Georgism and Distributism

Introduction

I think it clear that we are living in extraordinary times; we are at, I believe, one of those watershed moments, when everything that was accepted as fixed and immutable is about to change, and change rapidly. I do not think that the world even five years hence will much resemble the world we know today. The internal contradictions of the rent-based system of capitalism are becoming apparent, and it can no longer sustain itself, economically, socially, or culturally.

But at the same time, the way forward is not at all clear. Is the future Georgist? Or Fascist? At this point, it is really impossible to say. Many, many people realize the problems that we face, and come at the problem from a variety of critiques and points of view. But at the same time, while they recognize the problems, they often don’t recognize the presence or the power of other critiques, and hence they ignore important alliances that could be made, or intellectual and practical arguments that could be strengthened by contact with other points of view. So there are many groups today attacking the problems: mutualist libertarians, money theorists, free-market anti-capitalists, Christian socialists, agrarians, occupiers. The result is that while the corporatists are united, the opposition is fragmented. This does not bode well.

But of the many groups that should be, perhaps, in greater solidarity there are two that stand out in my mind: Georgists and Distributists. In this particular case, it is often the case of not merely being unaware of the other’s work but having an outright feud between them. The unfortunate consequence of this feud is that groups and ideas that should be natural allies are kept from working with each other on common aims. Worse, they are unable to see how the position of the other strengthens their own understanding of the problem and its solution. Now, when the whole world is in economic crises, a crises that comes as no surprise to partisans of both Henry George and G. K. Chesterton, the time has come to examine this conflict, and perhaps to heal it, in order to better respond to current conditions.

My purpose today is three-fold: to examine the historical sources of this feud, which has its roots in a conflict over Rerum Novarum; to examine the notions of property expressed in Pope Leo XIII’s encyclical Rerum Novarum and Henry George’s response; and to show why
distributists and Georgists need each other.

The Vatican and Georgism

Henry George believed that *Rerum Novarum* was directed primarily at himself\(^1\) and said as much to his son.\(^2\) Georgists in general have followed this view, but the evidence for this within the document is slim. Mason Gaffney, for example, can only cite one line from the encyclical as direct evidence,\(^3\) and that line is merely a condemnation of excessive taxes on property, a critique that George himself could endorse, if the tax be on any property but land. But while George had many critics, for none of the others did he ever write a whole book, a book that took the extraordinary step of including the entire text of the opposing critique within its covers. Indeed, it is likely that many people first read the encyclical in George’s book. Catholics were important to George. His wife was Catholic, and he had many supporters among the Catholic laity, particularly the Irish, and among the clergy, even in the hierarchy.

Nevertheless, George had grounds for his suspicion in events that preceded the publication of the encyclical, most notoriously the defrocking of his friend and supporter, Father Edward McGlynn. Father Edward was a popular preacher in New York and the pastor of one of New York’s largest parishes, St. Stephen’s. McGlynn was somewhat avant-garde in his opinions, questioning Papal infallibility, the use of Latin, confession, vestments, celibacy, and other issues, opinions that even today would bring a parish priest into conflict with his bishop.\(^4\) Father McGlynn, wearied by the constant procession of parishioners seeking jobs, was moved to study political economy and to find the causes of poverty and unemployment. He believed that he found the answers within Henry George’s *Progress and Poverty*.\(^5\)

When McGlynn supported Henry George in the 1886 New York mayoral election, the rupture between him and his Bishop, Michael Corrigan, became complete. The Archbishop was an ally of Tammany Hall and the candidacy of Henry George posed a real threat to their control. Corrigan was relentless in seeking the condemnation of Henry George and the defrocking of

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4 Ibid., 1.
McGlynn from the Vatican. However, the Vatican had a problem because George had many powerful friends in the hierarchy, and Corrigan had very little support among even the American hierarchy. Nevertheless, McGlynn was summoned to Rome by Leo XIII under pain of excommunication, and when he defiantly refused to go, the excommunication became effective on July 4th, 1887. Still, the popularity of both George and McGlynn among Catholics, and their powerful friends in the hierarchy, caused the Vatican to proceed cautiously. They took the extraordinary step that pleased neither side: they issued a secret condemnation of Henry George on February 6th, 1889.

