

Henry George on Property Rights in Land and Land Value

Equal and Private, or Common and Public?

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Introduction

Henry George's case for land-value taxation—whether it be a 'single tax' or a major component of a tax package—appears to have been based on four interconnected arguments:

1. the community-created argument, i.e. the idea that increases in land value are created by the community, not by individual owners or developers, and that therefore, invoking a Lockean or labour theory of property rights, should belong to the community, not to individuals.
2. the unearned-increment argument, i.e. the idea that, as a corollary of (1), increases in land value are not earned by the individual land owner, and therefore, on Lockean grounds, the individual has no moral right to appropriate them.
3. the fiscal-expediency argument, i.e. the idea that a land-value tax is relatively easy and cheap to collect (compared with other taxes), is difficult to evade, and generally accords with the ability to pay.
4. the right-to-land argument, i.e. the idea that land (including everything that is provided by nature) ought to belong equally or in common to all human beings.

This present chapter is concerned with the fourth argument, and discusses in particular George's use of the terms 'equal' and 'common' in the context of the right to own land. It asks whether a distinction between the equal and private right to land or land value' and the 'common and public right to land or land value' was intended by George, and whether such a distinction is valid. It is a contention of this chapter that an important theoretical distinction can be made, and should have been made by George, between 'common public ownership of land' and 'equal private ownership of land', and that this theoretical distinction has implications for the practical implementation and political acceptability of his policy of land-value taxation.

By concentrating in this chapter on George's philosophy of natural rights, it is not meant to imply that his natural-rights argument is either a sufficient or even a principal justification for a policy of land-value taxation. Although George gave great emphasis to the natural-rights argument and seems to have regarded it as a sufficient justification, he also at times (as noted below) made use of the utilitarian or consequentialist argument that the taxation of land values would be a major stimulus to economic growth.

However, the fact that George gave so much emphasis to the concept of natural rights has meant that this aspect of his thought, and in particular, his views on equal versus common rights, has not received much attention from economist

critics who regard the question of natural rights as a normative issue that lies outside the province of economics. Alfred Marshall, for example, who was prone to offer the occasional normative judgement of his own, described George as a 'poet' rather than 'a scientific thinker', and appears not to have bothered to make a serious and public attack on George's concept of the natural right to land (see Groenewegen 1995).

Preliminary Definitions

The expression 'common property' is used in this chapter to describe a situation where an asset is owned by a government or public authority, rather than by private individuals or private companies or non-government institutions. Common property' could also be described as 'public property' or 'collective property' or 'state ownership'.¹ Examples would be civic buildings, such as a Town Hall; publicly-owned infrastructures, such as dams or bridges; and publicly-owned educational and recreational facilities, such as schools and swimming pools. They are the common property of the people as a whole, collectively owned by the community (however defined), not owned by the people taken individually. The members of the society would not be regarded as having individual property rights in such public assets. They would not have the legal power to claim a particular portion of the Town Hall, or a portion of the value of the Town Hall, as their individual private property. They could not sell or bequeath a portion of it. If they emigrated, they would not expect to be able to sell their portion of the Town Hall to the society.

The expression 'private property' or 'private ownership' is used in this chapter to refer to a situation where something is owned by an individual person or organization. The owner has the right to use and dispose of the property and' to deny that right to others, although this right is not necessarily absolute. It might be restricted by regulations relating to town planning, public health, environmental protection, taxation, etc.²

The expression 'equal private property in land or land value' is used to refer to a situation where the land or the land value of a society' is distributed equally amongst the members of the society'.

The term 'private' docs of course have other meanings. For example, the phrase 'private enterprise' refers to a situation characterized by the operation of market forces, without government intervention. The implementation of George's reforms would obviously require a considerable role for government. As a referee of this chapter has noted, the reforms would be contrived, sanctioned and enforced by government. George did not suggest that they would come about through the unaided forces of private enterprise. But the fact that George relied upon strong and radical action by government to implement his reforms does not necessarily mean that his reforms should be classified as socialist, or anti-capitalist, or anti-private-enterprise. The question is too large to be treated adequately within the limits of this present chapter, but it could be said that in a society where private

ownership of land value is the norm, it is easy to think of it as a right established independently of government, to overlook the role that governments have played in the past, and continue to play, in sanctioning and perpetuating their current property systems.

George's use of 'Equal' and 'Common'

Throughout George's writings, correspondence and reported speeches, there are abundant references to equal and common rights to land or land value. However, George does not appear to have undertaken a systematic discussion of a possible distinction between common rights and equal rights. The terms seem to have been used either synonymously, or in the sense that one automatically follows the other.

For example, in *Progress and Poverty*, 1879, he stated that 'equality of rights' would be achieved by 'declaring all land public property, and letting it out to the highest bidders' (George [1879] 1956:403-4). This implies that the act of declaring all land public property, or the realization of the 'common right to land' (George [1879] 1956:407), will in effect mean that the equal rights to land have also been realized.

A similar nexus between common and equal is presented in *The Irish Land Question* ([1881] 1953a). The term 'common property' occurs frequently, along with expressions having a similar meaning, such as 'belongs to the whole people'. For example,

The land of Ireland. . . belongs to the whole people who at the time exist upon it (p. 37)

the land of Ireland belongs to the people of Ireland (p. 38) the land of Ireland . [should] be resumed by the whole people (pp. 38-9)

the land belongs rightfully to the people (p. 39)

The only true and just solution. . . is to make all the land the common property of all the people (p. 53)

land is of natural right common property (p. 63) land is rightfully common property (p. 64).

