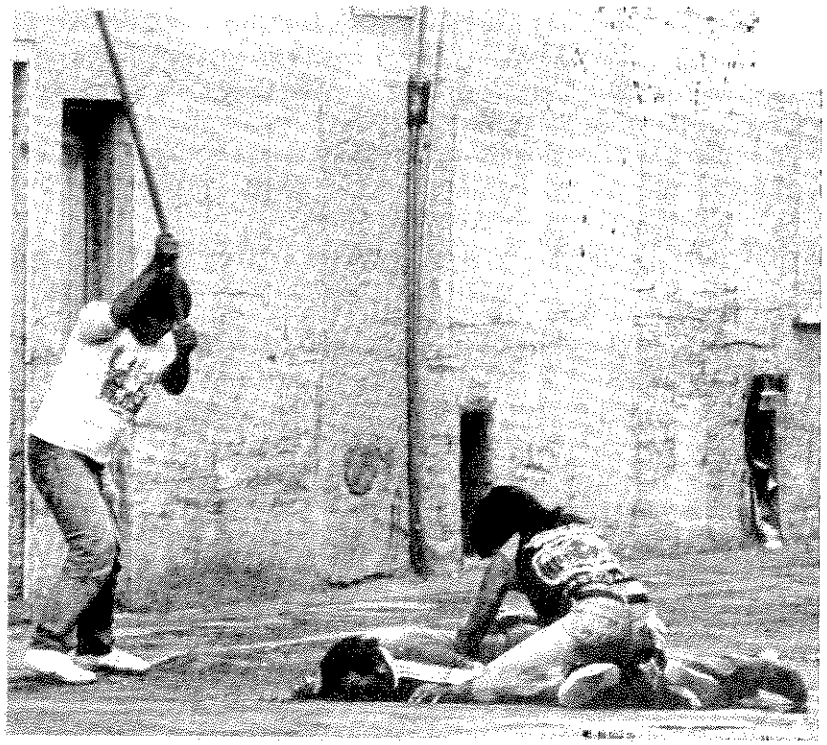
The New Barbarians:

The Continuing Relevance of Henry George

By John M. Kelly



Progress and Poverty, the book which inspired this speech, is by Henry George and was published in 1879. It is the best selling work of economics by an American, with more than five million copies published in 25 languages and in Braille.

While George draw upon the ideas of other economists, such as Adam Smith, John Stuart Mill, and David Ricardo, he transformed them to develop his theory that land is the source of all wealth and that monopoly of land is the principal source of involuntary poverty. As civilization progresses, he wrote, the condition of a few people (those who own large quantities or vital locations of land) improves while the condition of the majority (those who must buy or rent at prices set by a few monopolists or speculators) tends to decline to poverty or a low subsistence level.

George proposed, as a remedy, a tax on the value of land. (The value people place on land is due either to nature or to the growth of communities.) At the same time he advocated the abolition of all other taxes, including those on buildings and houses, on income, and on sales. He believed a land value tax would discourage land monopoly and speculation, since anyone holding land idle or underused would pay as much tax as the landowner who developed similar land wisely. The revenue from land would probably be enough to pay all reasonable government costs, George wrote. His theories inspired reformers throughout the world, especially in English-speaking nations but also including Leo Tolstoy of Russia and Sun Yat Sen of China. Land value taxation is used in Australia, New Zealand, Denmark, and, in the United States, in several Pennsylvania cities.

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Progress and Poverty may be purchased for $6 (paperback) or $12 (hardcover). Order your copy or write for a complete list of books and articles by and about George, as well as those by others on land value taxation and on free trade, from:

ROBERT SCHALKENBACH FOUNDATION
41 East 72nd Street
New York, NY 10021
212-988-1680

The New Barbarians:

*The Continuing Relevance of Henry George**

By JOHN M. KELLY†

Whence shall come the new barbarians? Go through the squalid quarters of great cities and you may see, even now, their gathering hordes!
From *Progress and Poverty* (1879) (New York: Robert Schalkenbach Foundation, 1979, p. 538).

