

MEASURING PROGRESS AND DEFINING SUCCESS

An Addendum to Commentary on the "Georgist Movement"

By Ed Dodson, Cherry Hill, NJ

I suspect that many Groundswell readers do not subscribe to the most scholarly of our publications, *The American Journal of Economics and Sociology*. I admit to allowing my own subscription to lapse a number of years ago, mainly because I just did not have time to keep up with the overwhelming amount of reading that comes from all directions. However, I learned a short while ago that current issue examines the question of whether there is still a "movement" attached to Henry George's ideals, so I borrowed a copy of the *Journal* to see what the writers had to say on the subject. The principle essay is written by Warren J. Samuels (Professor Emeritus of Economics at Michigan State University) with the title, "Why the Georgist Movement Has Not Succeeded." Others provide responses and add their thoughts as well: Jerome Heavey, Steve Cord, Mark Sullivan and Lowell Harriss. As the issues raised in these essays are of great interest to me (and is hopefully of equal interest to you), I decided to summarize the major points made in this exchange and offer my own views. Perhaps this will generate some comments from readers and discussion at the upcoming annual conference in Bridgeport, Connecticut.

WARREN J. SAMUELS. Professor Samuels concludes that although Henry George was able to mobilize a considerable number of supporters to his philosophical ideals and campaign for reform, his message so conflicted with conventional wisdoms, institutional norms and individual vested interests that the prospect for real success during his lifetime was virtually nonexistent. In the United States, particularly, there was a general perception that hard work and good luck would enable almost anyone to move from the ranks of the propertyless to the propertied. Few expressed concerns over whether one's accumulation of wealth was earned or unearned. Financial success elevated one's personal status in the community almost without regard for how such success occurred (remembering that the distance between lawful behavior and moral behavior has provided great opportunity for the unscrupulous to profit). At the level of broad societal progress, one overriding measure of progressive change in the U.S. has been the continuing increase in the rate of home ownership and the relation this has to household net worth. So long as more and more people - particularly new immigrants and minorities - are able to achieve home ownership, the majority share a sense that the fundamental structure of the American System is just.

As he examines Georgist history, Professor Samuels concludes that many of those who came to support Henry George and the political activism he stimulated fit the definition of "true believers" (a term made popular by the self-educated, long-shoreman philosopher Eric Hoffer). Every political movement tends to attract some individuals who fall under the spell of a charismatic leader. Henry George is said to have had this impact on people. His words stirred emotion as well as intellect. My own research into the early decades of activism and that of

his supporters suggests, however, that most of those who were sufficiently attracted to his message to become involved were just the opposite of the "true believer." They came to agree with Henry George after prolonged skepticism and even antagonism. They were not searching for a path to utopia. What they had in common was a level of open-mindedness sufficiently powerful to displace whatever formal education and even religious indoctrination they acquired on the path to becoming adults. My own reaction upon reading *Progress and Poverty* was, perhaps, more common than not: "Henry George has cleared away much of the confusion. What he reveals is nothing more than common sense. How could I have gone so long not seeing what he saw. My eyes are now - for the first time - wide open." The greater our formal education, I think, the more surprised and overcome we are by the fact that such a fundamentally simple perspective eluded us for so long.

Another historical dynamic at work, Professor Samuels recognizes, was that "mainstream Anglo-American (and Continental) economics was moving considerably beyond the doctrines of the earlier school [of classical political economy]." He refers to Mason Gaffney's and Fred Harrison's analysis of how mainstream economics professors rallied to defend the status quo against Henry George's call for distributive justice. I would add that the late nineteenth century brought a rapid expansion of centralized political power in conjunction with large-scale industrial enterprise. Governments, financiers and industrialists had little or no interest in distributive justice; they needed technical experts to assist in the planning of resource management to achieve specific nationalistic and business goals. Political economists as a group had nothing to offer, but the German universities provided the more career-oriented with an opportunity to acquire the necessary mathematical and statistical skills and earn a Ph.D. in the process. Microeconomics had arrived. Nature became just another of the factor inputs, the scarce resources to be allocated by government mandate or the price mechanism (with a heavy dose of public subsidies, quasi-monopolistic licenses and not-to-subtle corruption).

Jack Schwartzman held fast to the view that Henry George's most serious miscalculation was to allow himself to become involved in activist politics. In doing so, Jack felt, George relinquished the moral high ground. Thus, although George's biography is exciting reading (and should be the subject of an entertaining motion picture), his contributions to socio-political philosophy have for the most part been ignored. Had he carried on his lectures and continued to write, he may today be thought of in the same light as Mortimer Adler or John Rawls. Professor Samuels reminds us that among George's sympathizers there were "divisions of opinion as to what constituted 'true' or 'pure' Georgism," which "prevented the presentation of a united front and an effective message." Had George not devoted so much of his energy (continued on p. 7)

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to politics and journalism, he might have preserved his health and been in a position to refine and further develop his theory of social progress. As important, he may have attracted a following of serious young scholars to carry the torch in the nation's (and the world's) colleges and universities.