However, interspersed with these assertions of common rights, there are references to equal rights, for example:

Since, then, all the Irish people have the same equal right to life, it follows that they must all have the same equal right to the land of Ireland (p. 36)

the right of each one of the people of Ireland to an equal share in the land of Ireland is equal and inalienable (p. 37).

Similarly, in a conversation with D.D.Field, published in 1885, George made use of the concepts of equal right to land and common right to land without indicating that he intended a conceptual difference. For example, he spoke of 'the equal right to land', 'equality of natural opportunities', and 'the equal right of all to the bounty of their Creator' (pp. 13-14); and he argued that the equal right to land is a prerequisite for the realization of the rights proclaimed in the Declaration of Independence:

the equal right to life, liberty and the pursuit of happiness, does it not necessarily involve the equal right to land, without which neither life, liberty, nor the freedom to pursue happiness is possible?(Field and George [1885] 1936:14)

But he also stated that the value of land should be appropriated to the common benefit' (p 15), and the following quotation shows that, for George, *equal* rights to land would be realized when land is made *common* property—the property of the whole people':

by treating all land as the property of the whole people, we would make the whole people the landlords, and the individual users the tenants of all. thus securing to each his equal light.(Field and George [1885] 1936:15)

This apparently synonymous use of 'equal' and 'common' can also be seen in an address entitled 'Justice the Object—Taxation the Means' delivered in San Francisco on February 4, 1890, just prior to his departure from America for a lecture tour of Australia. He referred, for example, to the great truth...that every child born comes into this world having equal rights with all to the use of the earth' (George [1890] 1947:2). He also referred to 'the equal right to that element which is the basis of production, that element which is indispensable to human life; that element which is man's standing place, his storehouse, his reservoir...' (George [1890] 1947:5). But in the same address he stated that the land value of a community should be *common* property:

We should take for the use of the community the value of land... It belongs to the community because the growth of the community produces it (George [1890] 1947:15)

In an address, entitled 'Thy Kingdom Come', delivered in Glasgow on April 28, 1899, George again referred to equal rights and common rights, he stated that 'we are all here equally the children of the one Father, equally entitled to share his bounty', and he argued that land-value taxation could secure 'the equal rights of all' to the land, but he also indicated that the revenue from the land-value tax would be used as 'common expenditure', and would be the fund from which the 'common needs' of society would be supplied (George [1889] 1936:10, 12-13). This implies that, in his reform programme, the land-tax revenue would be the property of society as a whole, rather than being distributed equally to all as their

private property. It suggests that George intended that equal rights to land value, and common property in land value, were to be conflated, and that equality of rights to land would be fully satisfied when land value became common property and was used for common purposes.

In *A Perplexed Philosopher* ([1892] 1937), George stated that his reform (viz. taxation of land values) will restore to men their 'equal rights', but in the same paragraph declared that this reform will be 'taking for the use of the state that which rightfully belongs to the state', which implies that land value would thereby become common or public or state property, rather than the equal private property of individuals. The 'abolition of unequal rights to land' would be achieved, not by sharing the land value equally amongst all, but by making it the property of the state (George [1892] 1937:208-9).

In *A Perplexed Philosopher* George made use of the expression 'joint rights', contrasting them with equal rights: 'the rights of men to the use of land are not joint rights: they are equal rights' (George [1892] 1937:33), but his discussion of equal rights and joint rights does not contribute significantly to an understanding of his use of equal and common. He used the analogy of rooms in a club to explain his notion of equal rights:

When men have equal rights to a thing, as for instance to the rooms and appurtenances of a club of which they are members, each has a right to use all or any part of the thing that no other one of them is using. (George [1892] 1937:33) However, this analogy does not clarify the meaning of equal rights when applied to land, for a right to use a room not occupied by another member of the club is not an 'equal right' in the sense in which George elsewhere used that expression when referring to the equal right to land and/or land value. One member might be occupying the largest or best room while others might have to put up with much inferior rooms. This situation could hardly be described as one of equal rights. His concept of joint rights was explained thus:

where men have joint rights to a thing, as for instance to a sum of money held to their joint credit, then the consent of all the others is required for the use of the thing or of any part of it, by any one of them. (George [1892] 1937:33)

This notion of joint rights does not coincide with the notion of common public property' as discussed in this chapter.

This lack of clarity and precision in George's use of 'equal' and 'common' is also evident in his reply to the encyclical of Pope Leo XIII. For example, in one place he argued that land value should be taken 'for the state' but elsewhere he proclaimed 'equal rights to land', and asserted that the revenue from land-value taxation 'goes equally to each member of society' ([1891] 1953b:8, 13, 16)

The above quotations suggest that further analysis and clarification by George

would have been helpful on the question of whether land (and land value) should be held in equal private ownership or in common public ownership, i.e. whether land (and land value) should be a distributive good or a collective good.³

George's Argument Against Private Ownership of Land and for Common Ownership of Land and Land Value

George argued that land should be common or public property, rather than private property. This argument was based on his claim that the 'rightful basis of property' is human labour or exertion.