HENRY GEORGE

ABSTRACT. The world's peoples are demanding: who should be the Lords of the *Land* or—should anyone be? By what right does anyone acquire the privilege of monopolizing that which should be the heritage of all? A century ago *Henry George* saw the nature of this question, the *land question,* outlined the solution and foresaw the consequences if we failed to address it. The *rioting* in the slums, the looting and other *crime* in the cities and rural areas, the tension of our time, the rising fears, paranoia and greed bear testimony to the legacy George foresaw. Against *monopoly* and privilege, George raised the banner of Justice and Liberty, achievable only by *taxing the land* and *untaxing labor* and its products. The failure to act upon the land question is at the bottom of the threat of a new barbarism. But the *Intellectual Revolution* fostered by the new *computer technology* promises to undermine myths that have enslaved the human mind.

I

A GREAT AND GRIEVOUS CONCERN grips the people of the nations of the world.

Ill-defined, poorly articulated for the most part, this distress expresses itself in many, apparently unrelated forms; but the root cause, the keystone of this crisis is the question, not of who will inherit the Kingdom of Heaven, but rather who will inherit the Kingdom of

* An address at a symposium marking the centenary of the publication of *Progress and Poverty* by Henry George at the University of Alabama, Tuscaloosa, Ala., November 9, 1979, funded by the National Endowment for the Humanities and the Robert Schalkenbach Foundation. The historian, Dr. William D. Barnard, presided.

† The late John M. Kelly, president of Management Enterprises, Inc., Scranton, Pa. 18503, was a member of the national honor society in economics, Omicron Delta Epsilon, a long-time advocate of property tax reform, a member of the boards of the Henry George Foundation, Pennsylvania, and the Robert Schalkenbach Foundation, New York, and served on state and local government tax advisory panels. He died July 26, 1986.

Earth? Not who is—but who should be . . . the Lords of the land; or more properly, should anyone be the Lord of the land? By what right does anyone acquire the privilege of monopolizing that which he did not create?

With remarkable clarity Henry George saw the nature of this question 100 years ago and gave the world his thoughts in *Progress and Poverty*. He defined the problem, outlined the solution, and foresaw the consequences if we failed to modify the established system of land tenure, title and taxation. We have failed and we are suffering the consequences.

The tension of the times, the rising fears that dominate our interpersonal relationships, the paranoia and greed which have become the hallmarks of modern society . . . all of these bear bitter testimony to the legacy George foresaw.

"Go through the squalid quarters of the great cities. . . ." It is generally difficult to pinpoint the genesis of an idea but most of George's biographers would seem to agree that the starting point for George's lifework came in December, 1868 when he left San Francisco for New York in what proved to be an abortive effort to secure Associated Press membership for the San Francisco Herald which had hired him for this task. He stayed East six months and failed in his mission; but it was an experience which strengthened his lifelong opposition to monopoly.

New York in 1868 had a population approaching one million. It was the principal city of the nation and it held out a fascination of things for the young man from the western frontier. But what made the most lasting impression was the shocking contrast between "the House of Have and the House of Want."

Ten thousand tenements overflowed with the poverty-stricken, while at the same time a wealthy merchant such as A. T. Stewart could erect a two million dollar, white marble palace at 34th Street and 5th Avenue.

Great wealth was much in evidence, yet the deep poverty which accompanied it was reflected in a death rate for the city which was twice that of London.

Pondering all of this George asked himself: "Why?" Oh, he as well as others could see the corruption and political dishonesty of the "Tweed Ring," the manipulations of the Jay Goulds and the Cornelius Vanderbilts and their corruptive influence on the courts and local governments; but was there more to it than that? Why such inequality

of distribution? There must be a deeper, more fundamental natural law being transgressed. The search for this became his life.

