

AN ITALIAN PROFESSOR AND HENRY GEORGE

The Critic Criticized

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Professor Carlo Pagni, of Milan University, has taken the occasion of the republication of Henry George's Works to enter the lists as a critic of *Progress and Poverty*, and his attack is worthy of attention as we judge from his writing that he claims to have made a special study, not only of Henry George, but also of his precursors. The onslaught is welcome, if only that it breaks the conspiracy of silence in which most scholastic opponents of George take refuge to-day.

THE FIRST CHARGE

The first charge the Professor makes against George is that his ideas suffer from the vice common to all rigid schemes in that they do not take into account exceptions to the general principle he wishes to enforce. Rent, says George, is the determining factor in distribution. Though this looks like a truism can we, asks the Professor, apply it to distribution as it actually takes place in practice? Is the generalization always and everywhere true? He answers that it is not, for where population is sparse, the land cut up and some of it free, not rent but labour becomes the determining factor. In these circumstances owners of idle land, he says, will compete to get the few available workers and be forced to pay them high wages. Labour has then the ball at its feet, and rent becomes but a secondary matter.

RENT AND WAGES

It is truly surprising that such a point should be made, and we can only conclude that though the Professor may have read *Progress and Poverty* the reading has been careless indeed. For is not this the very thing that George set out to drive home? Did he not, times without number, insist that where some land is freely open to labour it makes all the difference to the wage earner, not only on that particular land, but throughout the whole field of industry? He laboured to prove that where land is free men are free, and that where land is monopolized men are slaves. One of his illustrations was that imaginary island springing out of the sea near England, fertile and free to all. He showed that the effect would be to raise wages and reduce rents throughout all England. It is hard on George that when his generalization is found to coincide with what (even according to the Professor), takes place in actual practice, the fact should be thrown at him. Professor Pagni has tripped badly over himself.

The Professor quotes Arnold Toynbee's criticism along the same lines. We have read it. Toynbee says nothing more than is said by the Professor himself; that is, he only confirms the arguments of Henry George by showing in his own way that when alternative employment is open to labour wages cannot be depressed.

THE SECOND CHARGE

Charge two against George is that he appeals to causes which only operate over long periods (which only work "in the long run," as the Professor puts it) to explain phenomena like trade crises which operate over short periods. George showed that all improvements "in the long run" express themselves in higher values of land, and that when land values are privately monopolized commercial crises are to be traced to this fact. But, in reality, says Professor Pagni, commercial crises are the result of "intermediary facts, actions and reactions" which operate over short periods and which

George ignores. What these intermediary facts, actions and reactions may be the Professor tells us he cannot enumerate in his present paper, so if they exist the reader is left to guess what they are. But whatever they may be we hesitate to think it can be seriously maintained that long term influences are not ever steadily at work just as tides determine the ocean's level, however the surface may be ruffled by passing waves. We had thought it was the special duty of the Political Economist to lay bare long term influences.

THE INFLUENCES AT WORK

Here again is evidence of careless reading of the book the Professor criticizes. For throughout *Progress and Poverty* both long and short term influences are faithfully allowed for. Times without number could its pages be quoted in evidence of this, but we select only the following from Book VII, Chapter 3. Dealing with private appropriation of economic rent George says:—

"This robbery is not like the robbery of a horse or a sum of money that ceases with the act. It is a fresh and continuous robbery, that goes on every day and every hour. . . . It is not a robbery of the past, it is a robbery of the present."

But still stronger evidence that the Professor has but skimmed the book he criticizes is to be found in Book V, Chapter 1 of *Progress and Poverty* where, after arguing that speculative advance in land values is the main cause of paroxysms of industrial depression, Henry George goes on:—

"I do not mean to say that there are not other proximate causes. The growing complexity and interdependence of the machinery of production, which makes each shock or stoppage propagate itself through a widening circle; the essential defect of currencies which contract when most needed, and the tremendous alternations in volume that occur in the simpler forms of commercial credit which, to a much greater extent than currency in any form, constitute the medium or flux of exchanges; the protective tariffs which present artificial barriers to the interplay of productive forces, and other similar causes, undoubtedly bear important part in producing and continuing what are called hard times."

Will the Professor say how *short-term* influences could be more fully recognized than they are here?

THE THIRD CHARGE

Charge three is that even if George's teachings are true, we cannot in practice separate the value of land from the value of improvements—"not a centime more or a centime less," as the Professor puts it. If systems of taxation are to stand or fall by mathematical accuracy in valuation then every known system falls. Does Professor Pagni think that when he pays his house tax or his property tax the valuations on which he pays are mathematically accurate—"not a centime more or a centime less" either way?

MAKING THE SEPARATION

But, as a fact, Henry George has expressly dealt with this aspect of valuation in *Progress and Poverty*, Book VIII, Chap. 4, entitled "Indorsements and Objections," and with a very telling observation, which, to distinguish, we put in italics:—

"For admitting that it is impossible to invariably separate the value of land from the value of improvements, *is this necessity of continuing to tax some improvements any reason why we should continue to tax all improvements?* If it discourage production to tax land values which labour and capital have intimately

combined with that of land, how much greater discouragement is involved in taxing not only these but all the clearly distinguishable values which labour and capital create? . . . In the oldest country in the world no difficulty whatever can attend the separation, if all that be attempted is to separate the value of the clearly distinguishable improvements, made within a moderate period, from the value of the land, should they be destroyed. This manifestly is all that justice or policy requires. Absolute accuracy is impossible in any system, and to attempt to separate all that the human race has done from what nature originally provided would be as absurd as impracticable."