that which a man makes or produces is his own, as against all the world—to enjoy or to destroy, to use, to exchange, or to give. No one else can rightfully claim it, and his exclusive right to it involves no wrong to any one else. Thus there is to everything produced by human exertion a clear and indisputable title to exclusive possession and enjoyment which is perfectly consistent with justice, as it descends from the original producer in whom it vested by natural law. (George [1879] 1956:334)

The principle thus enunciated would for most people be uncontroversial and readily acceptable. However, it becomes controversial when George interprets it as the only justification for private property:

this [i.e. labour] is not only the original source from which all ideas of exclusive ownership arise...but it is necessarily the only source, there is no other natural right from which any other title can be derived... Nature acknowledges no ownership or control in man save as the result of exertion. She recognizes no claim but that of labor. (George [1879] 1956:334-5)

The laws of nature are the decrees of the Creator. There is written in them no recognition of any right save that of labor... Hence, as nature gives only to labor, the exertion of labor in production is the only title to exclusive possession... This right of ownership that springs from labor excludes the possibility of any other right of ownership. (George [1879] 1956:336)

From the premise that labour is the only legitimate basis for private property, George concluded that no one 'can rightfully claim exclusive ownership in land', and declared private property in land to be unjust:

Whatever may be said for the institution of private property in land, it is therefore plain that it cannot be defended on the score of justice. There is on earth no power which can rightfully make a grant of exclusive ownership in land. (George [1879] 1956:337-9)

private property in land has no warrant in justice, but stands condemned as the denial of natural right. (George [1879] 1956:403)

He asserted that labour gives a right to what is produced on the land, but gives 'no right to the land itself (George [1879] 1956:343). In his view, recognition of individual rights to land would give moral sanction to the ownership of an entire nation or the entire world by one person (George [1879] 1956:343, 345). He concluded:

Equity... does not permit private property in land, since that would involve the right of some to deny to others the use of land. (George [1892J 1937:18)

In addition to this a priori argument based on his perception of natural rights, George supported his case against private property in land by a utilitarian or consequentialist argument. He held that private property in land has led in the past, and will continue to lead in the future, to a very 'unequal distribution of land, which would result in great misery and poverty for those who owned little or no land. He argued that even if the land is initially divided into equal portions, it would sooner or later be transformed into very unequal portions through buying and selling, bankruptcies, inheritance, and (in some societies) through force and fraud.

From this rejection of the right of private property in land, George concluded that land should become common property'.

We have weighed every objection, and seen that neither on the ground of equity or expediency is there anything to deter us from making land common property by confiscating rent. (George [1879] 1956:403)

we must therefore substitute for the individual ownership of land a common ownership. ... We must make land common property. (George [1879] 1956:328) the only remedy for the unjust distribution of wealth is in making land common property. (George [1879] 1956:329)

land is not the rightful property of any individual. ... the land belongs ... to all the people. (Field and George [1885] 1936:11-12)

However, although George clearly advocated common public ownership of land in principle, he did not advocate confiscation of existing private property by legislative enactment. Confiscation by formal legislation 'Would involve a needless shock to present customs and habits of thought' (George [1879] 1956:404). It would meet with strong political opposition from existing holders of titles to private property in land that have been conferred and sanctioned by positive law.⁴ As is well known, he avoided the problems involved in a wholesale formal abolition of private property rights in land by proposing to transfer only the value of the land (by means of a land-value tax) to public ownership, leaving existing land titles intact.

Some commentators might praise this as estimable pragmatic flexibility and as a

commendable willingness to compromise principles for the sake of political expediency ; others might condemn it as a weak abandonment of principles

But George believed that his reform programme would not involve any backing-away from principles; on the contrary it would in effect result in a full realization of his fundamental principle that private property in land should be abolished and all land made common property. He argued that to make land common property it was not necessary to nationalize it. In his view the essential and defining characteristic of any private property right is the right to own and use the value of the property. Therefore, in his view, the levying of a land-value tax equal to the full value of the land would alter the essential nature of private property rights in land. By transferring ownership of the land value to the state, it would transform land from private property into public property. Existing title holders would be left with what George called 'possession*' rather than property. They might be pleased to continue to regard the land they hold as private property, and could be allowed in positive law to do so, but they would in fact have only the shell of private property, not the kernel:

I do not propose either to purchase or to confiscate private property in land. The first would be unjust; the second, needless. 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 continue to call it 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.* (George [1879] 1956:405)

It has been argued elsewhere that George was mistaken in thinking that private property in land is converted to common property by means of a land-value tax, and mistaken in thinking that the title remaining to the holder becomes one of mere private possession rather than private property.⁵ It has also been argued that this mistake has unnecessarily alienated, and continues to alienate, those who insist on the social and political significance of private property in land, and has contributed to the inability of Georgist policies to achieve lasting and widespread acceptance (Pullen 2001).