Henry George died over 80 years ago and much has happened in the intervening years. Would this change confound him or merely confirm his thoughts? What would George's reaction have been if he could have been returned to New York City on say, Saturday, July 16, 1977? The *New York Times* front page that morning read:

"DISASTER" STATUS GIVEN NEW YORK AND WESTCHESTER TO SPEED LOANS; SERVICES RESUME AFTER BLACKOUT—2,000 STORES LOOTED; $1 BILLION IN LOSSES EXPECTED—POLICE UNDER ATTACK CITE 3,766 ARRESTS

The lights went out from a temporary power failure and, as if on signal, an army of "new barbarians" marched on the Bronx, Queens, Brooklyn, and Manhattan.

It was not a new experience. In April, 1968, the city experienced four days of rioting following the assassination of Dr. Martin Luther King, Jr. Only now the police had improved their techniques; in '77 they arrested 8 times as many offenders as in '68.

Witnessing this devastation, people across the nation and around the world asked: "Why?" Henry George would have said: "Why not?"

He, more clearly than most, saw it coming. In "The Central Truth" from *Progress and Poverty* he said:

We cannot go on educating boys and girls in our public schools and then refusing them the right to earn an honest living. We cannot go on prating of the inalienable rights of man and then denying the inalienable right to the bounty of the Creator.

Compare that with the comments of looters as reported in the *Times* by Nathaniel Sheppard who questioned Carlos and two teenage companions at Manhattan Avenue and 104th Street several days after the looting and burning.

"Asked why they stole the goods if they could not make use of them, Carlos, who said he was 20, responded: 'Everybody was doing it and if we hadn't taken the stuff somebody else would have. Besides,' he hastened to add, 'them stores ain't hurting because they can collect insurance.'"

The youths were asked about the merchants and their families. What were they to do while they awaited the insurance?

His head downturned, one of the youths said: "I don't know, maybe they will see what it's like to *have nothing* and *nothing to do.*"

Further in the interview Carlos said: "Look man, we can't get no jobs here and our families are hurting . . . ."

There is little doubt that had he been present for the riots of '77 George would have been sad but not shocked. It merely confirmed his forecast. Indeed he could even be forgiven if he said: "I told you so!"

II

MUST SOCIETY CONTINUE along this path? Is the answer stronger doors and heavier locks? Can we only hope to build prisons faster than we fill them? Will we never learn?

The central issue now, as it was a century ago, is economic justice. Justice was no mere abstraction with Henry George. It looms large in all his works; it is the distinguishing characteristic of his very formidable logic. It is simple, it is plain and it is irrefutable. It is identical with the conviction expressed by Martin Luther King, Jr., who, in a letter from the Birmingham jail in 1963 said: "Injustice anywhere is a threat to Justice everywhere."

To George, Justice could only come with Liberty; and Liberty was impossible of full attainment so long as the control and benefits of the land were vested in the hands of a privileged minority.

The post-Civil War years brought a great wave of land speculation to America and as he witnessed the growth of fortunes arising from the speculation he also observed the chronic persistence of poverty. The land was obviously the key. Labor and labor products were being increasingly taxed to provide public revenues while the natural revenues, the rent of land, was going into private landholders' purses instead of supporting the public services for the community which made the land valuable in the first place.

The answer was clear: tax the land—untax labor and the products of labor. A clear solution, but . . . overturning six thousand years of custom does not come easy. The ranks of the opposition closed rapidly. George was accused of virtually every pejorative "ism" conceivable; notably socialism and communism. Such charges bothered George but little, and in just a few debates he had no difficulty setting the record straight. However, this led to a more difficult and lasting problem: evasion of the issue . . . silence!

Writing to a friend in Berlin in 1894, Count Leo Tolstoy discussed Henry George at great length. Among other things he said this: "Now the great merit of Henry George consists in this, that he dissolves into nothingness all those sophistries which are produced in defense of private property in land, so that the defenders of it do not dare to debate any more, but carefully evade this question, and purposely ignore it with silence."

The same conditions prevail today. Evasion and silence! 1979 is the centennial of *Progress and Poverty;* one could also make a rather valid case that it also marks a "Century of Silence!"

