

## Henry George's Political Critics

By MICHAEL HUDSON\*

ABSTRACT. Twelve political criticisms of George were paramount after he formed his own political party in 1887: (1) his refusal to join with other reformers to link his proposals with theirs, or to absorb theirs into his own campaign; (2) his singular focus on ground rent to the exclusion of other forms of monopoly income, such as that of the railroads, oil and mining trusts; (3) his almost unconditional support of capital, even against labor; (4) his economic individualism rejecting a strong role for government; (5) his opposition to public ownership or subsidy of basic infrastructure; (6) his refusal to acknowledge interest-bearing debt as the twin form of *rentier* income alongside ground rent; (7) the scant emphasis he placed on urban land and owner-occupied land; (8) his endorsement of the Democratic Party's free-trade platform; (9) his rejection of an academic platform to elaborate rent theory; (10) the narrowness of his theorizing beyond the land question; (11) the alliance of his followers with the right wing of the political spectrum; and (12) the hope that full taxation of ground rent could be achieved gradually rather than requiring a radical confrontation involving a struggle over control of government.

Economic theorizing is not like the natural sciences. To the extent that theories justify or criticize specific policies, they affect the vested interests. Economists are notorious for starting with a policy conclusion and then reasoning backward to create a line of analysis whose logic leads up to it—free trade or protectionism, as well as arguments over whether all forms of income are earned or some are unearned “free lunches.” The element of personality also is at work. For these reasons, the most relevant explanatory tools do not necessarily win out in the intellectual struggle for existence.

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Rent theory and tax policy are a case in point. If a realistic explanation of how the world works were the decisive factor in determining the success of an analytic theory, economic thought would focus on how property rights in land, natural monopolies and finance obtain the economic surplus and what they do with it. This was the approach taken by classical political economy, using the labor theory of value to isolate economic rent as a tool to define unearned income as the excess of market price over cost value—the element of price that could not be resolved into direct or indirect “real” costs, ultimately reducible to labor. The policy conclusion was that land and its rent should form the national tax base, on the grounds (as Adam Smith put it) that landlords loved to reap where they did not sow. This view gained influence from David Ricardo through John Stuart Mill to Henry George. It followed that taxes could fall on this income without increasing costs to the rest of the economy. The government would collect rent in lieu of taxes that otherwise would fall on productive labor and industry.

Ricardo warned that rising ground rent would allow Britain’s landowners to monopolize growth in income unless the nation ended its protective agricultural tariffs and imported cheaper crops from abroad. (Britain repealed its Corn Laws in 1846 in an affirmation of free trade.) John Stuart Mill’s father, James Mill, extended Ricardo’s theorizing to advocate that “all taxes should be imposed only on rent.” The Swiss economist A. E. Cherbuliez asked, “Why do people not take a step further and abolish private ownership of land?” Inasmuch as “landowners are idlers,” the state could liberate industry to “take an unprecedented leap forward” by replacing taxes with rent.<sup>1</sup>

In *What is Property*, P. J. Proudhon (1840) stated famously that “Property is theft.” The anarchistic socialist Benjamin Tucker (1893: 361), translated Proudhon’s book into English and described socialism as “the great Anti-Theft Movement of the nineteenth century.” Henry George became the most widely read economic journalist of his day, thanks to *Progress and Poverty* (1879). His narrative of how private land ownership was carved out of the public domain, from antiquity’s military seizures through Britain’s Enclosure movements, capped half a century of proposals to effectively nationalize the land by taxing its rental value.

The broad thrust of British and French political economy was that land and its rent should not be left in the possession of families who had done nothing to create it, but merely collected its rental income “in their sleep,” as J. S. Mill put it. Land was created by nature, not landlords, and its rising market price reflects overall prosperity levels. The proper objective of democracies was to throw off the legacy of feudal Europe’s ownership patterns, by taxing land and other rent-yielding natural resources and monopolies rather than labor or capital created by labor.

Land remains the largest asset even in today’s industrial and high-technology economies. Most “capital” gains are still land-price gains, which substantially exceed corporate profits. Yet land no longer stands at the center of economic thought. Postclassical economics has provided an ideological umbrella to reverse the classical view of land’s rental value as constituting an “unearned increment.” Mainstream thought now merges land, monopolies and high finance amorphously into capital-in-general, lumping economic rent and interest indiscriminately with the earnings of all other property. The upshot is that despite its economic importance, the land and its rental value—along with monopoly rent—have become nearly invisible in today’s national statistics and theorizing. Britain has not published land assessments since 1872, and today’s official U.S. statistics produce nonsensical undervaluations of land.

Land taxation has turned out to be the most difficult to achieve of all the 19<sup>th</sup> century’s economic reforms. Precisely because land’s market value was (and remains) much larger than that of industrial capital, the struggle to tax or nationalize ground rent was the most radical reform proposed in the 19<sup>th</sup> century, more challenging than the labor reforms called for by the socialists. And thanks to the legacy of European feudalism, landowners dominated the upper chambers of government in most countries, possessing a political power that neither industrialists nor labor could claim. Accusing taxation of being theft, property owners have mobilized this power to counter reformers seeking to tax their land, its rising rental value and price gains. British attempts to legislate a national land tax ended in the parliamentary crisis of 1909–1910, when the House of Lords refused to ratify the land tax that the House of Commons had passed. In the United States, the

federal income tax originally taxed land-price (“capital”) gains at as high a rate as earned income, but subsequently slashed the rate in half. At the state and local level, property taxes have declined steadily as a proportion of fiscal revenue since 1930.

This power of the vested interests made it politically easier to reform industrial practice than to fully tax ground rent and land-price gains. The Progressive Era’s major achievements were to regulate monopolies via the Sherman Anti-Trust Act of 1890 and railroads by the Interstate Commerce Commission, to break up Standard Oil, and to enact public laws ameliorating labor’s working and housing conditions. The reform process led to progressive income taxation after 1913, and in the 1930s to the New Deal’s regulatory agencies and public infrastructure investment.

George and his followers played almost no role in these reforms. By the 1880s he was the most widely read reformer, and his renown had become as widespread as that of any other economist. Many industrial and labor reformers and muckrakers from the 1880s onward credited *Progress and Poverty* with having inspired them. However, George rebuffed their invitation to join them. Criticizing policies that he felt to be socialist, he turned many reformers who shared his views on land taxation into his most trenchant critics.

His explanation for this deteriorating relationship was that the effect of his Single Tax would be so far-reaching that it would reshape society to facilitate all other reforms, and indeed would make most unnecessary. The Single Tax therefore had to precede all other reforms. This narrow focus isolated George from reformers who came to view the land tax as being so sharp a challenge to the propertied interests that they turned to more readily achievable public regulation and more general tax reforms. Most of these policies in fact were achieved within half a century, while advocacy for land taxation has been declining steadily for over a hundred years. The land’s rental income has now been largely freed from the tax collector (to be taken by bankers and other mortgage lenders, to be sure), shifting the fiscal burden from property to labor via taxes on consumption and wage income.

George had two political decisions to make as to how best to promote land taxation in the face of the power wielded by

landowners. His first decision was to throw down the gauntlet by advocating the Single Tax to fully collect ground rent. His second decision was how to relate this policy to those of other reformers, whose concerns were broader.

Socialists were the most vocal reformers. Marx's version of the labor theory of value focused on the markup employers charged for the products of labor as compared to the wages they paid. His solution was to nationalize industry and take over government to promote working-class interests rather than those of the landed aristocracy, industrialists and financiers. Less extreme reformers, including many inspired by George's writings, wanted the government at least to operate monopolies and basic infrastructure. Despite endorsing this position, George refused to join forces with reformers whose agendas included policies besides land taxation. He opposed socialist ownership of capital and even refrained from advocating industrial and financial reforms. George's intolerance in rejecting these reforms helped push his single tax advocacy to the outer periphery of the political spectrum.

This personal and political attitude undercut the tax reform George hoped to bring about. He came to be viewed as his own worst enemy. This paper therefore deals not with his economic views as such, but with criticisms by his contemporaries who sympathized with land taxation but disagreed with George's sectarian political strategy to achieve it.

George's unwillingness to forge political alliances poses the question of how much the success of an economic theory depends on the strategy by which it is introduced. What is the role of character in determining the fortunes of one economic doctrine rather than another? The materialist view of history implies that an appropriate body of theory tends to emerge when necessary, formulated by individuals who best fit the needs of their time. But inasmuch as land and its rent remain as economically dominant today as in the past, this cannot be a sufficient explanation.

Why did so central a plank of classical economic reform disappear so thoroughly from popular consciousness and professional discourse? May a seemingly appropriate and realistic body of theory lose out in the political and intellectual marketplace? To what extent does the

determining factor in the success of an economic theory lie in the political lobbying of special interests rather than its objective explanatory capability? As Ecclesiastes 9:11 and 9:16 put matters:

The race is not to the swift, nor the battle to the strong . . . nor yet favor to men of skill; but time and chance happen to them all. . . . Wisdom is better than strength: nevertheless the poor man's wisdom is despised, and his words are not heard.

I

**George's First Political Venture Whets His Appetite**

SOCIALISTS AND OTHER REFORMERS were George's warmest supporters in the early years following publication of *Progress and Poverty*. As a journalist and widely acclaimed public speaker, he denounced private appropriation of the public domain and natural monopolies so eloquently that it appeared to be a general attack on property, prompting a number of labor and socialist groups to nominate him as their fusion candidate and standard-bearer in New York City's 1886 mayoral election.

George was of two minds about running for office. He saw the campaign as an opportunity to spread his gospel of land taxation, but feared that his reputation would suffer from too close an association in dealing with labor parties whose denunciations of capital—especially by Daniel de Leon's Socialist Labor Party—threatened to alienate the circles at which he aimed his message. As a condition for accepting the nomination, he insisted that he write the fusion platform himself, and proceeded to strip away most of the labor planks in order to concentrate on the Single Tax.