The Case for Equal Private Ownership of Land and Land Value

The case for equal private ownership (as opposed to common public ownership) of land and land value can be argued at the level of philosophical principles and at the level of political expediency. George argued from the *a priori* principles that land is provided by Nature and by God for the benefit of mankind in common, and that by the act of labouring on the land an individual person is justified in claiming private property rights in any products made from the land, or any improvements made on the land. However, as critics have noted, this argument is difficult to sustain. Unless there is a legitimate right of private ownership in the

portion of the land that the individual wishes to use, there can be no legitimate private right of property or possession in the products or improvements. The usual example of the potter and the clay illustrates the point. If the potter does not have the right as an individual to own and use the clay, how can he or she be justified in claiming private property in the finished product? George addressed this problem in *The Condition of Labor* when he considered the argument of those who say that if private property in land be not just, then private property in the products of labor is not just'

([1891] 1953b:29). He answered that argument by asserting that the right of an individual to land is merely a right of 'temporary possession' ([1891] 1953b:30). But this answer is not entirely convincing. If the individual's right to land is one of mere private possession, not a right of private property-, then it is difficult to see how the right to the products made by labouring on that land can be more than a right of 'temporary possession'. Furthermore, if a right to exclusive private property or possession of a parcel of land cannot be claimed by any one individual, then how can society as a whole claim that right, given that society is a collection of individuals? And still further, if the only justifiable basis for property rights is the act of labouring, then the claim that land belongs to mankind in common, or to society as a whole, cannot be sustained, because the land has not been produced by the labour of mankind in common or the labour of society as a whole.

If the right of private property in what is produced by labour from land is defensible, it logically requires two premises, or two principles of property, viz. (1) a labour principle according to which each individual person has a private property right in what that person produces by labouring; and (2) a land principle according to which each individual person has a private property right in land.

George rejected the land principle, frequently asserting that private property in land should be abolished and converted into common property. However, while denying the right of individuals to own land, he asserted their right to possess or use land with the proviso that that right is not an unlimited right, but is an equal right, and one that is limited by the equal rights of others to possess or use land.

The right of each in the use of land is... a direct, original right, which he holds of himself, and not by the gift or consent of the others. (George [1892] 1937:33)

The equal right of all men to the use of land is as clear as their equal right to breathe the air—it is a right proclaimed by the fact of their existence... If we are all here by the equal permission of the Creator, we are all here, with an equal right to the use of all that nature so impartially offers. (George [1879] 1956:338; italics added)

George's distinction between, on the one hand, the equal right to private property in land, and on the other hand, the equal right to private possession or use of land—he denied the former and asserted the latter—appears to be fundamental to an

understanding of George's position on property rights. However, it is open to criticism. In the first place, as already noted, his distinction between private property in land and private possession of land hinges on the disputable view that the taking away of land value by means of a land-value tax will take away the essence of property and convert property into possession.

Secondly, George's view that a person's right to use land is 'a direct, original right, which he holds of himself appears to contradict his argument that the right to own what has been produced from land arises *entirely* from the act of labour. If a person's right to use land is 'a direct, original right', it is a right that exists independently of, and prior to, the right that arises from labour. There must therefore be not one, but two, premises or principles if the right to the produce of labour is to be sustained. The right to the produce of labour must logically be invalid if not accompanied by a right to use land.

These criticisms could have been avoided by George, without weakening his case for land-value taxation, if he had been prepared to accept the principle of *equal* private property in land. But instead of qualifying the principle of private property in land by the addition of the word 'equal', and redefining the principle as the principle of *equal* private property in land, he chose to deny the principle of private property in land, and to substitute the principle of common property in land. Instead of asserting a principle of equal private property in land, he preferred to enunciate a principle of *no* private property in land.

He seems to have rejected the principle of *equal* private ownership of land for two reasons:

- (1) He realized (quite rightly) that it would not be feasible to divide land into equal physical portions. However, this difficulty or impossibility of giving *practical* effect to the principle is not a sufficient reason for rejecting the principle.
- (2) He apparently was convinced that private property in land must inevitably lead to inequalities in the ownership of land: 'in the nature of things unequal ownership of land is inseparable from recognition of individual property' in land'. (George [1879] 1956:329)

Disposing of the Land-Tax Revenue

In discussing how to dispose of the land-tax revenue George generally stated or implied it would be spent on public works and social services provided by government. Occasionally, he mentioned the possibility of distributing the land-tax revenue as a grant or dividend to private individuals. For example, the following exchange occurred between George and D.D.Field:

F. To what purpose do you contemplate that the money raised by your scheme of taxation should be applied?

G. To the ordinary expenses of government, and such purposes as the supplying of water, of light, of power, the running of railways, the maintenance of public parks, libraries, colleges, and kindred institutions, and such other beneficial objects as may from time to time suggest themselves; to the care of the sick and needy, the support of widows and orphans, and, I am inclined to think, to the payment of a fixed sum to every citizen when he came to a certain age.

F. Do you contemplate that money raised by taxation should be expended for the support of the citizen?

G. I see no reason why it should not be.

F. Would you have him fed and clothed at the public expense?

G. Not necessarily; but I think a payment might well be made to the citizen when he came to the age at which active powers decline that would enable him to feed and clothe himself for the remainder of his life. ...

F. If I understand this explanation of your scheme, it is this, that the proceeds of the tax should be applied, not only to purposes of government, but to any other purpose that the legislature from time to time may think desirable, even to dividing them among the people at so much a head.

G. That is substantially correct. (Field and George [1885] 1936:15-16)

In this exchange George seems to have been proposing that a portion of the land-tax revenue be made available as a grant or pension to the elderly. To that extent, land-tax revenue would become individual private property rather than common public property.⁶ His responses show that he was not opposed in principle to the idea of distributing the land-tax revenue to individuals by means of direct grants or a national dividend, and thereby converting the land-tax revenue into private property; but the idea does not figure prominently in George's writings and, when it is mentioned, it is described as a welfare service for the needy, not as a personal right. There is no suggestion that, as a standard policy, the land-tax revenue be distributed *equally* to all the members of the society as their natural right, irrespective of their financial needs.

