

## Why Everyone Should Read George's 'Progress and Poverty':

*On the Classic's Centenary, the Specialists Find  
This 19th Century Best Seller Still Very Timely*

By FRANK C. GENOVESE\*

ABSTRACT. When one urges that everyone read a classic, *Progress and Poverty*, now on the centenary of its publication, it is not only because in a *democracy* the voting *citizen* decides basic questions of *economic policy*, but because it appeals to the *moral* sense of *economics* students as well as other *social scientists*. Is it not important that *legislation* affecting living standards and culture be just, as well as scientifically sound? And that economists, along with other social scientists, master *communication technique* as *Henry George* did, so that they can share the fruits of their investigations? Part of the ability to get something done about what is perceived as a problem must rest on the ability to communicate. As *Joseph Schumpeter* showed, George's proposal that the *economic rent* of *land* be collected in lieu of *taxes* that burden *labor* and *capital* was economically sound and his criticism of a *tax system* that penalizes *industry* and *thrift* and rewards *speculation* is now "obvious wisdom."

BE WARNED! I confront you, the reader, with a piece of advocacy. Hopefully, it is—or is intended to be—an appeal to your intellect, your curiosity, and your concern with the social sciences. And, perhaps beyond that, with your motivation for studying at least one of those sciences which must be, at least in part, that you feel it has to do with human wellbeing. I come to urge you to read one of the great books in that field, *Progress and Poverty* which was written by Henry George in 1879.

First, however, it may be well to tell you why you should be interested in the history of economic thought, even if you are neither an historian nor an economist, why you should read any of the masters of economics. Vincent Bladen, with the same intent, said:

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It is not an antiquarian interest that I want to promote, for I believe that contemplation of the work of the great economists of the past will increase . . . understanding of current economic writings and of the contemporary economic world. This last is the most important, and I would add that I am concerned to increase understanding in order to improve the functioning of the economic system and thereby the quality of human life. My concern goes beyond the positive science of economics to the art of political economy, to problems of economic policy.<sup>1</sup>

But while it is important to increase everyone's understanding of economic matters—in a democracy, in the last analysis, the voting citizen decides basic questions of economic policy—it is particularly important that economists be equipped as fully and appropriately as they may be. "Perception," "imagination" and "reason" were qualities Alfred Marshall felt were needed, and Kenneth Boulding has mentioned "insight" and "logic" in the sense of judgment and mathematics as part of the desirable equipment. Bladen felt comfortable in the ability we have as teachers to teach positive economics, that of mathematics and logic, but feared such teaching could even inhibit the development and use of imagination, insight, and judgment. I would wonder, indeed, if we do not dull the moral sense of the economic technicians we are developing. Are we worldly philosophers or are we engineers, and would it not be best if we were both?

Since the ideas of economists do become reflected in legislation and affect culture and living standards, is it not important, not only that they be sound but that they be just?

But there is one aspect of training of economists which is seldom mentioned and it is one in which we can take inspiration from Henry George. It is training in communication techniques. George was a superb communicator. His writing was clear, precise, uncomplicated, and at the same time lyrical. And we must believe, from the wildly enthusiastic responses he elicited from audiences, that he was an extremely talented speaker. All too often, in our field, we put a positive premium on bookishness, closet personalities, inarticulateness in speech and labyrinthine prose. And to make matters even worse, we sometimes confuse public presentations with intellectual prostitution. And even more remarkably, we attribute public presentation with money grubbing, and this, in a primarily private enterprise society.

Let us not fall into this scholastic and narrow-minded trap. Let us seek the very best-reasoned and researched economics, one that takes cognizance of human wellbeing, and let us learn how to bring it to the bar of not just professional opinion, but to the more difficult one of public opinion. Let us not rest on the assumption that sound ideas will be picked up and publicized by others with little effort on our part to encourage them and make it easy for them to do this. At least part of the ability to practice the art of economics,

in other words to get something done about what we perceive as a problem, must rest upon our ability to communicate.

This is a point on which one must tread lightly since there is much opinion among economists that ". . . the ills and shortcomings of our science are due to the scientific incompetence of very many economists, who never learned their own business and turn to politics and philosophy because they are not up to the tasks of the scientist."<sup>2</sup> And we have the dicta that the borderlands of economics are the happy hunting grounds of those adverse to the rigors of thought given us many years ago by Lord Robbins (Lionel Robbins) in *An Essay on the Nature and Significance of Economic Science*.<sup>3</sup>

But Joseph Schumpeter was able to condone preachment when it was solidly based. One feels sure he would endorse the statement of Arthur Burns that:

An economic theorist is justified on many occasions in over-simplifying facts to clarify in his own mind what he believes to be significant relationships. He is likewise justified in bringing the results of his speculative inquiries before his colleagues, whether to seek their critical appraisal before going further or to stimulate them by his work. As long as the economist moves within these boundaries, he may be excused even for not making a strenuous effort to discover how seriously he has distorted the facts by his simplifying assumptions. But when he attempts to give practical advice, he loses his license to suppose anything he likes and to consider merely the logical implications of untested assumptions. It then becomes his duty to examine with scrupulous care the degree in which his assumptions are factually valid. If he finds reason to question the close correspondence between the assumptions and actual conditions, he should either not undertake to give any practical advice, or frankly and fully disclose the penumbra that surrounds his analysis and the conclusions drawn from it. Better still, he should rework his assumptions in the light of the facts and see whether he is justified on this new basis in telling men in positions of power how they should act. Economics is a very serious subject when the economist assumes the role of counselor to nations.<sup>4</sup>

Schumpeter was very respectful of Henry George who was called "the Prophet of San Francisco" by his multitudes of admirers, even though the title had been derisively thrust upon him by the Duke of Argyll.<sup>5</sup> And if Schumpeter tended to distrust philosophers, one might expect almost automatic rejection of George, the Prophet, but such was not the case. Of him he said:

But we cannot afford to pass by the economist whose individual success with the public was greater than that of all the others on our list, Henry George. The points about him that are relevant for a history of analysis are these. He was a self-taught economist, but he *was* an economist. In the course of his life, he acquired most of the knowledge and of the ability to handle an economic argument that he could have acquired by academic training as it then was. In this he differed to his advantage from most men who proffered panaceas. . . . he was a very orthodox economist and extremely conservative as to methods. . . . up to and including Mill's treatise, he was thoroughly at home in scientific economics; and he shared none of the current misunderstandings or prejudices concerning it. Even the panacea—nationalization not of land but of the rent of land by

a confiscatory tax—benefited by his competence as an economist, for he was careful to frame his 'remedy' in such a manner as to cause the minimum injury to the private-enterprise economy. Professional economists who focused attention on the single tax proposal and condemned Henry George's teaching, root and branch, were hardly just to him. The proposal itself . . . though vitiated by association with the untenable theory that the phenomenon of poverty is entirely due to the absorption of surpluses by the rent of land, is not *economically* unsound, except in that it involves an unwarranted optimism concerning the yield of such a tax. In any case it should not be put down as nonsense. If Ricardo's vision of economic evolution had been correct, it would even have been obvious wisdom. And obvious wisdom is in fact what George said in *Progress and Poverty* (ch. 1, Book IX) about the economic effects to be expected from a removal of fiscal burdens—if such a removal were feasible.<sup>6</sup>

Schumpeter, as well as Bladen, gives us some reasons for studying the history of economics even though he was more concerned with the development of methodology than was Bladen. He cited "pedagogical advantages, new ideas, and insights into the ways of the human mind" and "some reasons for believing that in economics the case for a study of the history of analytic work is still stronger than it is for other fields."<sup>7</sup>

He felt study of current economics would lack "direction and meaning" since, "the state of a science at any given time implies its past history and cannot be satisfactorily conveyed without making this implicit history explicit."<sup>8</sup>

He felt such study might give us new inspiration, and expressed this graphically thus:

A man's mind must be indeed sluggish if, standing back from the work of his time and beholding the wide mountain ranges of past thought, he does not experience a widening of his own horizon. . . .

[And furthermore, such study] reaches us much about the ways of the human mind . . . It displays logic in the concrete, logic in action, logic wedded to vision and to purpose. Any field of human action displays the human mind at work but in no other field do people take so much trouble to report on their mental processes.<sup>9</sup>

And finally, the development of economics is itself a unique historical process since the economists dealt with the problems of their times from the perspective of their time and under the pressures of their times. Schumpeter notes that the "filiation of ideas has met with more inhibitions in our field than it has in almost all others."<sup>10</sup> And, while in subjects such as physics where study of the history of the subject is less necessary

[M]uch more than in physics have results been lost on the way or remained in abeyance for centuries. We [Schumpeter promises his readers] shall meet with instances that are little short of appalling. Stimulating suggestions and useful if disconcerting lessons are much more likely to come to the economist who studies the history of his science than to the physicist who can, in general, rely on the fact that almost nothing worth while has been lost of the work of his predecessors.<sup>11</sup>

In short we might say we study the mountains of past economic thought "because that's gold in them thar hills!"

But now that I have convinced you that there is great value in studying the history of economic thought, may I direct your efforts towards one particularly rewarding book which represents one of the mountains worth climbing in the mountain ranges that Schumpeter described. There is a wonderful view from the top of this particular one and it will make your study of many dull tomes on the subject worthwhile. This is not one of those dull tomes, indeed, it is a piece of inspirational literature, and remarkably, a well-reasoned one. Its vision and purpose and lessons are still alive. It is a call to humanity, for thought and action for humanity. It will be, I promise you, unlike any economics book you have ever read. It will enliven your study of economics and give it purpose. It will enlist your efforts in endeavors for the benefit of humanity.

This book is a work of literature and one can say that about few books with an economic theme. How many of your textbooks are? Perhaps a brief passage will illustrate the quality of the prose as well as the heady enthusiastic quality of the book.