Professor Samuels also acknowledges the renewed interest today in the merits of capturing "economic rent" for public purposes. Whether or not this would have occurred without Henry George's influence on subsequent generations of economists is an interesting question. George, I suspect, would say that truth cannot stay hidden forever. Others would come upon the same perspectives on their own, dedicating themselves to the widespread understanding of how the world really works. Many of us who feel philosophically and/or politically connected to one another have had the benefit of being introduced to Henry George's writings by a family member, a friend, a colleague, or a volunteer member of one of the handful of Henry George Schools that managed to survive for at least a time in parts of the world. As movements go, there is no "Georgist" movement that can claim a large number of dedicated adherents. What there is, I think, is a small but moderately effective "Georgist Community." Depending upon one's expectations, one can agree or not agree with Professor Samuels as he concludes: "Georgism may not be well, but there still is life in George's venerable argument."

JEROME HEAVEY. Jerome Heavey picks up on the question of whether the rank and file of Henry George's supporters were and still are true believers. Moreover, he points to the very narrow focus of most "Georgist" activism in the public policy arena (i.e., stressing the need to tax away "rent" but not giving equal time to the elimination of taxes on wages and interest). One response - tied to the reality of scarce resources and a reliance on expediency - is that there are plenty of others focused on the removal of taxation from labor and capital, but few focused on the capture of rent for public use.

Professor Heavey goes on to observe: "One reason why the Georgist movement has not had greater success is the irrational exuberance of its argument that it is possible to collect all of the unearned increment and to do so with no significant costs to society." The argument may or may not be correct. The problem is that there is neither real world experience nor models constructed in terms economists have adopted to support the argument. Only in the last few years have any efforts been made along these lines (e.g., by Nic Tideman, Fred Harrison, Roger Sandilands and Bryan Kavanagh). To the extent economic professors have over the decades aligned themselves with Henry George's analysis, they have done so at the lowest common denominator - the proposition that it is a good idea to tax property improvements lightly and to tax land values more heavily. The "irrational exuberance" Professor Heavey refers to has tended to come from long-time activists who toward the end of their activist years experience deep frustration that so little constructive change has occurred.

STEVEN CORD. There are few people still around who have been engaged in Georgist work for a longer period than Steven Cord. For as long as I have known him (which goes back to 1980 or 1981), he has provided consultation on the two-rate property tax to officials in any city or town willing to listen. Steve reminds us that the comparative superior performance of cities that adopt a two-rate property tax builds the case without any need to talk about morality or philosophy. Cities get what they want and need - more and better buildings, higher employment, reduced vacant housing units and the revenue needed to pay for public goods and services. This is a story that can be told again and again to great effect. The pace of success is less a function of the soundness of the policy proposals made and the strategy employed than of the minimal amount of financial (and, hence, people) resources available to promote the idea, perform research and personally meet with decision-makers. As Steve says: "Only two persons in the United States know the formulas and procedures that are absolutely necessary to the implementation of two-rate land-value taxation in the foreseeable future, even though they are readily available."

Steve Cord (and for the last several years) Josh Vincent have worked with remarkable effectiveness to grow the consulting business. They have done so on a shoe-string budget. They make the a priori argument that taxing land values rather than improvement values is beneficial. They report the a posteriori results; namely, the currency value of permits for new construction. Josh is expanding on Steve's earlier work. What he needs more than anything else is not more Georgists, necessarily, but broader financial support - whether from the Georgist community or, better yet, from the potential beneficiaries of the tax shift he markets to communities.

MARK SULLIVAN. Mark Sullivan speaks in terms of a surviving Georgist movement that continues to have a voice in the wilderness. He laments, however, that "the Georgist voice is rarely heard and the Georgist paradigm barely understood." As Mark points out, those convinced of the evil of monopoly capitalism sought replacement rather than reform of the existing order. Marxist-Leninism arose as an attack on all property. Any attack on property -- even if only landed property - was painted by defenders of the status quo as an attack on traditional values (i.e., on the American System).