In other words, George seems, as a general rule, to have regarded the tax-collected land value as common or collective property, to be spent by the government for what it perceives to be common or collective purposes. For example, in *Social Problems*, first published in 1884, he spoke of applying the land-tax revenue to 'securing such *common* benefits and providing such *public* conveniences as advancing civilization may call for' (George [1884] 1932:183;

italics added). The use of a portion of the land-tax revenue as grants to private individuals seems to have been regarded as an exception to that general rule.⁸

George believed that the revenue from the land-value tax would be more than sufficient for all the needs of government. A difference of opinion occurred amongst Georgists on whether the land-value tax should be levied in full or only to the extent required by the needs of government. George described himself as an 'unlimited' single taxpayer who would take the full land value in tax, rather than a 'limited' single taxpayer who would take only enough for the government's needs. A limited single tax would mean that some of the land value would be left in the hands of the landowners—which, according to Georgist principles, would be unjust. With an unlimited single tax there would be a problem of what to do with the surplus. George argued that if more revenue were collected than was needed by government, it would encourage inefficiency in public administration, provide temptation to corruption, and result in an unnecessary and undesirable increase in 'the role of government, leading to demoralisation'. It is possible that George regarded a *per capita* national dividend as a solution to that problem: 'if it were to appear that further extension of the functions of government would involve demoralisation, then the surplus revenue might be divided per capita' (Field and George [1885] 1936:11).

But if, as later critics argued, he had overestimated the revenue potential of the land-value tax, and/or underestimated the needs of government, then there might not be a surplus, and the case for privatising some of the revenue as *per capita* grants would be weakened or destroyed. Having rejected the right of private property in land itself, and having maintained that the *land* must be common property, he was consistent in asserting that the *land value* must also be common property and should be used in ways that would promote the common good.

The crucial question that George did not address with regard to land and land value is: do they belong to all human beings in common, or to all human beings equally? He did not discuss the relative merits of equal private ownership and common public ownership of the land value. He seems to have assumed without doubt that land value is a collective rather than a distributive good. The answer to that unasked question is important not only at a philosophical and moral level; it also has important practical implications for the manner in which the revenue generated by a land-value tax is disbursed. If land is regarded as a *common* asset, then it would be logical to use the revenue as a source, if not the sole source, of finance for public works and community services that promote the *common* good. But if land is regarded as a natural resource to which all people have an *equal* right, then it would be logical to distribute the revenue in the form of an *equal* periodical share or grant to every person (children as well as adults), and to look to other sources for the revenue for public works and community services.⁹

A periodical distribution of the revenue would guarantee strong electoral support for the scheme and (more importantly) strong electoral opposition to any attempt

by any subsequent government to abolish it. Previous legislative attempts to collect betterment have suffered from the fact that well-organized and vocal pressure groups have opposed the legislation, while its benefits have been too amorphous and too diffused over the community at large to create a strong and bipartisan body of voters aware of their vested interests in supporting it. The same fate awaits a land-value tax that does not quickly generate widespread and identifiable benefits. Political weakness has led to the demise of schemes for land-value taxation or betterment collection in the past;¹⁰ but a scheme that incorporated periodic equal distribution of the revenue of the land-value tax would generate unassailable political pressure for its own retention.

Although a land-value tax, the proceeds of which are distributed as an equal periodic grant, is logically and morally defensible as an expression of the equal (rather than the *common*) rights of all to land, it would probably be rejected by those who see it as a case of 'getting something for nothing' and as therefore morally reprehensible in itself and likely to lead to orgies of self-indulgence by the recipients.¹¹ This objection could perhaps be overcome by distributing the tax revenue, not in cash, but as supplements to individual superannuation (retirement) accounts or by linking it to welfare disbursements. The amount of revenue periodically disbursed could be taken into consideration when assessing the needs of welfare recipients, and could therefore reduce the government's welfare bill.

The possibility of regarding the land-tax revenue as the private property of the individual members of society, and distributing it equally and periodically to all eligible members,¹² does therefore merit serious consideration. There would appear to be no insuperable practical difficulties in implementing such a scheme.

A land-value tax under which increments in land value were distributed equally as land tax dividends, and as a result of which some individuals would receive more in land tax dividends than they paid in land tax, would be similar (at least in its consequences if not in its theoretical basis) to the 'public grants economy' advocated by Kenneth Boulding, to the negative income tax proposed by Milton Friedman,¹³ and to the idea of a national dividend proposed by writers such as James Meade, Andre Gorz and David Purdy as a solution to the problem of long-term technological unemployment.¹⁴ If the tax revenue is distributed in this manner, the scheme could be described as, and would in effect be, incremental-land-value-equalization.¹⁵ Increments in a society's land values would become equal private property rather than common property. If the land-tax revenue is absorbed into general government revenue, it is in effect socialized or nationalized. If it is distributed equally to everyone, it remains private property, and becomes equal private property rather than common public property. The *land* itself would not be divided physically in equal portions, but the *land value* would be owned privately and equally. It would be neither the private property of the few nor the common property of the state. This would appear to be an important distinction both ideologically and practically.¹⁶

