HENRY GEORGE RECONSIDERED

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CHAPTER 3

PROGRESS AND POVERTY AND ITS INITIAL IMPACT

In 1869, at the age of thirty, George came briefly to New York to establish an Eastern service for the *San Francisco Herald*. This goal was defeated by the connivance of the Associated Press with Western Union, which prevented him from sending dispatches home.

His visit, however, brought about a crisis in his thoughts that transcended the failure of his assignment. He was appalled at the destitution which he found in the greatest city of the Western Hemisphere. The baffling contrast between wealth and miserable poverty confronted him here much more strikingly than in San Francisco. Not too far from sumptuous houses lay the pitiable tenement districts where huddled women and children worked for sweatshop wages, and the alleys harbored tramps whose final refuge was the police station.

Material progress had obviously done no good here. George did not know what caused the poverty, but the question gnawed at him unceasingly.[1]

One day, while taking a walk, in a sudden vivid, deep, inexplicable moment, he made a silent vow to find out.

"Once in daylight in a city street," he wrote years later, "there came to me a thought, a vision, a call—give it what name you please. But every nerve quivered. And then and there I made a vow. Through evil and through good, whatever I have done and whatever I have left undone, to that I have been true."[2]

The burning resolve to which he was impelled was to discover why there was poverty in the midst of plenty, and if possible find the remedy.

Soon, afterwards, having returned to San Francisco, he was riding in the hills above Oakland one afternoon, when he inquired of a passing teamster the worth of the bare, scrubby countryside spread beneath them. "I don't know exactly," said the man, "But there is a man over there who will sell land at a thousand dollars an acre."

George instantly felt that this answer bore a relation to the question of poverty and low wages which had been tormenting him. It was evidently the population growth in the neighboring metropolitan district that caused even bare acres nearby to soar in value, forcing men who needed to work on the land to pay more for the opportunity.

This flash of economic vision was sharpened for him by the situation all around him. In the West of that day there was a frontier life lavish with land speculation. The new railroads struck across the country, flinging down value upon land wherever they went—a gain either kept by the railroads themselves, or presented carelessly to first bidders.

In California, the new state's fertile valleys, its spacious harbors, its gold, were an invitation to speculators, unregistered squatters and rapidly working entrepreneurs of all kinds. Swarms of mining prospectors and tradespeople obtained government land almost for nothing. The public domain of San Francisco that could have supported millions had been deeded to a relative few; the best arable river lands, under the hypocritical title of "swamp lands," had been sold to ranchers for a song.[3]

Henry George did not look upon these conditions as merely local. He saw the West as a vast open laboratory, where a process overlaid and hidden in the maze of older industrial societies was here laid bare in a maplike view. He grasped what struck him as a universal principle, implicit in all speculation in land.

"Like a flash it came upon me that there was the reason of advancing poverty and advancing wealth. With the growth of

population, land grows in value, and the men who work it must pay more for the privilege. I turned back amidst quiet thought to the perception that then came to me and has been with me ever since."[4]

As a result of this insight, in 1871 he wrote a forty-eight-page pamphlet, *Our Land and Land Policy*. The gist of it was that every man had an equal need and right to apply his labor to natural resources; that when land was subject to private profit, this right was interfered with, so that people were robbed, through the rent they had to pay, of some of their earnings in order to be allowed to work at all; that the remedy was to remove taxation from labor-products and shift it onto land.

"The value of land is something which belongs to all," said the booklet, "and in taxing land values we are merely taking for the use of the community something which belongs to the community. . . . Imagine this country with all taxes removed from production and exchange! How demand would spring up, how trade would increase. . . ."

But such a large theme required a more thorough presentation to do it justice. *Progress and Poverty,* engaged upon six years later, was the result. The simple principle outlined above was expanded, worked out in relation to alleged economic laws, and set into the context of an ethical philosophy.

"At the beginning of this marvelous era," began the book, "it was natural to expect, and it was expected, that laborsaving inventions would lighten the toil and improve the condition of the laborer. . . . Now, however, we are coming into collision with facts which there can be no mistaking. From all parts of the civilized world come complaints of industrial depression, of labor condemned to involuntary idleness. . . . This association of poverty with progress is the great enigma of our times."

George began the book in September of 1877, writing in a room overlooking the great bay of San Francisco. His spare, flowing style, stripped of adjectives yet poetic, and the long cadences that suggest the sea and the Bible seem to have come naturally to him. But the analytic heart of the argument, with its desired clarity of expression, was achieved with considerable

pains. He revised many times; "what makes easy reading is hard writing," he said. It took eighteen months to complete the work.

In the spring of 1879 he submitted the manuscript to the New York firm of D. Appleton & Co.

"We have read your MS. on political economy," they answered. "It has the merit of being written with great clearness and force, but it is very aggressive. There is very little to encourage the publication of any such work at this time and we feel we must decline it." Harper's and Scribner's also rejected it.

Subsequently, however, Mr. Appleton reconsidered, and said he would publish the book if the author furnished the plates. George's former partner on the *San Francisco Post,* William Hinton, who now had a printing shop, came to his old friend's aid. George himself set some of the type, as did his son, Henry, and sundry printers and journalist friends. An "author's edition" made in this way just paid for itself, and the plates were sent to Appleton's which in January 1880 brought out the first commercial edition.[5]

For the first year the book did poorly. The leading critics were aware that they were up against a work of great independence of thought and excellence of style. But most of them felt doubtful of the economic argument, and contented themselves with giving long summaries of it, and brief recommendations to read it further. In this category of guarded moderation were reviews by the *New York Herald* and the *New York Tribune.* A few notices, including those in the *New York Sun,* the *Irish World* and two California papers were strongly enthusiastic; others were scathing. Many papers didn't cover the book at all, Appleton's noting "the great unwillingness of the press to handle it."[6]

In spite of the rather apathetic public reception and also some anxiety over his own financial situation, George's confidence in the book remained high. Of it he wrote, ". . . my faith in it, or rather in the truth which I believe it embodies, is so profound that I do not think anything that could be said of it could either flatter or abash me."[7]

In 1881 *Progress and Poverty* started to gain real recognition, partly as the argument of this extraordinary book began to be understood. But there was another potent factor: George's connection with the land agitation in Ireland.

The Irish peasantry, headed by Charles Parnell and Michael Davitt, were in revolt against the landlords who had been the cause of such bitter misery and famine. Since many of these were absentee Englishmen, the upheaval was marked by hostility against England. But George saw a larger meaning in the situation. It wasn't just the English landlords who were robbing the poor: it was landlords anywhere, and Ireland was only an extreme example of what went on all over when people were deprived of their birthright. In elaboration of this idea he wrote *The Irish Land Question,* a short book immediately widely read in Great Britain, and to a lesser extent, in America.

The *New York Times* in its review of March 23, 1881, commented on it: "One rises from a reading of this weighty pamphlet with a conviction of the justice of the theory advocated and with admiration for the clearness with which it is stated by Mr. Henry George."[8]

As a result of the stir he had caused, George was sent late in 1881 to Ireland as correspondent and lecturer for the New York *Irish World.*

Never did a journalist extend his assignment with more singlehearted zeal into a personal mission. Soon he was lecturing all over the country under the auspices of the Irish Land League. His red beard, domed forehead, very blue eyes and erect carriage gave him in spite of his short stature a commanding platform presence. As an orator he was exceptional: often quiet, at other times carried away by sincere, fiery animation. He answered questions from the floor aptly and quickly, encouraging discussions, of which there were plenty.

Coincident with his presence in Ireland, a cheap paperbound edition of *Progress and Poverty* financed by a Boston friend came out in Great Britain as well as in the United States, and his reputation as both speaker and writer took a meteoric rise. In September 1882, the London *Times,* spurred into noticing it two and a half years late, now reviewed the book cautiously

but favorably.[9] It had a sale which astonished its London publishers. Thoughtful Britishers wrote George they had been converted to his views, and strangers wrote him revering letters.

But bitter opposition to the work was not lacking, especially with regard to two controversial points:

One of these rested on a misunderstanding. George had stated that land should be made "common property," but he was using the word "property" in a strictly financial sense, and meant merely that the monetary profits from the land should be made common property by taxing them all away. In spite of his explanations, a number of people, even in America, felt that their personal possession of land was threatened, and George was pictured as a dangerous radical bent on destroying private property in land. In Great Britain the issue was compounded; for Davitt wished the land to be truly nationalized, and though this was not George's goal he allowed his name to be associated with the plan. According to his daughter's account, he was "overjoyed" that the right principle was being advanced, and thought that as long as the public collection of land-rent was aimed at, the mode of doing this was for the time being not overly important.[10]

Here appears the first clue to something paradoxical in the movement. The reform that later was to advocate the removal of all taxation, at this point delighted its founder in a form specifying no particular tax relief, simply because land reform was being recommended.

The other controversial point concerned compensation to landowners. The author had asserted that none was necessary upon changing over to the new system, and such a procedure was viewed by various critics as arrant confiscation.[11] A whole counter-literature of magazine articles, indignant businessmen's pamphlets and brief textbook dismissals sprang up, exposing the foolish fallacies and ill-advised misconceptions of Mr. George. Some reviewers, however, credited the author with nobility of intention; for instance, in England in 1882 a Mr. George Dixwell wrote courteously:

"The suggestion that society may repudiate its own titles, without compensation, under the subterfuge that the present

generation cannot be bound by the past, is one which so evidently upright a person as our author could never have made if he had not been carried out of himself by the imagination that he had discovered the source of all social evil."[12]

Since George's emphasis was anti-landlord, not anti-English, he was honored by groups of liberal-minded people all over the British Isles. The immense holdings of landlords in contrast to the crowded slums of London and Glasgow made it strikingly clear that land ownership was one source of the oppression of the poor. And as the classic economists, Adam Smith, Ricardo and J. S. Mill, each in his own way, had spoken of the land problem, George's message fell into a pre-existent tradition of proposed land reform.

In addition, his distinguished turn of mind was more appreciated in the intellectual atmosphere of British liberal opinion than in America. His lecture trips to Ireland and England, of which he made three in four years, flowered instantly into personal successes, and he gained many adherents in British society.

Helen Taylor, step-daughter of Mill, was an admirer, as was Mary Gladstone, daughter of the Prime Minister. The Socialist leader, Henry Hyndman, though not in agreement with George, entertained him as a house-guest, while John Ruskin and the scientist Alfred Russel Wallace were convinced followers. Some academicians and many clergymen from Cardinal Manning down received the American as a personage.[13]

If he was accorded honor, he drew amusement too. "He is perfectly simple and straightforward," commented a Tory newspaper, "a man with a mission, born to set right in a single generation the errors of six thousand years." And George Bernard Shaw saw him as a born orator who "explained with great simplicity and sincerity the views of the Creator, who had gone completely out of fashion in London in the previous decade, and had not been heard of there since."[14]

In George's letters from these British visits one may first discern the over-sanguine judgment that was so marked a trait of his temperament and career. He was forever thinking that any small gain in acceptance of his theory was but a harbinger of greater success to come.

To his Boston friend and patron, Francis Shaw, he wrote at widely separated dates many such bits of conviction: "All we have to work for is to bring on the discussion, when that point is reached, then the movement takes of itself. . . . The movement has certainly begun in England. . . . I feel as though we were really beginning to 'move the world'."[15]

He said he had been favorably received everywhere except at Oxford and Cambridge—a fact suggestive of many a future incompatibility with college professors.

By 1886 his philosophy had reached its height in England. James C. Durante, a London publisher, wrote to him:

"The ideas for which a mere handful of us were contending amidst scorn and contempt three years ago have spread with a rapidity which is a marvel to ourselves as much as to our opponents. Strange as it may seem to you, we are not now cranks but practical politicians. Quite a number of men favorable to Land Nationalization though not avowed supporters are in the House of Lords. . : . My conviction is that your work lies *here* rather than in America. Surely the movement will pivot from here."[16]

And Davitt told George that his name was better known than any American one except "Cleveland" and "Vanderbilt."

What was the result of his four tireless sojourns and all this reputation in Great Britain? From the point of view of his specific recommendation, very little: years later, under Lloyd George, there were small increases in land value taxation which did not prove permanent.

Yet George's impact upon British social thought was striking. His intellectual originality and passion for justice galvanized the progressive thinkers of that time, and many social consciences were set in the saddle by him. Once they were there, however, some rode off in a surprising direction.

George Bernard Shaw was the most dashing, or at any rate the most prominent of these. His whole life, he attested, was influenced by hearing George speak. It was George's message against exploitation that he found inspiring, and for many years he believed, too, in the ideas about land. But he later concurred in the Marxian theory that profits from capital en-

terprise as well as from land should be government-appropriated—which was quite different from the land-tax theory. He was followed by a whole group of Englishmen first aroused to interest in public affairs by George, who later swerved to the concept of socialism.[17]

A perceptive summing up of George's influence in Great Britain is that given in 1897 by the economist and journalist J. A. Hobson.

"The real importance of Henry George," wrote Hobson, "is derived from the fact that he was able to drive an abstract notion, that of economic rent, into the minds of 'practical men' and generate therefrom a social movement. . . . Keenly intelligent, generous and sympathetic, his nature contained that obstinacy which borders on fascination, and which is rightly recognized as essential to the missionary. . . .

"But George's true influence is not rightly measured by the small following of theorists who impute to landlords their supreme power of monopoly. Large numbers who would not press this extreme contention are disciples of Henry George because they regard unqualified private ownership of land to be the most obviously unjust and burdensome feature in our present social economy. . . .

"Henry George may be considered to have exercised a more directly powerful formative and educative influence over English radicalism of the last fifteen years than any other man."[18]

George's influence in America and Great Britain at this time was reciprocal, for the Irish land question had many sympathizers in New York. When he returned in 1882, he was given a reception at Cooper Union in New York and a banquet at Delmonico's attended by an astonishing number of prominent people.

"It is a good deal like going to sleep and waking up famous," he wrote to a friend. "My reception at the Cooper Institute was a magnificent affair, and the banquet given me at Delmonico's on Saturday night was really the finest thing of the kind I ever saw. Everything was done in first class style, and the speeches

were of a much higher level than ordinary." Of the important people at the banquet he had whispered to a sponsor: "How did you ever get them to come?"

Both these grand affairs were engineered by the Irish of New York whose efforts accounted for the solid attendance. A recorder on the scene was with difficulty persuaded that Mr. George himself wasn't an Irishman.

