

Henry George and Problems of Our Time

By GLENN E. HOOVER

HENRY GEORGE was one of those rare thinkers whose thought was always directed to the problems of his time, and particularly the problem of social justice. It is appropriate therefore, that we should re-examine the problems we inherited from his age, and the programs he advanced for their solution.

George would want us, I am sure, to continuously examine his proposals with the best critical faculties we can bring to the task. He never pretended that he committed to mankind the Final Truth, embodied in a kind of Holy Writ. He would not be flattered if we read his writings as some may read the Koran, the Book of Mormon or Das Kapital, hoping, by some exegetical *tour de force*, to find answers which he never gave. He asked of his contemporaries only that they bring to the problems of their time, and his solutions for them, an open mind, and an unselfish regard for justice, which, with George, was a veritable passion.

He was human enough to appreciate the warm response given his writings and speeches, but he would scorn such Byzantine adulation as the world's Communists heap on Marshal Stalin, or the Nazis gave to their Fuehrer. George always tried to prove his points by facts and logic, rather than by appeals to so-called authoritative writings, and we can best honor him by following his example.

The fundamental problem to which George devoted his life was the right of men to the earth on which they lived. No one believed more firmly than he that men had the right to the fruits of their labor, and that those who saved and accumulated capital had a right to their reward. But he believed with equal firmness that the site value of land, was a socially created value; that the earth was the product of no man's labor; and that institutions which enabled some to charge others for permission to use this earth—our common heritage—were fundamentally unjust.

The equal right of all of us to the earth on which we live is, to me, the core of the Georgist doctrine. It is of course impossible for all of us to share a given lot, tract or farm, but we can all share equally the value of it, if that value is collected for public use. Honest men may



differ over the best way to accomplish this end, or the way in which the annual value of land sites should be distributed among the various levels of government; they may also differ over the propriety of giving some compensation to existing owners, or whether the annual site value (economic rent) would be sufficient to defray all needed public expenses. If, however, they believe that we all have equal right to the earth which God—or Nature—has provided, I am prepared to accept them as co-workers in what is perhaps the most fundamental and concrete program ever advanced in behalf of human equality and human freedom.

The acceptance of George's program has been hampered because so many have erroneously believed it to involve only the repeal of all taxes other than the tax on the site of land. This so-called "single-tax" would not, strictly speaking, be a tax at all, but an annual-payment to society for such land as one wanted for his own use. But George proposed much more than a minor fiscal reform involving the simplification of our tax structure. He demanded nothing less than a revolutionary change, by which each of us would be accorded his equal right to the earth.

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For lands devoted to public purposes, such as streets, parks and recreation grounds, our equal rights are already recognized, and we enjoy them on a first-come first-served basis. But our equal right to land privately held can be secured only if the full annual value of such land is paid to society and used by it for the equal benefit of all its members. This is the core of the Georgist proposal, and I venture to say that the ethical principles on which it is based have never been successfully refuted.

I have thus far referred to the very compelling ethical arguments for the public appropriation of all site values. However, the proposal would have the further advantage that it would lead to the full utilization of every piece of land whenever it became useful. No one could afford to pay to society the full annual value of land, and then hold it out of use. It is obvious that the proposal would be to the economic advantage of all but actual and potential landowners.

Some of us have always believed that George was right in stressing the ethical arguments for the socialization of economic rent. His reasons for this he well expressed in the following passage:

"To begin and maintain great popular movements, it is the moral sense rather than the intellect that must be appealed to, sympathy rather than self-interest. For however it may be with any individual, the sense of justice is, with the masses of men, keener and truer than intellectual perception, and unless a question can assume the form of right and wrong it cannot provoke general discussion and excite the many to action."¹

The injustice of allowing a few persons to appropriate to their private use, the socially created value of land is now even more flagrant than in George's time. The men of the Nineteenth Century who added acre to acre and tract to tract, watching others develop them into Main Streets, were often enough ruthless landlords. Very often too their mental powers more nearly resembled animal cunning than the higher gifts of the spirit, but they were generally hard working, often thrifty, and at times quite

public-spirited. They were more often disposed to endow colleges, hospitals and libraries than are their descendants who inherited their estates. The latter, having less vigor and less confidence in themselves than their elders had, are more inclined to spend their rentals on what they call "gracious living," and then pass their estates on to their descendants to enable them to live even more "graciously."

