-value taxation now seems to be in retreat in so many places where it was established. Too mild an application of a beneficial program will produce benefits too mild to stimulate strong and enduring general support. Almost invariably in these instances, not enough land rent was socially appropriated to ensure that the system's good effects were clearly attributable to it, and could not be ascribed to other factors. A closely associated reason could be that the approaches were too mixed—even including other taxes that watered down its impact by penalizing production, so structured that their explicit aim was not the capture of land value more than of any other type of economic value. Such circumstances blur the moral imperative of land-value taxation, making it seem but one fiscal tool among many. Indeed, it has proponents who view it in that way.

Only homeopathy maintains that remedies are very effective in minute doses. If the record of land-value taxation has been one of consistent but only moderate success, that is most likely because it has been administered only in greatly diluted form. Even the best medicine, if too diluted, may readily be overwhelmed by stronger counteragents. A stout enough course of the unadulterated Georgist “remedy” might demonstrate that the claims made on its behalf are not really so extravagant, after all.

In recent years, the Georgist camp has sustained something of a rift between those who would direct its limited resources toward local (usually two-rate) property tax reform, and those who would focus on ambitious nationwide agendas. While the power and drama of George's moral vision are unquestionably compromised by what opponents of the more modest approach are pleased to call “the

municipal trivialization,” there are two good reasons for not wholly abandoning that approach.

The first is a matter of “doability.” The American and Australian federal systems afford opportunities for experimentation at the state and local levels that rarely arise at any national level. Examples are the Alaska Permanent Trust, the California Irrigation District Act, and nearly a score of two-rate local jurisdictions in Pennsylvania. “Putting all its eggs into a national basket”—whether that of Russia, Scotland, or wherever, could swamp the movement’s resources very quickly, leaving nothing to show for the effort and expenditures.

The second is the need for empirical examples. The very fact that those that now exist are all partial and tentative is all the more reason why they need to be multiplied: with increasing numbers, an inescapable pattern will emerge, so that claimed advantages cannot be dismissed as attributable to extraneous factors.

Having said all this, it is necessary to insist that the local approach never replace the greater goal of national Georgism. In New Zealand and South Africa, the former became so ingrained as to be taken for granted—a complacency that left it virtually without defenders when jettisoned in major cities by the central governments. In addition to the danger of losing sight of George’s vision, the local approach, if broadly implemented, has the probable disadvantage pinpointed by Cannan—that of causing demographic distortions. He intended this as a hostile criticism; let it be taken, rather, as a cautionary admonition.

Of course, the full-scale implementation of the ultimate ideal would be *international*—involving the distribution among nations of what Nicolas Tideman has termed “world territorial rent”³⁷—rent attributable to natural rather than to population factors. Some progress has been made along related lines in treaties concerning Antarctica, the deep-sea beds, etc., but the prospect of such distribution on a major scale is too remote to warrant more than a mention here.

A distinguished contributor to the first edition of this volume rightly stated that “George did not suggest any specific timetable for the implementation of [his] proposal, but no present-day Georgists of stature urge that it be done except in gradual stages. Large, sudden, arbitrary changes in established rules do not belong in ‘the good

society.’ But gradual changes to achieve large results constitute the responsible way to progress.”³⁸ Michael Hudson explains why, under current circumstances, the role of mortgage interest makes gradualism especially imperative:

In today’s world the land has become so heavily mortgaged that nearly all the growth in land-rent over the past half-century has been taken by mortgage lenders as interest. Taxation of the land and other real estate has shrunk proportionately. Indeed, to raise the land tax too sharply (to say nothing of suddenly collecting the entire land rent for the public sector) would create a financial crisis because the rental income cannot be paid both to the government and to creditors. Higher taxes would “crowd out” the creditor’s mortgage claim, wiping out the savings that are the counterpart to these debts. This would injure the economy’s financial viability. . . .

If public capture of economic rent were phased in gradually, interest on real estate debt would be replaced by tax payments. And as fewer savings were invested in mortgages, they would be lent to other sectors, establishing similar debt-claims there.

Restoring the land tax to its historic role as the major source of fiscal revenue would reduce the rental income free to be pledged to creditors. This would shift the flow of credit away from mortgage lending to either more directly productive uses (such as the financing of industry or other direct investment), or to consumer debt, the funding of corporate takeovers and so forth. To the extent that these loans found their counterpart in new direct investment and employment, the economy would benefit.³⁹

No doubt, fanatical enthusiasts for the “single tax,” who see it not as a regimen to build up the social body in increasing degrees to a state of health but as a magical elixir to be swallowed in one gulp, have alienated potential sympathizers of more sober temperament. But the Georgist vision is not, as some of its adherents’ rhetoric might lead one to conclude, inherently simplistic. Their veritably evangelical fervor, although it might superficially appear almost ludicrous in the context of advocating a tax, ought not be viewed with condescension or disdain. For the tax they advocate is a tax in name only, and its significance as a fiscal measure pales beside its significance as an engine of social justice.