In the absence of explicit textual evidence, we can only speculate on George's reasons for not considering and not advocating the equal private ownership of the revenue from the land-value tax as a standard policy. No reason is immediately obvious. One possible reason might be that if the revenue from a land-value tax is distributed into equal individual ownership instead of being absorbed into government revenue, it will not be available to finance public works and services, and could therefore not be the single tax. Land-tax revenue that is distributed equally to everyone will alleviate the need for some government-financed works and services—it might, for example, take the place of some welfare benefits and social services—but there will be other functions of government that require tax revenue (for example, to finance 'public goods', such as defence and the administration of justice). To cater for such public or collective goods, and at the same time to maintain the singleness of the Single Tax, it would be necessary either for the land-tax revenue not to be fully distributed, or for the recipients of the distributed revenue to refund some portion of it to the government for public-goods purposes.

Another possible reason for George's failure or unwillingness to consider a policy of distributing the land-tax revenue to everyone equally might be that, having vehemently rejected the institution of *private property* in land and land value, he automatically inferred that *equal private property* in land and land value would also have to be rejected. He seems not to have considered that the economic and social evils that he had attributed to private property in land and land value might be due, not to private property in land and land value as such, but to the inequality of its distribution.

Additionally, this failure or unwillingness could have been due to the fact that, having realized (correctly) that in practice¹ an equal private distribution of the land itself would be difficult (or even impossible) to set up and to maintain, he automatically ruled out any consideration of an equal private distribution of the *land value* (as collected by a land-value tax), whereas, on the contrary, the factors that militate against an equal private distribution of the land do not apply to an equal private distribution of the land value. Inequality would occur in the distribution and private ownership of the revenue from the land-value tax only if the public authorities made a deliberate decision not to share it equally, but to distribute it amongst individuals or groups according to criteria other than the criterion of equality.

The Singleness of the Single Tax

George did not initially give great emphasis to the idea that the land-value tax should be the *single* tax,¹⁸ but, later, after being persuaded by others, he enthusiastically promoted the notion and slogan of the 'Single Tax'.¹⁹ It was thought that a single tax would have wide public appeal. In George's time, the principal source of tax revenue was indirect taxes on commodities, i.e. customs and excise duties, which being regressive taxes impacted particularly on lower-income groups. It is understandable therefore that George's proposal for a single

tax on land received enthusiastic support from members of the lower-income and non-landowning members of society, who interpreted the proposal as one which would shift the tax burden from themselves to landowners and under which they would not have to pay any tax. George appeared to accept without question the view—sanctioned by Ricardo and Classical Political Economy—that a tax on land must fall entirely on the landowners, and could not be passed on to tenants in the form of higher rents.²⁰ It is hard to say whether the popular support for Henry George emanated from the logical force of his theory or from its appeal to the vested interests of the majority.

George's view that the land-value tax should be the single tax was based on the argument that all other taxes unjustly take from individual persons or companies what they have produced by their labour, and what therefore rightfully belongs to them as individuals, not to the state. Land value, he argued, is created by society' as a whole, and therefore society is entitled to take it by taxation, but is not entitled to take anything else by taxation.

This argument for a *single* tax can be challenged on a number of grounds. It can be argued that part of what is produced by labour and capital is also caused by society—for example, through its cultural heritage and its expenditure on public works and services (health, education, etc.), and that therefore society would be justified in recouping some of its needed revenue through taxes on wages and profits. Land is not the only factor that receives an 'unearned increment' from the actions of persons other than the owner of the factor. It can also be argued that land values are not always created entirely by society; for example, some of the increases in land value that occur when a residential development is undertaken might be attributable to the labour and capital of the developers. Furthermore, even if, for the sake of argument, it was agreed that land values are created entirely by society and that wages and profits are created entirely by individuals, there would still be no moral or economic reason for the land-value tax to be the only tax. If voters freely and democratically decide that they want their government to provide more public works and services than can be financed by a land-value tax, they would surely be justified in supporting legislation to impose taxes on income or consumption.

An Attempted Summary of George's Views on Equal Private Ownership and Common Public Ownership of Land and Land Value

George's views on property rights in land and land value are difficult to summarize because he did not provide a formal, systematic and comprehensive treatment of the topic. From his many references in his many publications and reported speeches, his position would seem to depend on four considerations:

- whether he was referring to land or to land value;
- whether he was discussing theoretical principles or practical applications.

- whether the issue was one of property or one of possession;
- whether the land and/or land value should be either owned and used equally by all individuals as their private property, or owned and used by the state for the common benefit.

With regard to *land* itself, he argued that *in principle* land should be made the *common* property of the society, because private ownership of land leads to inequality, poverty and misery. But *in practice* he proposed to abolish private ownership of land and convert it to public ownership, not by legislative enactment, but by the fiscal measure of land-value taxation. He believed that this fiscal measure would change private property into private possession, although existing holders might continue to think of their titles as private property. An equal division of land (as private property or as private possession) would not in *practice* be desirable or possible.

With regard to *land value*, the general tenor of his statements was that, as a matter of sound *principle* and good *practice*, the revenue collected by means of a land-value tax should be common public property and used for works and services of common benefit. Occasionally, he mentioned the possibility that some of the revenue might be distributed as a welfare benefit to the needy; thus, in effect, it would become their private property. But this possibility did not figure prominently in his reform programme. Nor did the programme consider the possibility or practicality of an equal private sharing of the revenue as a standard policy or as an equal right.