In any case the point has but academic interest at this time of day, because, as the Professor ought to know, land valuation apart from improvements has long been an accomplished fact in many countries.

In his use of the term "confiscation," the Professor shows prejudice, and discloses the gulf that lies between him and George. Professor Pagni refers to George's plan as "confiscation" of rent, blind to the fact that rent being the creation of the whole community, is due to the whole community so that confiscation is proceeding daily on the part of those private interests who now take rent for themselves.

THE FOURTH CHARGE

Charge four is that George's observations and his deductions from them were made in the Western States of America at a time of monstrous increase of population and phenomenal growth in land values. In this environment *Progress and Poverty* was written, and what was only a transitory and local phenomenon was mistaken for a general law.

What is this general law which *Progress and Poverty* sought to establish? It is that as population increases the value of land increases *pari passu*, inducing (when land is monopolized) speculation on land values, land withholding and trade depression. Professor Pagni does not question or dispute this generalization. He does not even examine it. All he does is to point out that George arrived at his conclusions at a time and in a place where population and rent were very quickly rising. The only legitimate inference Professor Pagni can draw from this circumstance is that the facts of the case were there more obvious and more pronounced than where growth of population and land values are less rapid. It is not legitimate for him to draw the inference that George's generalization was wrong or could only apply in the special circumstances that came under his observation. That is just what the Professor has to prove and he makes no effort to do so.

But however that may be, we must point out that in making this charge the Professor involves himself in flat contradiction. Here he quarrels with George because his generalization was based on *short term* phenomena, observed in California, though he (the Professor) had already quarrelled with George (see charge two) because his generalization was based on *long term* causes (which operate only "in the long run"). It is impossible to be wrong for reasons that are opposite and contradictory.

"GEORGEISM AND MARXISM"

These are the main points of the Professor's critique, and if they are the best he can make *Progress and Poverty* still stands fast. The criticisms are followed by an inquiry into the cause of the alleged comparatively slow progress of "Georgeism" as compared with "Marxism." If actual legislation were taken as the measure of success the verdict would not be so unfavourable to "Georgeism" as the Professor seems to imagine.

It may be true that Marxism, which strikes at capitalism, appeals at first glance more readily to the worker than does "Georgeism," which strikes at landlordism. The capitalist stands prominent in the foreground of his picture, for it is in the factory and with the machines of the capitalist he works and from the capitalist seem to come his weekly wages. The landlord, the true and final shaper of his destiny, stands hidden but all powerful in the background.

The Professor says that "to-day only a few propagandists, dispersed mainly in the Anglo-Saxon countries, remain to uphold these doctrines." What about Denmark and the International Conferences held in Ronda, Oxford, Copenhagen and Edinburgh, where representatives from 24 countries were present?

WHAT RENT IS

In this connection a curious expression used by the Professor throughout his paper must be referred to. He frequently defines Georgeism as "anti-rentism"—the very thing which George himself was at pains to disclaim. George never tired of showing that rent of land is a natural and inevitable thing, and that, being natural, it must be beneficial. He showed how, when directed into the right channel, it is the great equalizer of opportunity. How, then, could he be "against rent?" It is a libel on George to suggest it for, as he demonstrated, only when rent is turned into private pockets instead of into the Public Treasury does it become a curse.

The Professor asserts that what he calls the "anti-rent" sentiment cannot exist in the towns for rent there only appears as "one of the charges the employer has to bear and therefore can have no effect on the emotions of the workers." It is one of the merits of Henry George that he showed how there is a land question in the towns just as surely as in the country, and in point of fact three times have land value measures based on George's practical proposals passed through the British Parliament—in 1906, 1909 and 1931. In each case the overwhelming support behind these measures came from the towns and not from the country. Moreover, during the past forty years scores of petitions have come from the greatest British municipalities seeking powers from Parliament to levy rates on land values for local revenue.

THE POPULAR DEMAND

Professor Pagni further says that "the 'anti-rent' sentiment can only flourish amid great estates and absentee landlords, and that wherever land is parcelled out among many the 'anti-rent' sentiment has no driving force."

How, then, are we to explain the hold the movement has got in Denmark, the country of small peasant proprietors, and the fact that these very peasant proprietors are the main force behind the Land Values law now on the Danish statute book? In Denmark, as in Australia, New Zealand and South Africa the facts of the case are against the Professor's assertion.

Throughout his critique of *Progress and Poverty* Professor Pagni makes grave mistakes as the foregoing references to the pages of the book suffice to show. None the less, if only in giving opportunity to expose these errors, our contemporary *Terre et Liberté*, in whose pages a translation of the paper appears, has done a service to its readers in bringing it before them.

"I am not afraid of the tiger and the ape in man but the rabbit. There was too much rabbit in man and it needed courage and purpose to carry the idea of peace to success."—Mr BEHRENS at the League of Nations Union Keswick, 6th October.