The paperbound *Progress and Poverty* here as in Britain had widened George's audience, and the book's message was working like leaven in educated and uncultivated minds alike. George's popularity with workingmen was heightened by the actions of Terence Powderly, who, as Grand Master of the Knights of Labor, placed copies of the book in their assemblies. Under its auspices, and that of other organizations, the author lectured around New York, and intensively in the Middle West where there was a considerable stir of interest in his ideas. Yet the tours were often no financial success; at one point he wrote home that the fifty-cent admission was evidently too high.

Articles by George were sought after by the best magazines of the day. The *North American Review* ran pieces by him on the causes he pressed for: free trade, the secret ballot and, of course, land reform.

Meanwhile a growing interest in him was evinced by many professional men such as Louis Post, a lawyer and newspaperman who was later to be in President Wilson's cabinet; Heber Newton, an Episcopalian minister; and Charles Francis Adams, a prominent lawyer. These and about fifteen others, including George's family, formed a propagandist group, soon greatly enlarged, called the Free Soil Society—a name more indicative of the reformer's general purpose than the later appellation of *single tax*.

One key supporter whose aid was typically unsolicited was Father Edward McGlynn. The priest, a New Yorker of Irish descent, and an ardent, independent man, was so moved by the poverty of his parishioners that he had made a study of economic conditions. Coming upon *Progress and Poverty*, he felt that he had seen a light. His passionate belief that religion was no good unless it concerned itself with material as well as

spiritual welfare, he henceforth expressed by upholding George's ideas in the pulpit.

After George's return from Ireland they met indirectly through Davitt. Dr. McGlynn reported:

"Already captured by 'Progress and Poverty', I was now captured by its author. I found united with his lofty intellect and virile character, the simiplicity and sweetness of a child—in fact, that 'something feminine' which a Frenchman has said is to be found in all men truly great."

For several years the two men worked in close association. George was delighted with the bond, and was also convinced that if ministers in general became conscious of economic problems, they would surely see the necessity for land reform.

"There is in true Christianity a power to regenerate the world," he had written earlier, "But it must be a Christianity that attacks vested wrongs, not that spurious thing which defends them."[19] Later he was to write with even more explicit reference to the connection between religion and land:

"Is the want and suffering that exist in the center of our civilization today . . . in accordance with the will of God, or is it because of our violation of God's will. . . . Human laws disinherit God's children on their very entrance into the world."[20]

The relationship with McGlynn strengthened George's connection with the Irish-born of New York City, so that when in 1886 he was nominated to run for mayor, he had a nucleus of support among Irish-American politicians.

The widespread reading of *Progress and Poverty* among all classes was all the more remarkable in that its key economic reasonings are dry and difficult. One would not expect laborers to care much about "the margin of cultivation" or the assertion that "wages are determined by the rent line"—and they probably didn't. Yet George's grace of language and lucid, companionable tone seemed to make even his most technical chapters acceptable. And anyone could grasp the great underlying principle of his book: that the value of land should belong to the people.

CHAPTER 4

THE SUBSTANCE OF *PROGRESS AND POVERTY*

The puzzling association of progress with poverty which he noticed all around him was the fundamental premise of George's book.

"At the beginning of this marvelous era," he wrote in *Introductory—The Problem*, "it was natural to expect, and it was expected, that labor-saving inventions would lighten the toil and improve the condition of the laborer . . . (and) would make real poverty a thing of the past. . . .

"Now, however we are coming into collision with facts which there can be no mistaking. From all parts of the civilized world come complaints . . . of want and suffering and anxiety among the working class. . . . It is at last becoming evident that the enormous increase in productive power which has marked the present century . . . has no tendency to extirpate poverty or to lighten the burdens of those compelled to toil.

"This association of poverty with progress is the great enigma of our times. . . . So long as all the increased wealth which modern progress brings goes but to build up great fortunes, to increase luxury and make sharper the contrast between the House of Have and the House of Want, progress is not real, and cannot be permanent."

If this description seems overdrawn, it must be remembered that George lived at a time when little relief to poverty was in evidence. There was no federal income tax, and public out-

lays for the poor were limited. *Progress and Poverty* was composed towards the end of the depression of 1873-78—the "Terrible Seventies"—and the suffering of those at the bottom of the economic scale was plain for all to see.

Nevertheless, some forms of government aid and private charity did exist, as well as a little rudimentary union power; and so George was careful to explain exactly what he meant:

"A free competitive society . . . is the condition in which in tracing out the principles of political economy is always to be assumed. . . . I do not mean that the condition of the lowest class has nowhere nor in anything been improved, but that there is nowhere any improvement which can be credited to increased productive power."[1]

In other words, considering just the workings of the marketplace, it was evident that the tendency of material progress was not to help the poor: "Nay, more, that it is still further to depress the condition of the lowest class."

It was to solve this paradox that *Progress and Poverty* was written.

The author's first concern was to define his economic terms:

The two primary factors of production are land and labor. Labor is human exertion, and when applied to land produces objects of human utility which constitute wealth. "Land" as an economic term means not only the ground, but the entire natural world including water and air. The "rent" of a piece of land is its potential annual income.

Some favorable attribute either of resource or location provides the starting point for the value of land. It may be desirable because it contains iron, bears timber, sustains wildlife, because it is good for crops or is situated at the confluence of rivers.

For the natural desirability of land to be converted into economic value there must be some limitation of it in relation to human demand. A fertile field will have no price if there is other land as good nearby to be had for the taking.

The value of land is to be sharply distinguished from that of the buildings upon it:

"A house and the lot on which it stands are alike property . . . and are alike classed by the lawyers as real estate. Yet in nature and relations they differ widely. . . . The essential character of the one class of things is that they embody labor. . . . The essential characters of the other class of things is that they do not embody labor . . . they are the field or environment in which man finds himself; the storehouse from which his needs must be supplied."[2]

The value of land does not depend on the exertions of individual landowners. But it is influenced by the merged efforts of countless people who have built roads, factories, who have supplied water mains, police protection and all the concrete features and intangible resources which make one place more desirable to live in than another. It is society which through its activities enhances the natural worth of land.

In a long, poetic passage known as the Tale of the Savannah (a grassy plain), the author illustrates this gradual creation of land values:[3]

"Here, let us imagine, is an unbounded Savannah, stretching off in unbroken sameness of grass and flower, tree and mill, till the traveler tires of the monotony. Along comes the wagon of the first immigrant. Where to settle he cannot tell. . . . Soon there comes another immigrant. Although every quarter section of the boundless plain is as good as every other quarter section, he is not beset by any embarrassment as to where to settle. . . . There is one place that is clearly better for him than any other place, and that is where there is already a settler and he may have a neighbor . . . two men may help each other do things that one man could never do . . .

"Then come a cobbler, a carpenter, a harness-maker, a doctor, and a little church soon arises. Satisfactions become possible that in the solitary state were impossible. . . . At the wedding, there are others to admire and enjoy; in the house of death, there are watchers; by the open grave, stands human sympathy to sustain the mourners. . . .

"Population still keeps on increasing, giving greater and greater utility to the land, and more and more wealth to its owner. The town has grown into a city—a St. Louis, a Chicago

or a San Francisco . . . one of the great ganglions of the human world."

As civilization progresses, not only does increasing population accelerate the rise of land values. Technological progress, too, causes land's worth to increase, as more of it is pressed into use to meet the demands of material production made possible by the new inventions. A third factor in the rise of land values is speculation: those who withhold land in the expectation of a future increase in value make available land artificially scarce; and this raises the price on that which *is* available.

Land has a different dynamism in the economic process from anything else having exchange value. For if the demand for a labor-product rises, it is normally possible to control its price by making more of it, since the greater supply will induce a fall in price. But since land is fixed in quantity by nature, it is impossible to lower its price by increasing the supply. Hence the greater the demand for land the more its value rises.

Under current laws, the receipts from land accrue to the people who hold title to it. Yet neither in its aspect as a gift of nature nor in its aspect as a gift of society is the value of land attributable to individual owners. This phenomenon of rising land values unjustly accruing to them is the root cause of the relative poverty of producers. For since landowners, as such, contribute nothing to production, the swelling receipts, or *"rent,"* which they get from their land must be deducted from the total fruits of production, leaving that much less for *wages* and *interest,* which are the returns to laborers and entrepreneurs respectively.

"The increase of rent explains why wages and interest do not increase. . . . It is not the total produce, but the net produce, after rent has been taken from it, that determines what can be divided as wages and interest."[4]

George did not mean that wages never rose *absolutely* with increasing progress, but that rent *proportionately* took a greater share; and he claimed this was exemplified in actual fact.

The power of landlords to take over the fruits of production

is seen most strikingly in backward countries where all the land suitable for crops or mining is held by relatively few owners. Tenants are often charged the greater part of the yield of the soil, solely for the privilege of working upon it.

In industrially advanced countries the extortive powers of landlords are not so extreme and obvious. Nonetheless they exist. Owners of desirable sites or natural resources can force the men who produce to forfeit part of their earnings merely to pay for the ground they work on or the raw materials they use. Not only tenant farmers, but merchants, manufacturers and employers of many kinds must pay substantial land costs, and to that extent diminish the amount left over with which to reward themselves and pay wages to their employees.

George was not alone in conceiving of rent as possessing a unique potency to distort the natural flow of the distribution of wealth. Various economic scholars before him, notably the British classicists John Stuart Mill, Adam Smith, and David Ricardo, also held to this view. Ricardo's "iron law of wages" affirmed that with the pressure of increasing population driving up rents, wages would be reduced to the minimum necessary for workers to exist.

The difference between these economists and George was that he clearly denied both the justification and the necessity for the institution of unqualified private property in land:

"If we are all here by the equal permission of the Creator, we are all here with an equal title to the enjoyment of his bounty. . . . There is on earth no power which can rightfully make a grant of exclusive ownership in land. . . . For what are we but tenants for a day? Have we made the earth, that we should determine the rights of those who after us shall tenant it in their turn?"[5]

To combat the tendency of rent to cause the maldistribution of wealth, George proposed what to him was the only true remedy:

"There is but one way to remove an evil and that is, to remove its cause. . . . *We must make land common property."*[6]

The next step was to decide upon a method. In speaking of

"common property" George was referring in economic terminology to the financial value of land, not necessarily to its tenure. And so first he explained how he would *not* apply his remedy:

"We should satisfy the law of justice, we should meet all economic requirements, by at one stroke abolishing all private titles, declaring all land public property, and letting it out to the highest bidders. . . . But such a plan, though perfectly feasible, does not seem to us the best. . . . To do that would involve a needless shock to present customs and habits of thought—which is to be avoided."[7]

A better way was to leave land in private possession, but to appropriate its monetary value for the public treasury:

"Let the individuals who now hold it still retain, if they want to, possession of what they are pleased to call their land. . . . Let them buy and sell and bequeath and devise it. We may safely leave them the shell if we take the kernel. *It is not necessary to confiscate land;* it is only necessary to confiscate rent. . . .[8]

"We already take some rent in taxation. We have only to make some changes in our modes of taxation to take it all.

"What I, therefore, propose as the simple yet sovereign remedy, which will raise wages, increase the earnings of capital . . . abolish poverty, give remunerative employment to whoever wishes it . . . is—*to appropriate rent by taxation.*"[9]

To do this would not only produce an immense fund of revenue for the public good. More significantly, increasing supplies of land would be made available for production since idle land, its value taxed as highly as if it were used, would be forced into use. Land speculation would receive its death blow, since its profitability would be annulled by the tax, and the selling price of land would fall. All this would open up new opportunities to laborers and entrepreneurs, who with cheaper access to land would no longer have to hand over a large proportion of their earnings to landowners, and whose incomes would thus greatly increase.

There was now one more step to George's theory: from the proposal to appropriate rent by taxation to the proposal that

this should be the only source of taxation. This step was easily taken by him because he—most of the time—thought that land-rent would not only equal but amount to *more than* all current sources of revenue combined. The transition to the new system could thus be smoothly made:

"Now, insomuch as the taxation of rent, or land values, must necessarily be increased just as we abolish other taxes, we may put the proposition into practical form by proposing—*To abolish all taxation save that upon land values.*"[10]

Having reached the conclusion that all ordinary taxes could be eliminated, George saw great advantages to this proposal in its own right. Foremost among these was the liberating effect it would have on production.

"To abolish the taxation which, acting and reacting, now hampers every wheel of exchange and presses upon every form of industry, would be like removing an immense weight from a powerful spring. Imbued with fresh energy, production would start into new life. . . .[11]

"The mode of taxation is quite as important as the amount. As a small burden badly placed may distress a horse that could carry with ease a much larger one properly adjusted, so a people may be impoverished . . . by taxation which, if levied another way, could be borne with ease. . . .[12]

"Taxes upon manufactures . . . commerce . . . capital . . . improvements . . . have a tendency to reduce the production of wealth, and should never be resorted to when it is possible to raise money by taxes which do not check production."[13]

Besides bearing lightly on production, the land tax was superior to others from a practical point of view. It could be easily collected, and was not subject to the frauds so prevalent in current tax procedures; for land "may be assessed and collected with a definiteness that partakes of the immovable unconcealable character of the land itself."[14]

All the foregoing makes up the main trunk of George's ar-

gument. The book also contains tributary discussions by which he sought to clear away popular objections to his interpretation, or to his remedy.

A prevalent doctrine that countered his explanation of poverty was the *Malthusian theory,* which held that increasing population tends to outrun the means of subsistence, and can be checked only by famine and wars. This gloomy belief George completely rejected. He stated that advancing civilization, with its new inventions and more efficient division of labor, could effect an increase in production even greater than any increase in population.[15]

The most common objection to George's proposal itself was *unfairness to landowners*: both because they might have personally invested in developing their land, and because, having brought land in good faith, they were entitled to compensation for any forfeiture of its expected profits.

As to the first dilemma, George said that fertilized or otherwise improved land should be allowed to yield enough temporary profit to owners to repay them for their investment, but that after a passage of time, such improvements would have "lapsed into land" and be part of its intrinsic value.[16]

The question of *compensation* was more significant and thorny. George held that since private profit from land was such an essential injustice, owners had no more claim to compensation if a change in law cancelled their profits than did an innocent purchaser of land legally adjudged to belong to another.[17] As a practical matter, however, he averred that many landowners under his proposal would actually be compensated since they would be relieved of taxes on their buildings and personal property.[18]

Many implicit objections to the land-tax theory took the form of proposing alternate solutions to poverty that seemed more promising. The four such measures probably of most interest to modern readers are *union power,* the *progressive income tax,* the *curbing of monopolies other than landowning,* and *state control.*

What was George's answer to these proposed remedies?