*The History of Labor in the United States*, compiled by George's one-time supporter John Commons, reports that he

stipulated that at least 30,000 voters should pledge themselves, over their signatures, to vote for him. The conference enthusiastically accepted his condition, and the work of gathering the signatures was begun at once.

However, "the platform presented first was quietly dropped, although it met with general approval." George rewrote it, and "naturally made the single tax the issue. The labour demands were compressed into one plank," emphasizing such relatively marginal issues as court

procedures for selecting jurors, stopping police disruption of peaceful public assembly, enforcing the inspection of buildings for safety and sanitary conditions and equal pay for women employed in public work.

Another plank dealt with over-crowding in tenements, but the remedy advanced was not regulation of buildings but the single-tax idea of abolishing all taxes on buildings and substituting heavy taxation of land values irrespective of improvements. The remaining four planks advanced the single tax, demanded the government ownership of railways and telegraphs, and dealt with the existing political corruption. From the standpoint of labour, therefore, the platform was not satisfactory.<sup>2</sup>

George was edged out by the Tammany Hall candidate, and after some internal feuding he proceeded to form his own political party. As he became more sectarian, 12 criticisms of his political strategy became paramount:

1. George's refusal to join with other reformers to link his proposals with theirs, or to absorb theirs into his own campaign;
2. his singular focus on ground rent to the exclusion of other forms of exploitation;
3. his almost unconditional support of capital, even against labor;
4. his economic individualism rejecting a regulatory or planning role for government;
5. his opposition to public ownership of resources and enterprises;
6. his refusal to acknowledge interest as the twin form of *rentier* income alongside ground rent;
7. the scant emphasis he placed on urban and owner-occupied land;
8. his endorsement of the Democratic Party's free-trade platform;
9. his rejection of an academic platform to elaborate rent theory;
10. the narrowness of his theorizing beyond the land question;
11. the alliance of his followers with the right wing of the political spectrum; and
12. the hope that full taxation of ground rent could be enacted gradually rather than requiring a radical confrontation to shift control of government.

Rather than being intrinsic to the Single Tax, these positions reflected George's personal views. They effectively ended the dialogue between his followers and other reformers of his day. By 1888, George's most important political ally, Father McGlynn—who had been excommunicated from the Catholic Church for his support of George—felt obliged to expel him from the United Labor Party, of which George was the original leader in the aftermath of his 1886 New York City campaign. The party soon fell apart.<sup>3</sup>

*1. George's Refusal to Link His Proposals with Those of Other Reformers*

Even as the various labor parties of New York City joined to nominate him for mayor against Tammany Hall in 1886, George was a political loner. He was most comfortable as the center of attention giving a speech. Playing to his audience on such occasions, he was at the peak of his inspirational powers. Yet he proved unable to work well with potential allies who had reforms of their own to promote.

George's early supporters had interests in a broader range of reforms than just the land tax, including labor's working and housing conditions, the regulation or nationalization of monopolies and basic economic infrastructure and public creation of credit. In view of the entrenched political power of landlords, most reformers saw that only a strong government would have the power to assert the public right to subordinate property interests to those of society at large. But George's individualistic ideology led him to oppose strengthening government. This created some bewilderment as to just how he hoped to legislate the land tax and nationalize the railroads, telegraph system and other monopolies.

One sympathizer with whom George fought was Edward Bellamy, whose *Looking Backward* was the best-selling novel since *Uncle Tom's Cabin*. In 1889, George

felt uncomfortable, when the Ballamyites' journal, the *Nationalist*, discussed the possibility of political co-operation with the single-taxers. Thousands who do not want to go all the way with George, said one communication to that journal, do want "the nationalization of land, railroads, telegraphs, etc., which is the rockbed of socialism," and nationalists should recognize that George was the man who alerted the country to the need for those kinds of socialization.<sup>4</sup>

However, Barker concludes:

To be enveloped in utopian socialism seemed to George a prospect hardly more attractive than to be identified with the Marxian variety of the movement.

George's aloof behavior as a politician contrasts with that of Marx, who spent much of his time with associates organizing groups to create a following. When the German-American ironmaker Michael Flürscheim arranged for George to co-chair the Land Reform Conference in Paris in 1889, for example, George spent most of his time in his hotel room rather than working with the delegates to promote his ideas.<sup>5</sup>

George ended up alienating the political groups whose interests were most sympathetic to the economic reforms he proposed. He initially visualized the outcome of his proposed reforms as akin to socialism, writing in his preface to *Progress and Poverty* that he wanted to unite the school of Adam Smith and Ricardo with that of Ferdinand Lassalle and Proudhon. But he came to reject the latter two, and by the late 1880s he and the socialists came to view each other as rivals. Most reformers continued to view George as belonging to their camp in criticizing the abuses of large absentee landowners and monopolists, but the Single Taxers became more an inward-looking sect than an effective political movement. They did not even have a publishing company of their own, leaving the major books by writers influenced by George to be published by Marx's American publisher, Charles H. Kerr in Chicago, and by Marx's British publisher, Swan Sonnenschein (whose Perth office published Flürscheim's *Clue to the Economic Labyrinth*).<sup>6</sup>

## 2. *George's Single-Minded Focus on Land Rent Rather than Other Forms of Exploitation*

The reform movement that gained momentum in the 1880s was largely inspired by George, and investigative journalists such as Ida Tarbell, Gustavus Myers and Upton Sinclair acknowledged the influence of *Progress and Poverty*. However, George's single-minded focus on ground rent, initially his greatest journalistic asset, ultimately became a shortcoming. Although he advocated that natural

monopolies should be publicly operated, starting with the railroads and telegraph, he felt so strongly that a land tax had to come first that he directed his followers not to press for other reforms until the Single Tax was enacted. This meant not working with groups that focused on these reforms, despite their harmony with George's beliefs.

Denouncing ground rent as the unearned income of "privilege" had won George a large following. But as Simon Patten summarized George's one-sidedness position in 1891, he

thinks our whole civilization is at stake; that there is no other remedy for our present evils but a radical change in our system of land-tenure; that if this one evil were removed, all other evils would disappear of themselves; that no progress can be made without the change he advocates, and that there is no other remedy but the one he has in mind.<sup>7</sup>

The problem, Patten explained, was that moving against just one monopoly (land) would simply leave more economic rent for others to appropriate:

It is, therefore, a popular error to suppose that the rent of land absorbs the whole of the surplus. According to the Ricardian theory of distribution, this would be so, but this theory gives an undue emphasis to land as an economic factor . . . the surplus, however, may be absorbed in many ways. . . . Our railroads are now getting a large share of this surplus. As the owners of farms are separated from the market of their produce by long distances, they must make use of our railroad system to transport their grain. Any increase in the rates of transportation, therefore, will act as a reduction of rent, and if the railroad system of our country has its stock largely watered, it will reduce the value and rent of lands, and in this way a large portion of the surplus will go to the owners of railroads, rather than to the owners of land.<sup>8</sup>

George's logic was that taxing the entire ground rent would leave none for the railroads to appropriate. To nationalize the railroads and other monopolies without a land tax would simply leave more revenue for landlords to charge as ground rent. It followed that a land tax was more economically efficient in principle. But most reformers did not find it more politically effective. They saw the opportunity to break up or regulate monopolies to be more immediate.

For one thing, property taxes were imposed locally. The long fight to achieve a national income tax ended up requiring the Supreme

Court to affirm its constitutionality. National land taxation involved a deeper political confrontation than did labor and monopoly reforms, making it more radical than the neat technical adjustment represented by George and his followers.

Another problem on the political front was that home ownership was so widespread in America that most families and businesses wanted the land value of their property for themselves. The Single Taxers might have won homeowners and small-business proprietors to their cause by proposing to exempt a minimum amount for owner-occupied homes so that the tax would fall mainly on large absentee owners. But their doctrinaire approach prevented them from proposing such a compromise. In 1924, Upton Sinclair observed that the narrow focus of the Single Taxers became their political undoing by blocking what seemed to be a natural alliance with other reformers.

A few years ago, out here in Southern California, a fine enthusiast by the name of Luke North started what he called the "Great Adventure" movement, to carry California for the Single Tax. I did what I could to help, and in the course of the campaign discovered what I believe is the weakness of the Single Tax movement. Our opponents, the great rich bankers and land speculators of California, persuaded the poor man that we were going to put all taxes on this poor man's lot, and to let the rich man's stocks and bonds, his inheritance, his wife's jewels, and all his income, escape taxation. The poor man swallowed this argument, and the "Great Adventure" did not carry California.

So, I no longer advocate the Single Tax. I advocate many taxes. I want to tax the rich man's stocks and bonds, also his income, and his inheritances, and his wife's jewels. In addition, I advocate a land tax, but one graduated like the income tax. If a man or a corporation owns a great deal of land, I want to tax him on the full rental value. If he owns only one little lot, I don't want to tax him at all. Some day that measure will come before the voters of California, and then I should like to see the bankers and land speculators of the state persuade the poor man that the measure would not be to the poor man's advantage!<sup>9</sup>

A few years earlier the sympathetic Charles Fillebrown (1917) put forth a similar explanation for the failure of George's followers to win more support for land taxation. In a chapter devoted to "Henry George and the Economists," he attributed the problem to George's

intolerance of any other reform except his own, coupled with an anti-academic posture imitated by his followers:

Unquestionably, there has been among the professional economists a tendency not so much to attack as perhaps to ignore the single taxers. . . . Jealous for their champion and sharing his sensitiveness to the indifference of the professors, single taxers have allowed themselves even in scattered times and places to generate and foster a spirit of animosity sufficient to keep the opposing lines well-defined.