Assuming careful and knowledgeable implementation, it commends itself to common sense much more than do competing approaches.

By now, the bankruptcy of socialism should be evident to all. The market economics of the New Right, however, while a welcome enough corrective to collectivist schemes in many nations throughout the world, has largely proven a disappointment, as evidenced by the return to power of center-left parties, however chastened, in the United Kingdom, Germany, New Zealand, and elsewhere. Yet such parties' programs, if they may be called that, exhibit no clear, coherent structure. They are mere patch-works of compromise, stitched together without design apart from that of appealing to powerful voting blocs and other interest groups. Why should it be too much to hope for, that, after enduring failure upon failure and disillusionment upon disillusionment from Left and Right alike, the world will awaken to the realization that if it socializes that which is inherently social because it has been produced by society—namely, the rent of land and natural resources—it may safely leave in private hands the wealth that individuals in their private capacity produce? If such a regime cannot be fully instituted overnight without too great a shock, that is scarcely a conclusive point against it. Let it be instituted, if need be, in stages that allow for adaptation and adjustment. Let it be instituted with due consideration for circumstances of time and place. Let it even be instituted with temporary modifications for special cases such as the ubiquitous “poor widow” whose conjectured plight is the subject of lachrymose ritual invocation by the adversaries of reform. But let it be instituted!

Although words attributed to Helen Keller laud Henry George's “splendid faith in the essential nobility of human nature,”⁴⁰ it is to his credit that his system of political economy rests on no such faith but rather on the mundane observation that “men seek to gratify their desires with the least exertion.”⁴¹ While his language might at times ascend to rhapsody, his approach was uncommonly practical—radical in the sense of attacking the preeminent social problem at its root, but basically conservative as to method.⁴² It might be characterized as being, both literally and figuratively, “down to earth.” This is by no means to depreciate the powerful moral, even spiritual, appeal of his position. But it is precisely the seamless union of that moral and spiritual appeal with an eminently reasonable plan of reform that doubtless accounts for the remarkable persistence of the movement

that bears his name. When Henry George died, that name was a household word. But so was the name of Edward Bellamy, and so was the name of William Jennings Bryan. Bellamy's Nationalist Clubs, which once spanned the continent from coast to coast, disappeared without a trace in less than a decade. Bryan's banner of free silver was furled for good after the campaign of 1896. In due course, later panaceas were proclaimed. Multitudes hailed the Townsend plan and sang the praises of Technocracy. Where are they now? Yet followers of Henry George are active still. Their political advances may be rather few in number and of relatively slight degree. Yet they soldier on.

Like Plato's ideal city, the full Georgist paradigm has been realized nowhere on earth. Only in pale and evanescent glimmerings here and there may faint terrestrial traces of its lineaments be glimpsed. But it remains a steady vision in the heavens. It is not, as in the *Republic*, too sublime for human nature, necessitating a "second best" substitute like the city of Plato's *Laws*, better adapted to man's frailty; rather, it is eminently applicable to the problematic human situation. It awaits only the day, be it soon or in the far distant future, when thoughtful citizens, finally recognizing the hollowness of the Left and the obtuseness of the Right, and the futility of all the unstable mixtures in between, their gaze directed by the Remnant to that supernal vision, are kindled by it to affirm with one mighty and united voice: "Let it be instituted! Let it be instituted *starting now!* To that end we dedicate ourselves." When that day shall come, no one can say. But meanwhile, the vision beckons.

Notes

1. Henry George, *Progress and Poverty*, 75th Anniversary Ed. (New York: Robert Schalkenbach Foundation, 1954), p. 456.
2. Harry Garrison Brown, *Economic Science and the Common Welfare*, 6th Ed. (Columbia, Mo.: Lucas Bros., 1936), p. 246 n.
3. Willford I. King, *The Wealth and Income of the People of the United States* (New York: Macmillan, 1915), pp. 160–62.
4. Steven B. Cord, *Henry George: Dreamer or Realist?* (Philadelphia: University of Pennsylvania Press, 1965), p. 234.
5. Charles F. Collier, "Henry George's System of Economics: Analysis and Criticism," Ph.D. dissertation, Duke University, 1976, p. 220.