Give labor a free field and its full earnings; take for the benefit of the whole community that fund which the growth of the community creates, and want and fear of want are gone. The springs of production would be set free, and the enormous increase of wealth would give the poorest ample comfort. Men would no more worry about finding employment than they worry about finding air to breathe; they need have no more care about physical necessities than do the lilies of the field. The progress of science, the march of invention, the diffusion of knowledge, would bring their benefit to all.

With this abolition of want and the fear of want, the admiration of riches would decay, and men would seek the respect and approbation of their fellows in other modes than by the acquisition of wealth. In this way there would be brought to the management of public affairs, and the administration of common funds, the skill, the attention, the fidelity, and integrity that can now be secured only for private interests, and a railroad or gas works might be operated on public account, not only more economically and efficiently than as at present, under joint stock management, but as economically and efficiently as would be possible under single ownership. The prize of the Olympian games, that called forth the most strenuous exertions of all Greece, was but a wreath of wild olive; for a bit of ribbon men have over and over again performed service no money could have bought.<sup>12</sup>

Thus you can see George was a man with vision of a better life. And he felt he had the key to this better life if he could unlock the mind of man and displace therein false ideas selfishly implanted by others with sound ideas presented by economics. He deplored economic inequality and its impact on every phase of life. And he deplored the loss to themselves and to society of the undeveloped talents of the great majority of the people, the poor.

He wanted a basically competitive order, driven more by love or sympathy, than by self-interest.<sup>13</sup> This would be one of private ownership of houses, capital, and other equipment and private possession of most land and natural resources, but he wanted to tax away monopoly returns to land and resource owners, to have public ownership of utilities since they were monopolies, and to abolish other monopolies such as patents.

He defined land to include "all natural materials, forces and opportunities."<sup>14</sup> Under this definition, oil reserves under the land, as well as those under the sea, would have enriched the whole population, not just the lucky, inert, and undeserving land owners. And, perhaps more important to the purity, or the lack of it, of the political process, radio and television station licenses would be rented to the operators by the government rather than being awarded to them. On this broader interpretation of "land" we have at least a partial answer to the criticism of any economists (remarkably, including even Schumpeter) that the single tax would not bring in enough revenue.<sup>15</sup>

With this order of society, George felt poverty would no longer exist side by side with great wealth and unused productive power.

I agree with Professor C. Lowell Harriss that even today there is an enormous amount left of great value in the teachings of Henry George. Although there are many individual exceptions, it is very apparent that the chief factor affecting the living standards and levels of attainment of most members of one generation is the level of income of their parents. This is even apparent in Scholastic Aptitude Test scores.

Perhaps I should become more technical and stress George's achievements as an economic theorist. He spread the seeds that blossomed into marginal productivity theory. He thoroughly shattered both the easy, facile, and spurious mathematics of Malthus on population and production increases, and the wages fund doctrine, both of which had impeded attempts to better the conditions of the multitudinous poor. And he deeply influenced many economists to seek ways to improve the economic order, and the public to clamor for beneficial change, and politicians and government leaders to heed the clamor.<sup>16</sup>

#### Notes

1. Vincent W. Bladen, *From Adam Smith to Maynard Keynes* (Toronto: Univ. of Toronto Press, 1974), p. xi.
2. Joseph A. Schumpeter, "The Crisis in Economics—Fifty Years Ago," *The Journal of Economic Literature*, Vol. 20, No. 3 (September, 1982), p. 1053.
3. Second ed., revised and extended (London: Macmillan and Company, 1935).
4. *The Frontiers of Economic Knowledge* (Princeton, N.J.: Princeton Univ. Press, 1954), pp. 229–30.

5. The title of an article by the Duke of Argyll in the *Nineteenth Century*, April, 1884, reprinted with George's reply in *Complete Works*, Vol. 3, "Property in Land, A Passage at Arms between the Duke of Argyll and Henry George," pp. 7-40, and 41-74, Fels Fund Library Ed. (Garden City, N.Y.: Doubleday, Page & Co., 1906-1911).
6. Joseph A. Schumpeter, *History of Economic Analysis* (New York: Oxford Univ. Press, 1954), pp. 864-65.
7. *Ibid.*, p. 4.
8. *Ibid.*
9. *Ibid.*, p. 5.
10. *Ibid.*, p. 6.
11. *Ibid.*
12. Henry George, *Progress and Poverty* (New York: Garden City Publishing Company, Inc., 1926), pp. 459-60.
13. *Ibid.*, pp. 460-61.
14. *Ibid.*, p. 37.
15. Steven B. Cord, *Henry George: Dreamer or Realist?* (Philadelphia: Univ. of Pennsylvania Press, 1965).
16. If you should like to follow through the broadening of the Ricardian rent theory on which he relied, its generalization and the rejection of some of its tautological results, you might do well to read pp. 1055-56 of Professor Schumpeter's "The 'Crisis' in Economics," and his *History of Economic Analysis*, pp. 458-59, as well as Vincent W. Bladen's *From Adam Smith to Maynard Keynes*, pp. 193-96, all cited previously.