Conclusion

George's main aim was to attack the institutions that led to widespread poverty in the midst of progress. The main target of his attack was the private ownership of land. If he had directed his attack instead at the *unequal* private ownership of land, and had not felt it necessary to oppose the deep-seated and almost universal attachment to private property in land, the academic standing and popular acceptance of his ideas might be very different today. In the nineteenth century²¹, in countries where the main source of tax revenue was customs and excise duties (which were assumed to be passed forward in the form of higher prices, and therefore paid by consumers), and where most people were not landowners, the promise that only landowners would pay tax (which according to the conventional economic wisdom of the time could not be passed forward) was sure to engender wide popular support. Today, in those societies where many people are either landowners, or mortgagors in the process of buying land, or aspiring land buyers, the promise of a regular national dividend might have more electoral appeal than a single (and heavy) land-value tax the revenue from which, even if spent on useful public works, might not bring obvious benefits to the life of the average

citizen.

George's policy of common or public ownership of land is seen by many as a policy of land nationalization and as a first step towards socialism and communism. It appeals to those whose political ideology inclines towards socialism, but is anathema to those of the opposite political persuasion. A policy that promises equal private ownership of land value might achieve greater support. Whether or not it would enjoy majority support would depend to a large extent on whether the majority receive more in dividend than they pay in tax.

In 1890 George predicted it would not be long before the civilized world came to acknowledge the equal rights of all to the use of the earth.

The currents of the time are setting in our favour. At last—at last we can say with certainty that it will only be a little while before all over the English-speaking world, and then, not long after, over the rest of the civilized world, the great truth will be acknowledged that every child born comes into this world having equal rights with all to the use of the earth. (George [1890] 1947:2)

Over 100 years later the world is no closer to acknowledging equal rights to land than it was in 1890, and no closer to implementing policies that would give effect to equal rights to land. George's name and policies are less widely known and less popular than they were in 1890. Many suggestions have been advanced to explain the failure of his 1890 prediction. The fact that he advocated *common public* ownership of land and land value rather than *equal private* ownership, and the fact that he did not recognize the political repercussions of that position, could be significant elements of that explanation.

Appendix: Schematic Summary of Henry George's Views on the Ownership of Land and Land Value

Land

- private property

-rejected in principle, because in practice it leads to inequality and misery

- equal private property

-not explicitly considered in principle, because unworkable in practice

- common public property

-acceptable in principle, but in practice achieved by a fiscal measure (land-value taxation), not by legislative abolition of private property

Land Value: Distribution of the Revenue from a Land-Value Tax

- discretionary private property: distributed as welfare payments (e.g. pensions) on a needs basis

-acceptable in principle, but not a prominent nor a standard feature of his reform programme

- equal private property: distributed on a rights basis to each person as an equal national dividend

-not considered in principle or practice; excluded by the Single Tax principle

- common public property: distributed by the government for public works and public services of common benefit

-the standard policy; endorsed in principle and practice

Notes

* The assistance of two anonymous referees is gratefully acknowledged.

1 In this paper the terms 'ownership' and 'property' are used as synonyms.

2 Opinions differ as to whether, or at what point, restrictive regulations in the use of private property amount to a negation of private property.

3 In suggesting that George's use of 'equal' and 'common' is in need of clarification, it is not meant that his general policy position was ambiguous or internally inconsistent. George of course would have denied any ambiguity. It is quite clear that his first-best option was for the government to own the land (i.e. common public ownership of land), and for the public revenue raised by leasing the land to private individuals (persons or companies) to be used for common public purposes (e.g. schools, roads,...). It is also clear that, recognising the political impracticality of doing away with existing private land titles, his second-best option was to retain the existing private land titles, but to take away by taxation the value of the privately held land thus creating a situation that he preferred to call private possession rather than private property and to use the land-tax revenue for public purposes. This policy position might not be universally acceptable, but it was neither ambiguous nor self-contradictory.

4 A further argument not mentioned by George against legislative confiscation is that it would have little chance of being implemented in a society where most people are landowners.

5 Just as George's distinction between possession and ownership of land was

left unclear and unconvincing, so also was his distinction between possession and use. As a referee of this paper has observed, in some contexts George seems to use 'possession' as a synonym for 'use': in others, he seems to use 'possession' to mean what is left of the institution of private property in land after the land value has been removed by taxation: and elsewhere, 'use' seems to lie applied to what the land-holder, whether owner or mere possessor, is doing with the land. This creates problems of interpretation. When George spoke of the 'right to land' it is not immediately obvious whether he had in mind the right to own and use land, or the right merely to possess and have access to it in order to use it without owning it.

6 It is not clear from the above quotation whether 'the care of the sick and needy, the support of widows and orphans' would be in the form of publicly funded institutions, such as hospitals, nursing homes and orphanages, or whether it would take the form of direct grants to individuals. If the latter, then it would represent a privatisation of the land-tax revenue.