The *unions* of his era were not strong, yet they did have some

power to raise wages. George—himself a member of a printers' union—recognizes this, but thought this capacity limited, and the social cost of strikes too high:

"The struggle of endurance involved in a strike is really . . . a war, and, like all war, it lessens wealth. And the organization for it must, like the organization for war, be tyrannical. . . . These combinations are, therefore, necessarily destructive of the very things which workmen seek to gain through them—wealth and freedom."[19]

Of *the graduated income tax,* which was being considered in his day, he wrote:

"The object at which it aims, the reduction or prevention of immense concentrations of wealth, is good; but this means involves . . . temptations to bribery, and perjury, and all other means of evasion . . . and, finally, just in proportion as the tax accomplishes its effect, a lessening in the incentive to the accumulation of wealth, which is one of the strong forces of industrial progress."[20]

The curbing of monopolies other than land was a policy George approved. The difference between him and those who think such curbs get at the chief root of economic maldistribution, was that he thought the land monopoly far more pernicious and fundamental. Yet he had a great deal to say against such conglomerations of power, especially those "natural monopolies" which involve not only capitalist enterprise but ownership of land. Railways, telegraph lines—anything where geographic factors make it impractical to have competing companies occupying the same space—he said should at the least be strongly regulated, and preferably owned by the government.[21]

As to *state control,* in its sense of rigid socialism, George thought it a remedy worse than the disease, leading to political deterioration:

"We have passed out of the socialism of the tribal state, and cannot re-enter it again except by a retrogression that would involve anarchy and perhaps barbarism."[22]

George's primary analysis was economic. But his conclusions

harmonized with commonly held moral perceptions, and to him it was natural that this should be so, for he saw the universe as guided by eternal principles that were the same in every sphere. That profit from owning pieces of the earth ought to be abolished was confirmed, he felt, not only by rules of economic causation, but by an innate spiritual faculty of the human mind.:

"Though often warped by habit, superstition and selfishness into the most distorted forms, the sentiment of justice is yet fundamental to the human mind, and whatever dispute arouses the passions of men, the conflict is sure to rage, not so much as to the question 'Is it wise?' as to the question 'Is it right?'

"This tendency of popular discussion to take an ethical form has a cause . . . it rests upon a vague and instinctive recognition of what is probably the deepest truth we can grasp. That alone is wise which is just; that alone is enduring which is right."[23]

In the final Book of *Progress and Poverty,* George, leaving economics behind, seeks to determine "The Law of Human Progress."

The theory of the survival of the fittest through hereditary transmission cannot account for progress, he says—for over and over again, flowering civilizations have come to a stop. Why has this happened?

Differences in civilizations do not inhere in individuals, but in the matrices of accrued knowledge from which the societies draw their strength. It is mental power which creates these environments. But there is a limit to the mental work men can do, and this power devoted to progress is that which is left over after non-progressive purposes, consisting in inner and outer conflicts, have been attended to.

While association and its accompanying division of labor is the first ingredient of progress, equality or justice—that is, recognition of moral law—is the second. For it diminishes the need for wasteful conflict, freeing that much more mental power for higher development. Thus *association in equality* is the law of human progress.[24]

As a society becomes more complex, however, and its members more interdependent, there arises a collective, centralizing power lodged in a portion of the community. This unequal distribution of power and resultant conflict tends to check the force by which society would otherwise advance. It is in this way that retrogression succeeds progress—unless social adjustments are made to promote justice.[25]

Since the dominant class who concentrate power in their hands will soon also try to concentrate ownership of land, one of the chief adjustments necessary to continued progress is the public appropriation of land values.

"The law of human progress, what is it but the moral law? Just as social adjustments promote justice . . . must civilization advance. Just as they fail in this, must advancing civilization come to a halt and recede. Political economy and social science cannot teach any lessons that are not embraced in the simple truths that were taught to poor fisherman and Jewish peasants by One who eighteen hundred years ago was crucified. . . ."[26]

George's substantiation that economic law corroborated moral law produced an unexpected result in his personal outlook: it restored his belief in immortality. In a brief conclusion to his book he wrote in a passage unique in a book on economics:

"Out of this inquiry has come to me something I did not think to find, and a faith that was dead revives. . . .

"It is difficult to reconcile the idea of human immortality with the idea that nature wastes men by constantly bringing them into being where there is no room for them. It is impossible to reconcile the idea that the wretchedness and degradation which are the lot of such a large proportion of human kind result from his enactments. . . .

"Now, in the inquiry through which we have passed . . . we have seen that the waste of human powers and the prodigality of human suffering do not spring from natural laws, but from the ignorance and selfishness of men in refusing to conform to natural laws. . . . Thus the nightmare which is banishing from the modern world the belief in a future life is destroyed. . . . And, thus, hope springs up."[27]

Henry George always had hope. He felt that even the most

engrained of institutions could be altered if it were once understood that they were wrongful and unwise. He was not only an economist and philosopher, but a man of sanguine practical intentions, and *Progress and Poverty* was a call to action.

CHAPTER 5

GEORGE AS POLITICAL LIBERAL

George's political outlook never entirely fitted into any of the accepted categories. He did not share some important Democratic tenets; his differences with the Republicans were considerably more marked, and he was certainly never in any formal sense a Socialist. The emphasis of his political philosophy shifted somewhat to the right between his next-to-last and final decades. Yet his career as a whole was permeated with a liberal, progressive spirit, and this flowered strongly in the seven years or so from the publication of *Progress and Poverty* until 1887.

Although he was to make three more trips to Britain, that first visit of 1881-82 sufficed to establish him as a leader of liberal thought both in England and the United States. At home his career was marked during this period by three events: the publication of his books *Social Problems* and *Protection or Free Trade,* and his New York City mayoralty campaign of 1886.

Social Problems was notable for the cognizance it took of monopolies other than landowning.

The period from the end of the Civil War into the 1880's had seen tremendous leaps in the power of industrial corporations: there were at least three reasons for this. The corporations had expanded to serve wartime procurement needs; when peace

CHAPTER 7

ASPECTS OF GEORGE'S PERSONAL INFLUENCE

The influence of Henry George on those who believed in him is legendary. For better or worse, his effect on his followers was such that they were frequently called "disciples," with all the connotations the word implies. Some general causes of this personal impact are clear: his single-minded ardor and independence, the inspired tone of his teachings, the eloquence of his written and oratorical word. It remains to be seen why his followers, though there were many fine and reasonable people among them, tended also to number so many of the dull, the unenlightened, the sentimental and even the fanatic. Three relatively complex aspects of his character and life shed some light on this subject, and will now be considered. They are: his intellectual democracy, his relation to the literary world, and his attitude toward religion.

George was a self-educated man whose culture came from very extensive reading, and a highly independent assimilation of what he read to his own journalistic and personal observations. He was intellectually demanding of himself but not of others, nor was he keenly conscious of the gap between his own mentality and that of the average man. He was, of course, too intelligent to be unaware of obvious differences in cultural levels, and in public life was adept at fitting his explanations

to the backgrounds of persons to whom he was talking. Yet in his habit of looking at the world he maintained a sanguine confidence in the intellectual potentialities of his fellow men.

Addressing some students at the University of California, he once said: "All that you need (to study economics) is care in reducing complex phenomena to their elements, in distinguishing the essential from the accidental, and in applying the simple laws of human action with which you are familiar"—as if to do this were in itself quite easy. Sometimes he read his editorials to his office-boys, to find out from their reaction if he had expressed himself clearly.

"There was nothing of the pompous consciousness of greatness about Henry George," observed the *New York Journal* in an editorial after his death. "His mind was of such pellucid clearness that no false modesty could obscure it. But while he felt a serene confidence that he had possession of a truth of vast importance to mankind, that consciousness never betrayed him into the faintest touch of vanity. He retained throughout a simplicity, a modest, almost diffident bearing, and an approachability that knew no distinction of persons."[1]

People of all strata responded to this open simplicity.

"I have for some time been of a desire to write you," declared a Vermont admirer, "but hardly dared to intrude upon your valuable time. . . . I have studied political economy considerable since you was here. . . . I have come to believe—aside from Nature's production—that he who obtains the production of mankind without in some way—either mentally or physically—having done his part is a 'liar and a thief, and the truth is not in him.' Am I not right?"

Equally trusting is the letter from a cultured, self-absorbed British clergyman, who wrote that no one could have "felt more enraptured than I did, when sent by you to my knees in a flood of tears. Since then I have made converts or enquirers into the land question every week—for I pass outwardly as at once a shrewd man of the world, and one who has charity and patience towards all men. . . . Your own sympathies must be my apology for addressing you with a naiveté I could not have thought of indulging towards anyone else."

The other side of George's intellectual democracy was a disregard for the outward marks of achievement. In his book *Social Problems,* lawyers, civil servants, professors and clergymen are done scant honor: his friend Thomas Shearman regretted that he should have so little liking for professional men.[2] This was notwithstanding the fact that George himself had a following in such categories, and in later years held an informal salon that included famous visitors.

Yet professional and especially academic seals of success, he regarded with dubiety. The memory of his disliked Philadelphia schooling, the far greater impetus he had obtained from his solitary reading, and his observance of what seemed to him erroneous thinking on the part of prominent, well-educated men, combined to make him consider a formal education of doubtful value. To obtain work was the main thing, and after that to develop one's own nature.

"You should learn to make a living for yourself," he wrote his son, "for this is by far the most important part of education. . . . 'Never too old to mend' is a maxim I want you to have in mind all through life. Education never ceases. There is always something to learn and something to try for."[3]

For his unbelief in the worth of professional reputation, the background of his youth was partly responsible. His formal training had ceased when he was thirteen; he belonged to no alumni associations, no professional societies. This curtailed his opportunities to meet the cream of professional men on any continuing basis. His contacts with people of achievement came predominantly through their appreciation of him; he did not seek them.

Self-confident as he was in his ideas, he set little store on opportunities for face-to-face persuasion of those who opposed or were indifferent to him. He had no desire to argue personally with authorities in his own field. This was partly the natural reluctance of a reserved man to proffer of himself to skeptics. It was also a certain propensity, born of his own temperament and of his life experience, to resign himself rather readily to being misunderstood by the well-established. There was nothing brooding about this resignation, since his energies were always absorbedly directed elsewhere.

When sounded out on the possibility of his meeting Francis Walker and Edward Atkinson, two famous economists who opposed him, he replied that while he should like to meet them before an audience, to discuss "privately with gentlemen of their stamp" would be labor wasted. And when he did finally, at Saratoga in 1890, hold a debate with leading economists, he did not think it worth an editorial in his own paper, *The Standard,* reserving his comment that week for some single-tax meeting he evidently considered more important

Yet his impact on all kinds of people was tremendous.

"The most astonishing aspect of the Henry George legend," wrote his granddaughter Agnes de Mille, "was his effect on all people with whom he came into personal contact. Without exception everyone, man or woman, was overwhelmed. He seemed to command a power, particularly in later years, that was almost mystic. Men did not merely admire; they worshipped."[4]

In one respect George did have in mind the importance of winning the attention of the professional intellectual world. This is shown by his much interrupted but never relinquished drive to write *The Science of Political Economy.* The last six years of his life read like a recital of polemic and political activity on the one hand, accompanied by a counterpoint of cessations and resumings of the book. Henry George, Jr. recounts that his father meant this work, which more than any other was directed at an intellectual public, to be the supreme effort of his life. Originally planned as an "economic primer", it was changed by its author into a treatise which should not only weld together all the principles of political economy, but should relate that science comprehensively to human civilization.

Unfortunately, George didn't live to complete the book and incorporate in it, as he probably intended to do, the land-theme that was his cardinal interest. Posthumously published, it was little more than half finished. Perhaps it would be more accurate to say that George didn't choose to complete it in the short remaining time that he sensed was allotted to him. When in 1897 against the advice of his physicians he embarked on

the second mayoralty campaign he was, consciously or otherwise, deciding to put political activity above the work of intellectual exposition.

His most ambitious book for the winning of intellectual attention was thus never really written: *The Science of Political Economy* as it would have been had he lived to include in it the main idea of *Progress and Poverty*. Even if he had done this, the book would not have answered the specific objections which trouble doubters of his doctrine today. (The work which comes closest to doing that is *Social Problems*.) But it would have added to his stature as an economic philosopher.

An original thinker in the social sciences sometimes exerts an influence through literary circles, and since George himself was a distinguished writer, it is especially pertinent to examine his relation to the authors of his time.

He was a scholar rather than a man of letters. He read prodigiously in history, economics, philosophy, seizing instantly out of a page the ideas which were serviceable to him. All the classic economists of the eighteenth and nineteenth centuries, Greek and Roman law and philosophy, histories by Herodotus, Carlyle, Macaulay, Buckle, Guizot, the works of scientists, statesmen, Orientalists, martyrs, of Voltaire, Bacon, Montesquieu, Kant, Jefferson, and many more, were absorbed by him to nourish, by acceptance or disagreement, his own thought.

For his pleasure he read much poetry, especially the high-minded, lyrical kind of that Victorian era: Tennyson, Browning, Arnold; in his own country, Longfellow, Whittier, Lowell, and probably many others whose names do not happen to be found among his papers. A contemporary noted that he cared more for nobility of feeling than for poetic merit, and if one peruses the scrapbooks he pasted up for his own edification, this seems all too true.[5] Along with rousing ballads by Bret Harte and Eugene Field, verses of faith by Rossetti, Bulwer-Lytton, Whitman, and such reputable bracers as *Paul Revere's Ride* and *God Give Us Men*, there is a lot of doggerel replete with homely sentiment. The titles give the idea: *The Poor Man's Song, How Mama Plays, Loneliness, The Orphan's New Year, That Baby from Tuscaloo*.[6]

If one excepts Shakespeare, he did not read extensively in fiction or drama. As a youth he enjoyed novels and counselled his sister Jennie not to despise them, though he himself, he said, had little time for them. He even thought of writing one; perhaps it would have been in the vein of some adventure sketches he did write. There is no record of his having cared for psychological fiction, except for George Eliot.[7] He favored fine narrative prose of external action and color; when he was ill, Defoe, Robert Louis Stevenson, and the *Arabian Nights* were read to him.

Yet if his response to literature apparently had its limitations, the excellence of his own style and the range of his philosophic thought were enough to entitle him to interested recognition in literary circles. What, actually, was the quality of this recognition?

