

Text Books Don't Tell

By Harry Gunnison Brown

In the multiplicity of courses offered in the economic departments of our many American universities and colleges, only a few students probably take the course or courses dealing specifically and solely with government finance and taxation. Is there any other place in our college departments of economics where the student might possibly acquire some understanding of the theory of land-value taxation? He will not acquire it in the course devoted to the study of corporations and corporation finance, or the course or courses on the theory of money and banking, or the course in marketing, or in labor problems and trade unionism, or in monopolies and trusts, or in public utility economics. Teachers of these courses, if they ever think about the land question at all—as a majority of them probably won't—will most likely consider the question irrelevant to their particular subjects and an unjustifiable digression.

And so there is no course where the student has much more than an infinitesimal chance of hearing anything whatever about the land question—other than the course in taxation where, as we have seen, he may hear nothing about it, or a special and rarely given course in “radical economic reforms” where it is considered along with socialism, communism and anarchism!—unless he hears about it in the course in introductory economics, the so-called “principles” course. What, then, are the chances that he will learn much, or anything, about the land question and the theory of land-value taxation in this course?

One way to find out is to examine the current text books in “Economics,” “Introduction to Economics,” “Essentials of Economics,” “Principles of Economics,” etc.

A typical text-book presentation of the matter is that of Professor Willford Isbell King in the book, “Economic Principles and Problems,” edited by Professor Walter E. Spahr (both of New York University). Professor King asserts that Henry George based his conclusions on a doctrine of “natural rights.” King then argues that “no person has any ‘natural right’ to anything—even to life itself,” since “rights are nothing but social arrangements created by governments” and “represent whatever the law makers

deem best for the citizens.” Further on in his criticism, Dr. King refers to the single-tax program as “injustice of the grossest sort.” Apparently, then, King believes that people do have “rights” which are more fundamental than the “social arrangements created by governments” and more fundamental than “whatever the law makers deem best for the citizens,” at any rate if the law makers should some day come to consider the “single tax” to be “best for the citizens.” For he here pretty clearly expresses the opinion—does he not?—that it would involve “injustice,” i.e., that it would not be right for a government to create the particular kind of “social arrangement” advocated by Henry George. Thus, although, according to Professor King, “rights” are “nothing but social arrangements created by governments,” nevertheless if governments create any social arrangements disapproved by Professor King, such arrangements are wrong.

The typical “refutation” of the “single tax,” then—for I have already indicated my belief that King’s treatment is typical—contends as follows: (1) that men do not have any “natural” right to work on or to live on the earth; (2) that a system under which the many must pay the few for permission to so work and live does not violate any “right”; (3) that, however, a change in the tax system, under which change the sums paid to landowners for this permission should thereafter go to the community, would be an “injustice,” i.e., presumably would violate the “right” of landowners not to have their incomes and the sale value of their property in land reduced. In other words, no “rights” are “natural,” i.e., above or superior in authority to the rights conferred or created by governments; while yet the “right” to have forever and with no diminution from any increase in the comparative rate of taxation on it, the land rent which private owners have been so long allowed to enjoy, definitely is superior in authority to any “social arrangements created by governments” which may be in conflict with this “right”!

In regard to the matter of “injustice” to landowners, there are certain important considerations in rebuttal that the writers of such text-books as Spahr’s practically never call to the attention of students, even to express disapproval of them. These considerations are, briefly:

(1) Any change in the interest of the common welfare, if at all significant, must probably involve such "injustice" to some. Thus, if previously unregulated monopolistic public utility rates are forcibly lowered, the stockholders suffer reduction in their incomes and in the sale value of their property. But we do not say that the public must therefore pay exorbitant rates forever. If tariff rates are lowered, there is loss of income to those in the industries formerly protected, and if rates are raised there is loss to producers for export whose raw materials now cost more. If slavery is abolished, either the incomes of and the property owned by slave owners are greatly reduced or, in case the slaves are paid for out of tax money, then the incomes of (and perhaps the property owned by) those who have to pay these taxes, are reduced.

(2) Governmental policy, not only in other matters but also in taxation, has often changed in the past. It may reasonably be contended that no one buys ownership in a monopoly business, a tariff-protected industry, slaves or land, with any binding pledge from society that its policy is never to change. And the extreme view of a number of economists—including, I am sure, Professor King—that society, which does make frequent changes in policy in other respects, has no "right" ever to move, even by gradual steps, in the direction of the public appropriation of the rental value of sites and natural resources, would appear silly, I think, to the very economists who hold it, if the present land system were not their sacred crocodile!

Strict accuracy forbids that I should include among the texts which do not even mention this program, such books as "Modern Economic Society" by Professor Sumner H. Slichter of Harvard: Professor Slichter does indeed mention it! He devotes two paragraphs—more than half a page—to suggestions for "taxing unearned incomes." In these paragraphs he considers briefly the taxation of inheritances and the taxation of "excess profits." The "proposal of the single taxpayers" receives the remaining six lines and a half, plus a two-line footnote!

Some teachers of economics like to use selected passages, culled from various sources and discussing various current problems and controversies, as part of the required reading for their students. One of the recent publications prepared for this purpose is "Contemporary Economic Problems," edited by Professor Horace Taylor of Columbia University and associates. When I learned of this book I became curious to

know whether the editors considered the land-value-tax program important enough to justify a passage on it and I searched the table of contents with some care. I was unable, however, to find any reference to that program or any title which seemed to have the remotest connection with it.

One of the interesting cases of omission is that of the recent text, "Elements of Modern Economics," by Dr. Albert L. Meyers, an economist of the United States Department of Agriculture who received his graduate training in economics at Harvard. The "modern" presentation of economics offered in this text is enthusiastically touted for this "modern" or "up-to-date" treatment, by its publishers. A circular put out by the publishers, urging the adoption of the book as a class text, contains so many favorable testimonials from teachers as to remind one of the old-fashioned patent medicine circulars. And the presentation is "modern," at least in that it evidences acquaintance with the theory of "imperfect" or "monopolistic" competition recently stressed by Joan Robinson and by E. H. Chamberlin. But on the question of the ownership of the earth and of who should pay whom for community-produced location advantages, I have been able to find in this book never a word.

Apparently—for how shall one judge except by the encomiums in the teachers' testimonials—this is the type of text many of the teachers want. Apparently many of them prefer either not to have the matter of land-value taxation mentioned in the text book they use in their beginning course, or are entirely indifferent as to whether it is discussed or not; or else they just never think about the matter at all and are not conscious of either preference or indifference.

Of course it is conceivable that the professors are personally very different in their interests, outlook and emphases from the books they select for their classes to study. It is conceivable that, choosing text books which "refute" the "single tax" in a few well-chosen (!) words or which never mention the land question at all, these professors nevertheless discuss the question at great length in their lectures, taking pains to make the argument for taxing land values clear and complete and to present fully and fairly the best answers to the objections they bring up, and that they spend many hours discussing the pros and cons of the policy with their classes. But though these things may be conceivable, they seem hardly probable!