

Henry George and Karl Marx

An International Conference Address

by F. McEACHRAN

SOME thirty years ago I was invited to read a paper at the fifth International Conference on Land-Value Taxation and Free Trade, in London. Towards the end I emphasized that the epoch 1832-1932, from the Reform Bill and the repeal of the Corn Laws down to the crisis of 1931, when free trade and the gold standard were abandoned in Britain, was an epoch over and done, the era of liberal politics, of toleration and humanity — the one great age in history when the world lived in an immense hope. I ventured to prophesy that the opposition to Liberal policy (free trade and land reform) and the difficulty of even making people understand what the real problem was, would steadily increase in the future.

I maintained that the "surplus value" which according to Marx accrues to the capitalist from the workers' share of the economic product, is really an outcome of the previous private appropriation of land rent, so that if the sting of private property in land were removed once and for all, capitalism would in fact benefit the workers, undermining the belief that collectivist ethics has primacy over individualist ethics.

The doctrine still stands and nothing can gainsay it. Free trade, together with free land, in our sense of the word free, remains the only basis for a peaceful and cooperative world, and there never can be any other. The right to produce wealth (material and spiritual) and then to exchange it is the fundamental and, perhaps, the only right of mankind that really matters. The right of a man to his wages, and to the capital saved from his wages un-

diminished by taxation, and the right of society to its "wages," the rent of land, is the basic Georgist thesis—totally distinct from the descriptive economics taught in academies today—and is the nodal point at which ethics and economics intersect.

Where do we now stand two hundred years after Adam Smith demonstrated the scientific nature of free trade, and since Ricardo and Henry George discovered the significance of rent? Land values in private hands have soared to ever greater heights, and nothing has been done to improve the situation. As regards free trade we are worse off than in the 19th century. Finally as a simplification of world affairs, we are faced with two political monstrosities in the form of the U.S.A. and the U.S.S.R., together with a potential future United Europe and a potential militarized China.

The Marxists dreamed of a utopia in which the state would "wither away." What they never saw and still do not see is that Henry George offered a practical way of achieving this noble end—indeed, the only way it ever will be achieved. So for the present, and for a long time to come, Marx is triumphant.

Henry George got many things right but there is one point, and a very important one, on which he went wrong. His leading idea was that unless we abolished taxation for revenue and collected the economic rent instead, the world would divide more and more into rich and poor, and the gulf between them would widen—hence, the title of his great work *Progress and Poverty*. This is not entirely a mistake, but in the form in which he ex-

pressed it, it was an exaggeration. Living in those days in what was proverbially regarded as the land of the free, George took freedom for granted, not realizing that men might have to give up freedom in order to live at all. He did not foresee that when finally the "frontier" had reached the Pacific, men might become so insecure that they might be willing to surrender freedom, and this, in fact, is what largely has happened. The welfare state in Britain has done many good things, but no one would claim that it was a step towards freedom, and yet, despite the need for security, freedom really is the only end and obstinately continues to reveal itself as such.

I would like to revert to an issue that is fundamental to Georgist philosophy and which has been mentioned under the rubric of free trade.

Admittedly, free trade is a less significant point than land value taxation, but it does illustrate the essential issue of natural law against state law. In the days when Great Britain was the great creditor nation of the world it was also a free trade nation, which meant that it was willing to accept from its debtors payment of their debts in the one way that is natural and economic, i.e., by means of goods and services. In those days nations made payments to each other in the ordinary way by the yearly exchange of goods, the function of gold being merely to balance those exchanges, not to operate in their stead. The effect of tariffs after the first world war, together with the immense war debts incurred, was not only to prevent the ordinary exchange of goods, but to make it extremely difficult to meet the charges on debt, let alone the capital payments themselves, the total amount of which simply did not exist in the form of gold.

The result was to draw most of the world's gold supply to the main creditor country, the U.S.A., and in the end to bring about default in those countries, including Great Britain, which owed large sums to the United States. The situation was then, and still is, like a game played with counters, in which, if any player wins all the counters, the game stops. The world has nearly stopped several times for this very reason. It is possible to argue that it does not make sense for a creditor country to have tariffs (if it wishes to be paid), and certainly if some powerful country such as the U.S.A. would take on the free trade position it would ease some of the world's economic difficulties. The point about free trade and the gold standard arising out of it, is that it is self-regulative and does not depend on the whims of government or of international agreements. It is in fact uncommonly like a natural law in the scientific sense, which operates, as in physics and chemistry, irrespective of the state and impervious to its comments.

The core of the human psyche is tough, and it will survive collectivism. There are signs even now in the world around us, even in communist countries, that the intensive education which the modern state perforce demands of its subjects, and perforce must give them in order to make them technologically efficient, does have a quickening effect on the soul, however materialistic the education may be. Even in Russia itself individuals are beginning to question the meaning of their lives, and of course still more in other communist countries which remember their bourgeois past. Perhaps even in the capitalist West a few searching questions might be asked one day. If this be true, our attempts to keep the truth alive may yet avail.

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We must accept the disciplines of democracy as well as its freedoms.

— H. W. Chase