"I have no hope at all here of the literary classes," he once wrote from England—a truth which, George Bernard Shaw notwithstanding, was only moderately impaired by modesty. In the United States he had a circle of literary disciples, most of them from the Middle West, all minor figures on the American scene. The best known were Hamlin Garland who wrote *Tales of the Middle Border*, and the poet, Edwin Markham, who wrote *The Man with a Hoe*. There were also some liberal political writers including Frederic Howe and Lincoln Steffens.

Potentialities for a following of major literary figures were there, but they didn't "take." Mark Twain and William Dean Howells, though personally friendly, were in no sense disciples. Robertson James came to call, but there was no rapport between George and his famous brothers William and Henry. Henry Adams called too; there was no further contact even though his brother Charles Francis Adams was a staunch George supporter.[8]

Yet personal connections cannot be expected to go very far towards winning intellectual interest. Much more significant was the fact that among the social-minded school of writers just arising, there were no major ones who cared about the land

question. This was true even when the themes of their books were exactly illustrative of conditions the economist had cited.

In *Maggie, A Girl of the Streets,* Stephen Crane sketched the sordid tenement world with its temptations to prostitution that George dwelled on in the 1886 campaign. Later on, Upton Sinclair's *The Jungle* reeked with the miseries of the workers in the Chicago stockyards, whose owners, holding the terminal locations and conniving with the railway men, really constituted a "landed" monopoly. As for the privately owned railroad itself, one of George's arch-targets, there has never been a novel which so branded it as a monster sucking the life out of the land as Frank Norris' *The Octopus.*

None of these writers expressed any recorded interest in George; nor was there any attention to his main idea from the other authors of the naturalistic school, such as Dreiser who had just begun to publish before George's death.

All this is not meant to imply that George's intangible influence on American literature was negligible. In so far as he publicized resistance to monopoly he contributed to the literature which sprang from that revolt. But it is his direct influence, such as would be indicated by adherence to land-reform ideas, which is being studied here, and this was obviously very limited.

The works of those who did follow him suggest one of the reasons for this limitation. Garland, Markham, the poet Bliss Carman, and others, were writers with a feeling for the open spaces, where "land" has significance in its most pictorial sense of farm, forest and prairie.[9] Writers and artists love the concrete, and George's insistence on land appealed to those for whom the transference from the economic word to the background in which they were rooted was most easily made. Otherwise "land" as a factor in human destiny held little conviction for creative minds. Since landowners in America (unlike those surrounding George's greatest literary convert, Tolstoi) were in the main not a recognizable class, but could be city-dwellers, business magnates, anyone;—it was easier for writers to envisage rich capitalists, or the new machines, as forces in the drama of industrial oppression, than to believe in an abstract problem of land-ownership.

George's direct literary following was thus slender and peripheral, tending to die out not long after his lifetime. His ties with the only first-class publications that since his death have proffered his ideas came about fortuitously. These publications are the original *Freeman* magazine (1920—1924) and the *Christian Science Monitor.*

The *Freeman* was published by Francis Neilson, a British actor-playwright, one of a coterie of theatre people (including the de Mille family into which George's daughter Anna married) who frequented George's home. Neilson was also a political philosopher who was much attracted to George's ideas on freedom, and in this he found a bond with Albert Jay Nock.

Nock, the distinguished essayist and critic, became the *Freeman's* co-editor. With others he gave this excellent "little magazine" a strong Georgist tinge, sprinkling it with pieces that favored the land tax or praised George as a great social thinker. In 1939 he wrote a brief book, *Henry George,* in which he set out to explain why the economist had been ignored. He found this answer:

George had the mind of a philosopher, but the temperament of a propagandist. Various circumstances, above all poverty, conspired to repress his inborn philosophic instinct, so that it asserted itself only when he was writing his books. The rest of the time he engaged in publicist and polemic activities which sadly resulted in the misinterpretation of his doctrine.

All this has the ring of truth. But then Nock went off at a tangent, projecting onto George's philosophy his own drastic bias—as shown in his book *Our Enemy the State*—against all forms of political organization. He painted George as an arch individualist, "the best friend capitalism ever had," who had somehow been misled into accepting candidacies which made him looked upon as "a cheap labor-skate," and whose belief in "the educability of the masses" had been utter waste. George's soundly balanced view of the need for both individual and social spheres of action became, in Nock's mind, warped onto the side of sheer anti-collectivism.[10]

Nock never met George and wrote that he "did not follow his campaign attentively." But he did know many of the liberal

Georgist followers: Louis Post, Frederic Howe, Newton Baker, Joseph Fels; and he wrote that "their acceptance of the State as a social institution amazed me." It may have been in all sincerity that he gave his own anti-state twist to the ideas of George himself, but in any case it was a real distortion.

With its brilliant insights and savorous style, Nock's writing, had it embodied a truer interpretation, could have been the missing link between literary people and Henry George. Instead, it strengthened the voice of those within the movement who chose to look upon George as a definite foe of government interference.[11]

Quite different in its approach is the *Christian Science Monitor,* which down the years since its founding has given space to George's ideas. The depression of 1929 revived a faded interest in land value taxation, and in the twenty years to follow there were over fifty pieces on the subject. Besides explanation of the economic proposal itself, and comments on the persistence of the movement, there have been varied sidelights: an interview with George's daughter; an account of what Marx and George thought of each other (not much); an account of what Samuel Seabury thought of George (a great deal). A financial writer analyzed the reasons for the neglect of the movement, with the opposition of real estate interests and the aggressive manners of his Georgist correspondents put to the fore. The over-all tone of the commentary has been open-minded, and the interpretation accurate.

A News Editor has explained the *Monitor*'s attention to the topic on two levels. A tradition of interest was begun by Willis Abbot, editor of the paper from 1921 to 1927 and some 25 years earlier, campaign manager for George. Also the *Monitor* tries to give its readers ideas from the past which may prove constructive for the present, and so the subject has survived on its own merits.

It has been shown that the center of George's following did not lie in any professional group. While politicians, economists and writers certainly noticed, often admired, and sometimes

even agreed with him, the core of his supporters consisted of people who, first and foremost, had faith in his personality. The inspirational, magnetic quality of his character was in turn bound up with his own religious feelings and attitudes, which must be studied if one is to understand what drew his followers.

This side of his life is quite complex.

His innermost, personal response to religion is perhaps best shown in a long letter he wrote Father Dawson, a priest who wanted him to become a Catholic:

"My dear Father,

"Don't be disturbed because I am not a Catholic. In some things your church is very attractive to me; in others it is repellent. But I care nothing for creeds. It seems to me that in any church or out of them, one may serve the Master. Because you are not only my friend, but a priest and a religious, I will say something to you that I don't like to speak of—that I have never before told to anyone. Once in daylight and in a city street there came to me a thought, a vision, a call. . . . And then and there I made a vow. Through evil and through good, whatever I have done and whatever I have left undone, to that I have been true. It was that that impelled me to write *Progress and Poverty,* and that sustained me when else I would have failed. . . . That is a feeling that has never left me, that is constantly with me. And it has led me up and up. It has made me a better and a purer man. It has been to me a religion, strong and deep though vague—a religion of which I never like to speak or make any outward manifestation but yet that I try to follow. . . . And when you remember me in your prayers, which I trust you sometimes will, do not ask that I shall be this or that, but only grace and guidance and strength to the end."[12]

Yet a few years later the writer of this beautiful letter was to be called "an utter cheap reformer" by no less a person than Theodore Roosevelt.[13] That he had been far surpassed by George in the mayoralty vote may have made Roosevelt a bit edgy; still, he was too honest to have said such a thing unless he really thought it. The remark shows to what extent well-

educated, intelligent people of George's day could misconstrue his personality. Not a little of this reaction is traceable to a kind of variance between George's inward and outward attitude to religion.

A deeply reserved, individualistic spiritual feeling shines out of the letter to Father Dawson, but this did not always appear in George's public words. In both books and speeches he often seemed to wear his religion on his sleeve as he spoke of God in the exhortatory, personalized terms of orthodox creeds.

Take this passage from *Progress and Poverty:*

"Though it may take the language of prayer, it is blasphemy that attributes to the inscrutable decrees of Providence the suffering and brutishness that come of poverty; that turns with folded hands to the All-Father and lays on Him the responsibility for the want and crime of our great cities. We degrade the Everlasting. We slander the Just One."[14]

Or this from *The Condition of Labor*:

"Nor do we hesitate to say that this way of securing the equal right to the bounty of the Creator and the exclusive right to the products of labor is the way intended by God for raising Public revenues."[15]

When one considers such passages, one sees why many cultivated people looked on George's religious fervor with misgiving. It is not that intellectuals distrust the religious impulse in itself, for they well know how often it is the mainspring of the most valuable realistic action. Albert Schweitzer, for instance, has been revered the world over for just a combination.

But religion as the inner, unspoken impetus to outward endeavor is quite different from the identifying of practical proposals with the intention of God. That kind of union of religion and action, mentally sophisticated people distrust, for it suggests to them that the ideas being advanced may be the products of ethical wishful thinking rather than of the truth.

How is it that George, who was at heart both rather introverted, and uncommitted to any institutional creed, presented himself so often in the guise of an evangelist? Apart from the churchly influence of his childhood, the answer seems to lie in two directions.

The main reason was that he was undertaking the novel, difficult task of depicting political economy as ruled by spiritual law. In doing this he was running athwart of much vague but profound public assumption; for many believed that economic laws were those of the jungle, that the poor must always be with us, and that wars and famine were the answer to an expanding population. To counteract this, George kept driving away at his insight—to him fortified by strict economic analysis—that a beneficent purpose underlay the economic structure of the world. In trying to instill this perception into others, it was natural for him to emphasize the all-powerful, merciful character of the Deity.

The other answer lies in his contact with organized religion, specifically with the Catholic Church. This came about accidentally. Because the Irish happened to be having an acute land problem, George wrote in sympathy with them early in his career; then since the Irish are predominantly Catholic, many Catholics became his supporters. When Dr. McGlynn's excommunication for endorsing George's mayoralty candidacy turned the latter's thinking toward the policies of the Church, he not only belabored its political tendencies but also the failure of this church, and of others, to concern themselves with economic misery.

George's connection with Irish Catholics thus combined with his innate feeling for the spiritual basis of economics to preoccupy him more than would else have been the case with institutionalized religion. The irony of it was that churchgoing religion did not interest him, and he dwelt on it mainly for its lacks. But this orientation brought under his aegis many quasi-religious, sentimental or fanatical people, such as graced the antic meetings of the Anti-Poverty Society. Here could be found that combination of religious with over-simplified economic thinking, which an historian of the Georgist movement has rightly said was to the detriment of both.[16]

The spirit of discipleship which sprang up around George was not fostered by him. He once wrote a poetess who had too fulsomely praised him that if he should ever think of himself as better than others, he would lose what strength he had.[17]

His letters and diaries, compared to the outpourings of friends and relatives, are plain, unpretentious, almost laconic in tone, while in his books he was capable of a succinct, casual wit not usually found in the idol of "devotees."

Nevertheless, there was something in his personality that laid him open to the discipleship of the foolish as well as of the wise. His sense of humour was probably in abeyance when he was in a crusading mood; it was not, at any rate, the constant, automatic safeguard of, say, a Lincoln against sentimental supporters. And modest as he was in his own right, he did at the end of his life develop a kind of martyr complex for his beloved cause.

This is shown in the attitude he displayed in accepting his second mayoralty candidacy. A high-minded killing of two birds with one stone is not amiss in political life, and if a man wishes to combine promoting a cause with a genuine desire to win office, the educational results of his campaign may be very good. But what is one to make of George's approach? It shows a quaint disregard for the actual responsibilities of mayorship to be perfectly prepared, as he was, to die in obtaining them.

Yet this selfless opportunism generated a strange power.

"Oh, Doctor, you should have been here to see 'politics' as they were conducted in the 'Union Lyman Hotel' for these three weeks," wrote Annie George to Dr. Taylor after her husband's death. "I will never forget it. It was a beautiful experience to see him surrounded by his friends and followers all ready to sacrifice anything for a principle laid down by their beloved leader. What a heavenly look would come into his face as some old friend would appear to offer his allegiance. He grew Christ-like within the last year. Everyone spoke of it."[18]

In conclusion, it would seem that while George was alive the inspiration of his character won him the devotion and partial intellectual assent of many enlightened men and women. However, while various liberal-minded people who stood high in their professions greatly admired him, there was no tradition of support for him in academic or literary fields, and his political followers among the progressives were not fused into a really effective force in his behalf.

As his lifetime receded into the distance, the close personal influence on those who had known him rarified and thinned out. Its place was outweighed in the public mind by the impression the hortatory expression of his ideas had made on numbers of followers, including the uneducated and the dogmatic, to whom his doctrine's chief appeal was the simple idea that Land, the gift of God, should belong to the people, while they should reap the "fruits of their labor."

This mental legacy did not correspond with any great accuracy to the actual quality of George's thought. To be sure, he did think that land values should belong to society, and often spoke of it in a preaching vein. But what he was fundamentally trying to convey was that economic law, as confirmed to him by strict economic reasoning, was really part of universal spiritual law.

Though his whole life was conditioned by the desire to give the land question its rightful significance, the means whereby he chose to do this were manifold. His abstract, theoretic mentality enabled him to see the land problem as enmeshed with many others, and his hopeful temperament led him to believe that opportunity lay first with this activity, then with that, for bringing it to public attention.

That the agreement of professors, economists and other established intellectuals was essential to the acceptance of his ideas, was a truth which he underestimated. A combination of sensitivity and dislike of the airs of success kept him from pressing his contacts with the influential persons who crossed his path. Too magnanimous and too absorbed in the drive of his own work to carry a chip on his shoulder, he nevertheless almost leaned backwards in avoiding involvement with professors who had even partly opposed him.

Therefore, he never developed with any economists the close ties which might have inspired them to analyse his proposal with concerned care, and advise him of any errors within it of proportion or presentation.

ifornia. Some slight legislation in Hawaii and the repealed effort in Southfield, Mich. complete the record of any actual shift to land value taxation throughout these two decades.

If the movement has not really reached its educational goal, and its legislative goal, so far, still less, has it nevertheless had some valuable side-effects, both on the outside world and on the Georgists themselves?

Besides the assessment-raising, occasional moves to levy taxes on land values enhanced by new public constructions reflect a possible Georgist influence. In a more general sense, many people including the graduates who drift away, as well as municipal officers and others newly contacted, have at least been struck with the justice of taking the profits from Land for the public treasury.