Moreover, since George's time the socially created economic rent which landowners appropriate to their private use has greatly increased. No adequate statistics are available, but the annual site value of the land of the United States, for example, must be enormous. If the shadow of war should ever pass us by, and governments would restrict their activities to functions which they can intelligently perform, there can be little doubt that most of our costs of government could be met from the economic rent which is now privately appropriated.

A corollary of this achievement, minor in importance, but soul-warming to some of us, would be the separation from the public payroll of a plague of tax assessors, tax collectors, tax adjusters, tax attorneys, investigators and snoopers of high and low degree. Even the unofficial income tax counsellors, whose offices spring up like mushrooms, just prior to the Ides of every March, could go back to more useful tasks.

Efforts to Free World Trade

While George's reputation rests chiefly on his efforts in behalf of the public appropriation of economic rent, he was also an ardent free trader. Because freedom can survive only among equals, one might suppose that his free trade ideas developed from his belief in our equal rights to the earth, but this supposition is demonstrably false. His free trade convictions developed first.

He came to California a protectionist, or as he himself put it: "I supposed I was, for, without real examination, I had accepted the belief, as in the first place we all accept our beliefs, on the authority of others."²

His protectionist errors were, as one might suspect, part of the intellectual baggage he brought with him from Pennsylvania. He said that he was converted to free trade by hearing "the protective theory elaborately expounded by an able man." Perhaps the moral of this incident is that protectionists should never indulge in public debate, for there is no telling when an intelligent young person of George's caliber might be in the audience.

It is to be noted that he became a free trader, as he became a land reformer, by applying to

¹ *Protection or Free Trade* (New York: Doubleday, Page & Co., 1911 p. 317.

² *Ibid.*, Ch. IV.

the problem the very highest of ethical principles. These principles he stated as follows: "Religion and experience alike teach us that the highest good of each is to be sought in the good of others; that the true interests of men are harmonious, not antagonistic. . . . The protective theory, on the other hand, implies the opposition of national interests; that the gain of one people is the loss of others . . . it inculcates a warfare of restrictions and prohibitions and seizures, which differs in weapons, but not in spirit, from that warfare which sinks ships and burns cities."³

To put the tariff controversy on this high plane is to lift it up from the low levels of discussion usually present in Congressional Committee rooms. There, as like as not, some California pressure group will be insisting that if the impoverished Greeks are permitted to sell more olives and nuts in the United States, our Republic will be endangered! Or the American shipping companies will be there, this time vigorously supported by the sea-faring unions, to protest the proposed loan of some of our idle shipping to the countries of Western Europe, so that they might carry away some of the relief supplies we are giving them, and thus reduce the cost to the American taxpayer.

Those who take such a selfish and worm's eye view of world trade may perhaps be excused if they fail to pitch their protectionist arguments at the level to which George raised any dispute in which he participated. Some protectionists are so blinded by self-interest that they are quite incapable of thinking in terms of the public welfare. They are perhaps more to be pitied than condemned, but it is difficult to tolerate fools and knaves gladly, particularly when they add hypocrisy to their vices.

The cause of free trade will be forever indebted to Henry George because of the courage he displayed in his advocacy of it. In his day as in ours, many who really believed in free trade wanted to "talk it down." They preferred to be known as "tariff reformers," and professed to be content with tariff reductions. This mealy-mouth approach was anathema to such a simple and honest man as Henry George. He knew that there was no argument ever advanced for reducing a tariff by 50 per cent that could not be used to urge its reduction by 100 per cent.

In the Garfield-Hancock campaign, the Democratic Party sought to capitalize on his eloquence by having him speak on the tariff, but one experience with the forthright George was enough. He told the audience that he had heard of high-tariff Democrats and low-tariff Democrats, but he was a no-tariff Democrat who wanted "to sweep away the customs-houses and custom-house officers and have free trade." He

was never asked to speak again. Politicians, then as now, feared nothing so much as frankness. They preferred speakers who, like their party platforms, could mean all things to all men. With that kind of politician, George could have no truck.

