

# JOHN KENNETH GALBRAITH ECONOMICS IN PERSPECTIVE

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In time, nonetheless, enthusiasm for his views diminished, as the present century passed, a reference to Social Darwinism came to have, as I have already suggested, a note of distaste. But Sumner's case against the welfare state — that it was inconsistent with and destructive of the family virtues of thrift, self-help and the will to win — strongly survives. And the more general need to find formulae for getting the poor off the individual and public consciences continues in our time and remains one of the constants in social and economic history.

Spencer and his prophets were the supreme achievement in the defense of the great American rich in the years after the Civil War. Heard in criticism and attack on these views were such influential tracts as Edward Bellamy's *Looking Backward, 2000-1887* (1888) and Henry Demarest Lloyd's wonderfully titled *Wealth Against Commonwealth*, published in 1894. Interest in these great books has not, on the whole, survived. However, two works from this time have continuing significance. One, the bible of a small but articulate group of true believers, is Henry George's *Progress and Poverty*, published in 1879 and already mentioned in this history; the other, squeezing barely into the last century, is Thorstein Veblen's *The Theory of the Leisure Class*, published in 1899, which remains to this day one of the best-read American economic and social tracts.

In his time and even into the 1920s and 1930s, Henry George was the most widely read of American economic writers both at home and in Europe. He was, indeed, one of the most widely read of Americans.

He was born in Philadelphia, but his effective years were spent in San Francisco, where he pursued a financially perilous newspaper career and a uniformly unsuccessful political one. (Later, in New York, he did very nearly become mayor.) He was also an early but lasting demonstration of the fact that no journalist can ever be taken quite seriously as an economist. His *Progress and Poverty*, its continuing social influence notwithstanding, receives only

## A CRITICAL HISTORY

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passing mention or none at all in the standard works on the history of economic thought.

Henry George's principal idea, to which earlier reference has been made, centered on the accidental and unjust enrichment that came from the ownership of land and the further meaning this had for the financing of the modern state. From personal observation and from Ricardo, George had learned how an expanding population pressed out to ever more distant, if not necessarily poorer, land and the deprivation that accompanied that process. But from the vantage point of San Francisco, amidst the burgeoning population and economic life that followed the gold rush of 1849, he saw another aspect of Ricardian development in a much stronger light. That was the wonderfully lush enrichment of landowners as the frontier moved forward, the population increased and, as would now be said, economic development proceeded. The resulting contrast between wealth and misery he condemned as intolerable, the denial of anything that could be called progress: "So long as all the increased wealth which modern progress brings goes but to build up great fortunes, to increase luxury and make sharper the contrast between the House of Have and the House of Want, progress is not real and cannot be permanent."<sup>9</sup>

From this followed the remedy he prescribed and for which he became famous: it was to tax away the unearned gain in land values that did not derive from the effort or intelligence of the owner but came in effortless fashion from the general advance of population and industry. The revenues thus collected, George believed, would more than cover the expenses of the state; all other taxes would be redundant, unnecessary. Thus the name of his great reform, the Single Tax, and to it his devoted followers accorded their political advocacy and agitation.

There were several problems with his formulation, and they may perhaps account for some of the disdain of the professional economists. Increasing land values were far from being the only fortuitous

9. Henry George, *Progress and Poverty* (New York: Robert Schalkenbach Foundation, 1955), p. 10.

form of enrichment. Many others besides landowners, not excluding passive investors in all manner of industrial, transportation, communications and banking enterprises, were similarly enriched and had similarly a free ride. Why single out the owners of land as uniquely culpable? The view from California of rising land values had, one could feel and argue, carried Henry George away.

Nor should the return from the increased value of the land be confiscated after the fact. Had the United States or, better still, the colonies been blessed by Henry George from the beginning, perhaps a tax might have been possible, one that rose with increasing rents and revenues and thus kept land values constant as settlement and development proceeded. But to come later and by taxation reduce, even confiscate, the property values of those who had bought land as distinct from those who were investors in railroads, steel mills or other appreciated property was surely discriminatory. There was also solemn discussion and some calculation as to whether Henry George's tax would, indeed, pay all the costs of the modern state.

A final and most considerable difficulty went largely unmentioned: that was the very large number of landowners, rich and less rich, and their certain, strongly motivated and decisive political opposition.

Around Stockholm there is a perimeter of publicly owned land that denies to private owners the unearned increment of metropolitan growth. The London Greenbelt does the same, although it is privately owned. In 1901, Thomas L. Johnson was elected mayor of Cleveland on a Single Tax platform, and in 1933 Pittsburgh elected William McNair as a Single Tax mayor. Neither had a sufficient mandate to initiate the tax. A band of the faithful, a presence in New York and elsewhere, continues to promote the ideas and remedies of Henry George and keep his book in print. But now, like Spencer's, his beliefs can be found less in formal conscious thought than in the social subconscious. The real estate developer, encouraged by and encouraging an increase in land values, is, quite pos-

sibly, the least praised of American entrepreneurs. The real estate speculator is deemed inherently less reputable than the man or woman who profits from buying and selling stocks, bonds, commodities or options. The property tax, if not loved, is thought socially superior to the sales tax and possibly even to the income tax. In all these attitudes Americans continue under the distant influence of Henry George.

And there is a more specific legacy. With Canada and the Soviet Union, the United States shares a deep commitment to the public ownership of land — the public domain.

This public domain . . . [Henry George said] has been the great fact that, since the days when the first settlements began to fringe the Atlantic Coast, has formed our national character and colored our national thought. . . . The general intelligence, the general comfort, the active invention, the power of adaptation and assimilation, the free, independent spirit, the energy and hopefulness that have marked our people, are not causes but results — they have sprung from unfenced land.<sup>10</sup>

An overstatement, no doubt, but one that, in both spirit and practical political effect, has kept American eyes on the still vast public estate and its protection. Socialism is not strongly avowed in the United States, but, thanks to Henry George, let no one question its virtue where the national parks, forests or public lands are concerned.

South from Minneapolis and St. Paul in Minnesota, the gently rolling landscape nurtures some of the best-endowed farms on the American continent, even in the world. One has a sense of a broad, rich stream flowing on to the horizon or, more precisely, to the Iowa border. Just south of the small city of Northfield are the 290 acres of deeply fertile land to which one Thomas Veblen came and on which, in 1868, he built with his own hands the house that

10. George, pp. 389–390.