Fillebrown quoted from a letter written by a Swarthmore professor describing the typical Single Taxer as “generally a man of intolerably dogmatic and doctrinaire spirit,” driving erstwhile sympathizers away “from wearing the label ‘single taxer,’ lest the inference be drawn by the public that, because they believe in the single tax, they are no longer free to believe in anything else.”

In his 1928 preface to the U.S. edition of *The Intelligent Woman's Guide to Socialism*, George Bernard Shaw made a similar observation. George did not acknowledge injustice stemming from causes other than private ownership of the land and natural monopolies, or explain how the government would spend the rent it was to tax:

Nowadays we have multimillionaires everywhere; but they began in America; and that is why I wonder this book of mine was not written in America by an American fifty years ago. Henry George had a shot at it: indeed it was his oratory (to which I was exposed for fortyfive minutes fortyfive years ago by pure chance) that called my attention to it; but though George impressed his generation with the outrageous maldistribution of income resulting from the apparently innocent institution of private property in land, he left untouched the positive problem of how else income was to be distributed, and what the nation was to do with the rent on its land when it was nationalized, thus leaving the question very much where it had been left a century earlier by the controversy between Voltaire and the elder Mirabeau, except for the stupendous series of new illustrations furnished by the growth of the great cities of the United States. Still, Americans can claim that in this book I am doing no more than finishing Henry George's job.<sup>10</sup>

It was a job that George himself was unwilling to do. Railing at economic injustice rather than creating alliances, he asked that other reformers stop their activities until full land taxation was achieved. Only after people had seen the positive effect of full land taxation,

George insisted, would it be appropriate to address whatever economic problems remained. Had reformers followed this advice they still would be waiting, as land and wealth taxes have been rolled back at an accelerating pace in recent decades.

### *3. George's Support of Capital Against Labor*

Assuming subsistence wages (the so-called Iron Law of Wages) as a fact of life, Ricardo described landlords as seeking to maximize their rental income at the expense of industrial profits, without much reference to the working class. The land rents supported by England's Corn Laws raised the price of grain, and hence the subsistence wage that employers had to pay. The revolutions that swept continental Europe in 1848 had stopped short of supporting labor, prompting Karl Marx to view the struggle over ground rent as an internecine fight within the propertied classes. The debate over land taxation thus turned on who would get society's economic surplus: landlords, industrial capital or labor. The political aim of Ricardo's rent theory, he wrote, was simply to buttress the program of taxing the land rather than industry. It did not go so far as to free labor from the oppressive factory system, monopoly pricing and financial trusts.

Upon being sent copies of *Progress and Poverty* in 1881, Marx wrote to John Swinton that it was "a last attempt to save the capitalist regime."<sup>11</sup> He dismissed the book as saying precisely what his 1847 critique of Proudhon had forecast that industrial capital would advocate in its conflict with the landlord class: "We understand such economists as Mill, Cherbuliez, Hilditch and others demanding that rent should be handed over to the state to serve in place of taxes. That is a frank expression of the hatred the industrial capitalist bears towards the landed proprietor, who seems to him a useless thing, an excrescence upon the general body of bourgeois production."<sup>12</sup> The proposed land tax was the Ricardian policy whose political role he had disparaged for a generation—the program of industrial capital and the urban bourgeoisie, stopping short of full-fledged socialism and public ownership of the means of production.

Socialists and labor reformers echoed this view. In an ongoing debate with the Georgist Joseph Fels in the London socialist weekly

*The New Age*, socialists in 1912 asked what in the Single Tax was there “to prevent the capitalist class, of which Mr. Fels is such an amiable member, from intensifying their monopoly of Capital and Raw Material? Obviously nothing. The class of Rent, in fact, is abolished only to swell the classes of Interest and Profits.”<sup>13</sup>

Yet the remarkable popularity of *Progress and Poverty* stemmed precisely from its juxtaposing the interest of labor and the public in general to that of the landlord. Writing more than six decades later in the United States, where wage levels had risen above subsistence levels, George gave wage earners a political interest in taxing land and related resource rents. The political twist that helped *Progress and Poverty* achieve such great popularity was to show that ground rent was paid out of wages as well as profits, at least in America’s high-wage economy. As Patten pointed out, Ricardo juxtaposed “profits and wages, or profits and rent, but never rent and wages. If he had broken away from his concrete thinking enough to contrast wages and rent, he would have forestalled Henry George, since the latter writer has nothing new of theoretical importance except this contrast neglected by Ricardo and his followers.”<sup>14</sup> George’s shift of emphasis implied that workers and small businessmen as well as industrialists would benefit by basing the fiscal system on a rent tax.

George often supported labor. At a meeting at Cooper Union in New York on July 12, 1894, he declaimed against President Cleveland’s decision to send federal troops to Chicago to break the Pullman strike. He also denounced the arrest of the socialist leader Victor Debs. But after his 1886 mayoral campaign dropped the labor coalition’s planks of reforming workplace and housing conditions, George sought political support increasingly from capital, as if it were less narrowly class-interested than labor. He even went so far as to claim not to see a difference between labor unions and industrial monopolies, as if unions were on the same level as the company towns and trusts that imposed abusive working and housing conditions.

When confronted with criticisms of monopoly capital or finance capital, George replied that this was not what he meant by capital. His point of reference was small businessmen working with their own tools and savings. Claiming that to tax capital would discourage the

incentive to invest in productive activity, he viewed capital as aiming to produce wealth, not to aggrandize itself by predatory, exploitative practices (apart from monopolies). He denounced privilege as threatening this middle-class vision, but socialists replied that special privilege and insider control was the essence of the capital they were talking about. They accused the Single Taxers of blaming landlords for what rightly should be blamed on capital. In a 1905 debate in Chicago between socialists and Single Taxers, Algernon Simons (editor of the *International Socialist Review*) disparaged Henry George Jr. for

telling us that the tobacco trust rested upon the ownership of a little chunk of land down in Cuba which the trust had bought only after its position had been assured. . . . This was his argument, that the trusts can not exist without land.

Yet “land is of less and less importance” for most monopolies.<sup>16</sup> Patten likewise argued that monopoly power of apart from landlordship was growing.

George went so far as to accuse his supporter Father McGlynn and Catholic officials associated with the Knights of Labor of succumbing to socialism. In *The Condition of Labor*, written in 1891 to challenge Pope Leo's logic for excommunicating McGlynn, he wrote that

thoroughgoing socialism . . . fails to see that oppression does not come from the nature of capital, but from the wrong that robs labor of capital by divorcing it from land, and that creates a fictitious capital [in the form of financial securities] that is really capitalized monopoly.

George did not pursue his financial views along the latter lines, except to criticize the government's public debt, whose interest charges were paid out of taxes.<sup>17</sup> Endorsing interest on money that had been earned “legitimately,” he did not find the private sector's debt burden to be problematic. He implied that people would not be forced into debt if not for absentee land ownership and monopolies. The Single Tax would cure this problem, and seemingly all other problems of capital, by providing enough revenue so that governments did not need to borrow, and by making housing more affordable by removing the motivation for land speculation. This program assumed an idealized form of industrial capital whose boundaries with monopoly capital and private-sector finance capital were not clear.

4. *George's Individualism Rejecting a Regulatory or  
Planning Role for Government*

The theory of rent as unearned income was mobilized for political reforms that went far beyond those of Ricardo and even J. S. Mill. In keeping with its denunciation of property ownership, the *Communist Manifesto's* first policy measure was "Confiscation of property in land and application of the rent to public purposes." The idea was to turn the landed estates over to the cultivators who worked them. As Frederick Engels suggested:

The great estates of the Junkers east of the Elbe can be given for rent without any difficulty . . . to the present-day laborers, and can be cultivated collectively.<sup>18</sup>

The German socialist Ferdinand Lassalle wrote to Marx in 1853 that he regarded Ricardo's theory of ground rent as the "most eminent communist feat" in developing a socialist land policy. A decade later he wrote to Karl Rodbertus referring

to the idea of abolishing ground rent by levying a tax on it, and asked: "How can that be done? Very simple; simply by levying a tax which will leave free the land of the lower classes, but tax all the margin of cultivation out of the land of the higher classes."<sup>19</sup>

Apart from not taxing self-support land, this was Henry George's proposal. However, as the American socialist Louis Untermann explained, the rent tax addressed only the land problem, not the wage contract or related labor conditions:

Lassalle never indulged in any illusions as to the efficacy of that Single Tax idea for the emancipation of the working class.

This would require the government to play an active role on behalf of labor, not only through regulation but also by ownership of the means of production.

While most reformers advocated breaking up or regulating monopolies, George rejected attempts at regulation as being "feeble" and ineffective. Nor could monopolies practically be taxed, he believed:

It would be extremely difficult, if not altogether impossible, to levy taxes by general law so that they would fall exclusively on the returns of such

monopoly and not become taxes on production or exchange, it is much better that these monopolies should be abolished.<sup>20</sup>

George disparaged anything less than outright government ownership of natural monopolies.<sup>21</sup> This radical position would have rejected the public regulation achieved during America's Progressive Era from Republicans in the 1890s through Franklin Roosevelt's New Deal. George's critics viewed nationalizing monopolies as socialist, making his position so extreme as to neutralize its force—precisely what his supporters accused socialists of doing.

George did not explain how the government should price monopoly services. Patten helped explain matters by treating public infrastructure as a “fourth” factor of production (alongside labor, land and capital). Its return should be measured not by how much profit it could make, but by how much it could lower costs for the economy at large. He urged the government to subsidize basic transportation and other infrastructure so as to lower the economy's price structure to make the nation more competitive. But George never advocated such “interference” with presumably maximum economic rent—whatever “the market” could bear. His vagueness left the issue of public ownership without rigorous analysis or specific policy aims. For example, *The Single Tax Platform: Adopted by the National Conference of the Single Tax League of the U.S. at Cooper Union, N.Y., Sept. 3, 1890* was not clear as to what the pricing policy should be:

With respect to monopolies other than the monopoly of land, we hold that where free competition becomes impossible, as in telegraphs, railroads, water, and gas supplies, etc., such business becomes a proper social function, which should be controlled and managed by and for the whole people concerned, through their proper government, local, state or national, as may be.