Politically and intellectually, proponents of Henry George's ideals were marginalized almost out of existence. As they were only loosely aligned, poorly financed and geographically scattered, Georgists had no strategy or means of rebuilding once the momentum of the Single Tax political activism dissipated. The diminishing number of scattered groups of individuals were forced by circumstances to concentrate their efforts on what was possible - restructuring of the local property tax. In Pittsburgh, Pennsylvania, this (continued on p. 8)

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resulted in a successful effort to assess land and building values separately and to give the city the option to apply different rates of taxation on the assessed values. Getting the state legislature to amend its constitution to permit this measure remains one of the great accomplishments of twentieth century activism.

In New York City, the center of Georgist work became the Robert Schalkenbach Foundation (established to keep Henry George's writings in print) and then the Henry George School of Social Science (founded to teach Henry George's ideas to the general public). For several decades the School slowed attrition, although only a small number of students who came through the school in any way became active. The withdrawal of funding by the Lincoln Foundation threatened the demise of even this moderately-successful enterprise. It so happened that the loss of resources occurred just at the time when younger Americans were questioning conventional wisdoms and looking for ways to give meaning to their lives. Unfortunately, as Mark Sullivan observes: "When the radical social movements of 1968 took off, Georgists were by and large not prepared to climb aboard and so were left behind."

C. LOWELL HARRISS. My first introduction to Lowell Harriss was to see him in the documentary made many years ago titled, "One Way to Better Cities." Professor Harriss has long been a soft-spoken and measured supporter of incremental removal of the tax burdens carried by property improvements while increasing that portion carried by land values. He is not convinced of the efficacy of George's proposition to eliminate all taxation save that on land values. "Georgist discussions often refer to tax justice. I am not clear as to the definition of 'justice' appropriate for property tax concerns," he writes. I interpret his perspective to be something like this: Some people acquired land decades ago at very low cost and experience huge gains because market values have continued to increase. The person or entity purchasing the right to control land today is not profiting from that past increase. Is it fair or just, therefore, to tax the current deedholder based on the cost incurred in the acquisition?

Professor Harriss refers to his long association with the Lincoln Institute for Land Policy and comments favorably on its accomplishments as essentially the only research-oriented institution in the United States focused on land tenure, land use policies and land taxation. Others have looked at Lincoln's consultative efforts over the decades as overtly anti-Georgist and motivated by a quest for acceptance within the mainstream research community. John C. Lincoln, whose personal fortune established the Lincoln Foundation, had been a central figure in the core Georgist organizations throughout most of the first half of the twentieth century. His family has directed the Foundation's affairs and assets away from those organizations. I have observed from a distance that Professor Harriss has done his best to remain above these

internecine struggles. His formal education and his profession direct him to think and act accordingly: "The role of the academic should not, I believe, call attention to great dreams but to achievable benefits."

POSTSCRIPT. Professor Samuels challenges Lowell Harriss on the role of the academic. "I do not see why academics should eschew calling attention to great dreams," he writes. Passion from the pulpit is admired and expected. Passion from civic leaders and activists is tolerated and understood. Passion from academic professors is thought to jeopardize intellectual objectivity and thoroughness in scholarship. Personally, I have always liked my professors who demonstrated a certain amount of passion. They tended to be the better teachers and less concerned over the "publish or perish" road to academic stardom.

As for the state of the Georgist movement (or, as I suggest is more accurate, the Georgist community), I am rather amazed at the quantity and quality of work being done by so small a number of people. Asset preservation strategies dictate the program activities of any Georgist group in possession of assets, for the very practical reason that activities are not revenue-generating and every group solicits contributions from almost the same small number of people. The composition of the Georgist community has also changed rather dramatically over the decades. My guess is that an overwhelming majority have completed some level of higher education and have professional credentials. Our ability to communicate and share information and activities and experiences by use of e-mail and the internet has brought us closer together internationally. The material we generate and make available on the internet is reaching a constantly expanding global audience. So, yes, the spirit of Henry George has survived. The power of his thinking rests on its common sense basis.

The potential for the Georgist community to expand is real. Whether or not a movement might someday emerge is difficult to predict. Professor Samuels challenged Mark Sullivan's assertion that "circumstances conspired to beat radical Georgist tax reform to the punch" with the observation that his "reading of relevant history is that so far from Georgism being beaten to the punch, Georgism was not, alas, in the arena, surely not in the ring." That largely has been the case. Within academia, the arena that was political economy dissolved into specialized fields of study. Mortimer Adler and Robert M. Hutchins fought against this trend their entire careers. Only recently has there been a renewed discussion of the need for interdisciplinary and holistic approaches to scientific research and solutions to societal problems. Perhaps Mark Sullivan is on the right track when he writes: "The end of the 20th century has brought us full circle back to the 19th and all its unresolved issues and forces, monsters that seem to have grown stronger in their sleep - in our sleep." Our small community is, at least, awake and reaching out in new ways to those who are seeking answers that satisfy their need for common sense. □