The greatest intangible influence, however, is apparently still an ingrown one: that upon the Georgists themselves. Through all the years, thousands have found in the movement an ideal that fills their lives, and gives them something unique and satisfying to work for.

The summer conferences draw to a close with a banquet addressed by some much-honored Georgist; and an Auld Lang Syne spirit prevails, with many personal anticipations for the next year's meeting. When asked what was the value of these gatherings, a longtime officer replied:

"It's an opportunity for Georgists to come together and renew their faith. You go away feeling, 'I'm working for a going concern' and get ready to start spilling your blood for it again."

CHAPTER 17

IN THE 1970s

During the 1960s the Henry George movement had been inching along toward less dogmatism and greater contact with the outside world. Georgist leaders, overcoming their earlier distaste for "planners," solicited the good will of these very people whom formerly they had wished to instruct that Natural Law made planning unnecessary, and approached them along with other civic leaders via plausibly-written brochures and occasional mutual conferences.

Meanwhile an intramural storm was brewing. In late 1968, upon the retirement of the School's nonagenarian Californian president, Joseph Thompson, the presidency had fallen to Arnold Weinstein, a New York attorney and former School trustee. It soon was clear that he had been mandated to give the institution a new look. According to rumor it was Raymond Moley, executive head of the Lincoln Foundation which held the School's chief purse strings who, dissatisfied with the lack of progress, had ordered this.

Heads began to fall with various degrees of finesse. School directors in various branches across the country were dismissed; longtime teachers found themselves "on leave of absence" or retired. Even receptionists weren't immune: two outspoken sisters who long had been considered part of "the Georgist family" were replaced by smiling, office-girl types. The Coffee Shop in New York no longer welcomed strangers off the street, and the cozy, somewhat irrelevant entertainment

of the "Fridays at Eight" was ended. The editor of the *Henry George News,* Alice Davis, was retired and this monthly sheet, losing its well-written folksy character, became less of a house organ, but also less colorful.

Many of these changes were merely cosmetic, others more substantial. The instructors were broader in their economic opinions, and the actual reading of *Progress and Poverty* was not considered indispensable. Some guest professors gave lectures on urban problems, social philosophies and the like that had little directly to do with George's teaching.

"The Henry George School has gone off its trolley," mildly remarked the ousted New York director, Robert Clancy, who promptly founded a traditionally minded organization of his own, the Henry George Institute. Other directors who had been relieved of their posts asked the Henry George Foundation of Pennsylvania to lead the movement and sponsor the summer conferences, which for two years it did. Later the Lincoln Foundation dropped its financial support of the school, which freed the latter to go its own way with no strings attached; and a tax expert surprisingly belonging to the Liberal Party, Philip Finkelstein, was made director of School headquarters in New York.

Probably the most significant change was that the reading of *P & P* was no longer considered all-important (though previously it had not been absolutely mandatory). Instructors now used it wholly, partly or not at all, as they chose.

For instance, one way of giving the basic course was the method worked out by Dr. F., an historian and businessman. He used an abridged paperback of *P & P*, assigning readings not necessarily in the order found in the book.

Emphasis was on George's general philosophy rather than on his specific economic scheme. The readings were supplemented with citations from historians such as Vernon Parrington, Charles Beard, Eric Goldman, and from past public figures. George's thought was placed in historic context: he lived at a time when land speculation was at a peak due to railroad expansion; and when his ideas had an alluring sim-

plicity of appeal to newly-organized Labor. Previous condemners of private property in land (Moses, Jefferson, Tolstoi) were alluded to, but it was pointed out that George was the first economist to expound a direct connection between this institution and social ills.

When it came to the lessons on "the law of wages" and the "law of rent," these were gone through dutifully but casually; Dr. F. had no comment on "the all-devouring rent thesis." He did, however, firmly agree that private profit from land was a great factor in economic dislocation, and he felt that George in theory was right to oppose any compensation to landowners.

Some current topics were brought in: that broadcasting channels are a natural resource which should not be abused for profit; that the same goes for many enterprises, such as the lumber industry, which in ripping up trees has impeded future growth.

The class was small, congenial, enjoyable, taking place in a wood-panelled lounge with coffee at hand. Discussions were always welcome. When one student objected that George exaggerated land as the cause of poverty, and another said he neglected the merits of ability-to-pay taxation, Dr. F. concurred with an unexpected definiteness:

"Yes, George had some blinders on, he is polemic, he overdoes it. He was a wonderful person and a wonderful economist, but he takes positions and does not admit of any other possibilities." This significant comment was a far cry from the total acceptance of *P & P* shown by School instructors a decade earlier.

The focus of the course was on George's place in history, his prophetic gifts, the beauty of his thought and prose, the essential rightness of his ideas about land. But there was no attempt to assay specifically what might be mistaken in *Progress and Poverty.*

It is uncertain what meaning these educational changes have had for the movement, or whether George's proposal through legislative action has been gaining in acceptance to any degree.

To take the educational picture first. The School has ob-

viously become less doctrinaire in its teachings. The frequent discarding of *P & P* as required text has led to a less rigid interpretation of the theory, and the recruitment of more teachers outside the pool of Georgist graduates tends toward the same liberalization of outlook. No longer are students gently led to insist that "wages are determined by the rent line," that land monopoly is the chief cause of poverty, and certainly not that the land tax should be the sole one.

But these are negative virtues. It is difficult to determine just what has been substituted in place of the old clear-cut teaching. When *P & P* in the past was adhered to almost literally, it was taken for granted that what it taught, allowing perhaps for a little overemphasis here and there, was fundamentally irreproachable. When the book is not used, however, the students are given an unfocussed assortment of messages: that land monopoly is unfair and discourages production; the desirability of shifting the tax from buildings to land; the importance of "freedom," and so on. Even when *P & P* itself is used—much less literally and without the Teachers' Manual—there is no real objective analysis of it: no evaluation of where George might have been partly wrong, or might not have expressed himself fully in his presentation of the laws of distribution which was the core of his theory.

The School has often wondered if its *methods* are at fault, but this is not the case. Actually it has done well in conveying what it has to offer in imaginative and quite effective ways. But the basic *substance* of what is taught remains insufficiently examined. As a consequence, its graduates do not discern a proposal of such clearly significant applicability to present conditions as to attract them in any great numbers to this cause.

To its legislative achievements the movement has added a little more land value taxation in Pennsylvania. As a result of Georgist pressure in this state, Harrisburg adopted the differential tax in 1978, and in 1979 Pittsburgh doubled the percentage of the tax to be laid on land. In the latter case, the increased land-revenue was applied not to the relief of building taxes, but to forestalling a proposed increase in payroll taxes: a significant change, though not heralded as such in the Georgist press.

When it comes to wider legislation, however, there is nothing in the 1970s except those changes in Pennsylvania. In state after state Georgists have mounted efforts for this municipal tax-shift, and report with enthusiasm any attention to their efforts. In view of the number of endorsements they constantly receive—Ralph Nader has been "listening to" Georgists, Senator Muskie has "considered" land value taxation, this mayor and that councilman thinks it an excellent idea—the paucity of actual accomplishment suggests that most legislators simply don't deem the proposal important.[1]

The top Georgist leadership is still predominantly conservative. The president of the School is a representative of Mobil Oil, with the anti-government stance typical of such a position. The new head of the Schalkenbach (its broad-minded executive secretary, V.G. Peterson, having retired in 1976) sends out letters which in their anti-tax, free-enterprise urgency might belong to the literature of the Conservative Party.

On the other hand, the School's director in New York is a liberal, as are some Georgist officials in California. In both places measures other than LVT have sometimes been advocated by them, such as the public leasing of city land under certain circumstances.

The annual summer conferences proceed with a few differences from the last decade. The participants' average age is slightly younger, though it is still a middle-aged group. There are virtually no longer any cranks in the audience, and the atmosphere is a little less "Georgist," with more unaffiliated speakers.

In 1979 a week-long conference took place at a hotel in San Francisco to celebrate the Centennial of *Progress and Poverty,* written in that city. Over two hundred and fifty people attended, including delegates from eleven countries, preponderantly British Commonwealth nations. The sessions were chaired with verve and considerable wit by two young men of the host School.

The program announced one hundred lectures or panel discussions, to be presented by Georgists and the usual outsiders:

local civic leaders, professors with an interest in the movement, an occasional student working for a Ph.D. Typical titles were: *An Ethical Order, Site Value Rating in South Africa, Should Small Business Support Land Value Taxation, Communicating the Georgist Message,* and *Who Should Own the Earth?* The medley of topics resolved itself for the most part into two categories: statements of the philosophy behind George's proposal, and reports on achieved or potential practical applications.

A novelty for American Georgists—except those who had attended the quinquennial International Conferences—was the presentation of papers relating Georgist activity in other countries.

Australia has always been the leader. Here "site value taxation," as it is dubbed in Commonwealth and European countries, has flourished for sixty years, with two-thirds of the municipalities taxing land values only—not buildings—for their local revenue. Federal and state taxes still operate as usual, and nowhere is the full value of the land collected, so the Georgist proposal even here is only partially implemented. Yet statistics show that, as far as it goes, this has resulted in much beneficial construction.

New Zealand follows Australia in the adoption of site value taxation, with lesser but reputedly substantial benefits at the municipal level. In Denmark and Holland, the procedure has been adopted in various localities and periods, then dropped; yet these countries' representatives spoke sanguinely, in undiminished confidence in the correctness and importance of the method.

A participant from Taiwan told how Chiang Kai-shek, cognizant of *Progress and Poverty*, transferred land from the large landholders to farmers, so that the island is now, greatly to its advantage, a nation of small owner-tillers. Though this does not involve taxation, it is in the general spirit of Henry George. A spokesman reported on site value taxation in South Africa, and a young man from Kenya explained its beginnings there.

Jolly and scholarly, these men from foreign countries enlivened the sessions with a sense of the scattered but world-wide breadth of George's influence.

The philosophically-disposed talks were given with so much earnest enthusiasm on the part of each speaker that one almost forgot one had heard it all before. Stated anew were the themes of the injustice of landowning, the menace of special privilege and, of course, the desirability of free enterprise. Two upholders of this latter tenet were a longtime Georgist minister, Wylie Young, and the perennial Perry Prentice.

Mr. Prentice, among other things, a Vice-President of *Time-Life* and President of the National Council of Property Tax Reform, gave a talk entitled The Trillion-Dollar Cost of Today's Property Tax. Saying that the two-trillion dollar value of land (as estimated by the Federal Census Bureau) was a juicy subsidy to landowners, he pronounced soaring land costs to be the biggest single domestic element in inflation. The cure for this, as well as for urban decay and land waste, was: "The property tax Henry George died fighting for," a phrase he repeated four times.

Since "property tax" usually refers to built-upon real estate, the implication was that George died fighting for the shift to taxes on land from taxes on buildings. The fact that he died for something considerably different didn't prevent this venerable exponent of the old-time religion from receiving perhaps the greatest applause of the conference.

The Rev. Young, an equally popular warhorse of the movement, spoke of land as the birthright of all people, and of the duty of the clergy to support this, impressing his hearers with his histrionic yet heartfelt delivery. He likewise laid heavy emphasis on tax removal, advocating "a simple twist of the property tax policy . . . rescinding all taxes on buildings and improvements."

Broader approaches, however, were manifested too, especially in the talks of Rolland O'Reagan, the civic leader representing New Zealand; Mason Gaffney, an economist loosely affiliated with the movement, and David Hapgood, a writer on social issues.

In his report on New Zealand, Dr. O'Reagan, while lauding what site value taxation had done for construction and city planning, said the Georgist reform had not been envisaged in

a comprehensive enough way. As now practised, it was not applicable to natural resources. Therefore he counselled that some classes of land should be let out on long-term leaseholds: a kind of nationalization.

Dr. Gaffney, chairman of the Economics Department of the University of California at Riverside, noted that "we have not faced to whom to give the land-rent"—a simple enough thought, but one rarely occurring to Georgists. He advocated that it be used to reduce payroll taxes, rather than to reduce building taxes which is now the automatic result of the differential tax-shift. He approved the windfall profits tax, saying rental profits from energy sources should not be undertaxed. But although it was then pending before Congress, there was no further mention of this tax at the Conference.

David Hapgood was the most explicit of all the speakers in advocating measures that bypass the usual Georgist tax-shift. He said Georgists should consider land conservation trusts, the conservation of fossil fuels through severance taxes, the application of land rentals to the improvement of transportation, the public appropriation of the land values arising from broadcasting channels, and the question of who shall own underseas resources. Especially notable was his implication that Georgists should lend support to groups outside their own institutions, rather than simply try to convert them to "land value taxation."

What direction for the future was indicated by this lively Centennial Conference at the end of the 1970s?

The political orientation of the movement was not even mentioned: it was assumed that it had no such particular orientation—just a philosophic base that transcended the usual divisions of American politics. The consensus as to what should be done centered on procedural changes: greater unity of organization, more effective communications with society at large.

Despite the suggestions that had been offered by several speakers for different legislative methods, the wind-up sessions, with their "plans for the next hundred years," offered no commitment to pursue any of these—and certainly none to

support the aims of any outside group. It seemed taken for granted that the urban tax shift would still be the main goal. (When the write-ups of the Conference appeared in Georgist publications a couple of months later, there was virtually no mention of the *specific* approaches in other directions suggested by Gaffney, Hapgood, etc., merely a recommendation that "we join with others.")

San Francisco took some cognizance of its famous citizen.

The *Chronicle*, of which George was manager in the 1870s, devoted a half page to the Centennial; a banner stretched across the front of the hotel where he conferees stayed. The executive secretary of the California AFL/CIO at a public luncheon spoke of George's ties with Labor. The Public Library, which George had helped to found, held an exhibit and ceremony in his honor: an official in a dignified and touching talk told how George understood what books meant to those who couldn't afford to buy them. Another reception took place in the soaring, splendid rotunda of City Hall, where speakers from all the nations represented at the Conference each gave his tribute. In this building a compelling portrait of Henry George dominated the entrance. Georgists rarely mention George as a person, usually thinking only of his philosophy—but suddenly the man was there.

Two other cities held celebrations too.

In Philadelphia, George's birthplace, Agnes George de Mille, imparted to yet one more audience her impressions of the "palpable presence" her grandfather was to his descendants. Another speaker was Congressman Henry Reuss, chairman of the House Banking Committee, who stated that current problems of inflation, energy and recession could "be met in a meaningful way by a system such as Henry George preached."