But what exactly was “proper,” and what should their management philosophy be? Without explaining this, the platform left the meaning obscure. Instead of addressing how to price monopoly output, George merely railed at the inequity of special privilege in private hands.

As in the case of the Single Tax, the ideal of outright government ownership was too extreme to succeed in America at that time,

although Britain and most other European countries easily took that path. What Republican administrations did do was to create public agencies to check the autonomy of monopolists and their financial operators. It proved much easier to create the Interstate Commerce Commission (weak as it was) and enact antitrust legislation than to challenge landowners with a tax to collect their full ground rent. George's position of public ownership was theoretically logical but politically unachievable at the time.

Driving away would-be allies who pressed for reforms along the lines of least political resistance, Single-Tax evangelism advocated public ownership of monopolies, while holding a rosy view of capital and a highly negative view of government—an odd combination. Despite the fact that George's policy seemed to be socialist, he sided with free-enterprise advocates whose major objective was to minimize the role of government.

##### 5. *George's Opposition to Public Ownership of Land*

In *Progress and Poverty*, George nationalizing the land or taxing away its full rental value recommended either. He derided Herbert Spencer for advocating public purchase of land, saying that this would be like paying slave owners for property that was stolen in the first place. But in contrast to his proposal that the government should own monopolies, George came to believe that land nationalization involved an unnecessarily trauma. Opposing “big government,” he hoped to mollify the vested interests—or at least the emerging middle class—by claiming that taxing the land's full rental value would avoid interfering with existing property rights. This failed to convince property owners, who denounced George as a socialist despite his protestations to the contrary.

George reasoned that his Single Tax would enable “the market” to determine rental levels and hence fiscal revenue. Taxing hoarded land at a rate that would bring it into the market would lower access costs to those who would use it to best economic effect. A rent tax would collect the maximum possible user fees (as today's followers of George advocate). But did this mean that the state should endorse rack-renting (charging whatever leaser-users would pay)? Or, should

it subsidize the land's rental chair so as to minimize the cost of living and doing business? By not confronting this issue, George implied that the maximum market rent would be the most efficient. This was not the logic followed by most reformers, who looked to government ownership to minimize the national cost structure by keeping infrastructure in public hands.

Simon Patten, for example, found public investment to represent a "fourth" factor of production alongside labor, land and capital. Taxes would be "burdenless" if invested in internal improvements, headed by transport infrastructure to lower distribution costs. "The Erie Canal keeps down railroad rates, and takes from local producers in the East their rent of situation. Notice, for example, the fall in the price of [upstate New York] farms through western competition" by making low-priced crops available from Western farms. Likewise in the cities, he believed, public transport would minimize property prices (and hence economic rent) in the center relative to the outlying periphery.<sup>22</sup>

Under a regime of "burdenless taxation" the return on public transportation investment would not take the form of profit directly but would be reflected in lowering the economy's overall price structure. Rather than adding to prices as occurred when Britain and France levied taxes to pay for war, this would "promote general prosperity." Whereas military levies were a pure burden to taxpayers, "in an industrial society the object of taxation is to increase industrial prosperity"<sup>23</sup> by lowering costs rather than generating rents for private owners.

So if the government did own natural monopolies—or was in a position to tax their rental value—should it charge the maximum rent-racking rate, or provide a subsidy? The argument for taxing differential land rent is that some sites enjoy a better rent-of-location, and the market helps allocate these sites to the most "economic" users. But what of public infrastructure, communications, water and power, and other natural monopolies whose costs are economy-wide? George's opposition to government led him to ignore this question altogether. But it became a leading plank of the Progressive Era's idea of how to make the U.S. economy more competitive.

*6. George's Refusal to Address the Problem of Interest-Bearing Debt*

Given Wall Street's role in backing monopolies and loading down their rent-yielding activities with "watered costs"—bonds and bank loans whose interest was paid out of economic rent—there was a growing feeling that any serious policy toward property and monopolies had to involve reforming and regulating society's financial structure. A large part of George's audience therefore found the debt problem to be as important as the rent problem. Proudhon and other French socialists had pointed to the tendency of compound interest to increase the volume of debts beyond the economy's ability to pay. Most reformers viewed rent and interest as twin forms of *rentier* income, which government agencies would collect under a more rational economic system.

In good classical fashion, George defined rent as that portion of price that did not reflect cost-value and hence was an unnecessary cost. Most typically, landowners charged rent at the expense of capital and labor. Like Ricardo, however, George refrained from dealing with the other *rentier* burden: money interest. It was a nonproduction charge that burdened labor and capital, and even landowners who bought rent-yielding resources on credit and paid out their rental income as debt service. Today, creditors have become the ultimate recipients of the economy's rental revenue. This incipient tendency was perceived already in George's day, but he did not address it.

Part of the problem was his conflation of physical capital with financial capital. It was characteristic of his time to call the profit of industrial capital "interest," although finance was taking on an independent life of its own instead of becoming subordinated to the dynamics of industrial capital, as the French St. Simonians and Marxists had anticipated. Wall Street was busy capitalizing ground rent and monopoly rent into interest charges and "watered costs" as it used real estate, the railroads, agriculture and financial trusts as vehicles to issue bonds and stocks.

George's refusal to deal with the debt problem alienated some of his strongest supporters. Michael Flürscheim, a leader of the European land reform movement, expressed his impatience with George's focus on the land to the exclusion of all other *rentier* revenues:

Henry George, his predecessors and disciples, have rendered an invaluable service to the world by clearly demonstrating the part played by land in the process of distribution. They have gone too far, however, in making the monopolization of land solely responsible for the miscarriage of economic progress . . . Not only have they left out of sight the important role performed by Money in the human tragedy, but they have not even dreamt of the possibility that this despised Money might, after all, play the part of the principal villain.<sup>24</sup>

Arthur Kitson made a similar complaint:

It is strange that land reformers are so absolutely blind to this fact. One never hears of money-lords begging for land on which to employ their wealth. But landlords are continually becoming indebted to the money power for the use of money. In other words, land is far more plentiful and more readily procurable than money. And to-day money is made more essential to men than land. *And into the hands of the money power the land must inevitably fall*<sup>25</sup>

as rental revenue was paid out as interest on mortgage debt.

When Flürscheim urged George to address interest as the other form of *rentier* income, George refused, writing:

You have many friends among our people in Australia, and a number of the active single-tax men are converts to your theory as to the death of interest. I am as far as ever from seeing it, and my rumination strengthens the belief that you and they are in error.<sup>26</sup>

Similar urgings by other Americans, his British audience, and even Tolstoy failed to move George to acknowledge the importance of interest. This prompted Tolstoy to complain that

George proposes to declare all land government property, and to substitute a rent-tax for all the direct and indirect taxes, that is, everyone using land should pay the government its rental value.

What would the outcome be?

Land would belong to the government . . . but therefore would remain the forcible collection of the tax and rental values, there would so remain slavery. The land-cultivator, in a bad year, not being able to pay the rent exacted from him by force, would have to enslave himself to the man with money in order to keep his land and not lose everything.<sup>27</sup>

Creditors would end up with the surplus by advancing rent or tax money to cultivators in bad years. Fixing the tax in advance would force cultivators into trouble in years when crop revenues fell or when

infirmity, drought, flooding or other problems impaired their ability to harvest their crops and pay the rent and taxes due. Later, to be sure, Tolstoy came to realize that the rental value could be assessed on an annual basis so as not to tax more than the land would permit in a given year. As society's landowner, the government could reduce taxes in times of harvest failure (or in times of bumper crops when prices fell) to reflect the actual crop revenue.

Flürscheim forecast that the greatest obstacle to a land tax would be the financial interest. By collecting all the rent for the state, the Single Tax threatened not to leave any available for mortgage lenders, except for interest paid out of the profits of capital invested in buildings and other improvements. This made the mortgage lender "the most serious obstacle in the path of a single-taxer." Financial interests lobbied to protect the rent-extracting sectors, recognizing that what the governments did not collect as taxes would be available to pledge as interest. "To tax away the rental value of the land destroys the best part of the mortgagee's security, and mortgagees are smart enough to be perfectly conscious of this fact,"<sup>28</sup> Flürscheim explained. The first hint of such legislation would lead bankers to call in mortgages throughout the country.

J. W. Bennett, an advocate of nationalizing society's credit functions, was typical of writers who accepted George's critique of unearned income but saw that the solution had to include reform of the financial as well as the fiscal system. In *A Breed of Barren Metal* (1895), he wrote:

The laws of rent have been examined by a master whose work I shall not attempt to improve upon. While there are many of the details of the theory of Henry George which I cannot accept, I believe his main idea to be correct. I do not deem his remedy quite effective,

for it left out of account "the justice of interest-taking and its influence upon the distribution of wealth."<sup>29</sup> On the backs of the landlords rode their creditors. The *rentier* problem thus was twofold, with land rent being the most visible form of what George called "value from obligation."

John Brown, another Kerr author, prefaced his *Parasitic Wealth* (1898) with a eulogy for Henry George, calling him the "master mind of the century" as far as the land question was concerned. "There is

but one justifiable tax and that is the land tax," he added, "—the 'single tax' advocated by Mr. Henry George." However, he explained: "Rent and Interest are the price society pays for limitation," an access price for landed property, and interest for access to credit. "They are exactly the same thing under two different names." A land tax would deal with only half of this problem. A public credit system was needed to collect the financial component of *rentier* income for the state.<sup>30</sup> Brown melded George's ideas easily into those of socialist reform, above all with regard to society's interest-bearing credit multiplying at a compound "geometric" rate.