7 George claimed that we all have the right to an 'equal share' of the land—see, for example, the quotation from George [1881] (1953a:37), cited above. But in that context his term 'equal share' seems intended to mean not an equal portion of the land itself, but an equal sharing in the benefits of the public goods and services—such as roads, bridges, schools, defence, and the justice system that are financed from the revenue of the land-value tax. He does not appear to have advocated, as a consistent and leading principle, that the revenue from the land tax should be shared out equally in the form of *per capita* grants. As a referee of this chapter has noted, there would be no contradiction if George had argued for common public ownership of land, but equal private ownership of the land value. It would have been possible for George (or anyone else) to combine in one policy the *common public* ownership of land with the *equal private* ownership of land value. This situation could arise, for example, if the state nationalized the land, leased it to private persons or firms, and then distributed the lease revenue equally on a *per capita* basis. But George did not choose to adopt this policy, for reasons discussed elsewhere in this chapter.

8 A referee of this chapter has suggested that George's preference for spending the land-tax revenue on public works and services instead of distributing land value in equal shares to private citizens could have been influenced by an unstated belief that the equal shares would somehow be redistributed unequally—a point that George had explicitly made as an argument against an equal distribution of the *land* itself (see above).

9 This view is admittedly based on the assumption that there is a logical link between equal rights to land value and equal shares in land value—an assumption that some might wish to challenge.

10 For example, in Great Britain, the Land Commission Act of 1967. and, in

New South Wales (Australia), the Land Development Contribution Management Act of 1970. Both of these schemes were intended to tax for public purposes the increases in land value arising from re-zoning, but both were not perceived by a majority of voters to provide them with any direct individual benefit, and both succumbed to the collective opposition from landowners who perceived (quite correctly) that they would suffer considerable economic harm.

11 George does not appear to have discussed explicitly the question of whether distribution of the land value to every citizen might involve demoralization for the recipients. But in speaking of a related policy—pensions for the widowed, sick and aged, he said:

All prating that is heard from some quarters about its hurting the common people to give them what they do not work for is humbug. The truth is, that anything that injures self-respect, degrades, does harm, but if you give it as a right, as something to which every citizen is entitled, it does not degrade. (George [1885] 1938:24)

12 Eligibility criteria would involve factors such as age, citizenship, nationality, permanency of residence, etc.

13 Boulding (1982:10). Boulding stated: It is a little surprising that Friedman has not been more enthusiastic about land rent and land value taxation which would seem to fit in well with his general philosophy'

14 Meade (1993:405-10) has proposed a 'tax-free Social Dividend or national dividend or Basic Income or... Citizen's Income' to be paid 'to every citizen regardless of whether they are in work or unemployed... [and] regardless of all circumstances other than age'. Gorz (1982:41) has proposed 'a social income guaranteed for life', and Purdy (1988:193-5) proposes a 'basic income' that is 'an unconditionally guaranteed minimum income' that would be independent of current employment status and independent of other income.

There are some similarities between the ideas of these three writers and the idea of a national dividend financed by land-value taxation, but in noting these similarities it is not intended to imply influences or priorities. As stated above, a national dividend financed by land-value taxation was not put forward by George as a standard component of his proposed policy.

15 The term 'incremental land value equalization scheme' gives expression to the principle of equal rights to land, and to the logical and moral link between equal ownership and equal benefit. It would be more politically acceptable than 'land-value tax'. One of the reasons for the inability of George's policy to maintain widespread support was that as a general rule he insisted on applying the land-value tax to the current value of land (without compensation to existing owners) rather than to increments in land value after a base date set in the

enabling legislation, as proposed by John Stuart Mill.

16 George argued that landowners had no moral right either to the unearned increments that had accrued on their land in the past, or to any unearned increments that they expected to accrue in the future; and, therefore, they had no moral right to any compensation if some or all of those past or expected increments are taken away by land-value taxation. To compensate them, he argued, would be equivalent to paying compensation to a thief whose ill-gotten gains are confiscated by the police. Also, as John King (1988:102) asks: 'Can I legitimately expect compensation when a slave I acquired innocently is emancipated, or the stolen goods I bought in good faith are repossessed? Compensation from whom?' George was not prepared as a general rule to admit exceptions or concessions in the case of a buyer who purchases land just before the introduction of the land-tax legislation, and whose purchase price reflects the market's estimate of future increments in land value. This rather extreme application of the principle of land-value taxation alienates those who regard it as unfair and arbitrary' confiscation.

17 Recognition of the *practical* impediments to an equal private distribution of land does not rule out recognition of the *principle* of equal private distribution of land.

18 The term 'single tax' occurred only on a few occasions in Progress and Poverty, and was not capitalized as the 'Single Tax'.

19 In New South Wales (Australia), his early supporters were organized under the name of Single Tax Leagues.

20 'all economists are agreed that taxes on land values irrespective of improvement or use ... must be paid by the owner and cannot be shifted by him on the user' (George [1891] 1953b: 13n). But, according to Groenewegen, Ricardo's view of the incidence of land tax 'is now no longer acceptable to tax economists. ... it is now agreed that all taxes are in principle shiftable... rent and taxes on rent can be passed on, depending on the state of competition... supply and demand elasticities will determine the actual incidence of the tax' (1979c: 10-11). And, according to King (1988:92), George's analysis of distribution 'rested upon a theoretical fallacy—that the landowner was the residual claimant—and had been refuted in practice by the rapid growth of non-rent property incomes'

21 For example, in Australia in 1901-1902, customs and excise duties raised 63% of total taxes. See Groenewegen (1979a:60).

John Pullen has spent much of his professional life poring over the editions of Malthus' Principles and is a renowned authority in this area, yet a little over half

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