In New York, the seat of George's maturity and of his political campaigns, a display of Georgian memorabilia was opened by a gala reception in the Trustees' Room of the Public Library. Agnes de Mille was again faithfully the hostess. The somewhat distinguished gathering of about two hundred included Georgist-connected professors and writers, and a half dozen television

personalities and journalists. A mayoral proclamation of "Henry George month" was read; Governor Carey sent a message; Senator Javits stopped by; the *New York Times* ran a substantial article.

No one refuses to honor Henry George. Yet scarcely anyone prominent in public life tries to adopt his ideas. The enigma persists.

The Georgists themselves are only partially self-congratulatory on the way things have been going. Many are aware that something is wrong. This was expressed with unusual force by an attorney and longtime school teacher, in one of the Georgist magazines:

"The tangible results of George's noble teachings are sadly sparse. . . . What (or who) is to blame for the exiguous harvest realized from the seed that was sown? Is the fault in our stars or in ourselves, or in some circumstance that until now we have not recognized?

"Having duly sung 'Happy Birthday', and having reaffirmed faith in the philosophy of Henry George, the celebrants [especially those pretending a position of 'leadership'] ought very diligently to do their best to find answers to the simple queries I have presented. If this challenge is not met, then the sesquicentennial of *Progress and Poverty's* publication, and the bicentennial thereof, et cetera, will mark no more progress and no less poverty than now prevail."[2]

Yet to end on this note would be to misread the temper of the movement. Georgists are congenitally hopeful.

PART III

WHY THE LAND TAX CONCEPT HAS BEEN DISREGARDED

CHAPTER 18

THE MAIN COUNTERARGUMENT

So far the weight of narrative evidence will have given the reader some idea of why the Georgist movement hasn't made greater headway. This question will now be taken up from a more formal angle, involving economic and political principles. And since to solve the enigma of an important economic idea relatively ignored, one must at least start with the issue of its correctness, a good way to begin is to consider the main arguments of George's critics and see if they can be satisfactorily answered.

As has been recounted, there has been a plethora of demurrers to the application of George's theory: it would be hard to differentiate between intrinsic land value and improvements; it would be unjust to deprive current owners of their rent-yields; the tax-shift from land to buildings might produce overbuilding, etc.

But such considerations are all subordinate to the overriding basic question: is private profit from land really a major cause of poverty? Is it really responsible enough for the maldistribution of wealth to make it worthwhile to cope with the above-mentioned problems for the sake of changing the system?

Critics contend that it is not. Their underlying objection has been not so much to the difficulties of application as to the theory itself. "Henry George was all right as far as he went," they seem to be saying, "but he went too far. Land isn't as important as all that."[1]

This chapter will weigh the pros and cons of this argument.

What George thought was that the high prices of land deprived workers of cheap access to land, and that this bottleneck was the primary cause of poverty. Landholders, he held, could absorb all the fruits of progress, and force wages to a bare minimum:

"Labor cannot reap the benefits which advancing civilization thus brings, because they are intercepted. Land being necessary to labor, and being reduced to private ownership, every increase in the productive power of labor but increases rent—the price that labor must pay for the opportunity to utilize its powers; and thus all the advantages gained by the march of progress go to the owners of land, and wages do not increase."[2]

But land monopoly—that is, a control exclusive enough overwhelmingly to affect the price of land and derivative working conditions—was never as severe, except in some rural, feudal societies, as George portrayed it in his theoretic assumptions. In industrial countries it was never true—even before the days of union power and other factors which counteract the workings of natural economic law—that landlords could siphon off all the workers' surplus income.

This belief of his is what the British economist John Hobson, a contemporary and admirer of George, called "the fallacy of the residual claimant." In a brilliant analysis of what was right and what was wrong in George's teachings that to this day has not been surpassed, he wrote in 1897:

"Some have found it hard to understand that many in this country should accept a theory which posits the landowner as the 'residual claimant' in the scheme of distribution and assigns to him the power to take every increase of wealth beyond the minimum requisite to sustain labor and capital. . . . The merest tyro in economic thinking must perceive that the power of competing landlords to tax the manufacturing and commercial classes falls far short of their power over the agricultural and mining classes, and that even in the latter case the constant expansion of the area of production . . . clips the wings of English landlordism."[3]

It was indeed this "fallacy of the residual claimant" that was the weak spot in Henry George's theory. If this was true even in his own time when a larger number of employments were agricultural or extractive, it is even more so today, when a far greater proportion of work is industrial or commercial, and therefore not so predominantly dependent on land; and, moreover, when there are so many human services needed that can give employment without utilizing any extra land at all. Inexpensive access to land is no longer, if indeed it ever was, the prime requisite for securing employment and decent wages. Men might have access to cheap, productive land and still not be able to make a living. Entrepreneurs might have difficulty in obtaining sufficient capital regardless of whether land costs were high or low.

Georgist sympathizers answer this by pointing out that land costs in various forms add up to a large component of economic enterprise, and that to reduce them via a stiff tax would favor the more equitable distribution of wealth. The fabulous prices now often demanded for city land would be deflated, for if high asking-prices were to be nullified by the high land tax, there would be no sense in speculation. The creation of housing would not be hampered by initial high land costs. And the less a business establishment has to pay for the ground on which it stands, the more it has left over for wages and returns to suppliers of capital.

As to natural resources, if the government were to absorb a greater share of the profits from these through increased royalties or stricter leasing arrangements, larger revenues would revert to the people to whom these resources justly belong, while corporations feeding on these resources would not reap so much of what is partly unearned income.

So although the unearned profits from land are not the all-decisive factor in low wages and unemployment, they do have a substantial bearing on the problem of inequitably distributed wealth. Many public figures outside the Georgist movement have concurred in this to a greater or lesser degree.

An important corollary to the objection that land monopoly

is not as crucial as George thought it was is the claim of his critics that he ignored other great inequities in economic society. They point to the elements in the industrial set-up whereby certain men win higher rewards than others, not by dint of superior exertion or talent but due to various factors in the way the economy operates.

This argument really divides itself into two considerations, often not clearly distinguished from each other. They are: (1) a mass economy *automatically* bestows many unearned gains; (2) there are numerous special privileges and deliberately collusive practices that obtain unearned profits for certain men or groups of them.

1) The first point may be illustrated by a hypothetical example. Suppose that in a village in India there are two shoemakers, Mr. X. and Mr. Y.,and that Mr. X. is slightly better at crafting the kind of shoes his customers want. In a year he has made perhaps 1,000 rupees more than Mr. Y. Suppose now that both men emigrate to the United States, and each sets up a shoe-manufacturing company. Before long Mr. X. may well be making a million dollars more than Mr. Y. Their relative personal capacities haven't changed, but the mechanisms of mass machinery, mass advertising, a mass market, have multiplied Mr. X.'s slight superiority into vastly greater earnings. Moreover, he can invest these earnings to yield him an amount of interest that would never have accrued to him in India. In short, *the multiplying factor in* industrial society has yielded him much personally unearned income, which is an automatic result of living in that society.

2) In the second category, special privileges causing unearned profits may include (besides the landowning privilege) all franchises to public utilities: telegraph, telephone, gas, pipelines, rights-of-way given to railways, etc; leasing of natural resources on terms allowing high profits to the operators; also tariffs, patents and banking privileges. Deliberately collusive practices include certain mergers, price-fixing and all the monopolistic activities which anti-trust laws are aimed at.

How would George have answered the criticism—advanced in countless discussions of the "single tax"—that these factors

making for inequitable distribution have been slighted in his theory?

As to the first category, though he was a little ambiguous on the point, sometimes mentioning "the appropriative power of vast aggregations of capital," he usually implied that mass production didn't automatically engender unearned profits. But some of these profits which are apparently due to "the multiplying factor" are actually—as he held them preponderantly to be—due to more specific causes. Taking the example of the Indian shoemaker, it well might be that much of Mr. X.'s profits stemmed from the facts that the land on which his factories or outlet stores were situated had risen in value; that he had secured patent rights; that he had invested in corporate enterprises whose monopolistic character assured him high dividends. So even though the remainder of his profits were attributable to mere mass production, George's point of view on this score would still have a good deal of validity. For if all advantages due to special privileges and monopoly practices could be eliminated from the picture, the residue of unearned windfalls due to automatic processes would indeed be much smaller.

As to all these particular causes of maldistribution, far from ignoring them, George specifically pointed them out. He didn't look upon landowning as the only significant unfair privilege, but was well aware of the others, mentioning them briefly in *P&P* and detailing them in *Social Problems*. Among these he listed franchises to all kinds of public utilities; patents; banking privileges; and he wrote a whole book—*Protection or Free Trade*—against the tariff. His perception of the unearned profits due to deliberately collusive practices was equally acute.

So George was actually in agreement with his critics in thinking that society was riddled with special privileges and monopolistic arrangements other than landholding.

He did, however, advocate an unusual way of dealing with the maldistribution of wealth caused by these factors: he thought that these causes of inequity should be abolished at the source—that they simply should not be allowed to exist in the first place. The protective tariff and extended patent rights

should be done away with by legal changes; trusts should be broken up; utilities should be run by the government.

But a large question remains: why is it not generally appreciated how keenly aware George was of all these non-land monopolies?

The primary reason his grasp of these sources of economic injustice has not received sufficient credit is that he himself did not emphasize it. With the exceptions of land and the tariff, there is comparatively little about these special privileges in his speeches, his editorials, or any of his books except *Social Problems*.

Why did George neglect, so to speak, his own acute perception of all the sources of maldistribution not attributable to landowning? Here one must revert to a point made earlier in this chapter: his "fallacy of the residual claimant." For he not only held that land was the greatest monopoly—which may be true—but he wrote that nothing else would avail to correct the maldistribution of wealth until the land issue was settled.

To sum up the main points arrived at:

1) George attributed to the influence of land profits upon the economic process an exaggerated supremacy but he was right in thinking that these profits are a cause of the maldistribution of wealth. 2) He was quite aware of economic inequities other than landowning and believed they should be combatted through legislative changes, yet he gave them relatively little emphasis in his writings and addresses. 3) As to the desirability of collecting the unearned income from land, the difference between George and many thoughtful critics is a question of degree.

CHAPTER 19

THE MISSING PROVISO IN GEORGE'S THEORY

Although contrary to the impression given by the name "single tax," the abolition of *all* taxation was not an important intrinsic concept to George, he did stand strongly for "as few taxes as possible." Yet this was not entirely so at the outset of his career. In *P & P* he wrote that nationalization of land, if possible, would be perfectly just, and he was "overjoyed" when it was proposed in Ireland, saying the right principle was being followed.[1] So he was initially capable of considering a land reform proposal that made no mention of taxes at all, yet ended up tolerating and adopting an appellation that mentioned only taxes and not land.

There is a wide swing of emphasis here, and a discrepancy of tone that is deepened if one considers his political behaviour. He ran only on Democratic and Labor tickets, always campaigned for Democratic presidents, and was a lifelong champion of the working man. Yet tax removal is much more usually a Republican and businessmen's concern. Here is a kind of inconsistency of social philosophy whose heart has not yet been reached.

That George wanted "as few taxes as possible" sounds rather simple; but actually the reasons behind his attitude toward taxation-as-a-whole are complex, and require exploration if one is to place his entire economic philosophy in its true context.

To repeat, his objections to general taxation were that it hampered production and diminished freedom of action, and secondarily that it entailed chicanery.[2] But one cannot stop here if one wishes to plumb his entire philosophy relative to taxation in its usual forms. Besides noting his specific reasons *against* it, one must wonder why he apparently dismissed such a major argument as exists *for* it. Many people would agree that taxation tends to discourage production, that it engenders fraud and wasteful costs, and that it somewhat restricts the individual. And yet all this is outweighed in their minds by the belief that taxation, especially the progressive kind, serves a useful redistributive purpose: they believe in what is known as the ability-to-pay theory of taxation.

The question becomes especially acute when one realizes that George himself was a great expositor of unjust distribution.

In Chapter 2, Book IX of *Progress and Poverty* he says: "The dangers that menace our civilization do not come from the weakness of the springs of production. What it suffers from, and what, if a remedy is not applied, it must die from, is unjust distribution!"[3]

If his chief objection to taxes was that they hamper *production*, and if he specified that the great malady of civilization was unjust *distribution*, why did he seemingly discount the redistributive function of taxation? He was well aware of this purpose, since he wrote of the graduated income tax that, though undesirable, "The object at which it aims, the reduction or prevention of immense concentrations of wealth, is good."[4]

To understand why he nevertheless on the whole discounted the equalizing merits of "ability-to-pay" taxation—which includes income, inheritance, luxury and some property taxes—let us first analyze the rationale behind this theory.

Ability-to-pay proponents hold that inequality of wealth is, more often that not, due to factors of unjust distribution over which the relatively poor have little control. The two economic categories, previously noted, into which these factors may fall are (1) the automatic workings of large-scale industry; (2) special privileges and deliberately monopolistic practices. (There are also social factors such as lack of education and race prejudice.) The champions of ability-to-pay taxation take for granted that these economic sources of maldistribution form part of the intrinsic fabric of industrial society, and that one of the best ways of redressing the injustice is to collect more revenue from the rich than from the poor.

George's premises, as has been shown, differed from theirs in two ways.

First, he made light of the *automatic* tendency of a highly industrialized society to generate unearned profits; that is, he discounted the "multiplying factor" in mass industry which can multiply the difference between a more and a less able competitor's earnings far beyond any individual deserts. Although he was not entirely specific on this point he predominantly implied that such differences were due to special privileges, not to unpreventable forces.[5]

Second, and crucially, he differed from the ability-to-pay proponents in his way of dealing with concrete inequities. For it was his distinctive belief that in one way or another *they could all be banished separately*. Though the land monopoly was in the forefront of his mind, he was for eliminating all the others too.

In *P & P* he cited the railroads and telegraph service as utilities which should be government-owned, and in *Social Problems* he added the telephone and the supplying of cities with water, gas, heat and electricity to this category. In both books he spoke against patents and tariffs and deplored monopolistic combinations, being especially specific against the latter in *Social Problems*.[6]

He was highly aware of the impact of all these inequities upon workers. "How many men are there who fairly earn a million dollars?" he asked in *P & P*, and although there he was thinking of the land privilege, in *Social Problems* he extends this thought. In Chapter V, *The March of Concentration*, he states:[7]

"Steam and machinery are operating . . . powerfully to concentrate industry and trade . . . men under the old system independent are being massed in the employment of great firms and corporations . . . the mere laborer is becoming more help-

less, and small capitals find it more and more difficult to compete with larger capitals."