For all of the drama and intrigue that surrounds this case, its importance has been over-rated. It involved one priest in conflict with his bishop over a variety of issues, some of them clearly political rather than religious. And the Vatican was obviously unfamiliar with the work of Henry George; when they consulted their “experts” it is not surprising that they found little support for him. But for all that, the issue was amicably resolved. In 1892, the condemnation of George was lifted and the Pope sent Monsignor Satolli to New York with instructions to resolve the McGlynn case. On December 23rd, Satolli cleared McGlynn, saying, “Dr. McGlynn was declared free from ecclesiastical censures and restored to the exercise of his priestly functions, after having satisfied the Pope's legate on all the points in his case.”

Despite the fact that McGlynn was cleared and there were no further actions against Georgists, the Vatican and the Single Tax Movement never warmed to each other, and have remained distant at best and antagonistic at worst. The movements that drew inspiration from Leo's work rarely took to George's, while the Georgists themselves rarely allied with the Catholics. Thus two great movements with similar aims remained estranged from each other.

But why, if McGlynn was cleared on any charges, was the Vatican so suspicious of Henry George and the single tax? The answer is not to be found not primarily within Rerum Novarum, but within an earlier encyclical of Leo’s, Quod Apostolici Muneris (1878), which bears the English title, On Socialism. Despite this title, very little actual examination is given to socialist doctrines. Rather, the encyclical condemns without defining, and the precise target is difficult to discern. We get some idea of the difficulty by noting the extreme terms that Leo uses:

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6 Nuesse, “Henry George and 'Rerum Novarum': Evidence is Scant that the American Economist Was a Target of Leo XIII's Classic Encyclical,” 250.
7 Ibid., 243.
8 Malone, Dr. Edward McGlynn, 6.
We speak of that sect of men, who under various and almost barbarous names, are called socialists, communists, or nihilists...⁹

Surely, these are those who, as the Sacred Scriptures testify, “Defile the flesh, despise dominion, and blaspheme majesty”... They debase the natural union of man and woman...and its bond...they weaken, or even deliver up to lust. ...They assail the right of property sanctioned by natural law; and by a scheme of horrible wickedness...they strive to seize and hold in common whatever has been acquired either by title of lawful inheritance, or by labor of brain and hands, or by thrift in one's mode of life.¹⁰

Leo holds that the “right of property and of ownership, which springs from nature itself, must not be touched and stands inviolate.”¹¹ Leo does not expand on this point, and does not tell us in what sense ownership is “inviolate.” It stands as mere assertion, or, as one might say, perfect pontification.

Leo offers no systematic cure of poverty, save to advise the rich to “give what remains to the poor” while to the poor he offers only “hope for the reward of eternal bliss.”¹² But he does not make this duty of the rich one that is enforceable in law, but in private charity only. Thus, in this encyclical, both the property and privileges of the rich are placed beyond any possible challenge, while poor have recourse only to patience in poverty and dependence on charity.

**George's Critique of *Rerum Novarum***

What unites George and Leo, however, is an insistence on the ethical nature of economics against the “scientific” economists of their day, and ours as well, for that matter. In *The Condition of Labour*, his response to Leo, George uses the terms “justice” or “injustice” 72 times, and terms “moral” or “ethics” a further 73 times. Nor is this just a show for the benefit of the Pope. In *Progress and Poverty*, he used “justice” and “injustice” 161 times and “morals” and “ethics” 60 times. For both Leo and George, the title to land is a matter of justice, and upon that just title the whole strength of the economy rests. In connecting the moral and economic orders, George and Leo were continuing a long tradition that had connected justice and economic order, even in the modern era. Adam Smith used the term “justice” about 100 times in *The Wealth of Nations*, and the term was a staple of economic discussion throughout the 19th century. But by

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¹⁰ Ibid.
¹¹ Ibid.
¹² Ibid.
the end of the century, the term had gone out of fashion. Marshall uses it but four times in his 1891 text, *The Principles of Economics*, and W. S. Jevons uses it but once and that to deny that it should be used at all.