6. George Raymond Geiger, *The Philosophy of Henry George* (New York: Macmillan, 1933), p. 157, n. 90.
7. George, *Progress and Poverty*, p. 456.
8. Henry George, "The Condition of Labor: An Open Letter to Pope Leo XIII," in *The Land Question [and Other Essays]* (New York: Robert Schalkenbach Foundation, 1953), p. 10.
9. Henry George, *Thy Kingdom Come* (New York: Robert Schalkenbach Foundation, n.d.), p. 13.
10. E.g., E. Benjamin Andrews, "Economic Reform Short of Socialism," *International Journal of Ethics* 2 (April 1892): 281–82.
11. George, *Progress and Poverty*, p. 456.
12. Collier, "Henry George's System," p. 261.
13. George, *Progress and Poverty*, p. 133.
14. See Harry Gunnison Brown, *Basic Principles of Economics*, 3rd Ed. (Columbia, Mo.: Lucas Brothers, 1955), pp. 403 ff., 416. The present writer vividly recalls hearing Brown make the flat announcement, "I am a Malthusian," to an audience of Georgists in 1960 or thereabouts.
15. George, *Progress and Poverty*, p. 228.
16. *Ibid.*, p. 231.
17. Ernest Teilhac, *Pioneers of American Economic Thought in the Nineteenth Century*, trans. E. A. J. Johnson (New York: Macmillan, 1936), p. 141.
18. Collier, "Henry George's System," pp. 154–55, 158–60.
19. James Haldane Smith, *Economic Moralism: An Essay in Constructive Economics* (London: George Allen & Unwin, 1916), p. 73.
20. Christopher K. Ryan, *Harry Gunnison Brown: An Orthodox Economist and His Contribution* (Malden, MA and Oxford, U.K.: Blackwell Publishers, 2002), p. 215. His criticisms appeared exclusively in Georgist publications and in correspondence.
21. Martin Bronfenbrenner, "Early American Leaders—Institutional and Critical Traditions," *American Economic Review* (Dec., 1985), quoted in *ibid.*, p. 218.
22. See Charles Grove Haines, *The Revival of Natural Law Concepts, Harvard Studies in Jurisprudence*, vol. 4 (Cambridge, MA: Harvard University Press, 1958).
23. George, *Progress and Poverty*, p. 328.
24. *Ibid.*, p. 508.
25. *Ibid.*, p. 525.
26. *Ibid.*, pp. xvi, 456.
27. *Ibid.*, p. 421.
28. *Ibid.*, p. 38.
29. Jon Kidwell, guest columnist in the *Birmingham News*, Birmingham, AL, March 12, 2000, p. 3C.
30. Thomas G. Shearman, *Natural Taxation*, 3rd Ed. (New York: Doubleday & McClure, 1898), pp. 132–34.

31. See Walter J. Blum and Harry Kalven Jr., *The Uneasy Case for Progressive Taxation* (Chicago: University of Chicago Press, 1953).

32. See Charles Albro Barker, *Henry George* (New York: Oxford University Press, 1955), pp. 519 f.

33. Harry Gunnison Brown, *Fiscal Policy, Taxation and Free Enterprise* (New York: Robert Schalkenbach Foundation, n.d.), p. 14.

34. Although very minor, another source of public revenue, also second to the land-value tax in priority, might be escheatment to the community of all estates to which there are no immediate heirs in the direct line, unless the decedent has provided otherwise by will. I do not classify this, even non-technically, as a tax, but simply as the public appropriation of property to which the title has become from any standpoint of rational justice, vacant.

35. Harry Gunnison Brown, *Economic Science and the Common Welfare*, 2nd Ed. (Columbia, MO: Lucas Brothers, 1925), pp. 251 f.

36. R. V. Andelson, ed., *Land-Value Taxation Around the World*, 3rd Ed. (Malden, Mass. and Oxford, U.K.: Blackwell Publishers, 2000).

37. Nicolaus Tideman, "Commons and Commonwealths: A New Justification for Territorial Claims," in R. V. Andelson, ed., *Commons Without Tragedy* (London, U.K. and Savage, MD: Shephard-Walwyn Ltd. and Barnes and Noble, 1991), pp. 117–21 and *passim*.

38. C. Lowell Harriss, in R. V. Andelson, ed., *Critics of Henry George*, 1st ed. (Rutherford, NJ: Fairleigh Dickinson University Press, 1979), p. 365.

39. Michael Hudson, in R. V. Andelson, ed., *Land-Value Taxation Around the World*, pp. 23–24.

40. This quotation was cited for many years in the annual brochure of the Henry George School of Social Science. Its source is a letter written around 1930 by Miss Keller to the Robert Schalkenbach Foundation.

41. George, *Progress and Poverty*, p. 12.

42. See Joseph A. Schumpeter, *History of Economic Analysis*, ed. Elizabeth Booddy Schumpeter (New York: Oxford University Press, 1954), p. 865.