The transformation of rent into interest charges led Herbert Spencer to abandon his early view (in *Social Statics*) that private ownership of land was not ethically justifiable and could be solved by governments buying out the landlords. Brown noted that Spencer modified his views

as to the practicability or even desirability of its nationalization, seeing that in any scheme of just compensation to land owners, the interest on purchase money would probably exceed the cost of rent. Mr. Henry George has found fault with Mr. Spencer for this change of front, but when we fairly consider the reasons, we can hardly blame Mr. Spencer for believing that the lot of the dispossessed would not be improved by simply converting land rent into money rent.<sup>31</sup>

Describing George's 1889 lecture tour to Europe, his biographer Charles Barker notes that George

decided that European radicalism . . . was too much opposed to interest taking to suit his own position. Many think that interest on capital is quite wrong, he wrote home, but none knows how to capture it, except by the state operation of all business.<sup>32</sup>

George was unwilling to accept the prospect of the public sector acting as society's banker and credit creator as well as rent collector. When the wealthy Birmingham manufacturer Thomas Walker proposed that "interest on capital should be captured for the public as fully as the rent of land," George considered him to be fuzzy-minded. Writing to the British printer J. C. Durant:

George explained what was worrying him about his friends in England. It was "the wobbling, the compromising, the affiliating with Socialists, and the admixture of our ideas with ideas that are directly opposed to them."<sup>33</sup>

Walker ended up giving most of his financial support to the Fabians.

Other writers suggested that the government should create credit for itself. George in fact approved of the greenbacks, a successful example of this, and he denounced Wall Street machinations in his newspaper columns and other writings. Yet he opposed critics of the financial system and its interest burden as strongly as he had opposed the socialists. He conflated interest with profit, and finance capital with industrial capital, much as his followers have accused postclassical economists of confusing rent with profit and land with capital.

George treated the debt problem as one of banks issuing currency, and blamed depressions on banks over-issuing credit. But he did not view debts mounting up at compound interest as a problem independent of the currency question.<sup>34</sup> He denounced public debt, urging the government to create its own money (greenbacks) rather than borrowing from banks or issuing interest-bearing bonds. This was the program of the Greenback Party, but George made no alliance with it. He simply said that by abolishing the land monopoly, the Single Tax would end the dynamic that drove people into debt, so that the interest burden no longer would be a serious problem.

#### *7. George's Ricardian Emphasis on Rural Land*

Ricardo claimed that marginal lands did not obtain economic rent, only more fertile ones. But the development of fertilizers and industrialization of agriculture have raised farm productivity steadily over the past few centuries, disproving his idea of innate fertility differentials (the soil's "original and indestructible powers") causing ground rent. The tendency to identify economic rent with rural land looked anachronistic as agriculture employed a shrinking proportion of the U.S. population, making urban sites the highest-priced land. By George's day the importance of rural land was shrinking relative to urban sites, and location—including zoning rights—was seen to be much more important than virgin soil fertility.

George described land prices as rising with society's general level of prosperity and population. This was becoming primarily an urban phenomenon, complicating the politics of land taxation beyond

George's denunciation of British absentee landlords in Ireland. Ground rent in an increasingly urban industrial environment called for a broader analysis than Ricardo had formulated.

One corollary was that all property owners obtained rent—homeowners and industrialists as well as the absentee landlords on whom George placed major emphasis. What he criticized most strongly were landlords in possession of large tracts of property, deriving their income from raw land ownership alone. But the wide distribution of U.S. home ownership and business property made the politics of land ownership (and hence, land taxation) more complex in America than in Britain and other countries that still bore the legacy of feudal landlordship. U.S. real-estate investors have successfully appealed to homeowners for political support in opposing property taxes.

George's supporter Louis Post recognized that

if you measure land by the demand for it and its value, we use more land in cities than do our farmers. The mines furnish material as well as the farms. The city furnishes sites, the great country furnishes the highways that control industries and control commerce.<sup>35</sup>

It followed that the analysis of rent should be extended throughout the economy's land, natural resources and transportation system. On the basis of this perception the Single Taxers might have broadened the classical distinction between unearned rent and industrial profits. But they followed Ricardo and George in focusing on ground rent, only paying lip service to monopoly rent and financial interest.

In Ricardo's day, bankers backed industrialists against British landlords, anticipating a major loan market to develop for export and import financing as agricultural protectionism was repealed. But as mortgage lending has become the major focus of modern banking, the financial sector has thrown its lobbying efforts increasingly behind property owners. This has transformed the political alignments with regard to land taxation. If George and subsequent Single Taxers had done their statistical homework, they could have demonstrated that the market price of real estate, mining, transportation and other natural monopolies far exceeds that of industrial capital. But George's followers preferred abstract deductive logic to empirical analysis, and did not give a sense of proportion as to where the economy's ground

rent was being generated. Nor was there an awareness of how mortgage credit would become the major factor raising land prices.

#### 8. *George's Free-Trade Stance*

George's major diversion from his land-tax campaign was his excursion into the free-trade debate to support Grover Cleveland for president on the Democratic ticket in 1892. The Single Taxers argued against tariff protection as heading the list of "special privileges" and hence monopoly rent. But as Simons pointed out:

It is said that the tariff is the foundation of industrial trusts, and yet trusts are located in England, the classic land of free trade.<sup>36</sup>

He added that the sugar trust was campaigning for free trade with Cuba so as to lower its costs of obtaining the commodity, widening its monopoly trading profit all the more!

Protectionists pointed to the tendency of free trade historically to go together with the extraction of economic rent from plantation monocultures (*latifundia*), mining and natural monopolies, breeding monocultures and supporting slavery and religious intolerance. At the University of Pennsylvania, Robert Ellis Thompson pointed out that free trade regimes throughout the world typically opposed free speech and supported either slavery or ecclesiastical domination—what today would be called failed states—whereas protectionists tended to support freedom of speech and political association.<sup>37</sup> It was the protectionist Republican Party that passed the Sherman Anti-Trust Act and associated regulation to break up the Standard Oil monopoly and major mineral trusts, and Theodore Roosevelt who became the era's major trustbuster.

George did not acknowledge the tendency of free trade to reinforce monopoly power. By throwing his support behind free trade, he also avoided dealing with the link between trade policy and environmental degradation. One of the most sophisticated arguments against Ricardian free-trade doctrine focused on the environmental costs of export monocultures, above all soil depletion and related overhead costs that did not enter into the marketplace's balance sheet of outlays and income. Patten's *Economic Basis of Protection* (1890) elaborated an

argument that had been made since the 1840s regarding how free trade had exhausted the South's cotton and tobacco lands and stripped Michigan of its forests:

Any land is poor land for one crop. It becomes . . . superior land only when a suitable rotation of crops brings out all its qualities. The course of foreign trade may make the use of land for a single crop more profitable for a time, yet the gain to the owner is at the expense of the productive qualities of the land. Free-trade thus prevents a well-balanced development of the group of industries which will make the most of the land.

In the U.S. Patent Office reports for the years 1849 and 1852, Daniel Lee had provided a statistical estimate of the cost of America's soil-depleting modes of cultivation. Farm income was reduced by about 10 cents per acre on 100 million of the 125 million acres of improved farmland then in cultivation. The value of these farmlands was reduced by some \$300 million per year (an average \$3.00 an acre, or nearly 20 percent of the crops' sales value) through removal of minerals from the soil by the agricultural methods then in use.<sup>38</sup>

The implication is that rent in the form of indirect future cleanup costs to society do not show up in market pricing. George did not think along these lines, apparently because the approach was associated with protectionism rather than free trade. Today the environmental movement is emphasizing the problem of depletion afresh, seeking more renewable patterns of growth by imposing taxes to recapture such "external" cleanup costs.

#### *9. George's Rejection of an Academic Platform to Elaborate Rent Theory and Taxation*

In 1877, two years before publishing the book that made him famous, George was considered for the chair of political economy at the University of California at Berkeley. Barker reports:

On this occasion Henry told Annie George that he wished for no title in the world, unless it was that of "Professor."

But at his interview he indulged in a tirade against economists, claiming that they had made no "substantial improvement" since Ricardo.<sup>39</sup> His belligerent attitude foreclosed the opportunity to gain a

platform to challenge the postclassical “value-free” economics that conflated land with capital and denied that any form of income was unearned. Sophisticated discussion of economic rent was left to “institutionalists” such as Veblen, Patten and Commons. George’s followers emulated his stance, eschewing the academic status needed to legitimize their challenge to postclassical economics and its defense of the vested property interests. It was left to the institutionalists and Marxists (and most recently, the post-Keynesians) to provide the major academic challenges to this mainstream economic thought.

Already in George’s day, Patten criticized John Bates Clark for making

the economic conditions that justify our present system of land-tenure so prominent that the reader will at least be uncertain whether any moral principle is involved. According to the economic data he presents, rent in the economic sense, if not wholly disregarded, at least receives no emphasis. Land seems to be a form of capital, its value like other property being due to the labor put upon it.<sup>40</sup>

Postclassical economics—especially the libertarian value-free analysis supported by most of George’s followers—has followed Clark in defining every income recipient as a “factor of production,” whose value reflects its “productive contribution.” This rationalizes the status quo’s distribution of wealth and income, by denying in principle the notion of unearned income.<sup>41</sup> Yet George’s followers quickly lost the academic battle to Clark, and the analysis of rent all but disappeared from the intellectual spectrum. Little attempt to quantify the magnitude of ground rent or other forms of economic rent has been made in recent decades. George’s decision to boycott academia in favor of a journalistic approach thus had political consequences, inasmuch as academic perceptions and statistical analyses carry policy implications.