Students of economics commonly agree that the subject starts with Adam Smith's *Wealth of Nations* which appeared in 1776. It is a masterful work. In it, Smith considers revenues "which may peculiarly belong to the sovereign or commonwealth . . ." and as to taxes he set forth four maxims concerning them. George was not unaware of these four rules; indeed he devoted a chapter to the "Canons of Taxation" and against them he tested his theory. *(See page 12.)*

Tested thus, his conclusion was: "The tax upon land values is, therefore, the most just and equal of all taxes. It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community of that value which is the creation of the community. It is the application of the common property to common uses. When all rent is taken by taxation for the needs of the community, then will the equality ordained by nature be attained. No citizen will have an advantage over any other citizen save as is given by his industry, skill and intelligence; and each will obtain what he fairly earns. Then, but not till then, will labor get its full reward, and capital its natural return."

A rather impressive recitation, and considering that it has been staring us in the face for 100 years, or more, what is holding things back?

III

AS RECENTLY, as October 22, 1979, *U.S News & World Report* featured an article on the "Underground Economy" or "How 20 Million Americans Cheat Uncle Sam Out of Billions In Taxes." Working "off the book"—that is, for cash payments with no receipts and no accounting records that might provide legal evidence of tax evasion for Internal Revenue Service investigators—more than half-a-trillion dollars is estimated to be involved; this in turn causing a loss in tax revenues of perhaps 100 billion dollars a year. Much of this reflects the tax revolt. Much of it indicates an awareness of the gross inequities that have developed in the existing systems. Much of it is simply a natural consequence of ignoring the four canons of taxation.

Representing perhaps 20 percent of our G.N.P. this untaxed underground activity obviously imposes an unnecessary extra burden on legal taxpayers. Yet we hear very little about correcting this injustice. No headlines call for a land tax (you can't hide land). Washington's current idea of tax reform is a strong push by the House Ways & Means Committee and the Senate Finance Committee for a Value-Added Tax. Once again the four canons of taxation would be ignored, and capital and labor will be further assaulted.

In 1886, Henry George was in a three-way race for mayor of New York. When the polls closed he'd won. When the vote was announced he'd lost. Richard Croker ("Boss" Tweed's successor as the leader of Tammany Hall, the powerful but corrupt controller of Democratic Party politics and the backer of the proclaimed "winner" Abram S. Hewitt) admitted the manipulation of the ballot count. "Of course," he said, "they could not allow a man like Henry George to be Mayor of New York. It would upset all their arrangements."

The manner in which those involved with tax policy in the nation continue to ignore land value taxation makes one wonder if they aren't concerned that to bring this issue to discussion might "upset all their arrangements!"

It is a curious situation. A land value tax conforms more closely to the Canons of Taxation than any other tax. It is a tax which is socially desirable, fiscally sound, and morally right, yet we seem to wait in vain for the authorities to discover, or rediscover it. Even before the Constitution, the Articles of Confederation provided that the expenses of the young nation: "shall be defrayed out of a common treasury, which shall be supplied by the several States, in proportion to the value of all land within each State, . . ." Such a proviso is not found in the Constitution and one is tempted to speculate that when Hamilton and his colleagues gathered in New York in 1787 they perhaps abandoned this financing device because it "upset all their arrangements."

Over the years the supportive conclusions of countless official studies as well as the indorsements of hundreds of economists, philosophers, government officials, and other thinking persons would fill row upon row of files, yet we wait for the official adoption of the plan that would embrace the economics of Henry George. In almost every battle hopes are raised, then falter and die on a shabby delaying defense of "yes, buts" and "perhaps, laters" or "maybe after the election!"

While we wait, the army of "new barbarians" also waits in the garrison—"the squalid quarters of the great cities." Between 1960 and 1975 the cost of city government in America rose some 296 percent. ($15,251 Bil. to $60,446 Bil.). The amount spent in the cities on Public Welfare went up some 533 percent in the same period ($0.608 Bil. to $3,846 Bil.). Civilian firearms produced or imported went from 2,163,000 in 1960 to 6,120,000 in 1976. Up 182 percent!