The problem in using a term like “justice” is locating just where it should occur within the economic order. For George, justice begins with just title to land, which resided in use, while for Leo justice resided primarily in the wage and only secondarily in property. These two different approaches lead to two different ends. For example, the Catholic economist, Fr. John Ryan, was led to solutions like the minimum wage, social security, and similar income support programs, programs which became embedded in Roosevelt’s New Deal. G. K. Chesterton and Hillarie Belloc, on the other hand, emphasized the distribution of property as the primary guide to justice; where Leo had made the just wage the key to the distribution of property, they made the distribution of property the key to the just wage, thereby standing Leo's encyclical on its head. However, the “distributists” (as they called themselves) sometimes viewed land taxes as a threat to property, rather than a limit on the accumulation of property. This misunderstanding has had unfortunate consequences, which I will address shortly.

In George's response, he gives eight specific critiques of Leo's thesis, but the major one is number four, where he disputes the notion that labor gives title to land. George points out the obvious problem with this:

This contention, if valid, could only justify the ownership of land by those who expend industry on it. This would not justify private property in land as it exists. On the contrary, it would justify a gigantic no-rent declaration that would take land from those who now legally own it, the landlords, and turn it over to the tenants and labourers. … But your Holiness cannot mean what your words imply. What you really mean, I take it, is that the original justification and title of land ownership is in the expenditure of labour on it. But neither can this justify private property in land as it exists. For is it not all but universally true that existing land titles do not come from use, but from force or fraud?

George confronts the claim that property in land is a “natural right.” This right George will concede only to the products of labor, not to the work of God. Products made by the worker are the worker's by right, and this is a right anterior to the state. But as for private property in land,

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15 Ibid., 78.
it is not a natural right, but from the state.\footnote{Ibid., 79.} George faults the Pope for failing to point out a source for the “natural” right of land, and for confusing ownership of man-made products with natural ones.

But perhaps the most fundamental difference between the two men lies in their ultimate vision of a peaceful society. For Leo, the balancing term in reaching an equilibrium state is \textit{charity}, whereby there would be neither excess nor want.\footnote{Leo XIII, \textit{Rerum Novarum}, 43.} Against this, George states:

But in the state of society we strive for, where the monopoly and waste of God’s bounty would be done away with, and the fruits of labour would go to the labourer, it would be within the ability of all to make more than a comfortable living with reasonable labour. And for those who might be crippled or incapacitated, or deprived of their natural protectors and bread-winners, the most ample provision could be made out of that great and increasing fund with which God in His law of rent has provided society-not as a matter of niggardly and degrading alms, but as a matter of right, as the assurance which in a Christian State society owes to all its members.\footnote{George, \textit{The Condition of Labour: An Open Letter to Pope Leo XIII}, 72-3.}

\section*{Property in the Patristic Tradition}

Now, whatever one thinks of George’s critique, I believe that Leo can be criticized from within the Christian tradition on land and that such a critique will lead one closer to George’s position. So allow me to take a brief overview of that tradition. Let me start with the early Church Fathers, those of the first five centuries of Christian thought.

Far from being “natural” or “sacred,” the discussion of property in the early Church dismisses both ideas in favor of two others: \textit{αὐτάρκεια} and \textit{κοινά}, “sufficiency” and “common elements.” Sufficiency refers to the proper use of private property, and therefore to its limits, and what is common pertains to the excess over this sufficiency. Clement of Alexandria summarizes what might be called the “patristic system” thusly:

But those who are in earnest about salvation must settle this beforehand in their mind, “that all that we possess is given to us for use, and use for sufficiency, which one may attain to by a few things.” For silly are they who, from greed, take delight in what they have hoarded up.\footnote{Clement of Alexandria, \textit{Pedagogus}, The Ante-Nicene Fathers Vol. II : Translations of the Writings of the Fathers Down to A.D. 325 (Oak Harbor, Il: Logos Research Systems, 1997), 2,3.}

These same ideas appear in Basil, called “the Great” in the Orthodox Church. Basil contrasts
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*ta koina* with *ta idia*, what is “common” with what is properly “one's own.” To the later belongs the products of one's own labor, while to the former belongs nature's bounty: the air, the water, the land. The *ta idia* is limited to what is necessary for *autarkeia* and the rest belongs to *ta koina.* Basil also rejects the idea that first occupancy justifies ownership. This he compares to the situation where a person arrives first at the theater and thereby claims all the seats. On the matter of first occupancy, St. Basil takes a “one butt, one seat” approach.