By associating land and its rent with landlords as a distinct class best personified by British landlords, for instance, George downplayed the rents accruing on land owned by working families and commercial businesses. His followers still might have demonstrated the degree to which rent is concentrated in the hands of the super-rich, polarizing the economy to favor large absentee owners and monopolists. But they undertook no statistical research. Their silence has enabled

property interests to make a populist appeal to consumers in their role as homeowners to support a general reduction of real estate taxes.

Meanwhile, the role of ground rent in economic theory and social reform was waning. This was partly because America's "economy of abundance" stood in sharp contrast to the class barriers that concentrated ground rent in the hands of Britain's hereditary aristocracy. Upward mobility enabled workers to own their homes and even become small businessmen and property owners. Patten explained that American homeowners benefited from the rental value of their property just as did large landowners. Rent was becoming democratized rather than being an economic gain restricted to a distinct class.

During the last decade of George's life (he died in 1897), a post-classical body of economic thought began to take shape that shifted the focus away from rent theory and the land issue. The categories of classical political economy were made amorphous by treating land simply as a form of capital, and rent as a return on business outlays. Depicting land from the businessman's vantage point, as a capital investment, Clark described business owners buying a plant, equipment and land in combination, so that the return to land was equalized with that of profits in general.

Acting in their own self-interest, large real-estate owners were joined by finance and monopolies lobbying to free land from taxation. Policy "think tanks" were created to influence fiscal policy, the mass media were controlled to shape public opinion, and academic initiatives were mobilized to counter the idea that rental income was unearned. These efforts succeeded in rolling back property taxes—shifting the burden onto workers and consumers—and stripping academic economics of its classical concern with rent theory.

Alfred Marshall solved this problem by generalizing the concept of economic rent as accruing not only to land and mineral deposits but also to monopolies and finance, along with quasi-rents for low-cost industrial producers. This became the main way in which rent theory survived in academia. He supported capital to such an extent that he made little effort to explain just where its profits ended and monopoly rent began. His illustrative examples in *Progress and Poverty* depicted workers as making their own tools—axes or canoes—and deriving a profit from their added productivity, like small businessmen working

on their own account.<sup>42</sup> Whereas socialist and labor reformers referred to expensive machinery in large urban factories employing labor under exploitative terms, or monopolies seeking extortionate revenue without costs, George treated capital merely as tools embodying labor.

*10. The Narrowness of George's Theorizing Beyond  
the Land Question as Such*

George's single-mindedness made his call for economic reform narrower than most of his admirers desired. Although his journalistic writings denounced the railroad barons, Wall Street trusts and stock watering (diverting income to insiders by issuing bonds to them), his political program did not address bad working conditions and related exploitation of labor and consumers, or urban housing, or natural monopolies apart from land or finance capital and the volume of debt expanding through the dynamics of compound interest. Financially, George viewed savings as consisting of labor's saved-up earnings, not in its manifestation of finance capital. This microeconomic approach prompted Flürscheim to accuse George's brand of individualism as being naïve:

Free competition had gradually eventuated in the most extensive monopoly the world ever saw; subjection to a few plutocrats proved to be the latest phase of individualism.<sup>43</sup>

Lacking a broad theory of capital along the lines Veblen was soon to analyze, George left himself without a way to measure how much income represents socially necessary profit as compared to unearned economic rent. He did not come to terms with the extent to which much of what passed for "capital" was property in the form of special privilege akin to land rent. The upshot is that rather than generalizing the concept of economic rent to apply to industrial capital (what Marshall called quasi-rents), monopolies and finance capital, and rather than proposing an across-the-board policy challenging all forms of *rentier* income (as Flürscheim, Patten and others urged), George made the Single Tax his single reform policy. He focused on economic polarization developing only from land monopoly, not from the dynamics of industrial and financial capital.

The irony is that whereas Marx assumed that productive industrial credit would develop in due course, banks have found economic rent

to be the most attractive form of revenue to capitalize as collateral for their loans. Bank credit now serves mainly to bid up prices for rent-yielding properties. Taxing rent rather than wages and profits would make it unavailable to pledge as collateral, and therefore would tend to channel more credit to tangible capital formation. The failure of George and his followers to theorize along these lines held them behind other reformers, leading to splits within the Single Tax movement, especially in Britain, where the School for Economic Science moved away from George to place major emphasis on debt and financial reform.

#### *11. George's Alliance with the Right Wing of the Political Spectrum*

By the early 20<sup>th</sup> century, George's economic individualism had allied itself with libertarian anti-government ideology. This led to a political alignment of Single Taxers just the opposite of what his early supporters favored. His opposition to public regulation (Section 4 above), along with his support of capital (Section 3) even when it became monopolistic, extortionate or abusive of workplace conditions prompted the socialist Arthur Lewis to observe in 1916 that "what Huxley calls George's 'superfluous rhetorical confectionery'" alienated his natural constituency, splitting the land tax off from contemporary reform movements. As soon as pro-labor reformers "saw the real bent of his teaching they began to oppose [it]," Lewis concluded.

In 1883, when he visited England to lecture on the invitation of the Land Reform Union, the treasurer, Mr. Champion, and the secretary, Mr. Frost, both Socialists, waited on George and told him that, unless he advocated the nationalization of capital as well as land, the Socialists in the organization would be compelled to oppose his campaign. To this George sharply and justly replied that they should have been able to find out from his books what he stood for before they invited him.<sup>44</sup>

The upshot was that other reformers went their own way, leaving the land issue to the Single Taxers alone.

What made their efforts so unsuccessful was the fact that despite George's denial that his Single Tax was socialist, this was not how property owners saw it. The threat it posed to property and its income seemed more immediate and far-reaching than industrial socialism. The vested interests—including the financial interests, which in

Ricardo's day had favored industry rather than the landed interest—responded by promoting an anti-government individualism and a claim that all income was earned. This left by the wayside the idea of exploitative, unearned property and monopoly income as economic rent, picked up neither by the political right or the left.

H. G. Wells worried that a full land tax would lead to much larger government. He wrote in his autobiography that he had picked up a copy of *Progress and Poverty* at a college bookstore during his Oxford days, and found it as implicitly statist as Marxism. The difference was that where Marxism advocated direct political control of the state by the working class, Wells believed that George's program would lead to this same end simply by fiscal policy. "He saw the life of mankind limited and dwarfed by the continual rise in rents. His naive remedy was to tax the landowner, as Marx's naive remedy was to expropriate the capitalist, and just as Marx never gave his disciples the ghost of an idea for a competent administration of the expropriated economic plant and resources of the world, so Henry George never indicated how, in the world of implacable individualism he advocated, the taxing authority was to find a use for its ever-increasing tax receipts."<sup>45</sup> Economic rent accounts for about a third of national income (and the bulk of "capital gains" in the form of loans and financial securities capitalizing the flow of rent). Should the government charge the full economic rent available under market conditions? Or, should it refrain from charging rent for essential public utilities?

Neither George nor his followers answered these questions by explaining how their land tax proposal would work in practice. "If land were nationalised, and afterwards chartered to an Agricultural Guild, its amenities would be socialized," wrote the editors of London's *New Age*.<sup>46</sup> "By this means the amenities that now confuse the Single-taxers would be eliminated as matters of contention." But without proposing a quantitative explanation of how government would collect and distribute the flow of rent, George's followers lacked a clear basis for engaging in serious political discussion. Their argument remained more philosophical than concrete. "The tenacity with which the Single-tax proposal sticks to life is proof that it contains an element of reason," *The New Age* editors observed, "but the fact that its adherents do not increase in numbers is

evidence that it also contains elements of unreason.” The missing element ultimately was political.

It would take until the end of the 20<sup>th</sup> century for some of George’s followers to propose paying a “citizens’ dividend” out of public collection of land and resource rent, e.g. along the lines that the State of Alaska has done with its oil royalties. This would solve the problem to which Wells pointed, and would appeal to the libertarian movement that emerged in the late 20<sup>th</sup> century. But that movement is essentially anti-tax. In particular, it opposes taxing the higher wealth brackets—precisely those on whom a land tax would fall most heavily. The natural political allies for a land tax thus are not libertarian tax cutters advocating small government.

George’s individualism thus turned out to be the Achilles heel of his reform effort, while his narrow focus on the ground rent of large absentee landlords set his Single Taxers apart from other reformers. The 20<sup>th</sup> century saw many libertarians sympathize with his individualism, but their opposition to strong government has disabled its ability to tax rent and land-price gains. The political effect of libertarian populism has been to oppose the taxation of property. This makes “libertarian Georgism” something of an oxymoron, and helps explain why there is less interest today in taxing real estate and monopolies than existed in George’s day, in contrast to the populist momentum that once existed for the Single Tax.

*12. George's Hope that the Single Tax Could Be Enacted  
Gradually Without Radical Confrontation*

By the mid-20<sup>th</sup> century the major industrial economies had adopted most of the reforms advocated by George’s contemporaries. Land taxation was the major reform not to survive. Part of the explanation is that the labor and social welfare reforms proposed in George’s day were less threatening to property—and to mortgage lenders and other financial interests—than taxing ground rent. Full land taxation could have succeeded only by keeping the issue before the public and at the center of academic economics, combined with lobbying efforts backed by research reports and policy think tanks. Instead, George and his followers acted as if a few simple ideas would take on a life

of their own. On purely abstract philosophical grounds without supporting statistical documentation to explain just what land taxation would mean in practice. This made the political platform nebulous as far as the concrete interest of voters was concerned.

Central to George's evolving political strategy was his hope that land taxation could be introduced gradually, as a merely technical reform with minimal political confrontation. The failure of this approach is reflected in the fact that of all the major reforms in George's day, the Single Tax actually was the most radical, given the embedded character of land tenure in society's wealthiest and most politically powerful families, and the fact that mortgage lending was becoming the banking industry's major business.