The recitation of melancholy statistics could go on and on, but that would hardly be fair. Yes, there is poverty and degradation; yes, there is unjust monopoly and injustice, there are all of the ills George saw and forecast. But as in the title of the book there is also Progress. A burgeoning technology which decreased working hours, expanded output, improved communications and has done a host of other things, most of which are beneficial.

Henry George was greatly interested in the technology of his time. The industrial revolution, coming into its prime, was causing minor miracles to occur: the railroads were linking formerly inaccessible areas together; the telegraph was making communications to distant places as quick as the speed of light; the steam engine was multiplying muscle power on an undreamed of scale and was the foundation and heartbeat of an emerging industrial society.

He took note of all this, and generally approved of what he saw. He readily saw the machines as the basis for expanded wealth. His argument was with the distribution of that wealth. The great fortunes rising on the one hand; the growing need for public charities on the other hand. A system of alms-giving which has by now been formalized into a vast bureaucratic structure. This was the paradox he set out to unravel.

A century has passed, and we still wait. Does this mean further effort would be futile? I think not.

IV

THE TECHNOLOGY which tapped such enormous resources and created so much wealth grew out of a revolution: The Industrial Revolution . . . the steam engine if you will. The preoccupation of the world with all of this was perhaps too demanding to permit the time or inclination to ponder the deeper moral issues raised by such as George. The required intellectual effort was perhaps too great, the necessary powers of logic were simply inadequate for the task; the

habits formed by centuries of superstition and political deceit could not be set aside that easily.

But today man stands on the threshold of a new era. We are caught up in a new revolution. Unnoticed by many it has been going on for some time. Its name?—The Intellectual Revolution! Its engine?—The computer!

The Computer? What has this to do with Carlos and his fellow barbarians on 104th Street? A great deal!

With the steam engine the Industrial Revolution changed the world so fast, and in so many ways, that it was difficult to keep up with all that was going on. From the beginning of time man relied essentially on his own muscle power. The steam engine and all that followed multiplied this power on an unprecedented scale. Man now had physical powers available that his ancestors could never have conceived of. But his mind, his mental faculties hadn't evolved noticeably. Some of us still count on our fingers.

The computer is the "steam engine" of the Intellectual Revolution. Now man's mind can catch up to his machines. As the steam engine multiplied muscle power, the computer multiplies mental powers. It does this in two ways. By performing in seconds or minutes calculations that would tie one down for days, even years, it further relieves man from drudgery, thereby freeing time for more contemplative pursuits. Like listening more carefully when demagogues promise to give all, without taking any.

More importantly, it has launched an ongoing searching probe into the mind, how it works, and why. The logic essential to computer operation is of an order never recognized in an earlier age. The precision of thought required to program the computer is literally causing a re-programming of the minds of those involved in the work. These minds will be far less susceptible to the political blandishments that deceived many of their forebears.

Presently the effect of this is limited, but it is spreading rapidly. Today's children will be trained in this field to the same extent you were taught to read and write as a child. Soon such studies will not be elective, they will be essential. The rapid growth and utilization of the computer is such that in a very short time those who do not become minimally acquainted with basic programming will be "functional illiterates" in their society.

Given this "mental multiplier," more and more people will be less likely to accept answers that aren't answers. They will not only want

the facts, they will know how to get the facts. They will come to a better understanding of why 1 percent of the population possesses 24 percent of the wealth. They will, in increasing numbers, discover who owns America. . . . Who the Lords of the Land are. Illusions will be harder to create and harder to maintain. The initiative that caused 22 states in 1979 to launch a variety of tax reform proposals will only be strengthened. The cherished myths of centuries will come under attack.

Arthur Goddard, writing the preface to the English language edition of Frederick Bastiat's *Economic Sophisms,* said:

Ever since the advent of representative government placed the ultimate power to direct the administration of public affairs in the hands of the people, the primary instrument by which the few have managed to plunder the many has been the sophistry that persuades the victims that they are being robbed for their own benefit. The public has been despoiled of a great part of its wealth and has been induced to give up more and more of its freedom of choice because it is unable to detect the error in the delusive sophisms by which protectionist demagogues, national socialists and proponents of government planning exploit its gullibility and its ignorance of economics.