How goes the battle for free trade since George's time? On balance, one must say it has gone badly. The beneficiaries of tariffs first won large support from their employees, and then were joined by farmers who were reluctant to see industrialists and their high paid workers get all the favors which government had to bestow.

Since many of these farmers grew crops such as corn, wheat and cotton, that were not imported, they could not be benefitted by straight, old-fashioned protective duties. They therefore demanded, and got, a system of subsidy payments, "price support" programs, and permission to enter into monopolistic "marketing agreements," by which they have been able to keep the prices of many of our farm crops above the world level. To cap this folly, we have had to employ protective tariffs and import quotas to prevent the re-importation of certain of our farm products, previously "dumped" abroad by means of export bounties paid from the federal treasury.

The leaders of the American farm organizations have thus obtained for farmers the double-barreled privilege of raiding the Treasury, and at the same time exacting monopoly prices from the defenseless consumers. In this they have been aided by vote-hungry politicians of both major parties. Nor should we forget that, beginning with the Great Depression, our Ship of State has been loaded to the Plimsoll line with planners, collectivists and other advocates of state intervention. Such people are hostile to all forms of economic freedom, and particularly to the freedom of international trade.

With our entrance into the late war, state planning was intensified and the protectionist-subsidy favors given to farmers have all been retained. Thus far the farm bloc has been victorious all along the line, even to the point of retaining the laws which, in fact, require housewives to color their own margarine if they resort to the unpatriotic practice of using it. Perhaps the furor over the cost of living will prompt the Congress to temper somewhat the existing protectionist subsidy system, but it would be naive to expect politicians to act from other than political motives until after the elections.

There is however one factor in the protectionist controversy that has been completely changed since George's time. Our receipts from customs duties are now such a small part of the revenue of our federal government, that their abolition would raise no serious fiscal problems.

³ *Ibid.*, Ch. IV.

so long as customs revenues were an important item in the federal budget, free traders were logically forced to suggest alternative revenues if protection was to be abandoned. The awe-inspiring system of taxes now employed by the federal government has relieved free traders of that unpleasant task. Of the estimated budget receipts for the fiscal year 1949, totalling \$44,477 millions, only \$378 millions or less than 1 per cent are anticipated from the yield of customs duties.⁴ The abolition of customs duties can now be considered on its merits, and almost without regard to possible effects on federal revenues.

The present advocates of free trade have another advantage which George did not enjoy, in that the United States is now, economically, the undisputed colossus of the world. How much of that is due to the war losses of our former rivals, and how much to our own free enterprise system, each must determine for himself. The fact remains that our production is so great, and foreign production so small, that we are forced to make loans and grants to friendly nations to keep their peoples alive.

Under such circumstances, to reduce their sales to us by retaining our protective duties is to establish a world's record for governmental stupidity. In effect, we are saying to the peoples of Western Europe, that we do not want to accept their products in *exchange* for ours, but would prefer to *give* them ours, with no *quid pro quo* whatsoever. Loans and grants to the Western European nations are quite in order, but we should first permit them to acquire all the dollars they can by *selling* to us, before we start giving our dollars away. Until we demonstrate that much common sense, we shall be known more for our possession of the atom bomb than for economic statesmanship.

Because of the unusual conditions now prevailing in the world it might be well if the followers of Henry George should redouble their efforts in behalf of free trade, a cause to which he gave so much of his time and energy. In this campaign they would have the aid and sympathy of groups that were either hostile or non-existent in his day.

Most of the professional economists of George's generation thought as little of him as he did of them, which is saying a good deal, but they are now, almost without exception, convinced believers in the free trading system. In addition, the many low-cost producers in the United States are now more aware that to restrict imports means to restrict their exports, on which they must depend if they are to continue to operate at profitable levels. Their voices, for the first time, are beginning to be heard in the land, and more important so far as immediate results are concerned, in the halls of Congress.