A wide gap existed between the far-reaching political implications of George's land tax and the tentative political steps that he and his followers took. On the one hand he claimed that the Single Tax would transform the economy so fundamentally that it had to be the pivot on which all other reforms turned. This conviction led him to reject working with other reformers, whose efforts he felt to be a distraction. Yet his alliance with capital led him to pull his punches politically, by not acknowledging how great a threat the taxation of ground rent and other economic rent posed to the vested interests. Political confrontation was especially muted after his 1886 mayoral adventure inspired dreams of political acceptability among well-to-do supporters.

After his death George's followers proposed even more minimalist solutions, focusing on marginal local rather than national reforms. Robert Andelson recently observed:

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.

The latter consider it "municipal trivialization" to woo city mayors and other local politicians and their major campaign contributors—real estate developers—as the cutting edge of land taxation.<sup>47</sup>

One wonders how people ever could have expected this local constituency to be a major vehicle for land taxation. Noting that "only homeopathy maintains that remedies are very effective in minute doses," Andelson finds 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.

Andelson has cited my answer (Hudson 2000) to a hypothetical question he raised regarding how a tax on the land's rent might be phased in gradually.<sup>48</sup> The political problem is that such a tax would stop new purchases of property by buyers whose major attraction to real estate is the prospect of rising land prices and continued tax subsidy for absentee ownership and land speculation (e.g., by taxing capital gains at a lower rate than profits and other income, by deferring taxation of such gains, by almost unlimited depreciation allowances, and by tax deductibility of interest payments). Withdrawal by speculators would reduce demand by 15 to 20 percent, lowering property prices sharply. Meanwhile, introducing a full rent tax slowly and marginally would give property owners and Wall Street plenty of time to organize a public relations campaign to lobby against the tax and prevent further increases from being realized. It would be the late 19<sup>th</sup>-century fight all over again.

In sum, what appeared merely as a rent problem in George's day has become a financial problem now that mortgage bankers end up with most of the current rental income. Taxing rents fully today would threaten indebted real estate (and monopolies) with default and banks with insolvency. Although landlords no longer control the world's lawmaking bodies, land and natural monopolies remain the economy's largest assets, and hence the major form of collateral that can be pledged to creditors to pay interest charges. This fact has prompted the financial sector to throw its political support behind real estate and monopolies as its major customer.

## II

### **Conclusion: George's Political Legacy**

*PROGRESS AND POVERTY* helped inspire the reform movement in the United States, yet George withdrew from its leadership despite his early position at its forefront. He was a loner, not a joiner. When New York City's labor coalition nominated him as their celebrity candidate for mayor in 1886, he stripped away their reforms and

ended up fighting with the political leaders and activists who were his natural constituency, moving to the right of the political spectrum.

A modern-day follower of George has likened his attitude to what Sir Basil Liddell-Hart called the “martyr” character, in contrast to the “strategist.”<sup>49</sup> The martyr’s lot is to declare what is right for the world to hear without softening the message, and typically to suffer the consequences, almost reveling in rejection by the vested interests. The strategist’s task is to get measures implemented. George selected followers whose tactics emulated his spirit of martyrdom rather than developing alliances. Following his proclivities, they moved to the right wing of the political spectrum rather than working with the most successful reform groups.

To be sure, many socialists and anarchists, including Emma Goldman, were sent around the country speaking before early Henry George clubs. After George’s death, Louis Post’s Single-Tax periodical *The Public* was broadly pro-reform and gave sympathetic coverage to socialists. Still, the failure of the Single Tax movement can be attributed largely to its adoption of George’s own idiosyncrasies. He criticized the evils of landlordism without confronting the abuses of capital or placing land and real estate in the financial context of interest-bearing mortgage debt. Most seriously, he chose followers who made little attempt to develop a more general analysis along the broad lines that other reformers were pursuing. By focusing on ground rent to the exclusion of other forms of *rentier* income, and by opposing public regulation of industrial capital, they became opponents of mainstream reformers. Most became anti-socialist libertarians by the mid-20<sup>th</sup> century. Few played a role in academic economic discussion, nor did they create think tanks or research organizations to advocate land taxation. The last organ promoting the Single Tax, Britain’s *Land and Liberty*, recently ceased publication.

Most reformers, and also most industrialists for that matter, looked to the government to regulate the economy so as to minimize the exploitation and extortionate pricing in excess of what Patten called “physical valuation,” that is, direct non-*rentier* costs. A strong government was the only power able to counter monopolies, tax the land and collect economic rent.

George's strongest political quality—his ability to place the problem of land and its rent at the center of political discussion—became his greatest shortcoming when it became exclusive and sectarian. Rent theory came to be so closely associated with George's increasingly pro-capital, anti-labor and anti-government politics that the land tax began to sound crankish, prompting other reformers to avoid it. Even critics of property came to reject George. The reforms of the New Deal in the United States and of Britain's Labour Party and other European social democratic parties followed just the opposite political alignment and strategy from that which he advocated. Their reforms were successful; the Single Tax was left standing at the gate.

This is what makes George so tragic a figure. His self-centered personality and political behavior helped bring about the opposite effect from that which he hoped to see. A major reason why subsequent reformers have ignored the land tax has been its identification with George's reputation and his propensity—carried on by his followers—to fight against other reforms, especially those involving labor or strengthening government regulatory power.

His denunciation of the landlord's free lunch inspired many muck-rakers to expose the railroads, mining trusts and other trusts being forged in Wall Street offices and other financial centers, and to denounce watered financial costs as being as economically unnecessary as land rent. But George himself not only refrained from extending his concepts, he attacked his own associates for "diluting" the aim of taxing the land. His "Single Tax" thus became so single-minded as to make his followers sectarian. Promoted by a sect of martyrs, the Single Tax remained the most deeply challenging and hence implicitly revolutionary proposal of the 19<sup>th</sup> century, without the political tactics that would have been needed to achieve concrete reforms in the face of the power wielded by property owners over government, the press and universities. The cultishness of Single Taxers became an excuse for dropping rent theory from the academic curriculum, despite its position at the center of classical political economy challenging landlords and other vested interests.

The tragedy of Henry George was his self-destructive political strategy after he got bit by the political bug in 1885. He alienated his closest followers and would-be supporters by refusing to discuss debt

and interest. His Single Tax offended the propertied classes by threatening their free lunch. His *Progress and Poverty* made land taxation a popular political cause. This made his natural allies the socialists and labor parties. But he offended them by his attacks on government and on labor unions, leaving his followers to focus so one-sidedly on land rent that rent theory itself came to be viewed as an ill-tempered sectarian exercise.

Every dramatic hero has a tragic flaw. That of George was his encouragement of increasingly cultish followers who sought support from the propertied interests themselves—the very class against whom land taxation was directed—and from anti-socialists. George threw his support behind “capital,” and although his sectarian journal criticized monopoly gains, his books did not extend the critique of economic rent beyond land. The result was a failure to analyze extortionate monopoly “super-profits” as rent.

So thoroughly did advocates of public rent collection disappear from active participation in public debate after the income tax was introduced that no meaningful calculations were made as to just how much land rent, monopoly rent or other economic rent existed to be taxed, how large the market value of land was or the annual gains in market price. Thus, as *rentier* interests lowered the tax rate on “capital” gains sharply below income tax rates on earned income (wages and profits), there was no basis for pointing out that most “capital” gains consist of rising land prices.

Land remained the largest economic asset throughout the 20<sup>th</sup> century, and remains so today. But lacking a sense of proportion regarding the magnitude of its rent and proper valuation, advocates of land taxation had scant grounds for participating in debates over fiscal policy, or for countering the academic tendency to minimize rent. This attempt to trivialize ground rent and land valuation was shared by government statisticians. There was, in short, almost nothing to criticize in the idea that George had tried to popularize in *Progress and Poverty*. After World War I the economic, professional and political discussion became a one-sided defense of untaxing property rent and land-price gains.

There probably can be no greater temptation to sectarian infighting than the existence of a financial endowment. This became the case

with the Georgist-funded institutions, and helps explain the long history of lawsuits among them. Claims to be a “true believer” have become weapons—although legally blunt ones—as George is not around to respond.

One looks in vain for followers of George with prestigious economic credentials such as those of other nonmainstream schools—the Marxists, Keynesians, monetarist Chicago School or post-Keynesians. Each of these schools has established its own journals and books, university departments, academically respected statistics and indeed, commentary on economic and social history to establish a working relationship with the mainstream. This cannot be said of George's followers, and the problem may be traced back to George himself. In retrospect, one must conclude that George the politician turned out to be the worst enemy of George the economic journalist and reformer. This was the common theme of George's political critics. Rarely has so well argued a tax reform with so wide an early following been handled with such political ineptitude.

In my own belief, the main reason why George's followers have been so politically ineffective in mobilizing popular support (or even discussion) of a land tax is their attempt to become junior partners in a political alliance with libertarians that never had much chance of success. Libertarian ideology in America is essentially an anti-tax ideology, and a land tax remains among the most politically contentious economic proposals, having been a major factor impelling mainstream economics since Clark's day away from the classical antipathy toward the “free lunch” of economic rent to a rationalization of such rent—and even land-price gains—as being earned. By turning the Henry George Schools into a funnel into the anti-tax ideology of Ayn Rand and Ludwig von Mises, George's followers have walked into an effective political wall, while breaking with the opposite wing of the political spectrum that still treats *Progress and Poverty* as a socialist classic. This political position reflects that of George himself.