In Chapter VI, *The Wrong in Existing Conditions*, he specifies the elements of monopoly which go into the making of this condition. The ownership of land values is just one of them. Others are the private ownership of utilities and transportation, patent rights, tariffs, banking privileges, collusive combinations, rings and pools.

"I think it difficult to instance any great fortune really due to the legitimate growth of capital obtained by industry. . . . There are deep wrongs in the present constitution of society but . . . they are wrongs resulting from bad adjustments which it is within our power to annul."[8]

How does all this tie in with the climactic *Progress and Poverty* formula that to relieve poverty it is necessary only to appropriate land values? Is it not evident that much has been left out?

Since George thought that most causes of economic injustice could be cut off at their beginnings through legislation, the logical link between his proposal to cancel land-profits and the suitability of abolishing redistributive taxes would have been the cancellation of all the other unearned increments which cause maldistribution too.

But he did not incorporate this logical link, this proviso, into his formal land tax proposal. He didn't say anything to this effect: "If in addition to destroying private profit from land, we eliminate all the other sources of unearned income—private utilities, monopolistic combinations, tariffs, patents and banking privileges—*then* we may safely dispense with ordinary taxation." He made the elimination of the land monopoly the sole condition of tax abolition.

That George already was deeply aware of all the non-land monopolies, but omitted them from his great P&P formula is a point which apparently has never been raised in print. If it seems implausible that this should be so and that the matter yet should be of basic importance, there is this to consider:

It is much easier to recognize a stated error than the major

significance of something that it left unsaid. An insight into the fact that something has been *omitted* is apt to seep into one's consciousness only after one has been immersed in a subject for some time.

Professional economists have not spent that much time mulling over what George knew but didn't say, and certainly not the consequences of this omission (to be discussed later). They have, quite understandably, confined themselves to evaluating what he actually stated in *Progress and Poverty*, and have not felt impelled to probe for what might be left out.

Georgists *have* brooded for decades over Henry George's proposal; with them the obstacle to awareness of his omission is a different one. Though they are willing to admit that he may have overestimated the land issue, as partisans they are reluctant to conceive that he could really have made any serious error—even one of default.[9]

Yet this flaw of omission in George's stated "remedy," this only apparent disregard of all the sources of economic maldistribution other than landowning, is the key to the discrepancy many have sensed between his known liberalism and the relative conservatism of the movement which derived from him. For to imply that the cancelling of the land privilege alone would cause the maldistribution of wealth to vanish is not an adequate portrayal of his own comprehensive thought.

Why, in giving his chief economic formula to the world, did George neglect to take into account the whole complex of non-land economic factors of which he was so well aware?

The root cause was his utter engrossment with the supremacy of the land question. This made him touch lightly in his presentation on all the other inequities. He conceded that they would not vanish even if the landowning privilege were abolished, but he simply scanted their importance. "All other monopolies are trivial . . . as compared with the monopoly of land," he wrote in *P & P*. And in *Social Problems* he specified: "We might recognize the equal right to the elements of nature, and yet tyranny and spoliation be continued. But what-

ever else we do, so long as we fail to recognize the equal right to the elements of nature, nothing will avail to remedy that unnatural inequality in the distribution of wealth which is fraught with so much evil."[10]

Added to this view was his abstract mode of thought, which made his mind leap easily to an ultimate ideal state when all sources of economic injustice would have been banished. And so he was enabled to present his land tax theory in the classic, symmetric way that was dear to him: "apply taxation to Land, remove it from all else," without marring this simple formula with all sorts of, to him, lesser qualifications.

But he underestimated the magnitude and tenacity of these supposedly lesser monopolistic factors. Consider what social and political struggles it would take to do away with all franchises to public utilities, all trusts, monopolistic combinations and monetary privileges, etc., and how far from any such state society actually is.

This underestimation, *when combined with the recommendation for tax removal*, had significant consequences for the philosophic thrust of his proposal. For as long as the sources of maldistribution run rampant—as indeed they do—one cannot say that measures corrective to maldistribution are unnecessary. It might be a good thing to oppose hampering taxation if a genuine free market existed to begin with: if there were no special privileges or collusive arrangements of any kind. This, however, is a tremendous "if", a huge, complicated, unfulfilled premise. That George reasoned in *P&P* as if it were an actuality instead of the remotest of possibilities, that he didn't make the qualification that tax removal logically must depend on many prior reforms for its cogency, left a gap in the underlying structure of his articulated theory which subtly altered its political tone.

Like a chemical that is harmless until it is combined with another chemical, *the concept of the supremacy of the land question was at worst an exaggeration until it was combined with the proposal that ordinary taxes be soon removed. Linking it with this latter idea*, however—which, in assuming that redistributive taxation would be unneeded once the land privilege

was removed, bypassed all the other inequities—*resulted in an outlook qualitatively different from the anti-privilege philosophy from which George's thesis originally sprang.*[11] It laid the land tax proposal open to espousal by men who did not share his essential attitude towards economic life.

For in the world of politics and legislative action, people are usually divided between those to whom one or the other of these considerations are paramount: the elimination of unfair privileges which conduce to the maldistribution of wealth; or else the diminution of government regulation and taxation. While in theory one may, of course, favor both, in order to get political action one must choose which to put *first*.

And George chose. He once wrote that "the motto *Laissez faire* has been taken as the watchword of an individualism which tends to anarchism" and he deplored "the so-called free traders who have made 'the law of supply and demand' a stench in the nostrils of men alive to social injustice."[12] Always supportive of the interests of the common man, even in the last somewhat anti-tax decade of his life his sense of what measures must come first in order to achieve this did not desert him.

When at the 1893 Single Taxers' Conference he unsuccessfully voted for government control of utilities against the majority of his so-called followers, he characterized his opponents on this vote as tending strongly to "anarchism." In 1894 he supported the Pullman-strike workers, not their business employers. And in 1896 he not only campaigned against the Republican presidential candidate McKinley, who with his manager Mark Hanna stood for "free market" forces, but he reproved the Republican-voting single taxers for being seduced by business interests.[13] (A year later, his voice was to be stilled in death.)

His journalistic sense of the realities of public life served him well; and if in his writings he only occasionally made concessions to the quite possible need for some government redistribution, his political life indicated that to him the elimination of unjust privilege was the supreme issue, transcending all others.

Yet this movement went in a different direction. Led pre-

dominantly by Shearman and business-oriented men, its chief legislative aim was the "single tax limited," which stipulated that no more revenue be collected from land than could be rebated from already existent taxation. Tax removal became as important as attacking land profits, if not more so; George's other reforms such as government ownership of utilities were not sought. Federal power was looked at askance.

But why did the Shearman anti-tax, anti-government school of thought prevail? George also had progressive associates such as Louis Post and Tom Johnson. Johnson above all, who as mayor of Cleveland and Congressman was a more influential man than Shearman, might have been expected to lead the way. George pinned his greatest hopes on him.

The answer lies in the character of the bulk of the early Georgists. George's intellectual democracy made him welcome into the movement all and sundry, and his evangelical personality attracted many with little understanding of economic priorities, but with a metaphysical cast of mind. The majority of his followers consisted of people with more idealism than brains, to whom the abstract philosophy of his plan was very compelling.

These metaphysically-minded supporters were drawn to the anti-tax component of George's teachings because it appeared to lend a symmetric, moral structure to the whole thesis. The concept of land as nature's gift to all was balanced by the concept of wealth as belonging wholly, and undiminished by taxation, to those who had worked to produce it. This simple architecture of thought was accepted at face value by Georgists, with no questionings as to how the pre-supposed prior condition of a society with no monopolies and true free enterprise was to be achieved in the first place.

If George himself, in his expository writings and speeches, was often carried away by this ultimate, utopian, classic rendering of his theory, such a simplified, harmonious abstraction had an even greater hold on his followers, who didn't have his sense of practical realities with which to modify or counteract it. His proposal in its barest theoretic form: "all revenue from Land, no taxes from production," satisfied their ideological

leanings, enabling the emphasis on freedom from taxes to set the tone and political coloration of the movement.

In summary, George's famed *P&P* formula did less than justice to his total economic philosohy. Its omission of any reference to the non-land monopolies made it logically incomplete as a remedy to the maldistribution of wealth, laying it open to espousal by followers more committed to untrammeled production, as well as to opposition from the economists.

As a footnote: for fifty-six years (1903—1959) the *Encyclopaedia Britannica*'s entry on Henry George was an article by Thomas Shearman. This suggests how easy it was for Shearman's version of George's philosophy to enter economic literature. It was emphasized that the land tax would be the only one, and no mention was made of George's stand against unearned privilege in general.

CHAPTER 20

WHAT GEORGISTS COULD DO

In 1979—80 a remarkable application of George's essential principle took place in the United States. Involving tens of billions of dollars, the unearned gains of certain owners of "land" were appropriated for the public treasury.

What a breakthrough! The only trouble was, the Georgist movement either ignored or mildly disapproved of this development. Though it had been in the limelight since it was proposed by President Carter in April, it was not discussed at the Centennial Conference of August 1979; and nobody missed it.

It was, of course, the windfall profits tax on oil. The reason Georgists didn't care for it is because a tax on profit-as-such is unacceptable to them. George had said that "profit" was an unscientific term including the just returns to supervisory labor and capital with the unearned gains of monopolistic privilege, and that it therefore was not valid to tax away profits in themselves.

All this is true as far as it goes, but the Georgists overlooked two elements in the situation:

George wrote, "while it would be extremely difficult, if not altogether impossible, to levy taxes . . . so that they would fall exclusively on the returns of such monopoly and not become taxes on production . . . it is much better that these monopolies should be abolished."[1]

For one thing, the windfall profits tax on oil involved a clear case of excess profits *not* being indistinguishable from earned

profits: they were the automatic result of the rise in price of imported mid-East oil.

Secondly, what George advocated where such profits were inseparable from earned profits was "that these monopolies should be abolished"; and although in *P & P* he was here referring to spatially determined monopolies (railroads, etc.), in *Social Problems* he cited Standard Oil as one of the "combinations" not to be tolerated in a just society—one of the "wrongs . . . which it is within our power to amend."[2]

By any reasoning it seems inescapable that he would have recommended either the windfall tax itself, or some other stringent curb on the suddenly-swollen profits—in view of the energy crisis perhaps even nationalization.

But it is noteworthy that although the windfall tax was then pending before Congress, there was no recommendation at the Conference to solve the oil monoply in this or any other way.

The windfall profits tax was only the most striking of such measures aimed at curbing the unearned gains of natural-resource owners. There had been many others, either proposed or passed by non-Georgists. For instance:

1) Anti-oil-depletion-allowance legislation was passed during the Nixon administration. 2) President Ford recommended a "windfall tax" on the high profits of gas producers, and President Carter (before 1979) similarly advised a ban on "unwarranted profits." 3) When oil-shale deposits were discovered in Western states, Senators Paul Douglas and William Proxmire proposed that their value be retained by the people. 4) The 1976 Tax Reform Act made it impossible for investors in oil, gas, farming and (later) coal to use their leasing arrangements as tax shelters. 5) In 1976, over President's Ford's veto, a coal-leasing reform bill was passed which raised the minimum royalty to the Federal government.[3]

The Georgist movement in the United States has taken no part in any such issues, though there have been occasional approving remarks in some of the little Georgist magazines, or by a speaker at one of their conferences. Even more completely disregarded by them is a related category of issues: the

draining of unearned profits from public utilities such as electric companies, transportation lines and communications. Although George even advocated public ownership for these, such curbs to them as have been currently suggested have been made entirely by non-Georgists.[4]

The chief reason Georgists neglect these and various other issues which one might expect to interest them is that they are preoccupied with a single legislative aim: the differential tax-shift or "land value taxation." Though this term in its purist definition simply means the high taxation of land values, in the movement's parlance it almost invariably denotes a mathematically corresponding abatement of taxes on buildings. This 'LVT," the direct descendant of Shearman's "single tax limited," is the goal of which Georgists are enamored. Its balanced dualism of higher taxes on the land supplied by nature, and across-the-board tax relief on what individuals have built, seems to them the basic expression of George's theory.

The great bulk of their written and spoken efforts, their approaches to legislators, city planners, civic leaders, editors and economists, and the application of their funds, has gone in this one direction.

Yet this expression of the land-tax principle, whatever merits it may have in itself, does not truly embody George's theory. It alters the incidence of the proposal in two ways: in regard to both its impact upon landowners, and its results for the public at large.

1) LVT is applicable only to urban and suburban land, where improvements yield a large component of the total real estate value. Vast tracts containing oil, minerals, timber or water power, land adjacent to railway lines, the airwaves, etc. are excluded from its intention.

Not only are the owners of these resources untouched by the measure, but even in cities, the unearned gains of landowners are captured only to a limited degree. For expensive buildings and expensive sites habitually go together, and if the former are to be tax-abated, the landlords of the latter are at least partially compensated. The proposal certainly does not affect

rich city-dwellers who own no land as such, but who may be amassing wealth as stockholders in corporations based on natural resources.

2) LVT alters George's primary intent not only by affecting such limited categories of landowners, but in the way it allocates the extra land-revenue collected. The increased yield from the higher tax on land does not go into the public treasury but, by a mathematical formula, is wholly applied to building-tax relief. This net land-revenue benefits a special and not necessarily needy group: people-whose-improvements-are-worth-more-than-their land. To be sure, this group is apt to include small homeowners, shopkeepers and businessmen; and to reduce their tax bills has a certain utility. But the procedure offers no relief to the poorest people who live in rented rooms (there is no guarantee that the landlords would pass on their tax savings to them).

Altogether the measure has some merit in that it captures some unearned land-income, notably from speculators in vacant and underused lots; it also encourages slum clearance, since when a landlord's tax bill goes up on his land he will be impelled to recoup this by erecting better, relatively tax-free buildings on it. But it is basically an incentive to the production of buildings rather than the redistribution of wealth. Even though this increased production may have results which in certain localities are beneficial, the procedure does not express George's privilege-destroying and redistributive purpose.

Georgists have claimed that if "LVT" were achieved in many cities, it would prove an entering wedge to a wider tax on all land, including natural resources. But an entering wedge is not much use if it is pointed in an irrelevant direction. A measure appealing to the champions of untrammeled production is—politically speaking—not apt to attract the opponents of monopoly. Such people as have supported the urban tax-shift, whether Georgists or public officials, have given little more than lip-service, if that, to the higher taxation of natural resources or landed corporations.