St. Augustine, arguably the greatest of the early Fathers, is adamant that private property is from human law, not divine. Indeed, “private” property represents a privation:

[Avarice] by which each desires something beyond what is appropriate, for its own sake, and a certain love of one's own property—which the Latin language has wisely called “private,” for it connotes more a loss than an increase. For all privation is a diminution.

For the early Fathers, it is this lust for private property that creates poverty, and not some defect of the poor. Basil, Ambrose, Augustine, John Chrysostom, and many others are united on this point. Chrysostom especially hammers this point, and turns the dictum of St Paul against the idle rich:

For why does he not work (you say)? And why is he to be maintained in idleness? But (tell me) is it by working that thou hast what thou hast, didst thou not receive it as an inheritance from thy fathers? .. Hearest thou not what Paul saith? For after saying, “He that worketh not, neither let him eat” (2 Thess. iii. 10), he says, “But ye be not weary in well doing.” (2 Thess. iii. 13.)...Are all poor through idleness? Is no one so from shipwreck? None from lawsuits? None from being robbed? None from dangers? None from illness? None from any other difficulties?

There seems to be little support for Leo notions of sacred and inviolable property among the Fathers of the Church. However, this was a Church largely divorced from the sources of public power. After the conversion of Constantine, it becomes the official Church, and immensely wealthy. And with the fall of the empire, the Church becomes the dominant institution in Europe. Perhaps this more powerful church will take a kinder view of the power of property.

21 Ibid., 54.
22 Ibid.
23 Ibid., 111.
24 Ibid., 117.
Property in St. Thomas Aquinas

The classic position on ownership of the land in the Scholastic Age comes from St. Thomas Aquinas. For Thomas, there is no reason why a “particular piece of land should belong to one man more than another,” but in any use, such as cultivation, it may be more useful to one than another. 26 St. Thomas gives a strong defense of private property based on three points: that people are more careful with their own property than with common property; Human affairs are more orderly if each person is charged with the care of some particular property; there will be fewer quarrels if each person “is contented with his own.” 27

The thing to note about this defense is that it is pragmatic: things just work better when there is private ownership. But then Thomas identifies a second aspect of property, its use. He writes, “The second thing that is competent to man with regard to external things is their use. In this respect man ought to possess external things, not as his own, but as common, so that, to wit, he is ready to communicate them to others in their need.” 28

Thus Thomas identifies two aspects of property: ownership and use. One dictates a private aspect of property and the other a public or common aspect. In this we can see echoes of the Patristic division between autarkeia and koina, even if Thomas does emphasize the private aspect rather more than do the Fathers. What is the relationship between these two aspects? According to Thomas,

Community of goods is ascribed to the natural law, not that the natural law dictates that all things should be possessed in common and that nothing should be possessed as one’s own: but because the division of possessions is not according to the natural law, but rather arose out of human agreement which belongs to the positive law… Hence the ownership of possessions is not contrary to the natural law, but an addition thereto devised by human reason. 29

Here we can note a subtle shift from the patristic position. The natural law remains with the koina, the common aspects of property, but private ownership is no longer a “privation” as in Augustine or a “usurpation” as in Ambrose. Instead, it is a prudential addition to the natural law by means of the positive law. Still, the common claims on property predominate and are so strong that theft is allowed in cases of need: “In cases of need all things are common property, so

27 Ibid., II-II, 66, 3.
28 Ibid.
29 Ibid., II-II, 66, 3, ad 3.
that there would seem to be no sin in taking another’s property, for need has made it common.”

We can note here that Thomas takes a position specifically condemned by Leo, namely that property is not from the natural law, but from human invention.

**The “Socialism” of Henry George**

Given the cataclysmic triumph of State Socialism in Russia in the generation that followed Leo, the fears that he expressed were certainly not misplaced, however one may quarrel with his failure to distinguish state socialism from other forms. Indeed, the failure to make the distinctions meant that many possible solutions, solutions short of communist tyranny, were not given the hearing they deserved, because they were tainted by the mere word, “socialism.” Was Henry George a “socialist”? Most certainly he was, but just as certainly he was not a *state* socialist. Rather, George posed an elegant solution to the questions of ownership and use, questions which have been at the heart of the discussion since the patristic period. George proposed the *socialization* of ownership and the *privatization* of use. In this solution, there is more of St. Basil the Great rather than Karl Marx the Absurd.