In the final analysis, this political problem boils down to one of personalities as loners prone to sectarianism, and a reluctance even to take their case of outsiders, that is, to the mainstream. Although Georgism failed to achieve land-value taxation for three reasons. First, although more than a century has passed since George's death,

Georgists have made no attempt to quantify the magnitude of land rent that can be taxed. Without such a calculation, it is not possible to give a sense of proportion as to how much of the federal, state and local budgets a land tax could provide.

Second, no concept of economic rent has been popularized, although this concept was central to classical political economy. Land rent is the paradigmatic example, but other forms of property rent are also important—minerals and fuels, the broadcasting and communications spectrum, patents and monopoly rent. Without distinguishing gross real estate rent from net economic rent—and distinguishing the rent-of-location for land sites from that portion of gross rent that reimburses property owners for their buildings—there is no basis in theory, and hence in statistics and fiscal practice, for appraising the magnitude of economic rent.

Third, Georgists have made no attempt to trace who ends up with land rent and other economic rent. This misses the symbiosis between mortgage banking and real estate that has developed over the past century. In Ricardo's day, finance backed industry against England's landlord class, anticipating that free trade would greatly expand markets for commercial lending. But by the late 19<sup>th</sup> century it became clear that real estate, monopolies and other rent-yielding assets were the major market for bank loans.

For real estate investors in today's world, the motto is: "Rent is for paying interest." What the tax collector relinquishes is "freed" to be pledged to banks—for loans to buy rent-yielding property. But Georgists have deemed the analysis of finance and Wall Street to be a socialist concern, and emulate George's own conflation of physical and financial capital. There has been no attempt even to trace the incidence of land-price gains ("capital" gains), and many Georgists view such gains as legitimate returns to capital rather than as financial capitalizations of land rent bid up on credit. Not even the post-2002 real estate bubble has spurred research and publication along these lines. The failure to place land rent and other forms of economic rent in its macroeconomic setting has blocked a serious discussion of land-value taxation from academia and congressional law making, and hence from playing the popular role that it did in George's own day.

## Notes

1. Cherbuliez (1841: 128ff.). The title of this work, *Wealth or Poverty?* is remarkably similar to George's *Progress and Poverty*. Marx (1971:Part III, 397ff) cites this work in reviewing the early literature on rent theory and land-tax policy.

2. Commons (1918: 448ff). Commons had founded a Henry George club when in college. His subsequent views reflect the disillusionment that many of George's early admirers felt.

3. Barker (1955: 513ff).

4. *Ibid.*, 563. Barker points out (565ff) that on the occasion of an academic debate in which George participated at the annual meeting of the American Social Science Association in George's *annus horribilus* 1889, E. R. A. Seligman pointed out that "Bellamy's socialism had grown at George's expense because it recognized that other values than land gained unearned increments." Seligman elaborated this line of criticism in subsequent writings.

5. *Ibid.*, 533 points out that this meeting "does seem a high point in Henry George's lifetime. Yet he actually attended only one or two sessions. . . . He found freedom, before he left, to do some sight-seeing in the City."

6. As late as 1923, George's political manager Louis Post, who became Assistant Secretary of Labor from 1913–1921, published his *Deportations Delirium of Nineteen-Twenty* with Kerr.

7. Patten (1891: 355).

8. *Ibid.*, 361. By "watered stocks," Patten meant arbitrary financial charges for securities issued and built into the railroads' transport charges, typically for "fictitious" capital claims arranged by the insiders who controlled the railroads for their own gain.

9. Sinclair (1924). For a discussion, see <http://earthsharing.org.au/node/35>.

10. Shaw (1995: 587ff).

11. For a full bibliography of Marx's observations on George, see Hal Draper, *Marx-Engels Cyclopedia* (New York, Schocken Books), *The Marx-Engels Glossary* (New York: 1986), p. 78, *The Marx-Engels Register* (New York: 1985), #E174 (p. 104), and *The Marx-Engels Chronicle* (New York: 1985), pp. 217 (#23), 218 (#31), 220 (#61), 228 (#19), 229 (#27), 245 (#47). In April or May of 1881, Marx received copies of *Progress and Poverty* from John Swinton and Willard Brown, and later another from Friedrich Sorge, organizer of the Working Men's Party in New York. On June 2, he described George as a "panacea monger," and on December 15 he noted that George had embarrassed himself as a "humbug" on his lecture trip to Ireland and England. He made marginal notes in George's book on *The Irish Land Question*, which Sorge asked to publish along with Marx's letters regarding George. These observations were printed in Engels', 1887 pamphlet on *The Labor Movement in America. The George movement—The Knights of Labor—The Socialists*.

12. Marx, [1847]: 155.

13. Letter from Nelson Field, *The New Age*, July 4, 1912, p. 239. The debate had begun in December 1908 and continued through Mr. Fels's death in 1914.

14. Patten, "The Interpretation of Ricardo," *Quarterly Journal of Economics* 7 (April 1893): 322–353, in *Essays in Economic Theory* (1924): 153. Hudson (1975) discusses Patten's points further.

15. Patten ([1924] 1893: 153). Hudson (1975) discusses Patten's points further.

16. Anon., *Socialism vs. Single Tax* (1907: 45). A similar point is made in Maguire and Harriman (1895).

17. *Progress and Poverty*, Book 3, Ch. 4: "a government bond is not capital, nor yet is it the representative of capital. . . . The immense sums which are . . . taken from the produce of every modern country to pay interest on public debts are not the earnings or increase of capital—are not really interest in the strict sense of the term, but are taxes levied on the produce of labor and capital, leaving so much less for wages and so much less for real interest." By "interest in the strict sense of the term," George meant profits on direct investment.

18. Engels to Otto von Boenigk, Aug. 21, 1890 (Marx and Engels n.d.: 716).

19. Quoted by Louis Untermann, Anon. (1907: 4ff).

20. *Social Problems*, Ch. 16, and *Progress and Poverty*, Book 8, Ch. 3.

21. In "The Letter Carriers" (*The Standard*, July 14, 1888), George wrote: "The true reason for carrying of letters by the government is that the business is in its nature a monopoly. . . . as the development and integration of society goes on, still other necessary monopolies are arising. Thus the proper functions of government—national, state, and municipal—are constantly increasing." See also *Social Problems* (Ch. 16, "The Functions of Government"): "The great 'railroad question,' with its dangers and perplexities, is a most striking instance of the evil consequences which result from the failure of the state to assume functions that properly belong to it. . . . a union of railroading with the other functions of government is inevitable. We may not like it, but we cannot avoid it. Either government must manage the railroads, or the railroads must manage the government." Citing the Post Office, as well as England's telegraph and parcel-carrying and savings-bank businesses as efficient government enterprises, George concluded: "All I have said of the railroad applies, of course, to the telegraph, the telephone, the supplying of cities with gas, water, heat and electricity,—in short to all businesses which are in their nature monopolies. . . . Businesses that are in their nature monopolies are properly functions of the state."

22. Patten (1892).

23. Patten (1892: 96).

24. Flürscheim (1902: 353).

25. Arthur Kitson, *A Scientific Solution of the Money Question*, quoted in Flürscheim (1902: 356).

26. Flürscheim (1902: 491), citing a letter of Aug. 28, 1890.

27. Tolstoy (1891: 133ff). This was the first major group of social essays translated into English. Flürscheim picked up Tolstoy's essay in his *Clue to the Economic Labyrinth* (156ff). George's followers have failed to mention this critique.

28. Flürscheim (1902: 85).

29. Bennett (1895: 38 and 26).

30. Brown (1898: 91, 127, and 94).

31. Brown (1898: 91).

32. Barker (1955: 533).

33. *Ibid.*, 564.

34. The most he would grant was that "[t]here is no more reason why the state should lend its machinery of constables, sheriffs, courts, and . . . its prisons to the collection of the debts of the individual, than that it should undertake to black his boots in the morning or tuck him into bed at night. The abolition of all laws for the collection of private debts would not only free our judicial machinery from a clogging mass of business which to a large degree prevents its performance of proper functions, but it would unquestionably lead to a far higher standard of personal and commercial morality, since character would then be the prime element in credit" ("Various Matters: 'On the Debt,'" *The Standard*, Feb. 11, 1888). In addition to being legally unattainable under the conditions of modern civilization, George's position did not address the problem on which his financially-oriented critics focused.

35. *Socialism vs. Single Tax* (see fn 12):17.

36. *Ibid.*

37. Thompson (1882).

38. See especially *Report of the Commissioner of Patents, 1849 and 1852, Vol. II: Agriculture*. I have surveyed these environmental arguments as they pertain to the trade debate in *Economics and Technology in 19<sup>th</sup>-Century American Thought: The Neglected American Economists* (New York: Garland, 1975): 353–370.

39. Barker (1955: 241).

40. Patten (1891: 356).

41. See Mason Gaffney, "Neo-classical Economics as a Stratagem Against Henry George," in Gaffney and Harrison (1994: 29–163).

42. In *Capital and Interest* (1890), Eugen Böhm-Bawerk criticized George's views as an example of "naive productivity theory" of capital and interest.

43. Flürscheim (1902: 471).

44. Arthur Lewis, *Ten Blind Leaders of the Blind* (Chicago: Charles H. Kerr):39f.

45. Wells (1936: 37).

46. "A Reformer's Note Book," *The New Age*, November 14, 1918, p. 26.

47. Robert V. Andelson, "Neo-Georgism," in Andelson (2004: 723). For a similar judgment, which he traces back to George's own personality and policy, see Wenzer (2000). I discuss much the same points in Hudson (2004).

48. *Ibid.*, 724ff., citing Hudson (2000: 23ff), "Land Taxation in Mesopotamia and Classical Antiquity," in Andelson (2000: 23ff).

49. Hart (1967: xx–xxi). I am grateful to Dan Sullivan for this and for drawing my attention to numerous references from George's writings, to Mark Sullivan for the reference to Tucker and to Bill Frambach for the Fillebrown reference.

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