How, then, should George's proposal be applied to express his true intentions of taxing away land-profits, and of restoring these values to the public?

1. *How to tax away land-profits*

It is essential to appropriate more of the value not only of urban ground but of all "land." This includes the holdings of corporations dealing in oil, coal, timber, hydroelectric power and many other resources, and not only the raw materials they use in their operations, but also the real estate which many own sheerly for profit.

These values could be captured by higher leases, royalties or sales prices; by special taxes on the landed assets of corporations, or perhaps by an excess-profits tax indexed to the value of such assets. The reduction of oil depletion allowances, or of tax subsidies such as now enrich the coal barons of poverty-stricken Appalachia, could provide tax-money for the people of the regions.

Urban land revenues might be increased by two methods outlined in the Douglas Report: an income-tax rate instead of the present lower capital-gains rate on landed gains; or a transaction tax progressively geared to the value of the profit *at the time of a sale*. And simply bringing tax assessments closer to market value would yield extra revenues: this method is particularly appropriate where a public improvement, such as a new subway line, has enhanced the value of the land. The reduction of high real-estate depletion allowances would also help.

2. *How to allocate the extra land-revenue*

George's chief purpose for the appropriation of unearned land values was to return them to workers and producers. He thought that access to unmonopolized land would raise wages automatically. But this is not now the case in industrialized countries; and so different methods should be sought whereby the increased land-revenue could reward earners.

One such method (which in 1979 was legislated in Pittsburgh, Pa.) is to apply such revenue to the relief of the payroll tax. This is especially consonant with the spirit of George's reform, since the income tax, non-existent in his day, is now the chief source of revenue, and the payroll tax is laid on that portion of income least susceptible to monopoly profits. Another method would be to use the money to give employment in

needed public works, such as mass transit repair, or the erection of low-cost housing.

The revenue could also well be applied to the reduction of the national deficit—provided it served as an an addition to, not a substitute for, other progressive measures currently being suggested. Such a nationalization of locally raised revenues —especially those from oil-rich states—would be in keeping with George's thought, for he wrote:

"There is no reason why at least the bulk of the revenues needed for the national government . . . should not be collected from a percentage on land values, leaving the rest for the local governments. . . . On the contrary there is . . . a strong reason for the collection of national revenues from land values in the fact that the ground values of great cities and mineral deposits are due to the general growth or population."

Many of the methods suggested above have been proposed from time to time by non-Georgists. Altogether there are ample opportunities for Georgists to join actively in land matters already in the public consciousness. These include environmental issues, where considerations of private profit from "land" often determine the usage of a natural resource.

The air waves furnish a prime example of this. With what eloquence might not George have pointed out that the mixture of triviality, consumerism and violence which constitutes so much of video fare is the result of the profit-motive having invaded this great realm of nature.

In another direction, the private ownership of oil has immense implication for the way people live, and even for foreign policy. Profit must of course be allowed for the work of extracting and processing raw materials, but if no profit were obtainable from *mere access* to oil, decisions as to its use relative to other forms of fuel, or its extraction from native rather than cheaply drilled foreign soils, would be made more clearly in the public interest.

Such reasoning applies to many other environmental and ecological issues. If there were no more advantage to be gained, for instance, from access to uranium than from harnessing the forces of sun, wind and water, the question of nuclear versus

renewable forms of energy would be freed from a motive that is unheedful of the best solution in human terms.

Finally, how could the educational arm of the movement become more effective?

Teaching *Progress and Poverty* as "fundamental economics" will never succeed, because it isn't that. Yet to eliminate the book as required reading deprives many students of what might be a unique inspiration. A solution would be to divide the *P & P* course into two parts:

The first—titled "*Progress and Poverty* as Literature, Philosophy and Economics", or something of the sort—should do no more than present the economic argument, leaving it to the second course to discuss it.

The second part might be called "History and Appraisal of George's Theory." The history, among other things, should point out how today's "land value taxation" is actually Thomas Shearman's "single tax limited." The appraisal should note the insufficiencies as well as the central truth contained in George's stated remedy.

Such a course (besides being available at the School) might be acceptable to certain high schools and colleges in a way that the present Georgist curriculum is not. As a sequel to this, some economics majors—with time, intelligence and freedom from vested interests in their favor—might chose to devise ways of gradually modifying the status of land ownership. The best of their theses could be handed on to civic and political leaders for consideration.

CHAPTER 21

CONCLUSION

After a long search backward into the history of the movement it should now be posssible to discern why Henry George's proposal has attracted such an uncertain mixture of admiration and rejection. There is one major cause resulting from a chain of factors, all of which have been described and which will now be recapitulated.

The point of departure was George's overestimation of the role of land in determining economic affairs. Clearheaded and intrinsically sound, he did nevertheless have a slight vein of fanaticism which made him accord too supreme a priority to the land question. To be sure, in his day of an expanding frontier and the rapid exploitation of natural resources, there was ample reason to look upon land ownership as a potent economic factor. Yet there was something in his personal make-up that made him overrespond to this consideration, seeing it as the undeniable basis of economic life in all countries and at all times. There was always—except in some underdeveloped countries—more of a salutary competition among landholders than he indicated, and they did not constitute the impeding bottleneck to good wages and employment that he portrayed. Though he admitted of many other sources of monopoly power, he wrote that no reforms in other directions would avail unless the land question were settled first.

This depiction of the economic structure was what John Hobson called George's "fallacy of the residual claimant"; what

others, including Georgists themselves, have dubbed "the all-devouring rent thesis".[1] A variant way of expressing this criticism—taken, among others, by many economics professors and a host of Socialists—was that George gave too little weight to the power of non-land monopolies. Many writers without specifically stating this objection have implied it by rejecting George's proposal as a remedy for the maldistribution of wealth.

Yet among those who have considered the thesis at all, there is a general concession that the unearned income from land is significant, and that it would be well if it could be publicly appropriated. So far the main criticism of George's theory would simply be that it embodied a disproportionate emphasis on Land.

The next factor in the chain of causes was a quality of George's personal temperament. He was by nature, and also by family background, peaceable and non-revolutionary. Though he was undauntedly outspoken in defining what seemed to him the greatest social evil, he wished economic change to be brought about with as little trauma as possible. "Great changes can best be brought about under old forms," he wrote.[2]

To accompany the public capture of land values with the abatement of other levies struck him as the least disruptive way of attaining land reform. Extending this concept to its full length, he arrived at the recommendation of a "single" tax, since removing *all* taxes would conduce to the largest possible amount of land-value appropriation.

"What I, therefore, propose," he said in his climactic *Progress and Poverty* statement, "as the simple yet sovereign remedy which will . . . abolish poverty . . . is *to appropriate rent by taxation*. . . . We may put the proposition into practical form by proposing—*To abolish all taxation save that upon land values*."

No mention is made of all the other unearned privileges against which he had also often inveighed.

That he neglected to incorporate all these other inequities into his formula was, of course, no fortuitous oversight. It was the direct result of his tremendous preoccupation with land; it

was the "all-devouring rent thesis" from another angle. *As such, it would have been no more than an error of proportion, had he not made the appropriation of land values dependent upon tax removal.* Once this linkage was made, however, the whole proposal underwent a subtle but crucial transformation as to its direction. For beneath the plausible-sounding advocacy of "high taxes on land, as few as possible on production" lies a hidden knot of inconsistency when that "production" contains sources of unearned gain, apart from landowning, which it is the function of taxation to redistribute.

The great *Progress and Poverty* "remedy" thus did not embody George's total economic philosophy. It did not reflect his insight into the necessity of banning many privileges other than land-profiteering, nor his tolerance of various government controls, including some taxes, as long as these injustices should prevail. In his political activities he was instinctively aware of this unvoiced proviso, always taking the part of the workman rather than the businessman, opposing the free-market presidential candidate McKinley, advocating the public ownership of transportation and communications. But as far as his famous formula went and all his speeches supporting it, though it was essentially a liberal, anti-privilege proposal, its flaw of omission not only made his theory seem more simplistic than it actually was—alienating many economists—but paved the way for his followers to go in a conservative, anti-tax direction.

George was an author, an economist, a philosopher, a journalist, and his oratorical gifts fitted him to be a campaigner. But he couldn't be everything, and a political leader he was not. He was too prone to accept the support of any groups that sympathized with him on the land question, regardless of what their other goals might be. This, again, was because he saw private profit from land at the foundation of the economic structure, to which everything else must relate. If "all roads lead to Rome," it doesn't much matter which road one takes. And so he allied himself with people and movements with whom he had little in common save the land issue, confidently expecting

they would advance his solution of it, when in point of fact they did not.

When one surveys his life, this is a pattern one finds throughout. For instance, he thought that if land reform were urged in Ireland, it would take fire elsewhere; that if churchmen saw it as their duty to alleviate economic distress, they would favor the land tax; that the connection between fair wages and land reform was so close that to be a Labor candidate was to advance the latter cause too; that if free trade became a popular issue, it would prove an entering wedge for the land question.

None of these matters worked out as he thought they would. The Irish land question did not speed land reform elsewhere —much less George's version of it. Ministers have become more socially concerned—but not conscious of a land problem. George's Labor followers, once his campaigns were over, turned to unionism, not to land matters. As for free trade, which grew into a popular issue, no one (outside of Georgists) thinks of combining it with land reform: in fact, it is difficult to remember what the relationship is.

In all these connections, though George dwelt hopefully on what he and the respective group had in common, they inevitably contained elements not favorable to his cause. But the linkage above all others that was ultimately decisive for the movement was his association with Thomas Shearman and the businessmen who followed in his wake.

Once Shearman, with George's acquiescence, had named the movement "single tax," it appealed to people to whom the removal of taxation and government controls was just as important as the removal of the land privilege. In fact, in many quarters the tail of tax relief was wagging the dog of land reform.

It may seem unnecessary to make too much of Shearman's personal influence. If he had not existed, there might well have been someone else to act as catalyst for the anti-tax, business-minded supporters. Once George had joined tax relief to his land proposal, the movement was laid open to that. But by the laws of probability it is unlikely that anyone else would have hit upon a name as detrimental to a true understanding of George's theory as "the single tax."

Although there were progressive associates too, notably Tom Johnson and Louis Post, it was the Shearman school of thought that prevailed in the movement, certainly as far as legislative goals were concerned. The determinant in this situation was the character of the rank-and-file who, unversed in economics and attracted to George as a moral philosopher, found the simplistic balance of "all taxes on land, none on production" satisfying to their metaphysical bent.

Leaders then arose, such as Frank Chodorov, John Lincoln, Perry Prentice and very many others, who deepened this approach into a businessman's free-market ideology.

So imbued were they with the idea that the land tax must go in tandem with equal tax relief that they felt no enthusiasm for improving land conditions unless their desire for corresponding tax removal was also met. The taxation of natural resources was mostly ignored, and what was essentially the "single tax limited" became the movement's primary aim. Now called land value taxation or "LVT," it embodies Shearman's stipulation that no more revenue be collected from land than is abated from improvements, and carries with it some of the same connotation that it is not good for governments, especially the Federal government, to have too much money.

While it has some merits in itself, this property-tax reform cannot serve as an adequate outlet for George's message. It is not really targeted against poverty, but for greater production, chiefly of buildings. If one believes in the "filter down" theory of prosperity, one might argue that greater construction benefits everyone including the poor. This, however, was not George's reasoning: he was for the direct redistribution of profits from land into the public treasury. Since the treasury is now supported chiefly by the income tax—non-existent in his day—with property taxes accounting for but a small fraction of total revenue, to make restitution to property owners rather than to income earners expresses only the letter and not the spirit of his reform.

The procedure, moreover, is limited in its scope, leaving out of its orbit the whole great area of natural resources. While Georgists at times recognize the need for other types of land

reform, it is this urban tax-shift, and the emphasis on tax relief which goes with it, in which they have invested their efforts, their money and their philosophic faith.

By adopting the property tax shift as its major legislative goal, and making far too much of George's occasional anti-state cautions, his supporters have missed their rightful constituency among the opponents of unearned privilege. The single tax limited, which George thought of as a stepping-stone to his total proposal, is "limited" not only in scale but, more importantly, in its direction and relatively conservative philosophy. A maverick Georgist official said, confidentially, that this orientation had indeed been "the tragedy of the Henry George movement."

That George had an inkling that the movement tended in an inappropriate direction is shown by his observing at times that some single taxers were "anarchists," or that others compromised too much with business interests. But he didn't live long enough clearly to discern the gap that was growing between him and his followers. The first single tax campaign took place in 1896, and he died in 1897.

There are many chances for supporters of George's philosophy to join in land issues already in the civic consciousness if they would aim for the public appropriation of land value regardless of whether buildings were to be untaxed or not.

More land revenue could be raised by bringing tax assessments closer to market value; by charging higher royalties or giving fewer tax breaks to natural-resource developers; and by the various methods of capturing urban land values outlined in the previous chapter. As to where the extra money might go: the relief of payroll taxes, the financing of public works that create employment, and the reduction of the national deficit are all good possibilities.

In this book little has been said of underdeveloped countries since George's proposal was after all a tax suggestion, and these regions seem to alter land ownership by simple expropriation and redistribution. Yet they pose the land problem in its purest form, for here it is true that exploitative landlords do indeed

depress the wages of masses of people. Adherents to George's philosophy could join such international groups as may be trying to remedy this.

A final perspective from which George's vision has current significance concerns the *usages* of land. For the manner in which resources—air channels, oil, uranium—are utilized is greatly affected by their profitability to the companies handling them. If such profits were to be limited anyway, crucial decisions involving these resources would stand a greater chance of being made in a humanly beneficial way.

Besides devising fair methods of application, those interested in land-reform proposals could enrich their discussions of them with two cogent insights: awareness of the magnitude of the land question, and the apprehension of its moral dimension. They could bring out the ethical distinction between the values of land, wholly an unearned windfall from nature and social development, and the value of produced materials largely earned by their makers.

George was first and overwhelmingly an exponent of the injustice of private profit from land; after that, an opponent of all other unearned privileges.

"What more preposterous," he wrote in *Social Problems*, "than the treatment of land as individual property? . . . It exists, though generations come and go; they in a little while decay and pass again into the elements. What more preposterous than that one tenant for a day of this rolling sphere should collect rent for it from his co-tenants, or sell to them for a price what was here ages before him and will be here ages after him?"