Moreover, it must now be apparent that George's free trade objective is much nearer attainment than the socialization of rent. Success in the latter field will require prolonged educational efforts at all levels of government. With our political system, it is administratively difficult for the federal government to appropriate the site value of land, even if the needs of the federal government were given priority over the needs of the states and their political subdivisions. For this reason, campaigns to socialize economic rent must be carried on in each of the states and in hundreds of communities. This will require much time.

On the other hand, it is always possible that a free trade victory may be won by a single stroke. Here we have to deal, not with forty-eight legislatures, but with the Congress. It could eliminate at any time, all protectionist restrictions, root and branch, and the international situation could not possibly be more favorable to such a course of action. We are now pressing the countries of Western Europe to lower or remove their tariff barriers which obstruct mutual trade between them. With how much better grace could we give this advice if we should abolish our own protective duties and come out boldly for complete commercial freedom!

There is much talk of this being a time for greatness, by which we generally mean a time when *foreign* governments and *foreign* statesmen should show *their* greatness by measuring up to what Churchill has called, "the level of events." I submit that in the field of commercial policy, they are more apt to do so if we ourselves set an inspiring example. There is no action our government could take which would have such far reaching and beneficial results as the dramatic termination of our protectionist policy. Here indeed would be another "shot heard 'round the world" which would encourage the friends of freedom everywhere.

The economic recovery of the world is now bogged down in a mire of protective duties, import quotas, exchange control, price fixing and the allocation of raw materials. In many countries government intervention has gone so far that only the most resolute action will save them from the final descent into the misery and muddle of a police state regime. George said that none of his proposals were panaceas for the world's ills, but that freedom was. In the present tug of war between freedom and totalitarianism we might turn the tide by sweeping away every obstacle to the freedom of trade for which we are responsible.

⁴ The Budget of the United States Government for the Fiscal Year Ending June 30, 1949, Table 6, p. A-11.

Henry George and Labor

The well-being of the wage worker was another matter in which George was deeply interested.

If he were alive today, what would he think of the workers' efforts to improve their lot through the economic power of their trade unions? He always sympathized with every aspiration of the workers, and when he was a candidate for office, he almost invariably received trade union support. On the other hand, he never had much faith in either their ideals or the methods of trade unionism. In his *Protection or Free Trade*, he put it as follows:

"The first attempts of working-men to improve their conditions are by combining to demand higher wages of their direct employers. Something can be done in this way for those within such organizations; but it is after all very little. For a trades-union can only artificially lessen competition within the trade; it cannot affect the general conditions which force men into bitter competition with each other for the opportunity to gain a living."⁵

There is little reason to doubt that he thought of trade unions only as makeshift devices, to be justified, if at all, only so long as men were denied equal rights to the earth, and equal access to it. His mature opinion (1886) was expressed as follows:

"But where the natural rights of all are secured, then competition, acting on every hand—between employers as between employed; between buyers as between sellers—can injure no one. On the contrary it becomes the most simple, most extensive, most elastic, and most refined system cooperation."⁶

George could not fail to see that unions were pressure groups, designed to give their members a monopoly price for their services, and, if they believed the occasion warranted it, to restrict the personal freedom of workers and customers of firms against which strikes had been declared. The exercise of such power violates every concept of freedom and equality to which he dedicated his life. Henry George, with his emphasis on justice, could have had little sympathy for the "business unionism" of today. Its leaders are too ready to exact their pound of flesh, without regard to consequences. So long as unionists could pretend that the increased wages which they got by the exercise of pressure, came exclusively from the profits of their employers, they had considerable public support, and presumably, had clearer consciences, insofar as they were equipped with such encumbrances. But the pretense that wages are paid, ultimately, by anyone other than the consumers

of the goods and services which unionists produce—that pretense is wearing pretty thin.

The recent practice of announcing wage increases and price increases to be effective on the same day should serve to open the eyes of those who have long permitted their sympathies to impair their vision. When the pressure of certain trade unions enables them to receive, in the California vernacular, more "ham and eggs," the effects will be seen, not at the breakfast tables of their employers, but at the tables of those living on fixed incomes, retired people, unorganized workers, or even trade unionists in industries where union pressure is less effective. These relatively defenseless people are the ones who will get less because the aggressive unionists get more.