That condition, ancient as it is, is destined to change. The intellectual revolution will make it happen. The errors will be detected and it will become increasingly difficult to persuade the victims that they are being robbed for their own benefit.

Henry George foresaw the new barbarians. He could not have foreseen the computer and the intellectual revolution it would start. Today, the barbarian stands side by side with the computer. Modern Luddites will not prevail, the computer will triumph and unleash mental energies on an enormous scale bringing much easier acceptance of the truth George tried to make clear. As he wrote the final words, he knew and said it wouldn't be easy, but that it would happen: "This is the Power of Truth." And don't be a little surprised if when it happens, you find Carlos or perhaps his son at the keyboard of the computer. (1, 2).

1. The symposium marking the centenary of Henry George's classic, *Progress and Poverty,* was arranged by Dr. William D. Barnard, chairman of the history department of the University of Alabama's College of Arts and Sciences. It was held at the University's Continuing Education Center on the Tuscaloosa, Ala., campus. Other addresses presented included: "Cooperative Individualism: Henry George and the Origins of the Fairhope Colony," by Professor Paul M. Gaston of the University of Virginia; "Neo-Georgism," by Professor Robert V. Andelson of Auburn University, Alabama; "The Political Realities of Basic Tax Reform," by William Filante of San

Rafael, Calif., member of the California General Assembly; "An Alternative View of the Property Tax—Its Administration, Adequacy, and Equity: The Case of Australia," by Dr. Terence Dwyer, Harvard University, formerly of Commonwealth Banking and the Australia Bureau of Statistics; "A Federal Perspective: Can Local Governments Make the Property Tax More Acceptable and More Effective?" by Walter Rybeck of Washington, D.C., then special assistant to the chairman, House Committee on Banking, Finance, and Urban Affairs; and "Property Tax Reform: The Alabama Experience," by John Watkins of the Alabama League of Municipalities, David Vann, Mayor of the City of Birmingham, and a panel of other Alabamians.

2. It may be of historical interest to note that other celebrations of the *Progress and Poverty* centenary were held, among other places, at Cambridge, Mass., New York City, Philadelphia, Chicago and San Francisco, in the United States; in the United Kingdom, the Netherlands and Australia; by fiscal economists under the auspices of the Committee on Taxation, Resources and Economic Development, and by specialists in the history of economic thought at a joint meeting in Atlanta of the American Economic Association and the History of Political Economy Society.

Invitations to participants in the Tuscaloosa symposium were headlined: "Henry George: Past Significance and Current Application." The invitation read: "Henry George (1839–1897). It has been 100 years since the publication of Henry George's *Progress and Poverty*. With that one book, an obscure young writer was elevated to the front ranks of the reform movement that was bubbling beneath the surface of late 19th century America. George is most commonly identified with the 'single tax.' But historically he was as important for introducing a generation of young Americans to the broad spectrum of reform thought in the closing decades of the 19th century. Today, George's views on the taxation of property are the subject of renewed interest by economists and public officials concerned with the total system of taxation in the nation. In Alabama, the property tax has been a major concern in the last few years. For that reason, a symposium on *Progress and Poverty* seems timely. To commemorate the 100th anniversary of the publication of *Progress and Poverty* and to promote a wider discussion of the property tax in Alabama, the symposium has been organized."

The Canons of Taxation

(from *Progress and Poverty,* page 408)

The best tax by which public revenues can be raised is evidently that which will closest conform to the following conditions:

1. That it bear as lightly as possible upon production—so as least to check the increase of the general fund from which taxes must be paid and the community maintained.

2. That it be easily and cheaply collected, and fall as directly as may be upon the ultimate payers—so as to take from the people as little as possible in addition to what it yields the government.

3. That it be certain—so as to give the least opportunity for tyranny or corruption on the part of officials, and the least temptation to lawbreaking and evasion on the part of the taxpayers.

4. That it bear equally—so as to give no citizen an advantage or put any at a disadvantage, as compared with others.