Now the world is again, I believe, at the brink of another cataclysm. The old system is failing and great changes are in the works, whether we like it or not. Paths that lead to both tyranny and freedom are opening before us, but we must have the wisdom to choose the right paths, which means we must have the knowledge and wisdom to know where a particular path will lead. At base, this wisdom is a moral wisdom.

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The choices before us are not just economic, nor even political. What unites Leo XIII and Henry George is their mutual recognition that, at base, we must make a moral decision. Individuals may go bankrupt for any number of reasons, but nations go into financial bankruptcy only after first going into moral bankruptcy. In regard to land and labor, the greatest sign of an immoral economy is the prevalence of wealth without work, which in economic terms is called “economic rent.” As R. H. Tawney put it, “Property was to be an aid to work, not a substitute for it.”

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30 Ibid., II-II, 66, 7.
(including that “stored-up” labor known as “capital”) while the community will be compensated for what they contribute to production. Solutions to our present crises should be judged solely on how well they eliminate the great economic evil known as economic rent.

Now we come to the question of how Georgism and distributism aid and reinforce each other. I think I can start by repeating the irony I noted before, namely that the distributists reversed the order between property and wages that are found in Leo; for where Leo emphasized justice in wages, the distributists emphasized justice in property. Thus, they start out adopting the position of the Georgists on this question. But what they have not always adopted is the position on rent, which supports the Georgist position on wages.

And here, I think, we see Distributism’s greatest problem. For while it has always been religious on the question of property, it has often been agnostic on the question of taxes. Therefore, it is has never come up with a convincing answer to the question of how to prevent, even in a system of well-divided property, the re-accumulation of wealth, power, and property. For the best way to gather wealth is to gather rent, and when rent is private, property will accumulate, and political power will follow. This is impossible if rent goes to the community, that is, if there of a full tax on ground rents. Hence, the distributist state, if it is to be a stable state, must also be a Georgist state.

We know this to be true because we know that it was true. When the revenue of kings was limited to what the rent of their realms could produce, they were also limited in their power. The view of an absolute monarch of the middle ages is a myth; the king only became absolute when the rent system shifted from customary to privatized, economic rents. The kings revenue shifted from land to income taxes, and freedom has been in retreat ever since. Indeed, we may say that the growth of the modern, centralized state and the growth of the modern system of taxes on labor and capital are just two ways to describe the same thing.

But the same history that shows us distributism’s greatest weakness also shows us Georgism’s greatest problem. For there have been, and still are, Georgist states, or at least states which seek to follow Henry George’s principles. But they are never quite able to do it; they always find that they must supplement the single tax with multiple taxes. Is this not evidence that Georgism doesn’t work?

The problem, I think, is that the Georgists are far too optimistic about the ability to accurately
compute and assess ground rents in the face of the existing accumulations of property. They point to the fact that there is always a free market in land, and hence it should always be easy to calculate the economic rent. The problem with this is that while it is true, it is only true to the degree that it doesn’t matter. That is to say, when there is more at stake than merely the price of land underneath an improvement, there is more incentive to manipulate the numbers so that more is attributed to the non-taxable improvements and less to the taxable land. Therefore the Land Value Tax, taken by itself, itself provides the incentive to defeat the tax. Where property is poorly divided, that incentive will be huge and, if history is a guide, will generally be successful. The people will find themselves subject to other taxes, and the accumulations will remain in place.

Georgism needs to be as suspicious of these accumulations as are distributists, and the success point of a Georgist state needs to be that it is truly a single tax state, which is to say a distributist state. The transition to a single tax needs to be accompanied by policies that fully recognize the “externalities” of these accumulations and work to reduce them. That is, it needs also a distributist policy.

What is said of the relationship between distributism and Georgism could also be said of the relationship of both to other useful theories: mutualism, modern monetary theory, agrarian theories, etc. What none of us need to be is a pure reductionist, explaining all things by one theory; rather, we all need the work that others have done, and to avail ourselves of the advances others have made. For the world—and especially the economic world—is never just one thing, but rich, and varied, and complex.
Bibliography

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