Despite George's advice to the workers that they concentrate on what he called their "natural rights," they have instead chosen to exert their monopoly power as a means of obtaining higher wages. As a result, wage rates, which are the price of labor and should, like all prices, be arrived at through the peaceful processes of a free market, are now the result of power contests. Our market places have been transformed into economic battlefields on which the armies of Labor and Capital bluff, bluster and brawl. At any time their struggles may halt our entire economy, and their agreements may be equally fatal, for then the consumer is sure to be gouged.

In some cases trade unions have gone so far that they find themselves in conflict, not with their employers, but with the United States of America. I am no red-baiter nor patrioteer, but I can predict, with all confidence, that when a labor dispute takes this form, the U. S. A. will win every time. The policies pursued by many union leaders are not only bringing them into conflict with the strongest government in the world, but are also losing them a large measure of public sympathy. In the opinion of many of our citizens, the once weak unions, formerly regarded as rather ineffective supporters of the underdog, have been transformed into giants, whose activities are a menace to our social and economic order.

As American trade unionists approach the end of the road down which their leaders have misled them, they would do well to abandon the monopoly device on which they have relied, and concentrate on the economic reforms which George advocated. By so doing they would win the support of most men of good will, whatever their place in our economy. The workers of this and every country have many legitimate grievances, but monopolistic wage-fixing is not the appropriate remedy for any of them.

For example, each worker has the right to an equal share in the annual value of the good

⁵ *Loc. cit.* Ch. XXVIII.

⁶ *Ibid.*, Ch. XXVIII.

earth, but that right he has, not as a unionist or wage worker, but as a man. He has too a right to move about at will, and to work on such terms as are to him agreeable. However, such trade union practices as high initiation fees, racial discrimination and limitation of membership, frequently deprive him of these rights.

Moreover, each worker, as indeed every adult not in need of a guardian, has the right to buy products originating in any part of our "one world," without paying penalties in the form of customs duties, and without paying the artificially high prices which such duties enable domestic producers to charge him.

Equal Educational Opportunity

We have also recognized the right of all workers, as well as others, to a free education in public schools and colleges. I wish that this right might be extended, so that able students, whatever the financial condition of themselves or their families, might pursue their studies for as long as they demonstrate the capacity and the will to profit by them. By this I mean that, for such superior students, not only would instruction be free, but that they would receive a stipend which would enable them to live while profiting from this instruction. Higher education at public expense should increasingly go to those who can best profit from it rather than to those whose parents can best afford it. This is the kind of freedom, and equality of opportunity, which workers and their children should enjoy. Superior intellectual gifts are always in short supply, and they should never be wasted because gifted students and their families are too poor to develop them to the fullest.

Nor, in my judgment, need such a program impose too great a financial burden on the public. By raising the entrance requirements so as to exclude students who have little to recommend them but the bank accounts of their fathers, the cost of maintaining our higher institutions of learning could be kept well within the limits of the public's ability to pay them. What we as a society cannot afford is the waste of intellectual ability which results when gifted young men and women cannot continue their studies merely because their families are poor.

Nor should we ever fall into the popular error of assuming that serious study should end when young people leave the class room. As a veteran teacher let me assure you that the human intellect is at best, a device of restricted utility. It needs a very careful nurturing indeed, and the development of it should continue until senility is so plainly evident that we must, perforce, abandon our efforts.

Woodrow Wilson once said—to the wrath of the Princeton alumni—that the proper aim of a university is to make a son as unlike his father as possible. You may be assured that four years is much too brief a time to accomplish that commendable task. For this reason the work which the Henry George Schools are carrying on is to be highly commended. Man's struggle for enlightenment calls for continuous effort on the part of each and every one of us. I must conclude by congratulating all of you on your recognition of that fact. May your tribe increase, may your efforts prove fruitful, and may you, along the way, experience the imperishable delight of acquiring new knowledge and wisdom.

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